AKP Spring 2027
Linus Yamane Doshisha University

Japanese Economic History

Have you ever wondered why ...

- $1 gets you ¥158 today, but used to get you ¥360?
- the unemployment rate is 4.2% in the U.S., but only 2.5% in Japan?
- Japan generally runs a trade surplus with the U.S., but a trade deficit with Australia?
- GDP per capita is $90,026 in the U.S., but only $55,422 in Japan?
- Japanese national debt is more than twice as high as the U.S. national debt as a percent of GDP?
- all the land in Japan (about the size of California) was worth more than all the land in the U.S. three decades ago?

If so, you should take this course on the Japanese economy.

This course is a broad introduction to the fascinating Japanese economy. Japan was the first non-Western nation to become a major industrial power, providing many lessons for economic development. Japan is now the fifth largest economy (PPP) in the world behind the China, the U.S., India and Russia. Japan is the world's second largest creditor nation, but faces enormous challenges with an aging population, mounting government debts, and needed corporate sector and labor market reforms.

We will begin by considering economic conditions during the Tokugawa period, and the process of economic growth since the Meiji Restoration. We will examine the high rates of growth in the post WWII period, along with the economic slowdown in the Heisei period. We will discuss the character of Japanese economic policy making as well as the behavior of Japanese enterprises, financial institutions, labor force and households. Topics will include macroeconomic growth, monetary and fiscal policies, international trade, industrial policy, labor markets, savings and investment. With the collapse of the Bubble economy, and the Lost Decades, we will end with a discussion of Japan's current economic conditions.

Requirements
There are no prerequisites for this class. But students should be prepared to learn and apply basic economic concepts and analytical techniques to the study of the Japanese economy. Everyone is expected to ask a question and/or answer a question in every class. Requirements for the course include class attendance and participation (25%), a group student project (25%), a midterm exam (25%) and a final exam (25%). The group student projects will be presented in class on Thursday 8 April. If you miss a class (excused or unexcused), you must make up the material.

Textbook
The textbook for the class will be Kenichi Ohno, *The History of Japanese Economic Development*, Routledge, 2018. This textbook is geared toward a Japanese audience. My lectures will be geared toward an American audience. Additional readings will be posted on AKP Moodle web page.

Course Objectives:
1. To learn and apply economic concepts and tools to help you understand the economic performance of Japan.

2. To become familiar with the major policy issues pertinent to the economic development of Japan and the analytic approaches to them.
3. To acquire some knowledge of the Japanese economy at both the macroeconomic and microeconomic levels, and an understanding of the role of Japan in the global economy.
4. To become familiar with how to locate data and economic analysis tied to Japan's economy.
5. Students will be able to critically analyze their own cultural norms and biases and describe how these affect their view of the Japanese economy.
6. By learning about Japanese culture and society, we will recognize our own assumptions, and learn to develop common ground for interactions with those from other cultures.
7. Students will be able to identify, describe, and analyze important economic and social issues from Japanese and American cultural perspectives.
8. By learning about differences in Japanese and American economic practices and institutions, we will learn to engage with people who are different from ourselves.

Supplemental Resources

The following books are recommended as useful references for background information. They are the most comprehensive books on the Japanese economy.

Aoki and Patrick, eds., *The Japanese Main Bank System: It's Relevance for Developing and Transforming Economics*, Oxford University Press, 1994. HG 3324 J363

Blomstrom, Corbett, Hayashi and Kashyap, eds., *Structural Impediments to Growth in Japan*, University of Chicago Press, 2003. HC 462.95 S78

Blomstrom, Ganges, and La Croix, eds., *Japan's New Economy: Continuity and Changes in the Twenty-First Century*, Oxford University Press, 2001. HC 462.95 J37

Farris, *Japan to 1600: A Social and Economic History*, University of Hawai'i Press, 2009.

Flath, *The Japanese Economy*, 4th edition, Oxford University Press, 2022.

Francks, *Japanese Economic Development: Theory and Practice*, 3rd edition, Routledge, 2015.

Hoshi and Kashyap, *Corporate Financing and Governance in Japan*, MIT Press, 2001.

Hoshi and Patrick, eds., *Crisis and Change in the Japanese Financial System*, Kluwer Academic Publishers, 2000.

Ito and Hoshi, *The Japanese Economy*, The MIT Press, 2nd edition, 2020. HC 462.9 I79

Lechevalier, *The Great Transformation of Japanese Capitalism*, Routledge, 2014.

McClain, *A Modern History of Japan*, Norton, 2002.

Nakamura, *The Postwar Japanese Economy*, University of Tokyo Press, 1981. HC 462.9 N34X

Patrick and Rosovsky, editors, *Asia's New Giant*, Brookings Institution, 1976. HC 462.9 A84

Posen, *Restoring Japan's Economic Growth*, Institute for International Economics, 1998. HJ 1394 P67

Taniuchi, *The Japanese Economy*, Cengage Learning, 2014.

Totman, *Early Modern Japan*, University of California Press, 1993.

Yamamura and Yasuba, editors, *The Political Economy of Japan, Volume 1: The Domestic Transformation*, Stanford University Press, 1987. HC 462.9 P57

The Japan Times is Japan's largest and oldest English-language daily newspaper. The *Nikkei Asia* is an Asia-focused English language publication with business, finance, economic and political news, comments, and analysis for Asia. The OECD (Organization for Economic Co-operation and Development) provides regular reports and useful up-to-date references on the state of the Japanese

economy. The *Journal of the Japanese and International Economies* (*JJIE*), *Japan and the World Economy (JWE*), and *Asian Economic Policy Review* are excellent, more analytically advanced sources of original articles on the Japanese economy.

Office Hours

Students are encouraged to come talk with me about the course, economics in general or anything for that matter. You are welcome to come by the office to chat with me at any time. But I am most likely to be available if you come during office hours or make an appointment.

Office: RD Office, Taishinkan
Office Hours: Wednesdays and Fridays 11:00-12:30 and by appointment
Email: yamane@associatedkyotoprogram.org

Classroom Environment

My goal is to welcome everyone to the field of economics and the study of the Japanese economy. As an instructor, I hold the fundamental belief that everyone in the class is fully capable of engaging and mastering the material. We should have a safe environment that is conducive to learning. All are welcomed and encouraged to actively participate in the learning of economics, regardless of gender, race, nationality, native language, sexual orientation, gender identity, political ideology, and especially personal academic history. My goal is to meet everyone at least halfway in the learning process. Our classroom should be an inclusive space, where ideas, questions, and misconceptions can be discussed with respect. There is usually more than one way to see and solve a problem and we will all be richer if we can be open to multiple paths to knowledge. I look forward to getting to know you all, as individuals and as a learning community.

Course Content Note (Trigger Warning)

At times this semester we might be discussing economic events and issues that may be disturbing, perhaps traumatizing, to some students. If you suspect that specific material is likely to be emotionally challenging for you, I am happy to discuss any concerns you may have before the subject comes up in class. Likewise, if you ever wish to discuss your personal reactions to course material with the class or with me individually afterwards, I welcome such discussions as an appropriate part of our classwork.

If you ever feel the need to step outside during a class discussion you may always do so without academic penalty. You will, however, be responsible for any material you miss. If you do leave the room for a significant time, please make arrangements to get notes from another student or see me individually to discuss the situation.

Technology Policy

If you need a laptop, tablet, or any other device for taking notes or otherwise participating in class, you are welcome to do so. However, please do not use a personal device for any purpose unrelated to our class. All devices should be silenced. Cell phones should be put away, except in the rare instance that I ask you to use them for an activity. I recommend that you power them down. If there is a serious need to leave your cell phone on, such as a family emergency, please put it on vibrate and let me know. If you leave the classroom to take a call, I'll understand why. Otherwise, you will be penalized**.**

Academic Dishonesty
Cheating, claiming credit falsely, facilitating academic dishonesty, multiple submissions, and plagiarism are all forms of academic dishonesty. If the standards of academic honesty have been disregarded, it is my responsibility to report the incident to the AKP Office and to inform you that a report is being made. I may impose an academic penalty including failure in the course, and will report the outcome to the AKP Office.

Disability Accommodations
It is AKP policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. If you have a disability for which you are or may be requesting an accommodation, you are encouraged to contact the AKP Office as early as possible in the semester. Use of disability accommodations, including testing accommodations, requires prior authorization by the AKP Office and compliance with approved procedures.

Tips for Success
Your chances of learning the material and earning a good grade in this class will improve greatly if you follow these suggestions. It will help you succeed in your other classes as well.
1. *Show up*! Eighty percent of success in life is just showing up. Make sure you attend every scheduled class period in its entirety. The most important information is often shared in the first five minutes or the last five minutes of class.
2. *Participate actively*! Stay focused and involved in every class, offering your best thoughts, questions, and answers. Though there will be a lot of lecturing, I encourage active discussion of the material during class and afterwards. Turn off your cell phone to prevent any distractions.
3. *Do the work*! Try your very best in preparing for each class session and on all your assignments. Hand in your assignments on time. And remember that late is better than never.
4. *Be Honest*! Your faculty and fellow students expect you to act with integrity in all your work and your classes.

Syllabus Outline

Week 1
Overview
Ohno, Chapter 1
Wilkinson, Endymion, *Japan vs the West: Image and Reality*, Penguin Books, 1990, Chs 10-12, pp. 97-119.

Week 2
The Edo Society
Ohno, Chapter 2
Oishi, Shinzaburo, "The Bakuhan System," in Nakane, Chie, and Shinzaburo Oishi, eds., *Tokugawa Japan: The Social and Economic Antecedents of Modern Japan*, 11-36.
* Visit Nijō Castle

Week 3
Transition from Edo to Meiji

Ohno, Chapter 3
Rosovsky, Henry, "Japan's Transition to Modern Economic Growth," in *Industrialization in Two Systems: Essays in Honor of Alexander Gerschenkron*, Rosovsky, ed., 1966, 91-139.
*Visit Osaka Museum of Housing and Living

Week 4
Importing and absorbing Technology
Ohno, Chapter 4
Réka Juhász, Shogo Sakabe & David Weinstein, "Codification, Technology Absorption, and the Globalization of the Industrial Revolution", NBER Working Paper 32667, July 2024.
*Visit Nishijin Textile Center

Week 5
Development of Key Industries
Ohno, Chapter 5
Saxonhouse, Gary, "A Tale of Japanese Technological Diffusion in the Meiji Period," *Journal of Economic History*, March 1974, pp. 149-65.

Week 6
Budget, Finance, and the Macroeconomy of Meiji
Ohno, Chapter 6
Nakamura, James, "Meiji Land Reform, Redistribution of Income and Savings from Agriculture," *Economic Development and Cultural Change*, July 1966, pp. 428-439.
*Visit Kyoto Wholesale Market

Week 7
World War I and the 1920s
Ohno, Chapter 7
Yamazawa, Ippei, "Industrial Growth and Trade in Prewar Japan," *Developing Economies*, March 1975, pp. 38-65.

Week 8
Banking Crisis of 1927
Ohno, Chapter 8
Temin, Peter, "Transmission of the Great Depression," *Journal of Economic Perspectives*, Spring 1993.
Midterm Exam?

Week 9
The 1930s and the War Economy
Ohno, Chapter 9
Davis, Donald and David Weinstein, "Bones, Bombs, and Break Points: The Geography of Economic Activity, *American Economic Review*, December 2002, pp 1269-1289.

Week 10
Postwar Recovery 1945-49
Ohno, Chapter 10

Baumol, William, Sue Ann Batey Blackman, and Edward Wolff, "International Convergence: The Comparative U.S. Productivity Lag," in *Productivity and American Leadership: The Long View*, Cambridge: MIT Press, pp. 85-114.

Week 11

The High Growth Era

Ohno, Chapter 11

Kambayashi, Ryo and Takao Kato, "Long-Term Employment and Job Security over the Past 25 Years," *ILR Review*, March 2017, pp. 359-394.

Week 12

Economic Maturity and Slowdown

Ohno, Chapter 12

Porter, Michael and Mariko Sakakibara, "Competition in Japan," *Journal of Economic Perspectives*, Winter 2004.

Week 13

The Asset Bubble and Prolonged Recession

Ohno, Chapter 13

Yamane, Linus, "Japan's Economic Policy," in *Handbook of Japan's Foreign and Domestic Policies During the Decade of Abe*, Minohara, T. ed, Routledge, March 2025.

Week 14

Final Exam

Additional readings may be assigned during the semester. All readings will be posted on the Moodle course web page.