AKP Spring 2027
Linus Yamane Doshisha University

Understanding Japan: Economy, History, and Society

Have you ever wondered why...

- $1 gets you ¥159 today, but used to get you ¥360?
- The unemployment rate is 4.2% in the United States, but only 2.5% in Japan?
- Inflation is 3.7% in the U.S. but 2.1% in Japan?
- Japan generally runs a trade surplus with the United States, but a trade deficit with Australia?
- GDP per capita is $90,026 in the United States, but only $55,422 in Japan?
- But the poverty rate is 18.1% in the U.S. and 15.4% in Japan?
- Japanese national debt is more than twice as high as U.S. national debt as a percentage of GDP?
- Japan had more eating and drinking establishments than the United States?
- At one point, all the land in Japan (a country about the size of California) was worth more than all the land in the United States?

If you have ever wondered about questions like these, this course is for you!

The Japanese economy is full of fascinating puzzles. Japan was the first non-Western country to become a major industrial power, and its experience offers important lessons about economic development, globalization, and social change. Today, Japan is the world's fifth-largest economy in purchasing power parity terms and the world's second-largest creditor nation. At the same time, it faces important challenges, including an aging population, substantial government debt, and the need to adapt its corporate and labor market institutions.

In this course, we will explore how Japan became one of the world's leading economies, why its economy experienced such remarkable growth after World War II, and why that growth eventually slowed. We will also consider what Japan's experience can teach us about the economic challenges facing other countries.

You do NOT need to have studied economics before taking this course! We will introduce the economic concepts and tools that we need along the way. The emphasis will be on understanding how the Japanese economy works and why it has developed as it has, rather than on mastering complicated economic theories or mathematical techniques.

What Will We Study?

We will begin with Japan's economy and society during the Tokugawa (Edo) period and follow its transformation into a modern industrial economy after the Meiji Restoration. We will then explore Japan's remarkable postwar economic growth, the development of its major industries, and the economic slowdown that followed the collapse of the asset bubble.

Along the way, we will look at how Japanese businesses, banks, workers, households, and government institutions operate. Topics will include economic growth, international trade, monetary and fiscal policy, industrial development, employment, savings, and investment.

We will also connect economic ideas to contemporary questions: Why has Japan struggled with deflation? Why has the yen experienced such dramatic fluctuations? How does Japan deal with an aging population? What explains the differences between Japanese and American business practices?

Most importantly, we will try to understand these questions in their historical, social, and cultural contexts.

Because we are studying Japan while living in Kyoto, we will also take advantage of opportunities to explore the economy outside the classroom. Visits to historical sites, museums, and traditional industries will help bring our discussions to life.

You will discover that economics is not just about numbers, graphs, and statistics. It is also about people, businesses, institutions, history, and the choices societies make.

Course Requirements and Grading

There are no prerequisites for this course. Students from all academic backgrounds are welcome. Whether you have taken several economics courses or have never studied economics before, you will have the opportunity to learn and contribute.

I encourage everyone to participate actively. You do not need to have all the answers! Asking questions, sharing observations, and thinking through unfamiliar ideas are all important parts of learning. Everyone should make an effort to ask or answer at least one question during each class.

Your grade will be based on four components:

- Class attendance and participation: **25%**
- Group student project: **25%**
- Midterm examination: **25%**
- Final examination: **25%**

Class attendance and participation: Much of what we learn will come from our conversations and discussions. Come prepared, share your ideas, and don't be afraid to ask questions. Thoughtful questions are just as valuable as correct answers. You can contribute through questions, comments, observations, and small-group discussions.

Group project: Working with your classmates, you will investigate an aspect of the Japanese economy and share what you discover with the class. This is an opportunity to explore a topic that interests you and learn from one another. Group presentations will take place on Thursday, April 8.

Examinations: The midterm and final examinations will give you opportunities to demonstrate your understanding of the major concepts, historical developments, and economic issues we discuss. The goal is to understand and apply what we have learned, not to memorize a collection of facts. I will pass out the exam questions a week ahead of time.

If you miss a class, whether excused or unexcused, you are responsible for catching up on the material. Please come see me if you need help.

Textbook and Readings

Our main textbook is:

Kenichi Ohno, *The History of Japanese Economic Development*, Routledge, 2018.

This book provides a useful historical introduction to the development of the Japanese economy. It is written primarily for a Japanese audience, while my lectures will be designed with American students in mind.

We will also read selected articles and other materials throughout the semester. Some of these readings are written by professional economists and may initially seem challenging. Don't worry if you don't understand every detail! Focus on the main arguments and questions. We will work through the important ideas together in class.

All supplementary readings will be posted on the AKP Moodle course page.

Course Objectives

By the end of this course, students should be able to:

1. Understand and apply basic economic concepts to explain the performance of the Japanese economy.
2. Identify major economic policy issues facing Japan and understand different approaches to addressing them.
3. Describe important developments in Japan's economy at both the macroeconomic and microeconomic levels.
4. Understand Japan's role in the global economy and its relationships with other countries.
5. Locate and interpret economic data and analysis related to Japan.
6. Recognize how your own cultural assumptions and perspectives influence the way you understand economic institutions and practices.
7. Compare Japanese and American economic institutions, business practices, and social experiences.
8. Appreciate different perspectives and develop the ability to engage thoughtfully with people from different cultural backgrounds.

Supplemental Resources

The following books are recommended references for students who would like to explore particular topics in greater depth. **These are optional resources, not additional required reading.**

- Aoki and Patrick, eds., *The Japanese Main Bank System*, Oxford University Press, 1994.
- Blomstrom, Corbett, Hayashi and Kashyap, eds., *Structural Impediments to Growth in Japan*, University of Chicago Press, 2003.
- Blomstrom, Ganges, and La Croix, eds., *Japan's New Economy*, Oxford University Press, 2001.
- 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*, 2nd edition, MIT Press, 2020.
- 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.
- Patrick and Rosovsky, eds., *Asia's New Giant*, Brookings Institution, 1976.
- Posen, *Restoring Japan's Economic Growth*, Institute for International Economics, 1998.
- Taniuchi, *The Japanese Economy*, Cengage Learning, 2014.
- Totman, *Early Modern Japan*, University of California Press, 1993.
- Yamamura and Yasuba, eds., *The Political Economy of Japan, Volume 1: The Domestic Transformation*, Stanford University Press, 1987.

For current information about Japan's economy, students may also find the following sources useful:

- *The Japan Times*: English-language news about Japan.
- *Nikkei Asia*: Business, financial, economic, and political news and analysis.
- OECD: Economic reports and international comparisons.
- *Journal of the Japanese and International Economies*, *Japan and the World Economy*, and *Asian Economic Policy Review*: More advanced economic research.

You are *not* expected to follow any of these publications. They are available if you would like to explore a particular subject further.

Office Hours

Please come talk with me! I enjoy getting to know my students and discussing the course, economics, Japan, or just about anything for that matter.

You are welcome to stop by my office anytime, although I am most likely to be available during scheduled office hours or by appointment.

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

Our Classroom Environment

My goal is to make this a welcoming and enjoyable introduction to economics and the study of Japan. I firmly believe that everyone the class is capable of learning and engaging with the material, regardless of your academic background or previous experience with economics.

You do not have to be an economics major, have taken any economics courses before, or be particularly comfortable with mathematics to succeed in this class. What matters most is curiosity, a willingness to learn, and an openness to new ideas.

I hope we can create a classroom where everyone feels comfortable asking questions, expressing opinions, and even making mistakes. There is often more than one way to approach an economic question, and we can all learn from hearing different perspectives.

I welcome students of all genders, races, nationalities, native languages, sexual orientations, gender identities, political viewpoints, and academic backgrounds. Everyone has something valuable to contribute.

I also recognize that we all come to the classroom with different experiences and assumptions. One of the most interesting aspects of studying Japan is the opportunity to question what we take for granted about our own society and to learn to see familiar issues from a different perspective.

I look forward to getting to know you and learning together throughout the semester!

Course Content Note

Some of the historical and economic issues we discuss may involve difficult subjects, including war, economic hardship, discrimination, and social inequality. If you anticipate that particular material may be challenging for you, please feel free to talk with me beforehand.

You are always welcome to step outside the classroom briefly if you need to do so. There will be no academic penalty for taking a break, although you will be responsible for catching up on any material you miss. I am also happy to speak with you individually about any concerns or reactions you may have to the course material.

Technology Policy

Laptops and tablets are welcome if you need them for taking notes or participating in class activities. Please use personal devices only for class-related purposes and keep them silenced.

Cell phones should generally be put away. If you have an important reason to keep your phone on, such as a family emergency, please let me know ahead of time and put your phone on vibrate. When you step outside to take the important call, I will understand.

Academic Integrity

Academic integrity is essential to a positive learning environment. Students are expected to submit their own work, give appropriate credit to sources, and be honest in all academic activities.

Cheating, plagiarism, claiming credit falsely, facilitating academic dishonesty, and submitting the same work for multiple courses without permission are examples of academic misconduct.

If an academic integrity issue arises, I am responsible for reporting it to the AKP Office. Academic penalties, including failure in the course, may be imposed in accordance with applicable policies.

If you are ever uncertain about how to cite a source, collaborate with classmates, or use outside assistance, please ask me. I would much rather answer a question beforehand than have a misunderstanding afterward.

Disability Accommodations

AKP provides reasonable accommodations on a flexible and individualized basis for students with disabilities that may affect their participation in class or their ability to meet course requirements.

If you have a disability for which you are or may be requesting accommodations, please contact the AKP Office as early as possible in the semester. Accommodations, including testing accommodations, require prior authorization from the AKP Office and compliance with approved procedures.

A Few Suggestions for Getting the Most Out of This Course

Here are a few simple suggestions that will help you have a successful and enjoyable semester:

1. **Come to class.** Attendance is important because much of our learning will take place through lectures, discussions, and activities. If you cannot attend, make arrangements to catch up.
2. **Be curious and participate.** Ask questions, share your observations, and don't worry about getting everything right. Some of our best discussions may begin with a question that nobody knows how to answer!
3. **Keep up with the readings.** You do not need to understand every detail. Try to identify the main ideas and think about how they relate to what we discuss in class.
4. **Work together.** Your classmates bring different academic backgrounds and perspectives. Take advantage of the opportunity to learn from one another.

5. **Ask for help when you need it.** If something is confusing, chances are that other students have the same question. Please ask questions in class and come talk with me. I am here to help you learn.

And most importantly, enjoy the opportunity to study Japan while you are living in Japan!

Syllabus Outline

The following is our planned schedule. We will move chronologically through Japanese economic history, from the Edo period to the present. Each week builds on the previous one, so you will gradually develop a broader understanding of how Japan's economy has changed over time.

The readings provide historical background and examples to help us explore each topic. We will discuss the main ideas together in class. The readings from Ohno are required along with the field trips. The other readings are merely recommended.

Week 1: Introduction to the Japan

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

Week 2: The Edo Society

- Ohno, Chapter 2
- Oishi, Shinzaburo, "The Bakuhan System," in Nakane and Oishi, eds., *Tokugawa Japan: The Social and Economic Antecedents of Modern Japan*, pp. 11–36.
- Field trip: 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*, 1966, pp. 91–139.
- Field trip: Osaka Museum of Housing and Living

Week 4: Importing and Absorbing Technology

- Ohno, Chapter 4
- Juhász, Réka, Shogo Sakabe, and David Weinstein, "Codification, Technology Absorption, and the Globalization of the Industrial Revolution," NBER Working Paper 32667, July 2024.
- Field trip: 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. 149–165.

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.
- Field trip: 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 examination

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, 1945–1949

- 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*, 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, ed., Routledge, March 2025.

Week 14: Looking Back and Looking Ahead

- Final examination

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