

# KYOTO CONSORTIUM FOR JAPANESE STUDIES

## COURSE DESCRIPTION

Academic Year: 2009 - 2010      Semester: Fall

Course Title: Japanese Economic Growth and Business Development

Instructors: Takashi Hikino and Asli M. Colpan<sup>2</sup> (Graduate School of Economics, Kyoto University, and <sup>2</sup>Graduate School of Management, Kyoto University)

Number of meetings per week: \_\_1\_\_ Hours per week in class : \_\_3\_\_

### **Course Description:**

This course, combining lectures with field trips and film viewing, offers the comprehensive review of the major and controversial issues concerning the development, structure, and operation of the Japanese economy and business. Special emphases are placed on the structural and institutional factors that affect the struggle of Japan's international competitiveness since the early 1980s.

The first part of the course will focus on the long-term growth of Japanese economy, emphasizing the active roles played by such macro- and microeconomic agents as households, the firm, and the government. This segment is especially concerned with the contrast of economic performance between the long-term rapid growth since the 1950s up to the so-called “bubble” years of the 1980s and the dark period of the lost decade of the “Heisei Depression” since the early part of the 1990s. Why Japanese economy successfully raised its level of national income in the institutional context that would later be criticized as the major reasons for economic inefficiency? The balanced understanding of the distinctive features of Japanese economy and industry will be the focal point of the first half of this course.

The second part will concentrate on the unique characteristics of Japanese industrial structures such as organizational links between firms (keiretsu and kigyo shudan) and the role of giant trading companies (sogo shosha), and management practices including Japanese intra-company labor and management development systems. The course will also look at technology policy and innovation, as well as the role of the major firms and educational institutions for the innovation activity. It will also examine the problems of small firms and dual structure in Japan and the issues of growth industries such as electronics and automobiles and mature and troublesome industries such as textiles and chemicals.

## **Requirements:**

Class participation and Presentation: 30%

Each student is expected to attend all scheduled class meetings, and actively participate and contribute to each class discussion. Reading the assigned materials before class is critical to valuable participation, and preparation is thus expected for each class session. There will be a group presentation as well.

Mid-term report: 30%

The take-home report will require the student to write an essay on assigned topics.

Final exam: 40%

The exam will be designed to evaluate the student's systematic understanding of the basic issues related to Japanese economy and business.

## **Textbooks:**

This course assigns no specific textbooks. Several useful chapters from various books that give the analyses of the Japanese management and business will be distributed one week before each class.

## **Additional Comments:**

The classes involve student presentations and video clips. A few field trips are scheduled to have an access to the business scenes of several interesting Japanese firms. Companies considered are: Matsushita Electric, Daihatsu Automobiles, Nisshin Foods, and Kawashima Textiles.

## **Reading List (Tentative):**

\*Scott Callon, *Divided Sun: MITI and the Breakdown of Japanese High-tech Industrial Policy, 1975-1993* (Stanford: Stanford University Press, 1995), Chapter 1.

\*Hideaki Miyajima, Takeo Kikkawa, and Takashi Hikino, eds., *Policies for Competitiveness* (Oxford: Oxford University Press, 1999), Introduction and Chapter 1.

\*Alfred D. Chandler, Jr., *Inventing the Electronic Century: The Epic Story of the Consumer Electronics and Computer Industries* (New York: Free Press, 2001), Chapters 3 and 6. (consumer electronics and computers)

\*Takahiro Fujimoto, *The Evolution of a Manufacturing System at Toyota* (New York: Oxford University Press, 1999), Chapter 1. (automobiles)

\*Takashi Hikino et al, "The Japanese Puzzle," in Ashish Arora, Ralph Landau, and Nathan Rosenberg, eds., *Chemicals and Long-Term Economic Growth* (New York: John Wiley, 1998), Chapter 4. (chemicals)

\*Takeo Hoshi, "The Economic Role of Corporate Grouping and the Main Bank System," in Masahiko Aoki and Ronald Dore, eds., *The Japanese Firm: Sources of Competitive Strength* (Oxford: Clarendon Press, 1994), Chapter 11.

\*Paul Sheard, "Interlocking Shareholdings and Corporate Governance in Japan," in Masahiko Aoki and Ronald Dore, eds., *The Japanese Firm: Sources of Competitive Strength* (Oxford: Clarendon Press, 1994), Chapter 12.

\*Masahiro Shimotani, "The History and Structure of Business Groups in Japan," in Takao Shiba and Masahiro Shimotani, eds., *Beyond the Firm: Business Groups in International and Historical Perspective* (Oxford: Oxford University Press, 1997), Chapter 1.

\*Ikujiro Nonaka and Hirotaka Takeuchi, *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation* (New York: Oxford University Press, 1995), Chapters 1 and 2.

\*Edward J. Lincoln, *Arthritic Japan: The Slow Pace of Economic Reform* (Washington, D.C.: Brookings Institution, 2001), Chapter 2.

\*Koichi Hamada and Akiyoshi Horiuchi, "The Political Economy of the Financial Market," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan: Vol. 1: The Domestic Transformation* (Stanford: Stanford University Press, 1987), pp. 223-260.

\*Yukio Noguchi, "Public Finance," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan: Vol. 1: The Domestic Transformation* (Stanford: Stanford University Press, 1987), pp. 186-222.

\*Hiroshi Yoshikawa, *Japan's Lost Decade* (Tokyo: The International House of Japan, 2001), Chapter 1 and 2.

\*Asli M. Colpan and Takashi Hikino, 'Changing economic environments, evolving diversification strategies, and differing financial performance: Japan's largest textile firms, 1970-2001', *Industrial and Corporate Change*, 2005, Vol.14, Issue.6: 897-940.

\*Hugh T. Patrick and Thomas Rohlen, "Small-Scale Family Enterprises," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan: Vol. 1: The Domestic Transformation* (Stanford: Stanford University Press, 1987), pp.338-384.

\*Yoshiro Miwa, *Firms and Industrial Organization in Japan* (New York: New York University Press, 1996), Chapters 3 and 4.

\*D. Hugh Whittaker, "SMEs, Entry Barriers, and `Strategic Alliances`," in Masahiko Aoki and Ronald Dore, eds., *The Japanese Firm: Sources of Competitive Strength* (Oxford: Clarendon Press, 1994), Chapter 8.

\*Marcus Rebick, "Japanese Labor Markets: Can We Expect Significant Change?" in Magnus Blomstrom, Byron Gangnes, and Sumner La Croiz, eds., *Japan's New Economy: Continuity and Change in the Twenty-First Century* (Oxford: Oxford University Press, 2001), pp. 120-141.

\*Sako Mari and Sato Hiroki, eds., *Japanese Labour and Management in Transition* (London: Routledge, 1997), Chapters 1 and 2.