EC 320 The Contemporary Economy of Japan
IES Abroad Tokyo

DESCRIPTION:
The goal of this course is to help students to appreciate the major characteristics and structural issues of Japan’s contemporary economy, and to reflect upon the role of Japan’s economy in the 21st century. Since the bubble burst of the early 1990s analogous to the American Sub-prime shock in 2008, Japan’s economy has struggled for recovery for more than two decades (which has come to be known as the “lost decades”). While Japanese economy remains the third largest in the world, the people seem to have lost faith in their economy, and to have been convinced that the economic system they were once proud of no longer functions in the way it did. On top of that, Japan had a historical disaster of earthquake and nuclear crisis on March 11, 2011. Taking into account the impact of the earthquake, tsunami and nuclear crisis, Japanese government and businesses have to change the traditional approach dramatically including rebuilding and recovery policy of Tohoku area (Eastern Japan), spending policy with government financing (tax increase), energy policy, business channel strategy (logistics & distribution), new business strategy based on consumers’ psychological aspect affected by natural disaster, etc. Those contents will be touched upon in the class lecture.

Fortunately, "Abenomics" is turning Japan into global investor target, with optimism about the current Prime Minister Shinzo Abe's economic policy exceeding that for counterparts in the U.S., Europe and China. Basics of Abenomics will be explained to students in the lecture. Later in the course, we shall turn to some brighter aspects of the future of Japanese economy and industries. Recently, there have been signs of improvement in Japan’s some industries including the “fast fashion” business (UNIQLO & H&M). Japan is still considered a world technological leader in some industries. For example, Japanese auto makers have taken the lead in R&D activities for hybrid and fuel cell vehicles. Moreover, Japan’s pop culture industry, including game companies (Nintendo and Sony) and manga/amine production companies, has made considerable impacts not just on the Japanese youths, but on their counterparts in the U.S. and other countries as well, thereby exerting (what Dr. Joseph Nye, Harvard University has called) “Soft Power of Smart Power.” Japan’s leading status in those areas may be indicative of where their future lies ahead. Related to the brighter side of Japanese economy and industry, we will touch upon marketing and businesses strategies of Japan’s entertainment and media industry. New strategy in the music industry facing the digital age such as “360 degree” contracts (adopted by Lady Gaga, Madonna and U2) will be discussed comparing one of the largest J-pop record labels, Avex’s business model. Additionally, how Japanese traditional media companies are adjusting themselves to the changing external environment such as facing the rise of streaming services like Netflix and social media such as Instagram and twitter. Two course-related trips will complement classroom lectures/discussion.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: No prior studies are required to the admission of this course. However, some materials will include basic economics, business strategy and marketing concepts. Therefore, this course may be suitable for students with such academic backgrounds and experiences. Some topics of this course may overlap with the MK 325- Key Features of Japanese Marketing Strategy course during the spring semester, including the course-related trips.

METHOD OF PRESENTATION:
- Lectures
- Discussions
- Oral presentation
- Course-related trips

A lecture note, mainly Power Point handouts will be distributed in each class meeting. Depending upon different academic backgrounds and interests of the students, supplementary materials will be handed out. In this course, students are also expected to develop skills of presentation, basic academic research, and academic paper writing, utilizing various information sources. IES Abroad Moodle will be utilized for making class activities more efficient.
REQUIRED WORK AND FORM OF ASSESSMENT:
(1) 15-Minute Oral Presentation (20% = 20% * 1).
(2) Two Course-Related Trip Reports (20% = 10% * 2).
(3) 15-Minute Short Quizzes (20% = 5% * 4).
(4) Mid-Term Exam (20%).
(5) Final Report (20%). The due date is the final session. The 1-page outline of the final report (or an executive summary of your oral presentation) due the fifth session counts 1/4 of 20%. See below for the detailed information.
(6) Mid-term Grade Report. Mid-term grade for students will be individually given by the instructor.

15-MINUTE ORAL PRESENTATION:
In each class session, about two or three students are asked to make a 15-minute oral presentation on an aspect of Japanese marketing. A student may choose any topic based on his or her interest regarding Japanese marketing. Examples would include Cellular Phone “Keitai” Business, Convenience Store Business, Toyota’s Marketing Strategy, Marketing of Japanese Automotive Industry, Nintendo’s Marketing, Luxury Brand Strategy in Japan such as Louis Vuitton, CHANEL, and Hermes, Japanese Advertisement Industry, Marketing Strategy in The Apparel Industry, Japanese Movie Industry, J-Pop Music Industry, etc.

Students are required to do primary and secondary research for the presentation. The presentation should be well-organized and equipped with qualitative and quantitative proofs. Utilizing visual aids, such as POWER POINT are strongly recommended. A 1-page Executive Summary of the presentation including its goal, purpose, background, method, analysis, conclusion, new direction, etc., should be handed out to the class audience. A five-minute question and answer session should follow the presentation. A 10-minute oral presentation with an executive summary will be demonstrated by the instructor at the first session.

COURSE-RELATED TRIPS:
- Stock Market in Japan—“TOKYO STOCK EXCHANGE (TSE)” at Kayabacho, Tokyo. Students will learn about the basic function of Tokyo Stock Exchange and the role of the leading stock market in Japan’s economy comparing with New York Stock Exchange’s similar role in the U.S. economy.
- J-pop culture business—Kawaii Monster Café at Harajuku. The class will learn the business strategy of Kawaii Monster Café, a candy-colored J-pop Café which was designed by a J-pop designer Mr. Sebastian Masuda famous for producing a worldly-popular J-pop singer, Kyary Pamyu Pamyu.
- Two Course-Related Trip Reports
Students are required to submit a 1-2 page report on each course-related trip, focusing on major findings in relation to class discussions and each student’s interest. Each report is due the next class after the course-related trip.

15-Minute Short Quizzes:
Questions consist of multiple-choice ones. The content of quizzes basically comes from the preceding class discussions, required readings and other reading assignments. At the end of every session assignments for the next session will be announced/confirmed. A sample for 15-Minute Short Quiz (which is not counted for students’ grade) will be shown to students at the 2nd session.

Mid-Term Exam:
Questions consist of multiple-choice ones. Please review all sets of the 15-minute short quizzes.

FINAL RESEARCH PAPER:
Every student is required to submit the final research paper with 10-15 pages including pictures, graphs, tables & diagrams. The due date will be the final session. Students may choose any topic regarding the Japanese marketing. In selecting a topic, please refer to the examples given in the 15-minute oral presentation explanation. Choosing the identical topics, or the closely related topics, for both the 15-minute presentation and the final report, is strongly recommended to make effective use of your time. Students are required to submit a 1-page outline or Executive Summary (updated version) of the final research paper in the mid-term. Based on students’ needs, the instructor and the student will have an individual meeting based on the outline, and recommendations will be given to the student. The outline or Executive Summary accounts for 1/4 of 20% for the final report assessment. The final research
paper should include the title, abstract (or Executive Summary), purpose, company and industry background, propositions, analysis of marketing strategies with quantitative and qualitative proofs, conclusion, and future direction, footnotes, and bibliography.

LEARNING OUTCOMES:
By the end of the course students will be able to:

- Summarize the key features of current Japanese economy and society utilizing statistical data such as GDP, population, yen-dollar exchange rate, prices of gasoline and other consumer products, central government debts accumulated and so on.
- Understand and explain the basic concepts and terminologies of economics and business strategies such as supply and demand, trade-off, theory of currency exchange rate, mechanism of government spending policy, etc.
- Understand basic economic theory such as price elasticity, maximization of price elasticity, consumer utility, maximization of company sales & profit and Keynesian aggregate expenditure model by utilizing calculations such as derivatives and partial derivatives with La Grange multiplier.
- Develop practical skills to analyze industry and business cases such as SWOT, Five-Forces Model, Value Net, Blue Ocean Strategy, etc.
- Incorporate basic economic concepts and analytical approaches aforementioned into finding out critical problems in the industry and company the student choose.
- Present new directions and construct solutions for problems the industry or company faces.
- Develop 10-15 page business report writing along with 1-page executive summary, which will be very helpful and practical in the real business scene.
- Demonstrate business presentation skills in 10-minute oral presentation, utilizing business presentation software such as Power Point, Keynote or Prezi.
- Develop self-confidence as an economic analyst and a business communicator by completing the assignment of business report and oral presentation aforementioned.
- Incorporate diversity and global awareness acquired by understanding Japanese economy and society into appreciating U.S. economy, industries, and companies.

ATTENDANCE POLICY:
Following the attendance policy of IES Abroad Tokyo, attendance to all class meetings is strictly required for the students. In other words, students are required to attend every class meeting including field trips because there will be important information regarding marketing, economics and business strategy to learn but also it is fair that your classmates have your critical observations and insight in the class. The three-hour format for classes makes missing a single class equivalent to missing a full week during a regular semester. Unexcused absences will therefore result in significant grade penalties. The first unexcused absence will result in a penalty of one-third of a letter grade from your final grade; additional unexcused absences will result in a penalty of one of letter grade for each additional absence. That is, one missed class turns an A into an A-, two missed classes turns it into a B-, three turns it into a C-, and so on. An absence is considered “excused” only if it is unavoidable due to illness or other health conditions, or for other reasons approved by the instructor in advance.

USE OF ELECTRONIC DEVICES:
Students are welcome to use electronic devices such as laptops, smartphones and tablets during class that enhance their performance. However, the use of these resources must be “appropriate” for an academic setting. Appropriate use of technology includes note taking on laptops or iPads, use of smartphones to calendar events/assignments, or use of devices to complete quick Google searches for pertinent information.
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<tr>
<th>Week</th>
<th>Content</th>
<th>Assignments</th>
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<tr>
<td>Week 1</td>
<td>Introduction</td>
<td>None</td>
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<td></td>
<td>1. The overall picture of the current Japanese economy will be sketched out by utilizing various economic statistics.</td>
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<td>2. Simultaneously in this session, the course structure, schedule, assignments and grade assessment policy will be explained to the students. (The content of following sessions might be fine-tuned, depending upon the students’ individual interests.)</td>
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<td>3. Additionally some key concepts of economics and Japanese management system will be discussed. Criteria of students’ 10-minute oral presentation will be also explained and a demonstration of 10-minute oral presentation will be given to students by the instructor.</td>
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<td>Week 2</td>
<td>Government Sector and Political System</td>
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<td>1. In this session, the students will study the government sector, the political system and public policy making processes in Japan. The government has historically played a principal role in Japan’s economy. Even in the 1990s, when Japan suffered severe economic recession, the Japanese government had sought to control almost all aspects of its economy, despite the worldwide trend toward the small or efficient government. We shall discuss a kind of paradox found in this policy.</td>
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<td>2. On top of that, Japan had a historical disaster of earthquake and nuclear crisis on March 11, 2011. Taking into account the impact of the earthquake, tsunami and nuclear crisis, Japanese government and businesses have to change the traditional approach dramatically including rebuilding and recovery policy of Tohoku area (Eastern Japan), spending policy with government financing (tax increase), energy policy, business channel strategy (logistics &amp; distribution), new business strategy based on consumers’ psychological aspect affected by natural disaster, etc. The whole new picture of Japanese economy and society including “Abenomics” of the Abe government has</td>
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<td>• David Magee (2007), HOW TOYOTA BECAME #1, Portfolio (Penguin Group), Chapter 2 Strive for Continuous Improvement, pp.25-45</td>
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adopted will be described. The topic of the presentation should be decided in consultation with the instructor.

3. Assignment for a 10-minute oral presentation: Please select the topic for a 10-minute oral presentation related to Japanese economy and businesses.

4. Short Quiz Trial (This is trial one and not counted for students’ grade)

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**Week 3**

**Banking Sector**

1. In this session, firstly we discuss the weakened banking industry and its adverse impact on the Japanese economy during the Lost Decade.

2. In the late 1980s, the banking sector in Japan was very confident of its economy, and provided the real estate industry with too much credit. As soon as the bubble burst took place, however, this has precipitated the banking sector to accumulate huge bad loans. In order to streamline its operation, the banking sector has stopped providing the industries with sufficient loans. This has led to the credit crunch. Consequently, many small and middle sized companies went bankrupt. Some of big financial institutions also went bankrupt, an event quite unimaginable in Japan before the bursting of the bubble economy.

3. Secondly, we shall see that several mega banks have recently become “profitable” due to “extremely low interest rate” monetary policy. Thirdly, we shall see the status quo of the banking sector, taking into account the economic impact caused by American sub-prime shock. Finally some positive impacts caused by the ultra-loose monetary policy of “Abenomics” will be discussed.

4. Short-quiz #1

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**Week 4**

**Post-bubble economy to the Present Abenomics**

1. After giving them an overview of Japan’s post-bubble economy, we shall examine a series of government economic packages against the recession.

2. In the course of today’s lecture, we shall learn that these economic packages have led to soaring national debt, and that it has enormous bearings upon on currently

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**References**

- Bill Emmott (2009) RIVALS, PENGUIN BOOKS, Chapter 4 Japan: Powerful, Vulnerable, Ageing pp.87-120
- Robert B. Reich (2007) SUPERCAPITALISM,
- Vintage Books, Chapter 1 The Not Quiet Golden Age, pp.15-49
contested public policies like pension reform program and privatization initiatives.

3. The role played by the Ministry of Finance in the policy making process of the 1990s will also be touched upon, compared with the former Koizumi administration’s policy making process. Simultaneously, we will see how some aspects of structural economic reform will be changed after March 11 earthquake.

4. Short-quiz #2

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**Week 5**

**J-pop culture industry**

1. In this session the students will study the basic structure of Japan’s anime and music industries.

2. About 60% of the “Animation” films and TV programs watched by children worldwide are said to be Japanese. The number of the anime production companies in Japan is around 400 and approximately 80% of those are located in Tokyo area. Presently, the Japanese anime industry is facing some threats such as lack of the creative and skilled workers, falling behind the world-wide digital technology trend, complicated commercial practices regarding patents, and shortage of mega hit films in the world market.

3. However, overall, Japanese Animation Films are still regarded as one of the very few “soft powers” that Japan now has. On top of that, we will see the Japanese music industry which has had a huge impact on Asian youths. Unique direction of the Japanese Keitai or Smart Phone) business collaborating with Japanese entertainment industry will be also confirmed, compared with US.

4. Short-quiz #3

5. Student Oral Presentation #1

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**Week 6**

**Course-related trip #1**

"TOKYO STOCK EXCHANGE (TSE)" at Kayabacho, Tokyo
Students will learn about the basic function of Tokyo Stock Exchange and the role of None 7 the leading stock market in Japan’s economy comparing with New York Stock Exchange’s similar role in the U.S. economy.

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- Due: Outline for the final paper and oral presentation
- Kelts (2007) Chapter 1 may the g-force be with you, pp.9-34.
<table>
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<th>Week 7</th>
<th><strong>Technology and Mid-term examination</strong></th>
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<td></td>
<td>1. Mid-term examination</td>
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<td>2. The Japanese auto industry has been highly competitive in the U.S. market. More people in the U.S. drive Japanese cars, such as Toyota, Honda and Nissan, sometimes without knowing it.</td>
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<td>3. Now the U.S. and Japanese auto makers are competing to develop new-generation models such as plug-in hybrid, electric vehicles, fuel cell vehicles, hydrogen vehicles and autonomous vehicles.</td>
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<td>4. Both Japanese and American administrations have been supportive of auto makers’ efforts to bring new-generation cars into use. By discussing the R&amp;D activities for the fuel cell vehicles, the students will appreciate competitive factors in the Japanese automobile industry. Other technology issues, e.g. nanotechnology, will be also discussed.</td>
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<td>5. Student Oral Presentation #2</td>
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<td>• Due: A 1-2 page field study report #1</td>
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<th>Week 8</th>
<th><strong>Course-related trip #2</strong></th>
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<td>The class will learn the business strategy of Kawaii Monster Café, a candy-colored J-pop Café which was designed by a J-pop designer Mr. Sebastian Masuda famous for producing a worldly-popular J-pop singer, Kyary Pamyu Pamyu.</td>
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<th>Week 9</th>
<th><strong>Guest Speaker Session</strong></th>
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<td>2. The goal of this program is to help students appreciate the key features of business and marketing strategy of Oscar Promotion, the largest fashion model and talent agency in Japan and Asia. The presenter, a fashion model will tell students Oscar’s business and marketing strategy facing the age of social media and growing Asian markets.</td>
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<td>3. This oral presentation also introduces students to the roles of professional fashion</td>
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<td>• Due: A 1-2 page field study report #2</td>
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models in Japanese fashion and advertisement businesses in comparison with US. Simultaneously, students will find some aspect of “backstage” of profession in Japanese fashion model business.

4. Additionally, reflecting on her professional actress and model career she will touch upon “Planned Happenstance Theory” advocated by Dr. John Krumboltz, Stanford University School of Education. The theory will be helpful for IES students’ professional career choices.

5. Finally, students hopefully will learn skills of professional posing from a promising Japanese professional fashion model that will be helpful for their personal branding.

**Week 10**

**Distribution System**

1. When living in Japan, students may suffer from high costs of living. Everything from food (even Coke and hamburgers at McDonald’s) to clothing is considerably more expensive than is the case in the United States.

2. One reason for this is that the typical Japanese distribution system has a number of stages within its channel. Simultaneously Japan has the most advanced Convenience Store System such as Seven-Eleven. In this session, the students will learn about the basic structure of Japanese distribution system and new distribution models such as the one employed by “convenience stores.” E-commerce in Japan will also be discussed.

3. Short Quiz #4

4. Student Oral Presentation #3

- Roy Larke and Michael Causton (2005), Japan – A Modern Retail Superpower, Palgrave Macmillan Chapter 8 Convenience Stores pp.137-162
- Chris Andersen (2006), The Long Tail, Hyperion, Chapter 1 The Long Tail pp.15-26

**Week 11**

**Housing, Transportation and Urban Development**

1. This session will guide the students to comprehend the infrastructure issues in Japan. Along with strengths symbolized by the train network of JR, Tokyo Metro, and other private rail companies, some negative aspects of Japan’s transportation system, which is known for its efficiency and precision, will be discussed in relation to Japan’s overall infrastructure development. We shall discuss, for instance, poor housing conditions for city dwellers, and contrast

- Reading materials have been uploaded in the Moodle
them with the efficient networks of city transportation and recent inner city development projects.

2. Student Oral Presentation #4

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<th>Week 12</th>
<th>Wrap-up</th>
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<td>1. Finally we survey several contested issues of Japan’s public policy making.</td>
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<td>2. Such issues include environmental policy along with the global warming issue, soaring government’s debt, the nearly defaulted national pension program along with the coming aging society and Kakusa Shakai with severe economic recession. In addition, the Japan’s future in the 21st century in relation to the U.S. will be discussed.</td>
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<td>3. Student Oral Presentation #5</td>
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**COURSE-RELATED TRIPS:**
- Tokyo Stock Exchange
- Kawaii Monster Café

**REQUIRED READINGS:**
- Andersen, Chris (2006). The Long Tail, Hyperion, Chapter 1 The Long Tail pp.15-26
- Emmott, Bill (2009). RIVALS, PENGUIN BOOKS, Chapter 4 Japan: Powerful, Vulnerable, Aging pp.87-120
- Kelts, Roland (2007). JAPANAMERICA-HOW JAPANESE POP CULTURE HAS INVADED THE U.S., Palgrave Macmillan, Chapter 1 may the g-force be with you, pp.9-34
- Magee, David (2007). HOW TOYOTA BECAME #1, Portfolio (Penguin Group), Chapter 2 Strive for Continuous Improvement, pp.25-45

RECOMMENDED READINGS:
• Ariely, Dan. Predictably Irrational, 2010, Harper Perennial
• Ariely, Dan. THE UPSIDE OF IRRATIONALITY, 2010, HarperColins Publication
• Berger, Jonah. Invisible Influence: The Hidden Forces that Shape Behavior, 2016, Simon & Schuster
• Penenberg, Adam L. Viral Loop: From Facebook to Twitter, How Today’s Smartest Businesses Grow Themselves, 2009, Hyperion
• Halligan, Brian and Shah, Dharmesh. Inbound Marketing: Get Found Using Google, Social Media, and Blogs (The New Rules of Social Media), 2009, Wiley
• Qualman, Erik. Socialnomics: How social media transforms the way we live and do business, 2009, Wiley