

Mercosur and Japan:

Latin America in the Global Economy

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Plan of Speech (1)

- Poor country, Japan
- Kohama, Who?
- Regionalism / Globalism
- What is economic development?



Plan of Speech (2)

- A quick look at Japan's history.
- Japan's past experience.
- World economy: perspectives.
- Japan's recent economy.



Poor country, Japan

Per capita GNP/GNI: Japan and USA

	Japan (A)	USA (B)	USA/Japan (B)/(A)	Exchange rate (Yen/\$) (US\$)
1950	138	1,882	13.64	360.00
1955	267	2,411	9.03	360.00
1960	457	2,803	6.13	360.00
1965	917	3,557	3.88	360.00
1970	1,947	4,841	2.49	360.00
1975	4,466	7,173	1.61	296.79
1980	8,907	11,558	1.30	226.74
1985	10,974	16,494	1.50	238.54
1990	23,968	21,863	0.91	144.79
1995	40,650	28,130	0.69	94.06
2000	34,620	34,890	1.01	107.77
2005	38,940	44,620	1.15	110.22
2010	43,440	48,950	1.13	87.78
2015	38,780	56,070	1.45	121.04

Source: IMF, *International Financial Statistics*, various issues.

World Bank database.

Note: Exchange rate: annual average.



Per capita GNI: Selected countries

	1965		2015			1965		2015	
	US\$	Index	US\$	Index		US\$	Index	US\$	Index
Argentina	1,190	32.4	12,430	22.2	Mauritania	160	4.4	1,230	2.2
Brazil	270	7.4	10,080	18.0	Malawi	60	1.6	340	0.6
Botswana	80	2.2	6,640	11.8	Niger	170	4.6	390	0.7
Central Africa	90	2.5	360	0.6	Nigeria	110	3.0	2,870	5.1
China	100	2.7	7,940	14.2	Philippines	180	4.9	3,520	6.3
Cote d'Ivoire	210	5.7	1,490	2.7	Rwanda	40	1.1	710	1.3
Cameroon	140	3.8	1,350	2.4	Sudan	110	3.0	2,000	3.6
Congo, Dem. Rep.	230	6.3	430	0.8	Singapore	540	14.7	52,740	94.1
France	2,050	55.9	40,530	72.3	Sierra Leone	160	4.4	550	1.0
Gabon	390	10.6	8,010	14.3	Seychelles	320	8.7	14,680	26.2
Ghana	770	21.0	1,470	2.6	South Africa	540	14.7	6,090	10.9
Italy	1,280	34.9	32,870	58.6	Switzerland	2,580	70.3	84,540	150.8
Japan	890	24.3	38,780	69.2	Togo	110	3.0	540	1.0
Kenya	110	3.0	1,310	2.3	United States	3,670	100.0	56,070	100.0
Korea, Rep.	130	3.5	27,250	48.6	Zambia	270	7.4	1,560	2.8

Source: World Bank database.

Note: Index: US=100.



Four Types of Economies

Simon Kuznets, a Nobel laureate, is supposed to have remarked: “There are four kinds of countries in the world: developed countries, undeveloped countries, Japan and Argentina.” Other countries have since managed to copy Japan’s rapid industrialisation; Argentina remains in a class of its own.

The Economist, Feb 15th 2014

(<http://www.economist.com/node/21596582/print>)



Argentina and Japan

- Argentina was a developed country before WW II.
- Japan was an underdeveloped country before WW II.



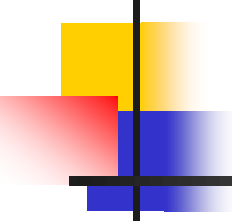
Kohama, who?

- Professor Emeritus of Economics,
University of Shizuoka
- Specialized Field: Development Economics,
International Economics
- e-mail: hiro.kohama@nifty.com



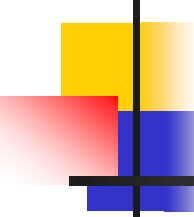
Kohama's Book:

- *Lectures on Developing Economies - Japan's Experience and its Relevance*, Tokyo: University of Tokyo Press, 1989 (with Kazushi Ohkawa).
- *Chokusetsutoshi to Kogyo-ka* (Foreign Direct Investment and Industrialization - Japan, NIES, ASEAN), Tokyo: Japan External Trade Organization, 1992 (Editor).
- *ODA no Keizaigaku* (Economics of Development Cooperation), Tokyo: Nippon Hyoron-sha, 1992; 2nd edition, 1998; 3rd edition, 2013.



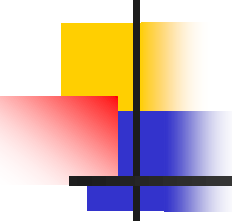
Kohama's Book(2):

- *Industrial Policy in East Asia*, Tokyo: Japan External Trade Organization, 1993 (co-edited with Ryuichiro Inoue and Shujiro Urata).
- *Sengo Nihon Keizai no 50-nen* (Japan's Postwar Economic Development -From a Developing Country to a Developed Country), 1996 (with Machiko Watanabe).
- *External Factors for Asian Development*, Singapore: Institute of Southeast Asian Studies (ISEAS), 2003 (Editor).
- *Industrial Development in Postwar Japan*, London: Routledge, 2007.



Kohama's Book(3):

- *Kindai Keizai Seicho wo Motomete (A Quest for the Modern Economic Growth - An Essay on Global Economic Development)*, 2007 (with Shinji Asanuma).
- *Tojokoku no Tabi (Journeys toward Development: Narratives on Strategy and Policy)*, 2013 (with Shinji Asanuma).



Kohama's Book(4):

- *ODA no Shuenn (The Face of ODA Tomorrow: End It or Mend It)*, Tokyo: Keiso Shobo, 2017 (with Shinji Asanuma).
- *“Mikai” no Afurika: Giman no Yohroppa-Shikan (Unknown Africa: History, Society, and Economy)*, Tokyo: Keiso Shobo, 2018 (with Kaoru Ishikawa).



Japanese Economist

- My economics is based on Japan's Experience.
- Japan is the latest comer among G7 countries.
- We performed rapid catching-up.
- Japan's Lost Decades.



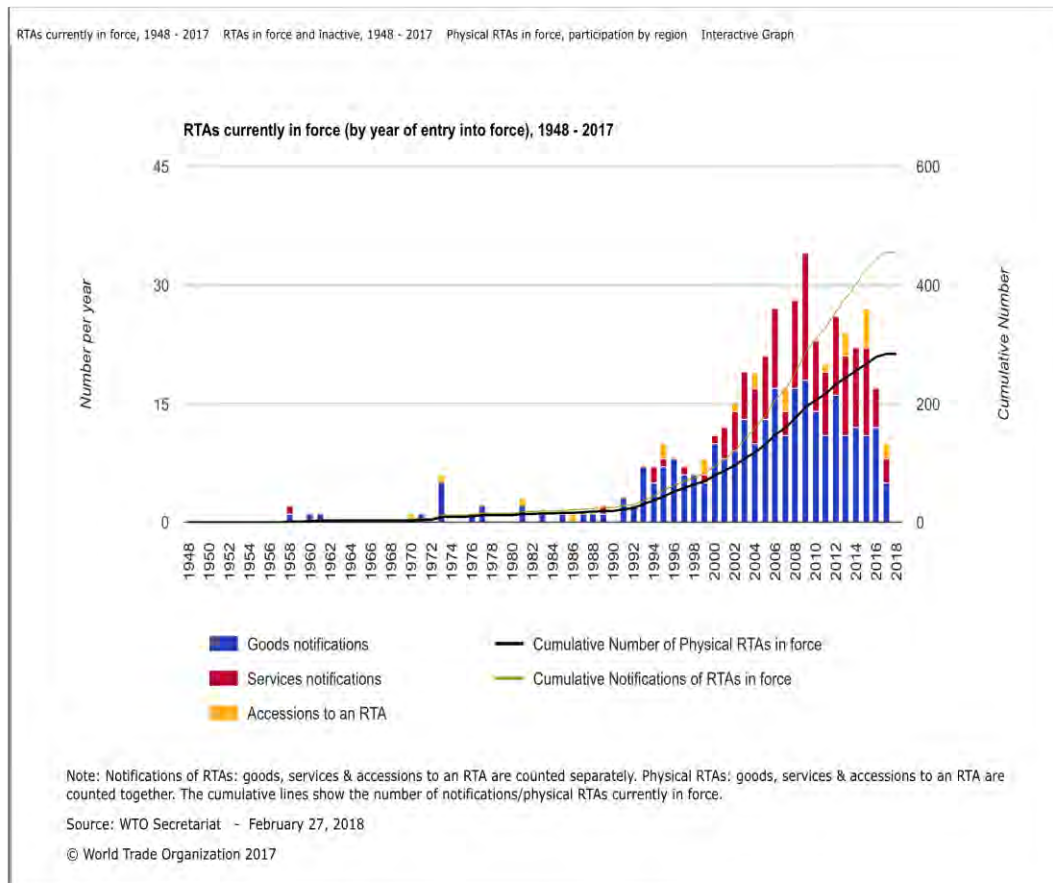
Regionalism / Globalism

- Regionalism VS. Globalism?
- Regionalism **and** Globalism?

RTAs currently in force (by year of entry into force), 1948 - 2017

WTO | Regional trade agreements

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Regional trade agreements (RTAs)

- RTAs are increasing since the mid-1990s.
- Foreign trade expansion.
- Economic development by foreign trade expansion.



Export Expansion

	1995	2016	2016/1995
MERCOSUR	90,055	282,396	3.14
World	5,168,000	15,985,000	3.09
Source: WTO.			
MERCOSUR data include Venezuela since 2012.			
Exports: UD\$million. Current prices.			

Selected Economic Indicators (1)

Mercosur - original members

Exports of goods and services (current US\$million)

	1995	2014	2015	2016
Argentina	24,979	75,842	64,368	69,688
Brazil	57,922	270,453	232,477	224,312
Paraguay	5,598	13,955	11,537	11,449
Uruguay	3,666	13,475	11,975	11,193

Source: World Bank-WDI.

Selected Economic Indicators (2)

Mercosur - original members

Trade (% of GDP)

	1995	2014	2015	2016
Argentina	19.8	28.4	22.9	26.3
Brazil	16.6	24.7	27.0	24.6
Paraguay	118.1	88.1	83.8	81.3
Uruguay	38.1	49.1	45.3	41.5

Source: World Bank-WDI.

*(Exports+Imports)/GDP.

Selected Economic Indicators (3)

Mercosur - original members

Unemployment, total (% of total labor force)

	1995	2014	2015	2016
Argentina	18.8	7.3		
Brazil	6.0	6.8	8.4	11.6
Paraguay	3.4	8.0	6.8	7.7
Uruguay	10.0	6.6	7.5	7.8

Source: World Bank-WDI.



What is Economic Development?

- Improvement of ordinary people's living standard.
- Growth VS. Equity.
- Growth **and** Equity. → Japan's policy philosophy.



Japan's History: Tokugawa Era

- Mid-17th century: Shogun closed the country to foreigners.
- Partial closed policy-4 entrances: Nagasaki for Netherlands; Tsushima for Korea; Satsuma for Ryukyu; Matsumae for Northern countries.
- 1853: US Commodore Perry appeared near Uraga, entrance of Edo (Tokyo) bay.



Japan's History: Meiji to WW II

- 1868: Meiji Restoration.
- Japan started modern economic growth in the mid-1880s.
- Wall Street Crash: October 1929.



Modern Economic Growth (MEG)

Simon Kuznets, “Modern Economic Growth: Findings and Reflections,” Nobel Prize Lecture, December 11, 1971

- A long-term rise in capacity to supply increasingly diverse economic goods.
- This growing capacity based on advancing technology and the institutional and ideological adjustments that it demands.



MEG: 6 characteristics (1)

- Long-term high rates of growth of per capita product and of population.
- Rate of rise in productivity, i.e. of output per unit of all inputs, is high, even when we include among inputs other factors in addition to labor.
- Rate of structural transformation of the economy is high: from agriculture to non-agriculture, from industry to services.



MEG: 6 characteristics (2)

- Structures of society and its ideology have also changed rapidly, urbanization and secularization, etc.
- Increased power of technology, particularly in transport and communication.
- Spread of modern economic growth is limited in the developing world, which falls far short of the minimum levels feasible with the potential of modern technology.



MEG and the Developing World

- Growth demands a stable, but flexible, political and social framework, capable of accommodating rapid structural change and resolving the conflicts that it generates, while encouraging the growth-promoting groups in society.
- Initial conditions: colonial heritage, limitations on political freedom, etc.



Japan's history: 1945

- The Allies called for unconditional Japanese surrender in the Potsdam declaration of 27 July.
- Two atomic bombings, one on Hiroshima (6 August), the second on Nagasaki (9 August).
- Emperor Hirohito surrenders and relinquishes his divine status.
- End of the war: August 15 / September 2.
- Japan is placed under US military government.
- All Japanese military and naval forces are disbanded.



1947 - A new constitution comes into force.

- It establishes a parliamentary system, with all adults eligible to vote.
- Japan renounces war and pledges not to maintain land, sea or air forces for that purpose.
- The emperor is granted ceremonial status.



Japan's history: 1950s

- **1951** - Japan signs peace treaty with the US and other nations. To this day, there is no peace treaty with Russia, as the legal successor to the Soviet Union.
- **1952** - Japan regains its independence. The US retains several islands for military use, including Okinawa.
- **1955** - Liberal Democratic Party (LDP) formed.
- **1956** - Japan joins United Nations.



Japan's history: 1960s – 1980s

- **1964** - Olympic Games held in Tokyo.
- **1972**
 - May - Okinawa is returned to Japanese sovereignty, but US retains bases there.
 - September - Japanese prime minister Tanaka visits China and normal diplomatic relations are resumed. Japan subsequently closes its embassy in Taiwan.
- **1982** - Japanese carmaker Honda opens its first plant in the US.
- **1989** - Emperor Hirohito dies, succeeded by Akihito.



Japan's history: 21st century

- **2011** February - Japan is overtaken by China as world's second- largest economy.
- **2011** March - Huge offshore earthquake and subsequent tsunami devastate miles of shoreline. Damage to the Fukushima nuclear plant causes a radiation leak that leaves extensive areas uninhabitable and contaminates food supplies.
- **2013** September - Tokyo is chosen to host the 2020 Olympics.



Goals of Development: Growth and Equity

- Growth and equity: trade off?
- Employment is a key for equity.
- Japan's policy philosophy.



Japan's policy philosophy

- Japan started reconstruction of the economy around 1950 after the price stabilization.
- Japan was poor in the 1950s (see, “Poor Country, Japan” table).
- Announcement of policy philosophy in 1954: Growth with Equity.



Basic understandings for Growth

- Utilization of advanced foreign technologies is crucially important for a rapid catching-up.
- How to utilize late-comers' advantage?
- Private sector is a main actor of development.



Technology Import and Social Capability

- Latecomers' development
- How to utilize latecomers' advantage?



Misunderstandings on Japan's Economic Development

- Japan started the modern economic growth in the 1880s. Japan is the latest-comer among industrialized countries.
- Just after the World War II Japan experienced 3-digit inflation until the beginning of the 1949.
- Balance of payments management was one of the most important economic policy issues of Japan at until the mid-1960s.
- Japan's economy was not fully developed in the 1950s. Japan passed the turning point of labor market around 1960.
- Japan is the original model of export-led growth???
- Industrial policy?



What is Industrial Policy?

- Subsidies?
- Favorable tax treatment?
- Directed credit?
- Protection?
- Private dynamism and industrial policy



Protection and competition

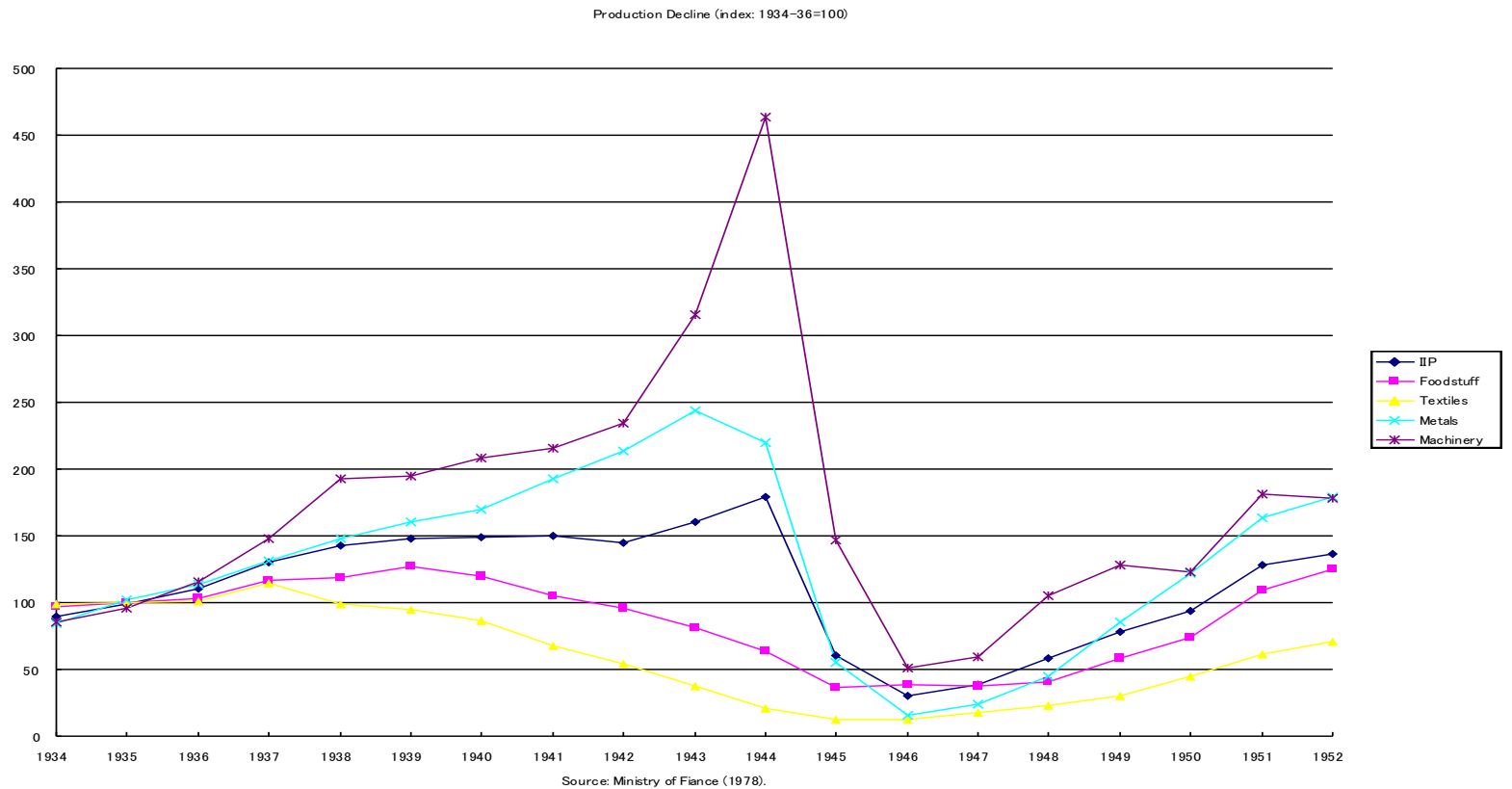
- Competition in the protected and oligopolistic market.
- What is the incentive for private companies to compete in the protected and oligopolistic market?



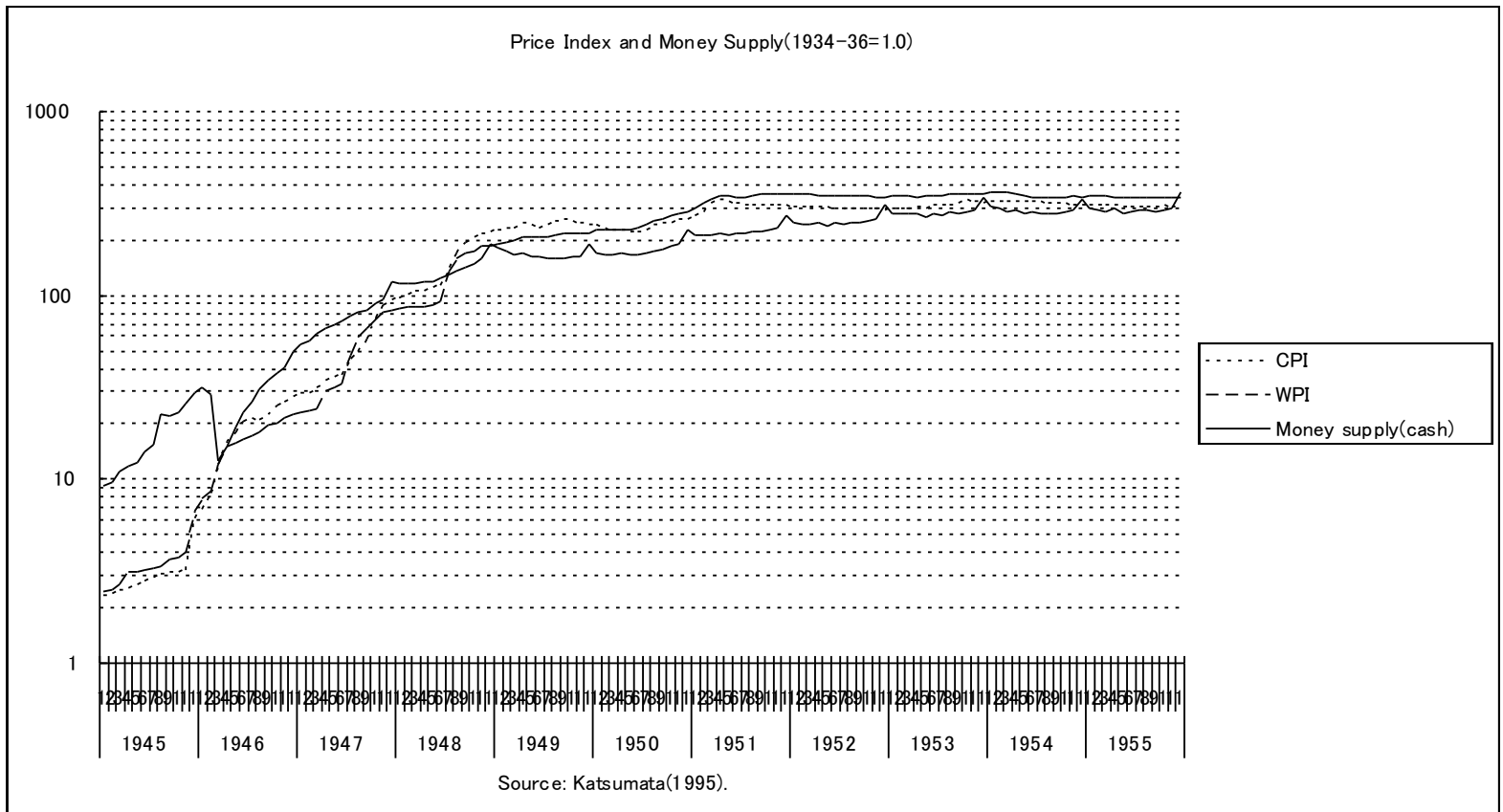
Japan's old days

- Production decline and inflation
- Poor country, Japan.
- Balance of payments deficits.
- Aid recipient, Japan.

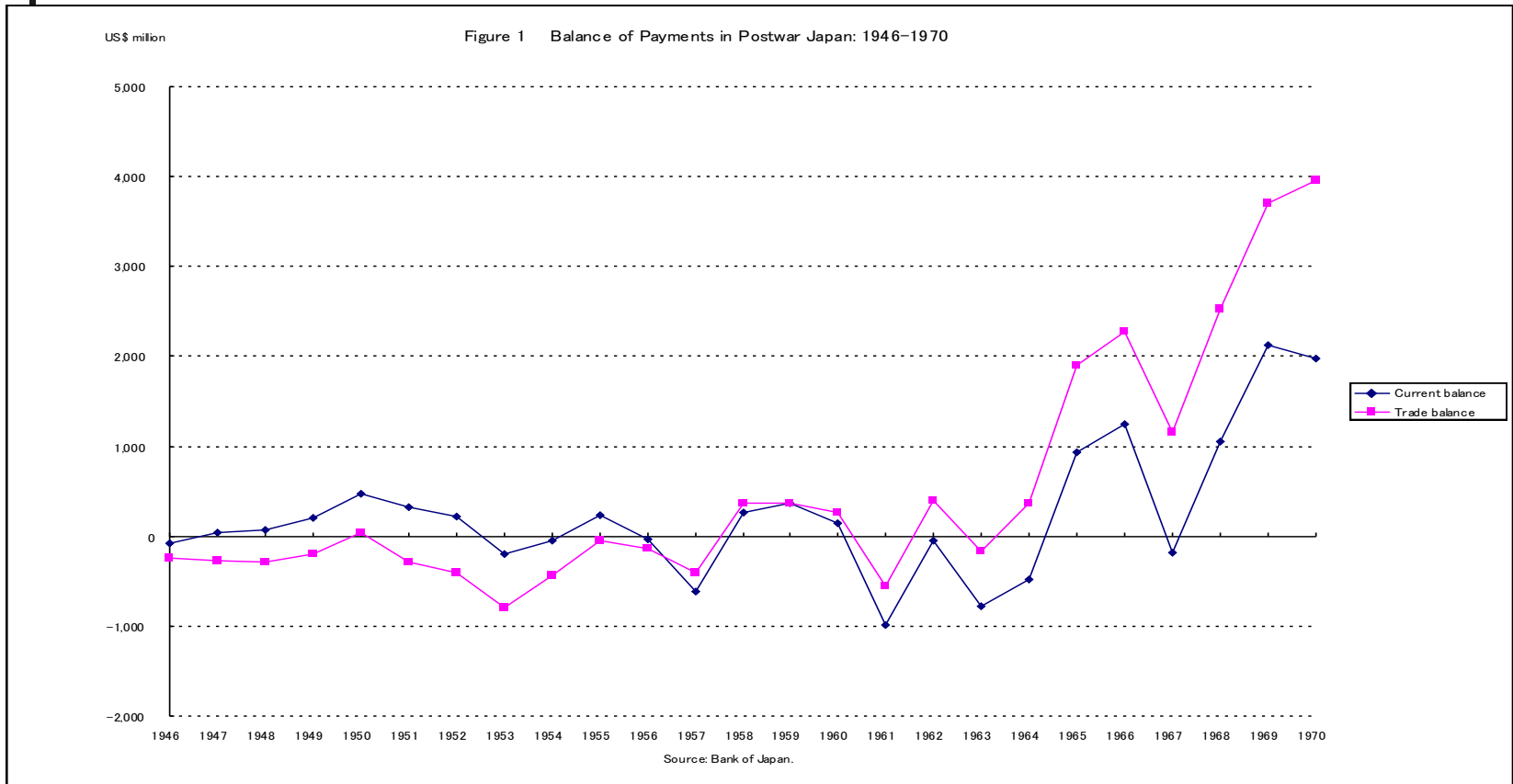
Production Decline (index: 1934-36=100)



Price Index and Money Supply(1934-36=1.0)



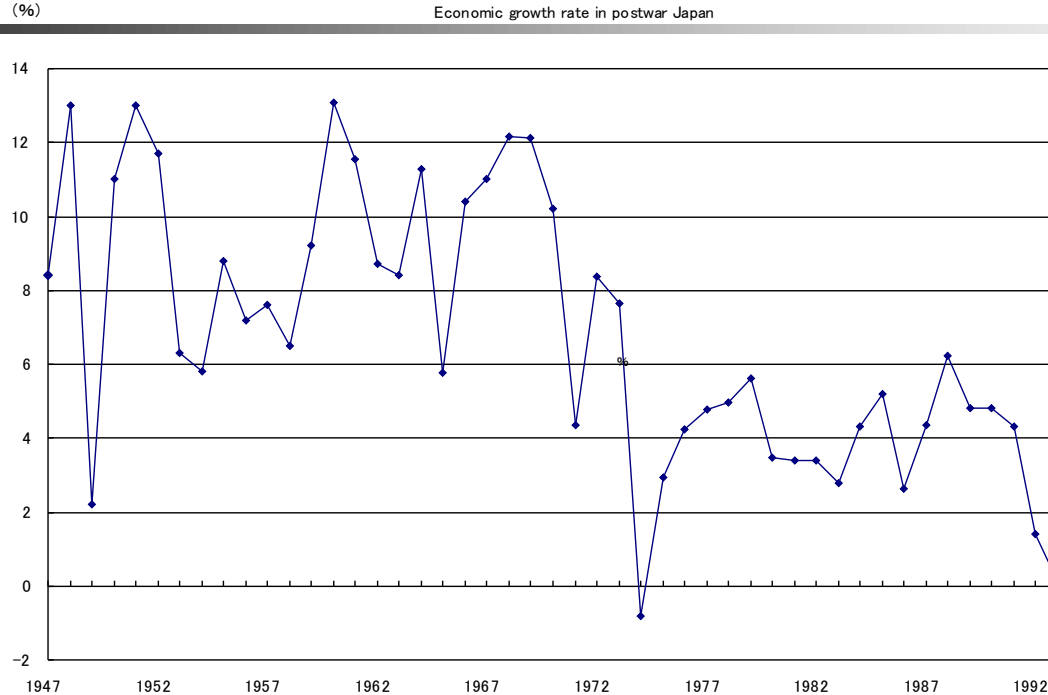
Balance of payments deficits



Aid recipient, Japan

Year	Project	Loan (US\$1,000)			
			1959	Power plant	10,000
1953	Power plant	21,500	1960	Steel plant	24,000
	Power plant	11,200		Steel plant	20,000
	Power plant	7,500		Freeway	40,000
1956	Steel plant	5,300	1961	Steel plant	6,000
	Steel plant	2,600		Steel plant	7,000
	Machine tools for car plant	2,350		Power plant	12,000
1957	Ship engine plant	1,650		Shinkansen(bullet train)	80,000
	Ship engine plant	1,500	1962	Freeway	40,000
	Steel plant	20,000	1963	Freeway	75,000
	Agricultural land development	1,330	1964	Freeway	50,000
	Agricultural land development	1,133	1965	Freeway	25,000
	Non-project	984		Power plant	25,000
	Non-project	853		Freeway	75,000
	Irrigation	7,000		Freeway	25,000
1958	Steel plant	8,000	1966	Freeway	100,000
	Power plant	37,000		TOTAL	862,900
	Power plant	25,000	Source: World Bank/Tokyo Office(1991), pp.114-117.		
	Steel plant	33,000			
	Steel plant	10,000			
	Power plant	29,000			
	Steel plant	22,000			

Economic growth rate in postwar Japan



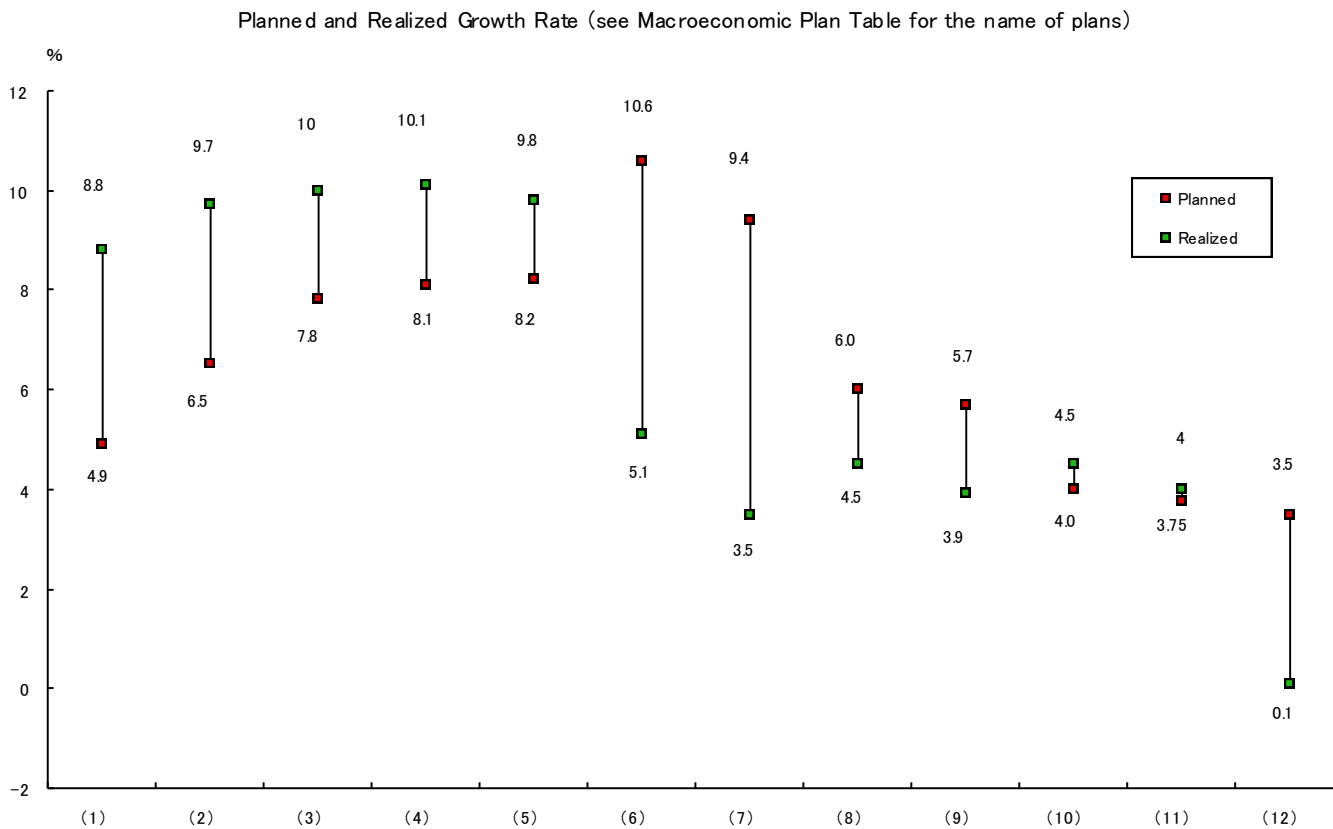
Source: Economic Planning Agency.

Macroeconomic Plans in Postwar Japan

Macroeconomic Plans in Postwar Japan		
Plan	Plan period (fiscal year)	Aims of plan
(1) Five-year Plan for Economic Support	1956~60 (5 years)	Self-support of the economy Full employment
(2) New Long-range Economic Plan	1958~62 (5 years)	Maximization of growth Living standard improvement Full employment
(3) National Income Doubling Plan	1961~70 (10 years)	Maximization of growth Living standard improvement Full employment
(4) Medium-term Economic Plan	1964~68 (5 years)	Improvement of imbalances
(5) Economic and Social Development Plan	1967~71 (5 years)	Balanced and steady economic and social development
(6) New Economic and Social Development Plan	1970~75 (6 years)	Construction of admirable society through balanced economic growth
(7) Basic Economic and Social Plan	1973~77 (5 years)	Promotion of national welfare Promotion of international cooperation
(8) Economic Plan for the Second Half of the 1970s	1976~80 (5 years)	Stable economic development Richer national life
(9) New Economic and Social Development Seven-year Plan	1979~85 (7 years)	Shift to stable economic development path Richer national life Active contribution to the global development
(10) Outlook and Guidelines of Economy and Society in the 1980s	1983~90 (8 years)	Formation of peaceful and stable international relations Creation of the economy with vitality Ensuring secure and affluent life
(11) Economic Management within a Global Context	1988~92 (5 years)	Reducing massive current account surplus Creating better quality of life Development without regional imbalances
(12) Five-year Plan for Quality of Life	1992~96 (5 years)	Reform for quality of life Coexistence with global community Improvement of infrastructure

Source: Komine(1993), pp.311-312; Economic Planning Agency.

Planned and Realized Growth Rate (see Macroeconomic Plan Table for the name of plans)



Industrial Structure of Japan(1950-2000, Value of shipment)

	1950	1955	1960	1970	1985	2000
						(%)
Food	13.8	17.9	12.4	10.4	11.0	11.6
Textiles	21.4	16.2	11.2	6.4	3.1	1.0
Apparels	1.7	1.3	1.2	1.4	1.4	1.2
Wood products	3.7	4.1	3.5	3.2	1.6	1.1
Furniture	0.7	1.0	1.0	1.5	1.1	1.0
Paper and pulp	4.0	4.2	3.9	3.3	2.8	2.6
Publishing and printing	2.9	3.3	2.5	2.9	3.4	4.3
Chemicals	11.9	11.0	9.4	8.0	7.7	7.8
Petroleum and coal products	1.4	1.9	2.4	2.6	4.8	6.6
Rubber products	2.4	1.4	1.5	1.1	1.1	1.0
Leather products	0.7	0.6	0.5	0.5	0.4	0.2
Ceramics	3.5	3.4	3.5	3.6	3.3	3.0
Iron and steel	9.6	9.6	10.6	9.5	6.6	3.9
Non-ferrous metals	4.2	4.1	4.3	4.4	2.4	2.0
Metal products	2.8	3.2	3.9	5.4	5.0	5.1
General machinery	4.2	4.7	7.8	9.9	9.2	10.0
Electric machinery	2.6	3.7	8.3	10.6	15.3	19.6
Transport equipment	5.9	5.5	8.5	10.5	13.5	14.6
Precision instrument	0.8	0.8	1.1	1.3	1.6	1.4
Others	1.6	2.0	2.5	3.6	4.6	1.8
Light manufactures	41.3	40.4	29.3	22.8	18.2	15.9
Machinery	13.6	14.8	25.7	32.3	39.6	45.6
Source: MITI, Census of Manufactures, various issues; others.						
Note: Light manufactures=Food+Textiles+Apparels+Wood products+Furniture.						
Machinery=General machinery+Electric machinery+Transport equipment						
+Precision instrument.						

Import Liberalization of Japan

Import Liberalization of Japan						
	Liberalization Rate (%)	No. of non-liberalized items			Liberalization Rate (%)	No. of non-liberalized items
1958	33			Oct.64	93	162
Apr.59	34			Oct.65	93	161
Oct.59	35			Apr.66	93	159
Jan.60	37			May.66	93	168
Apr.60	41			Oct.65	93	167
Jul.60	42			Apr.68	93	165
Oct.60	44			Oct.68	93	164
Apr.61	62			Apr.69	93	163
Jul.61	65			Oct.69	93	161
Oct.61	68			Feb.70	93	152
Dec.61	70			Apr.70	94	141
Apr.62	73	492		Jul.70	94	133
Oct.62	88	262		Jan.71	94	123
Nov.62	88	254		Jun.71	94	106
Apr.63	89	229		Oct.91	95	87
Jun.63	89	227		Feb.72	95	86
Aug.63	92	192		Apr.72	95	79
Jan.64	92	189		Source: MITI(1991).		
Apr.64	93	174				

Passenger Car Price (Toyota Corolla)

Passenger Car Price (Toyota Corolla)							
Model change		Specification	Engine size	Price(¥)	Average monthly		A/B
Year	Month		(cc)	(A)	salary(¥)	(B)	
1966	October	Standard	1,077	432,000	40,510		10.7
1968	April	SL	1,100	557,000	52,699		10.6
1970	May	Standard/2-door	1,200	438,500	71,447		6.1
1974	April	Standard/2-door	1,200	581,000	146,464		4.0
1979	March	Standard/2-door	1,300	718,000	227,753		3.2
1983	May	DX/4-door	1,300	863,000	279,106		3.1
1987	May	CustomDX/4-door	1,300	883,000	313,170		2.8
1991	June	DX/4-door	1,300	898,000	368,012		2.4
Source: Toyota Motor; Economic Planning Agency; Ministry of Labor.							
Note: Cheapest model of Toyota Corolla for every model change.							

Export Structure of Japan(1953-2000)

Table 3 Export Structure of Japan(1953-2000)

	1953	1954	1955	1960	1965	1970	1980	1985	1990	2000
										(%)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Foodstuff	9.4	7.6	6.2	6.3	4.1	3.4	1.2	0.8	0.6	0.4
Textiles	36.1	40.3	37.3	30.1	18.7	12.5	4.8	3.6	2.5	1.8
Textile fibers	n.a.	n.a.	2.9	2.0	1.8	1.0	0.5	0.4	0.3	n.a.
Textile yarn	n.a.	n.a.	29.1	22.7	13.5	9.0	3.9	2.8	2.0	n.a.
Clothing	2.9	3.4	5.2	5.4	3.4	2.4	0.4	0.4	0.2	n.a.
Chemicals	5.7	5.5	5.1	4.5	6.5	6.4	5.3	4.4	5.5	7.4
Non-metallic minerals	4.9	4.6	4.7	4.2	3.1	1.9	1.4	1.2	1.1	1.2
Metals and metal products	15.1	15.6	19.2	14.0	20.3	19.7	16.5	10.6	6.8	5.5
Iron and steel	10.9	10.3	12.8	9.6	15.3	14.7	11.9	7.8	4.4	3.1
Non-ferrous metals	n.a.	n.a.	3.3	0.6	1.4	1.3	1.5	0.8	0.8	1.1
Metal products	n.a.	n.a.	3.0	3.8	3.6	3.7	3.0	2.0	1.6	1.3
Machinery	15.9	13.5	na	25.5	35.2	46.3	62.7	71.8	74.9	74.3
General machinery	n.a.	n.a.	na	na	7.4	10.4	13.9	16.8	22.1	21.5
Electric machinery	n.a.	n.a.	na	na	9.2	12.3	14.4	16.9	23.0	26.5
Transport equipment	n.a.	n.a.	na	na	14.7	17.8	26.5	28.0	25.0	21.0
Precision instruments	n.a.	n.a.	na	na	3.9	5.7	7.9	10.1	4.8	5.4
Others	12.9	13.0	na	15.3	12.1	9.9	8.1	7.7	8.5	9.5

Source: Ministry of Finance.



Development strategy in East Asia

- Coexistence of import substitution and export promotion
- Export-led growth?
- Crisis and the incentives to reform

Export/GDP ratio of Japan and Korea

Export/GDP ratio					
	Japan	Korea		Japan	Korea
1960	10.7	3.3	1981	14.7	36.4
1961	9.3	5.4	1982	14.6	34.3
1962	9.4	5.1	1983	13.9	35.4
1963	9.0	4.8	1984	15.0	35.5
1964	9.5	5.9	1985	14.5	34.1
1965	10.5	8.6	1986	11.4	37.6
1966	10.6	10.3	1987	10.4	40.2
1967	9.6	11.4	1988	10.0	38.4
1968	10.1	12.7	1989	10.6	32.7
1969	10.5	13.3	1990	10.7	29.8
1970	10.8	14.1	1991	10.2	28.2
1971	11.7	15.4	1992	10.1	28.9
1972	10.6	19.9	1993	9.3	29.3
1973	10.0	29.5	1994	9.3	30.1
1974	13.6	27.8	1995	9.4	33.1
1975	12.8	27.8	1996	9.9	32.4
1976	13.6	31.0	1997	..	38.1
1977	13.1	31.6			
1978	11.1	29.6			
1979	11.6	27.8			
1980	13.7	33.9			

Source: World Bank, *World Development Indicators CD-ROM 1999*



South Korea's Experience

- Mess in the 1950s.
- Small and poor country.
- Per capita income in 1965, see Table.
- 1st 5-year plan started in 1962.
- Labor-intensive to Capital-intensive.



Catching-up

- Trade? Technology import?
FDI?
- Different attitude to FDI



Poverty Reduction and Growth

- Growth is good for the poor?
- Dollar and Kraay (2002).

Journal of Economic Growth.



Globalization?

- Globalization: good? bad?
- Globalization and gap.



People's Confidence

- Solving important issues is critical to improve people's confidence.
- Government should present realistic targets.
- People are watching the progress

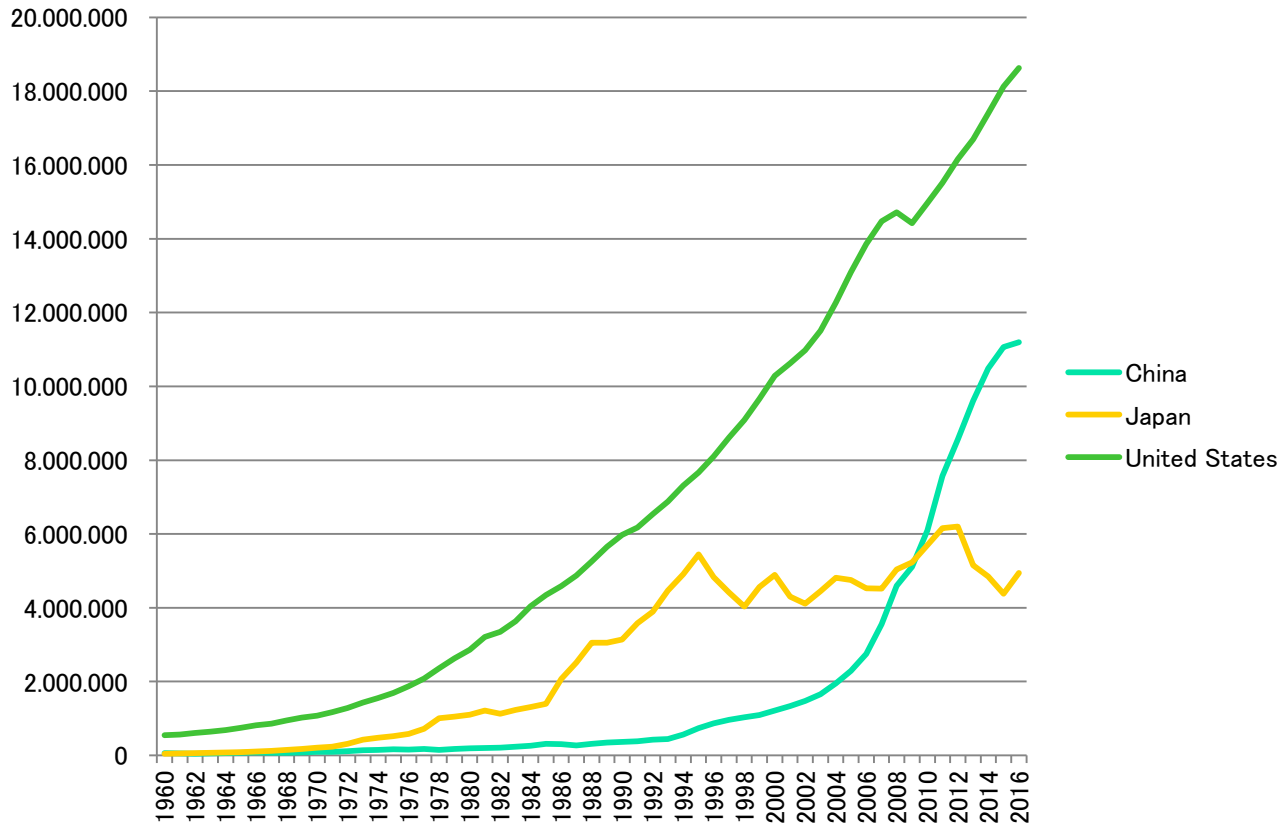


Japan's Lessons

- Japan's economy was not fully developed until around 1960.
- Common target to become rich.
- Growth and equity.
- Confidence in the government and the continuity of policy directions.
- Industrial policy and fierce competition.

3 Big Economies

GDP, current prices, US\$ million (World Bank, WDI)





We are facing “Uncertainties.”

- Populism.
- Trump administration.
- Brexit.
- China’s aggressive overseas policy.



Trump Policy

- Trade war?
- Trump's protection plan
- Short-sighted.
- Mico-minded.



China's aggressive overseas policy

- Belt and Road Initiative.
- New Silk Road.
- Costs of China's financing.



Japan's Bubble

- Japan's Bubble Years in the late 1980s.
 - Soaring stock prices.
 - Soaring land prices.
- Bubble burst in 1990.



Growth Accounting of Japan: 1970-2002

	1970-75	1975-80	1980-85	1985-90	1990-95	1995-2000	2000-02
GDP growth	4.80	5.48	4.08	4.74	1.50	1.49	0.11
TFP contribution	2.24	2.07	0.74	1.53	-0.23	0.42	0.56

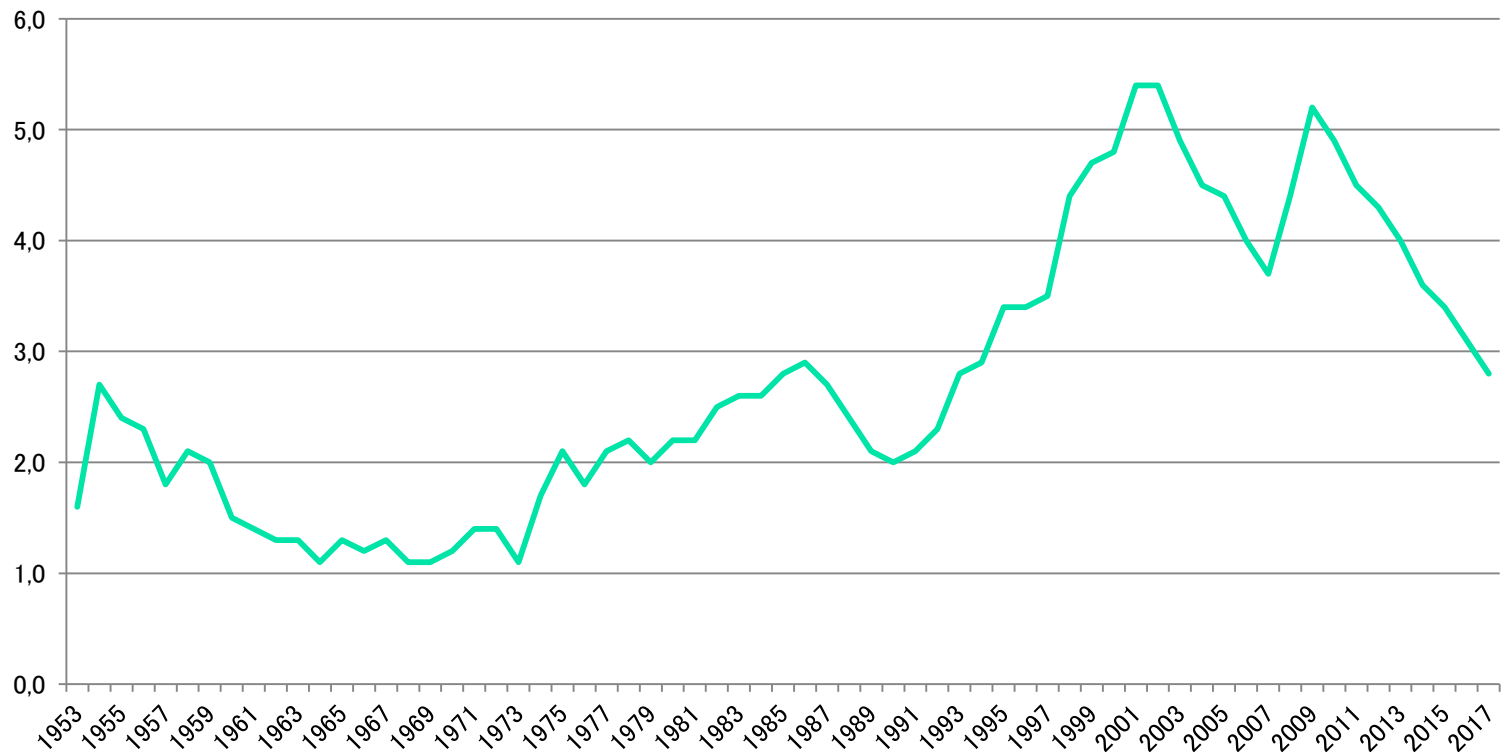
	1970-80	1980-90	1990-2002
GDP growth	5.14	4.41	1.26
TFP contribution	2.16	1.14	0.17

Source: Fukao *et al.* "Growth Accounting of the Japanese Economy," 2008, p. 22.

Unemployment rate of Japan

(Statistic Bureau of Japan)

Unemployment rate of Japan (%)





Do we still have confidences to the government?

- Frequent administration changes.
- Vested interest vs. Efficiency-oriented policy management.
- Japan's attitude to the TPP (Trans-Pacific Partnership).



Losing dynamism?

- High growth in the 1960s: too much success?
- Catching-up process was over. Japan's economy has entered the slow growth phase.
- Is it difficult to forget the past economic miracle?

Japan's recent economic growth





Abenomics

- Prime minister Shinzo Abe's economic policy.
- Reviving the sluggish economy with "three arrows": a massive fiscal stimulus, more aggressive monetary easing from the Bank of Japan, and structural reforms to boost Japan's competitiveness.