

Japan's Economic Miracle

Introduction:

Japan is currently the world's second largest economy, even with the economic problems which it has currently faced during the last decade. After World War II, Japan's amazing rise to economic power was due to several different factors. These factors have been divided into four main groups: Japanese Cultural Attitudes, Governmental Policies, Company Procedures, and World Happenings. The last part of the lesson is concerned with some causes of Japan's last decade of economic problems.

Purpose of Lessons:

Japan's economic rise and stagnation give opportunities to gain insights into economic education and to understand how a culture can contribute to its economy's success and decline.

Target Grade Levels: 9-12

Essential Questions:

1. How did Japan's culture nourish its economic growth?
2. What part did Japan's government play?
3. What did companies do to affect change?
4. What world happenings also contributed?
5. Why did problems arise?

Rationale:

Not only world events, but also accepted ways of thinking by a nation can directly affect its economy.

Part One: How Japan's Culture Helped its Economic Recovery

Lesson 1: Surplus funds for investment

Lesson 2: Importance of the goals of the group over the individual

Lesson 3: Surplus of well-educated workers

Japan's Economic Miracle

FOR INSTRUCTORS ONLY

Background Information

Part 1. How did Japan's culture nourish its economic growth?

Surplus funds for investment

The Japanese were accustomed to saving up to 40% of their income. One main reason for this saving habit to develop was due to a couple of situations of Japanese life. First, Japanese live in a crowded country with limited space; therefore, the people are not accustomed to buying large amounts of space-taking items. Secondly, the people were faced with a shortage of places to spend their money as the government did not provide many outlets for spending outside Japan as many Japanese markets were busy trying to rebuild after the war. And thirdly, the Japanese national government encouraged private citizens to bank part of their earnings into savings accounts.

Private savings are used by banks for providing loans to expanding companies. Japan's high savings rate from the private sector provided huge amounts for these loans.

Importance of the goals of the group over the individual.

The Japanese are introduced to the concept of thinking about the group's needs and goals at a very young age (preschool). This carries over to the economy with master (management) and servant (employee) all being in the same boat. This made a fertile ground for E.W. Demming's ideas to bring top quality into practice (discussed later in the lesson).

Surplus of well-educated workers

Due to Japan's excellent schools, students have been well-educated for many decades. In the 1950s, 50% of Japan's population lived on farms. With the increase in the birth rate following the war (baby boom), by the 1960s there was a surplus of well-educated youth who were no longer needed on the farms and who looked to industries for jobs.

Japan's Economic Miracle

Activities:

Part One: How Japan's Culture Helped its Economic Recovery

Lesson 1: Surplus funds for investment

Requires 1-3 hours

Materials:

- Household Income Cards (copy and cut apart) (Handout A)
- Economy Cards: Fate Cards, Event Cards, Sale Cards (copy and cut apart) (Handout B)
- Household Expense Sheets, Family Budget (1 for each household) (Handout C)
- Calculators--optional

TO BE USED WITH STUDENTS:

Setting the problem: Today you must fast forward to the future. You are living in your own home with your family. A foreign exchange student from high school is a close friend of yours, even still today. Your friend lives in another country, is planning on getting married, and has asked you to be part of the wedding party. You know that the trip will cost more money than you currently have in your savings, but you are very self-reliant and refuse to borrow the money from a friend or relative. How and where can you earn the extra money? What can you do to save enough money for the trip? What questions come to mind now that you will need to answer?

1. **Class discussion** The discussion may lead to some basic questions, such as what country, how much is air fare, is the whole family going? You may decide these questions or let the students come to an agreement about them. The discussion should also lead to how one can save money when there are other financial obligations.

2. ***“Following a Budget” Game***

Directions: Divide class into small groups of 3-4 for households. (Groups do not have to have the same number in them as their family card.) Using the Household Income Cards, assign various income levels. Give each household the corresponding expenses list.

A. Each household should then determine a budget. Some items, such as clothing, may depend upon the family. For example, if there are children in the family, more clothing will probably need to be in the budget because children grow.

Japan's Economic Miracle

B. Households should draw a fate card, a sale card and an event card. (Fate cards must be followed, although if the fate is expensive, households may have to make special arrangements, such as monthly payments or credit card usage. Event cards and sale cards are optional, although a sale card may reduce a line of the budget.)

C. Each household should decide how to manage and stay within their budgets.

3. **Class discussion** to compare budgets and how they managed. How did the amount of income affect the budget? What about the size of the family? In real life, what are some problems with staying on a budget? Did any group allow for savings in their budgets? When savings are included in a budget, what percentage of the income should be saved? Or, is it a dollar amount? How much should a family save each week, ...two weeks, month, year? Why would you want to save money? What if your family were required to contribute to a savings plan, or at least strongly expected to save?

4. Continuation of *Following a Budget Game*

A. Each household will incorporate a savings plan into their budgets. (They may have to change other parts of their budgets.)

B. Continue play with another drawing of fate, sale and event cards.

C. Compute savings now, in another month, another year, in 5 years, in 10 years.

Activities:

Part One:How Japan's Culture Helped its Economic Recovery

Lesson 2: Importance of the goals of the group over the individual
Requires 30-40 minutes

Materials:

- Household Income Cards (copy and cut apart) (Handout A)
- Economy Cards: Fate Cards, Event Cards, Sale Cards (copy and cut apart) (Handout B)
- Household Expense Sheets, Family Budget (1 for each household) (Handout C)
- Calculators--optional