

# 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**

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## 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.

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### 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.

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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

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### TO BE USED WITH STUDENTS:

Setting the problem: (If the first lesson was skipped, you may want to read the problem from Lesson 1 to the class.) The wedding is over, but your family has gotten in the habit of saving. What are some other ways to use the savings if savings are continued? Should the savings be used for just one individual or the whole family group? Think of times when money needs to be used mainly for one person. Think of ways to use the money as a family.

**1. Discussion for Family Groups:** List reasons why savings might be used for one individual. List things the whole family could do with some of the money. Whenever possible, how many feel that the whole family should benefit from the savings? (If Lesson 1 was omitted, please refer to the directions for the Budget Game there.)

**2. Continuation of *Following a Budget Game***

- A. Play continues with the drawing of only a fate card.
- B. Determine the financial results.
- C. Continue without the Sale Cards and with the Event Cards only every three rounds.

**3. Class discussion and debriefing** Is it easier to save money now? Does it depend upon what you want or can buy? What if savings were increased, due to wage increases or fewer bills? What do banks do with savings? Where does the money for loans come from? How is a business loan different from a house loan? Were there times when the savings were used for occasions that the entire family could not immediately appreciate? (Game cards, etc. may be collected.)

In Japan after World War II, the people were encouraged to save a large part of their salaries. Plus, there were not too many places to spend money as even food and clothing were some times hard to find. How did this help the banks have money available for business loans?

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## Handout A: Household Income Cards

### Household Income Card

GROUP A	Family of 4:
Father, teacher	\$39,800
Mother, financial advisor	45,350
Girl, 8 and Boy, 10	
Total income	\$85,150

### Household Income Card

GROUP B	Family of 3:
Father, safety engineer	\$41,000
Mother, sales	21,000
Boy, 16	
Total income	\$62,000

### Household Income Card

GROUP C	Family of 2:
Father, truck driver	\$26,800
Mother, bank teller	25,900
Total income	\$52,700

### Household Income Card

GROUP D	Family of 2:
Mother, shop owner	\$45,700
Girl, 9	
Total income	\$45,700

### Household Income Card

GROUP E	Family of 5:
Father, police officer	\$29,400
Mother, intern architect	26,000
Girl, 12 and Boys, 3 & 8	
Total income	\$55,400

### Household Income Card

GROUP F	Family of 2:
Father, fireman	\$35,250
Boy, 5	
Total income	\$35,250

### Household Income Card

GROUP G	Family of 8:
Father, store owner	\$65,000
Mother, secretary	25,350
Girls:5, 12, 14, 18 and Boys:twins 8	
Total income	\$90,350

### Household Income Card

GROUP H	Family of 2:
Mother, civil engineer	\$43,280
Girl, 12	
Total income	\$43,280

### Household Income Card

GROUP I	Family of 6:
Father, doctor	\$125,500
Mother, housewife	
Girls, 8, 12, 16 and Boy, 10	
Total income	\$125,500

### Household Income Card

GROUP J	Family of 2:
Grandmother, teacher	\$51,285
Boy, 10	
Total income	\$51,285

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## Handout B, pg. 1: Economy Cards

### Fate Card

You lost a filling in a tooth. The reconstruction costs \$120 after insurance payments.

### Fate Card

There was a leak in a water pipe. The plumber's bill is \$179.43.

### Fate Card

The child next door is selling magazines for school. Your order is \$15.

### Fate Card

The cost for renewing the car license plate is \$42.

### Fate Card

A car runs into the back of your car. The deductible will cost you \$500.

### Fate Card

There was an over-limit fee of \$29 on a credit card.

### Fate Card

You have broken your ankle. Your medical bills, after insurance payments, amount to \$750.

### Fate Card

A check was returned for insufficient funds. The bank fee is \$32.

### Fate Card

You had to travel to and from a distant city three times this past week. Each round trip cost you \$25.

### Fate Card

You need to buy a new tire for the car. Cost is \$50.

### Fate Card

Someone accidentally left the door to the garage open over an extremely cold weekend. It will cost an extra \$35 for heating this month.

### Fate Card

You had to take a taxi home because a family member forgot to pick you up. Cost is \$20.

### Fate Card

You have the flu. Medicines plus the doctor's visit cost you \$65.

### Fate Card

Your car was stolen, found and then placed in the police impound. To get the car out, you must pay \$100.

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## Handout B, pg. 2: Economy Cards

### Fate Card

The computer printer needs a new ink cartridge. Cost is \$29.95.

### Fate Card

The emergency room bill for your accident will cost you \$50 after insurance payments.

### Fate Card

Your Market Day order costs \$20.

### Fate Card

Your shoes are falling apart. A new pair will cost \$20 or more.

### Fate Card

The florist bill is \$28.83.

### Fate Card

You have run out of paper for your computer. It costs \$4 per package, any color.

### Fate Card

Your back injury requires a special pillow. These pillows are \$15 each.

### Fate Card

You need a new raincoat. They cost \$45. Or, a plastic poncho will cost \$5.

### Fate Card

The newspaper bill is \$40.

### Fate Card

Your brother is critically ill, but he lives 1000 miles away. Airline tickets will cost \$430 per person.

### Fate Card

A bird flew into a window and broke the glass. Replacement will cost you \$100 after insurance.

### Fate Card

Your car's engine needs immediate repairs. Estimated cost is \$300.

### Fate Card

A parking ticket will cost you \$20.

### Fate Card

A fire in your house required your staying in a hotel, but there is a bill of \$75 that the insurance did not cover.



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## Handout B, pg. 3: Economy Cards

### Fate Card

Your dog was hit by a car and needs a cast.  
Vet bill is \$125.

### Fate Card

Your watch needs a new battery. Cost  
\$4.95.

### Fate Card

You lost a library book and must pay for it.  
Cost is \$ 12.

### Fate Card

The cat is sick and needs to go to the vet.  
Cost \$55.

### Fate Card

A tree in your yard needs to be removed  
before wind storms cause it to fall. Cost is  
\$350.

### Fate Card

A hail storm cracked the windshield of the  
car. The repair will cost you \$100.

### Fate Card

Your couch has finally fallen apart. A new  
one will cost at least \$500.

### Fate Card

You didn't have time to fix lunch and de-  
cide to stop and get something. Cost is  
\$4.95.

### Fate Card

Your computer's hard drive just crashed.  
Repairs will cost \$100.

### Fate Card

You need to contribute to the flower fund  
at work. Cost is \$25.

### Fate Card

A child put a sticky video into the VCR.  
Cleaning will cost \$50.

### Fate Card

The social committee at work needs \$15  
from you.

### Fate Card

The washing machine needs repairing. Re-  
pairs will cost \$75. But, while you wait for  
the parts, you go to the laundromat which  
costs an additional \$12.

### Fate Card

You owe \$235 to the state for income  
taxes.

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## Handout B, pg. 4: Economy Cards

### Fate Card

You overexerted yourself while jogging and needed to buy some medical supplies to wrap your leg and to relieve the pain. Cost \$25.

### Fate Card

A family member was locked out of the house and broke a window to get in. The cost of the window repair is \$35.

### Fate Card

You need to mail some packages for a volunteer organization. The postage is \$10.

### Fate Card

The cable installation cost \$35.

### Fate Card

Your best friend needs something to cheer him/her up after surgery. A box of candy and balloons cost \$10.

### Fate Card

You need required clothing for work, which cost \$50.

### Event Card

Self-defense lessons for a family member will cost \$45.

### Event Card

Your family reunion is next week. To go will cost \$50 for gas, \$5 per person for food on the trip, and \$10 for the potluck dish you are taking.

### Event Card

Your photographs from your vacation will cost \$20 to develop.

### Event Card

While on vacation, the house sitter made several long distance calls which cost \$38.75.

### Event Card

You decide to take the family to a play at the theater. Tickets are \$12 each.

### Event Card

The car needs a tune up. Cost is \$150.

### Event Card

You are taking someone to dinner that you are trying to impress. Dinner will cost \$50 per person.

### Event Card

You decide to take the family to the movies. Tickets are \$4 each for the matinee or \$6 each for a evening showing. Popcorn and drinks will cost another \$5 each.

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## Handout B, pg. 5: Economy Cards

### Event Card

You need a good haircut. It will cost \$15.

### Event Card

A member of your family is going skiing over the week-end. The trip will cost \$150 per person.

### Event Card

Your leather gloves need replaced. Cost \$20.

### Event Card

You need to buy writing paper and envelopes plus stamps. Cost will be \$10.

### Event Card

The dog needs his shots which cost \$35.

### Event Card

There's a birthday in the family. The cake is \$10, dinner is \$8 per person, the family gifts are \$70.

### Event Card

A good friend is having a baby shower for a relative. Shower gift, with card and wrapping is \$28.76.

### Event Card

You win a poetry contest. Your new clothes for the acceptance award banquet cost \$50 and the dinner is \$25 each.

### Event Card

You want to go to the ball game. Tickets cost \$5 each.

### Event Card

You are going to the school carnival. The cost will be \$5 per child.

### Event Card

Friends have invited you to go to dinner after work with them. Cost will be about \$20.

### Event Card

You plan to go to an ice show. Tickets are \$7 each.

### Event Card

Your family has won a free vacation in Mexico, but you must pay to get there. By car the trip will probably be about \$200, but it will take 3 days. If you fly, it will cost about \$200 per person.

### Event Card

You are planning to go to the drive-in movie. Tickets cost \$6 each for anyone over 12.

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## Handout B, pg. 6: Economy Cards

### Event Card

Tickets to your niece's recital cost \$3 each.

### Event Card

A week-end of boating and water skiing will cost about \$150 each.

### Event Card

Tickets for the rides at the Tomato Festival cost \$10 each for all night. Who's riding?

### Sale Card

There is a coat sale. Coats are half-priced. The one you like is now only \$50.

### Event Card

You and your family would like to go to an amusement park. Tickets, food, and gas will probably come to about \$75 each.

### Sale Card

There is a cookie sale. Each box is only \$2.50.

### Event Card

You are going to the museum. Cost will be about \$12 each.

### Sale Card

A special car wash is only \$5 per car for one day only.

### Event Card

You are planning a trip to Lake Erie for the week-end. The trip will probably cost about \$120 each.

### Sale Card

Pizza is \$5 off each large.

### Event Card

You are going to a concert which will cost about \$50 each.

### Sale Card

There is a great sale on your vitamins. They're half price, only \$10 each now.

### Event Card

A camping trip in one of the state parks would be great. To rent a cabin and get supplies will cost about \$150.

### Sale Card

New boots are on sale for only \$30.

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## Handout B, pg. 7: Economy Cards

### Sale Card

Sweaters are on sale at 20% off. Each one is only \$18 now.

### Sale Card

You have a \$5 off coupon for each 2 diners at your favorite restaurant.

### Sale Card

Blankets are now \$15 each. How many will you buy?

### Sale Card

There is a special \$20 off sale for the physical fitness club that you were planning to join. Membership is now only \$80.

### Sale Card

Computer software disks are on sale for \$8.88 each.

### Sale Card

Some wallpaper that you have been wanting to buy is 10% off. So, instead of \$50, it only costs \$45 now.

### Sale Card

Video cameras are selling for \$100.

### Sale Card

At a yard sale, you see an old record player for only \$2.

### Sale Card

DVD players are selling for \$99 each.

### Sale Card

A shirt that you like is marked down to \$25.

### Sale Card

The newest Harry Potter book is on sale for \$12!

### Sale Card

Shoes are now buy one pair and get the second pair for half off. Each pair is about \$20, regularly.

### Sale Card

Swimming suits are reduced 25%. The one you want will be \$25 now.

### Sale Card

There is special paint sale of only \$5 per gallon, but you need 3 gallons.

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### Handout B, pg. 8: Economy Cards

**Sale Card**

Candy bars are on sale for 4 for \$1!

**Sale Card**

Today there is a special on haircuts, only \$3 each.

**Sale Card**

New watches are on sale for \$30.

**Sale Card**

There is a special on donuts after 3 PM, only \$2 per dozen.

**Sale Card**

Shampoo and other hair products are on sale for only \$5 each.

**Sale Card**

At a fast food restaurant the sale is 5 sandwiches for \$5.

**Sale Card**

Grocery sales reduce your grocery bill \$30.

**Sale Card**

There is a special sale on glassware with a Disney design for only \$1.99 each.

**Sale Card**

You can get \$5 off your gasoline this week.

**Sale Card**

At a flower sale plants for outdoors are selling for \$3 each.

# Japan's Economic Miracle

## Handout C, pg. 1: Household Expenses

### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP A	Family of 4
Father, teacher	\$39,800
Mother, financial advisor	45,350
Girl, 8 and Boy, 10	
Total income	\$85,150

Monthly Income:..... \$7,095.83

### Monthly Expenses:

Housing.....1,550	Daily travel
Food	Gasoline, Oil, etc.....165
Groceries.....420	Car Maintenance.....55
Utilities	Car Payments.....1,568
Electricity.....80	Insurance
Gas.....75	Life.....60
Water.....35	Health.....48
Cable.....45	Car.....112
Telephone.....125	Work.....110
Taxes	House.....45
Income.....1417	Retirement Fund.....400
Real estate.....320	

## Japan's Economic Miracle

### Handout C, pg. 2: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP B		Family of 3:
Father, safety engineer		\$41,000
Mother, sales		21,000
Boy, 16		
Total income		\$62,000

Monthly Income:..... \$5,166.67

#### Monthly Expenses:

Housing.....1,192	Daily travel
Food	Gasoline, Oil, etc.....135
Groceries.....400	Car Maintenance.....75
Utilities	Car Payments.....954
Electricity.....90	Insurance
Gas.....35	Life.....30
Water.....35	Health.....38
Cable.....45	Car.....252
Telephone.....60	Work.....70
Taxes	House.....25
Income.....983	Retirement Fund.....150
Real estate.....195	



## Japan's Economic Miracle

### Handout C, pg. 3: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP C	Family of 2:
Father, truck driver	\$26,800
Mother, bank teller	25,900
Total income	\$52,700

Monthly Income:..... \$4,391.67

#### Monthly Expenses:

Housing.....792	Daily travel
Food	Gasoline, Oil, etc.....135
Groceries.....375	Car Maintenance.....20
Utilities	Car Payments.....875
Electricity.....80	Insurance
Gas.....0	Life.....80
Water.....30	Health.....45
Cable.....30	Car.....110
Telephone.....100	Work.....70
Taxes	House.....35
Income.....958	Retirement Fund.....200
Real estate.....155	

## Japan's Economic Miracle

### Handout C, pg. 4: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP D	Family of 2:
Mother, shop owner	\$45,700
Girl, 9	
Total income	\$45,700

Monthly Income:..... \$3,808.33

#### Monthly Expenses:

Housing.....592	Daily travel
Food	Gasoline, Oil, etc.....55
Groceries.....275	Car Maintenance.....15
Utilities	Car Payments.....355
Electricity.....180	Insurance
Gas.....30	Life.....35
Water.....25	Health.....55
Cable.....30	Car.....60
Telephone.....160	Work.....25
Taxes	House.....25
Income.....750	Retirement Fund.....200
Real estate.....155	

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### Handout C, pg. 5: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

#### Household GROUP E

#### Family of 5:

Father, police officer \$29,400  
Mother, intern architect 26,000  
Girl, 12 and Boys, 3 & 8  
Total income \$55,400

**Monthly Income:..... \$4,616.67**

#### Monthly Expenses:

Housing.....908	Daily travel
Food	Gasoline, Oil, etc.....135
Groceries.....600	Car Maintenance.....20
Utilities	Car Payments.....475
Electricity.....120	Insurance
Gas.....60	Life.....80
Water.....50	Health.....45
Cable.....60	Car.....90
Telephone.....100	Work.....60
Taxes	House.....45
Income.....992	Retirement Fund.....300
Real estate.....190	

## Japan's Economic Miracle

### Handout C, pg. 6: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP F	Family of 2:
Father, fireman	\$35,250
Boy, 5	
Total income	\$35,250

Monthly Income:..... \$ 2937.5

#### Monthly Expenses:

Housing.....492	Daily travel
Food	Gasoline, Oil, etc.....105
Groceries.....235	Car Maintenance.....15
Utilities	Car Payments.....375
Electricity.....50	Insurance
Gas.....0	Life.....80
Water.....20	Health.....45
Cable.....30	Car.....60
Telephone.....50	Work.....70
Taxes	House.....35
Income.....583	Retirement Fund.....300
Real estate.....150	

## Japan's Economic Miracle

### Handout C, pg. 7: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP G	Family of 8:
Father, store owner	\$65,000
Mother, secretary	25,350
Girls:5, 12, 14, 18 and Boys:twins 8	
Total income	\$90,350

Monthly Income:..... \$ 7529.17

#### Monthly Expenses:

Housing.....1,682	Daily travel
Food	Gasoline, Oil, etc.....235
Groceries.....925	Car Maintenance.....60
Utilities	Car Payments.....975
Electricity.....250	Insurance
Gas.....100	Life.....220
Water.....75	Health.....45
Cable.....90	Car.....200
Telephone.....125	Work.....215
Taxes	House.....65
Income.....1300	Retirement Fund.....250
Real estate.....225	

## Japan's Economic Miracle

### Handout C, pg. 8: Household Expenses

Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP H                      Family of 2:  
Mother, civil engineer    \$43,280  
Girl, 12  
Total income                      \$43,280

Monthly Income:..... \$ 3606.67

#### Monthly Expenses:

Housing.....892	Daily travel
Food	Gasoline, Oil, etc.....105
Groceries.....315	Car Maintenance.....20
Utilities	Car Payments.....475
Electricity.....80	Insurance
Gas.....0	Life.....40
Water.....30	Health.....35
Cable.....30	Car.....60
Telephone.....100	Work.....40
Taxes	House.....45
Income.....708	Retirement Fund.....250
Real Estate.....135	

Directions

1. Use the amounts listed below in your budget and total the monthly expenses.

## Japan's Economic Miracle

### Handout C, pg. 9: Household Expenses

2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

Household GROUP I	Family of 6:
	Father, doctor      \$275,500
	Mother, housewife
	Girls, 8, 12, 16 and Boy, 10
	Total income      \$275,500

Monthly Income:..... \$22,958.33

#### Monthly Expenses:

Housing.....2,695	Daily travel
Food	Gasoline, Oil, etc.....535
Groceries.....1,395	Car Maintenance.....200
Utilities	Car Payments.....2,275
Electricity.....380	Insurance
Gas.....250	Life.....2,320
Water.....750	Health.....360
Cable.....290	Car.....450
Telephone.....525	Work.....3,500
Taxes	House.....238
Income.....1,958	Retirement Fund.....1,550
Real estate.....450	

## Japan's Economic Miracle

### Handout C, pg. 10: Household Expenses

#### Directions

1. Use the amounts listed below in your budget and total the monthly expenses.
2. Add other monthly expenses. Think about the needs of this family. Remember clothes, dance lessons, movies, ball games, refreshments, going out to eat, etc. Try to be realistic about what prices would be for a month. For example, you probably won't need to buy shoes every month, but you could use a credit card and then make monthly payments, but be sure to add a monthly charge by the credit card company.
3. Add up all your expenses.
4. Do not go over your monthly income! If your expenses are greater than your income, you will need to cut back on something.
5. Strive for a budget that has some money saved each month.

#### Household GROUP J

#### Family of 2:

Grandmother, teacher \$51,285

Boy, 10

Total income \$51,285

Monthly Income:..... \$ 4,273.75

#### Monthly Expenses:

Housing.....992	Daily travel
Food	Gasoline, Oil, etc.....85
Groceries.....305	Car Maintenance.....20
Utilities	Car Payments.....275
Electricity.....75	Insurance
Gas.....35	Life.....40
Water.....30	Health.....45
Cable.....30	Car.....50
Telephone.....80	Work.....43
Taxes	House.....52
Income.....853	Retirement Fund.....350
Real estate.....165	



# Japan's Economic Miracle

## Handout D: Budget Sheet

Monthly Income: \_\_\_\_\_

### Monthly Expenses:

	A		B
Housing	_____	Savings	_____
Food		Recreation	
Groceries	_____	Clubs	_____
Eating Out	_____	Team fees	_____
School	_____	Lessons	_____
Business	_____	Tickets	_____
Other	_____	Other	_____
Utilities		Daily travel	
Electricity	_____	Gas, etc.	_____
Gas	_____	Car Checkups	_____
Water	_____	Car Payment	_____
Cable	_____	Other	_____
Telephone	_____	Taxes	
Insurance		Income	_____
Life	_____	Real estate	_____
Health	_____	Entertainment (list)	
Car	_____	_____	
Work	_____	_____	
Security	_____	Miscellaneous (list)	
Other	_____	_____	
Clothing	_____	_____	
Household goods	_____	_____	
Health Needs		Lawn Care (list)	
Doctors	_____	_____	Medicines
_____	Credit Cards	_____	
Equipment	_____	_____	
Retirement Funds	_____		
<b>Total Expenses A</b>	_____	<b>Total Expenses B</b>	_____
	<b>Total Expenses A</b>	_____	
	<b>+ Total Expenses B</b>	_____	
	<b>Total Monthly Expenses</b>	_____	

## Japan's Economic Miracle

### Activities:

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

##### Lesson 3: Surplus of well-educated workers

Requires 30-40 minutes

### Materials:

- Get a Job! Worksheet (Handout E)

### TO BE USED WITH STUDENTS:

Setting the problem: You are starting a business and need to hire some employees. What kind of employees would you like to hire? How important is the level of education? Or, experience? Age? What combination of these three would make the ideal employee? Why?

1. **Class discussion:** Let the class discuss and give opinions about the possible answers. Then, ask them to consider which two are most important? Would the type of job make a difference? When? What if the job training could be done easily so that experience was not such a factor. What would be the best ages and level of education?
2. **Get a Job!** worksheet. In small groups or with a partner, students should try to decide the attributes of the ideal employee.
3. **Class discussion and debriefing:** Compare ideas of the attributes of the ideal employee, especially for a beginning company.

*In Japan after the war, there were many young adults who had finished high school and ready to find jobs in the cities. Because the Japanese educational system has always been highly respected and successful, these young men and women were well-educated. How did this help the companies develop economically?*

4. **Part One debriefing:** Share the following essential question and subquestions for part one with the students. See if they can determine the three given answers. If not, ask them to explain how the given answers could also have helped Japan's economic growth.

#### From Essential Questions:

##### **1. How did Japan's culture nourish the economic growth?**

*What did Japan already have that would boost economic growth? What helps if you are trying to get a job? a car or house? How does working together for a common goal help?*

## Japan's Economic Miracle

(Surplus funds for investment, Importance of the goals of the group over the individual, Surplus of well-educated workers)

## **Japan's Economic Miracle**

### **Handout E: Get a Job!**

1. If you were starting a business, what kind of employees would you like to hire?
  
2. Are there any real advantages or disadvantages in any of the following groups? What are they? Would the type of job make a difference? When? Try to choose one from each group.
  - A. Young adults (just out of high school) or older adults (middle-aged) Why?
  - B. Experienced or inexperienced? Why?
  - C. Well-educated, average, or poorly educated? Why?
  
3. Now that you have chosen one from each group, what combination make the ideal employee?
  
4. But we do not live in an ideal world and if you had to narrow to a combination of only two, which two are most important? Why?
  
5. What if the job training could be done easily so that experience was not such a factor. What would be the best ages and level of education?
  
6. Suppose there was a surplus of young, well-educated adults. How could this affect your selection of employees?

# Japan's Economic Miracle

## Part Two: Factors due to Governmental Policies

Lesson 4: Low military expenses

Lesson 5: State-assisted capitalism

Lesson 6: Stable political situation

## FOR INSTRUCTORS ONLY

### Background Information

#### ***Part 2. What part did Japan's government play?***

##### **State-assisted capitalism (Industrialized, not westernized in late 1800s)**

After Matthew Perry opened Japan's doors to the world in 1853-54, Japan immediately began playing "catch up" because there were so many discoveries/inventions for them to learn about, but they remained Japanese in their approach.

The Meiji Restoration, Japan's new political leadership in the early 1870s, chose to adopt a government-directed capitalism where the government has a great influence over what is produced and provides the needed capital to those companies. The view is that the economy should serve the nation, not the individual. Free trade is often considered harmful.

This is in contrast to the western idea of free entrepreneurship where the individual/company determines what is produced and seek their own means of financing. With the American capitalism model, the market is the chief determinant of what products are produced. Free trade is highly desirable with banks, the stock market, or private sectors providing capital. Economy serves the individual/company primarily, the nation as a result.

The Japanese were accustomed to allowing their leaders to take control. When the leaders realized their mistakes of having Japan closed to the world, they needed to make many changes, but one great change was not going to be that of giving up leadership power, even economically.

Today, that leadership power is contained within the national government, especially in the National Diet, which is the lawmaking body, and the Prime Minister, who is a member of the Diet and elected by the Diet.

##### **Stable political situation**

The Liberal Democratic Party was continually elected by the voters which gave a political stability that other countries did not enjoy. This helped allow the government to keep that control of determining the economic policies of the nation.

## Japan's Economic Miracle

### **Low military expenses**

Because of Japan's defeat in World War II, there was a sweeping decrease in their military programs. Japan's national defense program became rudimentary as the American armed services set up bases in Japan. In the United States, a large portion of the budget is allocated to the armed services which cannot be used for other programs. In Japan, without great military expenses, the budget had many funds available for other uses, such as company financing.

## Japan's Economic Miracle

### Activities:

#### Part Two: Factors due to Governmental Policies

##### Lesson 4: Low military expenses

Requires 20-30 minutes

### Materials:

Copies of federal budget from Internet (5 largest expenditures) - one per group

### TO BE USED WITH STUDENTS:

**Setting the problem:** Where does the government get its money? For what programs and projects is the money used?

If you were starting a business, where could you get some financial help? How could the national government help? Where does the government get its money? What is the money spent on?

1. **Class discussion** on government budgets. What are taxes? What kinds of taxes are there? Who must pay them? For what kinds of programs and projects does our national government spend money? We are going to take a closer look at our national spending.
2. **Group Work** with students given copies of The Federal Budget, 1995-2002. (See The Federal Budget, 1995-2002, or go to *infoplease.com*, business and finance, economy, US economy and the Federal Budget.) What are the main parts? Under *Outlays by function*, have them locate the five largest expenses in the budget.
3. **Small groups discussions** of the following questions: What would happen if one of these were decreased by 75%? In what other areas could that money be used? *After World War II, Japan's military forces were greatly reduced.* The country was trying to rebuild itself after the war. What could the government do now that money was available in banks from private savings and without military expenses in the national budget? (This made it possible for the government to have more funds available for other projects.)

## Japan's Economic Miracle

### Activities:

#### Part Two: Factors due to Governmental Policies

##### Lesson 5: State-assisted capitalism

Requires 20-30 minutes

### Materials:

- Rate Game worksheet (Worksheet F)
- Calculators--optional

### TO BE USED WITH STUDENTS:

**Setting the problem:** If you were starting a business, where could you get some financial help? How could the national government help?

1. **Class discussion** Allow groups to respond to the previous questions. Does our government sometimes do this? (grants, etc.)
2. **The Rate Game** With partners have students, try to figure out the interest rates and the total amount to be paid back.
3. **Class discussion** Besides offering loans, how could the government help? What if the government would let you have a low interest loan?



# Japan's Economic Miracle

## Handout F

Name\_\_\_\_\_

### The Rate Game

You would like to buy a Video game which costs \$125. You only have \$25.00, but you can borrow the rest of the money from the Friendly Savings and Loan Co.

What if you only borrow \$100,  
which interest rate would be best? Show how much better. Remember when multiplying by percentages, you must change each to a decimal, with each percentage worth one hundredth of a whole. For example, 1% = .01, 10% = .10 and so on.

	1%	5%	10%
Interest would be:	<u>          </u>	<u>          </u>	<u>          </u>
Plus the money borrowed	<u>+100</u>	<u>+100</u>	<u>+100</u>
Total to pay back			

What if the amount of a loan was \$1000? \$5000?  
which interest rate would be best?

	1%	5%	10%
Interest would be:	<u>          </u>	<u>          </u>	<u>          </u>
Plus the money borrowed	<u>+1000</u>	<u>+1000</u>	<u>+1000</u>
Total to pay back			

	1%	5%	10%
Interest would be:	<u>          </u>	<u>          </u>	<u>          </u>
Plus the money borrowed	<u>+5000</u>	<u>+5000</u>	<u>+5000</u>
Total to pay back			

## Japan's Economic Miracle

### Activities:

#### Part Two: Factors due to Governmental Policies

##### Lesson 6: Stable political situation

Requires 2-3 hours

### Materials:

- Who's the Leader Now? assignment sheets (Cut apart New-Leader sheets) (Handout G)
- Pocket folders - two (or one for each group)

### TO BE USED WITH STUDENTS:

**Setting the problem:** What happens when the leader of a group stays there for a long time? What happens if the leader is changed quite often? We know that a good leader can make a big difference, but can the length of time also make a difference?

#### 1. *Who's the Leader Now?*

- A. Discuss the qualities that make a good leader and a bad leader.
- B. Divide the class into two groups. (Depending upon class size, there may be multiple groups with an even number of One-Leader/New-Leader groups.)
- C. There will be 5 20-minute rounds with a performance by each group of a 1-2 minute commercial, following the last round. (If a group is not finished, just ask them to share what they do have.)

#### **Directions:**

- A. Leaders may be chosen by the groups or by the teacher.
- B. In One-Leader Group there will be one leader throughout the game.
- C. In New-Leader Group there will be a new leader each round.
- D. Each group should be separated so that they cannot overhear one another easily or cautioned to work quietly so that company spies will not get their ideas.
- E. Give each group leader the appropriate Assignment Sheets in a folder. The One-Leader Group gets all five rounds on Round 1, but the Different-Leader Group gets only one round at a time. All assignment sheets should be kept in the group folder.
- F. Each round a new leader must be named just before the Round begins for the New-Leader Group.

## Japan's Economic Miracle

G. Following Round 5, each group should make their group presentations.

H. Debriefing. Did both groups finish the work in each round in about the same amount of time? Was one usually finished first? Why? What were the advantages and disadvantages to having the same leader each time? ... a different leader each time? The reason for having the new leader keep making at least one change is that usually a new leader will make some changes in the way things are done. Ideally, with the same leader there should be continuity because he/she knows what has been done and what is expected to get done along with how. (If there are more than just the 2 groups, the students may see how the effectiveness of the leader plays a role.)

2. **Part Two debriefing:** Share the following essential question and subquestions for part two with the students. See if they can determine the three given answers. If not, ask them to explain how the given answers could also have helped Japan's economic growth.

### From Essential Questions:

#### **2. What part did Japan's government play?**

*How did the Japan's federal budget help this growth? What kinds of things did Japan's federal government do that helped economic growth? How did a stable leadership enable continuity?*

(Low military spending, Stable political situation, State-assisted capitalism)

## Japan's Economic Miracle

Handout G, pg. 1

New-Leader Group (changed each time): \_\_\_\_\_ (Leader's Name)

Who's the Leader Now?

Round 1 Assignment Sheet

**Assignment for Round 1:** The group will be creating 5 new uses for pine cones with explanations and illustrations. Decide how these will be displayed.

Make sure your group gets the following done in this 20 minute round:

- (1) Read the assignment to the group.
- (2) Have the group brainstorm new uses for pine cones for several minutes, recording all ideas.
- (3) **You** (the leader) should select the 5 most creative ones.
- (4) Divide the group into 5 smaller groups with each group handling a different creative pine cone usage. Each group should write an explanation and make an illustration for their pine cone use.
- (5) Collect all work and put in the folder to give to the teacher.

## Japan's Economic Miracle

Handout G, pg. 2

**New-Leader Group (changed each time):\_\_\_\_\_ (Leader's Name)**  
**Who's the Leader Now? Round 2 Assignment Sheet**

**Assignment for Round 2:** The group will be creating 5 advertisements for magazines for their new uses for pine cones.

Make sure your group gets the following done in this 20 minute round:

- (1) Review the 5 creative uses along with the whole list of ideas. Discard one that you feel is not as good as another idea and substitute it with another or one of your own.
- (2) Take the 4 explanations and illustrations from Round 1 and give each one to a different group today. [Make sure the new substituted idea goes to the group which has the discarded one.]
- (3) Each group is to make a magazine ad for their pine cone use. [Note: The new substituted use must be explained and illustrated as well as have a magazine ad made for it.]
- (4) Collect all work and put in folder to give to teacher.

## Japan's Economic Miracle

Handout G, pg. 3

New-Leader Group (changed each time): \_\_\_\_\_ (Leader's Name)

Who's the Leader Now?

Round 3 Assignment Sheet

**Assignment for Round 3:** The group will be creating a TV commercial which will include all 5 new uses for pine cones. Songs, jingles, skits, catchy phrases and/or pictures may be used.

Make sure your group gets the following done in this 20 minute round:

- (1) Review the 5 creative uses, discarding one that you feel is not as good as another idea and substituting it with another.
- (2) Read the assignment to the group.
- (3) Have the groups from yesterday change into new groups.
- (4) Assign a different part to each group: Group A-should write a jingle for their use, Group B-a skit, Group C-a song, Group D-scenery, and Group E-organize all parts with a catchy phrase. [Note: If you discarded one of the uses, then the new use must be explained, illustrated, and have a magazine ad made for it, too so you will need a 6th group.]
- (5) Collect all work and put in the folder to give to the teacher.

## Japan's Economic Miracle

Handout G, pg. 4

New-Leader Group (changed each time): \_\_\_\_\_ (Leader's Name)  
Who's the Leader Now? Round 4 Assignment Sheet

**Assignment for Round 4:** The group will be completing and rehearsing the TV commercial.

Make sure your group gets the following done in this 20 minute round:

- (1) Check progress of assignments from Round 3, making any changes that you think are needed, especially change any members of groups or assignments as you see fit. **You** are the **leader now!**
- (2) Have TV commercial rehearsals until it is smoothly done.
- (3) Collect all work for folder and hand in.

## Japan's Economic Miracle

Handout G, pg. 5

New-Leader Group (changed each time): \_\_\_\_\_ (Leader's Name)  
Who's the Leader Now? Round 5 Assignment Sheet

**Assignment for Round 5:** The group will be presenting their 5 creative uses for pine cones with 5 magazine ads and one TV commercial.

Make sure your group gets the following done in this 20 minute round:

- (1) Distribute magazine ads to be made into a display by one group.
- (2) Rehearsal so your group is ready to perform TV commercial.
- (3) Hand in all work with folder to teacher.



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Handout G, pg. 6

One Leader Group: \_\_\_\_\_ (Leader's Name  
Who's the Leader Now?  
Assignment Sheet

### Round One

Assignments: **The group will be creating new uses for pine cones as well as 5 advertisements for magazines and one inclusive commercial for TV.**

**Songs, jingles, skits, catchy phrases and/or pictures may be used.**

Each round is 20 minutes long and should basically cover the following:

**Round 1:** The group will be creating 5 new uses for pine cones with explanations and illustrations. Decide how these will be displayed.

**Round 2:** The group will be creating 5 advertisements for magazines (and later one TV commercial) for their new uses for pine cones.

**Round 3:** The group will be creating a TV commercial which will include all 5 new uses for pine cones. Songs, jingles, skits, catchy phrases and/or pictures may be used.

**Round 4:** The group will be completing and rehearsing the TV commercial and final presentation.

**Round 5:** The group will be presenting their 5 creative uses for pine cones with 5 magazine ads and one TV commercial.

Make sure your group gets the following done in this 20 minute round:

(1) Read the Round 1-5 assignments above to the group so that they know what is coming. (Keep Assignments 2-5 quiet as the other group will not know in advance what the coming assignments are.)

(2) Have the group brainstorm new uses for pine cones for about 5-10 minutes and select the 5 most creative ones.

(3) Decide how these 5 uses should be made for presentation.

(4) Decide groups and jobs by discussing with your group how the work should be divided among them. You may divide the group into smaller groups with each group doing a different job (like one group is in charge of writing) **or** each group might be responsible for one pine cone use, such as writing explanations and illustrating that usage **or** some other way. You could even have groups be-

## Japan's Economic Miracle

gin the magazine ads or the TV commercial.

(5) Groups should begin work to show their creative uses of pine cones with explanations and illustrations, etc. (If separate groups are working on the ads and commercial, they may start also.)

(6) Collect all work and put in the folder to give to the teacher.

### Round Two

Remember: Your group should have 5 creative uses for pine cones, each with an explanation, an illustration and a magazine ad as well as one TV commercial about all 5 pine cone uses.

(1) Read the reminder to the group.

(2) Make sure your group has decided who will be doing the magazine ads and the TV commercial.

(3) Continue work.

(4) Collect all work and put in folder to give to teacher.

### Round Three

(1) The magazine ads need to put into a display, such as on a poster.

(2) Make sure that work on the TV commercial is in progress by today.

(3) Decisions about who will do what in the TV commercial need to be made.

Anyone from the entire group may be in the commercial. Remember commercials are only 1-2 minutes long!

(4) Decisions about a spokesperson for the entire presentation should be made.

(5) Encourage anyone who will be in the commercial to be ready for rehearsals tomorrow by making sure anything else that they are working on is completed.

(6) Collect all work and put in folder to give to teacher.

### Round Four

(1) Have TV commercial rehearsals (several) until it is smoothly done.

(2) Rehearse the entire presentation.

(3) Collect all work for folder for the teacher.

### Round Five

(1) Finish all work and rehearsal.

(2) Be ready to perform TV commercial.

(3) Hand in all work with folder to teacher.

## Japan's Economic Miracle

### Part Three: Factors due to Company Procedures

**Lesson 7: Industrial Relations**

**Lesson 8: Competition and entrepreneurship**

**Lesson 9: Shift of types of products made**

### FOR INSTRUCTORS ONLY

#### **Background Information**

#### ***Part 3. What did companies do to affect change?***

##### **Industrial Relations**

The major Japanese industries have traditionally employed people for life. This instills dedication to that company. (With company failures and perhaps, changing times, this lifelong employment may now be changing with employees leaving a company and joining another.)

##### **Competition and entrepreneurship**

The domestic competition of entrepreneurs in electronics, cars, and motorcycles was great. Those that had success were able to establish powerful companies that entered the exporting arena and greatly contributed to Japan's economy.

One aspect of competition is that it can provide an invigorating desire to be the best. With companies all trying to outdo one another, the quality of service and products goes up.

##### **Shift of types of products made**

Right after the war, Americans encouraged the Japanese to produce cheap products to export. These cheap products did open the door to Japanese trade. Being cheap products, it was difficult for more industrial nations to duplicate the items at the same cost because of wage and hour standards already in place.

But, it gave the Japanese exports a bad reputation. Most Japanese would not even consider buying the items. There was not much pride associated with these cheap things. The Japanese needed to make products that they were proud of and which even Japanese would like to buy. Therefore, there was a shift towards making products of higher quality that people at home in Japan as well as abroad would want.

The Japanese became masters at improving other products, especially those involving technology. In a couple decades, they had turned the world's opinion around. No longer were Japanese products cheap and inferior, but of high quality and superior.

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Much of the success of generating high quality products came from the Japan's willingness to try other ways of doing business and embracing a plan by W.E. Demming, an American.

### **W. E. Demming's Top Quality Theory**

Total Quality Management (TQM) is the fastest growing management theory today. Basically, it provides a set of principles to achieve productivity and quality in managing the company while is also boosts self-esteem and morale. W. Edwards Demming, an industrial engineer, developed the theory after investigating problems in quality control.

When he presented the theory to American managers, it was basically ignored as the Americans were satisfied with the status quo. However, after World War II, Demming was sent to Japan by the Bureau of Census to help the post-war Japanese government. He met with the Japan Union of Scientists and Engineers to discuss concerns about poor quality. When he met with top executives with his theory, the Japanese managers listened and applied his ideas to entire companies.

The Japanese established an all-industry competition for the most comprehensive and effective applications of the theory. The prize is named after W. Edwards Demming. This award is still being given each year today. As a result, some of the highest quality products today are produced by the Japanese. Now American companies are beginning to use TQM.

### **Brief Summary of Major TQM Principles**

1. **Improve productivity and service systems constantly by increasing the quality of production.** To reduce the cost of defective products or poor equipment, use the best equipment possible with properly trained employees. The results are the amount of sold products is increased and the cost of waste products goes down.
2. **Increase the consistency of products.** This allows the company to focus on the problem areas so that they can be corrected.
3. **The reason for supervision is to help employees and technology work better.** The manager needs to see what can help the employee in producing quality products. This means that the manager needs to have input from the employees.
4. **Departmental barriers should be eliminated while emphasizing the teams which represent different areas.** An open door policy for all management with a team structure of employees is created. In fact, often a manager's office does not exist, but actually a desk in the midst of the employees so that

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employees and managers are free to mingle and trust one another.

5. **Provide on-going training and education programs.** This helps insure that employees are using equipment properly or understanding company policies and procedures.

6. **Eliminate individual work-performance ratings, individual quotas or other quantitative goals in the production and service areas.** Allowing the employees to set the speed of production allows the employees to concentrate on quality instead. When employees are not rated against each other, but rather as a team, then they can determine ways of helping each other.

7. **Realize that most of quality and production problems are due to technology, not the employee.** An employee can only produce within the confines of the equipment and their training. Proper training and equipment will lead to higher quality production.

### Activities:

#### Part Three: Factors due to Company Procedures

##### Lesson 7: Industrial Relations

Requires 20–30 minutes

### Materials:

- Paper and pencils

### TO BE USED WITH STUDENTS:

**Setting the problem:** You belong to a soccer team along with your friends. You have been a member of this team for the last two years with the same coaches. There are a few new team members each year as one or two leave, but for the most part the team stays much the same. Of course, as various team members gain experience they may change positions.

**Class discussion** How does having the same team members and coaches help the team? What are the disadvantages? Would it be better to have new members constantly coming and going? Why or why not? Do you have a sense of loyalty to this team?

This is basically the way Japanese companies have been run, with the same basic people working in one company until they retire from working.

**Continuing the problem:** Now let's add just one more part. Besides, being on the team, each player is in various groups so that they can learn different skills in their positions. Since you have been there two years, those members who

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are new and who are learning to play your position are your responsibility. If they make mistakes, it's your fault, but if they do something well, you get credit for it. The team members who have been there 3 or 4 years are responsible for you, and they get either blamed or credit for your work too. Of course, the coaches are responsible for them, and the soccer director is responsible for them and so on.

**Class discussion** How does it feel to be responsible for others and having others responsible for you? Would this system make each person try harder so that they would not be making someone else look bad? What other advantages might there be? What are some disadvantages? What about loyalty? In Japanese companies, they often do have this system of having responsibility for those under them.

**Continuing the problem:** Now let's take a look at another situation. What would the team be like if every month, 3-4 members would switch teams? What would happen to the sense of loyalty? What difficulties would this switching cause? What if one of the coaches also switched teams?

**Class discussion** How would the team feel? What changes would have to be made in the way you practiced? Do you think your position would stay the same? Why or why not? What advantages and disadvantages would there be?

In the USA people are constantly changing jobs for various reasons, often because a better offer is made. Many people do have difficulty in leaving a job even for a better one, mainly due to a sense of loyalty.

**Chart or Venn diagram** Have students either individually or in groups make charts or Venn Diagrams of the two main situations, comparing different ideas. Share charts.

### Activities:

#### Part Three: Factors due to Company Procedures

##### **Lesson 8: Competition and entrepreneurship**

**Requires 1 hour per week**

### Materials:

- Drawing paper, notebook paper and pencils, markers, crayons and/or colored pencils
- Spelling lists

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### TO BE USED WITH STUDENTS

**Setting the problem:** How could we have both quality and quantity? TQM is a management plan which helps companies have both quality and quantity. Because groups can produce more than one person, we can achieve quantity, but by working together as one, we can also have greater quality.

1. **TQM:** Using just one of the main principles will allow students to see how one part of the plan does work. (Using #6 from the preceding list, students can see how when everyone is working for the team, stress is usually lower and quality goes up.)

A. Put students in groups of 4, if possible with even abilities in spelling.

B. Give an appropriate level word list to each group.

C. Together while collaborating as a group, they will **write the words three times, use each word in a sentence, make illustrations** for each word, and **take a spelling test**. Each group should try to be as creative and unique in writing the words/sentences and making the illustrations while each person learns the words. Each person in the group will **not** do all parts because it is a **team approach**. Even during the spelling test, team members may work together to spell the words; however, teams that have little or no collaboration during the test will receive extra credit.

D. Suggest that groups might want to pretest first to see who already knows how to spell which words so that the team can concentrate on completing the assignments and learning the words that each member does not know.

E. **All four assignments are averaged together to make one score, with extra points given for no help doing the test. Each person in the group gets that score.**

2. **Debriefing.** How did it feel to be part of the team? Was the pressure off? Did everyone on the team contribute? Did the group find ways to share the load of learning all the words. Which assignments helped to learn the words best? [We are so used to competing that the experience may be unsettling, especially to those who excel in spelling. But, explain how in other areas, such as translating Russian, the team approach might be one they would really appreciate. ]

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### Activities:

#### Part Three: Factors due to Company Procedures

##### Lesson 9: Shift of types of products made

Requires 20-30 minutes

### Materials:

- Drawing paper
- Markers, crayons and/or colored pencils

### TO BE USED WITH STUDENTS:

**Setting the problem:** You are in business. Which will make the most profit, quality or quantity? If you make a lot of something to sell, you can sell more. But, if you make something really well, you can sell it for more, but you may not have many to sell.

#### 1. **Quality or quantity?**

A. Select a few students (those with artistic aptitude is best) to be one group with most of the class in another group.

B. Tell the larger group that each person should make as many drawings as possible of a bowl of fruit (or something else), using 2-3 colors. (Here we want quantity. You may even give a quota for each to make, such as 3-5.)

C. Tell the smaller group that each person should make only one drawing, using a great variety of colors, if desired. (Here we want quality.)

D. When most of those making one drawing are done, call time.

E. **Debriefing:** Display art work. What happens if you are the artist? How do you feel about your work? Which would you rather have people remember? How would pricing make a profit either way. How do big supermarkets make profits by selling cheaply? Can they get quality products because of special prices given due to volume? How do exclusive shops make a profit? If you were the store owner which would you prefer? (There will probably be both.)

F. **Back to the Drawing Board:** Have student think of ways to have both quality and quantity. Tell them this is one way it might be done: using a team approach with students, who can draw one part best, only doing that one part with other students doing those things that they do best. Divide the drawing into parts, with coloring and sketching separate. Let the quality surface while producing more than just one person alone.

G. **Debriefing:** How did the team approach work? Did quantity go up for those who had been concerned with quality, but less for those who had been



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trying for quantity? How about quality? Hopefully, quality was better than most before and quantity was better than the few before.

**Part Three debriefing:** Share the following essential question and subquestions for part three with the students. See if they can determine the four given answers. If not, ask them to explain how the given answers could also have helped Japan's economic growth.

### From Essential Questions:

#### **3. What did companies do to affect change?**

*How does having competition with other companies help create better products? How does employee loyalty help? How does having an employee feel that he/she is appreciated help the company? How does pride in one's work help?*

(Industrial Relations /Lifetime employment, Competition and entrepreneurship, Shift of types of products made, E.W. Demming's Top Quality Management Theory)

### Part Four: Factors due to World Happenings

#### **Lesson 10: To Market, to Market**

### FOR INSTRUCTORS ONLY

#### **Background Information**

#### **Part 4. What world happenings also contributed?**

##### **Post-war American occupation**

According to the terms of the peace treaty after World War II, Japan would be under Allied military occupation until it could fulfill certain conditions, such as demilitarization and the development of a peaceful, responsible government. With tensions rising between the USSR and the other Western nations, American occupation forces were left primarily in control, under the command of Gen. Douglas MacArthur.

A new constitution was adopted in 1946. US aid relief began helping the Japanese with food and other necessities as the country struggled to rebuild itself. Policies introduced by Americans, such as the breakup of large business trusts which helped encourage free enterprise and the admission of membership in labor unions which gave workers better job security and higher wages, helped provide stability and economic growth.

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### Korean War

On June 25, 1950, North Korea invaded South Korea. The United States decided to help South Korea. The US troops needed many supplies which the USA thought would be easier to get from Japan, since it is so close to Korea. Many Japanese factories had been idle after World War II ended in 1945. There was a great number of young, well-educated Japanese workers who were ready to go to the factories. These massive American purchases of goods and services during the Korean War gave great economic boosts to Japan's recovering economy.

### Free world trade boom

In the 1950s Japan signed peace treaties with many Asian countries which energized Asian economic development. World-wide trade dramatically increased which gave Japan even more favorable export opportunities.

In the 1980s many Japanese companies invested heavily in other countries. Japan developed a great trade surplus as their exports greatly outnumbered their imports. This led to Japanese companies establishing factories outside Japan so that their products would no longer need to be exported.

### Activities:

#### Part Four: Factors due to World Happenings

#### **Lesson 10: To Market, to Market!**

**Requires 1 hour**

### Materials:

- Construction paper and markers

### TO BE USED WITH STUDENTS:

**Setting the problem:** If you had a product, where would you sell it? Suppose you have invented a machine that could do someone's homework in their own handwriting and vocabulary. What would happen if you could only sell this machine in your own neighborhood? What if a new housing development were built near your neighborhood? Eventually, where else would you like to sell it? What would happen if other countries wanted to buy the machines? How does this affect your company?

1. **Class Discussion** about the above problem.
2. **To Market, to Market Game**
  - A. Divide students into 10 groups.

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B. Each group should think of a product and then make product cards. Two groups should be the military and will not be trading; they should make money.

C. Assign each group a designated area in the room. In the beginning of the game, the two military groups should be outside the group, tell them they're on the other side of the world. They may just increase their money supply.

D. The goal of this game is for a group to have at least one card from each other group. Trading or bartering of cards should depend upon the value that the products seem to have to those trading. Only one person should leave their designated area at a time to do the export trading.

E. Groups will experience three types of markets for their products. (1) on a limited basis; (2) with a new market ; and then (3) in an open market.

F. On a limited basis - groups are only allowed to trade with adjacent groups. This simulates trading between neighboring countries.

G. With a new market - groups may also sell to the two military groups, which should now move into the midst of the other groups. (One- two countries could be designated as being occupied and protected by one of the groups which would be mean that military group would give money and goods from other places to it.)

H. In an open market - groups may trade/sell with anyone. (The teacher may now have a product to trade too.) This simulates an open world market.

3. **Debriefing** How did the access to markets affect your ability to trade cards. Were some products worth more than others? How did this affect their being traded? How did the presence of the military affect your businesses? Where do armies get the supplies they need when they go to stay in another country? During a war, armies still need supplies too. What happened finally in the open market? *After World War II, American military occupied Japan and then the Korean War broke out.* Where is Korea in relationship to Japan? How did these two events help Japan's industries prosper? How did increased world trade affect Japan's economy?

4. **Part Four debriefing:** Share the following essential question and subquestions for part four with the students. See if they can determine the three given answers. If not, ask them to explain how the given answers could also have helped Japan's economic growth.

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### From Essential Questions:

**4. What world happenings also contributed?** *How did war in Korea help Japan's factories? What kinds of things did the USA do that helped Japan recover after the war? Why do other countries need or want Japanese products? How do peace treaties with other countries help in exporting and importing?*

(Post-war American occupation, Korean War, Free world trade boom)

### Part Five: Causes of Stagnation

#### Lesson 11: Money and Land Problems

### FOR INSTRUCTORS ONLY

#### Background Information

#### **5. Why did problems arise?**

##### **The Price of Japanese Land**

As the Japanese became more prosperous, they wanted better houses. Japan is a country of mountains and many people. This means that the price of land kept going up as more people wanted to build bigger and better houses.

Land prices continued to rise for over 40 years so that anyone who bought land realized a substantial price gain when it was sold. Many people (private citizens, government officials, business executives, financial investors) became involved in land speculation.

##### **The Value of the Yen**

The value of the yen and dollar was originally fixed at \$1=360 yen after the war. In 1972 the exchange rate was changed from the fixed rate to a floating one. In 1985 because the US felt that the yen was still too cheap, there was a meeting of finance ministers from 5 countries (USA, France, England, Germany, and Japan) who agreed to increase the value of the yen. For the Japanese businessman this was alarming. Something that had cost only \$1.00 to export or produce, could now cost over \$2.00 or more.

##### **The Bursting of the Economic Bubble**

Many companies and individuals had begun borrowing money to take advantage of the speculation of land, stocks, and art works. Most of these loans were secured by land which continued to rise in price.

The government, being concerned with these massive speculative money-making practices, passed a law which critically limited the banks in financing land development. With funding no longer widely available, land and stock

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prices fell sharply. Then, the Bank of Japan raised its interest rate six times during 1989-1990.

With this bursting of the economic bubble, many companies went bankrupt and many private investors lost their money.

### **Government-regulated economy**

With the government controlling what is produced as well as prices, in today's global market the government takes too long to make and/or change decisions. The government had supported many large companies who had trouble keeping up economically with their loans, but their hands were tied as they had to wait for the government to allow them to make necessary changes quickly. Some companies had to close in bankruptcy, but for some even that was not allowed by the government and the government then had to keep them afloat.

### **Lack of Stable Leadership**

In the face of all these financial problems, the political system has had many problems as different factions accuse each other as to the reasons for the problems. As a result, the prime ministership has been rapidly changed many times during the last decade, often within a year of election, as it is the national legislative body who elects the prime minister.

### Activities:

#### Part Five: Causes of Stagnation

#### **Lesson 11: Money and Land Problems**

**Requires 1 hour**

### Materials:

- Paper money (may be made from construction paper, stamped to make it official)
- Construction paper and markers; Paper for loan contracts and deeds

### TO BE USED WITH STUDENTS:

**Setting the problem:** You have the great fortune of being in a country where land prices are going up, and up, and up! If you buy land now, it will just keep increasing in value so that when you sell it, you can make a lot of money! Just take a loan out and buy some land now!

#### **1. Money and Land**

- A. Divide the class into groups of 2-3 each. Each group has a small piece

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of land, a desk.

B. Let each group "borrow" from the First National Teacher's Bank, located at your desk, in order to "buy" up the land in the room. They may borrow with the collateral of the land they own. For example, the land that they now have (a desk) is worth \$5000 at first. They may borrow this amount so that they can make deals with others to buy more land. The interest rate should be quite low, 0.5% perhaps, which would be \$25.

**C. Every five minutes the price of land should go up. Every 10 minutes require that all groups make a loan payment to the bank. The payment should include a small interest charge, making about a \$26 payment.**

D. Once all "land" has been bought, encourage students to get more bank loans and buy land from each other, always at a greater amount than before. Let them know that since their land is now worth more, they can take out loans for more money.

E. At the end of 30 minutes, make the value of the money increase. What cost \$1 before, costs \$2-3 now. How does this affect the value of the land? (The same piece of land will now cost twice as much.)

E. Suddenly in 10 more minutes, raise interest rates on new loans to 5% or 10% or 15% and begin to limit the loans so that borrowing of money is eventually almost nonexistent. Advise students to sell land, cutting prices, if necessary.

F. At first, prices for land should even out with some slight drops in price.

G. Next, land prices should go down drastically.

H. Remember throughout all stages, all groups should be trying to make their loan payments every 10 minutes. If they cannot make their payments, you may give extensions, for a fee. And, you may have to foreclose on some property or stop the game at that point.

**2. Debriefing** What happened when money was available and land was cheaper? What were the results when the value of land kept increasing? Were profits made by any groups? What happened when the money increased in value. What happened when getting loans almost stopped and land prices fell. What could have prevented this loss? Would it have helped if there had been one leader who could have controlled the situation? Would the leader needed to work quickly? Do governments work quickly or do matters need to go from one office to the next in many cases, especially when no one person is in charge?

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3. **Part Five Debriefing** Share the following essential question and subquestions for part five with the students. See if they can determine the five given answers. If not, ask them to explain how the given answers could also have helped Japan's economic growth.

### From Essential Questions:

**5. Why did problems arise?** *What is supply and demand? How can there be a supply and demand of land? Why must there always be a ceiling for prices? What happens when money is suddenly worth 2-3 times more? What happens when the rules are suddenly changed?*

(Increase in land value, Increase in value of the yen, The bursting of the economic bubble, Government-regulated economy, Lack of stable leadership)

### Assessment:

A pre/post test is included (Handout H). Before teaching this unit, it is suggested that students be given a pretest to help assess just how much is known and then given as a post test afterwards. Either one or both may be given as needed.

After the unit, students should be able to explain how various factors helped create a tremendous economic growth in Japan as well as some that helped to burst the bubble.

### Grade Adaptations:

#### For Younger Students

*Following a Budget Game:* Put students in groups of clubs, of about 2-3 in a group. Use a budget of \$20 income from dues with some required expenses, such as lunch money or bus transportation for an outing of the club. Ask them to make a budget which includes buying needed equipment, supplies, club souvenirs, etc. on a field trip with the club.

*Who's the Leader Now?* : Cut down the requirements for the presentation to just a magazine ad for each use of the pine cones.

*Money and Land:* Just let the value of the land increase and then decrease; omitting the increase of the value of the money.

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### For Older Students

Besides these lessons, have students search the internet for additional factors and events which influenced the development and then the recession of Japan's economic system.

If class discussions sometimes lead to a great division in thinking, it provides an excellent opportunity to incorporate a debate.

### Relationship to Social Studies Standards:

Grade 9, Economics, Grade-level Indicator 2

Explain how changing methods of production and a country's productive resources affect how it answers the fundamental economic questions of what to produce, how to produce and for whom to produce.

Grade 9, Economics, Grade-level Indicator 3

Analyze characteristics of traditional, market, command and mixed economies with regard to: (a) private property, (b) freedom and enterprise, (c) competition and consumer choice, and (d) the role of government

Grade 11, Economics, Grade-level Indicator 4

Describe the functions of the components that make up an economic system and describe the relationships among them including: (a) business, (b) productive resources, (c) financial institutions, (d) government, and (e) consumers.

Grade 11, Economics, Grade-level Indicator 5

Identify factors that cause changes in economic growth including the effects of supply and demand on the labor market.



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Grade 11, Economics, Grade-level Indicator 7

Explain how countries use their comparative advantage to produce goods and services for trade with other countries.

Grade 12, Economics, Grade-level Indicator 1

Compare how values and beliefs influence economic decisions in different communities.

*This lesson and all handouts were developed by Alpha Coles Morgan, teacher, Graham Rd. Elementary School, Reynoldsburg City Schools.*

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## Handout H, pg. 1: Pre/Post Test

Part I. Circle the correct letter.

1. Japan is the world's \_\_\_\_ largest economy in the world today.  
a. second                                      b. fifth                                      c. tenth
2. Most Japanese citizens are \_\_\_\_\_.  
a. poorly educated    b. moderately educated                      c. well educated
3. Japanese citizens have been encouraged to \_\_\_\_\_.  
a. be strict vegetarians                      b. save money    c. live in townhouses
4. After World War II, Japan had to \_\_\_\_\_.  
a. rebuild its factories                      b. import rice    c. move the capital city
5. Many believed the price of Japanese \_\_\_\_\_ would always just keep going up.                      a. televisions                      b. land                      c. loans
6. Japanese exported products used to be \_\_\_\_\_.  
a. cheap                                      b. expensive                                      c. technical
7. The American whose name is associated with quality in Japan is \_\_\_\_\_.  
a. Westinghouse                                      b. MacArthur    c. Demming
8. One of the most expensive areas to finance in a national government is often \_\_\_\_\_.                      a. building schools                      b. finding cures                      c. the military
9. TQM refers to \_\_\_\_\_.  
a. The Quick Money    b. Total Quarterly Month    c. Top Quality Management
10. According to the Japanese government economy should serve \_\_\_\_\_.  
a. the nation                      b. the family    c. the individual

Part II. True or False

- \_\_\_1. Japan is able to export many products around the world.
- \_\_\_2. Due to the baby boom after the war, many more young adults were \_\_\_\_\_ needed to work on farms to produce enough food.
- \_\_\_3. After World War II, the USA military occupied Japanese land.
- \_\_\_4. The Japanese government would determine the prices of some \_\_\_\_\_ products for companies.
- \_\_\_5. In Japan, children are taught early to compete to be the best because \_\_\_\_\_ an individual's goals are the most important way to success.
- \_\_\_6. The value of the yen is always equal to a penny because 100 yen equals \_\_\_\_\_ \$1.
- \_\_\_7. In an effort to stop land prices from rising, the government passed a law to decrease the availability of loans.
- \_\_\_8. Capitalism in Japan is modeled after that in the United States.
- \_\_\_9. The national government always makes decisions quickly.
- \_\_\_10. The Japanese have become quite good at improving products.

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### Handout H, pg. 2: Pre/Post Test

Explain how the following can be true.

1. Competition can help create better products.
2. Having the same employees and leader over a period of several years can help a company's finances.
3. The Korean War actually helped Japan's economy.
4. Japanese products are considered some of the best in the world.
5. The Japanese were quick to adopt policies to change management, but America was not.

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## Answers to Handout H: Pre/Post Test

### Key for Objective Part I

1. a    2. c    3. b    4. a    5. b    6. a    7. c    8. c    9. c    10. a

### Key for Objective Part II

1. true
2. false, were not needed on farms and went to the cities to find work
3. true
4. true
5. false, taught to help one another and that the goals of the group are more important than the individual's
6. false, was fixed, but now variable
7. true
8. false, United States believes economy serves the individual first and then the nation with free trade being highly desirable which is just opposite to Japan.
9. false, "cutting through red tape" takes time
10. true

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I used the items listed under numbers 4 and 5 of the original lesson on pages 118-119 as a starting place for my research on the internet to see just how Japan's economy was affected by them. I then divided them into different factors by sources: culture, Japan's governmental policies, world situations, and companies' roles in changing procedures.

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