

## Japan's Economic Miracle

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