

Economy of Japan

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Financial centre in Tokyo

Currency	Japanese Yen (JPY)
Fiscal year	1 April – 31 March
Trade organisations	APEC, WTO, OECD, G-20, G8 and others
Statistics	
GDP	\$5.964 trillion (2012 est.) (nominal; 3rd) \$4.628 trillion (2012 est.) (PPP; 4th)
GDP growth	0.9% (Q1 2013)
GDP per capita	\$46,736 (2012 est.) (nominal; 14th) \$36,266 (2012 est.) (PPP; 23rd)
GDP by sector	agriculture: 1.2%, industry: 27.5%, services: 71.4% (2012 est.)
Inflation (CPI)	0.3% (April 2011) ^[1]
Population below poverty line	15.7% ^[1]
Gini coefficient	38.1 (2002)
Labour force	65.93 million (2011 est.)
Labour force by occupation	agriculture: 3.9%, industry: 26.2%, services: 69.8% (2010 est.)
Unemployment	4.6% (2011 est.) ^[1]
Main industries	among world's largest and technologically advanced producers of motor vehicles, electronic equipment, machine tools, steel and nonferrous metals, ships, chemicals, textiles, processed foods
Ease of Doing Business Rank	24th ^[1]
External	
Exports	\$788 billion (2011 est.)
Export goods	motor vehicles 13.6%; semiconductors 6.2%; iron and steel products 5.5%; auto parts 4.6%; plastic materials 3.5%; power generating machinery 3.5%
Main export partners	<ul style="list-style-type: none">  China 19.7%,  United States 15.5%,  South Korea 8.0%,  Hong Kong 5.2%,  Thailand 4.6%, (2011)^[2]

Imports	\$808.4 billion (2011 est.)
Import goods	petroleum 15.5%; liquid natural gas 5.7%; clothing 3.9%; semiconductors 3.5%; coal 3.5%; audio and visual apparatus 2.7%
Main import partners	 China 21.5%,  United States 8.9%  Australia 6.6%,  Saudi Arabia 5.9%,  United Arab Emirates 5.0%,  South Korea 4.7% (2011 est.) ^[3]
FDI stock	\$161.4 billion (31 December 2010 est.)
Gross external debt	\$2.719 trillion (30 June 2011)
Public finances	
Public debt	\$13.64 trillion / 229.77% of GDP (2011 est.) ^[4]
Revenues	\$1.1trillion (2011 est.)
Expenses	\$1.157trillion (2011 est.)
Economic aid	\$9.7 billion ODA (February 2007)
Credit rating	Standard & Poor's: ^[5] AA- (Domestic) AA- (Foreign) AAA (T&C Assessment) Outlook: Stable [□] Moody's: [□] Aa2 Outlook: Negative Fitch: [□] A- Outlook: Negative
Foreign reserves	US\$1.154 trillion (April 2011) ^[6]
Main data source: CIA World Fact Book^[7] <i>All values, unless otherwise stated, are in US dollars</i>	

The **economy of Japan** is the third largest in the world by nominal GDP and fourth largest by Purchasing power parity[□] and is the world's second largest developed economy.[□] According to the International Monetary Fund, the country's per capita GDP (PPP) was at \$34,739 or the 25th highest in 2011. Japan is a member of Group of Eight. Japanese economy can be forecasted by Quarterly Tankan survey of business sentiment by the Bank of Japan.^[8] See also Economic relations of Japan.

Japan is the world's 3rd largest automobile manufacturing country, has the largest electronics goods industry, and is often ranked among the world's most innovative countries leading several measures of global patent filings.[□] Facing increasing competition from China and South Korea, manufacturing in Japan today now focuses primarily on high-tech and precision goods, such as optical equipment, hybrid cars, and robotics. Beside Kantō region,^{[9][10][11][12]} Kansai region is one the leading industrial clusters and the manufacturing center for the Japanese economy.^[13]

Japan is the world's largest creditor nation,[□] generally running an annual trade surplus and having a considerable net international investment surplus. As of 2010, Japan possesses 13.7% of the world's private financial assets (the 2nd largest in the world) at an estimated \$14.6 trillion.[□] As of 2011, 68 of the Fortune 500 companies are based in Japan.

Overview of economy

In the three decades following 1960, Japan ignored defense spending in favor of economic growth,^[14] thus allowing for a rapid economic growth referred to as the Japanese post-war economic miracle. By the guidance of Ministry of Economy, Trade and Industry,^[15] with average growth rates of 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s, Japan was able to establish and maintain itself as the world's second largest economy from 1978 until 2010, when it was supplanted by the People's Republic of China. By 1990, income per capita in Japan equalled or surpassed that in most countries in the West.^[16]

However, in the second half of the 1980s, rising stock and real estate prices caused the Japanese economy to overheat in what was later to be known as the Japanese asset price bubble caused by the policy of low interest rate by Bank of Japan. The economic bubble came to an abrupt end as the Tokyo Stock Exchange crashed in 1990–92 and real estate prices peaked in 1991. Growth in Japan throughout the 1990s at 1.5% was slower than growth in other major developed economies, giving rise to the term Lost Decade. Nonetheless, GDP per capita growth from 2001–2010 has still managed to outpace Europe and the United States.^[1] But Japan public debt remains a daunting task for the Japanese government due to excessive borrowing, social welfare spending with an aging society and lack of economic/industrial growth in recent days to contribute to the tax revenue. Japan had recently embraced the new strategy of economic growth with such goals to be achieved in 2020 as expected.^[17] The modern ICT industry has generated one of the major outputs to the Japanese economy.^{[18][19][20][21][22][23][24][25][26]} Japan is the second largest music market in the world.^[27] With fewer children in the aging Japan, Japanese Anime industry is facing growing Chinese competition in the targeted Chinese market.^[28] Japanese Manga industry enjoys popularity in most of the Asian markets.^[29]

A mountainous, volcanic island country, Japan has inadequate natural resources to support its growing economy and large population, and therefore exports goods in which it has a comparative advantage such as engineering-oriented, Research and Development-led industrial products in exchange for the import of raw materials and petroleum. Japan is among the top-three importers for agricultural products in the world next to the European Union and United States in total volume for covering of its own domestic agricultural consumption.^[30] Japan is the world's largest single national importer of fish and fishery products.^{[31][32][33][34][35]} Tokyo Metropolitan Central Wholesale Market^{[36][37]} is the largest wholesale market for primary products in Japan, including the renowned Tsukiji fish market.^{[38][39]} Japanese whaling, ostensibly for research purposes, has been challenged as illegal under international law.

Although many kinds of minerals were extracted throughout the country, most mineral resources had to be imported in the postwar era. Local deposits of metal-bearing ores were difficult to process because they were low grade. The nation's large and varied forest resources, which covered 70 percent of the country in the late 1980s, were not utilized extensively. Because of political decisions on local, prefectural, and national levels, Japan decided not to exploit its forest resources for economic gain. Domestic sources only supplied between 25 and 30 percent of the nation's timber needs. Agriculture and fishing were the best developed resources, but only through years of painstaking investment and toil. The nation therefore built up the manufacturing and processing industries to convert raw materials imported from abroad. This strategy of economic development necessitated the establishment of a strong economic infrastructure to provide the needed energy, transportation, communications, and technological know-how.

Deposits of gold, magnesium, and silver meet current industrial demands, but Japan is dependent on foreign sources for many of the minerals essential to modern industry. Iron ore, copper, bauxite, and alumina must be imported, as well as many forest products.

Economic history

The economic history of Japan is one of the most studied economies for its spectacular growth in three different periods. First was the foundation of Edo (in 1603) to whole inland economical developments, second was the Meiji Restoration (in 1868) to be the first non European power, third was after the defeat of World War II (in 1945) when the island nation rose to become the world's second largest economy.

First contacts with Europe (16th century)

Japan was considered as a country immensely rich in precious metals, mainly owing to Marco Polo's accounts of gilded temples and palaces, but also due to the relative abundance of surface ores characteristic of a massive huge volcanic country, before large-scale deep-mining became possible in Industrial times. Japan was to become a major exporter of copper and silver during the period.

Renaissance Japan was also perceived as a sophisticated feudal society with a high culture and a strong pre-industrial technology. It was densely populated and urbanized. Prominent European observers of the time seemed to agree that the Japanese *"excel not only all the other Oriental peoples, they surpass the Europeans as well"* (Alessandro Valignano, 1584, "Historia del Principo y Progreso de la Compania de Jesus en las Indias Orientales).

Early European visitors were amazed by the quality of Japanese craftsmanship and metalsmithing. This stems from the fact that Japan itself is rather poor in natural resources found commonly in Europe, especially iron. Thus, the Japanese were famously frugal with their consumable resources; what little they had they used with expert skill.

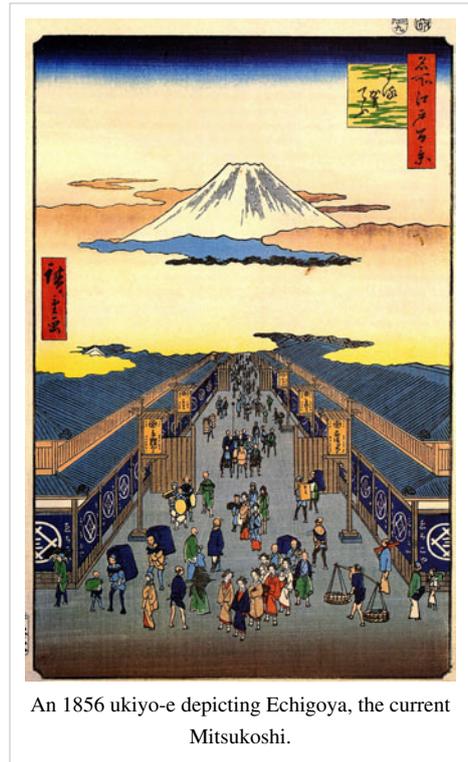
The cargo of the first Portuguese ships (usually about 4 smaller-sized ships every year) arriving in Japan almost entirely consisted of Chinese goods (silk, porcelain). The Japanese were very much looking forward to acquiring such goods, but had been prohibited from any contacts with the Emperor of China, as a punishment for Wakō pirate raids. The Portuguese (who were called *Nanban*, lit. Southern Barbarians) therefore found the opportunity to act as intermediaries in Asian trade.

Edo period (1603–1868)

The beginning of the Edo period coincides with the last decades of the Nanban trade period, during which intense interaction with European powers, on the economic and religious plane, took place. It is at the beginning of the Edo period that Japan built her first ocean-going Western-style warships, such as the *San Juan Bautista*, a 500-ton galleon-type ship that transported a Japanese embassy headed by Hasekura Tsunenaga to the Americas, which then continued to Europe. Also during that period, the *bakufu* commissioned around 350 Red Seal Ships, three-masted and armed trade ships, for intra-Asian commerce. Japanese adventurers, such as Yamada Nagamasa, were active throughout Asia.

In order to eradicate the influence of Christianization, Japan entered in a period of isolation called *sakoku*, during which its economy enjoyed stability and mild progress.^[*citation needed*]

Economic development during the Edo period included urbanization, increased shipping of commodities, a significant expansion of domestic and, initially, foreign commerce, and a diffusion of trade and handicraft industries. The construction trades flourished, along with banking facilities and merchant associations. Increasingly, *han*



An 1856 ukiyo-e depicting Echigoya, the current Mitsukoshi.

authorities oversaw the rising agricultural production and the spread of rural handicrafts.

By the mid-eighteenth century, Edo had a population of more than 1 million and Osaka and Kyoto each had more than 400,000 inhabitants. Many other castle towns grew as well. Osaka and Kyoto became busy trading and handicraft production centers, while Edo was the center for the supply of food and essential urban consumer goods.

Rice was the base of the economy, as the daimyo collected the taxes from the peasants in the form of rice. Taxes were high, about 40% of the harvest. The rice was sold at the *fudasashi* market in Edo. To raise money, the daimyo used forward contracts to sell rice that was not even harvested yet. These contracts were similar to modern futures trading.

During the period, Japan progressively studied Western sciences and techniques (called *rangaku*, literally "Dutch studies") through the information and books received through the Dutch traders in Dejima. The main areas that were studied included geography, medicine, natural sciences, astronomy, art, languages, physical sciences such as the study of electrical phenomena, and mechanical sciences as exemplified by the development of Japanese clockwatches, or *wadokei*, inspired from Western techniques.

Prewar period (1868–1945)

Since the mid-19th century, after the Meiji restoration, the country was opened up to Western commerce and influence and Japan has gone through two periods of economic development. The first began in earnest in 1868 and extended through to World War II; the second began in 1945 and continued into the mid-1980s.

Economic developments of the prewar period began with the "Rich State and Strong Army Policy" by the Meiji government. During the Meiji period (1868–1912), leaders inaugurated a new Western-based education system for all young people, sent thousands of students to the United States and Europe, and hired more than 3,000 Westerners to teach modern science, mathematics, technology, and foreign languages in Japan (*Oyatoi gaikokujin*). The government also built railroads, improved road, and inaugurated a land reform program to prepare the country for further development.

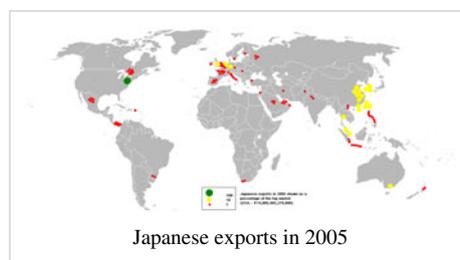
To promote industrialization, the government decided that, while it should help private business to allocate resources and to plan, the public sector was best equipped to stimulate economic growth. The greatest role of government was to help provide good economic conditions for business. In short, government was to be the guide and business the producer. In the early Meiji period, the government built factories and shipyards that were sold to entrepreneurs at a fraction of their value. Many of these businesses grew rapidly into the larger conglomerates. Government emerged as chief promoter of private enterprise, enacting a series of probusiness policies.

In the mid-1930s, the Japanese nominal wage rates were 10 times less than the one of the U.S (based on mid-1930s exchange rates), while the price level is estimated to have been about 44% the one of the U.S.^[40]

Postwar period (1945–present)

From the 1960s to the 1980s, overall real economic growth has been called a "miracle": a 10% average in the 1960s, a 5% average in the 1970s and a 4% average in the 1980s.^[41] By the late Eighties, Japan had moved from being a low-wage to a high-wage economy.^[42]

Growth slowed markedly in the late 1990s also termed the Lost Decade, largely due to the Bank of Japan's failure to cut interest rates quickly enough to counter after-effects of over-investment during the late 1980s. Some economists believe that because the Bank of Japan failed to cut rates quickly enough, Japan entered a liquidity trap. Therefore, to keep its economy afloat, Japan ran massive budget deficits (added trillions in Yen to Japanese financial system) to finance large public works programs.



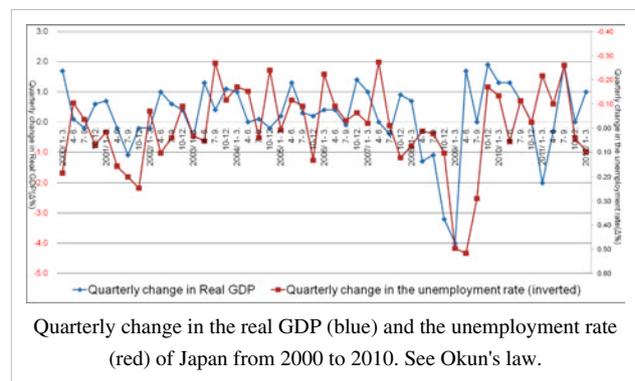
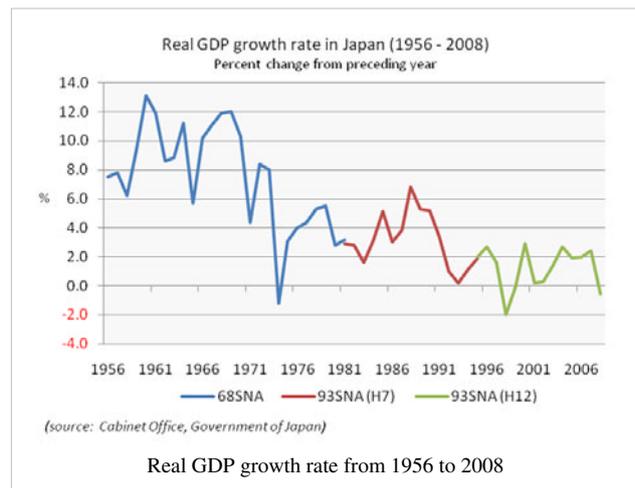
contain real estate or department stores next to stations. Some 250 high-speed Shinkansen trains connect major cities. All trains are known for punctuality.

There are 176 airports and flying is a popular way to travel between cities. The largest domestic airport, Tokyo International Airport, is Asia's second busiest airport. The largest international gateways are Narita International Airport (Tokyo area), Kansai International Airport (Osaka/Kobe/Kyoto area), and Chūbu Centrair International Airport (Nagoya area). The largest ports include Nagoya Port.

Given its heavy dependence on imported energy, Japan has aimed to diversify its sources. Since the oil shocks of the 1970s, Japan has reduced dependence on petroleum as a source of energy from more than 75% in 1973 to about 57% at present. Other important energy sources are coal, liquefied natural gas, nuclear power, and hydropower. Demand for oil is also dampened by higher government taxes on automobile engines over 2000 cc, as well as on gasoline itself, currently 54 yen per liter sold retail. Kerosene is also used extensively for home heating in portable heaters, especially farther north. Many taxi companies run their fleets on liquefied gas with tanks in the car trunks. A recent success towards greater fuel economy was the introduction of mass-produced Hybrid vehicles. Prime Minister Shinzo Abe, who was working on Japan's economic revival, signed a treaty with Saudi Arabia and UAE about the rising prices of oil.

Macro-economic trend

This is a chart of trend of gross domestic product of Japan at market prices estimated by the International Monetary Fund ^[51] with figures in millions of Japanese Yen. See also ^{[52][53]}



Year	Gross domestic product	US dollar exchange	Inflation index (2000=100)	Nominal per-capita GDP (as % of USA)	PPP capita GDP (as % of the US)
1955	8,369,500	¥ 360.00		10.31	—
1960	16,009,700	¥ 360.00		16.22	—
1965	32,866,000	¥ 360.00		24.95	—
1970	73,344,900	¥ 360.00		38.56	—
1975	148,327,100	¥ 297.26		59.00	—
1980	240,707,315	¥ 225.82	100	105.85	71.87
2005	502,905,400	¥ 110.01	97	85.04	71.03
2010	477,327,134	¥ 88.54	98	89.8	71.49

For purchasing power parity comparisons, the US dollar was exchanged at ¥ 110.784 in 2010.

Industries

Industries by GDP value-added 2012.^[54] Values are converted using the exchange rate on April 13, 2013.[□]

Industry	GDP value-added \$ billions 2012	% of total GDP
Other service activities	1,238	23.5%
Manufacturing	947	18.0%
Real Estate	697	13.2%
Wholesale and retail trade	660	12.5%
Transport and communication	358	6.8%
Public administration	329	6.2%
Construction	327	6.2%
Finance and insurance	306	5.8%
Electricity, gas and water supply	179	3.4%
Government service activities	41	0.7%
Mining	3	0.05%
Total	5,268	100%

Services

Japan's service sector accounts for about three-quarters of its total economic output. Banking, insurance, real estate, retailing, transportation, and telecommunications are all major industries such as Mitsubishi UFJ, Mizuho, NTT, TEPCO, Nomura, Mitsubishi Estate, Tokio Marine, Mitsui Sumitomo, JR East, Seven & I, and Japan Airlines counting as one of the largest companies in the world. The Koizumi government set Japan Post, one of the country's largest providers of savings and insurance services for privatization by 2014. The six major keiretsus are the Mitsubishi, Sumitomo, Fuyo, Mitsui, Dai-Ichi Kangyo and Sanwa Groups. Japan is home to 326 companies from the Forbes Global 2000 or 16.3% (as of 2006).



Japan Airlines, though faced with massive debts as of 2010, is considered one of the largest airlines in the world.

Industry

Japanese manufacturing is very diversified, with a variety of advanced industries that are highly successful.

Industry is concentrated in several regions, in the following order of importance: the Kantō region surrounding Tokyo, especially the prefectures of Chiba, Kanagawa, Saitama and Tokyo (the Keihin industrial region); the Tōkai region, including Aichi, Gifu, Mie, and Shizuoka prefectures (the Chukyo-Tokai industrial region); Kinki (Kansai), including Osaka, Kyoto, Kobe, (the Hanshin industrial region); the southwestern part of Honshū and northern Shikoku around the Seto Inland Sea (the Setouchi industrial region); and the northern part of Kyūshū (Kitakyūshū). In addition, a long narrow belt of industrial centers is found between Tokyo and Fukuoka, established by particular industries, that have developed as mill towns.

Japan enjoys high technological development in many fields, including consumer electronics, automobile manufacturing, semiconductor manufacturing, optical fibers, optoelectronics, optical media, facsimile and copy machines, and fermentation processes in food and biochemistry.



Lexus LS. The rapid growth and success of Toyota's Lexus and other Japanese automakers reflects Japan's strength and global dominance in the automobile industry.

Agriculture

Only 12% of Japan's land is suitable for cultivation. Due to this lack of arable land, a system of terraces is used to farm in small areas. This results in one of the world's highest levels of crop yields per unit area, with an overall agricultural self-sufficiency rate of about 50% on fewer than 56,000 km² (14 million acres) cultivated.

Japan's small agricultural sector, however, is also highly subsidized and protected, with government regulations that favor small-scale cultivation instead of large-scale agriculture as practiced in North America.

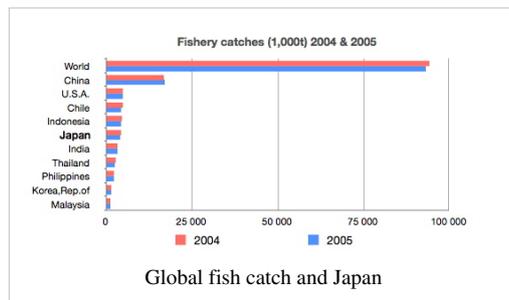
Imported rice, the most protected crop, is subject to tariffs of 490% and was restricted to a quota of only 7.2% of average rice consumption from 1968 to 1988. Imports beyond the quota are unrestricted in legal terms, but subject to a 341 yen per kilogram tariff. This tariff is now estimated at 490%, but the rate will soar to a massive 778% under new calculation rules to be introduced as part of the Doha Round.^[55]

Although Japan is usually self-sufficient in rice (except for its use in making rice crackers and processed foods) and wheat, the country must import about 50%^[56] of its requirements of other grain and fodder crops and relies on imports for most of its supply of meat. Japan imports large quantities of wheat, sorghum, and soybeans, primarily from the United States. Japan is the largest market for EU agricultural exports. Apples are also grown, mostly in Tohoku and Hokkaidō; Pears and Oranges are mainly grown in Shikoku and in Kyūshū. Pears and oranges were first introduced by Dutch traders, in Nagasaki in the late 18th century.



Rice is a very important crop in Japan as shown here in a rice paddy in Kurihara, Miyagi.

Fishery

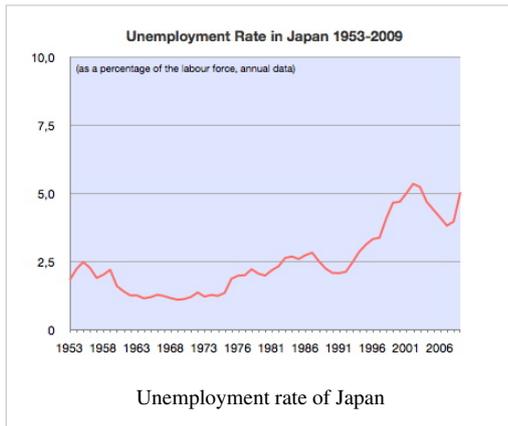


Japan ranked fifth in the world in tonnage of fish caught—11.9 million tons in 1989, up slightly from 11.1 million tons in 1980. After the 1973 energy crisis, deep-sea fishing in Japan declined, with the annual catch in the 1980s averaging 2 million tons. Offshore fisheries accounted for an average of 50% of the nation's total fish catches in the late 1980s although they experienced repeated ups and downs during that period

Coastal fishing by small boats, set nets, or breeding techniques accounts for about one third of the industry's total production, while offshore fishing by medium-sized boats makes up for more than half the total production. Deep-sea fishing from larger vessels makes up the rest. Among the many species of seafood caught are sardines, skipjack tuna, crab, shrimp, salmon, pollock, squid, clams, mackerel, sea bream, sauries, tuna and Japanese amberjack. Freshwater fishing, including salmon, trout and eel hatcheries and fish farms,^[57] takes up about 30% of Japan's fishing industry. Among the nearly 300 fish species in the rivers of Japan are native varieties of catfish, chub, herring and goby, as well as such freshwater crustaceans as crabs and crayfish.^[58]

Japan maintains one of the world's largest fishing fleets and accounts for nearly 15% of the global catch,^[59] prompting some claims that Japan's fishing is leading to depletion in fish stocks such as tuna.^[60] Japan has also sparked controversy by supporting quasi-commercial whaling.^[61]

Labor force



The claimed unemployment rate for June 2009 is 5.2% (5.4% male (up 0.1% from May 2009), 4.9% female (up 0.3% from May 2009)).^{[62][63]} This is regarded as an underestimate. Even part-time workers with extremely low hours are classified as employed.

In July 2006, the unemployment rate in Japan was 4.1%, according to the OECD. At the end of February 2009, it stood at 4.4%.^[64] This seemingly modest rate however understates the situation. According to *The Economist*, the ratio of job offers to number of applicants has declined to just 0.59, from almost 1 at the start of 2008, while average work hours also declined. Average wages also

went down by 2.9% over the 12 months ending in February. In 2008, Japan's labor force consisted of some 66 million workers—40% of whom were women—and was rapidly shrinking.^[65]

One major long-term concern for the Japanese labor force is a low birthrate. In the first half of 2005, the number of deaths in Japan exceeded the number of births, indicating that the decline in population, initially predicted to start in 2007, had already started. While one countermeasure for a declining birthrate would be to remove barriers to immigration, the Japanese government has been reluctant to do so.

In 1989, the predominantly public sector union confederation, SOHYO (General Council of Trade Unions of Japan), merged with RENGO (Japanese Private Sector Trade Union Confederation) to form the Japanese Trade Union Confederation. Labor union membership is about 12 million.

Law and government

Japan ranks 24th of 185 countries in the Ease of Doing Business Index 2013.

Japan has one of the smallest tax rates in the developed world.^[66] After deductions, the majority of workers are free from personal income taxes. Value-added tax rate is only 5%, while corporate tax rates are high.^[66]

Shareholder activism is rare despite the fact that the corporate law gives shareholders strong powers over managers. Recently, more shareholders have stood up against managers.^[67]

The government's liabilities include the second largest public debt of any nation. Former Prime Minister Naoto Kan has called the situation 'urgent'.^[68]

Japan's central bank has the second largest foreign-exchange reserves after People's Republic of China.

Culture

Overview

Nemawashi (根回し), or "consensus building", in Japanese culture is an informal process of quietly laying the foundation for some proposed change or project, by talking to the people concerned, gathering support and feedback, and so forth. It is considered an important element in any major change, before any formal steps are taken, and successful *nemawashi* enables changes to be carried out with the consent of all sides.

Japanese companies are known for management methods such as "The Toyota Way". Kaizen (改善, Japanese for "improvement") is a Japanese philosophy that focuses on continuous improvement throughout all aspects of life. When applied to the workplace, Kaizen activities continually improve all functions of a business, from manufacturing to management and from the CEO to the assembly line workers.^[69] By improving standardized activities and processes, Kaizen aims to eliminate waste (see Lean manufacturing). Kaizen was first implemented in

several Japanese businesses during the country's recovery after World War II, including Toyota, and has since spread to businesses throughout the world.^[70] Ironically, Japanese workers work amongst the most hours per day even though *kaizen* is supposed to improve all aspects of life.

Some companies have powerful enterprise unions and *shuntō*.

The *Nenko System* or *Nenko Joretsu* as it is called in Japan, is the Japanese system of promoting an employee in order of his or her proximity to retirement. The advantage of the system is that it allows older employees to achieve a higher salary level before retirement and that it usually brings more experience to the executive ranks. The disadvantage of the system is that it does not allow new talent to be merged with the experience and those with specialized skills cannot be promoted to the already crowded executive ranks. It also does not guarantee or even attempt to bring the "right person for the right job".

Relationships between government bureaucrats and companies are often cozy. *Amakudari* (天下り *amakudari*, "descent from heaven") is the institutionalised practice where Japanese senior bureaucrats retire to high-profile positions in the private and public sectors. The practice is increasingly viewed as corrupt and a drag on unfastening ties between private sector and state that prevent economic and political reforms.

Lifetime employment (*shushin koyo*) and seniority-based career advancement have been common in the Japanese work environment.^{[66][71]}

Recently, Japan has begun to gradually move away from some of these norms.^{[72][73]}

Salaryman (サラリーマン *Sararīman*, salaried man) refers to someone whose income is salary based; particularly those working for corporations. Its frequent use by Japanese corporations, and its prevalence in Japanese manga and anime has gradually led to its acceptance in English-speaking countries as a noun for a Japanese white-collar businessman. The word can be found in many books and articles pertaining to Japanese culture. Immediately following World War II, becoming a salaryman was viewed as a gateway to a stable, middle-class lifestyle. In modern use, the term carries associations of long working hours, low prestige in the corporate hierarchy, absence of significant sources of income other than salary, wage slavery, and *karōshi*. The term salaryman refers almost exclusively to males.

An office lady, often abbreviated OL (Japanese: オール *Ōeru*), is a female office worker in Japan who performs generally pink collar tasks such as serving tea and secretarial or clerical work. Like many unmarried Japanese, OLs often live with their parents well into early adulthood. Office ladies are usually full-time permanent staff, although the jobs they do usually have little opportunity for promotion, and there is usually the tacit expectation that they leave their jobs once they get married.

Freeter (フリーター *furītā*) (other spellings below) is a Japanese expression for people between the age of 15 and 34 who lack full time employment or are unemployed, excluding homemakers and students. They may also be described as *underemployed* or freelance workers. These people do not start a career after high school or university but instead usually live as parasite singles with their parents and earn some money with low skilled and low paid jobs. The low income makes it difficult for freeters to start a family, and the lack of qualifications makes it difficult to start a career at a later point in life.

Karōshi (過労死 *karōshi*), which can be translated quite literally from Japanese as "death from overwork", is occupational sudden death. The major medical causes of *karōshi* deaths are heart attack and stroke due to stress.

Sōkaiya (総会屋 *sōkaiya*), (sometimes also translated as *corporate bouncers*, *meeting-men*, or *corporate blackmailers*) are a form of specialized racketeer unique to Japan, and often associated with the *yakuza* that extort money from or blackmail companies by threatening to publicly humiliate companies and their management, usually in their annual meeting (総会 *sōkai*).

Sarakin (サラ金) is a Japanese term for moneylender, or loan shark. It is a contraction of the Japanese words for salaryman and cash. Around 14 million people, or 10% of the Japanese population, have borrowed from a *sarakin*. In total, there are about 10,000 firms (down from 30,000 a decade ago); however, the top seven firms make up 70% of

the market. The value of outstanding loans totals \$100 billion. The biggest *sarakin* are publicly traded and often allied with big banks.^[74]

The first "Western-style" department store in Japan was Mitsukoshi, founded in 1904, which has its root as a kimono store called Echigoya from 1673. When the roots are considered, however, Matsuzakaya has an even longer history, dated from 1611. The kimono store changed to a department store in 1910. In 1924, Matsuzakaya store in Ginza allowed street shoes to be worn indoors, something innovative at the time.^[75] These former kimono shop department stores dominated the market in its earlier history. They sold, or rather displayed, luxurious products, which contributed for their sophisticated atmospheres. Another origin of Japanese department store is that from railway company. There have been many private railway operators in the nation, and from 1920s, they started to build department stores directly linked to their lines' termini. Seibu and Hankyu are the typical examples of this type.

From the 1980s onwards, Japanese department stores face fierce competition from supermarkets and convenience stores, gradually losing their presences. Still, *depāto* are bastions of several aspects of cultural conservatism in the country. Gift certificates for prestigious department stores are frequently given as formal presents in Japan. Department stores in Japan generally offer a wide range of services and can include foreign exchange, travel reservations, ticket sales for local concerts and other events.

Keiretsu

A keiretsu (系列, lit. *system* or *series*) is a set of companies with interlocking business relationships and shareholdings. It is a type of business group. The prototypical *keiretsu* appeared in Japan during the "economic miracle" following World War II. Before Japan's surrender, Japanese industry was controlled by large family-controlled vertical monopolies called *zaibatsu*. The Allies dismantled the *zaibatsu* in the late 1940s, but the companies formed from the dismantling of the *zaibatsu* were reintegrated. The dispersed corporations were re-interlinked through share purchases to form horizontally integrated alliances across many industries. Where possible, *keiretsu* companies would also supply one another, making the alliances vertically integrated as well. In this period, official government policy promoted the creation of robust trade corporations that could withstand pressures from intensified world trade competition.^[76]

The major *keiretsu* were each centered around one bank, which lent money to the *keiretsu's* member companies and held equity positions in the companies. Each central bank had great control over the companies in the *keiretsu* and acted as a monitoring entity and as an emergency bail-out entity. One effect of this structure was to minimize the presence of hostile takeovers in Japan, because no entities could challenge the power of the banks.

There are two types of *keiretsu*: vertical and horizontal. Vertical *keiretsu* illustrates the organization and relationships within a company (for example all factors of production of a certain product are connected), while a horizontal *keiretsu* shows relationships between entities and industries, normally centered around a bank and trading company. Both are complexly woven together and self-sustain each other.

The Japanese recession in the 1990s had profound effects on the keiretsu. Many of the largest banks were hit hard by bad loan portfolios and forced to merge or go out of business. This had the effect of blurring the lines between the keiretsu: Sumitomo Bank and Mitsui Bank, for instance, became Sumitomo Mitsui Banking Corporation in 2001, while Sanwa Bank (the banker for the Hankyu-Toho Group) became part of Bank of Tokyo-Mitsubishi UFJ. Additionally, many companies from outside the keiretsu system, such as Sony, began outperforming their counterparts within the system.

Generally, these causes gave rise to a strong notion in the business community that the old keiretsu system was not an effective business model, and led to an overall loosening of keiretsu alliances. While the keiretsu still exist, they are not as centralized or integrated as they were before the 1990s. This, in turn, has led to a growing corporate acquisition industry in Japan, as companies are no longer able to be easily "bailed out" by their banks, as well as rising derivative litigation by more independent shareholders.

Other economic indicators

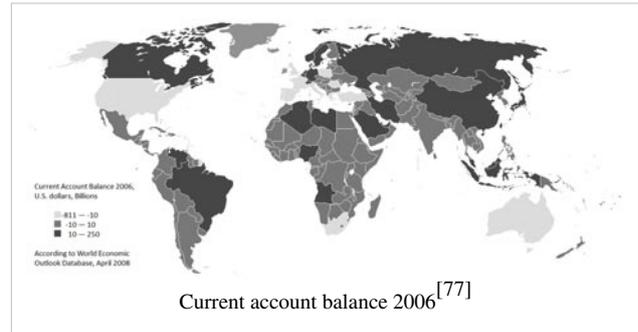
Net international investment position: 266,223 \ billion^[78] (1st)^[79]

Industrial Production Growth Rate: 7.5% (2010 est.)

Investment (gross fixed): 20.3% of GDP (2010 est.)

Household income or consumption by percentage share:

- *Lowest 10%:* 4.8%
- *Highest 10%:* 21.7% (1993)



Agriculture – Products: rice, sugar beets, vegetables, fruit, pork, poultry, dairy products, eggs, fish

Exports – Commodities: machinery and equipment, motor vehicles, semiconductors, chemicals

Imports – Commodities: machinery and equipment, fuels, foodstuffs, chemicals, textiles, raw materials (2001)

Exchange rates:

Japanese Yen per US\$1 – 88.67 (2010), 93.57 (2009), 103.58 (2008), 117.99 (2007), 116.18 (2006), 109.690016 (2005), 115.933 (2003), 125.388 (2002), 121.529 (2001), 105.16 (January 2000), 113.91 (1999), 130.91 (1998), 120.99 (1997), 108.78 (1996), 94.06 (1995)

Electricity:

- *Electricity – consumption:* 925.5 billion kWh (2008)
- *Electricity – production:* 957.9 billion kWh (2008 est.)
- *Electricity – exports:* 0 kWh (2008)
- *Electricity – imports:* 0 kWh (2008)

Electricity – Production by source:

- *Fossil Fuel:* 69.7%
- *Hydro:* 7.3%
- *Nuclear:* 22.5%
- *Other:* 0.5% (2008)

Electricity – Standards:

- 100 volts at 50 Hz from the Oi River (in Shizuoka) Northward;
- 100 volts at 60 Hz Southward

Oil:

- *production:* 132,700 bbl/d (21,100 m³/d) (2009) (46th)
- *consumption:* 4,363,000 bbl/d (693,700 m³/d) (2009) (3rd)
- *exports:* 380,900 barrels per day (60,560 m³/d) (2008) (64th)
- *imports:* 5,033,000 barrels per day (800,200 m³/d) (2008) (2nd)
- *net imports:* 4,620,000 barrels per day (735,000 m³/d) (2008 est.)
- *proved reserves:* 44,120,000 bbl (7,015,000 m³) (1 January 2010 est.)

Notes

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- [9] <http://www.nri.co.jp/english/opinion/papers/2004/pdf/np200475.pdf>
- [10] http://www.iist.or.jp/wf/magazine/0098/0098_E.html
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- [24] http://www.connectivityscorecard.org/images/uploads/media/CS2011_Japan.pdf
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- [50] Chapter 9 Transport (<http://www.stat.go.jp/english/data/handbook/c09cont.htm>), Statistical Handbook of Japan
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External links

- Cabinet Office Monthly Economic Report and Main Economic Indicators (<http://www5.cao.go.jp/keizai3/getsurei-e/index-e.html>)
- Japan's economic outlook following the 11 March 2011 Earthquake (http://www.oecd.org/document/25/0,3746,en_33873108_33873539_47675097_1_1_1_1,00.html)
- OECD Economic Survey of Japan 2011 (http://www.oecd.org/document/62/0,3746,en_33873108_33873539_47651390_1_1_1_1,00.html)
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- Japan's Debt Challenge (<http://www.nbr.org/research/activity.aspx?id=178>), Q&A with economist William W. Grimes (October 2011)
- Why Are Japanese Wages So Sluggish? IMF Working paper (<http://www.imf.org/external/pubs/ft/wp/2009/wp0997.pdf>)
- Long-Term Effects of a Recession at Labor Market Entry in Japan and the United States (http://iserp.columbia.edu/files/iserp/2007_09.pdf)
- LABOR TURNOVER IN THE USA AND JAPAN: A TALE OF TWO COUNTRIES (<http://www3.interscience.wiley.com/cgi-bin/fulltext/119957777/PDFSTART>)
- Videos on Japan's Relations with the US ([http://repository.library.georgetown.edu/handle/10822/552494/search?query=geographic-region:"Japan"](http://repository.library.georgetown.edu/handle/10822/552494/search?query=geographic-region:)) from the Dean Peter Krogh Foreign Affairs Digital Archives (<http://repository.library.georgetown.edu/handle/10822/552494>)
- Comprehensive current and historical economic data (<http://www.quandl.com/japan>)

