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Японська економіка: історичний огляд

У статті розглядаються три складові японської економіки: виробництво та експорт запасних частин, сучасна економічна політика і сільське господарство країни.

Згадка про Японію спонукає багатьох людей у всьому світі думати про готову продукцію, таку як автомобілі або товари електроніки. Однак, реальна міцність економіки цієї країни пов'язана з більш прихованими чинниками, такими як виробництво та експорт запасних частин.

Поряд з оглядом сучасної економічної політики японського уряду, автор стверджує, що прихованою силою японської економіки є сільське господарство цієї країни. Японія займає п'яте місце в світі по виробітку валової продукції сільського господарства. На основі проведеного аналізу економічної історії Японії, автор виносить на обговорення один із можливих підходів до підвищення ефективності української економіки.

Ключові слова: японська економіка, виробництво запасних частин, сільське господарство Японії, сучасна японська економічна політика.

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Японская экономика: исторический обзор

В статье рассматриваются три составляющие японской экономики: производство и экспорт запасных частей, современная экономическая политика и сельское хозяйство страны.

Упоминание о Японии побуждает многих людей во всем мире думать о готовой продукции, такой как автомобили или товары электроники. Однако реальная прочность экономики этой страны связана с более скрытыми факторами, такими как производство и экспорт запасных частей.

Наряду с обзором современной экономической политики японского правительства, автор утверждает, что скрытой силой японской экономики является сельское хозяйство этой страны. Япония занимает пятое место в мире по выработке валовой продукции сельского хозяйства. На основе проведенного анализа экономической истории Японии, автор выносит на обсуждение один из возможных подходов к повышению эффективности украинской экономики.

Ключевые слова: японская экономика, производство запасных частей, сельское хозяйство Японии, современная японская экономическая политика.

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The Japanese Economy: A Historical Review and Prospectus

This paper addresses three components of the Japanese economy: the production and export of intermediate goods, recent economic policy, and the nation's agriculture. Mention of Japan may make many people around the world think of finished products such as cars or electronics products. However, the real strength of the economy is based on more hidden factors, such as production and export of intermediate goods.

In addition to reporting on the Japanese government's current economic policy, this paper argues that a hidden strength of the Japanese economy is its agriculture. Japan is fifth in the world in gross agricultural production. With the help of this analysis of the economic history of Japan, author would also like to discuss one possible approach to improving the Ukrainian economy.

Keywords: Japanese Economy, Production of Intermediate Goods, Agriculture of Japan, New Japanese Economy Policy.

Secret of Real Strength of the Japanese Economy

The Japanese economy has recovered quickly since the beginning of 2013, but this fact is not currently well known by the rest of the world. Similarly, the real strength of the Japanese economy is also not well known,

so the aim of this paper is to illuminate Japan's economic strength from an historical perspective. Through this analysis of Japanese economic history, as a comparative study, I also would like to discuss one approach to improving the Ukrainian economy.

In the first half of the paper, I will make a case for the real strength of the Japanese economy. In the second half, I will explain the current economic policies of the Japanese government.

Over the past 20 years, the Japanese economy has endured very difficult conditions. In 1980, an American scientist published a book entitled 'Japan as Number One'.¹ However, at the end of last year, there was a change in government. Over the course of three months, the Japanese economy has quickly recovered at an unimaginable rate. I will discuss the real strength of the Japanese economy, which is well known in Japan even though it is not very well known outside of Japan.

Which are the most well-known Japanese companies? Perhaps many people think that they know the names of the major companies, including Sony, Toshiba, Canon, and Toyota and Nissan.

For example, Glory industry,² located where I live in Himeji, Japan, a familiar name for most people around the world because it is a local company. However, this company is a major ATM manufacturer and today has a global market share of 60%. The company's machine can detect counterfeit money from all over Europe.

The other example is the FANUC Corporation.³ This company is a global leader in equipment for CNC (computer numerical control) machines and has a significant share of the world market. This company might also not be well known. The names of many such companies are not very well known around the world. However, there are about 200 other companies in Japan which, like these two, have a substantial share of the world market. In addition, and surprisingly, many of these companies are not large companies but are small or medium-sized enterprises. Instead of producing the final product, such as machinery and equipment, they are engaged in the production of intermediate goods, such as car parts. Why are Japanese-produced parts so popular around the world? One reason could be that Japanese technology manufactures parts that attain the highest international standards. For example, Japan's Minebea Company⁴ ranked first in the world in the proportion of their bearings; they can produce very small parts for bearings under 22mm. These small components are often used for other systems, such as motor control, consumer electronics, communications, and computers. The company has more than 60% of the world market. Small bearings are used in aircraft and missiles, and this company is one of the only ones in the world that can produce them.

Maybe some people think that the most common Japanese products are cars and consumer electronics,

because they are connected to our daily lives. However, the real strength of the Japanese economy is the supply of spare parts and materials for engineering. The supply of intermediate goods, in addition to cars and household appliances, is the most important factor in Japan's economic power.

Japan has almost no natural resources, but she may well lead the world in the supply of intermediate goods, such as machine parts. For example, it seems that the products of the Republic of Korea's companies, such as mobile phones, are seen all over the world. Korea was a Japanese colony at the end of World War II. Japan and the Republic of Korea (South Korea) have territorial and historical disputes. In March of this year, there was a mass boycott of Japanese goods in South Korea. This is a pity, in my personal opinion, because I hope for good relations between Japan and South Korea.

However, if we look at the economy, Korean technology companies would not be able to maintain production without a supply of intermediate goods from Japan. If Korea did not buy parts from Japan, production would stop tomorrow. The Samsung Galaxy is a range of smartphones that is very popular around the world. But nearly 50% of the parts of the Galaxy smartphones are sourced from Japan, including the touch screen panel and other components. Japan's trade with Korea features an excess of exports over imports; Japan's trade balance with Korea is more than 70%, totals \$ 321 billion, and is a result of intermediate goods⁵.

The new Boeing 787 passenger aircraft suddenly stopped flying in the United States last year. Ironically, 40% of the parts for the Boeing 787 are made in Japan.⁶ These parts are made in Japan, and are also used for the new U.S. stealth fighter, the F35.⁷

Abenomics - New Japanese Economy Policy

Now I would like to discuss the current economic policy of the Japanese government. Japan's current economic policy is referred to as 'Abenomics', referring to the Prime Minister, Mr. Shinzo Abe. Fortunately, I have had the opportunity to meet with Prime Minister Shinzo Abe roughly once a year. Originally, I received a flag left behind by Japanese prisoners of war who were veterans of World War II; Ukrainian border guards had brought the flag to a museum in Kiev. Mr. Abe has helped me return a flag to a Yasukuni shrine that honours the soldiers of Japan.

In general, Mr. Shinzo Abe is said to be a very nationalist politician. However, we have a Senate election this summer. He might believe it is better to adopt economic solutions to everyday life instead of nationalist slogans, and therefore maybe he is now focused on economic policy.

Abe's slogan translates, frankly, to 'Strong Japan'. This sentiment is intended both politically and economically. His economic policy has three pillars. The first is an inflation target and a weak yen. In the last ten years, Japan has experienced deflation and food prices

¹ Vogel, E (1979) *Japan as Number One: Lessons for America*, Harvard University Press.

² Official web site; <http://www.glory.co.jp/>

³ Official web site; <http://www.fanuc.co.jp/>

⁴ Official web site; <http://www.minebea.co.jp/>

⁵ White Book of the Ministry of Economy, Trade and Industry of Japan (2012), Chapter 2-2.

⁶ Nikkei Newspaper, 18 January 2013.

⁷ Sankei Newspaper, 4 February 2013.

have continued to fall. The price of food goes down, which makes ordinary people happy, but corporate profits are reduced and the average wage falls as a result. The strong yen reduced the profitability of exporting companies. To solve this problem, the government now wants to keep inflation at 2 %, and also keep the yen weak.⁸

In order to achieve this, the second pillar of the monetary policy will have to be monetary relaxation. Mr. Haruhiko Kuroda, a former official who supports the monetary relaxation policy, was appointed governor of the central Bank of Japan. The third pillar is public spending to prevent natural disasters. Many people here remember the image of the East Japan earthquake and tsunami of 11 March 2011. Such large earthquakes are rare, but in Japan small and medium-sized earthquakes happen almost every month. Thus, earthquake-resistant standards for ordinary houses in Japan are the best in the world, and its infrastructure, including roads, bridges, and highways, is also the strongest in the world. However, many of these were built before the 1970s, and they now need to be strengthened. Therefore, the government is planning public investment projects to strengthen the infrastructure. This, of course, is necessary for the prevention of natural disasters, but we can also expect a positive effect on the economy. John Maynard Keynes, the British economist, argued that many jobs are created by increasing public investment, but there is no assurance that this policy will be successful. However, this is the first time in the last ten years that the Prime Minister and the government have featured a slogan proclaiming a 'Strong Japan'.

Agriculture of Japan

Japan is very similar to the Ukraine. We are one of Russia's neighbours, and we have territorial disputes. It is not widely known, but Japan also features an agricultural economy.

Currently, the Japanese government is taking part in the free trade negotiations over the Trans-Pacific Partnership (TPP). TPP is an attempt to eliminate tariffs for all the countries bordering the Pacific Ocean. Some people fear that Japan will be delivered cheap foreign agricultural products, and the cheap crops will destroy Japanese agriculture. However, of the 50 million households in Japan, only 400,000 are engaged in the agricultural sector. And only 0.8 %, a total of 120,000 households are engaged in agricultural business.⁹ Only 0.3 % of the Japanese population produces 70 % of the food that people consume. In 1960, agricultural workers comprised one-third of the Japanese population. On the other hand, the total value of agricultural production amounted to 2 trillion yen in 1960, but now it is more than 8 trillion yen. In other words, there was an increase in efficiency by a factor of 300, simply calculated.¹⁰ Overall, the Japanese agriculture industry is a superpower and Japan is fifth in the world in gross agricultural production.

Japanese agricultural production is popular in overseas markets because growing vegetables in Japan does not require too many pesticides. Japanese agriculture today has already become a factor in global production. Imports of all agricultural machinery, pesticides, fertilizers, and fodder are increasing. Although many consumers believe that vegetables are made in Japan, 97 % of the seeds produced by Japanese companies are from other parts of the world.

Conclusion

This paper discussed three factors of the Japanese economy; the production and export of intermediate goods, new economic policy, and agriculture in Japan. The word 'Japan' makes many people around the world think of goods such as electronics products, but the real strength of the economy is based on less prominent factors. Now I would like to conclude the paper by addressing the Ukrainian economy from the perspective of the economic history of Japan.

Ukraine, like Japan, also has an advanced-technology economy. The nation still offers relatively inexpensive labour. There are also products in the world that can only be made in Ukraine. One example is the AN-225, the largest transport aircraft in the world, which is made in Ukraine. Many people think nations need to make the final product, but if Ukraine provides assistance to small and medium-sized businesses, and if they will in turn produce low-cost, high-quality parts for final products, then the Ukrainian manufacturers could export intermediate goods to the world market and Ukraine could become a major player in the global economy. If this happens, other countries will not ignore Ukraine's status as a supplier nation. For example, if Ukraine can supply cheap and very high-quality mechanical parts to Russia, she cannot ignore Ukraine when it comes to the negotiation of gas supplies. Furthermore, I think that Ukraine has the potential to become a strong economic power superior to Russia.

Agriculture is the most important industry in Ukraine. Productivity has improved, and Ukraine has been able to maintain its position as one of the largest exporters of agricultural products. But, unfortunately, in Japan there is little knowledge of Ukrainian agriculture. If the Ukrainian government and agrarian companies are eager to promote their own competitive advantage, I believe Japanese agrarian companies would not only pour investment into the Ukrainian agrarian market, but also produce agricultural products on their own in Ukraine. An alliance between Japan, the fifth-largest agricultural economy in the world, and Ukraine, the world's largest exporter of wheat, would produce the strongest tag team in the world economy.

I also believe Ukraine has significant potential to develop economically in the same way as Japan.

⁸ Financial Times, 3 April 2013.

⁹ Data from Ministry of Agriculture, Forestry and Fisheries.

¹⁰ Asakawa, Y (2010) *Japanese Agriculture- Fifth Position in the World*, Kodansya(in Japanese).