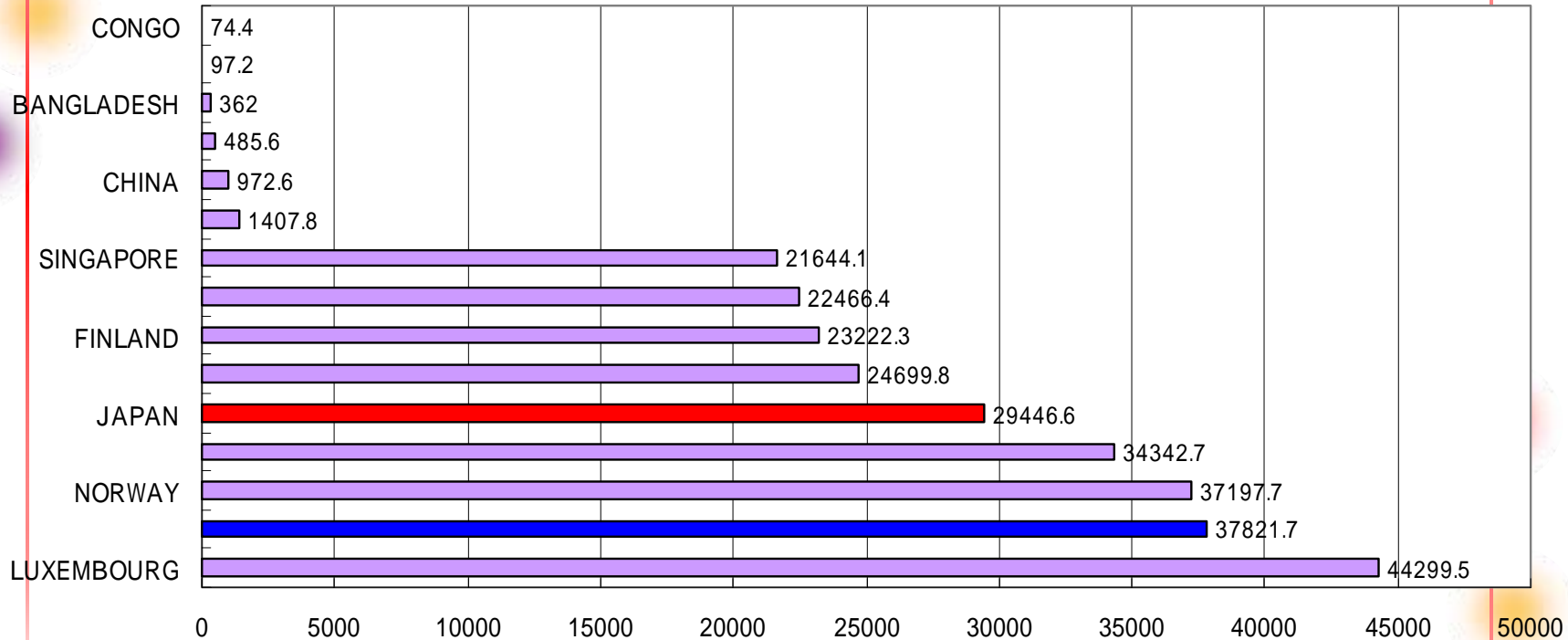


# *Japanese Economy and the Kansai*

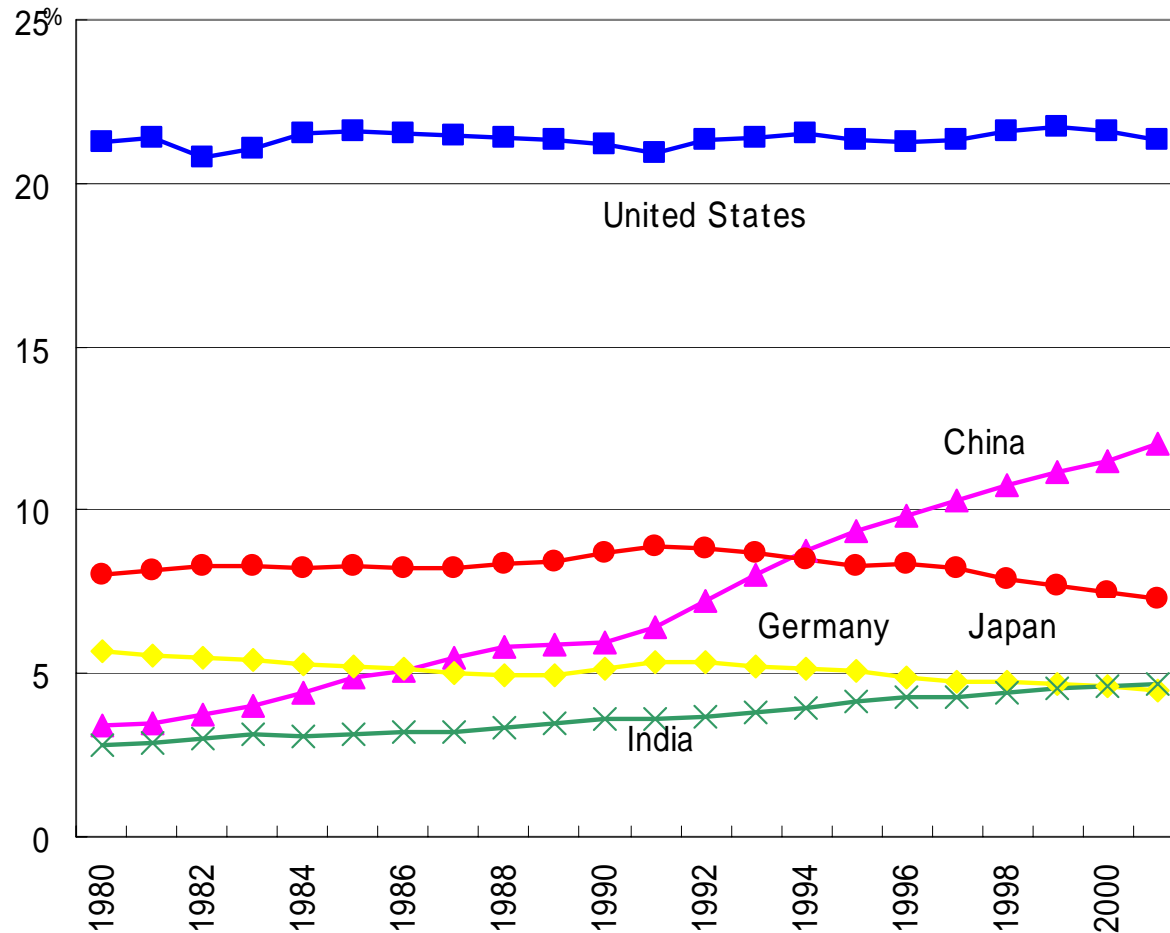
Toshihiko Hayashi  
<http://www.hayashiland.com>

University of the Air  
Stanford Japan Center-Research

# GDP per capita



# World's GDP Share (PPP)



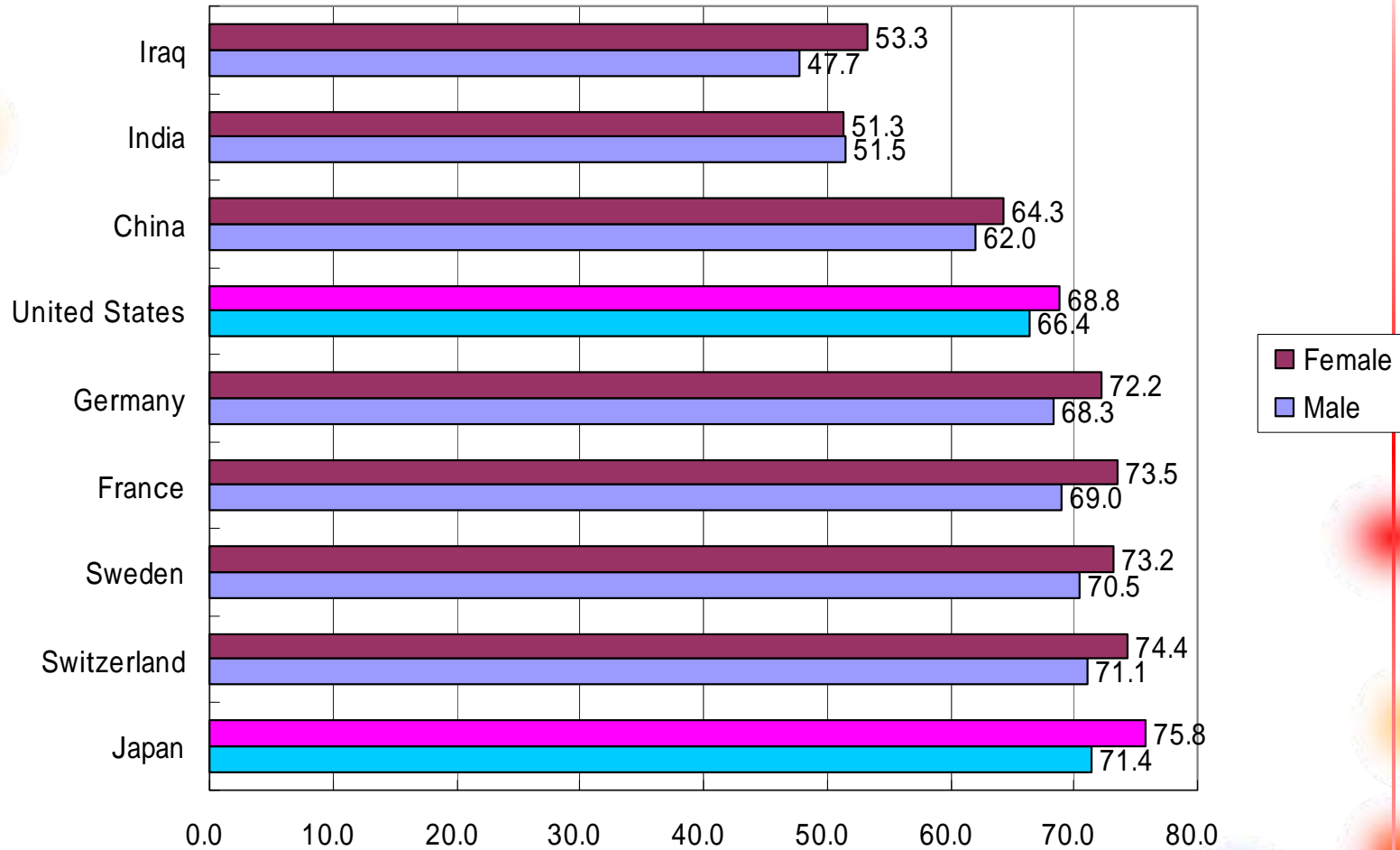
# Average Distance Between People

<u>Country</u>	<u>Average Distance (m)</u>
Australia	710.2
Canada	636.3
<b>United States</b>	<b>200.9</b>
South Africa	180.4
Indonesia	104.9
France	104.3
China	94.4
Italy	77.7
Germany	70.9
United Kingdom	69.0
India	63.0
<b>Japan</b>	<b>58.8</b>
Netherlands	55.6
Korea	49.9

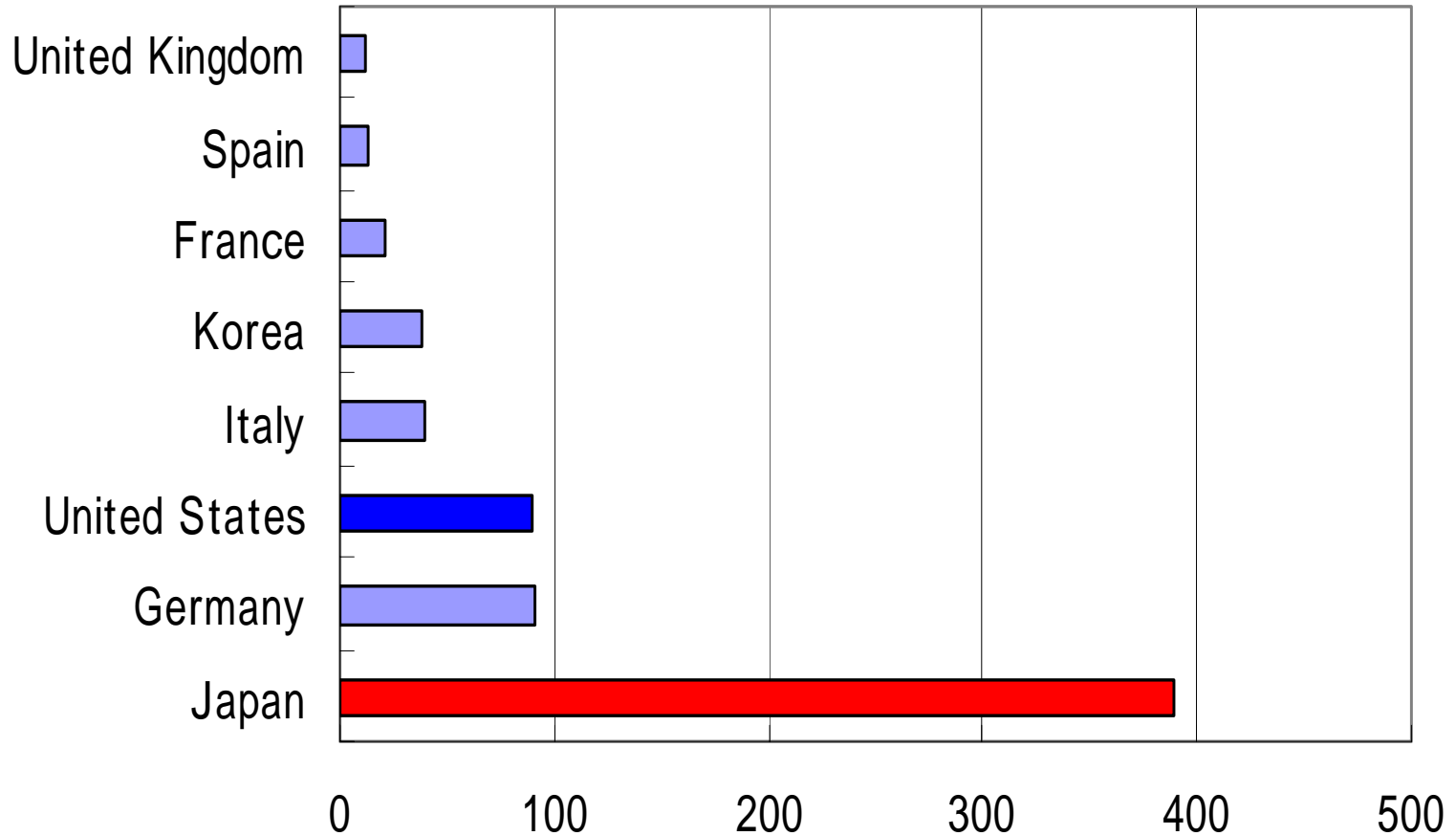
# Crime and Arrest Rates

Homicides	Rate of Incidence		Arrest Rate (%)	
	1990	1999	1990	1999
United States	9.4	5.7	67.2	69.1
United Kingdom	2.3	2.9	92.0	87.1
Germany	3.9	3.6	94.2	94.4
France	4.5	3.4	77.2	81.4
Japan	1.0	1.1	96.7	95.2

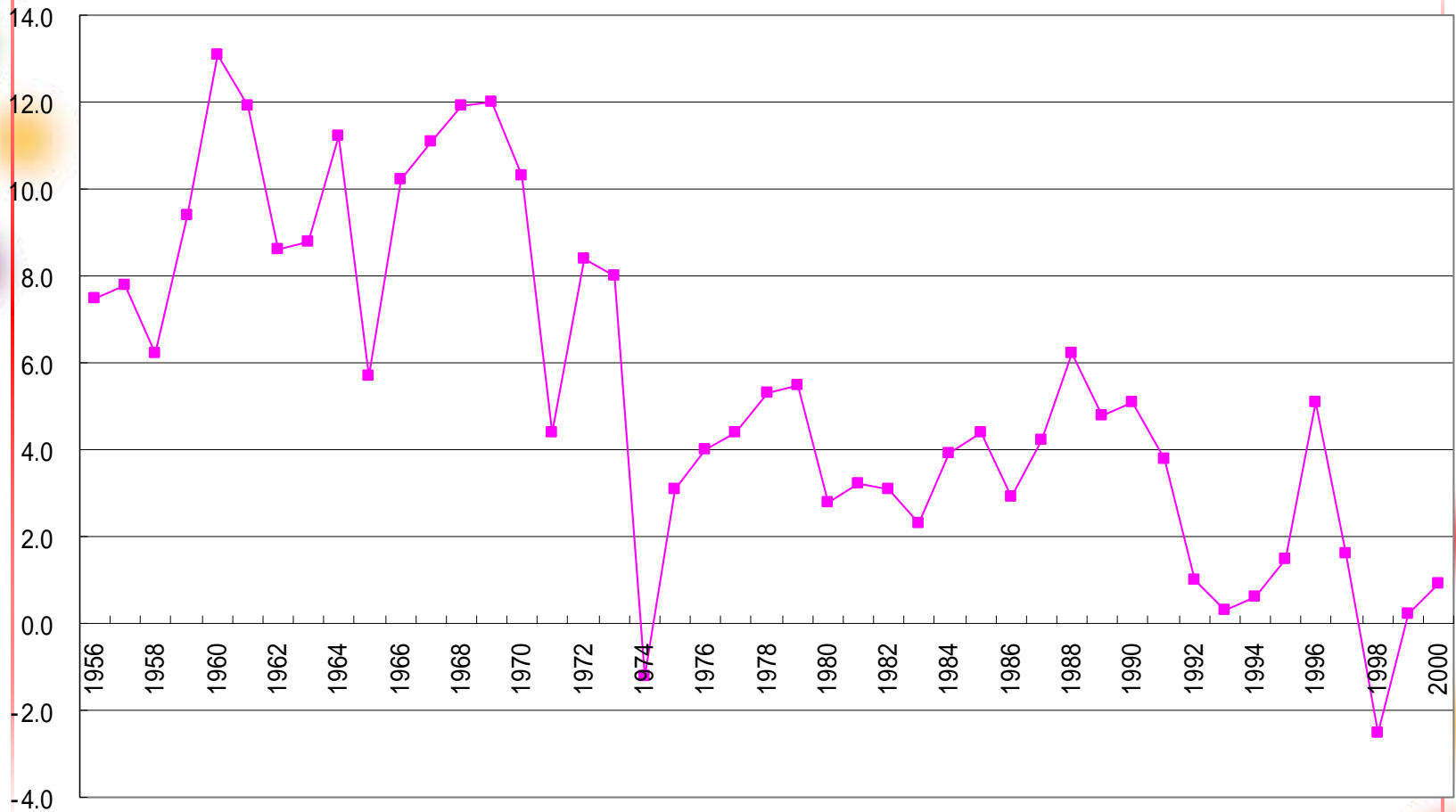
# Healthy Life Expectancy at Birth



# Industrial-use Robots in Operation (2000)



# Growth Rate in Real GDP





# High Growth: Environment

- Postwar World Free Trade System
  - IMF, GATT, World Bank
  
- Technology
  - Heavy, Petrochemical Industry
  - Catch-up
  
- Natural Resources
  - Relatively Abundant World Resources

# High Growth: Engine

## ■ Labor Force

- Demographic Configuration, Education, Social Mobility

## ■ Capital Formation

- “Investment Calls for Investment”, High Domestic Saving

## ■ Social Overhead Capital

- Private/Social Capital, FILP

# High Growth: Efficiency and Equity

- Productivity Increase
  - Technology Transfer, Industrial Configuration
- Man-machine Relationship
  - Technological Progress, Robots
- Japanese Management
  - Life Time Employment, Main Bank System, Organizational Hierarchy
- Income Distribution
  - Fruit of Growth, Equitable Wealth Distribution

# High Growth: Government Policy

- From Reconstruction to Catch-up
  - Teachers Around, Desire to Catch-up
- Macroeconomic Stabilization Policy
  - Keynesian Fiscal and Monetary Policy
- Industrial Policy
  - Priority Allocation of Scarce Resources
  - Encourage Growth/ Mitigate Decline

# High Growth: Why?

## ■ Why Fevered?

- Driving Force, Social Ethos, Escape into Busy-ness

## ■ A Turnpike Theorem

- Distant Destination, Turnpike, Self-Assurance, Meaning of Life

# Bubble and Its Aftermath

- From Stable Growth to Bubble
  - Asset Price, Self-perpetuating Expectation
- Bubble Burst
  - Asset Prices Fall
- Vicious Cycle
  - Negative Asset Effect, Shattered Expectation
- Old Keynesian Prescription Ineffective
  - Fiscal Stimulus

# The Earth Quake of 1995

- The Great Hanshin-Awaji Earthquake
  - Killed 6,432 / Economic Damage ¥10 Trillion
  
- Illusionary Richness
  - Material Abundance for What?
  
- Quest for New Value
  - Security, Redundancy, Quality of Life, Meaning of Life

# Towards a New Economy

## ■ Structural Change

- Political System, Government Reform, Industrial Restructuring

## ■ New Sense of Direction

- Social Concern and Participation, Private Initiative

## ■ New Economy

- Information Technology, Quality of Life, Environment, Welfare, Sustainable Growth



*Kansai :*  
*People, Culture and Economy*

# Map of Kansai



# Natural environment

- Area = 27,000 square kilometers
- Woody mountains, flat land and the sea
- Population = 20 million
- Clear four seasons

# Infrastructure

- Airports: Kansai Osaka (Kobe)
- Seaports: Kobe Osaka Sakai
- Highways and road system
- Public transportation
- Underground towns
- Telecommunications

# Tale of Three Cities

- **Osaka**

CBD of Kansai ; Merchant City

- **Kyoto**

Historic and Creative

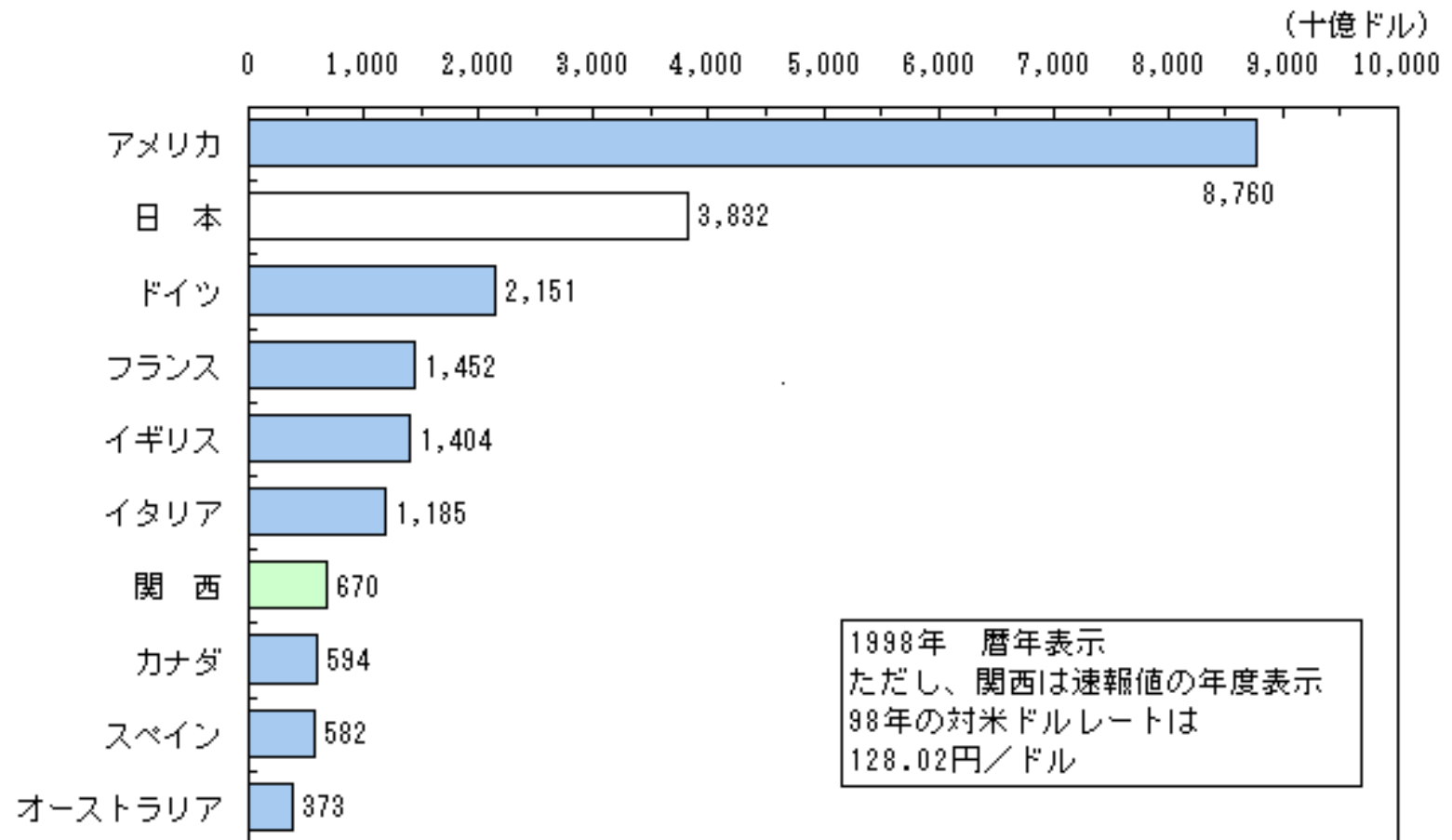
- **Kobe**

Gateway to Heaven

# The Kansai Economy

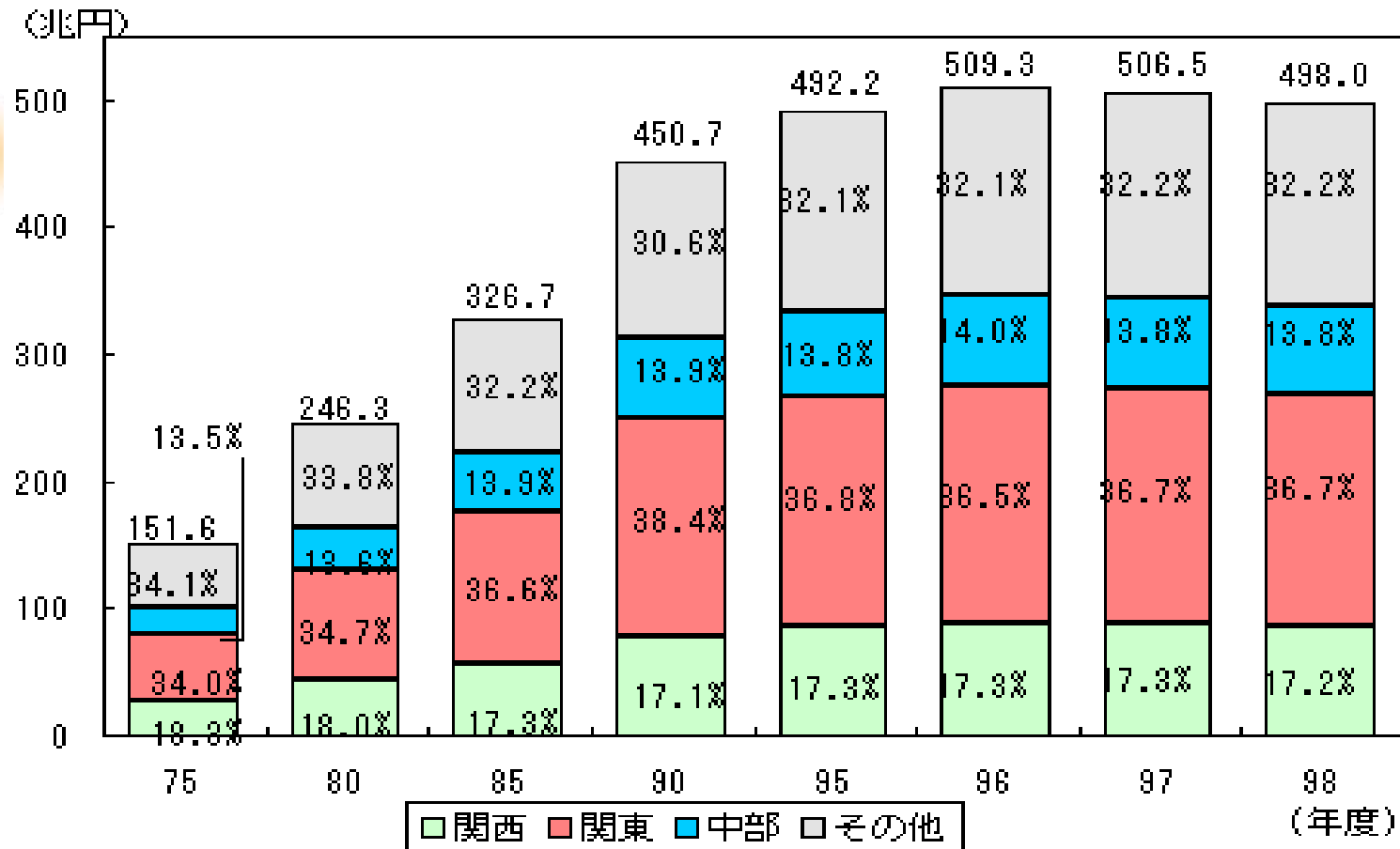
- World's seventh largest country
- Japan's second largest region
- Industrial but increasingly service oriented
- Small and medium sized enterprises
- Relative decline and potentials

# The Seventh Largest Economy



(資料)「国民経済計算年報」「県民経済計算年報」内閣府

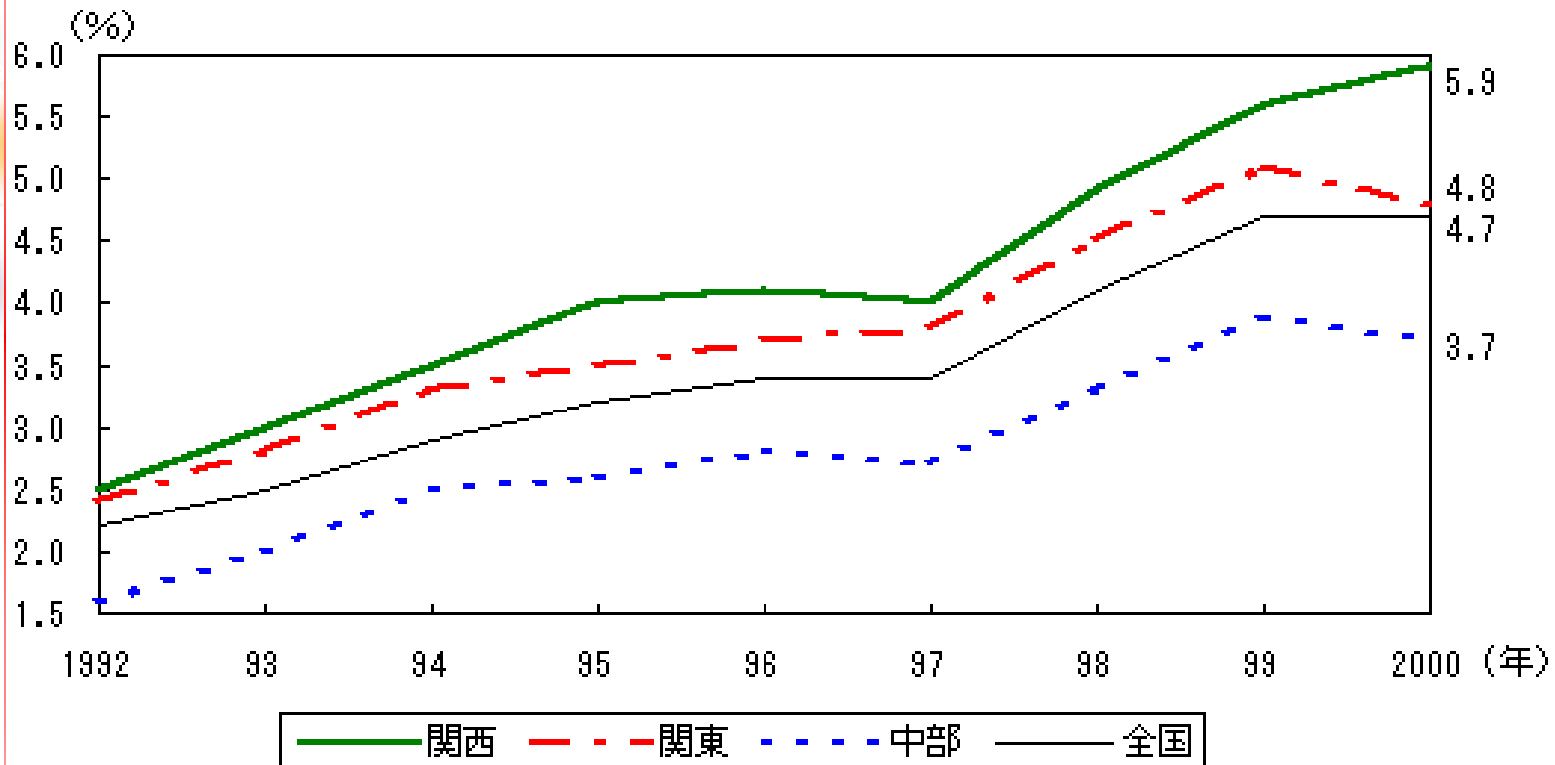
# Relative Decline



(資料) 「県民経済計算年報」内閣府



# High Unemployment Region



(資料)「労働力調査報告」総務省

(注)「関西」、「関東」、「中部」はそれぞれ「労働力調査報告」の「近畿」、「南関東」、「東海」の数値。

# People in Kansai and Tokyo

- Individualistic / Herd
  - Casual / Formal
  - Fun loving / Austere
  - Pragmatic / Authoritative
  - Price Speaks / Quality Speaks
  - Money Making Admired
- / Achievement Respected

# Business Ideas from Kansai

- Asahi Newspaper, Mainichi Newspaper
- Sumitomo bank, Sanwa bank
- Textiles
- Pharmaceutical
- Electric Appliances
- Whisky
- Prefabricated Houses
- Supermarket

# Business Ideas from Kansai 2

- “Terminal” Department Store
- Moving Service Company
- “Capsule” Hotel
- Sushi Conveyer
- Futures Market
- Instant Ramen
- Kansai Through

# Small Businesses in Kansai

- Bicycles (Sakai)
- Blanket (Izumi-Otsu)
- Artificial Pearl (Sakai)
- Hand Tools (Higashi-Osaka)
- Carpet (Sakai)
- Thermos

# Some Recent Ventures

- Computer Software

Nintendo, CSK, ASCII, Capcom

- Personnel Service

Pasona

- Entertainment

Yoshimoto

- Business Matching

VentureLinks

# Projects under way

- Osaka-Dome Ball Park (completed)
- Akashi Strait Bridge (completed)
- Second Runway for Kix
- Olympic Games of 2008 in Beijing
- World Cup Soccer of 2002
- Universal Studio Japan
- International Convention Center
- Reconstruction Projects in Kobe
- Urban Redevelopment projects

# New Business Model

## ■ Deregulation

Banking, Communications, Energy

## ■ Privatization

JR, NTT West, Postal Services

## ■ Decentralization

Public Works, Project Development

## ■ Value for Money

Private Finance Initiative



# Kansai Potentials

- Cultural Heritage
- Cyber Society in Natural Environment
- Big Market
- Production Base
- Gateway to South East Asia
- Free Market Tradition
- Open to New Ideas

# *Welcome to Kansai !*

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