

Course ID Number: REC 5645

Course Title: Japanese Public Finance and Administration

No. of Credits: 2

Graduate School of International Relations

International University of Japan

Term: Fall 2011

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Course Introduction

The course analyzes the system of the Japanese public finance and administration. Japan has employed a centralized system introducing Western countries' various social mechanisms since Meiji Restoration and succeeded in catching up with the Western countries. After World War II, the Japanese government introduced Keynesian policy to strengthen social infrastructures that stimulated both demand side and supply side of the economy with a large amount of government debts. In the course, the role of central and local government is examined elucidating the public money flows through taxation system, local allocation tax system and so on.

Syllabus

Course : Japanese Public Finance and Administration

Fall, 2011

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I. Course Outline

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Recently, a number of municipals were integrated and the number of municipal government bodies was decreasing from around 3,200 to 1,800 under the direction of the central government in the context of a reform of the public finance and administration. Many local governments have a large government debt and some of the government bodies have a situation to go bankrupt with the severe financial problems (Yubari-shi in Hokkaido Prefecture went bankrupt in 2006). As of FY2010, the central government accumulated public debt amounted to around nine hundred trillion yen, which was 1.8 times of GDP. On the other hand, Japanese society has a lot of problems such as prolonged economic stagnation (deflationary economy) during a couple of decades, facing fewer children and aging society, income gap, etc., so that the role of public services is getting important much more, but it is expected the fiscal balance will be worsened.

In the course, we will examine the role of public finance of both central and local government in the society. The main theme of this course in Fall term, 2011 is "centralized system versus decentralized system for efficiency to improve welfare in Japan". In the latter half of the term, the course focuses on the local public finance and administration with case studies. And, for more understanding this issue, we are going to have a field trip visiting local government bodies and discuss the some of the issues with the staffs of municipal government.

II. Procedures and Evaluation

Each student is requested to participate in the class and discussion. We will have a seminar style course in order to deepen our understanding of the Japanese systems of public finance and administration comparing to the other countries. At the mid-term, we have a small quiz and at the end of the term a paper examination. Evaluation will depend on the class participation and discussion with 30%, the quiz with 20% and the examination result with 50%.

III. Organization of the Course

1. Opening the session and introductory discussion:

- 1) The role of public finance
- 2) Concept of "Common wealth"
- 3) Mutual interdependence vs. market mechanism

2. Taxation system in Japan and general accounts and special accounts in the central government
3. Fiscal policy and the role of public sectors in Japan; Review of the central government policies after the end of WWII
4. The relation between central government and local government through taxation system and local allocation tax system.
5. Public finance and administration in the local government bodies:
Local allocation tax system and treasury disbursement (subsidies) for the local government
Mid-term exam.(small-quiz)
6. Case study 1: Public finance of municipal governments in Niigata Prefecture and public management and policy of Echigo-Yuzawa town with autonomy policies for improving welfare in the local society
7. Field trip to Echigo-Yuzawa Town Office examining the public management and policy of fiscal surplus municipal government
8. Reform of public finance and administration:
 - 1) Privatization
 - 2) Decentralization; From centralized system to Do-Shu system (Federalism)
9. Case study 2: Niigata Prefecture: Public management and Policy of Niigata Prefectural Government, introducing “Plan for Dreams blooming in Niigata” (Niigata Yume-saki Plan in Japanese).
10. Field trip: Visit to the Niigata Prefecture Office and discussion with the Niigata Prefecture staffs (on December 9, 2011)
11. Final examination (take-home exam., submitted by December 16, 2011)

IV. Reference books (reserved in the library)

- (1) Public Finance in Japan, edited by T. Shibata, The University of Tokyo Press, 1986
- (2) Japanese Public Sectors, by T. Shibata, The University of Tokyo Press, 1990
- (3) The Post War Japanese Economy, by T. Nakamura, The University of Tokyo Press, 1995