

INTERNATIONAL UNIVERSITY OF JAPAN
 Graduate School of International Relations
Academic Year: 2016/2017

Course	Course code REC5645	Course title Japanese Public Finance and Administration (Fall 2016)	
Name of Instructor	Osamu Nakamura		Credit Number: 2
Instructor's contact Information	Office# 322	Office Hours Wed. 13:00-15:00	E-mail: osamu@iuj.ac.jp
Class Schedule Day / Time	Thursday (1) 14:40-16:10 (2) 16:20-17:50		

I. Course Description

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.

Recently, a number of municipalities 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 (municipal) governments have a huge amount of government debt as well and some of the government bodies have a serious fiscal situation to go bankrupt with the severe financial problems; Yubari-city in Hokkaido Prefecture went bankrupt in 2006.

As of FY2014, the central government accumulated public debts amounted to around one thousand trillion yen, which was 2.0 times of GDP. On the other hand, Japanese society has a lot of problems such as prolonged economic stagnation (economic deflation) during a couple of decades in the past, facing fewer children and aging society, income gap, etc. Therefore, the role of public services is getting important much more in the geriatric society, but it is expected that the fiscal balance will be worsened.

In the course, we examine the role of public finance of both central and local governments in the society. The main theme of this course in Fall-term 2016 is the "possibilities of decentralization in Japan through improving efficiency of welfare and public services". In the latter half of the term, the course focuses on the local public finance and administration with case studies. In addition, for more understanding of this issue, we are planning to have a fieldtrip visiting local government bodies and discuss some of the issues with municipal government officers in the middle of the term.

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 public finance and administration system by comparing to the other countries. We have a small quiz (mid-term quiz) and a paper examination at the end of the

<p>term. Evaluation will depend on the class participation and discussion with 30%, the quiz with 20% and the final examination result with 50%.</p>	
<p>III. Textbook(s)</p>	<p>(1) Public Finance in Japan, edited by T. Shibata, The University of Tokyo Press, 1986.</p> <p>(2) Japanese Public Sectors, by T. Shibata, The University of Tokyo Press, 1990.</p> <p>(3) The Post War Japanese Economy, by T. Nakamura, The University of Tokyo Press, 1995.</p> <p>(4) Income Distribution and Economic Growth of Japan, by O. Nakamura, World Scientific, 2013.</p>
<p>IV. Class Outline</p>	<ol style="list-style-type: none"> 1. Opening the session and introductory discussion: <ol style="list-style-type: none"> 1) The role of public finance, 2) Concept of “Common wealth” and “Public Choice”, 3) Mutual interdependence vs. market principle. 2. Structure of the central government and the role for administration, and taxation system in the general accounts and special accounts in the central government. 3. Role of public sectors in the central government for socio-economic development: <ol style="list-style-type: none"> 1) Review of the central government policies after the end of WWII, 2) Fiscal policy and monetary policy (non-traditional monetary policy), 3) The importance of “Public Choice” in a society. 4. Structure of fiscal expenditures and budgetary process in the central government: <ol style="list-style-type: none"> 1) Short-term plan and policy, 2) Mid-term and long-term policies for socio-economic development. 5. The relations between the central government and local governments through taxation system, local allocation tax system and subsidies in Japan. 6. Public finance and administration in the local government bodies: Local allocation tax system and treasury disbursement (subsidies) for local government Mid-term exam.(small-quiz) 7. 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 8. Field trip to Echigo-Yuzawa Town Office examining the public management and policy of fiscal surplus municipal government 9. Reform of public finance and administration: <ol style="list-style-type: none"> 1) Privatization 2) Decentralization: from the centralized system to the Do-Shu system and its possibilities in Japan 10. Case study 2: Niigata Prefecture: Public management and Policy of Niigata Prefectural Government, introducing “Plan for Dreams blooming in Niigata Prefecture” (Niigata Yume-saki (夢咲き) Plan in Japanese).

Others (if any)	
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