The Modern Transformation of the Traditional Academy System\(^1\) in East Asia

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Abstract

This paper discusses the function of human resources training in the modernization of East Asian countries. The old academy system formed some basic principles in East Asian societies which could be called "academy traditions," including independent public space, the political concern of the nations, and a strong sense of social responsibility.

The early university system in East Asia was a mixture of Eastern culture and Western technology. The Western organization and discipline system was widely set up to train scientists and engineers, while old "academy traditions" became the ideological basis of politicians and strategists, and the balance of East and West made it possible for East Asian authoritarian countries to promote the process of economic development and modernization. The new wave of globalization in the late 20\(^{th}\) century has broken the balance; "academy traditions" face the danger of perishing with modernization, which could result in the stagnation of economic and social development. The possibility of rebuilding the "academy traditions" lies with the universities; we should open a channel to establish communication between society and universities based on the common needs of communities.

Keywords: academy tradition, East Asia, modernization

There has been much discussion about Eastern and Western cultures during the process of modernization and globalization. Undoubtedly, the world order is currently based on the global expansion of Western Christian civilization; our political regimes, lifestyles, science and technology are all to some extent from the West, no matter whether we live in China, Japan or any other modern country. On the other hand, we can also see the vitality of local civilization, which has hardly changed with the efforts of Westernization several decades before. In recent years, more and more social elites have begun to promote the importance of local culture. Confucian classics and traditional ethics have been rediscovered, including the old "academy tradition."

Academics have pointed out that fragmentation of knowledge, utilitarian study and general myopia are three big problems faced by East Asian education.\(^2\) As a coping strategy, "academy tradition" has been reintroduced and partly practiced. In the 1990s, famous educationist Nan Huaijin set up Taihu Academy in Suzhou, and Prof. Okada Takehiko originated Plain Academy in Fukuoka. Today a number of workshops and research institutions which named "academies extent" exist in different East Asian cities. University professors, social educationists, and even senior monks have become their main promoters.

The academy system was generally believed to have died out during the modernization of East Asia, but why has it been rebuilt and gained great influ-
ence in just a few years? In fact, the tradition of academy was never wiped away from East Asian history; it has always played an important role in modern education. Together with modern universities, they have created the special features of human resources training in the public policy fields. All the functions of the system should be discussed in the specific historical context of the rise of the East Asia.

The East Asian renaissance: Reason and interpretation

The East Asian renaissance has provided researchers with a great popular topic. When Western observers were ambitious to promote the benefits of liberalism and the free market to the world, they found East Asian countries had chosen a different path of modernization and actually did very well. In contrast to market-oriented capitalism, they named the East Asian model “developmental capitalism,” to underline the function of a powerful government and collectivist cultures. Indeed, East Asian countries have many different economic and political characteristics from the West. Even if we do not discuss industrialization beginning with the Empires in the 1860s, their post-war development also shows evidence. Japan has been democratized and has set up a political electoral system, but the Liberal Democratic Party (LDP) was in power for decades. A stable two-party system has never been established; the power of government spread through social and economic life by its bureaucratic system. South Korea’s well-known modernization process started under the iron-fisted rule of the Park Chung-hee regime; the government grasped the initiative of the national economy by controlling large commercial companies and chaebols. China’s initial success was built on a centralized political system and planned economy; state-owned enterprises still play an incomparable role today.

How can authoritarian states in East Asia become engines of economic development? Statists and New Confucians provide different answers. Statists believe it is the power of state autonomy, which has been a perfect footnote to their theory of “bringing the state back in.” An influential view is that the military pressure certain East Asian countries to pay attention to modern state building. However, New Confucians accused them of being too confident of institutions, so that the importance of traditions and culture has been systematically neglected. They consider that Confucianism provided a strong cultural resource to the East Asian countries, which deeply affected their choice of development path. This East Asian model has been named “Confucian Capitalism,” which tries to connect particular historical and cultural traditions of the area with the capitalist global order that originated in the West.

Both views have difficulty explaining the rise of East Asia. To the Statists, their theories have to face the failure of authoritarian countries in most areas of the world. As in post-developed countries, most African and Latin American countries also established strong authoritarian institutions, but the outcome is quite different: ethnic strife in Africa and military coups in Latin America has been a reality throughout the 20th century. Even today, widespread political corruption, gaping inequality and backward economy are also big challenges of these countries. The experience learned from East Asian cases seems inapplicable. The problem for the New Confucians comes from East Asia itself, when historians discuss the great divergence between the East and the West in the 16th century. The popular view is that capitalism is a product of the Protestant Ethic, while Confucianism has always been regarded as a conservative force, hindered by the social and economic changes to some extent. Against such a backdrop, “Confucian Capitalism” can hardly clarify how Confucianism and capitalism could have become so well connected in just few decades.
In fact, both views are obsessed with a grand historical narrative. Neither Statists nor New Confucians have given adequate attention to individual value. However, the individual level elites are not only participants in East Asia’s rapid development, but also carriers of the traditional culture. East Asian countries formed some peculiar feature in the modernization, which was based on their “academy tradition” and the new education of “Western learning.” Only in going back to the origins of different traditions, can we clarify how the elites’ training formed and took effect in modern East Asia.

**Academy traditions: A historical observation**

Academies took on an important role in the 11th century, during the Song Dynasty. In thinking profoundly about the decades of war, Confucians tried to find a new way to build an ideal social and political order; academies provided them a good space to hold private lectures and attract followers. Different academic thoughts and policy views appeared while many important Confucian schools and scholars came to prominence.

The more fundamental reason for the academies’ prosperity was the change of social structure. In this period, the traditional aristocratic system which had controlled the Empire for almost 800 years had finally broken up. The public power of most Imperial officials was established based on their excellent performance in a series of arduous literature examinations instead of noble blood which has lasted for thousands of years. As well as the change in politics, the commodity economy also reached a new level. More and more interregional trading brought a new kind of city life. In the common life of most people, large clans were replaced by small families, and the popularization of printing made it possible for more people to leave the rural areas. In short, a flatter social structure has been set up.

In the old aristocratic political order, there were two ways to pass cultural heritage through generals: one was the official schools that were important tools of the Empire to preserve human resources and control the official ideology. The other was the family schools that relied on these small, but closely guarded, education institutions where aristocratic family handed knowledge down from fathers to sons, so that they could keep their cultural advantage and elite status. In this case, education and cultural heritage reflected a strong trend of elitism; almost all the cultural resources were in the hands of the Empire and aristocracies, and opportunities to receive training and education were also only open to Empire officials and children of the nobility. Everything changed in the 11th century, with the rise of the common people and the decline of the aristocracy, the society needed something new to provide common people educational and cultural training. The development of academies took on such a social function.

The origin of the academy system decided that there were two obvious differences between academies and the former cultural and educational institutions.

First, the academies were independent of the official institutions. Most academies were derived from individual lectures that gathered followers by the teachers’ notoriety and attractiveness. The teaching content and training methods were reliant on the teachers’ individual research and experience; as a result, many early academies were named after their founder. From the middle of the 13th century, academies generally needed to get governmental approval, but most of them still kept a certain distance from the government. This distance helped the academies avoid governmental bureaucracy, so the teachers and students in academies could remain innovative and critical spirit while the ones in official schools had to struggle to cope with government control and imperi-
al examinations. In these circumstances, academies could always express different opinions. A famous Confucian, Zhu Xi, the president of Bailudong Academy, sharply criticized the existence of those just trying to fish for fame, wealth and position.

Second, the academy institution was an open system. Compared to the aristocratic family schools, most academies had broken though the limit of clans and status, some of them could even transcend geographical borders, and attracted students from all over the Empire. This situation greatly promoted social mobility. It made academies become great public spaces for all kinds of social elites to exchange their academic ideas, political views, and life experience. Some academies presided over by famous scholars widely attracted numbers of students. Many people were focused on their activities, and thus they formed a center for local culture, politics, and public opinions. A good example is Zhang Shi. When he presented Yuelu Academy in central Hunan, the academy attracted a number of students from Sichuan, located hundreds of miles away.

Combined with the above two points, we can regard the academy as a public space where a large number of social elites would gather and it was strongly independent of the official system. There are three consequences for the existence of the public space. First, it promoted academic prosperity. Some famous academies gathered substantial Confucian classics and masters, and gradually developed into the most vigorous academic centers accommodating different academic schools. In contrast, official schools were rarely spaces for free discussions, partly stemming from the pride of orthodoxy, and what was more, the political factors prevented academic innovation. As a result, the far-reaching Zhu Xi and Wang Yangming’s Confucian schools both grew into academies, and they both struggled for a long time with the disrepute of “pseudo theory,” which came from the potentates. Second, it provided a channel of political participation. The development of academies created organized social forces, which could influence public policy independently. In fact, local government officials usually showed respect to the academies, and the academies played a positive role in the forming of public policies. In special circumstances, some famous academies could even hold the post of the leader of a national political movement. A great case is the political opposition against the corrupt and chaotic government in 1624, which was launched by Donglin Academy. Third, it reconstituted the local society. Different social forces were involved in the development of academies; they became the glue of the local society. More and more common children gained knowledge and opportunities, local elites paid more attention to regional development instead of their own clans, and the widely open system of academies further contributed to more geographical and hierarchical mobility.

Similar situations also occurred in Japan and Korea. In the 16th and 17th centuries, Japan and Korea began their “modern times,” when academies had also been introduced. A large number of facts prove that the Japanese and Korean academies played the same roles as the ones in China, to varying degrees. It seemed that Korean academies were more deeply involved in politics. Some of them even became local “citadels” of different political factions. Additionally, in Japan, because of the lack of imperial examinations and the hierarchical identity system, academies had been liberated from the bondage of the exams. Japanese academies were started with the spread of Zhu Xi’s theory, but the discussion category was not limited to Zhu Xi, it achieved ideological pluralism and cultural prosperity in the Edo period.

In summary, institution of academies was widely set up in East Asian countries, and the academies have made great changes to education and culture. They established or strengthened some basic principles in East Asian society: independent public space,
political concern of the nations, and a strong sense of social responsibility. These may be referred to as “academy traditions,” the effects of which are still evident in East Asian societies.

**Two traditions: Old academies and modern universities**

In the beginning of the huge clash between the East and the West, visionaries such as Wei Yuan spotted an important disadvantage of traditional human resources; the moral-central education was unable to train and develop our own engineers, let alone a professional team to manage a modern army. The imperial examination system was finally abolished, with all the academies having been transformed into modern schools in 1905, but the new talents cultivation plan was started earlier. In the early 1860s, Japanese government, which had just completed the Meiji Restoration, embarked on the modernization of education. Over the same period, China and Japan both started the first wave of industrialization, and both of them were focused on the development of military industry. At the same time, large numbers of students were sent overseas to receive a Western education, especially in industrial and military technology. A series of policies were launched aimed at making the country strong, and finally they did. By the end of the 19th century, the industry had made considerable progress in both countries; a team of well-trained technology and military personnel had been organized, and the two countries each built up and sustained a strong navy. Data shows that the Chinese navy was the 7th strongest in the world, and the Japanese was the 11th.

In the early modernization of East Asia, students with an overseas education background played decisive roles. They brought back not only Western science and technology, but also a modern education system, especially the modern universities. Instead of the old official schools and academies, modern universities were built: Tokyo University was built in 1877, and Peking University in 1898. However, these universities were quite different from those in the West. As we know, modern universities developed from the Christian tradition of Europe in the middle ages. An important goal was to maintain a balance between theocracy and temporal power, and the continuous debates were the true fountainhead of the spirit of modern philosophy, including civil rights and freedom. As the greatest universities of the period, Paris University was famous for theology, while Bologna University for law. Science and technology was just a branch of philosophy, so the recipients of the highest degree in these fields were also called “doctor of philosophy” (Ph. D.), which has continued into today.

Obviously, these historical memories and academic traditions did not exist in East Asian countries, and the Eastern elites did not get enough time to study the metaphysical problems in the disadvantage of the situation in the East-West confrontation. As a result, the core of East Asia was technical rather than cultural. At this time, the culture and philosophy was mainly indigenous while the science and technology basically external. Many ideas and concepts of Western philosophy and politics were introduced as causes, but most of them were just some abstract fragments, even phrases, such as freedom, democracy, equality, socialism and so on. A number of young people were mobilized by the new, but the wonderful concepts without complete theories were nothing but transient popularity. Hu Shi, the president of Peking University, told his students: “Don’t always talk about different doctrines; the learning attitude is researching on specific issues attentively.” The transformation set off a general discussion between the old traditions and Western inventions, also between the basis and tools in the society. The debates were inconclusive and finally broke off during the long time.
of war between China and Japan, the most influential countries in East Asia.

During the China-Japan War, all the universities and other education organizations in both countries spontaneously turned to nationalism. They provided scientific and technological support to the military. They took the responsibility to promote one another politically, and they were also the most serious thinkers to reflect on the war and the government. The case of the war provides a very good angle to our observation of personnel training and education. There were both cooperation and confrontation between the government and the educational institutions. The universities supported the government's important strategic technology, while opposing the repression of its ruling military junta. Teachers and students were no longer satisfied with reading and researching in an ivory tower; many of them believed their knowledge of literature and philosophy could pacify the people and boost the morale of the nation. A series of literary works and brochures were published, and many public welfare activities, such as medical treatment and firefighting, were hosted by universities and schools. All of these showed us a familiar sight: independent public space, political concern of the nations, and a strong sense of social responsibility. A collective value orientation dominated, which was totally different from the individual-centered liberalism of Western universities.

It seems that the old academy traditions still kept active in the modern universities. In fact, the East Asian university system has been a mixture since the beginning; combining Eastern values and Western technology. Most of the traditional subjects, such as literature, art, history, and philosophy were just integrated into a new organization institutionally; the exchange of research views and methodology could last for generations. This mixture of training had a profound impact on the structure of elites in modern East Asia. The top scientists and technicians mainly trained overseas or at least under the Western education system, while the politicians, strategists, and philosophers received a good traditional training in culture. In China, the Chiang Kai-Shek government greatly improved the status of Confucianism, while attaching importance to the German military advisers and weapon equipment. Similar things happened in the Chinese Communist Party (CCP); the leaders of red political power who were quite happy to receive the assistance from the Soviet Union, always had to be careful to guard against the infiltration of Leninist fundamentalists. It made both the totalitarian Soviets and the liberal US critical of their Chinese ally. This proved that neither the left nor the right political opinions could successfully challenge either Chinese or Japanese local political elites. We all know that the US occupation forces had tried to thoroughly transform Japanese politics and society, but it partly failed. A good example is the transformation of the Japanese consortiums. After the Second World War, the US occupation asked the Japanese government to dissolve large consortiums to break the monopoly in economy, including many big consortiums, such as the Sumitomo/ Mitsui/ Mitsubishi/ Yasuda Consortium. They soon found that America's free market did not work well in Japan; people became nostalgic for the old forces to stabilize the new economy order, and to promote economic development. Finally, most of the dissolved consortiums have been rebuilt and became the pillars of Japanese economy, and continue to be, today.

Over all, the academies of East Asia were replaced by modern universities during early modernization. The East Asian universities of that time were a mixture; a Western organization and discipline system was widely set up to train scientists and engineers, while old "academy traditions" were also adopted, and became the ideological basis of politicians and strategists.

Actually, it was this combination that promoted the
great progress of the East Asian economy. In the famous theory of late development, Gerschenkron pointed out that the late development countries usually need a strong state to control the market, and the market also needs large companies to integrate resources. The East Asian countries possessed all of the above characteristics, but ignored the function of elites. In fact, authoritarian regimes rely more on elite governing than democracies, because it is more difficult to control and preserve an efficient bureaucracy with weak public feedback. This also explains the reasons for the long-term political unrest and backward economy in the 20th century Africa and Latin America. The skill of management and economics can be regarded as a kind of technology that is easy for most modern countries to develop, but cultural development is much difficult. Nowadays in many African countries, elites have not grown with modernity, and in others, skills have been mastered but without the development of any corresponding culture. The former are still struggling in the historical process of nation-state building, while the latter are struggling with national decline because of collusion between politicians and plantations.

In East Asia, major political and business elites have been trained in the mixture universities where aspects of the "academy tradition," principles of responsibility, collectivism, and a sense of mission, form a strong moral sanction that protects the country’s sustainable development. First, it made the East Asian elites the "busiest men." Strong impetus made for intense competition, and government officials had to struggle to promote economic development for personal advancement; entrepreneurs also had to expand their market to maintain an advantage. This strong ambition led to serious anxiety about remaining stagnant; it also led to the problem of overloaded students. Second, it reduced the harm of corruption. There was serious corruption in the early modernization of East Asia, but it did not seem to hurt economic growth seriously. A reason for this is that economic growth and modernization were particularly important for a government official’s future occupation as well as the moral requirements of "academy tradition"; thus, it was not worth the risk of accepting a bribe. If corruption does not hurt economic growth, and may even be advantageous to reducing transaction costs, why should it be considered a problem?

Third, it created a public space. Just as the ancient academies did, East Asian universities are not only institutions for academic research, but also important political and social organizations. The enthusiasm to participate in politics of the universities' teachers and students in East Asia is very prominent in the world; many important social and political transformations occurred or were extended by student movements. In this sense, the universities are both the source of reserve elites and the supervisors or oppositions of the current system.

Rebuild the "academy traditions": Reflection on the “lost 20 years”

It has already been shown that the reason for the East Asian renaissance was the combination of Eastern and Western traditions. The "academy tradition" provides the state specific resources to maintain the process of modernization, but how to explain the "lost 20 years" in Japan? According to the famous "flying-geese model," the other East Asian economies will gradually follow Japan's steps. In fact, arguments have already abounded about the consequences of an economic slowdown in China.

The background of weak economic growth is a new wave of globalization. In fact, China, Japan, and South Korea are all beneficiaries of globalization. East Asian countries had the chance to join the global industry transfer, which drove the rapid development of the domestic economy. At the same time, they had to face the risks of international trade and financial
markets. The Plaza Accord has always been considered as the culprit of Japan’s stagnation, which just shows the power of the financial markets and the authority of the hegemony.\textsuperscript{20}

Likewise, the convergence of ideas and culture also profoundly affects the East Asian countries. The values and the way of life of the capitalist global market have already infiltrated East Asia for decades; the old generations who have experienced the hardships of the postwar reconstruction are being replaced by the new generations. People are no longer unfamiliar with Aristotle, Kant, and Marx, because systematic Western philosophy, history and culture has been widely imported and translated. For instance, sorrow was felt when Michael Jackson and Steve Jobs died, because the new generation has memories of the CD \textit{We Are the World}, and use of Apple products abound.

With the impact of globalization, individualism and democracy are replacing the “academy traditions”; more and more people are looking for change in their lives. Under pressure from the common people, Japan and South Korea underwent further democratization. A new constitution that limited the power of the president was adopted by referendum in South Korea in 1987, and the LDP lost its ruling position in Japan in 1993; the LDP had controlled the country for 38 years before this election. East Asia is still far from a stable democracy; the routine political liquidations after general election in South Korea and the frequent changes of prime minister in Japan have become the new problems of the democratic regime in East Asia.

More important transformations have taken place in the field of human resources. While the capitalist way of life expands across the globe, universities have gradually lost the “academy traditions”; traditional majors that maintained national culture have been benched because of difficulties in employment. Students register in large number for the “promising” majors, but few of them get success. The gap between aspiration and reality has continued to widen with each passing year; more and more people are becoming apathetic or irritated. The youths are too busy to care about culture, history and real politics, and data shows that the voting rate of young people is becoming lower and lower. At the same time, more and more young people would rather move abroad. Recently, a large number of graduates of top universities received overseas citizenship, and the number is rapidly growing. In general, the level of education of the new generation is higher; they grasp more skills, and have become a group of “delicate egoists,” but they hardly drive the country as smoothly as their fathers.

Together with the development of the Internet and numerous electronic products, traditional public spaces, including the universities and schools, have been partly eliminated. The convenience associated with such development has reduced real communication, further diminishing the importance of “academy traditions.” This kind of life style is well-known as “otaku culture”, which has risen in Japan and throughout the whole of East Asia. However, some people of vision have made a lot of effort to rebuild the “academy traditions” and promote the economic development of East Asia again. As early as 1979, Konosuke Matsushita, the founder of Panasonic, built a modern academy, the Matsushita Institute of Government and Management, to pay attention to the cultivation of future Japanese politicians and business leaders. By the year 2012, the academy had trained 246 students over 32 sessions, including 38 congressmen, 60 local councilors, 9 mayors, and 1 governor among the graduates. Former Prime Minister Yoshihiko Noda and former Foreign Minister Maehara are both graduates of the academy, as well. The principles of the academy are self-study, fieldwork practice, academic discussion, comprehensive development of virtue, knowledge and physique, and respect for the differences between students. During their studies at
the academy, students are lead to research the most important issues in Japan; the research topics of the four students in the 32nd session are disaster, nuclear power, Japan-China relations, and diplomacy. Combined with the fact that Japan has just experienced the great Kanto earthquake, we can see the significance of the topics.

Comparing the teaching principles of Konosuke Matsushita’s academy and the aim of Zhu Xi’s Bailudong Academy, both are similar in their educational principles and teaching content that imitate the ancient academy system. This is the same for most of the modern academies previously mentioned; many people believe that personal experience is the best way to restore the old traditions.

**Conclusion**

Through the discussion of the two traditions, we can see the differences between development in the West and in East Asia. Most people agree that a modern society needs public space, but few would like to discuss the history of the space. Modern Western civilization is founded on the Christian religion. The Renaissance and religious reform not only connected the meaning of God with each individual but also took it to the whole world. In this sense, the Protestant ethic may have broken the power of the Pope in Rome, and set up a new public space directly answerable to God. If we have a look at the oldest and most famous Western universities, we find that most of them began with the theology and aesthetics that were closely related with Christianity in their early days. It is different in East Asian countries; their culture and traditions were broken down in modern years. The post-war development was based on science and technology, so they built authoritarian states without enough public space.

The modern academies are advocates of the most influential today, but their high cost and small scale make them difficult to promote. In my opinion, the globalization and the expansion of the capitalist commodity market is an established rule. In the past few decades, the East Asian countries have all been deeply involved in the world system and obtained the rapid economic development as a repayment of their active participation. All the efforts to depart from the world order are unrealistic. We still need to rebuild the value of “academy traditions” in order to train more people who have the ability and wish to cope with the current system. The best way to create more favorable positions was to rebuild universities. First, rebuild the public space. The most important step of rebuilding the “academy traditions” is to set up communities that are based on the common life experience and emotional experience. Second, break the restrictions of majors, and launch common sense education. The major division is too splintered, and communication between different majors is difficult. The students in nature science do not have the ability to understand poetry and politics, while the ones in arts have no interest in robots and the universe. In the era of globalization a qualified university should develop students’ common sense. Third, practice outside the campus. It has been quite important that in interactions between students and society, the responsibility to the nation must be based on an understanding of national conditions. By rebuilding Eastern values in the era of globalization, East Asia will play a more important role in the future.

**Note**

1. The “academy” discussed in this article refers to the kind of traditional educational institutions that widely existed in the pre-modern societies of most East Asian countries. Private lectures are the most important forms and features in these institutions, which made them different from the official schools, such as the “shuyuan” (书院) in China and the “shu” (书院) in Japan. It should be noted that Japan had established some “shuyuan” in the occupied area in China in 1930s to 1940s, but they are quite different from those studied in this article. Professor Hiromi Muto has pointed out the concepts that should be clari-
fied; I would like to thank him for his kind suggestions.


6 Peter B. Evans, Dietrich Rueschemeyer, Theda Skocpol, *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985)


8 Tu Weiming, *The East Asian Values and Pluralistic Modernity* (Beijing: China Social Sciences Press, 2001)


12 *Public space* here means a social space to discuss and do public affairs, it is neither the power controlled by the government nor the private concerns in each family. It means a certain degree of autonomy. Habermas, *The structural transformation of the public sphere: an inquiry into a category of bourgeois society* (Cambridge, Mass.: MIT Press, 1991)

13 Hu Shi, *The collected works of Hu Shi* 2 (Shanghai: Yadong Library, 1928) p147

14 It means the Second Sino-Japanese War lasted from 1937 to 1945, which deeply changed the political landscape in East Asia.


18 This model tries to explain the reason of the Eastern Asian countries’ economic growth, it believed as a country’s economic developed, its cost of production will be increased, related industries will shift to less developed countries around which can provide cheaper resources and labors. In this case, the fomer country have to seek industrial upgrading, and the later ones could get development in the same way. In East Asia, Japan is the leading wild goose, South Korea and Taiwan are immediately after it, China is behind of them. It means the fate of the leading one is an example to the followers.


20 In 1985, United States, Japan, West Germany, France and the United Kingdom decided to joint intervention in the foreign exchange market, it made induction of the U.S. dollar against major currencies depreciate in an orderly manner to solve the the huge U.S. trade deficit. In less than three years time, the U.S. dollar depreciated by 50% against the yen, that is, the appreciation of the yen against the dollar has doubled. It caused severe economic bubble in Japan. After the economic bubble burst in 1991, the Japanese economy fell into a serious recession which lasted more than 20 years.