JOURNAL OF JAPANESE STUDIES
Exploring Multidisciplinarity
INAUGURAL ISSUE

@ 2021 Department of Japanese Studies
Vol.1, No.1, January 2022,
Inaugural Issue, pp. 1-37
ISSN:2789-3014
http://doi.org/10.55156/jjsem.dec2101

Post-COVID-19 Japan: A Political Economy Treatise on Shocks and Therapy

Abul Barkat*

Abstract– Pandemic is a rare than usual event, and therefore, the shocking impacts of pandemic fall under the category of "uncertainty'' than "risks"; "uncertainty" is improbabilistic and, therefore, not amenable to predictability. This paper aims at understanding the political economy essence of the shocks experienced by Japan during the post-COVID-19 pandemic and devise plausible therapy to address those shocks. The paper follows a logical order: it starts with a delineation of the foundational methodological principles of political economy, followed by an analysis of the rise and fall of Japan's developmental miracle. It then traces the nature of critical shocks faced by the Japanese economy and society due to COVID-19. We found five specific interrelated and interdependent shocks of the social body – the "multiple organ social-economic-physical complications" (MOSEPC) – (1) diseases of falling GDP and growth, (2) diseases of rising real unemployment, (3) diseases of increasing inequality, the concentration of wealth in few hands, multidimensional poverty, and creation of "new poor", (4) diseases of deteriorating physical and mental health- depression, distress, destitution, deprivation, stress, family disruption- dissolution-rift-conflicts, and (5) diseases of increasing disrespect to people's fundamental rights. Finally, the paper proposes a "V-plus shaped therapy" for Japan as a way out from the multidimensional shocks of COVID-19. This paper argues that the proposed "V-plus shaped therapy" could be helpful, as a socio-economic policy vision, for most countries affected by the COVID-19 during the time of concurrent economic slowdown. The "V-plus-shaped shock therapy'' for Japan necessitates adopting four different interventions simultaneously, namely the austerity-led "expenditure cutting", "debt restructuring", "redistribution of wealth from rich to poor", and "printing money if necessary". The appropriate mix of interventions to reach a good equilibrium of deflationary and inflationary cycles would matter the most.

* Professor and former Chair, Department of Economics; Professor and Founding Chair, Department of Japanese Studies, University of Dhaka, Bangladesh.
E-mail: barkatabul71@gmail.com

Keywords Economic development of Japan. Japan's economic growth. Political economy. Macroeconomy and institutions. General welfare and well-being. Financial markets and Macroeconomy. Macroeconomic policy. Business cycle. Occupational choice. Labour discrimination. Inequality and poverty. Political processes- rent-seeking. Social economics. Economic methodology. COVID shocks. Post-COVID therapy. Post pandemic Japanese economy and society. Heterodox approach in understanding economy. Economic methodology.

JEL Classification B5 · B41 · B55 · D63 · D72 · E6 · E02· E32· E44 · F54 · I31 · J24 · J71 · O11· O15 · O43 · O53 · P16

1. Introduction: Methodological basics of political economy analyses

Most social, arts and humanities, natural, soft or hard sciences are prone to deep-rooted linguistics politics coupled with "convenient definitions" of things and categories. According to this philosophical premise, a few principal points need to be mentioned before delving deep into the particular issue of "Post-COVID-19 Japan"– as a matter of methodology. Some of them- without much elaboration- are as follows:

(a) There is no "economy" per se – it is always "political economy".[1] There is no economics without politics and no politics without economy. Economics, in the ultimate analysis, is a political argument. All economies can be seen as two economies—first, the official economy or the statistical economy that serves the interest of the dominant power. The Official economy based on officially provided statistics intends to hide reality to a large extent. Institutionally, power implies all three broad elements— the Legislature, the Executive, and the Judiciary. Second, the actual economy reflects the ground reality and does not correspond much with the official economy (for details, see Barkat, 2017:71-85).

1 Today's "economic science", in its origin, was known as "Political Economy". All the writings of the 17th to 19th century's leading classical economists carry the title 'Political Economy'– '*The Political Anatomy of Ireland'* (published in 1691) and '*Political Arithmetic'* (1690) by William Petty, '*An Inquiry into Principles of Political Economy*' (1767) by James Stuart, '*A Treatise on Political Economy'* (1803) by Jean-Baptiste Say, '*A Treatise on Political Economy*' by Thomas Robert Malthus (1766-1834), '*Principles of Political Economy of Taxation*' (1817) by David Ricardo, '*New Principles of Political Economy'* (1819) by Leonard Sismondi, '*Principles of Political Economy*' (1848) by John Stuart Mill, '*A Contribution to the Critique of Political Economy'* (1859) and '*Das Capital: Critique of Political Economy'* (1867, first volume) by Karl Marx (1818-1883) (see, Barkat, 2020b:5). A greater detail about the pluralistic essence of these schools of political economy can be found in Barkat, 2018. Organised economy cannot be isolated from power; it is integral to state and government. Economy- under any system based on exploitation- is always designed to serve the interest of the dominant power- the exploiters. Political economy, therefore, is about ownership, control, and management of surplus by the exploiting classes which are created by those who are exploited. These are the key arguments for Ha-Joon Chang (2014) to conclude that, "Economics is a political argument" (p.401) and "Political economy: a more 'honest' name" (p.377).

(b) Irrespective of government, the prime propaganda is related to worshipping Gross Domestic Product (GDP), economic growth, per capita GDP, per capita income, and technology. They do it maintaining their intent and convenience. The intent and conveniences are evident when we consider the following: (a) GDP (outputs and not prices; GNP deals with prices) is not a good measure of economic performance and people's well-being; (b) GDP as a measure is akin to human security, environment, and sustainability; (c) GDP may go up but the green GNP may go down; (d) GDP understates the black money (which is concentrated in the upper echelon of the class ladder); it also understates the outcome of work in the informal sectors and he unpaid labour of women in the society; (e) GDP may increase with higher proportion of population in prison; (f) per capita GDP is a notorious measure in hiding the reality of those in the lower echelon of the class ladder- as mean hides the truth; (g) there is no strong relationship between higher economic growth and higher standard of living of the poor, because 'trickle down' does not work where most of the benefits of growth reach the 3% at the higher echelon of the class ladder- the wealthy; (h) increase in growth increases GDP, that accentuates inequality, and median income go down; (i) under capitalism, higher growth enhances the relative gains of those having most capital, leading to higher inequality. It is eloquently analysed by Thomas Piketty, who wrote, "the private rate of return on capital, *r*, can be significantly higher for long periods of time than the rate of growth of income and output, *g*. The inequality $r>g$ implies that wealth accumulated in the past grows more rapidly than output and wages. This inequality expresses a fundamental logical contradiction. The entrepreneur inevitably tends to become a rentier, more and more dominant over those who own nothing but their labour. Once constituted, capital reproduces itself faster than output increases. The past devours the future" (Piketty, 2014:571); (j) (the past fifty years of the economic history of South Korea, China, Taiwan, Japan show) high savings did not require high inequality that one could achieve rapid growth without a substantial increase in inequality (Stiglitz, 2003:79); and (k) higher economic growth is almost always associated with higher environmental damages and degradation.

(c) There is no "Welfare State" except in theory.

(d) Power is always illegitimate unless its legitimacy is proven, and the burden of proof lies with the power holder.

(e) "Democracy" is a highly contentious subject. Once upon a time, it was defined as "Of the People, By the People, For the People"– it has now turned into "Off the people, Bye (Good) the people, the people". It is now "Of the 1%, By the 1%, For the 1%" (Stiglitz, 2011). Democracy is an unrealised dream or unrealisable dream.

(f) According to Thucydides, the discussion of equal rights among unequal people is futile. There can never be any meaningful outcome of discussing rights between the "powerful" and the "powerless". They both have rights: the "powerful" has the right to exert power on the powerless and do-undo anything – anytime, and the "powerless" has the right to "obey the dictates of the powerful". The *maxim vile* of power serves the 'masters of mankind'- the merchants and manufacturers, as maintained by Adam Smith, the father of classical economics. The multi- and transnational corporations (especially the military-industrial complexes) have become the 'masters of mankind' in the contemporary world.

(g) There is no such thing as "pure capitalism", and it is always a "State Capitalism". Here lies the essence of real capitalism. It is eloquently presented by economist-cum-practitioner and philosopher of a transitional economy, Grzegorz Kolodko, as follows: "It is not true that a completely uncontrolled ("free") market serves the best interests of a free society. Indeed, there is nowhere a market that is entirely free in this sense. The state must intervene to subordinate market forces to the need of society. Market forces must serve society, not the other way round" (Kolodko, 2002:355).

(h) There is no such thing as a "free market economy". A free-market economy presupposes perfect competition, which exists only in theory, not real life. In real life, that exists by the name of "free market economy" is an economy run by the "syndicates" – by a few, by corporations, by the rent-seekers- who do not create wealth themselves but grab wealth created by others. It is precisely why every 20-30 years, the government hands over taxpayers accumulated money to run the "free market economy".

(i) There is no such thing as the "invisible hand of the market" (as coined by Adam Smith[2]), which has the potential of self-correcting or self-regulating the market. There would have been no market distortion or "shocks" if there

[2] Due to the unending debate, confusions, misunderstanding and distortions surrounding the indiscriminate use of the phrase 'invisible hand''-coined first by the leading classical economist and libertarian philosopher Adam Smith –it is worth reminding the true historical context and the essence of the terminology Adam Smith used the phrase ''invisible hand'' twice in his works, first time it was used in his classical book, *The Theory ofMoral Sentiments* (published in 1759), and then, in *An Inquiry into the Nature and Causes of Wealth of* Nations (published in 1776). In *Moral Sentiments*, his point was as follows: Suppose some landowner accumulated almost all the land and everybody else had to depend on him for survival- this would not matter very much because of the natural sympathy of the landowners for other people which is the core of human nature – he would make sure that the goods of his possessions are distributed fairly equal so it would end up with a fairly egalitarian society as if by *invisible hand*. The other place where Adam Smith used the phrase ''invisible hand'' was his book, *An Inquiry into the Nature and Causes of Wealth of Nations,* in which the essence of his relevant point was as follows: Suppose,

had been any "perfect" free market. The so-called "free market" is neither "free" nor "poor-friendly". It is crucial to internalise the following propositions about market and market economy: "Markets, by themselves, even when they are stable, often lead to high levels of inequality, outcomes that are widely viewed as unfair" (Stiglitz, 2013: xlii), and "the power of markets is enormous, but they have no inherent moral character" (Stiglitz, 2013: xliii). It is essential to remember that the neoclassical and neoliberal economists "are dangerous counsellors for turbulent times because they promise things unmanaged markets cannot deliver. The conclusions deriving from their closed worlds are seriously misleading if applied to open worlds and can lead to large mistakes in policy. If economics is to be useful today, it needs to modify its belief in the self-regulating market. However, maintaining that market competition is a self-regulating ordering principle is wrong. Markets are embedded in political institutions and moral beliefs'' (Skidelsky, 201: 192).

(j) There is no such thing as "homogenous people". People- in a society based on the exploitation of man by man are always heterogeneous. Heterogeneity is reasoned by class structures and the associated caste, creed, religion, ethnicity, occupation, geographic positioning, social standing, cultural entity, and positioning in the ladders of politics-power-government-state. People are divided into the majority and minority, centre and periphery, dominant and dominated, employers and employees, exploiters and exploited. This dichotomy is fundamental.

(k) The majority of people everywhere, in essence, are "unperson" (a term coined by George Orwell in his dystopic novel Nineteen Eighty-four) or "unpeople" (a term used by Noam Chomsky 2003, 2005, and Noam Chomsky & A. Vltchek 2013). These are the people who are not counted and are out of the book, whose voices are mute and never listened to. They are, in essence, not "citizens"; they are "subjects".

in England, the manufacturers and merchants sold their goods abroad and import from abroad and make money- they would make money but the people of England would suffer; however the probability is high that it is not going to happen because they are going to have enough concern for their own society that they will be willing to sacrifice their profit for general good so as if by *invisible hand* will save people from the savages what is now called globalization. Therefore, Adam Smith's concept of human nature assumed all traits of basic enlightenment, in which the core of human nature enshrines sympathy, mutual support, concern for others, not hate everyone else, and alike. On the contrary, by misinterpreting Adam Smith's invisible hand, the Nobel Laureate in Economics, James Buchanan argued that, every human being's highest aspiration is to ensure that everyone in the world is his slave.

(l) We know that "risks" and "uncertainty"- both exist in life. There is an epistemology of "risks" and "uncertainty". The essence of the epistemology of "risks" and "uncertainty" is as follows: "risks" refer to usual events (mediocristanic, in which no single observation can meaningfully affect the aggregate), and therefore, are probabilistic, and, in turn, they are amenable to computation, measurement, and predictions; on the contrary to "risks" - "uncertainty" refers to rare events (extremistanic, in which a single observation can conceivably impact the total), and therefore, are improbabilistic, and, in turn, are not amenable to computation, measurement, and prediction; "uncertainty" is the black swan (for details, see Taleb, 2010: xxviii, 128, 272, 301-304). This "black swan" trait of uncertainty is fully applicable to our future associated with the impacts of COVID-19.

(m) Increasing inequality and the rich-poor gap are inherent to the capitalistic system. Inequality promotes gaps between rich and poor. It is more so in capitalistic economies guided by the neo-Liberal doctrine, which assumes that markets are self-regulating, fair, colour blind and gender blind (Hamilton and Strickland, 2020). Under the neo-Liberal framework, economies everywhere are rigged against working people.

(n) COVID-19 pandemic has compounded already existing inequality everywhere. The most recent research study on inequality conducted by Oxfam International (2021) reports the following: coronavirus has exposed, fed off and exacerbated existing inequalities in wealth, gender and race (Oxfam International, 2021:54). Worldwide, billionaires' wealth increased by a sluggish US$ 3.9 trillion between 18 March and 31 December 2020; their total wealth now stands at US$ 11.95 trillion; the total number of people living in poverty could have increased between 200 million and 500 million in 2020 (Oxfam International, 2021:12).

Therefore, in social and economic life – what we see opening our eyes is just the "surface of things" or the "appearance of things" – and not the "essence of things". It means that what we see on the surface (i.e., the appearance of things) may be a distorted form of the truth. Therefore, to understand the real essence of things, we must go beyond the external forms and search for the internal traits of things; and then synthesise both.

2. Japan's economy and society: Before COVID-19

2.1 Rise of a developmental miracle

Japan is one of the largest and highly developed countries globally, with such leaders in precision technology as Sony and Toyota.

In 1945, Japan had just surrendered from the Second World War. Upon surrendering, the United States, with a few hundred thousand military personnel, were engaged to occupy Japan. The goal was to oversee the demilitarisation of Japan and transition into a kind of democracy. President Harry Truman appointed General Douglas MacArthur in charge of this operation.

Japan was in turmoil after Hiroshima and Nagasaki had been bombed into shreds. Many people were homeless. There were mass food shortages.

General MacArthur's first objective was to establish a reliable Food Network. He achieved this by receiving donations from various charities and loans from the US government. Timing-wise it coincided with the US economy's only surplus economy globally, implying exports were higher than imports. The next phase of General MacArthur was to win over support from the Japanese Emperor, Emperor Hirohito. MacArthur won the support of the Emperor, and Japan transitioned relatively smoothly into a democracy. A new Constitution of Japan was chalked out in 1946. Many industries were privatised and still tightly regulated by the government. On 10 April 1946, the Japanese people elected their first Prime Minister under the new constitution and leadership. The culture of Japan liberalised, and aspects of society like women's rights soared in the early 1950s.

The 1950s marked a turn for the Japanese economy. It began to industrialise, and new technologies were introduced, which helped all industries, including farming. Japan started achieving its developmental new heights by promoting infant industries using nationalistic policies related to tariffs, subsidies, and restrictions on foreign trades (Barkat 2015:22). Here, it would be instructive to mention the Toyota Lesson at length:

> "Toyota started as a textile machinery manufacturer. It then moved into car production in 1933. Toyota did not perform well. Therefore, to save Toyota, with money from the Bank of Japan, the Japanese government, in 1949, kicked out General Motors and Ford. Nearly 65 years back, Japan exported its first passenger cars to the US market. However, unfortunately, the product failed, and the car was withdrawn from the US market. Subsequently, the government had given the carmaker every opportunity to succeed. It had ensured high profits at home through high tariffs and draconian controls on foreign investment in the car industry. Had the Japanese government followed the free-trade economists (today's neo-Liberals) back in the early 1960s, there would have been no Toyota's luxury brand Lexus- an icon for globalisation. It took Toyota more than 30 years of protection and subsidies to become competitive in the international car market, even at the lower end of it'' (Chang, 2008: 19-21, 92, 212; Barkat 2015: 20-21).

It may be argued that the most critical policy factors during the 1950s-60s high-growth era of Japan were, among others, the following: post-World War II aggressive industrial policy with infant industry protection strategy; government influence over the price and direction of bank lending to key sectors through development banks specialising in long-term financing; building industrial foundations based on restrictive policies towards the foreign direct investments (permitted FDI in specific sectors; prohibited more than majority ownership in critical sectors; made mandatory the "local content" requirements in subsidiaries of TNCs); and implementation of stringent capital control measures (for details, see Chang and Grabel, 2005:10-11, 113, 139-140, 159-160).

By the 1960s, a transformation took place in the Japanese economy, transforming towards a consumer economy. Thanks to heavy government investments in education and social welfare, Japan transformed into a highly educated and productive workforce. It became a hub for developing electronics, automobiles, steel and other high tech devices. In this process, Japan became a highly successful international trader and achieved a trade surplus, meaning exporting more products than importing. The demand for Japanese products soared, and the economy skyrocketed.

In the 1960s, Japan attained an economic miracle in just 20 years. Japan went from a poverty-stricken, war-torn country under the United States military occupation to one of the most highly developed and prosperous countries the world had ever seen. In this process, between 1955 and 1973 (18 years), the average annual growth rate was 9 per cent. It was the 'golden period' in Japan's economy. By 1973, Japan reached around 75 per cent of the US-GDP- astonishing for a country half the population of the USA and smaller than the state of California.

Japanese economic growth rate caused fears among Western leaders. The fear was about Japan's overtaking the world's largest economy- the economy of the United States. However, this did not happen as Japan's economy in the 1970's slowed significantly. Starting in the 1970s, Japan's economy faced many challenges — many of the once-dominant Japanese industries, especially manufacturing, began to decline.

The international trading scene began to shift, and the OPEC oil embargo (in the early 1970s) hit the Japanese economy hard as they were highly dependent on foreign oil. All of these factors contributed to the stunting of the Japanese economy. Despite these setbacks, Japan's economy remained strong, though it did not see its growth in the 1950s or 1960s. The economy of Japan still grew throughout the 1970s. By the mid-1980s, the GDP per capita became higher than that of the United States. Japan also became the world's largest creditor nation.

However, by the 1990s, Japan's housing bubble burst and ultimately led to a recession which caused a great stagnation in its economy. People started purchasing less, which increased the price of goods. Deflation kicked in, which further caused people to cut back spending. This vicious deflation cycle has been one of Japan's policymakers' leading causes of concern.

Japan- the Asian archipelago – is home to one of the oldest populations. Japan's population size today is about 126 million people (as of 29 October 2021- as per Worldometers), but it is forecasted to fall below 106 million people by 2050. The population in the age group 65 and over constituted about 30% of the total population and is projected to increase until 2040. It only worsens the economic situation, including the supply of the labour force.

2.2 Fall of the miracle

What prompted the fading of the Japanese economy, which was about to overtake the US economy, as the number one economic powerhouse? One of the best examples of fading and fall was that the Bank of Japan (Japan's Central Bank) was forced to buy up to 70% of government debt and became the biggest shareholder of corporatised Japan (Joeri, 2021a, ; now onward referred to as Joeri, 2021a).

The Japanese miracle started to fall in the 1980s when it maintained the superpower growth trajectory. The fading and erosion started in 1979. It coincided with the timing of the Second Oil Crisis, which has caused the Iranian Revolution (1979) and the subsequent war between Iraq and Iran. Like most industrialised nations, Japan lowered its interest rates to save its economic fallout. It started practising easy monetary policy (technically known as "quantitative easing" or "helicopter money"). The ultimate result was setting the base for grave asset bubbles of all time. However, it was not instantly apparent because nationwide bubbling takes a long time to develop, and it might start in the form of a productive economic boom (Joeri, 2021b, http.//www.moneymacro.roks/2021-03-22-economy-japan; now onward referred to as Joeri, 2021b).

The massive investments in research and development (R&D) were made in the early 1980s. It was partially made possible by low-interest rates and a little-known secret monetary technique – "window dressing" or "window guidance" (Joeri, 2021a). The Bank of Japan, unlike the Western central banks, had an innovative way of creating credit in the strategic industrial sectors. The mechanisms of its working were relatively straightforward. The Bank of Japan (BoJ) devised a quota system for the Japanese biggest banks. Under this system, the BoJ informed the biggest banks that it had created a certain amount of grants for the steel industry, automobile industry, and shipbuilding industry. The system was straightforward but secret because the technique of window guidance was never really picked up by mainstream Western economists (Joeri, 2021a).

The United States was fearful about Japan's overtaking the US economy as the number one economic superpower, and it compounded with the destruction of the American car manufacturing industry. The Republican President Ronald Reagan, responding to the US worker's concern about job loss, promised to mitigate the trade deficit with Japan. In 1981, the US President made the first step by limiting the number of cars imported from Japan every year. Then, in 1983, a high tariff of 45% was imposed on Japanese motorcycles, reportedly to save American motorcycle icon Harley Davidson (Joeri, 2021b).

However, something remarkable happened in 1985- the year of the so-called Plaza Accords. European (the UK, Germany, and France), American and Japanese politicians agreed that global trade was imbalanced; the dollar was too expensive compared to the British Pound, French Franc, Deutsche Mark, and Japanese yen. In compliance with these accords, the Bank of Japan appreciated the yen and depreciated the dollar by selling massive amounts of its dollar reserves. It worked (Ito, 2006; Ito & Hoshi, 2020; Hoshi & Lipscy 2021; Joeri, 2021a, b).

Following the Plaza Accords, the rising yen against the US dollar proved troublesome for Japanese exporters. More so, the Japanese consumers saw their relative wealth skyrocket thanks to cheaper imports. However, as a countermeasure to address the upward pressure on the yen, the Bank of Japan further lowered the interest rates. It caused one of the craziest nationwide bubbles, with borrowing even cheaper. The low-interest rates contributed to the late 1980s bubble when property and stock prices skyrocketed.

A carefully conducted research by Hiroyasu Uemura reports the impacts of the Plaza Accord on the Japanese economy. It is worth quoting at large:

> "The appreciation of the yen accelerated very rapidly after the Plaza Accord, so Japan could not depend so much on foreign demand for economic growth and began to depend more on domestic demand. It was made possible by the extremely loose monetary policy pursued by the Bank of Japan to overcome the *yendaka* (high yen) recession. This extreme monetary relaxation caused a rise in asset prices and promoted a high investment rate by lowering the cost of finance. Japanese companies focused on foreign and domestic markets and targeted increasing consumption. The 'Bubble Boom' promoted this change: the rapid increase in land and stock prices was widening 'assets differentials' between households. Consequently, consumers whose assets were increasing rapidly in value initiated the mass consumption of high-priced goods" (Uemura, 2000: 154-155).

The Bank of Japan was not ignorant about the possible consequences, and the relevant records mentioned possible risks and uncertainties associated with the bubble. Nevertheless, the response was late. In 1989, the Bank of Japan raised interest rates (Ito, 2006; Joeri, 2021a). Moreover, that finally popped the bubble marking the peak of the Japanese stock market, property market, and the solid Japanese economy itself.

By then, the Japanese miracle economy had turned into a stagnated and deflationary economy; however, the Bank of Japan did not realise it. In the next three decades, deflation was the interaction of multiple economic mechanisms. These mechanisms can be divided into three periods that largely overlap with the three following decades of deflation in the 1990s, inflation expectation traps in the 2000s, and the population decline in the 2000-10s (Joeri, 2021b).

The 1990s- the first decade of Japanese deflation was also dangerous. Because it was characterised by a volatile combination of debt deflation and a banking system on the verge of complete breakdown. In mitigating debt deflation, the primary mechanism was as follows: a debt-fuelled housing bubble that has just worked; with house prices falling, most people are left with both a colossal mortgage and a huge devalued house; this house can no longer be sold to repay it entirely. It means if people want to move, they will be forced to repay their debts through belt-tightening and buy less stuff. It implied a decline in the overall demand for stuff. However, the supply of stuff was still the same. After all, all the factories were still in place, and many workers were looking for jobs. Thus, since the overall supply of stuff was much higher than the overall demand for it, on average, the price of stuff dropped. This deflation occurred when people were highly indebted; deflation made it even more challenging to repay their debt. While the value of their debts remains constant, people could earn an income that would spiral downwards. As a result, the struggling borrowers spend even less, implying a further decline in incomes making repayment more challenging, and further aggravation of inflationary burden follows. In this situation, the central bank forcefully decreased interest rates to help the struggling borrowers get out of the deflationary spiral to break this vicious cycle. Bearing this in view, the Bank of Japan cut interest rates in 1991. The Bank of Japan failed to realise the depth and consequences of the bubble- it was too little and too late.

Throughout the 1990s, the debt deflation continued. In response, the Bank of Japan kept cutting rates slowly, vainly trying to break the vicious deflationary cycle (Joeri, 2021a). It was just the beginning of a deeply rooted problem that created an imbalance between banks and the economy. It caused the economy to falter by making it less safe for banks to lend to the companies. In addition, less credit for companies means less investment. It was the right time for the Bank of Japan to take speedy action to recapitalise the banks to facilitate lending. Injecting billions of yen into faltering financial firms raises moral issues of the rationale behind governments rescue of banks. It was evident in the intense public backlash against bank recapitalisation, which made other rescues feasible.

During November 1997- the banking sector was characterised by a slow downward spiral. It was the beginning of Japan's banking crisis, and it coincided with the massive Asian financial crisis (which started in July 1997). Japanese yen seemed to mitigate the storm relatively well, credited to Japan's massive foreign currency reserves built up using the proceeds of Japan's consistent trade surpluses.

Nevertheless, on 26 November 1997, the phone rang at the Ministry of Finance from the Bank of Japan. The message was simple: customer ques formed in front of the banks- a symptom of a full-blown banking downturn. It was deeply problematic since the Bank of Japan could not cut interest rates further; they were already 0%. Japanese officials were desperate to get rid of the panic. They instructed the banks to let in as many customers as possible. However, this policy move did not work. The media was already aware of the customers' ques before the banks, and however, the news media abstained from publishing this panic report. By the afternoon, customer ques in front of the banks disappeared- the panic was over. It, however, did not mean that a financial crisis was averted.

Seven major financial institutions failed in 1997-98- the banking crisis only came to an apparent halt. Disrespecting public pressure, several financial institutions were saved with taxpayer money. As Japan entered the 21st century, the banking crisis finally got rid of the debt legacy of the asset bubble, that deflation was finally over, and the Japanese banking sector was ready to support a thriving Japan. However, demand found itself again in a deflationary spiral, but with excessive debts in the private sector gone. The Bank of Japan responded to these at least for two reasons (Joeri, 2021b). First, while the excessive debt problem in the private sector had finally been solved, the way it had been solved by bailing out the banks meant that now a lot of that leftover debt found itself on the government balance sheet. Second, deflation itself is a crucial problem- it rewarded saving and not spending. People could buy more stuff with their money by refraining from spending; therefore, they would spend less money. However, that was highly problematic because people lost purchasing power. It is why most central banks aim to create a condition for sustained mild inflation rather than complete stability of prices. As per the Japan Central Bank, Mild inflation would be helpful for the private sector, and government to pay off their debts. At the same time, it would motivate people to spend their money rather than hold on to it. In this context, the Bank of Japan resorted to inflation to encourage spending. Here it is to note that "the Bank of Japan made a mistake of tightening aid deflation in August 2000. Adoption of quantitative easing in March 2002 was significant, but could not prevent the economy from sliding into deflation and economic stagflation in 2001 and 2002" (Ito, 2006:125).

There was still deflation; after all, this debt-deflation mechanism had all but disappeared (Joeri, 2021a). The theory of inflation that the central bank turns to first is the Phillips curve, which implies a relationship between inflation and unemployment. The relationship is if we have low unemployment - if we have high inflation, we have low unemployment and vice versa. The primary idea of the Phillips curve is twofold: (1) low unemployment simultaneously means much demand in the economy, and (2) production cannot employ enough people to meet that demand. Thus, both wages and the costs of all goods rise versus, of course, inflation. According to this theory, even that supply cannot expand quickly enough, and inflation mainly occurs in fast-growing economies[3]. The logical variable to look at next would be unemployment during the early 2000s.

During the early 2000s, unemployment rose to roughly 5%, relatively low compared to other countries. However, considering the interest rate at 0%, it was pretty high for Japan. Under this situation, the Bank of Japan started monetary experimentation. After abandoning "window guidance", it came up with another monetary instrument- the "quantitative easing" (QE). The main idea here was twofold: (1) the short term interest rates could not be much lower than zero, and (2) the long term rates are higher to compensate lenders for the increased risk of default, which could be driven down further by using newly created reserves to buy bonds. Although quantitative easing is viewed as quite usual, it was radical for Japan. However, the Bank of Japan stressed stopping the programme immediately once deflation turned into inflation.

Nevertheless, while unemployment dropped, inflation did not come. Japanese inflation revolved around 5% every year, and therefore, the Japanese labour unions justified demand was to have a 5% wage increase to keep up with inflation. It, in turn, led to increased costs for businesses who would remain profitable increased their prices by 5%, meaning that the following year's also followed a 5% inflation. Working-class people demanded that same 5% wage increase (Joeri, 2021b). It was self-fulfilling prophecy inflation because the actual inflation at the end of the year depends on today's inflation. It is why the Bank of Japan attempted

3 The problem with the theory of Philipps curve is that it cannot explain what happened in the 1970s in most of the Western world. Wages and prices were rising fast- there was high inflation- but unemployment was also rising and output was not growing very fast. The trade-off between inflation and unemployment was lost. Economists do not agree of why this happened. Almost all economists believe that there is no Philipps curve in the long term, but that it does exist- with some modifications- over the short term.

to manage inflation expectations and not inflation itself. However, credited to the debt deflation in the 1990s, Japanese workers were used to mild deflation. They expected this to continue. However, due to the magic of self-fulfilling expectations, it did. Not surprisingly, the Bank of Japan was willing to experiment with something as radical as quantitative easing during this period. It intended to break through that self-fulfilling deflation cycle where it was willing to innovate once more, and what happened is: around 2006, it finally seemed to work as mild inflation

The outcome was — that Japan got rid of the quantitative easing experiment and assigned it to the dustbin of history. And then, Japan was hard hit by the global financial crisis, which originated not in Japan but the United States. However, Japan's economy contracted by more than that of the United States itself (Joeri, 2021b). It was unexpected since Japanese banks, still scarred from their experience of the 1997 banking crisis, had not participated in the global financial boom. Therefore, unlike their European counterparts, they escaped relatively unscratched. Japan, however, was relying heavily on exports, particularly cars.

During this time, Japan had substantial trade surpluses, and the Bank of Japan tried hard to increase inflation expectations. Japan ended another decade with a recession and dipped back into deflation. However, this time, the recession was brought on by foreign problems, but that did not make it less a problem for the Bank of Japan. It also made clear to the Japanese electorate that radical change was imminent.

Prime Minister Shinzo Abe, in his 2012 speech, mentioned that "Japan's economy was about to break free from chronic deflation". He assumed power promising radical economic change, popularly known as Abenomics (for details, see Hashi and Lipscey, 2021). Abenomics consisted of three arrows. The first arrow comprises monetary policy[1], implying a continuation of the past but amplified to the extreme. The propositions were if interest rates are stuck at zero, no problem, make them negative; buy more short term government debt, long term government debt, corporate debt through the Bank of Japan; enter the stock market. In Abenomics, the quantitative easing in Japan has been so extreme that the Bank of Japan started owning roughly 70% of all government debt (Joeri, 2021b). In comparison, the Bank of England owns roughly 30% of government debt after the corona crisis. The Bank of Japan recently announced that it is willing to buy up to 15% of long term corporate bonds. Also, due to even more radical stock buying programmes, they are now the single biggest shareholder of Japan, owning roughly 7% of the Japanese stock market. The Bank of Japan entered fully into the quantitative easing business at the beginning of the 21st century.

The second arrow inAbenomics aims to increase government spending, which is an integral part of the fiscal policy. Japanese government debt approached a shocking 245% of GDP, making the Japanese government the most indebted in the world. Most of the debt is owned by the Bank of Japan and the people of Japan. Shinzo Abe also increased taxes on consumption goods in 2014 and 2019. These consumption tax increases are infamous because it was implemented -the economy got trapped in recession.

The structural reforms constitute the third arrow of Abenomics. The structural reforms in Japan meant allowing more shareholder activism to increase competition among corporations, tax cuts for corporations, and deregulation. It also meant forging a considerable number of trade deals for the corporations, which is nothing but giving undue gifts such as tax cuts. The tendency was not to invest that money, instead hoard it or directly turn it over to their shareholders, who then hoarded it since 2015. It ended so unproductively that corporations, each year, saved up to 5% of their earnings (Joeri, 29021b). It is simply the ‘rent-seeking capitalism’ backed by neo-Liberal economic ideology.

Households, since then, have increased their savings by 4% every year. Under these circumstances, the economy needed to spend that stimulus to reactivate the household and corporate sectors rather than save it. Therefore, during Shinzo Abe, inflation was higher than in the previous decades, and it never reached the desired 2% level. Compared to 2012, the consumption level was barely any higher in 2020. So something went very wrong with Abenomics.

It is a matter of economic common sense that while increasing interest rates can be highly effective to cool down the economy, lowering rates to stimulate productive growth is harder for the first arrow- monetary policy. The argument is that if there is no demand among firms to invest more, one can lower interest rates. However, they will most likely use this opportunity to fund higher dividends- essentially a pay-out to wealthy investors with cheap debt. One cannot be sure that people will not just pay these out in dividends to shareholders due to lowering the taxes. Moreover, shocking results are expected when increased government spending with increased consumption taxes is combined.

It would be appropriate to mention one major theory about Japanese deflation here. It is related to Japan’s demography. Japan’s population is ageing and shrinking fast. Japan’s population growth reversed right around with the implementation of Abenomics. It had a decisive impact on the economy of Japan. After all, fewer people working means less awaiting income, less demand for products and increased automation to replace the workers who now enjoy their pensions. It is no wonder that it was hard to get rid of deflation. The economic performance of Japan under Shinzo Abe was not that bad considering the shrinking population, the GDP per Japanese citizen- if corrected for a trained and skilled population. It has been quite similar to other industrialised nations. So it makes sense that to defeat deflation, repopulation policies are needed.

Moreover, to fight a decreasing workforce, Prime Minister Abe tried to increase women's participation. He tried it both on the fronts of the labour market and fertility. He invested a lot to build many new day-care centres. He expanded parental leave. He attempted to get more immigrants to work in Japan by introducing residency for skilled workers and a guest working programme for unskilled labour. However, he understood well that reversing a robust demographic trend is almost impossible.

On the grounds of health, Shinzo Abe left Japanese politics in 2020. However, his party is still in power. So it is most likely that most of his policies will continue.

However, if Japan does not couple quantitative easing (QE) with increased government spending, it would take one asset out of the economy and replace it with another (Joeri, 2021b). It will lower interest rates on the bonds. However, it will not generate inflation by enhancing people's purchasing power. However, it is more likely to increase asset prices, which helps further inflate the massive savings of Japan's corporations and households but will not get them to spend and generate inflation. So if the Japanese government decides to generate inflation through monetary policy, it could consider quantitative easing for the people. It will mean that the central bank will create money and give it to people or couples massive QE with massive fiscal spending.

If Japan decides in favour of the inflationary fiscal policy, it should make sure that money ends in the hands of those who spend it, typically those at the bottom of the class ladder.

Finally, the third arrow— the structural reforms. Surprisingly, some of the measures implemented tax cuts for the corporations, those already hoarding all the wealth and tax hikes for consumers who need to spend more. It could have yielded better outcomes with some inflation coupled with increased wages to improve Japanese workers' bargaining power. This structural reform could have been combined with a central bank-funded basic income.

When it comes to the issue of repopulation, it is most likely that the most convincing explanations pointed to an insecure work environment for men and too few opportunities for women to have both a career and have babies. Also, while increasing immigration might help- Japan cannot do this too rapidly without risking great social tension.

The economy of Japan is not performing as bad as some thinks. However, reasons are there that people fear low to no growth. Young people in a low to no growth economy can be strenuous and insecure. On the other hand, an ageing population means that the young people will have to support more and more elderly Japanese economically. It implies an increase in the dependency ratio in an economy with an already high dependency ratio.

2.3 Rising poverty in a faded economy

The Japanese economy started fading even before the COVID-19, and it was fading, accompanied by rising poverty. As mentioned in Section 2.2, after about two decades of economic stagnation and recession, Japan's economy started fading, with rising inequality and multidimensional poverty.

Even in 1987, Japan's economy was the envy of other nations. The economy rose from the ruins of World War II to become the world's second-largest economy. Japanese worked hard in electronics and many others, leaving only one day to go out and buy things that halted in the 1990s when it started experiencing a prolonged recession. Economists have dubbed it the 'lost decade' in the year since Japan has experienced sluggish growth.[4]

By the mid-1980s, China had overtaken Japan to become the world's second-largest economy[3].

As explained earlier, to tackle the stubborn economic stagnation and low inflation, Shinzo Ave introduced his signature economic policy- Abenomics. As already mentioned, these came in monetary easing, fiscal spending and structural reforms of Japan's labour force, shrinking and ageing.

Japan started facing a population decline in 2011. Since 2019, the birth rate (number of babies born declined by 5.9%) was low, with around 500,000 more deaths than births. Naturally, the unemployment levels were low with an ageing population and a shrinking workforce.

Despite a tight labour market, the purchasing power of Japanese workers has remained stagnant. In fact, the average wages in Japan have remained below US$ 40,000 since 1991. The roots of such unusual market behaviour lie in Japan's unique employment system, built on principles to promote loyalty between employers and employees. Employees sign life-long contracts with companies and are motivated to remain because of a wage structure prioritising seniority of merit. This practice dates back to World War Two and has become ingrained in the Japanese culture, especially in larger companies.

4 In fact, in terms of GDP in PPP$, China had overtaken the US economy by 2014. It is projected that by 2030 the Chinese GDP will be 50% higher than the US GDP.

While this life-long work contract game made sense in the post-war period when there was a shortage of skilled labour, this relatively stable but rigid employment system emphasises job security rather than productivity and performance. As a result, Japanese firms were reluctant to increase employee salaries, especially during economic downturns, because they were expected to retain the employees for an extended period. The dependence of the ageing population also meant that senior executives were unlikely to move anytime soon, providing little to no career progression and wage increases for younger employees. To address these labour woes, Ave tried to reform the country's labour systems, such as relaxing immigration laws, easing Japan's tight and harsh work culture and encouraging more women to join the workforce. While Abby managed to increase female participation in the workforce to an all-time high, many were on low paying odd jobs. Among senior and leadership positions, only 15% were held by women. The lifetime employment scheme also discouraged firms from hiring women full-time to avoid commitment costs such as pension funds. Some Japanese companies started converting their full-time employees into part-time workers to maintain their competitive edge**.** In 2019, non-regular workers rose by 2.1%, outpacing the 0.5% growth among regular employees, despite record employment under Abenomics. Japan's poverty rate is the second-highest among seven nations at 15.7% and above the OECD average. At the same time, large Japanese firms have benefited under Abenomics due to the weak yen and a booming stock market, and these corporate profits did not trickle down to households.

Whoever is the country's next Prime Minister, Yoshihide Suga, is likely to carry on where Abby left off. Abby may be gone, but Abenomics appears to stay. Whether it will lift Japan out of its decade's long doldrums and reverse the poverty trap remains to be seen.

Before stepping into the next section on related shocks and therapies, it would be of appropriate use to know the following eight things about Japan's Political Economy:

1. The key to generating growth is more robust domestic demand consumption and investment. Moreover, on both grounds, there are reasons to be conditionally optimistic. Consumption demand is predicated on higher wage growth, Japan's labour market is very tight, and corporate profitability is at a record high. Moreover, these are conditions for higher wage growth, leading to higher consumption on investment, cash-rich corporates, easy financing conditions, and ongoing corporate governance reforms.

2. Japan's public debt stands at an unprecedented 245% GDP with low and stable interest rates. Moreover, the well-known homebuyers of Japanese investors have kept the situation under control. However, there is no

guarantee that low-interest rates will remain forever. There will be high pressures from population ageing on spending, and investor sentiment can shift abruptly.

3. Japan suffers from a profoundly ingrained deflationary mindset.

4. Japan's multidimensional poverty rate is rising.

5. Japan faces a formidable challenge of a declining population and labour force. The solutions to this challenge are faster productivity growth and higher labour force participation rates. Theoretically, Japan may do better with greater use of foreign labour, especially in areas with major shortages and deregulate its agricultural and services sector.

6. Japan is such a patriarchal society where working women- as compared to men counterparts- are in low paid odd jobs. Women are substantially underrepresented among institutional elites: they constitute about 15% of the ministers, 105 parliamentarians, and 4% of the members of the Board of the largest publicly listed companies (Savage, 2021:221).

7. Japan's "life-long employment contract with the large corporation" system emphasises job security rather than productivity and performance. However, it is also true that cooperation and loyalty solidified primarily due to such institutions as lifetime employment guarantee and company welfare schemes (Chang, 2008:199; Barkat, 2015:20).

8. Japan's work culture is tight and harsh. The issue here is not that "culture makes all the difference" (as claimed by Landes,1998); it is more about "does culture influence economic development?" (most likely rightly raised by Ha-Joon Chang, 2008, and Samuel Huntington, 1996). On this issue, three things are worth mentioning: (a) cultural differences matter in development; however, everything depends on what people do with the "raw material" of their culture; (b) different cultures produce people with different values, which manifest themselves in different forms of behaviour (Chang, 2008:185), (c) culture is the *result*, as well as the cause, of economic development (Chang, 2008: 196).

3. Post-COVID-19 Japan: Essence of shocks and therapy

This section presents the analyses of broad issues related to the shocks and therapy related to Post-COVID Japan. Because of the multidimensional impacts of the COVID-19 pandemic on the faded Japanese economy - the related shocks are much beyond the macroeconomic, relocation and reallocation shocks. In a capitalistic systemic framework, Japan has followed an arrowed pathway in its recent economic development: Government →corporation→ people. Japan attempted to adjust large shocks, including various relocation and reallocation shocks in the past. However, not with much success because it primarily relied on corporations to help their workers cope with economic shocks. When a significant economic shock hits corporations, the government helps them so that they can stay alive and protect employment. This approach is problematic: it prescribes concentration of the cost of adjustment to disadvantaged groups and creates zombie firms. The therapy might address the shocks and what could be shocking in therapy.

It is worth questioning that no one is sure if we are in the post-COVID-19 period or after COVID-19. So what we can meaningfully talk about is not what is going on today. The more meaningful could be to delve deeper into the issues related to what might happen with the Japanese economy and society after going through this pandemic[5].

The COVID-19 pandemic impacted all the countries globally, and Japan was no exception. There is no doubt that COVID-19 had diverse effects on the Japanese economy and society. Most economists argue that the shocks attributable to COVID-19 in Japan are macro and microeconomic, reallocation and relocation, and supply and demand. However, the COVID-19 shocks are much more profound than these- a deep social shock of unprecedented nature.

Japanese economy faces massive shock, which requires reallocation or restructuring. Japan's record to adjust to large reallocation shocks in the past is not

5 At the very onset of COVID-19, not much could be predicted about the possible impacts of the pandemic on society, economy, culture and governance. However, in case of Bangladesh, after just three weeks of officially declared first COVID-19 death (on 8th March 2020) and after four days of officially declared lockdown (on 26th March 2020), the author prepared a vision-framework on COVID-19, which was presented to the Prime Minister of Bangladesh on 31st March 2020. The paper argued two broad areas to be dealt with: (Area 1) address public health uncertainties by developing mechanisms to prevent and manage COVID-19, and (Area 2) address possible devastating concerns related to people's lives and livelihoods attributable to the lockdown by designing means and ways to save people from possible famine (for details, see Barkat, 2021d:115-124). The author conducted another study after two months of the lockdown. This latter study found many revealing statistics about the immediate unprecedented negative social and economic impacts of COVID-19-led lockdown. The study reports that in just 66 days from the onset of the lockdown (i.e., between 26th March and 31st May 2020)- the following changes took place in the Bangladesh society and economy: the class structure has changed creating a total of 6 million people-in-poverty (in a country of 170 million population) with 34 million "new poor"(people who were not poor before the lockdown); all forms of inequality- wealth, asset, income, health and education- aggravated; in terms of employment- the economy fell down to reach 41% (as compared to pre-COVID status); GDP fell down by 65%; the share of GDP-loss by sectors was 56.9% in service, 34.2% in manufacturing and 9% in agriculture; the most hard hit was people in the informal sector- most of who were in the micro and small enterprises (for details, see Barkat, 2020a:128-176).

great. Japan faced similar shocks and did not do quite well in the past. One of the main problems was that - Japan primarily relied on corporations to help their workers affected by the economic shocks instead of helping the workers directly at the individual levels. Thus, when the corporations are hit by a significant economic shock, in order for the corporations to continue to help their workers, the government helps the corporation stay in business and protect employment. Protecting employment is a good thing, and there is nothing wrong with the government trying to do that. However, the problem is that the Japanese government decided what usually protects the corporations first to protect the workers they hire. This approach has serious problems: (a) protecting the corporations to protect employment concentrate is a cost of adjustment to some limited number of groups, (b) creating something called zombie fraud, which affected the Japanese economy or the economy's performance.

The impact of COVID-19 on human health is universal- the degree and severity vary by country. For Japan, the health impact of COVID-19 on human health was relatively less pronounced than many other comparable strong economies. If we compare the number of cases of COVID-19, or the number of deaths in Japan, to other major advanced countries, Japan looks quite good (Table 1). However, it is all relative.

Moreover, the situation in many European countries has been severe as well. However, compared with those countries, the healthcare impact on Japan was minor. Even though Japan has its share of cases, Japan escaped the dire health outcome compared with other countries.

Table 1: Cumulative numbers per million population as of 22 June 2021

Countries	Cases	Deaths	Tests
Japan	6,227	114	125,689
USA	103,398	1855	1,502,457
Spain	80,489	1,725	1,095,533
UK	68,011	1,876	2,931,531
Italy	70.450	2,108	1,159,379
France	88,021	1,693	1.393,725
Germany	44,389	977	750,091

Source: *https://www.worldometers.info/coronavirus/#countries*

However, Japan got hurt and hurt badly in terms of the economy. The real GDP growth rate has dropped by 30%, and it might drop further if the new wave prolongs. The magnitude of the recession for Japan is a little bit smaller compared with the US and European countries. However still, this is an unprecedented recession in the post-war period.

Moreover, as we know, Japan is under a new emergency situation to restrict many economic activities. So the Japanese economy is shrunk by 30%, with possibilities of further drop. This is known as 'uncertainty' (and not just 'risk', as presented in Section 1), which is not amenable to any best guess projection or prediction.

So, even though the healthcare outcome of COVID-19 was relatively small compared with other countries economy got hurt. Business Condition Watch Survey (BCWS) done by the Japanese government (now with the Cabinet Office) asks ordinary people all over Japan to judge where the economy is going, where the business is going- if it is improving or business condition is deteriorating, and then and they combine all those answers and create a diffusion index (DI). The DI shows how is the economy – if the economy is improving or deteriorating. The BCWS shows a sharp decline in DI, implying economic condition deteriorating. The diffusion index value is consistently below 50 means 50% of all people believe the business condition is not improving. So, when the diffusion index is above 50, more people view the economy as improving. Furthermore, more people view a declining economic situation if that diffusion index is below 50%. So, the findings of DI indicate that people view that the business condition in Japan is still deteriorating, implying the Japanese economy has been hard-struck by COVID-19.

There has been a considerable decline in that level of output after the COVID-19, which is pretty much comparable to what happened right after the global financial crisis in 2008. So, the Japanese economic situation has been quite seriously damaged. So looking at the macroeconomic indicators, we see the severe impact of the COVID-19 on the Japanese economy.

However, let us stress that the COVID-19 is beyond a macroeconomic and relocation shock. So the impact of the macroeconomic impacts of the COVID-19 has been different, depending on which industry look at and what kind of business we look at. So it hits some industries or businesses harder than the other industries. However, COVID-19 has created new opportunities for new businesses at the other extreme. We all can understand this from our daily life; many things have changed after the COVID-19. Each of us has a favourite example, what changed, but what we are doing now is a critical change after the COVID-19; we have been forced to live life online. After the pandemic, we have been experiencing many changes — remote online seminars, online education, online food delivery, e-commerce. We have moved everything online, and it is most likely that online education will stay even if this pandemic situation is over.

Many companies are now more serious about the end of *hanko* and the beginning ofadigital transformation. During the pandemic, some anecdotes, like people in accounting, have to come into the companies to put stamps. Now that may be changing. There are other significant regulatory changes as well. Remote medicine has been approved, at least temporarily, and probably for a long time; fast approval process for drugs, and so on. We are experiencing many changes, and the many changes are yet to come. We talk about the "new normal". However, it is almost certain that the future will be different from the past in terms of almost all aspects of life and livelihoods, the profitability of certain businesses, and the type of goods or services people demand. So we must expect major restructuring and reallocation of resources in the economy. In that sense, COVID-19 is a phenomenon much beyond macroeconomic shock.

Barrero, Bloom & Davis (2020) examined US corporations' forecasting. The study used the data from a survey of business uncertainty and calculated the difference or the extent of reallocation that the corporations are expecting. So they ask how much employment they expect to increase in three months or decrease in three months. They calculated something called "excess reallocation". The "excess reallocation" is defined as the growth of an expected number of jobs or job gains at firms that plan to increase employment.

Moreover, excess reallocation is defined as the gross change in jobs. It means both gains and losses in jobs. However, if we add those up minus the absolute value of the net change, it is obtained by summing over the forecast. So what this does is calculate the extent of the job or relocation that is unnecessary. For example, if there is a net job gain of 3 million and a loss of 1 million, the net job gain is 2 million. Socially speaking, this is a miscalculation. Because in reality, in order to achieve a net gain of 2 million, all we need is a job gain of 3 million and a job loss of zero. In reality, what happened is that to have a net gain of 3 million jobs, 3 million jobs were created and 1 million jobs destroyed. It means these 4 million jobs were either created or lost. So that 2 million jobs, the rest of 4 million jobs is, in a sense, kind of an excess of the reallocation. So that is the idea behind excess reallocation, probably a better way to explain what exists reallocation: job destruction or job loss backed by new jobs and new job gains. Therefore, whichever interpretation we make, it is the same thing; the excess relocation is a perfect measure of the extent of relocation.

Moreover, the US study found that during the COVID-19 crisis, the net creation of jobs is expected to decline. It means, overall, the jobs are expected to be lost. However, excess reallocation measure jumps up. The reality is that during the pandemic, many corporations eliminated jobs, but at the same time, many corporations created jobs.

Furthermore, this is necessary because the COVID-19 was a relocation shock that some firms have to decline, and they need to reduce employment. However, in some other companies, the business continues to grow. It means- Offline off and Online on. Some companies benefit from this change. Some even become trillionaires - Amazon, Microsoft, Toshiba, Siemens, and many others. There may be some other companies who newly enter the market to take advantage of the new opportunities. However, enough companies are actually gaining adding to the jobs.

Today, almost all of us have become accustomed to the zoom meeting system. Zoom is a company in California that benefited a lot from the change brought about by the company due to the pandemic. So let us say they had been adding more people to their companies. So there has been much change in the business opportunities created after the pandemic. Moreover, they do the same type of relocation, access relocation, measure sales, and find all the companies expect to reduce sales. However, some companies are increasing at an unprecedented high rate in sales at the cost of reducing sales in most companies.

Let us see the stock market index. The Tokyo Stock Exchange calculates the industry index, and they calculate the stock price index for each industry and each of these stock prices are normalised to be 100. Figures in the significant Stock Exchange that all stock prices started to fall during the pandemic. However, the decline was much more significant for some industries than for some other industries. For some industries, the stock prices recovered from the bottom. For some industries, these stock prices are well above 100, which means they recovered the losses during the pandemic. By looking at the Figures, it is evident that while the stock prices recovered, the difference between industries seems to have increased over time. Many financial experts maintain that the stock prices reflect the economy's future; how much the companies will make. So, we can consider this as future expectations that investors have in the second year and a proxy for the Japanese economy's future. Worldwide, perhaps the most talked-about subject today is— what to do to recover from the ills of and destructions done by COVID-19?

At the outset, I would like to clarify that my take on this subject of "shock therapy" is altogether different from most others. Why?

First, to recover developed economies from the devastating impacts of COVID-19, many economists and social scientists representing the libertarian or liberal or liberal-left camps forward suggestions toward "managing capitalism" or "fixing capitalism". These fixers of capitalism coined a few terms, namely the "new normal" or "new reality" or "great reset". Some even came up with "good capitalism" and "bad capitalism" concepts. Some argue that reaching a "new normal" will require repairing crony capitalism and transforming it from "bad capitalism" to "good capitalism" (for details about all these, see Barkat, 2020a: xli-xii). A few even prescribe that everything will be fine if the oligarchy's power (i.e., the concentration of power and profit in few hands) is regulated in favour of have nots; however, they keep mum about what will happen if that does not work. Having said above, it may be argued that the very economic system of capitalism based on exploitation-greed-profit-private unaccountable power do not possess the inner strength to transform "bad capitalism" into "good capitalism". The question is not about "bad" or "good" capitalism; it is, in essence, about capitalism *per se*. The system of capitalism on the ground possess, among many others, at least following two problematic traits: (i) "Capitalism is failing to produce what has promised but is delivering on what was not promised – inequality, pollution, unemployment, and, *most important of all*, the degradation of values to the point where everything is acceptable, and no one is accountable"(Stiglitz, 2013:xlviii), and (ii) " Capitalism – together with a money-oriented democracy – creates a self-destructive dynamic, which risks simultaneously destroying any semblance of a fair and competitive market and a meaningful democracy" (Stiglitz, 2019:31).

Second, it makes no sense to argue that COVID-19 alone has destroyed everything and is responsible for the great depression/recession/slowdown, social, economic, cultural, and political. It is because, had there been no COVID-19 pandemic, the economic depression/recession/slowdown would have happened due to the very nature of the long-term business cycle (LTBC) under the capitalistic mode of production. Under such a system –due to the very nature of LTBC – great depression/recession/crisis is inevitable every 20-30 years. From that standpoint, it should have happened in 2018-19. And it happened. However, at the same time, worldwide, the COVID-19 pandemic came to reigned not leaving. This simultaneous double burden of economic crisis and pandemic – has never happened before in human history. So, is the cause for grave concern (not the opposite).

Third, the inevitable great economic and social depression, recession, slowdown, crisis simultaneously accompanied by COVID-19 caused the rise of "unprecedented in human history multiple organ social-economic-physical complication (MOSEPC)". This MOSEPC includes at least five diseases: (1) diseases of falling GDP and growth, (2) diseases of rising real unemployment, (3) diseases of increasing inequality, the concentration of wealth in few hands, rising multidimensional poverty and creation of "new poor", (4) deteriorating physical and mental health – depression, distress, destitution, deprivation, stress, and (5) diseases of increasing disrespect to peoples fundamental human rights. Here, "society" is the suffering patient, and the "state-government" is the doctor.

Fourth, all the above five diseases originated as a combined effect of LTBC of capitalism (or at least an exploitation-based society) and COVID-19 pandemic – are interrelated and interdependent. Therefore, the therapy based on diagnosis – the "shock therapy" shall be designed and implemented accordingly. We know about three shock therapies – having various degrees of strength to recover from the MOSEPC – the 'L' shaped (Figure 1A), the 'U'-shaped (Figure 1B), and the "V-shaped" (Figure 1C) (for details, see Barkat 2020a:196-207). For everywhere, including Japan, I argue that the "V-shaped shock therapy" (Figure 1C) be pursued, intended to "almost full cure" of the society with her people and economy. However, the most ideal would be to pursue the "V-plus-shaped shock therapy" (for details, see Barkat 2021 a, 2021 b, 2021c). It is because, as argued in section 2 that it is wrong to assume that everything was right before the COVID-19: everywhere inequality was high; money-wealth-power was highly concentrated; power – everywhere was run and dictated by the Zombie corporations – rent-seekers; nowhere in the world- -democracy is the *kratos* of the *demos*; multidimensional poverty was in the rise.

Fifth, implementing the proposed "V-plus-shaped shock therapy" for Japan necessitates adopting four different interventions simultaneously, keeping the need for good equilibrium in view. The interventions and their possible impacts would be as follows: (1) "cut spending"- austerity measure will lead to deflation, and unemployment may rise. The austerity-led intervention has the potential to generate short term gain, but it will not work in the long run; (2) "restructure debt"- in which "one size fits all" policy would be counter-productive. Here, large scale cash incentives to the zombies may lead to wastage and misallocation of resources. The loan restructuring or debt restructuring will cause contractions of expenditure or price, and therefore, should be pursued with other policies to get to the necessary equilibrium. However, providing well-designed grants (and not loans) for the micro and small entrepreneurs hard hit by COVID-19 would be much more productive; (3) "redistribute wealth from rich to poor" will be the most urgent to reduce rising inequality and multidimensional poverty. It is to stress that a successful redistribution of wealth from rich to poor could be instrumental in increasing the wealth of a nation from the wealth of rent-seeking individuals, which actually destroys the nation's wealth. Several mechanisms may be adopted to gain from this intervention (redistribution of wealth from rich to poor), including the tax on excess profit, higher rates of wealth tax, higher rate of progressive tax, tax reduction for the people in the lower echelon of the class ladder and the older people, creation of "National Wealth Fund" to address the issue of mitigating inequality, lead the creation of "Global Wealth Fund" through

Figure 1: Multiple organ socio-economic depression and complications due to COVID-19: Shocks and Therapy

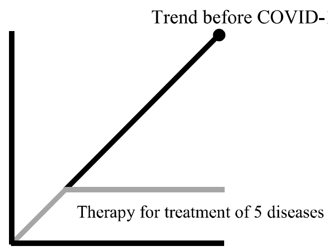

Figure 1A `L' shaped therapy: No cure

* diseases: (1) diseases of falling GDP and growth, (2) diseases of rising real unemployment, (3) diseases of increasing inequality, concentration of wealth in few hands, rising multidimensional poverty and creation of "new poor"; (4) diseases of deteriorating physical and mental health– depression, distress, destitution, deprivation, stress, family disruption–dissolution-rift-conflicts, (5) diseases of increasing disrespect to people's fundamental rights.

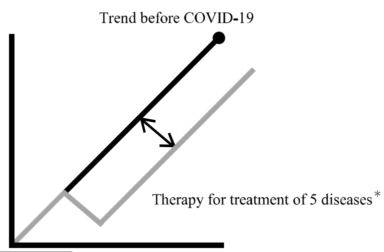

Figure 1B `U' shaped therapy: Moderate cure

* diseases: (1) diseases of falling GDP and growth (2) diseases of rising real unemployment, (3) disease of increasing inequality, concentration of wealth in few hands, rising multidimensional poverty and creation of "new poor"; (4) diseases of deteriorating physical and mental health– depression, distress, destitution, deprivation, stress, family disruption–dissolution-rift-conflicts, (5) diseases of increasing disrespect to people's fundamental rights.

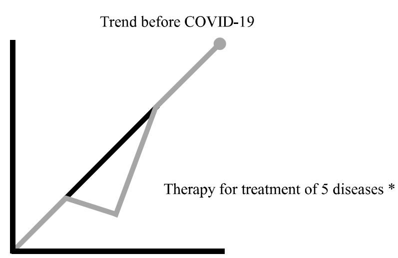

Figure 1C 'V' shaped therapy: Extremely good treatment schedule

* diseases: (1) diseases of falling GDP and growth (2) diseases of rising real unemployment, (3) disease of increasing inequality, concentration of wealth in few hands, rising multidimensional poverty and creation of "new poor"; (4) diseases of deteriorating physical and mental health– depression, distress, destitution, deprivation, stress, family disruption–dissolution-rift-conflicts, (5) diseases of increasing disrespect to people's fundamental rights.

imposing 0.35% tax on International Traded Goods (Tera tax) and 0.01% tax on Global Financial Transactions (Tobin tax); and (4) "print money if necessary"- it will be opposed by most economists on the plea of inflation. However, if a country prints necessary money for productive pursuits (including large scale public works), the possibilities of inflation would be minimal. In designing the shock therapy, it would be critical to internalise the following economic policy premises – experimented and proven to be true: wealth tax reduces inequality; money laundering and black money increase inequality; tax reduction on the rich and wealthy do not increase growth; reduction of taxes at the bottom of the social ladder increases employment and income of those at the bottom (Barkat,2021d:119). In the ultimate analysis, what would matter most, is the appropriate mix of interventions to get to a good equilibrium of deflationary (responsible for currency crisis) and inflationary cycles.

Sixth, while I am not against the "process of things" (while it is essential), I strongly suggest that the Japanese government (and all other governments) should change the traditional mindset of governance. When taking broad policy decisions to address MOSEPC due to the COVID-19, this mindset transformation implies more emphasis on "not on the process of things'' but "on the outcome of things". From a socially responsive economic policymaker's point of view, it is critical to internalise at least three commandments: (a) "a good decision is based on knowledge and not on numbers" (Plato, 427-347 BCE), (b) a sound economic policy is the policy whose social impacts are positive (Joseph Stiglitz), and (c) "good policy today requires not just a 'right analysis' of the economic problem, but a strong social imagination'' (Skidelsky, 2021:192).

Let us turn again into reallocation and relocation shocks. The relocation shock requires economic restructuring. Economic restructuring means old and inefficient production arrangements or corporations or the production units destroyed and replaced by new and efficient production arrangements. Therefore, some jobs will be lost; some jobs will be created, some new jobs will be created. Joseph Schumpeter denoted it as"creative destruction" (Schumpeter, 1987). Creative destruction involves the reallocation of workers, and the workers need to move from failing companies to new farms or growing farms. However, the questions remain open as to how such relocation will work? What will happen to those who do not have enough skills compatible with the new job market? Who is going to import new entry skills? What will happen to the employed not in a decent job? What will happen to the older people who worked before? How would the micro and small entrepreneurs survive? However, to get out of this COVID-19 recession and redo the economic growth, Japan needs to adjust to this reallocation shock.

Nevertheless, Japan has not done that very well. It is also evident from the response to the 2008 recession. It is to mention that when Japan faced a big macro-economic shock and reallocation shock, its growth rate seemed to have fallen each time in the past. However, the trade growth rate trend grows past the level of the GDP seems to have lost forever, and even the growth rate seems to have reduced again. So, Japan never went back to the past trend. The big question is, what would be the consequences if the same thing happened in Japan after the COVID-19. The last 40 years' history of the Japanese economy shows that Japan failed to go back to the original trend each time Japan faced a significant economic shock.

The other critical question is: How does a new and efficient production arrangement consider the impact on the environment? The overuse of non-renewable energy would inevitablycause catastrophe, which may be worse than the COVID-19 – the "respiratory pandemic". On this, wise decisions have to be taken by the state, which the large corporation – the Zombies- might vehemently oppose. "Polluters pay" principle is a worse policy, justifying pollution. Her people's mobilisation, consent, consciousness,and concerted actions might work the best.

We have seen that a lifetime appointment system characterises the Japanese labour market. The companies do not fire the workers, and the workers do not quit. They work for the same company until the mandatory retirement (between 60 and 65). Moreover, because the corporations under the lifetime employment system cannot adjust the labour force when the economic shock hits them, the Japanese government spends a lot of "gratis-money" to bail out the corporations to continue to employ their workers. It is one of the most critical failures of the economic policy in Japan to adjust to the economic shocks. This policy serves the unjust interest of the Zombie corporations, who are protected but never increase the real wages. This policy is basically a system of enriching the rich at the cost of punishing the poor.

More so, under the above policy regime, employees do jobs safely. However,many people are outside this protection of the lifetime employment system. Moreover, they tend to suffer during the economic shock because their jobs are unprotected. Therefore, the government approach to protect the companies protect employment does not work for workers outside the traditional lifetime employment system. The whole thing is problematic because by protecting the companies, including those highly profitable companies, the power policy creates a problem by creating zombie farms.

The COVID-19 shock is worse than many of the shocks that Japan experienced in the past because the COVID-19 shock itself tends to harm workers outside the lifetime employment system. A study by Takami Tomihoro reports that many regular workers are in inflexible and ordinary industries where the impact of COVID-19 is more pronounced than in the flexible ones (Tomihoro, 2021:1-10). Only a small portion of regular workers- 17.2% are employed in the social industry and have no flex jobs, and it is where the COVID-19 shock is felt most. But for the non-regular workers – 44%, almost half in social industry and no flexible jobs. It means that no regular workers are already outside the lifetime employment system.

Furthermore, COVID-19 shock hit most non-regular jobs than regular workers. So, in a sense, they are doubly hard hit by COVID-19. In addition, the female workers tend to be in the social industry and have no flexible jobs. These women are hurt more (Zhou, 2021). If we look at the non-farm employment, although employment declined, the decline is more pronounced for female workers than the males. Also, the job destruction was more for females than the males. Therefore, the cost of job loss was concentrated more on the women. There is a stark difference between regular employment or Saiki time and non-regular employment. The regular employment did not change very much, but non-regular employment was reduced. In terms of the size of the companies, if we look at the large companies who still have a more lifetime employment system, especially the male employees have not lost their jobs. However, the small and medium companies' job reduction was more prominent. So this shows not only the COVID-19 shock, but also it is a reflection of the Japanese employment system in which some employment is protected but most who are outside the lifetime employment system are hard hit. Protecting the companies instead of protecting the individual workers – as an official policy helps the zombie companies and not the people.

Since the 1990s, many Japanese banks have been undercapitalised. They wanted to hide the non-performing loans by shifting them to non-performing companies — the Zombies. They discourage the growth of productive farms and hurt economic growth. Moreover, this is another problem of policies to protect corporations instead of individual workers. During the COVID-19 government undertook some policies to protect the corporation's old policies to save the corporations again by giving them subsidies to continue their business and/or providing loans through government financial institutions and private banks with zero interest rates with no collateral, and no repayment guarantee. In this way, the government protects the Zombies directly. The government's policy is to avoid too many bankruptcies during a COVID-led state emergency. Based on empirical data on bankruptcy in Japan — it could be concluded that this is nothing but "bankruptcy protection", which incentivises bankruptcy.

Under the COVID-19 crisis, Japan's bank loans increased by 40 trillion yen in the last half a year or so in the last three or four months. So this shows, on the one hand, the government policy to encourage the Japanese banks, including government financial institutions, to help some be "more effective". However, at the same time, these are loans, not gifts. The corporations have to pay back those loans in the end, and it can create excessive debt or too much debt and create a"debt overhang problem". Experience shows that "debt overhang" impedes economic restructuring,ultimately ending with "debt cancellation".

4. Conclusion

The political economy analyses of causes of economic and social decline and the possible impacts of the COVID-19 on the social and economic fabric of Japan, it would be imperative to draw the following conclusions as to the nature of shocks and possible therapies for Japan (also applicable for other similar countries):

1. Japan is passing through the pandemic with relatively less health harm than many other countries. However, the damage to the economy and society goes much beyond macroeconomic, relocation, and reallocation shocks. Japan's handling this shock is a case of relative failure because the government rely too much on asking Zombie Corporations (those who take credit from banks and usually do not repay, then comes a recession/crisis when they get loans and subsidies, and again they do not repay- this perpetuates) to help their workers, and not helpthe individual workers directly. In the name of protecting workers – the government,in reality, nourishes the Zombie corporations. The policy is to enrich those already rich at the cost of punishing the poor.

2. The essence of the shocks (and not the appearance of shocks) can be termed a "Multiple organ socio-economic crisis and complications" (MOSEPC). It is a social-economic-political disease— a structural disease. It is a combination of five interrelated diseases, namely, (1) diseases of falling GDP and growth, (2) diseases of rising real unemployment, (3) diseases of increasing inequality, the concentration of wealth in few hands, rising multidimensional poverty and creation of "new poor"; (4) diseases of deteriorating physical and mental health– depression, distress, destitution, deprivation, stress, family disruption–dissolution-rift-conflicts, and (5) diseases of increasing disrespect to people's fundamental rights. All these shocks are interrelated and interdependent. All shocks are not of equal value in terms of depth and possibility to cure. The

determining shock or the core social disease to be cured would be the shocks producing and reproducing inequality and multidimensional poverty[6]. Here, it could be of profound significance to listen to an ancient philosopher, Plato (427-347 BCE), who said, "there should exist among citizens neither extreme poverty nor excessive wealth, for both are productive of great evil". The resolution of shocks related to various types of inequality has the inner strength to cure all other shocks to a large extent.

3. The best therapy to address the shocks is a "V-shaped therapy''. Because the "V-shaped therapy'' intends to bring back the economy and society to the before-COVID situation. Before COVID, the society and economy were not ideal with rising inequality, over-concentration of money-wealth-power into the hands of a few, and rising multidimensional poverty and deprivation. The best solution to cure all the five multiple organ diseases and shocks would be implementingour proposed "V plus-shaped therapy" (treatment protocol). Implementation of this "V plus-shaped therapy" is an issue of political will, and it should be borne in mind that the best economic policy generates positive social impact.

4. Japan's "V-plus-shaped shock therapy'' will necessitate implementing four different interventions in tandem. The interventions with their possible impacts would be as follows: (a) "cut spending" – this austerity measure will lead to deflation, and unemployment may rise, and therefore, would generate short term gain only; (b) "restructure debt"- in which "one size fits all" policy

[6] It is no wonder that understanding the causes and consequences of inequality has become a major issue of interdisciplinary discourse in social sciences. It is eloquently presented by Mike Savage, who wrote, "And indeed, many social scientists have seen the issue of inequality as one that allows them to make common cause. More than any other social science issue, it has generated the kind of intense cross-disciplinary synergy that cuts into an emerging interdisciplinary space. A cursory tour of leading figures who have energized the debate on inequality would include such economists as Tony Atkinson, Amartya Sen, Joe Stiglitz, and Thomas Piketty; such gender scholars as Bell Hooks and Dorothy Smith; such sociologists as John Goldthorpe, Pierre Bourdieu, and Michael Lamont; such legal and critical race scholars as Kimberle Crenshaw and Patricia Williams; such epidemiologists as Michael Marmont, Richard Wilkinson, and Kate Pickett; such political scientists as Robert Putnam, Kathleen Thelen, and Paul Pierson; such pogeographers as Danny Dorling; and such social policy researchers as John Hills. And so on —- this list is not intended to be exhaustive, and my apologies to those who are not on it. My point is that in a short period of time, the issue of inequality has come to straddle specific disciplines and has inspired social scientists to work together in an unprecedented way" (Savage, 2021:8).

would be counter-productive. Here, large scale cash incentives to the zombies may lead to wastage and misallocation of resources. The loan restructuring or debt restructuring will cause contractions of expenditure or price, and therefore, should be pursued with other policies to get to the necessary equilibrium. However, providing well-designed grants (and not loans) for the micro and small entrepreneurs hard hit by COVID-19 would be much more productive; (c) "redistribute wealth from rich to poor" will be the most urgent to reduce rising inequality and multidimensional poverty. Among many mechanisms, the most critical could be imposing a tax on excess profit, higher rates of wealth tax, higher rate of progressive income tax, tax reduction for the people in the lower echelon of the class ladder and the older people, creation of "National Wealth Fund" and "Global Wealth Fund"; and (d) "print money if necessary". The most crucial would be to design and implement a mix of interventions to get to a good equilibrium of deflationary and inflationary cycles.

5. Novel Coronavirus is currently causing mayhem all over the globe. Historically, every epidemic or pandemic has been instrumental in shaping and reshaping the social-economic-political and cultural life. Typhoid knocked down Alexander the great; Bubonic plague seems too fast track the downfall of the Byzantine Empire; Measles and smallpox likely did the same to Roman Empire. The likelihood is high that COVID-19 will be instrumental in changing people's lives, livelihood, society and politics.

In 399 BC, the great philosopher Socrates sitting in jail before taking Hemlock, said, "*I will become very sleepy, then I will take my last breaths*". Before that, "*I thought I would like to share something with you... Philosophers tend to think that they know lot about the world, but me, I really do not think that I know anything at all"*. He said, "*The best way to test truth is to ask a series of challenging questions*". He continued, "*True wisdom is the knowledge of how little you actually know*". Then he said, "*Asking questions may be the best way to get to the truth, but it is also a fast way to make enemies*".More so,for the social policymakers, it is of profound significance to internalise the essence of what the ancient philosopher Plato (427-347 BCE) has said, "*The cure of many diseases is unknown to physicians because they are ignorant of the whole…For the part can never be well unless the whole is well"*.Thus, the social and economic shocks and therapies associated with the COVID-19 are concerned – it is the right time for academia and policymakers to ask challenging questions keeping a holistic view in mind, irrespective of possibilities of creating many enemies. Here lies the responsiveness and essence of free-thinking academia.

Acknowledgements-Some of the critical ideas about the nature and pattern of COVID-19-driven shocks and therapies for Japan was presented first by me, on 23 June 2021, as a keynote speaker in the assembly of the E-Studium Generale organised by the Department of Japanese Studies, School of Strategic and Global Studies, Universitas Indonesia (SSGS/UI). I am grateful to Professor Dr Athor Subroto, Director of School of Strategic and Global Studies, Universitas Indonesia (SSGS/UI) and Dr Shobichatul Aminah of SSGS/UI, for their all-out support extended in organising the assembly of Japanologists. I gratefully acknowledge the organisers of the 2021-Western Conference of the Association of Asian Studies (held on 9 October 2021) for giving me the unique opportunity to present another keynote paper on the subject, though more refined than the earlier one. Subsequently, the Bangladesh Economic Association, in her XXIst Biennial Conference, invited me to present the sole plenary paper on COVID-19: Shocks and Therapy on 26 December 2021, for which I am grateful to the Executive Committee of the Bangladesh Economic Association. I owe a great debt to all the research colleagues at the Human Development Research Centre (HDRC) for their thought-provoking questions raised and unstinted support provided at each stage of this research endeavour.

References

Barkat, A. (2015). Development Trends of Bangladesh Economy and Society and Lessons from Japan's Development: A Non-Traditional View. *Public Lecture* at the Japan Foundation HQs on 7 October 2015. Tokyo, Japan.

Barkat, A. (2017, Third Edition). *Bangladeshe Daridro-Boishommo-Osomotar Karon-Porinam O Uttaran Sombhabona: Akibhuto Rajnoitik Arthonitir Totter Sandhane* (in Bangla).[Causes, Consequences and Transformation Possibilities of Poverty-Disparity-Inequality in Bangladesh: In Search of a Unified Political Economy Theory]. Dhaka: MuktoBuddhi Publishers.

Barkat, A. (2018, Second Edition). *Arthoniti Shayastree Dorsoner Daridro* (in Bangla). [Poverty of Philosophy in Economics]. Dhaka: MuktoBuddhi Publishers.

Barkat, A. (2020a). *Boro Pordai Samaj-Arthonity-Rastro: Viruser Mohabiporjoy theke Shobhon Bangladesher Sandhane* (in Bangla). [In search of a transition from the virus-driven great disaster to a decent Bangladesh: on the larger canvas of society-economy-state]. Dhaka: Bangladesh Economic Association and MuktoBuddhi Publishers.

Barkat, A. (2020b). A Political Economy Treatise on 'Value of Things'. *Bangladesh Journalof Political Economy,* Vol. 36, No. 1, pp. 1-25. June 2020.

Barkat, A. (2021a). Post-COVID-19 Japan: Shocks and Therapy [A multidisciplinary Treatise of an economist-Japanologist]. *Keynote Speech*, E-Studium Generale "Japanese Studies towards Global Pandemic", Department of Japanese Studies, School of Strategic and Global Studies Universitas Indonesia, 23 June 2021.

Barkat, A. (2021b). COVID-19: Shocks and Therapy. *Plenary Public Lecture* at the XXIst Biennial Conference of the Bangladesh Economic Association, 26 December 2021. IEB-Dhaka.

Barkat, A. (2021c). Post-COVID-19 Japan: Shocks and Therapy. *Roundtable presentation* at the Western Conference of the Association of Asian Studies, 2021, "Shifting Paradigms in Asian Studies", Session 4/19. (virtual conference) Dhaka, 9 October 2021.

Barkat, A. (2021d). *Coronavirus: Sombhabbo Onishchoyota O Koronio KolpoChitra* (in Bangla). [Coronavirus: Possible Uncertainties and a Framework-Vision]. *Bangladesh Journal of Political Economy* (in Bangla), Vol.1, No. 1, pp. 114-124. Dhaka: Bangladesh Economic Association.

Barrero, J.M., Bloom.N., & Davis, S.J. (2020). "COVID-19 is also a Reallocation Shock". Brookings Papers on Economic Activity, Summer, 329-371.

Chang, Ha-Joon. (2008). Bad Samaritans: The Myth of Free Trade and Secret History of Capitalism. New York: Bloomsbury Press.

Chang, Ha-Joon. (2014). Economics: The User's Guide. London: PELICAN *an imprint of* Penguin Books.

Chang, Ha-Joon., & Grabel, Ilene. (2005). Reclaiming Development: An Alternative Policy Manual. London & New York: Zed Books.

Chomsky, Noam. (2003). Hegemony or survival: America's quest for global dominance. London: Penguin Books.

Chomsky, Noam., & Vltchek, A. (2013). On western terrorism: From Hiroshima to drone warfare. London: Pluto Press.

Hamilton, D., & Strickland, K. (2020). The Racism of Neoliberalism. http://evonomics.com/racism-neoliberalism-darrick-hamilton/

Hoshi, Takeo & Lipscy, Phillip. (2021). The Political Economy of the Abe Government and Abenomics Reforms. Cambridge: Cambridge University Press.

Huntington, Samuel. (1996). The Clash of Civilizations, and the Remaking of World Order. New York: Simon & Schuster.

Ito, Takatoshi. (2006). "Japanese monetary policy: 1998-2005 and beyond", In Takatoshi Ito (Ed.). *BIS Papers* chapters, vol. 31. Bank for International Settlements.

Ito, Takatoshi & Hoshi, Takeo. (2020). The Japanese Economy (second edition). Cambridge: MIT Press.

Joeri, Schasfoort. (2021a, March 22). The Economy of Japan- from Superpower to Stagnation. YouTube: Retrieved January 18, 2022, from http://www.moneymacro. rocks/2021-03-22-economy-japan/

Joeri, Schasfoort. (2021b, March 22). The Economy of Japan: how a Superpower fell from Grace in Four Decades. YouTube: Retrieved January 28, 2022, from http://www.moneymacro. rocks/2021-03-22-economy-japan/

Kolodko, Grzegorz W. (2002). From Shock to Therapy: The Political Economy of Postsocialist Transformation. UK: Oxford University Press.

Orwell, George. (1949). Nineteen Eighty-four. London: Seaker & Warburg.

Oxfam International. (2021). The Inequality Virus: Bringing together a world torn apart by coronavirus through a fair, just and sustainable economy. (Report prepared by Berkhout, E., Galasso, N., Lawson, M., Morales, P.A.R., Taneja, A., & Pimentel, D.A.V for Oxford International). Oxford International, January 2021.

Piketty, Thomas. (2014). CAPITAL in the Twenty-First Century. (Translated by Arthur Goldhammer). Cambridge, Massachusetts, London, England: The Belknap Press of Harvard University Press.

Savage, Mike. (2021). The Return of Inequality: Social Change and the Weight of the Past. Cambridge, Massachusetts London, England: Harvard University Press.

Schumpeter, J.A. (1987). Capitalism, socialism and democracy. New York: Routledge.

Skidelsky, Robert. (2021). What's Wrong with Economics? A Primer for the Perplexed. New Haven and London: Yale University Press.

Stiglitz, Joseph. E. (2003). Globalization and Its Discontents. New Delhi: Penguin Books.

Stiglitz, Joseph. E. (2011). "Of the 15, by the 15, for the 1%". *Vanity Fair* II (64): I56-III.

Stiglitz, Joseph.E. (2013). The Price of Inequality. London: Penguin Books Ltd.

Stiglitz, Joseph. E. (2019). People, Power and Profits: Progressive Capitalism for an Age of Discontent. UK: Allen Lane, *an imprint of* Penguin Books.

Taleb, Nassim Nicholas. (2010, Revised Edition). The Black Swan: The Impacts of the Highly Improbable. London: Penguin Books.

Tomihoro, Takami. (2021). "Working Hours under the COVID-19 Pandemic in Japan: Reviewing Changes by Situation Phase during and after the 2020 State of Emergency Declaration", Trends Column in *Japan Labor Issues*, Vol. 5, No.30, 1-10, April-May 2021.

Uemura, Hiroyasu. (2000). "Growth, distortion and structural change in the post-war Japanese economy". In Boyer, R & Yamada, T (Eds.), *Japanese Capitalism in Crisis: Aregulationist interpretation*. London and New York: Routledge.*Worldometers: at* .

Zhou, Yanfei. (2021). “How Women Bear the Brunt of COVID-19 Damages on Work (Continued): The Gender Gap in Employment Recovery”, *Japan Labor Issues*, Vol.5, No.29, February- March 2021. http://www.jil.go.jp/english/jli/documents/2021/029-01.pdf