

# CASE STUDY OF THETICAL AND ANTITHETICAL ECONOMICS. TRANSITION OF ECONOMIC HEGEMONY

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## Abstract

The author discusses in this paper how economic hegemony of the world changed from time to time, as part of a case study of “Thetical and Antithetical Economics proposed by Eizo Kinoshita, Reference 1”. The author insists that a law like mechanism functions concerning the rise of a nation to the role of economic hegemon, which is summarized as “the collapse of a bubble economy in a country would help itself emerge as a new economic hegemon,” and verifies it from a historical point of view.

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**Keywords:** Thetical and Antithetical Economics, bubble economy , Economic Hegemony

## Introduction

Examining modern world history, economic hegemony of the world shifted with the times: There were Spain and Portugal during the 15th century, the Netherlands during the 17th century, Britain in the 18th and 19th century, and the United States as the current economic hegemon since the 20th century.

But the author found that the three economic hegemonies, the Netherlands, Britain and the United States, which emerged after the establishment of the capitalist system, share common features: The three countries all went through similar circumstances in the process of becoming a global economic power. In other words, the author found that there is a law-like mechanism connecting an economic bubble and an economic hegemon, which can be summed up as “the collapse of an economic bubble which emerged in a country would help it gain economic hegemony.”

An appended figure shows a process of an economic bubble and its collapse.

The author discusses in this paper how economic hegemony of the world changed from time to time in the past, as part of a case study of “Thetical and Antithetical Economics (“an economic cycle” signifies a

process in which an economy proceeds from Thetical economy to a bubble economy, then to its collapse and finally to Antithetical economy, as shown in reference 1),”proposed by Kinoshita.

### **Economic History of Economic Hegemon**

The author in this section examines the economic history of the three economic hegemonies, the Netherlands, Britain and the United States, as shown in the appended figure.

#### **Examining the Netherlands**

In the Netherlands, called the originator of a modern-day economic bubble, the lumber industry utilizing windmills developed. During the 17<sup>th</sup> century, the shipbuilding industry utilizing lumber prospered. Then the development of the shipbuilding industry boosted transit trade through vessels, which brought wealth to the nation.

It was in the early 17<sup>th</sup> century when the cultivation of tulips began in the country, and it is understood that tulip bulbs were transacted at inflated prices from the very beginning because they were much prized then.

The transaction of tulip bulbs escalated to form a bubble around 1633 when even ordinary people started engaging in speculative transactions. At the peak of this craze, a single tulip bulb of some varieties cost more than a luxurious house at that time.

Then the bubble suddenly burst in 1637, and tulip bulb prices plunged to seven hundredths of their peak value, sending numerous investors into bankruptcy. However, the Netherlands rebuilt its economy, and 11 years later, in 1648, gained full independence from Spain by concluding the Peace of Westphalia, and in the 1680s, it replaced Spain to become a new economic hegemon.

#### **Examining Britain**

It was in 1720 when the “South Sea Bubble” collapsed in Britain. The South Sea Company, which later became a hotbed for a bubble, was founded through the involvement of Tories in 1711 with an aim of sorting out Britain’s financial crisis. The company was given a monopoly on trade with the Spanish West Indies, in return for underwriting British government bonds. However, the trade with the Spanish West Indies remained slow, and the company gained profits through financial operations.

In 1719, the company was granted a right to issue stocks at face value, in return for underwriting a huge amount of government bonds, which was a scheme for allowing the company to gain greater profits along with the rise in the price of stocks. The share price rose by 15 times in the next six months by 1720, and other companies’ shares also increased. However, after

June 1720 when the government began regulating companies which sought to raise money from investors, stock prices took a great dive within a short period of time. The economy fell into a depressive state.

But after the collapse, the nation's economy was successfully restored by Robert Walpole, who served as First Lord of the Treasury (Prime Minister) for 21 years beginning in 1721. The nation's infrastructure, including port facilities, was developed during the period. That is to say, the foundation for further prosperity of Britain was established. In 1742, a parliamentary system was also set up.

Like the Netherlands, Britain also emerged as an economic hegemon after the collapse of a bubble, because it was after the 1850s that the country propelled the Industrial Revolution, played a role as factory of the world, and achieved great prosperity, well known as Pax Britannica. In other words, Britain survived "an economic cycle" in a perfect manner and emerged as "empire on the seven seas."

### **Examining the United States**

In the United States, a bubble collapsed in 1929 when the stock market crashed in New York, known as Black Thursday. President Herbert Hoover, however, chose wrong policies in his attempt to overcome the economic downturn, and they had an adverse effect on the economy, leading it to fall into the Great Depression. President Franklin Roosevelt, who replaced Hoover in 1933, implemented his "New Deal" policies, developed social infrastructure such as dams and roads, which contributed greatly to the development of auto industries (the emergence of the big three). But because he shifted the focus of economic policies onto fiscal reconstruction even before the crisis was fully placed under control, the economy took a sharp downturn, called Roosevelt Recession.

It was through the war with Japan that the country finally got out of the depression: Its fiscal action for war industries stimulated the economic recovery.

In other words, the United States emerged as an economic hegemon by winning the war with Japan. War-related research and development helped boost such industries as aviation, electronics as well as computers after the war. This means that the country made use of the wartime period as "a phase of major economic change," making its economy ready for elevating to the next phase. In short, the United States successfully got through "an economic cycle" and established itself as a hegemon.

Next, the author discuss the economic history of France and Japan, as shown in the appended figure, and also that of Germany, which is not included in the figure but got involved in the worldwide economic

depression of the 1930s just like Japan and the United States, to demonstrate why they failed to gain economic dominance in the world.

### **Examining France**

The appended figure shows the history of collapsed bubbles. A bubble was created and collapsed also in non-hegemonic countries like France, Japan and Germany. In France, there was a bubble called “Mississippi Bubble” which emerged and collapsed around the time when the South Sea Bubble collapsed in 1720 in Britain. Just like the South Sea bubble, a speculative frenzy was created in France through firms founded to underwrite government bonds, and the share prices were inflated and then plunged.

But in Britain, where the Industrial Revolution got underway, industrial modernization evolved during the period, which helped expand its trade and produce surplus. Compared with Britain, however, France lagged behind in industrial modernization and was burdened by external debts.

Political systems were also different in the two countries at that time. In Britain, the parliament took the initiative after the Glorious Revolution, while in France, absolute monarchism continued under the Bourbon dynasty.

### **Examining Japan**

As already discussed in the paper, during the 1920s, economic bubbles occurred not only in the United States but also in Japan. During World War I, both Japan and the United States, away from the battlefields, enjoyed an economic boom, by exporting to the war participant countries. Before the war, Japan suffered from heavy debts, 1 billion yen in loans borrowed from Jacob Schiff through Kuhn, Loeb & Co.(later Lehman Brothers), to finance the Russo-Japanese War. The economic strain eased after the war, however, by gaining 2.8 billion yen worth of foreign currency in surplus due to expanded war-related exports.

Japan’s economy continued to boom after World War I, and another bubble emerged during the Taisho period (1912-1926). But the economic boom eventually led to a large excess of imports over exports, and Japan’s foreign currency reserves declined quickly.

The Taisho bubble collapsed following the stock market crash in Tokyo on March 15, 1920, and the Japanese economy plunged into a depressed state. The deterioration got even worse after its capital and the surrounding region was hit by a gigantic earthquake in September 1923. Then, the economy got tangled in the global depression triggered by the crash in stock prices in New York in 1929.

The whole country was affected by a serious economic slump, called “Showa Depression,” which led the country to trigger the Manchurian

incident, to go into war with China, then with the United States, as is widely known.

The fact that both Japan and the United States plunged into depression during the 1920s would naturally provoke a question: why did Japan, pulling itself successfully out of the recession faster than elsewhere in the world, fail to gain hegemony, which ended up in the hands of the United States?

The author believes that it was because the United States was a creditor, while Japan, burdened with huge external debts to finance the Russo-Japanese War, was a debtor. Second, the United States spent much on the development of social infrastructure, such as dams and roads, for future generations, while Japan spent mostly on its military expansion. In other words, Japan failed to make the best use of this “phase of major economic change” for preparing its economy to rise to the next phase.

### **Examining Germany**

Germany also suffered in the global depression of the 1930s (triggered by the Black Thursday stock market crash in 1929) like Japan and the United States. Defeated in World War I, Germany, then the Weimar Republic, was demanded to pay huge wartime reparations by the Treaty of Versailles in 1919, and its default on some payments triggered occupation of the Ruhr region by French and Belgian troops in 1923. The economy was in total devastation, hit by hyperinflation, when one loaf of bread was said to cost a cartload worth of banknotes. The person who succeeded in placing the inflation under control was Hjalmar Schacht, known as “a financial wizard.”

Before the global depression hit the country, the economy was restored by 1929, and the unemployment rate decreased to less than six percent. However, with the depression, its economy again plunged to a dire extremity. Banks went bankrupt one after another, and the unemployment rate shot up well over 30 percent.

Adolf Hitler was appointed Chancellor of Germany in 1933, and Fuhrer in 1934. And Schacht, who assumed the positions of Minister of Economics and President of Reichsbank in the Hitler administration, increased public spending, such as the development of social infrastructure, including the construction of the Autobahn, and the promotion of domestic industries. Volkswagen was established (in 1937) in line with the policies. Such action helped the German economy to make a quick recovery.

However, because Schacht opposed Hitler’s arms and territorial expansion policies, saying that they could trigger inflation, he was dismissed as the economics minister in 1937 and as the central bank president in 1939. History shows that Germany proceeded down its path of destruction.

It is important to note that no bubble had emerged in Germany just before it got involved in the Great Depression triggered by the U.S. stock market crash. That is to say, Germany did not get through “an economic cycle.”

It is also important to indicate that Germany failed because the dictatorship of Hitler took control, leading it to go into the self-destructive war, despite the fact that it had spent much on beneficial causes for later generations, such as the development of social infrastructure and industries. And history shows that dictatorships never last long.

Thus having a democratic economic system is a significant element of gaining economic hegemony.

Next, the author identifies five conditions required for gaining economic hegemony, which he deduced through the examinations of the economic histories of the hegemon and those of non-hegemon as already shown.

Before doing so, it should be noted that the law-like mechanism he mentioned at the beginning of this paper, or “the collapse of a bubble economy would help emerge a new economic hegemon,” was found to be not always valid for the six countries he scrutinized.

However, his examination verified that the collapse of a bubble economy is a necessary condition for the birth of an economic hegemon. That is to say, “the emergence and collapse of a bubble is a necessary condition but not a sufficient condition for bringing about an economic hegemon.”

Then, a question naturally arises: What are other conditions for being an economic hegemon, other than “the emergence and collapse of an economic bubble”? Here are the five conditions identified by the author as shown below.

### **Condition 1: Establishment of Capitalism**

To be an economic hegemon, it is vital that it has a capitalist economy. Otherwise, there could be no bubble. Whether a prospective hegemon satisfies the following three elements is significant in determining if it is a capitalistic economy or not.

- ,1 accumulation of capital
- ,2 technological innovation
- ,3 development of commerce

A country which fails to satisfy those three elements lacks foundation for promoting capitalism. Then, a question arises: Is it correct to say that satisfying those three elements should inevitably nurture a modern capitalist economy? Max Weber said that was not the case. He found many countries where the three elements were satisfied yet failed to nurture modern

capitalism. He insisted that the following three elements are also vital for establishing “capitalism,” based on the examples of the Netherlands and Britain:

- ,1 rationality of purpose
- ,2 existence of interest
- ,3 sophisticated moral values

**Condition 2: Emergence of an economic bubble and its collapse (destruction)**

In other words, it is vital that a country gets through “an economic cycle,” as is explained in Reference 1. No capitalist country could ever gain economic hegemony unless it experiences the emergence and collapse of a bubble in its economy.

**Condition 3: Taking fiscal actions for developing social infrastructure for future growth when its economy tumbles into depression after the collapse of a bubble (creation)**

That is to say, it requires a country to successfully achieve innovative change for future generations while it is under a post-bubble Antithetical economic state, and make use of it as “a phase of major economic change.”

Condition 2 (destruction) and Condition 3 (creation) denote “creative destruction” proposed by Joseph Schumpeter.

**Condition 4: Being a creditor at the time of bubble collapse**

This means it would be impossible for a nation to gain economic hegemony unless it is a creditor at the time when a bubble emerges and collapses.

Generally speaking, a creditor nation’s economy has global confidence. Being an economic hegemon denotes that its currency would also become a global key currency, internationally viable key currency, which would be impossible if lacking confidence. An internationally viable currency, which enjoys global confidence, should naturally be strong.

**Condition 5: Being a democracy**

In a dictatorship, “national governance” depends largely on the “designs” of a supposed single “genius,” and “everything is supposed to work well” and left unchecked. However, history shows that such a dictatorship inevitably collapses. That is to say, what brings about “an economic hegemon” is the accumulation of free economic activities of “all the people,” and thus such a country should naturally be “a democracy.”

The author believes that the above-mentioned five conditions are vital for gaining economic hegemony.

### Which Country Could Be the Next Economic Hegemon?

The author applies the aforementioned five conditions to the following six countries which either established themselves as economic hegemon in the past, or which were considered as prospective hegemon, as shown below.

	Netherlands	Britain	France	United	Japan	Germany
(1) healthy normal	○	○	×	○	○	△
(2) emergence and	○	○	○	○	○	×
(3) major economic	○	○	×	○	×	○
(4) creditor	○( ? )	○	×	○	×	×
(5) democracy	○	○	×	○	△	×

The above figure shows that the Netherlands, Britain and the United States satisfy all the five conditions, while other contenders like France, Japan and Germany failed to meet many of them.

Next, the author discusses which country could be a new hegemon. There are four candidates, based on the ranking of 2010 GDP by International Monetary Fund. (unit= 1 billion dollars)

- ,1 The United States (14,526)
- ,2 China (5,878)
- ,3 Japan (5,458)
- ,4 Germany (3,315)

Now the author examines how possible it is for each of the four nations to achieve economic hegemony.

#### Examination 1: the United States

The United States achieved global hegemony, winning the war with Japan. In the case of the United States, the contributing factors for gaining hegemony and the resultant effects are summarized as follows:

- (1) The country which was in “antithetical economy” succeeded in reviving “thetical economy” by going through “war economy.”
- (2) The New Deal” policies by President Roosevelt successfully helped the national economy in “an antithetical economic phase” transform into “thetical economy.” It also helped the economy rise into the next economic phase, by succeeding in developing social infrastructure. The country made the most of this period (1930-1945) as “a phase of major economic change” and successfully established a growth model.
- (3) As the result of (1) and (2), the country not only won hegemony away from Britain, but also succeeded in subordinating Japan, its long-term rival.



The above listed three factors denote the strategic success of the United States. However, after World War II, the global environment changed as follows.

- (i) The Soviet Union established itself as the leader of communist countries.
- (ii) One third of the world became communists, following the establishment of East European nations and China.
- (iii) Wars like the Korean War and Vietnam War took place, seeing the communist block as a threat to the nation, but the two wars were instrumental in bringing about the economic boom of the economy of its subordinate, Japan.
- (iv) After World War II, the United States was in a good normal economy, which was booming, but because of (iii), there emerged crowding-out effects. Thus, many economists famously stated “Keynes is dead,” especially at the time of the Vietnam War. The United States, learning that gigantic public works could bring about crowding-out effects, renounced Keynesianism, placed more emphasis on market fundamentalism, which is also called neoclassical economics, and actively promoted market fundamentalists.

The post-war events listed from (i) through (iv) motivated the Reagan administration, which got under way in 1980, to promote “Reaganomics,” and Britain to promote “Thatcherism” as their main economic policies. However, adopting such policies resulted in unprofitable consequences: The United States, once a creditor nation, came down to be a debtor, after manufacturing less and suffering from chronic trade deficits. Meanwhile, the Soviet Union, its long-term opponent, collapsed and transformed itself as Russia.

Later, the United States changed its strategy: It abandoned manufacturing and reconstructed itself as a finance-oriented nation. Through its policy, U.S. government bonds and securitized products have been distributed all over the world, which helped economic bubbles to emerge, the most recent being the housing bubble. However, the bubble collapsed, triggered by the sub-prime mortgage loan crisis, which eventually led to the bankruptcy of Lehman Brothers.

The above discussion led the author to conclude as follows:

Conclusion 1	It is unlikely that the United States would continue to remain as a hegemon for another period of time
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## **Examination 2: China**

China was among the first to recover from the global depression triggered by the bankruptcy of Lehman Brothers on September 15, 2008, due largely to the Chinese government's adequate fiscal action. It should also be noted that the country's GDP surpassed Japan in 2009 to be the second largest in the world, which means that the world economy is no longer sustainable without Chinese money.

Thus, judging from Conclusion 1, there are good chances that China would become the next hegemon in the near future. However, there are several issues of concern as shown below:

- (1) How is it possible to strike a balance between the one-party rule (dominated by the Communist Party of China) and “market mechanism?”
- (2) How could the country solve domestic problems (such as enormous economic disparity between the coastal areas and inland areas, autonomy issues of minority ethnic groups like Tibetans and Uyghurs)? It is necessary to watch over its future reforms.
- (3) How could the government deal with the aftermath of the collapse of the Shanghai economic bubble (in 2015)?
- (4) How could the nation manage the credit creation of its currency CNY?

Just like other capitalist states, it is safe to assume that market mechanism functions well in China, even though it is dominated by the Communist Party. Although it is doubtful if “sophisticated moral values” based on “the spirit of capitalism” (Max Weber) are well appreciated in the country, the author assumes that Communist Party rules function as their substitutes.

As is well known, China recovered quickly from the global depression triggered by the bankruptcy of Lehman Brothers through strong fiscal actions. However, unlike the depression triggered in the United States, the collapse of the Shanghai economic bubble (in 2015) took place domestically. This means that there is the potential for uprisings and social unrest induced by a huge number of failed speculators who went bankrupt and by hundreds of millions who lost jobs in the aftermath of the collapse. The author thinks it is important to watch over how the country deals with the recent collapse, which took place for the first time in the history of communist countries, how the Communist Party of China tries to bring the potential social confusion under control, develop social infrastructure through fiscal actions, and how it prepares the economy to step into the next economic phase.

It is also significant to indicate that the credibility of the CNY can be a bottleneck in gaining economic hegemony. At the moment, China adopts a

managed floating exchange-rate system, in which it micromanages the fluctuation of CNY's exchange rates against the U.S. dollar, to make the CNY pegged to the dollar, through vast amounts of exchange intervention. The credibility of a currency is vital because gaining economic hegemony denotes that it would be a key currency of the world. That is to say, if China attempts to be an economic hegemon, the CNY must be open for free transactions on the foreign exchange market, so that it would be in circulation as a global currency.

Conclusion

2

China must overcome several barriers to be the next hegemon of the world

### **Examination 3: Germany**

Next, the author examines Germany, instead of following the ranking order of GDP, believing that it is better to discuss Japan in the final part of this paper.

It is widely known that Germany provoked two global wars in the 20<sup>th</sup> century, challenging economic hegemons of the time, and was defeated in both of them.

After World War II, the country was split between the two global blocs in the East and West, as the central front in the confrontation between the United States and the Soviet Union, with its original territory greatly trimmed down. However, supported by its firm national character, fine social infrastructure (like the Autobahn) developed under the Hitler regime, and the governmental support for domestic firms (like the auto and machine industries), the country succeeded in rebuilding itself as a trading nation. At the moment, it is also a major creditor in the world, following Japan.

But to be a new hegemon, Germany has to solve the problem of the currency euro, which is quite difficult because it is the common currency of the European Union (EU). Before the Greek debt crisis began, many expected that the euro might replace the U.S. dollar to be a key currency of the world. Since the crisis broke out, however, systematic defects of the currency have been exposed and today, it is on the brink of collapse.

The problem of the euro lies in the fact that while fiscal management is conducted respectively by each member nation, financial management is controlled by the European Central Bank.

Now the crisis of the euro, which began with Greece, is about to reach Italy, the third largest member of the EU. The problem is that the crisis in those countries could take an enormous toll on Germany.

Germany should survive a possible collapse of the euro system, get through its aftermath, and experience “an antithetical economic phase,” if it

were to become a new economic hegemon. Furthermore, it is vital for the country to make the best use of this “phase of major economic change” to develop social infrastructure for future generations just like Hitler did in the past.

In short, it is vital for the country to free itself from the shackles of the euro, and return to the Deutsche mark, its original currency.

Conclusion

3

Germany would have no chance of being an economic hegemon as long as it stays in the euro area.

#### **Examination 4: Japan**

Japan was defeated in World War II and became a vassal state of the United States. However, the changes in global affairs served as a tail wind for Japan, which are summarized as follows:

- (1) Confrontation between the United States and the Soviet Union.
- (2) A myth people believed that Japan’s economy should keep growing.

Japanese political and economical circumstances changed on the back of the conditions summarized in (1) and (2).

Japanese land fell into ruins following the defeat of World War II, while the post-war world entered the era of East-West confrontation, centering on the United States and the Soviet Union. The world achieved a false peace, or power balance under the nuclear umbrella, which involves enormous cost.

After the war, Japan was ordered to implement various reforms under the control of the General Headquarters, Supreme Commander for the Allied Powers (GHQ), and made a fresh start as a country without military forces, a rare exception in the world. The nation later established self-defense forces, Japan’s armed forces in a practical sense; however, its arms spending remained small due to Article Nine of the constitution, which renounces warfare, and also due to its policy of restricting its military cost to around one percent of the GDP.

In other words, Japan’s post-war strategy (shifting its focus on being an economic power instead of a military power) was quite adequate. The strategic change was radical and complete, which brought luck to Japan in many ways: First, Japanese territory was not fragmented for control, as a result of the confrontation between the United States and the Soviet Union, which began soon after the war; second, its economy boomed greatly through the Korean and Vietnam wars, the by-products of East-West confrontation.

Japan’s radical strategic change and the East-West confrontation after the war constituted “Uchide-no-Kozuchi,” a legendary Japanese “magic

hammer” which can tap out anything desired, for the country, and by making the best use of the situation, the Japanese economy continued to soar. Japan became the second largest in the world by nominal GDP, establishing itself as world economic power second only to the United States.

Later, a bubble emerged and people speculated on stocks and real estate, instead of manufacturing things. In other words, the Japanese economy transformed from “a viable economy” into “a bubble economy.” The bubble reached its peak on December 29, 1989, when the Nikkei Stock Average marked 38,915 yen (530 trillion yen in total market value).

But as the author reiterated again and again, a bubble inevitably collapses. The bubble also collapsed suddenly on February 20, 1990. Ever since, Japan’s economy has remained slow for the past quarter of a century, called the “lost 25 years.”

The Soviet Union collapsed, and the confrontation with the United States also diminished, at the time when the bubble began crashing. It was inevitable that the Japanese economy slowed down following the demise of the East-West confrontation, because it constituted “a magic hammer” for Japan. In other words, Japanese economic growth was indirectly connected to the existence of the Soviet Union. Thus, radical transformation of the global environment surrounding Japan inevitably obliged a change in its conventional strategy.

And the strategic shift Japan took was “fiscal action” by the government, “a right policy,” which continued throughout the “lost 25 years” (although it stumbled slightly in 1997 under the administration led by Ryutaro Hashimoto, in 2001 under the administration of Junichiro Koizumi, and in 2009 under the Democratic Party government). The author calls it “a right policy,” because unemployment has not soared, also because it has saved the economy from plunging into a dire situation up to the present.

Today, the Japanese economy finally has a good chance to get out of the long-term “depressive state,” through fiscal actions for reconstructing the areas devastated by the massive earthquake in northeast Japan in 2011. The budget for the disaster reconstruction, 30 trillion yen, is equivalent to Japan’s “deflationary gap.” That is to say, if the nation succeeds in the reconstruction, there would be a good chance for Japan to be a new economic hegemon.

Conclusion

4

Japan has a good chance to become “an economic hegemon” if it succeeds in “post-disaster reconstruction.”

## Conclusion

	United	China	Japan	Germany
(1) healthy normal economy	×	○	○	○
(2) emergence and collapse of	○	○?	○	×
(3) major economic change	△?	○?	○?	?
(4) creditor	×	○	○	○
(5) democracy	○	×	○	○
(6) currency credibility	△	×	○	△?

By examining the four potential hegemony, the author obtained respective conclusions from 1 through 4 as shown above. In this final clause, the author adds the “credibility of a currency” as the sixth condition for being an economic hegemon, which was discussed briefly in this paper when examining China and Germany. Next, the author re-examines the four potential economic hegemony based on six conditions as follows:

As the above figure shows, the most promising candidate for the next economic hegemon, satisfying the most of the six conditions, is Japan.

But can Japan really be the next economic hegemon? The author examines the possibility by comparing Japan and the United States, at present and 80 years ago, as shown in the table below:

	80 years ago	present
United States	creditor • strong dollar	debtor • weak dollar
Japan	debtor • weak yen	creditor • strong yen

The table demonstrates that the relationship between Japan and the United States at present is precisely the opposite (dual) of the one observed 80 years ago. That is to say, if the Japanese government continues relevant fiscal actions, the country can be the first to get out of “an economic cycle” and gain economic hegemony.

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	The name of bubble	The year of collapse	Country	Object
17 Century	○,1 Tulip Bubble	1637	Netherland	Tulip bulbs
	Economic Hegemony Netherland			
18 Century	○,2 South Ocean Bubble	1720	Britain	Stock
	○,3 Mississippi Bubble	1720	France	Stock
Economic Hegemony England				
20 Century (the first half)	○,4 Taisho Bubble	1920	Japan	Stock
	○,5 Black Thursday	1929	United States	Stock
Economic Hegemony United States				
From 20 Century (the second half) to 21 Century	○,6 Heisei Bubble	1990	Japan	Stock and Land
	○,7 Lehman Shock	2008	United States	Subprime and Land
	○,8 China Bubble	2015	China	Stock and Land
Next Economic Hegemony is Japan?				