

Contents

1	Introduction	1
1.1	The Lost Two Decades of the Japanese Economy: Still a Puzzle.	1
1.2	Zombie Firm Hypothesis and Its Limitations	2
1.3	Purpose and Outline of the Book	4
	References	6
2	Evolution and Recovery of Zombie Firms: Japan's Experience	7
2.1	Background on the Controversy over Evergreen Lending and Secular Stagnation.	7
2.2	Identification of Zombie Firms	9
2.2.1	Conceptual Framework and Methodology	9
2.2.2	Features of the Modified Criteria and Exclusion of "One Shot Zombie Firms"	12
2.3	Evolution and Recovery of Zombie Firms by Three Categories of Financial Support.	14
2.4	Empirical Framework to Analyze How Zombie Firms Recovered.	17
2.4.1	Multinomial Logistic Model	17
2.4.2	List of Explanatory Variables	18
2.5	Descriptive Statistics	21
2.6	Estimation Results for the Entire Sample Period	21
2.7	Estimation for the Sub-periods	25
2.7.1	Importance of the Sub-period Analyses.	25
2.7.2	The First Sub-period (Escalating Phase)	27
2.7.3	The Second Sub-period (Resolution Phase)	27
2.8	Estimation of the Sub-periods by Industry.	28
2.9	Concluding Remarks	35
	References	36

3	Sluggish Reallocation of Productive Resources After the Recovery of Zombie Firms	37
3.1	Framework of the Decomposition Analyses of Changes in Aggregated ROA	37
3.2	Result of the Decomposition Analyses of Changes in Aggregated ROA	39
3.3	Weak Demand of Productive Resources from Healthy Firms	40
3.4	Concluding Remarks	43
	Reference	44
4	Investment Behavior of Reputable Firms After the Recovery of Zombie Firms: “Conservatism” and the “Pseudo Financial Constraint Effect”	45
4.1	Introduction	46
4.2	Literature Review	47
4.3	Methodology	48
4.4	Explanatory Variables	50
4.4.1	Data Construction	50
4.4.2	List of Explanatory Variables	51
4.5	Descriptive Statistics	54
4.6	Estimation Results and Interpretation	56
4.6.1	Baseline Estimation for 2005–2010	56
4.6.2	Long-Run Changes in Investment Behavior from 1995 to 2010	60
4.7	Concluding Remarks	64
	References	68
5	Final Remarks	69
5.1	Main Findings of the Book: Unified View for the Lost Two Decades of Japan	69
5.2	Policy Implications and Remaining Issues	71
	References	73

<http://www.springer.com/978-4-431-55916-0>

Japanese Firms During the Lost Two Decades
The Recovery of Zombie Firms and Entrenchment of
Reputable Firms

Nakamura, J.-i.

2017, VIII, 73 p. 14 illus. in color., Softcover

ISBN: 978-4-431-55916-0