

Honours Theses, Academic Year of 2014-15

2014-15

Year:

Sota Ichiba

**Student
Name:**

Title: [How did the keiretsu system solve the hold-up problem in the Japanese automobile industry?](#)
Prof. Xiaoting Wang

Supervisor:

Abstract:

The Japanese car industry enjoyed a steady expansion path from 1960, following the keiretsu system, the Japanese style of non-vertically integrated system. This is a result of the dissolution of the zaibatsu and is characterized by less internalization and flexible contracts. Other characteristics of the keiretsu include that the buyer of the product can buy the same product from another different keiretsu company, as seen in the Toyota-Denso relationship. The model proposed by this thesis incorporates these additions to the classical hold-up model, proposed by Grossman and Hart (1986) to examine the efficiency of such system.

In particular, the buyer now has an option to partially buy the same product from another company. This introduces implicit competition within the system as seen in the keiretsu relationship. Using backward induction to establish a sub-game perfect Nash equilibrium, I derive a result indicating that efficiency improves from the classic case of a complete non-vertically integrated system when the buyer has high bargaining power over the share of surplus, and that the magnitude of competition within the keiretsu relationship does not affect efficiency, measured by the amount of underinvestment. I also propose a possible extension to the model to further relax the assumption in the model.

2014-15

Year:

Connor Thompson

**Student
Name:**

Title: [Economic Impact of Wineries in Kings County](#)

Dr. Brian VanBlarcom

Supervisor:

Abstract:

This paper quantifies the economic impact of wineries in Kings County, Nova Scotia. A Kings County input-output model is used to evaluate the economic impact in 2014, finding total impacts of \$11,977,622. The impact of factors associated with the demand for wine on wine consumption is calculated. These impacts, and forecasted values of the factors of demand are used to estimate wine consumption in Nova Scotia in 2025. Based on this forecast, the production of wineries in Kings County in 2025 is estimated. Winery revenues are scaled proportionally with output and the Kings County input-output model forecast total impacts in 2025 to be \$17,442,048, a 46% increase from 2014.