

NIGHT FLIGHT SPECIAL II

DOMESTIC ROUTE

WHERE DOES THE MONEY FLOW?

● INTERMEDIATE ROUTE

How Does Money Earned Around the World Circulate Through Japan?



TAKEOFF

Follow the Blood Flow of the Japanese Economy

On our WORLD ROUTE, we saw that Japanese companies have several routes for earning and moving money.

They:

Produce in Japan and sell to the world.

Operate businesses overseas.

Invest overseas.

Earn income from abroad.

And capital can also flow:

World → Japan

But what happens after that money arrives in Japan?

That is where our DOMESTIC ROUTE begins.

This time, we are following:

THE BLOOD FLOW OF THE JAPANESE ECONOMY.



A COMPANY IS NOT THE FINAL DESTINATION

Suppose a company earns money at home and abroad.

The money enters its bank account.

But the journey does not end there.

Companies have many uses for money:

Employee wages.

Materials and components.

Electricity and logistics.

Factories and machinery.

Research and development.

Taxes.

Debt repayment.

Dividends to shareholders.

So a company is both:

A PLACE WHERE MONEY ARRIVES

and:

A PLACE THAT SENDS MONEY ONWARD.

That is our starting point.



LET'S BUILD A ¥1 TRILLION SEMICONDUCTOR FACTORY

Imagine a company decides to build:

A ¥1 TRILLION SEMICONDUCTOR PLANT IN JAPAN.

The headline might say:

“Massive ¥1 Trillion Investment!”

But that ¥1 trillion does not simply move around inside one company.

First:

Semiconductor Manufacturer

↓

Construction Company

The factory must be built.

Then:

Semiconductor Manufacturer

↓

Manufacturing Equipment Company

The factory needs production equipment.

And the equipment manufacturer needs components:

Manufacturing Equipment Company

↓

Precision Parts Manufacturer

Then the branches multiply.

Materials.

Chemicals.

Specialty gases.

Electrical infrastructure.

Water treatment.

Logistics.

Maintenance.

Information systems.

One investment begins spreading work across many companies.



ONE INVESTMENT GROWS MANY BRANCHES

This is important.

A:

¥1 TRILLION FACTORY

does not mean:

¥1 TRILLION SPENT ON ONE COMPANY ALONE.

One capital investment can create demand for:

Construction.

Machinery.

Components.

Materials.

Electricity.

Logistics.

Then those companies place orders with other companies.

They buy materials.

They pay employees.

So:

One company's investment can become another company's sales and income.

Economists sometimes describe this kind of spreading effect as an:

ECONOMIC RIPPLE EFFECT

or an:

ECONOMIC SPILLOVER EFFECT.

At Intermediate altitude, we can think of it simply as:

One large project creating work that spreads outward through the economy.



THE FACTORY'S MONEY EVENTUALLY REACHES THE TOWN

If the factory needs more workers, more people receive wages.

And those people live ordinary lives.

They buy groceries.

They eat at restaurants.

They rent homes.

They buy cars.

They visit hair salons.

They spend money on their children's education.

Now something interesting happens.

Money reaches businesses that may have:

No direct relationship with the factory at all.

So the route becomes:

CAPITAL INVESTMENT



BUSINESS ORDERS



EMPLOYMENT & WAGES



CONSUMPTION

The factory story has now become:

A STORY ABOUT EVERYDAY LIFE.



BUT DON'T CELEBRATE SALES TOO SOON

Suppose a parts manufacturer sees annual sales rise:

¥1.0 billion → ¥1.2 billion

That is a:

20% INCREASE.

At first glance:

“Fantastic!”

But wait.

During the same period:

Raw-material costs increased.

Electricity costs increased.

Logistics costs increased.

Labor costs increased.

So something unexpected can happen:

**Sales increased—
but the money left inside the company did not.**

That is why, on our Domestic Route:

SALES ALONE ARE NOT ENOUGH.



HERE IT COMES AGAIN:

GROSS PROFIT

Suppose a product sells for:

¥1,000

And the direct cost of obtaining or producing that product is:

¥600

In a simplified example:

¥1,000 – ¥600 = ¥400

That ¥400 gives us our starting point for understanding:

GROSS PROFIT.

But be careful.

That ¥400 is not the company's final profit.

The company still has expenses such as:

Personnel costs.

Rent.

Advertising.

Research and development.

Other operating expenses.

So we need to follow the sequence:

SALES

↓

GROSS PROFIT

↓

OPERATING PROFIT

This is why looking only at sales can be misleading.



WHY GROSS PROFIT MATTERS SO MUCH FOR SMEs

A giant factory may create more work for nearby small and medium-sized companies.

Wonderful.

But imagine the customer says:

“We’re giving you a lot more work, so please lower your price.”

What happens?

The SME’s sales may rise.

But its gross profit may remain too small.

Then it may be unable to:

Raise wages sufficiently.

Buy new machinery.

Invest in research and development.

Hire more people.

The money reached the SME—

but the pipe became narrow there.

So if we want to understand the true economic impact of a large investment, we should not ask only:

“Did the SME receive more orders?”

We should also ask:

“Did it receive a fair price?”

and:

“Did enough profit remain?”



IF PROFIT REMAINS, INVESTMENT CAN CREATE MORE INVESTMENT

Now imagine that the SME does retain enough profit.

Then it can:

Raise wages.

Hire more workers.

Buy new machinery.

Expand its factory.

Invest in research and development.

Now something extremely important happens.

The original:

LARGE COMPANY’S CAPITAL INVESTMENT

begins to create:

AN SME'S CAPITAL INVESTMENT.

In other words:

INVESTMENT BEGINS TO CREATE THE NEXT INVESTMENT.

That is the point where a one-time flow can begin becoming a cycle.

NOW THE BLOOD BEGINS TO CIRCULATE

Let's connect the entire route.

A COMPANY INVESTS IN JAPAN

↓

A FACTORY IS BUILT

↓

ORDERS INCREASE FOR SURROUNDING COMPANIES

↓

HEALTHY GROSS PROFIT AND PROFIT REMAIN

↓

WAGES RISE

↓

HOUSEHOLD INCOME RISES

↓

CONSUMPTION INCREASES



COMPANIES SELL MORE



COMPANIES MAKE THE NEXT CAPITAL INVESTMENT

Now the money does not flow only once.

It begins to circulate.

This is the:

BLOOD FLOW OF THE JAPANESE ECONOMY

that NIGHT FLIGHT is looking for.



BUT THE BLOOD FLOW CAN BECOME BLOCKED

This circulation is not guaranteed.

Suppose:

A large company invests.



Orders reach SMEs.

But—

the SMEs do not retain enough profit.

Then the money may travel:

CAPITAL INVESTMENT → SMEs

but fail to continue toward:

SMEs → HIGHER WAGES & NEXT INVESTMENT.

Or suppose corporate profits increase—

but wages do not rise enough.

Then:

CORPORATE PROFIT → HOUSEHOLD INCOME

becomes a narrow pipe.

Or suppose wages rise—

but prices rise even faster.

Then:

HOUSEHOLD INCOME → CONSUMPTION

may weaken.

So the important question becomes:

WHERE DOES THE FLOW BECOME NARROW?

That is the point we need to identify.



THINK OF THE ECONOMY AS A GIANT PLUMBING SYSTEM

Imagine Japan's economy as a huge water system.

Money from around the world enters a large tank.

From that tank, pipes extend toward:

Companies.

Factories.

Suppliers.

Workers.

Households.

Shops.

Having a lot of water in the tank is not enough.

If one pipe is too narrow—

or blocked—

the water cannot reach the end.

So our Domestic Route asks not only:

“DOES JAPAN HAVE MONEY?”

but:

“IS THE MONEY ACTUALLY FLOWING?”

That is the difference.



AND NOW...

WE DON'T HAVE ENOUGH CLASSROOMS

Another problem appears.

Suppose companies say:

“Let's build more factories in Japan!”

Excellent.

But factories cannot appear overnight.

We need:

Construction workers.

Engineers.

Land.

Electricity.

Water.

Components.

Logistics.

So it is possible to have:

MONEY READY TO INVEST

but not enough:

CAPACITY TO RECEIVE THE INVESTMENT.

Remember our school analogy?

Suddenly, more children arrive.

But you cannot double the number of classrooms tomorrow.

Investment works the same way.

You cannot instantly double:

Factories.

Workers.

Electricity.

Logistics.

So now our old phrase returns:

“WE DON’T HAVE ENOUGH CLASSROOMS.”



IF YOU WANT TO SEE A JAPANESE REVIVAL, WATCH THE MIDDLE

Let's return once more to:

¥4,158 TRILLION.

Knowing that Japan possesses enormous assets is not enough.

Knowing that a giant factory has been built is not enough either.

What NIGHT FLIGHT wants to observe is:

WHAT HAPPENS IN BETWEEN.

Did capital investment increase?

↓

Did surrounding companies receive more orders?

↓

Did they retain gross profit?

↓

Did profits increase?

↓

Did wages rise?

↓

Did consumption increase?

↓

Did that lead to another round of capital investment?

Each question is like part of:

A HEALTH CHECK FOR THE JAPANESE ECONOMY.



LANDING

Don't Stop at "Money Came In"

The most important idea on our Domestic Route is simple:

DO NOT STOP AT:

"MONEY ENTERED JAPAN."

Follow it.

COMPANY



FACTORY



SMEs



WORKERS



HOUSEHOLDS



CONSUMPTION



NEXT INVESTMENT

And along the way, keep asking:

“IS THERE A BLOCKAGE SOMEWHERE?”

That is why NIGHT FLIGHT does not judge the economy by:

Asset values alone.

GDP alone.

Stock prices alone.

Factory investment alone.

Instead:

WE FOLLOW THE FLOW ITSELF.



RE-FLIGHT

Same Economy. Different Altitude.

● BEGINNER

Follow the blood

Factory → Companies → Workers → Wages → Shopping.

See how money begins moving through everyday life.

→ Return to ● Beginner

● INTERMEDIATE

Inspect the plumbing

Capital investment.

Economic ripple effects.

Gross profit.

Wages.

Consumption.

Where does the pipe become narrow?

This is the altitude we flew today.

→ Return to  Intermediate

ADVANCED

Read the instruments

Capital investment.

Value added.

Gross margins.

Operating profit.

Wages.

Consumption.

Economic spillover effects.

Connect the flow with economic statistics.

→ Continue to  Advanced

SELECT YOUR ALTITUDE

 **Beginner** →  **Intermediate** →  **Advanced**

Beginner shows us the story.

Intermediate shows us the mechanism.

Advanced will show us the instruments.

Fly whichever altitude suits you today.

And if the sky becomes complicated—

Descend.

Return later.

Fly it again.

Because on NIGHT FLIGHT:

You are the Captain.

You choose your own altitude.



NEXT FLIGHT

What If the Money Is Ready — But Japan Cannot Receive It?

We have followed money from a large factory into companies, wages, households and consumption.

But now a new question has appeared.

Companies may want to invest more in Japan.

The money may be available.

But—

ARE THERE ENOUGH PEOPLE?

IS THERE ENOUGH ELECTRICITY?

CAN WE BUILD THE FACTORIES?

CAN WE PRODUCE ENOUGH COMPONENTS?

So the next question is:

Are Shortages a Wall Blocking Japan's Revival?

Or—

Could Those Shortages Become the Reason for the Next Round of Investment?

That is the next airspace.

NIGHT FLIGHT SPECIAL II

Numbers Take Flight.

You are the Captain.

I am your Co-Pilot.

AI is in the Control Tower.

DOMESTIC ROUTE — INTERMEDIATE

RE-FLIGHT COMPLETE.

NEXT FLIGHT:

ADVANCED ROUTE

CLEARED FOR TAKEOFF. 