Ec 4325: The Economic Development of Japan
Spring 2002 (TR 9:10-10:25 AM)

Professor David Weinstein
Email: dew35@columbia.edu
Tel: 854-6880
Office: IAB 916
Office Hours: Thursday 2-4
and by appointment

Course Outline and Assigned Readings

This course covers Japan’s economic organization, structure and performance from the mid-nineteenth century to the present, focusing on the postwar period. Special emphasis is placed on the character of Japanese economic policy making as well as on the behavior of Japanese enterprises, financial institutions, labor force and households. In addition, there is considerable discussion of Japan’s recent economic conditions.

Class notes: Class notes, handouts, previous exams, and important announcements will be posted on my webpage: www.columbia.edu/~dew35. Students should check this web page frequently. Class notes should be downloaded and printed the day before class. I will not bring extra copies to class. Class notes do not cover my lectures completely and should not be viewed as a substitute for regular class attendance.

Requirements:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm Exam</td>
<td>20%</td>
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<tr>
<td>Paper</td>
<td>40%</td>
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<td>(2500-3500 words)</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<td>Class Participation</td>
<td>10%</td>
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Explanation of Requirements

1. Students who have not had a two semester principles of economics course should not take this course. Ideally students will have had four semesters of principles.

2. **Regular class attendance** and regular participation in class discussion

3. **Midterm Exam.** A midterm exam consisting of short-answer questions based on the readings and lectures will be given on **March 14.**

4. **An analytical paper** about the Japanese economy. Ideally your paper will ask a question relevant to understanding an aspect of the Japanese economy that we have not covered in class. The paper should then seek to answer the question. Previous successful topics include, what factors explain changes in female labor force participation, were firms with main banks particularly successful during the 1980’s, etc. You should make an effort to use some primary source material such as the Japan Statistical Yearbook, the Yearbook of Labor Statistics, or National Accounts data. The web has made finding and working with data much easier. A great way to find data on Japan is to go to the Center for Japanese Economy and Business website ([http://www.gsb.columbia.edu/japan/](http://www.gsb.columbia.edu/japan/)) and click on Resources>> Japanese Economy related links. Have fun surfing around to see what is available. Try to avoid writing a paper that simply describes an industry or a firm. Description may be necessary to answer the question, but it should not be the point of the paper. The paper should be typewritten, double-spaced, about 10-15 pages (**maximum 3500 words**), plus tables/exhibits (with your sources indicated), footnotes, and bibliography of sources used. If you strongly desire to do a different kind of paper, consult with me.

   Due date: **May 2 at 9:10 AM** (at the beginning of class). Papers arriving after the start of class will receive a penalty of one grade off, with an additional grade off for each day late.

4. **Final Exam.**
Readings

All Students should purchase:


EC 4325 Course Pack - articles bound in the course pack. The course pack is available at the Village Copier (601 W. 115th St. between Broadway and Riverside Drive.) In addition, all readings are on reserve at Lehman Library.

Other References and Sources

The three most comprehensive books on the Japanese postwar economy prior to the publication of *The Japanese Economy* are:


A useful newspaper is *The Nikkei Weekly*, the English-language version of Japan's excellent economics daily newspaper. The Economist Intelligence Unit publishes a Country Report on Japan (Quarterly) and a Country Profile for Japan (Annual) that are useful up-to-date references.

*The Journal of the Japanese and International Economies* is an excellent, more analytically advanced source of original articles, some of which have been used in NBER conferences.

*Pacific Economic Papers* series, published by the Australia-Japan Research Centre of the Australian National University, contains papers on a number of interesting and relevant topics.
January 22: (Class 1) Introduction and Overview

January 24: (Class 2) Japanese Economic History to 1850


January 29: (Class 3) The Opening of Japan


January 31: (Class 4) Prewar Industrial Policy


February 5: (Class 5) Prewar Banking and Finance

Hoshi and Kashyap, Chapter 2

February 7: (Class 6) The Rise of Concentration


February 12: (Class 7) Zaibatsu


February 14: (Class 8) Prewar Labor Markets

February 19: (Class 9) Japanese The Wartime Economy

Hoshi and Kashyap, Chapter 3

February 21: (Class 10) Japanese Economic Growth

February 26: (Class 11) Japanese Labor Practices I: Theory


February 28: (Class 12) Japanese Labor Practices II: Empirics


March 5: (Class 13) Recent Development in Japanese Labor Markets


March 7: (Class 14) Zaibatsu Dissolution and the Formation of the Main Bank System

Hoshi and Kashyap, Chapter 4

March 12: (Class 15) The Economics of the Main Bank System

Hoshi and Kashyap, Chapter 5

******** (Class 16) March 14: Midterm ********

March 19 & 21: Spring Break

March 26: (Class 17) Financial Market Regulation

Hoshi and Kashyap, Chapter 6

March 28: (Class 18) Savings and the Cost of Capital

April 2: (Class 19) Vertical Groups and Buyer-Supplier Relationships

April 4: (Class 20) Formal Industrial Policy


April 9: (Class 21) Informal Industrial Policy


April 11: (Class 22) The Bubble Economy

Hoshi and Kashyap, Chapter 7

April 14: (Class 23) The Bursting of the Bubble


April 18: (Class 24) Fiscal Policy


April 23: (Class 25) Monetary Policy I

Krugman, Paul “Japan’s Trap” http://web.mit.edu/krugman/www/japtrap.html

April 25: (Class 26) Banking Policy

Hoshi and Kashyap Chapter 8.

April 30: (Class 27) The Big Bang and Beyond

Hoshi and Kashyap Chapter 9.


May 2: (Class 28) Summary