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:

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

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

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 10.

4. An analytical paper about the Japanese economy. Due date: April 28 at 9:10 AM (at the beginning of class). 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. A good way to find topics is to read some of the chapters in the “Other Readings” section of the syllabus. 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. Try to avoid writing a paper that simply describes an industry or a firm. Description may be necessary to answer the question and a literature survey that explains the importance of the question is essential, 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 desire to do a different kind of paper, consult with me in advance.

Unpleasant Issues: The paper must contain references and footnotes; all quotations must be encapsulated in quotation marks and properly referenced. I strongly urge you to read the Columbia College rules regarding plagiarism and proper citation before writing (see http://www.college.columbia.edu/students/academics/regulations/plagiarism.php) Students who plagiarize in this course will fail and may face disciplinary action by the University.

Papers arriving after the start of class will receive a penalty of one grade off, with an additional grade off for each day late. These will cumulate until you receive the minimum of either my evaluation of your paper or a C-.

4. Final Exam.
Readings


EC 4325 Course Pack - articles bound in the course pack. The course pack is available at the Village Copier. In addition, all readings are on reserve at Lehman Library.

Other Readings


Blomstrom, Magnus, Byron Ganges, and Sumner La Croix, eds., Japan’s New Economy: Continuity and Change in the Twenty-First Century (Oxford: Oxford University Press, 2001)


Japanese Economic Studies is a useful quarterly journal of translations of contemporary Japanese scholarship on economy and management, including occasional industry studies. 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.

A great website for finding statistical information or links to it are

http://www-1.gsb.columbia.edu/japan/japanlinks.htm
January 18: (Class 1) Introduction and Overview

January 20: (Class 2) Japanese Economic History to 1850


January 25: (Class 3) The Opening of Japan


January 27: (Class 4) Prewar Industrial Policy


February 1: 7PM: (Class 5) Prewar Banking and Finance

Hoshi and Kashyap, Chapter 2

February 3: (Class 6) The Rise of Concentration


February 8: (Class 7) Zaibatsu


February 10: (Class 8) Prewar Labor Markets

Hoshi and Kashyap, Chapter 3

February 15: (Class 9) The Wartime Japanese Economy

Hoshi and Kashyap, Chapter 4
February 17: (Class 10) Japanese Economic Growth


February 24: (Class 12) Japanese Labor Practices II: Empirics

Ono, Hiroshi and Marcus E. Rebick, “Constraints on the Level and Efficient Use of Labor in Japan” (http://papers.nber.org/papers/W9484)

March 1: (Class 13) Recent Development in Japanese Labor Markets


March 3: (Class 14) Zaibatsu Dissolution and the Formation of the Main Bank System

Hoshi and Kashyap, Chapter 5

March 8: (Class 15) The Economics of the Main Bank System

Hoshi and Kashyap, Chapter 7

******** March 10: (Class 16) Midterm *******

March 22: (Class 17) Financial Market Repression


March 24: (Class 18) Vertical Groups and Buyer-Supplier Relationships


March 29: (Class 19) Formal Industrial Policy


March 31: (Class 20) Informal Industrial Policy


April 5: (Class 21) The Bubble Economy

Hoshi and Kashyap Chapter 8.

April 7: (Class 22) The Financial Crisis

Hoshi, Takeo and Anil Kashyap (2003) “Japan’s Economic and Financial Crisis: An Overview,”

April 12: (Class 23) Financial Policy

Hoshi, Takeo and Anil Kashyap (2004) “Solutions to Japan’s Banking Problems: What might work and what definitely will Fail” University of Chicago, mimeo

April 14: (Class 24) Macroeconomic Policy

Posen, Adam (2004) It Takes More than a Bubble to Become Japan

April 19: (Class 25) Fiscal Policy


April 21: (Class 26) Monetary Policy I

April 26: (Class 27) The Big Bang

Ito, Takatoshi and Frederic Mishkin, “Monetary Policy in Japan: Problems and Solutions”

April 28: (Class 28) The Big Bang and Beyond