



Economics 507
The Japanese Economy
Spring 2002
9:30-10:20 MWF

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Waters 328

Homepage: <http://www.ksu.edu/economics/nafwayne/>

Office hours: 9-9:25, 10:30-11:20 MWF, or by appointment--Waters 312 (except no office hours on Mon., March 11, and Mon., March 25).

Analyzes Japan's growth, productivity change, income distribution, government policies, agriculture, industrial structure, labor relations, education and technology, and international trade and finance. Emphases will be on U.S.-Japanese competition and comparisons. Pr. ECON 110. The course is a university general education course and counts for the international studies secondary major and Arts and Sciences' international overlay.

Required texts:

Richard Katz, *Japan – The System that Soured: The Rise and Fall of the Japanese Economic Miracle* (Armonk, NY: M.E. Sharpe, 1998).

Richard Katz, updates at <http://www.mesharpe.com/katz.htm>.

Yoshihara Kunio, *Japanese Economic Development*, 3rd edition (New York: Oxford University Press, 1995).

Are the two authors discussing the same country? During the semester, it will become clearer that you can partially reconcile what may appear to be contradictory views.

Objectives:

The main goal of the course is to understand Japan's rapid economic growth since 1868, and from World War II to the 1990s; and the collapse in Japan's economic growth since the early 1990s. Kunio emphasizes the reasons for Japan's economic development success, while also examining the dark side of development. Katz stresses that the protectionism and industrial policies that contributed to success during catch-up from 1945 to 1990 no longer worked in the 1990s when Japan was a mature economy. Indeed Katz argues that these policies will increase the gap between Japan and the highly industrialized countries such as the United States and Germany during the early part of the 21st century.

In examining Japan's long-term (one to two centuries), middle-term (since World War II), and short-term (a decade) economic development and income distribution, we will analyze (1) U.S.-Japanese productivity growth differentials, (2) Japanese economic institutions, (4) the role of government in Japanese development, (5) foreign trade and investment in Japan, especially its bilateral economic relationships with the United States, and (6) the applicability of Japan's strategies to other economies.

Internet Resources on the Japanese Economy:

Recent news on the Japanese economy may be available in the *Wall Street Journal*, and at BBC www.bbc.co.uk/home/today/; CNN www.cnn.com/; the Economist www.economist.com/; (and if you have a fixed terminal) Financial Times www.ft.com/; New York Times www.nytimes.com/; and the International Herald Tribune www.iht.com/, based on the Times and the Post, with headline stories and early yen quotations.

<http://newton.uor.edu/Departments&Programs/AsianStudiesDept/japan-pol.html#econ> has a wealth of information on the contemporary economy;

<http://newton.uor.edu/Departments&Programs/AsianStudiesDept/japan.html> includes general information, government institutions, directories, search engines, travel information, East Asian libraries, and so forth. Japanese sources are at

<http://www.ksu.edu/economics/nafwayne/japan.htm>, including country information and background notes. KSU library resources are limited, but the internet has resources, including several that you can eventually get by starting at the library's home page,

<http://www.lib.ksu.edu/>. The front page headlines and summaries in Nikkei Weekly online are at <http://www.nni.nikkei.co.jp/FR/TNW/index.htm>. To subscribe to the Nikkei Weekly (Japan's equivalent of the Wall Street Journal) or the Japan Economic Almanac, go to

<http://www.nni.nikkei.co.jp/>. On campus (or by clicking library on KSU's home page, www.ksu.edu), you have access to Lexis-Nexis (<http://web.lexis-nexis.com/universe>) that would enable you to get information on the Japanese economy by topic. Other Japanese newspapers are at <http://www.onlinenewspapers.com/japan.htm>. The NYU page on the Japanese economy is at <http://www.stern.nyu.edu/globalmacro/>; at this source, click Japan. The Organization for Economic Cooperation and Development is at <http://www.oecd.org/>, with national-income statistics at <http://www.oecd.org/std/nahome.htm>.

<http://www.asahi.com/english/english.html> gets the daily *Asahi Shimbun* in English

<http://www.mainichi.co.jp/english/> the daily *Mainich Shimbun* in English; and

<http://www.japantimes.co.jp/> the Japan Times in English. For Japanese statistics

<http://www.stat.go.jp/english/index.htm>, and economic issues from the Embassy of Japan,

<http://202.214.66.52/e/index2.htm>. The *Far Eastern Economic Review* (HC 411.F18 and

<http://www.feer.com/>) is a weekly that sometimes has news on the Japanese economy. This list is just a start.

Grades:

I plan three one-hour examinations, each worth 100 points (total 300 points); two 36-point multiple-choice exams (72 points total); an occasional minute paper (5 points each, worst one dropped); and a final examination, worth 200 points. I have indicated tentatively the coverage of each one-hour examination (the readings and corresponding lectures just before the listing of the examination). Each one-hour exam is roughly half essay/problem (see exams the last time this course was taught, fall 1999, <http://www.ksu.edu/economics/nafwayne/class.htm>, MS format or

PDF format) and half objective (mostly multiple choice). Although a different course, the objective portion of one-hour exams will be similar in format to environmental economics in 2000 (<http://www.ksu.edu/economics/nafwayne/class.htm>), in MS Word or PDF Format. Minute papers ask the student, in 2-3 minutes, to respond to questions such as: “What was the most important thing you learned during this class?” and “What important question remains unanswered for you?”

Students who make excellent contributions to class can raise their semester numerical grades.

Graduate students are required to write a paper or to present a twenty-minute talk to the class. This paper or talk is worth 150 points for graduate students.

Alternative to the Second or Third One-hour Exams: For either or both the second and third exams, the student may write a paper instead of taking the exam (the paper must be a topic related to the readings and material to be covered on the exam), provided the student notifies the instructor in writing (e.g., on a 3" by 5" card) or by e-mail what topic he or she is writing on by the second class after the previous exam; notifies the instructor in writing of any changes in the topic; attends class regularly; and hands in the paper at or before the time the exam is given. (In the past, one student both took the exam and wrote the paper, enabling that student to get the better of the two grades!) The average length of the paper is about 7-12 pages. You are expected to use acceptable bibliographical and citation procedures (if in doubt, use the procedures of a recent *American Economic Review*). For material on the web, the bibliographical citation must be complete, for example, Stanley Fischer, “The Asian Crisis: the Return of Growth,” International Monetary Fund, Washington, D.C., paper presented to the Asia Society, Hong Kong, June 17, 1999. <http://www.imf.org/external/np/speeches/1999/061799.HTM>. Feel free to hand in an earlier draft so that I can give you comments that will allow you to improve your paper (but give me a few days to respond), or ask questions about your progress at earlier stages of work on your paper.

A student may instead present a 20-minute or so talk, as long as the student notifies the instructor as indicated in the previous paragraph. In addition, the student must arrange with the instructor ten days in advance to present the talk, which should be given near the time the subject is discussed in class.

No alternative is possible for the first exam or for the final exam, Tuesday, May 14, 2002, 11:50 a.m.-1:40 p.m., Waters 328. All students are required to take these exams.

Plagiarism: University policy is: “Plagiarism and cheating are serious offenses and may be punished by failure on the exam, paper, or project; failure in the course; and/or expulsion from the university.” For more information refer to “Academic Dishonesty,” <http://www.ksu.edu/uau/fhbook/fhxf.html>.

Honor system: The university has an honor system based on personal integrity, which is presumed to be sufficient assurance that in academic matters one's work is performed honestly and without unauthorized assistance. Undergraduate students, by registration, acknowledge the jurisdiction of the Undergraduate Honor System. The policies and procedures of the Undergraduate Honor System apply to all full and part-time students enrolled in undergraduate courses on-campus, off-campus, and via distance learning. A prominent part of the Honor System is the inclusion of the Honor Pledge, which applies to all assignments, examinations, or other course work undertaken by undergraduate students. The Honor Pledge is implied, whether or not it is stated: "On my honor, as a student, I have neither given nor received unauthorized aid on this academic work." This statement means that the student understands and has complied with the requirements of the assignment as set forth by the instructor. For more information, refer to <http://www.ksu.edu/honor>

Academic Accommodations for Students with Disabilities: If you have any condition, such as a physical or learning disability, which will make it difficult for you to carry out the work as I have outlined it or which will require academic accommodations, please notify me in the first two weeks of the course.

Outline:

1. Introduction to the Course—Fri., Jan. 18
2. The Historical Course of Japan's Economic Development (Kunio, preface, ch. 1) Wed. Jan. 23
3. The Characteristics of Development (Kunio, ch. 2)
4. What Happened to Japan's Economic Miracle? (Katz, ch. 1)
- MULTIPLE-CHOICE EXAMINATION
5. Japan's Deformed Dual Economy (Katz, ch. 2, pp. 29-46 & www.mesharpe.com/katz_chap_2.htm)
6. Trade and Development (Kunio, ch. 3)
7. Preconditions for Economic Development (Kunio, ch. 4)
8. Meiji and Occupational Institutional Reforms for Growth (Kunio, ch. 5)
- ONE-HOUR EXAMINATION
9. Human Capital, Business Organization, and the the State (Kunio, ch. 6)
- Video – Understanding the Japanese Economy
10. Pathologies of Japan's Development (Kunio, ch. 7)
11. Hollowing Out Exports: Driving Away the Geese That Lay the Golden Eggs (Katz, ch. 3 & www.mesharpe.com/katz_chap_3.htm)
12. From Growth Superstar to Economic Laggard (Katz, ch. 4 & www.mesharpe.com/katz_chap_4.htm)
- MULTIPLE-CHOICE EXAMINATION
13. The Politics of Japanese Economic Policy (Katz, ch. 5)
14. The System Succeeds in the Era of Catch-Up, 1955-73 (Katz, ch. 6)
15. The System Sours, 1973-90 (Katz, ch. 7)
16. Economic Anorexia, 1990-2000: From Bubble to Bust (Katz, ch. 8 & www.mesharpe.com/katz_chap_8.htm)
17. If Poland Can Reform, Why Not Japan? (Katz, ch. 9)
- ONE-HOUR EXAMINATION
18. Asia Versus Japan in the Race to Reform (Katz, ch. 10)
19. Japan's Peculiar Trade: Too Few Imports, Too Few Exports (Katz, ch. 11 & www.mesharpe.com/katz_chap_11.htm)
20. Is Japan Opening Up? (Katz, ch. 12)
21. Beyond Revisionism and Traditionalism: A New Paradigm (Katz, ch. 13)
- ONE-HOUR EXAMINATION, FRIDAY, MAY 3
22. The Early 21st Century: Whither Japan? (Katz, ch. 14)
23. The Japanese Development Model: Its Implications for Developing Countries (Kunio, ch. 8)
- FINAL EXAMINATION, TUESDAY, MAY 14, 2002, 11:50 a.m.-1:40 p.m., WATERS 328