

## **ECN333 Contemporary Japanese Economy (3 credit)**

**Instructor: Hiroya Ichikawa, Ph.D**

**Office Hour: Tuesday, 13:30-14:30 pm Office:A4-5**

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**Semester: Spring**

**Classes: Tuesday and Thursday 12:30-13:45**

**Description:** This is an applied course of economics for the contemporary Japanese economy. The course will examine the roots of recent instability in the world financial system, and Japanese economic problems. The new government's attempts to radically change Japanese economic system (Hatoyama Reform) will be compared with Koizumi Reform (privatization/deregulations). In order to understand the current Japanese economy, economic model of the post-war Japan will critically be examined. After a historical review, topics such as an aging population, the social security system, burden of government debt, decentralization, competition policy, and deregulation (including financial) will be discussed. Other topics include; corporate governance, government-business relations, free-trade agreement policies, ODA policy, environmental issues, and Japan's civil society. Students are expected to discuss current economic and financial news in each class. If class size permits, the course will be conducted in seminar format. Objectives: This course is aimed at students who have ideally completed at least a one-semester micro economic course and macro economic course. Students from abroad are encouraged to take this course, and contribute to the class discussion by comparing Japan's experience with their experiences in their own countries on similar topics. The course will emphasize the theoretical approach as well as the real world experience of the instructor. Students are expected to actively participate in class discussion / group presentation based on reading assignments and researches. A term-paper will be required. Study Materials:

**< Textbook >**

Academic Preparation: There are no prerequisites, but basic familiarity with macroeconomics and microeconomics is recommended.

Policies: All assignments and exams must be completed to receive a passing grade for this course. Students are reminded not to engage in acts of plagiarism or other forms academic dishonesty. No unexcused absence allowed.

Course Format and Activities: Every class starts with brief discussion on news articles related to current Japanese economic and financial problems. Class sessions will alternate between lecture and students presentation. Students will have completed the reading assignment before student's team's sessions. Classes are interactive and seminar type.

Study Materials:

<Textbook>

Takafusa Nakamura .The Postwar Japanese Economy. University of Tokyo Press .1995/96.

<Reference books, sources of readings and other information>

□ Michael E.Porter, Hirotaka Takeuchi & Mariko Sakakibara,Can Japan Compete? Macmillan Press.2000.

□ Paul Krugman "The Myth of Asia's Miracle" , *Foreign Affairs*, November/December. 1994.

□ Richard Katz, Japanese Phoenix-the long road to economic Revival, M.E.Sharp.2003.

□ Thomas F. Cargill, Michael M. Hutchison, Takatoshi Ito, The Political Economy of Japanese Monetary Policy, Chapter 5.*The Bubble Economy and its Collapse*",

□ Adam S. Posen, Restoring Japan's Economic Growth, Institute for International Economics, 1998.

□ Toshiaki Tachibanaki.ed. The Economics of Social Security in Japan, The ESRS Studies Series on Ageing, Edward Elgar Publishing Inc .2004

□ References for those who can read Japanese articles on macro economic variables of Japanese Economy by Prof. Hiroya Ichikawa (instructor)

□ 経済セミナ - 誌 〈日本評論社〉

連載論文( 市川博也)2 0 0 3 年

4 月号 「ダイ名ミック・ エコノメトリックス」

5 月号 「自己回帰モデルと単位根の役割」

6 月号 「単位根の問題」

7 月号 「長期乗数の概念」

8月号「誤差修正モデルの経済学」

9月号「誤差修正モデル：マネーサプライと実質GNP」

10月号「グレンジャーの因果性」

11月号「グレンジャーの因果性とVARモデル」

12月号「ノーベル経済学受賞と時系列分析研究」

2004年1月号「インパルス応答関数と因果関係」

2月号「共和分分析と購買力平価説の検証」

3月号「LSE学派のGTSアプローチとヨハンセンの方法」

**Assessment:**

Students achievement of this course's objectives will be measured in the following five areas: (1) class discussion and presentation (20%) (2) News brief analysis (10%) (3) Midterm exam (30%) (4) Final exam (30%) (5) Overall assessment (10%)

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Course Format and Activities: Every class starts with brief discussion on news articles related to current Japanese economic and financial problems. Class sessions will alternate between lecture and students presentation. Students will have completed the reading assignment before students' team's sessions. Classes are interactive and seminar type.

< Website for statistics and documents on Japanese economy

[http://www/stat/go.jp](http://www.stat.go.jp)(Japanese Government's statistics)

<http://www.boj.or.jp/>( Bank of Japan)

<http://www.goo.ne.jp> Government documents)

## **Schedule:**

### **<Week1-3>**

Introduction/ Identification of major economic and financial problems/

Discussion on Paul Krugman *The Myth of Asia's Miracle*.

Week 1. Introduction

Identify major economic problems facing current Japanese economy.

Group formation; leader/ sub-leaders.

Week 2. Discuss Paul Krugman "*The Myth of Asia's Miracle*"

Week 3. Takahusa Nakamura , chapter 2

### **<Week 4-6>**

Immediate postwar Japanese economy/ reform and reconstruction/

The mechanism and policies of rapid growth

Week 4/5 Takashi Nakamura, chapter3/4

Week 6 Discuss Richard Katz, *Japanese Phoenix-the long road to economic Revival*", M.E.Sharp.2003.

### **<week 7-9>**

End of rapid growth/ international environment/ the collapse of bubble

economy/macroeconomic policy mistakes

Week 7 Discuss Japanese economy and International Environment,

Nakamura Chapter6/8.

Discuss Richard Katz, *Chapter 9. " Globalization.*

*-the Linchpin of reform-*"

Chapter 11 " *Foreign Direct Investment - A Sea Change* -".

Week 8 Discuss "The Collapse of the Bubble Economy".

Thomas F. Cargill, Michael M. Hutchison, Takatoshi Ito,

The Political Economy of Japanese Monetary Policy,

Chapter 5. *The Bubble Economy and its Collapse*",

Chapter 6. *Asset-Price Deflation: Nonperforming*

*Loans, Jusen Companies, and Regulatory Inertia.*"

Week 9 Richard Katz, chapter 12. " *Financial integration –The Iceberg*

*Cracks* -".

### <Week 10-14>

Structural reforms/restoring Japanese economy/corporate reforms/

Rethinking Japanese management/social security system/world financial

crisis and its impact on Japanese economy

Week 10 Discuss Adam S. Posen, Restoring Japan's Economic Growth .

*Chapter 1.*" *Diagnosis: Macroeconomic Mistakes, Not Structural Stagnation*"

*Chapter 2.* " *Fiscal Policy Works When it is tried*".

, *Chapter 3.* " *The Short and Long of Fiscal Policy*" .

Week 11. Discuss Richard Katz,

*Chapter 6*" *Fiscal dilemmas,* "

*Chapter 7.* " *Monetary magic bullets are blanks*",

*Chapter 8* " *Japan cannot export its way out*".

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Week 12 Discuss Richard Katz,

*Chapter 13* " *What is structural reform?*

*Chapter 14.* *Financial reform*".

*Chapter 15.* " *Corporate Reform-No competitiveness without more competition*".

Week 13 Michael E .Porter, Hiroataka Takeuchi & Mariko Sakakibara,

Can Japan Compete? Macmillan Press

Week 14. Deregulation and state enterprises, Tax reform

Richard Katz, *chapter 18 “ deregulation and state enterprises-*

*The momentum is clear, the destination is not.”*

*Chapter 19.”Tax Reform- Don’t Exacerbate Anorexia”.*

*Social Security System, Ageing problems and*

*Widening Income Disparity,* Toshiaki Tachibanaki.ed.

The Economics of Social Security in Japan,

**<Week 15>**

Summing up and Final Examination