ECONOMICS 170.10
Introduction to the Economy of Japan

Spring 2003
Funger 222 6:10 PM-7:25 PM.

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This course provides an overview of Japan's economy. It begins by examining the course of Japan's economic development, continues with an extensive survey of contemporary economic institutions, policies and problems, and ends with consideration of Japan's foreign economic relations. I assume you have taken a course in macroeconomics and microeconomics. If your previous exposure to Japan has been limited, I suggest you buy and read Edwin O. Reischauer and M.B. Jansen, The Japanese Today.

Requirements

1. **Regular class attendance** and appropriate participation are required. This class includes both lectures and discussions. You are expected to have read the assigned readings before class and to be ready to discuss them. Class participation counts for 20 percent of the final grade. Short take-home essays may be assigned; these will count as part of your class participation.

2. There will be a **midterm exam** (20 percent of the final grade) on March 5.

3. A **term paper** on a specific Japanese industry, or if strongly desired either a specific sector or a single firm (20 percent of final grade). The paper should be typewritten, double-spaced, about 10-15 pages (maximum 3500 words), plus tables/exhibits (with yours sources indicated), footnotes, and bibliography of sources used. The paper might cover a range of topics such as the industry's recent historical evolution, current importance, industrial organization, major players, market competitiveness, role of specific government policies, current problems, and future prospects. Among the industries that might be covered are those currently in the process of deregulation: advanced telecommunications, physical distribution, finance, land and housing.

   Due date: March 26 at 6:10 P.M. (before class). Late papers will receive a grade penalty.

4. A comprehensive **final exam** will count 40 percent of the grade.
References and Resources


The remaining readings listed generally are on library reserve or on Prometheus under this course or both. Please note that the amount of reading varies considerably from one class session to the next, so plan ahead.

In addition to the required readings, I suggest that you do some general reading early in the semester to broaden your perspective on Japan's economy. You will get more out of the course if you keep up with current trends and issues in the Japanese economy. Some articles, mainly from newspapers, will probably be added to Prometheus outline to the day for which they are relevant.

One of the best Washington area resources for materials on the Japanese economy has been the Japan Economic Institute, whose library is now in the Slavic, East European, and Asian Reading Room at Gelman. Holdings include all of JEI's publications. Please call (202) 994-7105 to learn how to access the collection. Information also is available at: [http://www.gwu.edu/gelman/secarr](http://www.gwu.edu/gelman/secarr). Materials published by JEI itself are available at [http://www.jei.org](http://www.jei.org).

Also useful are the OECD survey of Japan's economy, the current white papers from METI and other ministries, Japanese press and business publications (e.g. *Nikkei Weekly*), as well as journals such as *Japanese Economic Studies* and *The Journal of the Japanese and International Economies*. Internet sites relating to the Japanese economy also are abundant, although their quality varies dramatically.
COURSE OUTLINE AND READING LIST

Introduction: Japan's Resource Endowment and Institutions

(Agriculture and Natural Resources) and pp. 128-139 (The Group).


Japan's Economy in Historical Perspective

January 22 & 27 The Tokugawa and Meiji Heritage and Prewar Economic Growth
Minami, Chapters 2 and 3; Flath, Chapters 2, 3.

January 29 The Occupation and Postwar High Growth Period

Contemporary Japanese Economic Issues and Organization

February 3 & 5 The Contemporary Economic Environment

February 10 & 12 Investment, Technology and Capital Formation

February 17 No class.
February 19  Japanese Labor Markets

Flath, chapter 15.

February 24  The Japanese Firm


February 26  Industrial Structure and Organization

March 3

Flath, Chapter 12, pp. 299-307; Lincoln, chapter 2 (pp. 16-38); Dick Nanto, Japan’s Keiretsu: Industrial Groups as Trade Barriers, CRS Report No. 94-82 E, Washington, D.C., 1994.

March 5  Midterm Exam.

March 10  Financial Institutions and Markets


The Government and the Economy

March 12  Industrial Policy


March 17 & 19  Spring Break
March 24  Deregulation


March 26  Fiscal and Monetary Policy


The Foreign Sector

March 31  An Overview

Flath, Chapter 8

April 2  Trade Policy and Institutions


April 7  Macroeconomic Questions


April 9  International Finance and the Yen

Economic Relations with the U.S.: Key Issues


Recent Issues

April 21

Japanese Multinationals and Foreign Direct Investment


April 23 & 28

Changing Economic Relations with East Asia


April 30

Prospects and Problems


Additional readings may be assigned.