

**Political Science G8876**  
**Colloquium on Japanese International Political Economy**

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911 International Affairs

This course is an inquiry into how insights drawn from (a) Japanese domestic adjustments to the so-called constraints of economic globalization and (b) Japanese business and diplomatic activities in the Asian-Pacific region can enhance our understanding of the Japanese political economy. Topics include; asymmetric trade relations, currency realignments, financial liberalization, deregulation, fiscal adjustment, domestic partisan realignments, production networks, the strategic role of foreign investment and aid, and the nature of Asian-Pacific economic integration. Comparisons will be made with the EU and its key member states. The focus is on the theoretical contributions that may derive from comparing Japan with other advanced industrial democracies, especially on topics that cross-cut the traditional boundaries of comparative political economy and international political economy.

Students are expected to be familiar with the theoretical debates in the field of comparative or international political economy and to use this course as an opportunity to employ acquired analytical tools to go through concrete cases concerning Japan. Hopefully, this exercise will raise a lot of interesting questions about the problems of existing accounts and frameworks and help participants in their future research.

Class Requirement

1. Students will be graded by class participation (30%) and writing requirements (70%).
2. Students can choose between (a) writing a full length research paper, or (b) writing a review article (as seen in academic journals) and a research proposal. Option (a) is encouraged. In either case, the paper(s) must be related with the topics discussed in class and should integrate some of the materials discussed.
3. The reading load after week 10 is deliberately light to encourage paper writers. Depending on the composition of the class we can add either presentations by paper writers or reading materials for weeks 11 to 14.

4. There will be no exceptions for deadlines

Readings

1. All the readings (except books to purchase) are on reserve at Lehman library (3rd floor, SIPA Building).

2. The eight books for purchase (\*) are available at Labyrinth Book Store.

C. Randall Henning, *Currencies and Politics in the United States, Germany and Japan* (Washington D. C.: Institute for International Economics, 1994) ISBN 0-88132-127-3

I. M. Destler, *American Trade Politics (Third Edition)* (Washington D. C.: Institute for International Economics, 1994) ISBN 0-88132-215-6

Robert M. Uriu, *Troubled Industries: Confronting Economic Change in Japan* (Ithaca: Cornell University Press, 1996) ISBN 0-8014-8329-8

Leonard J. Schoppa, *Bargaining with Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press, 1997) ISBN 0-231-10591-6

Steven K. Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca: Cornell University Press, 1996), ISBN 0-8014-3215-4

Geoffrey Garrett, *Partisan Politics in the Global Economy* (Cambridge: Cambridge University Press, 1998) ISBN 0-521-44690-2

Morris Goldstein, *The Asian Financial Crisis: Causes, Cures, and Systemic Implications* (Washington D. C.: Institute for International Economics, 1998) ISBN 0-88132-261-X

T. J. Pempel, *Regime Shift: Comparative Dynamics of the Japanese Political Economy* (Ithaca: Cornell University Press, 1998) ISBN 0-8014-8529-0

## Week

### 1a. Why Study Japanese Political Economy?

### 1b. The Changing Context of Japanese International Political Economy

Cf. Chalmers Johnson, *Japan: Who Governs?: The Rise of the Developmental State* (New York: W. W. Norton, 1995) pp. 38-95 (Social Values and the Theory of Late Economic Development in East Asia, \_ \_Comparative Capitalism: The Japanese Difference, \_ \_Trade, Revisionism , and the Future of Japanese-American Relations\_).

Cf. John Ruggie, \_International Regimes, Transactions and Change: Embedded Liberalism in the Postwar Economic Order, \_ *International Organization*, 31-4 (1982)

Cf. Robert O. Keohane, \_The World Political Economy and the Crisis of Embedded Liberalism, \_ in John Goldthorpe (ed.), *Order and Conflict in Contemporary Capitalism* (Clarendon Press, 1984).

Cf. John Ruggie, \_Embedded Liberalism Revisited, \_ in Emanuel Alder & Beverly Crawford (eds.), *Progress in Postwar International Relations* (New York: Columbia University Press, 1991), pp. 201-234.

## I. US-Japan Trade Relations

### 2. U.S. Trade and Foreign Investment Policy

1. Vinod K. Aggarwal, Robert O. Keohane & David B. Yoffie, \_The Dynamics of Negotiated Protectionism, \_ *American Political Science Review*, 81-2 (1987).

2. Judith Goldstein, \_Ideas, Institutions, and American Trade Policy, \_ *International Organization*, Vol. 42-1 (1988)

3.\* I. M. Destler, *American Trade Politics (Third Edition)* (Washington D.C.: Institute of International Economics, 1995), Chapters 4-7, 9.

4. Helen V. Milner & David B. Yoffie, \_Between Free Trade and Protectionism, \_ *International Organization*, 43-2 (1989).

5. John B. Goodman, Debora Spar & David B. Yoffie, \_Foreign Direct Investment and the Demand for Protection in the United States,\_ *International Organization*, 50-4 (1996).

### **3. U.S.-Japan Trade Relations (1): Specific Industries**

6. Hideo Sato & Michel W. Hodin, \_The U.S.-Japanese Steel Issue of 1977\_ in Destler & Sato (eds), *Coping with U.S.-Japanese Economic Conflicts* (Lexington: Lexington Books, 1982)pp. 27-72.
7. Gilbert R. Winham & Ikuo Kabashima, \_The Politics of U.S.-Japanese Auto Trade,\_ in Destler & Sato (eds), *Coping with U.S.-Japanese Economic Conflicts* (Lexington: Lexington Books, 1982) pp. 73-120.
8. Anne O. Krueger (ed.), *The Political Economy of Trade Protection* (Chicago: The University of Chicago Press, 1996), pp. 5-42, (\_The U.S-Japan Semiconductor Trade Conflict,\_ \_The Rise and Fall of Big Steel's Influence on U.S. Trade Policy,\_ \_Making Sense of the 1981 Automobile VER\_).
9. Ellis S. Krauss \_U.S.-Japan Negotiations on Construction and Semiconductors, 1985-1988, in Peter B. Evans, Harold K Jacobson & Robert D. Putnam (eds.), *Double-Edged Diplomacy: International Bargaining and Domestic Politics* (Berkeley: University of California Press, 1993), pp. 265-299.
10. Michael Mustanduno, \_Setting Market Access Priorities,\_ *The World Economy*, 15-6 (1992), pp. 729-754.
11. Michael P. Ryan, \_USTR's Implementation of 301 Policy in the Pacific,\_ *International Studies Quarterly* , 39-3 (1995).

### **4. Trade and Japanese Domestic Adjustment**

12. Ikuo Kume, \_Changing Relations among the Government, Labor, and Business in Japan after the Oil Crisis,\_ *International Organization*, 42-2 (1988), pp. 659-687.
13. Mari Sako, \_Shunto: The Role of Employer and Union Coordination at the Industry and Inter-Sectoral Levels,\_ in Mari Sako & Hiroki Sato (eds.), *Japanese Labor and Management*

*in Transition* (London: Routledge, 1997).

- 14.\* Robert M. Uriu, *Troubled Industries: Confronting Economic Change in Japan* (Ithaca: Cornell University Press, 1996), Chapters 1-3, 5-7.
15. Seuo Sekiguchi, *An Overview of Adjustment Assistance Policies in Japan,* in Hong W. Tan & Haruo Shimada (eds.), *Troubled Industries in the United States and Japan* (New York: St. Martin's Press, 1994), pp. 95-122.

## **5. US-Japan Trade Relations (2): Structural Adjustment**

16. Yumiko Mikanagi, *Japan's Trade Policy: Action or Reaction* (London: Routledge, 1996), Chapters 1-5.
17. \*Leonard J. Schoppa, *Bargaining With Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press, Chapters 4-9.
18. Frank K. Upham, *Retail Convergence* in Suzanne Berger & Ronald Dore (eds), *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996) pp. 263-297.

## **II. Currency Adjustments and Financial Liberalization**

### **6. Currency Realignment**

19. \*C. Randall Henning, *Currencies and Politics in the United States, Germany and Japan* (Washington D. C.: Institute for International Economics, 1994) Chapters 2-4, 6.
20. I.M. Destler & Hisao Mitsuyu *Locomotives on Different Tracks,* in I.M. Destler & H. Sato (eds), *Coping with U.S.-Japanese Economic Conflicts* (Lexington: Lexington Books, 1982), pp. 27-72.
21. Michael C. Webb, *International Economic Structures, Government Interests, and International Coordination of Macroeconomic Adjustment Policies,* *International Organization*, 45-3 (1991).

22. Frances McCall Rosenbluth, *Japan's Response to the Strong Yen*, in Gerald L. Curtis (ed.), *Japan's Foreign Policy After the Cold War: Coping with Change* (Armonk: M. E. Sharpe, 1993), pp. 137-159.

## **7. Financial Liberalization and Regulation (1): Global Harmonization**

23. John B. Goodman & Louis W. Pauly, *Obsolescence of Capital Controls*, *World Politics*, 46-1 (1993).

24. Eric Helleiner, *Freeing Money: Why Have States Been More Willing to Liberalize Capital Controls than Trade Barriers*, *Policy Science*, 27-4, 1994, pp. 299-318.

25. Geoffrey R. D. Underhill, *Negotiating Financial Openness: The Uruguay Round and Trade in Financial Services*, in Philip Cerny (ed.), *Finance and World Politics* (Hants: Edward Elgar, 1993), pp. 114-153.

26. Ethan B. Kapstein, *Resolving the Regulator's Dilemma: International Coordination of Banking Regulations*, *International Organization*, 43-2 (1989), pp. 323-347.

27. Geoffrey R. D. Underhill, *Private Markets and Public Responsibility in a Global System* & Idem. *The Making of the European Financial Area: Global Market Integration and the EU Single Market for Financial Services*, in Geoffrey R. D. Underhill (ed.), *The New World Order in International Finance* (London: Macmillan Press, 1997), pp. 17-49.

28. William D. Coleman & Tony Porter, *Regulating International Banking and Securities: Emerging Co-operation among National Authorities*, in Richard Stubbs & Geoffrey R. D. Underhill (eds.), *Political Economy in a Changing Global Order* (London: Macmillan Press, 1994)

## **8. Financial Liberalization and Regulation (2): Domestic Liberalization and Deregulation**

29. Jeffry A. Frieden, *Invested Interests*, *International Organization*, Vol. 45-4 (1991)

30. Jennifer Holt Dwyer, *The Dynamics of Financial Market Reform in Japan*, in Geoffrey R. D. Underhill (ed.), *The New World Order in International Finance* (London: Macmillan Press, 1997), pp. 195-221.

31. Jeffrey A. Frankel, *The Yen/Dollar Agreement: Liberalizing Japanese Capital Markets* (Washington D.C.: 1984)
32. Frances McCall Rosenbluth, \_Financial Deregulation and Interest Intermediation,\_ in Gary D. Allinson & Yasonori Sone (eds.), *Political Dynamics in Contemporary Japan* (Ithaca: Cornell University Press, 1993) pp. 107-139.
33. \*Steven K. Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Counties* (Cornell University Press, 1996), Chapters 5-6, 8-9.
34. Henry Laurence, \_Regulatory Competition and the Politics of Financial Market Reform in Britain and Japan,\_ *Governance*, 9-3 (1996).

### **III. External Constraints and Domestic Fiscal Adjustment**

#### **9. Domestic Fiscal Adjustment (1): The Comparative Context**

35. Paul Pierson, \_The New Politics of the Welfare State,\_ *World Politics*, 48-2 (1996), pp. 143-179.
36. David R. Cameron & Kathryn A. McDermott, \_The Expansion and Contraction of the Public Economy, 1960-1992,\_ (Center for European Studies, Harvard University).
37. Evelyne Huber & John D. Stephens, \_The Politics of the Welfare State after the Golden Age,\_ Ms. 1997.
38. \*Jeffrey Garrett, *Partisan Politics in the Global Economy* (Cambridge: Cambridge University Press, 1998), entire book.

#### **10. Domestic Fiscal Adjustment (2): Welfare and Fiscal Retrenchment**

39. Michio Muramatsu & Masaru Mabuchi, \_Introducing a New Tax in Japan\_ in Samuel Kernell (ed.), *Parallel Politics: Economic Policymaking in Japan and the United States* (Washington D.C.: Brookings Institution, 1991), pp. 184-207.

40. Junko Kato, \_Public Pension Reforms in the United States and Japan,\_ *Comparative Political Studies*, 24-1 (1991), pp. 100-126.
41. Nobuhiro Hiwatari, \_Adjustment to Stagflation and Neoliberal Reforms in Japan, the United Kingdom, and the United States,\_ *Comparative Political Studies*, 31-5 (1998).
42. Nobuhiro Hiwatari, \_The Politics of Reform and Transformation of the Postwar Party Systems in Italy and Japan,\_ Ms (1998).

#### **IV. Japan in the Asian-Pacific**

##### **11 Trade and Investment**

43. Mitchell Bernard & John Ravenhill, \_Beyond Product Cycles and Flying Geese,\_ *World Politics*, 47-2 (1995), pp. 171-209.
44. John Ravenhill, \_The ‘Japan Problem’ in Pacific Trade,\_ R. Higgot, R. Leaver, and J. Ravenhill (eds.), *Pacific Economic Relations in the 1990s* (Boulder: Lynne Rienner, 1993), pp. 106-132.
45. Richard F. Doner, \_Japanese Foreign Investment and the Creation of a Pacific Asian Region,\_ in Jeffrey A. Frankel & Miles Kahler (eds.), *Regionalism and Rivalry: Japan and the United States in Pacific Asia* (Chicago: The University of Chicago Press, 1993) pp. 159-216.
46. Richard F. Doner, \_Japan in East Asia,\_ in Peter K. Katzenstein & Takashi Shiraishi (eds.), *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997), pp. 187-233.

##### **12. Currency Integration and Foreign Aid**

47. Benjamin Cohen, \_The Political Economy of Currency Regimes,\_ in Edward D. Mansfield & Helen Milner (eds.), *The Political Economy of Regionalism* (New York: Columbia University Press, 1997), pp. 50-76.
48. Jeffrey Frankel, \_Is Japan Creating a Yen Bloc in East Asia and the Pacific?\_ in Jeffrey A. Frankel & Miles Kahler (eds.), *Regionalism and Rivalry: Japan and the United States in*

*Pacific Asia* (Chicago: The University of Chicago Press, 1993) pp. 53-88.

49. Shafiqi Islam, *Foreign Aid and Burdensharing*, in Jeffrey A. Frankel & Miles Kahler (eds.), *Regionalism and Rivalry: Japan and the United States in Pacific Asia* (Chicago: The University of Chicago Press, 1993) pp. 321-372.

50. Peter J Schraeder, Steven W. Hook & Bruce Taylor, *Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows*, *World Politics*, 50-2, pp. 294-323.

### **13. Comparative Regionalization**

51. Peter K. Katzenstein, *Introduction: Asian Regionalism in Comparative Perspective*, in Peter K. Katzenstein & Takashi Shiraishi (eds.), *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997), pp. 1-41.

52. Joseph M. Grieco, *Systematic Sources of Variation in Regional Institutionalization in Western Europe, East Asia and the Americas*, in Edward D. Mansfield & Helen Milner (eds.), *The Political Economy of Regionalism* (New York: Columbia University Press, 1997), pp. 50-76.

53. Richard Higgot, *The International Political Economy of Regionalism: The Asia-Pacific and Europe Compared*, in William D. Coleman and Geoffrey R. D. Underhill (eds.), *Regionalism and Global Economic Integration* (London: Routledge), pp. 42-67.

54. Richard Stubbs, *Asia-Pacific Regionalism versus Globalization*, in William D. Coleman and Geoffrey R. D. Underhill (eds.), *Regionalism and Global Economic Integration* (London: Routledge), pp. 68-80.

## **V. Understanding Japan in 1999**

### **14. Economic Stagnation, Financial Crisis, and Political Instability in Historical Perspective**

55. \*T. J. Pempel, *Regime Shift* (Ithaca: Cornell University Press, 1998), entire book.

56. Morris Goldstein, *The Asian Financial Crisis: Causes, Cures, and Systemic Implications*(Washington D. C.: Institute for International Economics, 1998), entire monograph.

57. Raymond V. Christensen, \_Electoral Reform in Japan,\_ *Asian Survey*, 34-7 (1994), pp. 589-605.

(Class presentations and additional readings if necessary)