

Nobuhiro Hiwatari
4-1772/nh20@columbia.edu
Office Hours: MW 2:30-3:30
(or by appointment)

Columbia University
Fall. 1998

This is a class on contemporary Japanese political economy, focusing on the transformation of the postwar "1955 system" in the context of economic globalization and the end of the Cold War. Frameworks of comparative and international political economy are applied to a variety of topics, which include the changing behavior of social partners, adjustments in domestic (industrial, labor market, social security, tax, etc.), foreign economic (financial, trade, and investment) policies and the impact of economic relations on security matters.

All the readings are on reserve at Lehman library (3rd floor, SIPA Building).

Class Requirement and Grading

Class Participation (20%)

Book Review (20%)

Register with Mid-term

Hand in with Final Exam

Take Home Mid-term (20%)

During Week 9

Final Exam (in class) (40%)

1. Since there will be no discussion sessions students are required to give one or several (depending on the size of the class) 10 minute presentation(s) in class of the readings which will count as class participation.
2. Students are required to review a book (or books) related to the topics discussed in the course. The title(s) of the book(s) you intend to review must be registered and handed in with your mid-term. Review of books judged unrelated to the course will receive reduced grades. Thus, it is necessary to consult the instructor beforehand on what book(s) you intend to review. The book review should be handed in with your final exams. Both the book review and mid-term should be about 5 pages.
3. There will be no exceptions for deadlines

1. Why Study Japanese 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,’).

I. The Postwar Political Economy

2. Japanese Domestic Political Economy in Comparative Perspective

1. David R. Cameron, ‘Social Democracy, Corporatism, Labor Quiescence and the Representation of Economic Interests in Advanced Capital Society,’ in John Goldthorpe (ed.), *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon Press, 1984), pp. 143-178.
2. David Cameron, ‘The Expansion of the Public Economy,’ *American Political Science Review*, 72 (1978), pp. 1243-1261.
3. Manfred G. Schmidt, ‘The Politics of Labor Market Policy,’ in F. G. Castles, F. Lehner, & M. G. Schmidt, *Managing Mixed Economies* (Belgium: Water de Gruyter, 1988), pp. 4-53.
4. John Zysman, *Governments, Markets, and Growth* (Ithaca: Cornell University Press, 1983), 55-95 (‘Finance and the Politics of Industry’).
5. Gø sta Esping-Andersen, *Three Worlds of Welfare Capitalism* (Princeton University Press, 1990), pp. 53-78 (‘The Welfare State as a System of Stratification’).

3. Japanese External Relations in the Postwar Regime

6. Donald Hellman, ‘Japanese Security and Postwar Japanese Foreign Policy,’ in Robert A. Scalapino (ed.), *The Foreign Policy of Modern Japan* (Berkeley: University of California Press, 1977), pp. 321-340.
7. Robert Dekle, ‘The Relationship between Defense Spending and Economic Performance in Japan,’ in John H. Milkin & Donald C. Hellmann (eds.), *Sharing World Leadership?: A New Era for America and Japan* (Washington D.C.: AEI), pp. 127-146.
8. Hideo Otake, ‘Defense Controversies and One Party Dominance,’ in Pempel (ed.), T. J, Pempel (ed.), *Uncommon Democracies: The One Party Dominant Regimes*(Ithaca: Cornell University Press, 1990), pp. 128-161.

Tashashi Inoguchi & Daniel I. Okimoto (eds.), *The Political Economy of Japan Vol. 2: The Changing International Context* (Stanford: Stanford University Press, 1988), pp. 173-224.

10. Dennis J. Encarnation & Mark Mason, *Neither MITI nor America: The Political Economy of Capital Liberalization in Japan*, *International Organization*, 44-1, pp. 1990, pp. 25-54.

II. Economic Globalization and Changes in the Political Economy

4. The Changing World Economy and Economic Globalization

11. 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.
12. Eric Helleiner, *States and the Reemergence of Global Finance* (Cornell University Press, 1994), Chapter 1.
13. Michael C. Webb, *International Economic Structures, Government Interests, and International Coordination of Macroeconomic Adjustment Policies*, *International Organization*, 45-3 (1991).
14. DeAnne Julius, *Global Companies and Public Policy: the Growing Challenge of Foreign Direct Investment* (Pinter, 1990), Chapters 2-3.

5. External Constraints (1): U.S.-Japan Trade Relations

15. 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*).
16. Michael Mustanduno, *Setting Market Access Priorities*, *The World Economy*, 15-6 (1992), pp. 729-754.
17. 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.
18. Timothy Curran, *Internationalization, and the Role of Multinationals in U.S.-Japan Relations*,

6. External Constraints and Domestic Adjustment (1): Industrial Adjustment

19. Ikuo Kume, _Changing Relations among the Government, Labor, and Business in Japan after the Oil Crisis,_ *International Organization*, 42-2 (1988), pp. 659-687.
20. M. Stephen Weatherfield & Haruhiro Fukui _Domestic Adjustment to International Shocks in Japan and the United States,_ *International Organization*, 43-4 (1989), pp. 585-623.
21. Robert M. Uriu, *Troubled Industries: Confronting Economic Change in Japan* (Ithaca: Cornell University Press, 1996), pp. 186-236 (_Mixed Incentive Industries_).
22. 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

7. External Constraints (2): Currency Realignment and Structural Adjustment

23. C. Randall Henning, *Currencies and Politics in the United States, Germany and Japan* (Washington D. C.: Institute for International Economics, 1994) pp. 123-176. (_Monetary and Exchange Rate Policymaking in Japan_)
24. 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.
25. 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.
26. Leonard J. Schoppa, _Two-level Games and Bargaining Outcomes: Why *Gaiatsu* Succeeds in Japan in Some Cases but Not Others,_ *International Organization*, 47-3 (1993), pp. 353-386.

8. External Constraints and Domestic Adjustment (2): Liberalization and Deregulation.

27. Ethan B. Kapstein, _Resolving the Regulator's Dilemma: International Coordination of Banking Regulations,_ *International Organization*, 43-2 (1989), pp.323-347.
28. Steven K. Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial*

29. 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.
30. Frank K. Upham, *Retail Convergence*, in Suzanne Berger & Ronald Dore (eds.), *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996) pp. 263-297.

9. External Constraints and Domestic Adjustment (3): Welfare and Fiscal Retrenchment

31. Paul Pierson, *The New Politics of the Welfare State*, *World Politics*, 48-2 (1996), pp. 143-179.
32. David R. Cameron & Kathryn A. McDermott, *The Expansion and Contraction of the Public Economy, 1960-1992*, (Center for European Studies, Harvard University).
33. Sven Steinmo & Caroline J. Tolbert, *Do Institutions Really Matter?: Taxation in Industrial Democracies*, *Comparative Political Studies*, 31-2 (1998), pp. 165-178.
34. 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.
35. Junko Kato, *Public Pension Reforms in the United States and Japan*, *Comparative Political Studies*, 24-1 (1991), pp. 100-126.

III. Japan in the Asian-Pacific

10. U.S.-Japan Economic and Security Relations after the Cold War

36. Michael Mustanduno, *Do Relative Gains Matter*, *International Security*, 16-1 (1991), pp. 73-113. (skim)
37. Steven Vogel, *The Power behind Spin-Ons*, Wayne Sandholtz et al., *The Highest Stakes* (Oxford: Oxford University Press, 1992), pp. 55-80.
38. Susan J. Pharr, *Japan's Defensive Foreign Policy and the Politics of Burden Sharing*, in Gerald L. Curtis (ed.), *Japan's Foreign Policy After the Cold War* (Armonk: M. E. Sharpe, 1993), pp. 235-260.
39. Peter Katzenstein, *Cultural Norms and National Security* (Cornell University Press, 1996), pp.

40. Mike M. Mochizuki, *American and Japanese Strategic Debates*, in Mike M. Mochizuki (ed.), *Toward a True Alliance* (Washington: D.C.:Brookings, 1997), pp. 43-82.

11. Asian Security after the End of the Cold War

41. Michael Mandelbaum, *The United States and the Strategic Quadrangle*, in Michael Mandelbaum (ed.), *The Strategic Quadrangle* (New York: Council on Foreign Relations Press, 1995), pp. 154-194.

42. Donald S. Zagoria, *The United States and the Asia-Pacific Region in the Post-Cold War Era*, in Robert S. Ross (ed.), *East Asia in Transition* (Armonk: M. E. Scharpe, 1995), pp. 160-179.

43. Mike M. Mochizuki, *Japan as an Asia-Pacific Power*, in Robert S. Ross (ed.), *East Asia in Transition* (Armonk: M. E. Scharpe, 1995), pp. 89-123.

44. Susumu Yamakage, *Japan's National Security and the Asia Pacific's Regional Institutions in the Post-Cold War Era*, in Peter K. Katzenstein & Takashi Shiraishi (eds.), *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997), pp. 275-305.

45. Robert S. Ross, *China and the Stability of East Asia*, in Robert S. Ross (ed.), *East Asia in Transition* (Armonk: M. E. Scharpe, 1995), pp. 89-123.

12 Japan and Asian Economic Regionalization (1): Trade and Investment

46. Mitchell Bernard & John Ravenhill, *Beyond Product Cycles and Flying Geese*, *World Politics*, 47-2 (1995), pp. 171-209.

47. 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.

48. 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.

49. Edward D. Mansfield & Rachel Bronson, *The Political Economy of Major-Power Trade Flows*, in Edward D. Mansfield & Helen Milner (eds.), *The Political Economy of Regionalism* (New York: Columbia University Press, 1997), pp. 188-208.

13. Japan and Asian Economic Regionalization (2): Currency Integration and Foreign Aid

Helen Milner (eds.), *The Political Economy of Regionalism* (New York: Columbia University Press, 1997), pp. 50-76.

51. 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.
52. 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.
53. 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.

14. Japan and Asian Economic Regionalization (3): Regionalization in Comparative Perspective

54. 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.
55. 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.
56. 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.
57. 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.

15. Understanding Japan in 1998--Political Corruption, Economic Crisis, and the Transformation of the Party System

58. Takashi Inoguchi, 'The Political Economy of Conservative Resurgence under Recession,' in T. J. Pempel (ed.), *Uncommon Democracies: The One Party Dominant Regimes* (Ithaca: Cornell University Press, 1990), pp. 189-226.

W. Norton, 1995) pp. 183-231 (_Tanaka Kakuei, Structural Corruption, and the Advent of Machine Politics in Japan, _Puppets and Puppeteers_).

60. Raymond V. Christensen, _Electoral Reform in Japan, _Asian Survey, 34-7 (1994), pp. 589-605.