

The Political Economy of Japan

WWS 464/POL365 (Fall 2006)
Tuesday 1:30-4:20, Robertson 029

Professor Christina Davis
Email: cldavis@princeton.edu
Phone: 258-0177
Office: 229 Bendheim Hall
Office hours: Thursday 10-12 am

Course description

This course examines the Japanese model that was long admired for creating a growth “miracle” but has been challenged by over a decade of economic stagnation. What were the political and economic conditions that allowed Japan to emerge as the first non-Western state to industrialize and become a major economic power? How has Japan responded to the constraints and opportunities of the world economy? Why did the model fail in the nineties and will recent reforms succeed? The course investigates policy lessons from Japan’s experience. Focus will be on evaluating institutions that regulate government-society relations.

Course requirements

Precept participation: 25 percent
Take-home Midterm I: 15 percent
Take-home Midterm II: 15 percent
Term paper: 45 percent

Participation in seminar discussion includes regular engagement with discussion and one short presentation during the semester (format will be discussed during introduction session). The two midterms will be short exams. Midterm 1 will cover materials from weeks 1-6. Questions will be distributed October 24 and exams are due by noon Oct. 27. Midterm 2 will cover materials from weeks 7-12. Questions distributed Dec. 12, exams due by noon Dec. 15. Term papers will encourage independent research that looks more deeply at a question raised in the course and presents a policy recommendation about a “lesson” from the Japanese experience. The paper should concisely present the problem, background material on pros and cons from Japan, and your opinion about the applicability of the lesson for other countries. 8 pages maximum length (double-spaced), plus bibliography listing sources. You should consult with me on choice of topic by Nov. 9. The paper is due by noon January 16.

Course books available for purchase at U-Store and on reserve at Stokes Library:

- Johnson, Chalmers. *MITI and the Japanese Miracle* Stanford University Press, 1982.
- Curtis, Gerald. *The Japanese Way of Politics*. Columbia University Press, 1988.
- Vogel, Steve. *Japan Remodeled: How Government and Industry are Reforming Japanese Capitalism*. Cornell University Press, 2006.
- Katzenstein and Shiraishi ed. *Beyond Japan: The Dynamics of East Asian Regionalism*. Cornell University Press, 2006.

All other readings are available through the course blackboard website on e-reserves. Please contact my assistant Philomena Fischer (pfischer@Princeton.EDU) if you notice any problems with the reading availability.

- **Week 1 (Sept. 19) INTRODUCTION: OVERVIEW OF THE JAPANESE MODEL**
weekly reading pages total: 45

The East Asian Miracle. Policy Research Report of the World Bank, 1993. pp. 1-26.
Vogel, Ezra. *Japan as Number One*. Harvard University Press, 1979. pp.1-23.
Several copies of the book are on reserve and the entire book is recommended reading.

- **Week 2 (Sept. 26) HISTORICAL ROOTS OF INDUSTRIAL POLICY**
weekly reading pages total: 125

Fallows, James. "How the World Works." *Atlantic Monthly*, Dec 1993, pp. 60-87.
Duus, Peter. *The Rise of Modern Japan*. Houghton Mifflin, 1976. pp. 73-90, 136-153, 238-254. *Ch 10, pp. 154-172 is part of the e-reserve selection, but is not required. It provides background on the pre-war political system.*
Samuels, Richard. *Rich Nation, Strong Army: National Security and the Technological Transformation of Japan*. Cornell University Press, 1994. pp. 33-78.
Thelen, Kathleen and Kume, Ikuo. "The Rise of Nonliberal Training Regimes: Germany and Japan Compared" in Streeck and Yamamura ed, *The Origins of Nonliberal Capitalism: Germany and Japan in Comparison*. Cornell University Press, 2001. pp.200-227.
Kohli, Atul. "Where do High-Growth Political Economies Come From? The Japanese Lineage of Korea's Developmental State" in Meredith Woo-Cumings, *The Developmental State*, pp. 93-136.

- **Week 3 (Oct. 3) THE DEVELOPMENTAL STATE**
weekly reading pages total: 292

Johnson, Chalmers. *MITI and the Japanese Miracle*, 1982.pp. 1-82, 198-274. *Read introduction chapter carefully and skim the rest.*
Pempel, T.J. "The Developmental Regime in a Changing World Economy" in Meredith Woo-Cumings, *The Developmental State*, pp. 137-181.

Ramseyer, Mark and Francis Rosenbluth. *Japan's Political Marketplace*. Harvard University Press, 1993. pp. 99-141.

Pekkanen, Saadia. *Picking Winners? From Technology Catch-up to the Space Race in Japan*. Stanford University Press, 2003. pp. 11, 117-160.

- **Week 4 (Oct. 10) THE 1955 SYSTEM AND ONE-PARTY POLITICAL DOMINANCE**
weekly reading pages total: 218

Curtis, Gerald. *The Japanese Way of Politics*. Columbia University Press, 1988. pp. 1-79.

Ramseyer, Mark and Francis Rosenbluth. *Japan's Political Marketplace*. Harvard University Press, 1993. pp. 1-37.

Scheiner, Ethan. *Democracy Without Competition in Japan: Opposition Failure in a One-Party Dominant State*. Cambridge University Press, 2006. pp.7-30; 64-89.

Okimoto, Daniel. *Between MITI and the Market: Japanese Industrial Policy for High-Technology*. Stanford University Press, 1989. Chapter 4, pp. 177-228.

- **Week 5 (Oct. 17) BIG BUSINESS AND LABOR**
weekly reading pages total: 117

Gerlach, Michael. *Alliance Capitalism: The Social Organization of Japanese Business*, University of California Press, 1992. pp. 1-19.

Aoki, Masahiko. "Unintended Fit: Organizational Evolution and Government Design of Institutions in Japan," in Masahiko Aoki et al ed. *The Role of Government in East Asian Economic Development*. pp. 233-251.

Miwa, Yoshiro and Mark Ramseyer. 2001. "The Myth of the Main Bank: Japan and Comparative Corporate Governance." Harvard University John Olin Discussion Paper Series no. 333, pp. 1-17.

Garon, Sheldon and Mike Mochizuki. "Negotiating Social Contracts" in Gordon ed. *Postwar Japan as History*. pp. 145-66.

Weathers, Charles, "Japan's Fading Labor Movement," JPRI Working Paper 35 (July 1997), pp. 1-7.

Tsujinaka, Yutaka. "Rengo and its Osmotic Networks" in Allinson and Sone ed. *Political Dynamics in Contemporary Japan*. pp. 200-213.

McNamara, Dennis. 1996 "Corporatism and Cooperation among Japanese Labor." *Comparative Politics* 28(4): 379-397.

- **Week 6 (Oct. 24) SOCIETY AND WEAK SECTORS**
weekly reading pages total: 188

Mulgan, Aurelia George. (2005) "Japan's Interventionist State: Bringing Agriculture Back In." *Japanese Journal of Political Science* 6(1): 29-61.

Davis, Christina. *Food Fights Over Free Trade: How International Institutions Promote Agricultural Trade Liberalization*. Princeton University Press, 2003. pp. 115-132.

Calder, Kent. *Crisis and Compensation*. Princeton University Press, 1991. pp. 312-348; 440-480.

Maclachlan, Patricia. "The Struggle for an Independent Consumer Society." in Frank Schwartz and Susan Pharr ed *The State of Civil Society in Japan*. Cambridge University Press, 2003. pp. 214-232.

Upham, Frank. (1976) "Litigation and Moral Consciousness in Japan: An Interpretive Analysis of Four Japanese Pollution Suits," *Law and Society Review* 10 (4): 579-619.

- **Week 7 (Nov. 7) FOREIGN PRESSURE FOR TRADE LIBERALIZATION**
weekly reading pages total: 251

Pempel, T.J. "From Exporter to Investor: Japanese Foreign Economic Policy" in Curtis, Gerald editor, *Japan's Foreign Policy After the Cold War: Coping with Change*. Columbia University Press, 1993. pp. 105-136.

Bergsten, Fred C., Takatoshi Ito, and Marcus Noland. *No More Bashing: Building a New Japan-United States Economic Relationship*. Washington, DC: Institute for International Economics, 2001. pp.1-29, 113-192.

Davis, Christina. *Food Fights Over Free Trade: How International Institutions Promote Agricultural Trade Policy*. Princeton University Press, 2003. pp. 1-28, 178-223.

Schoppa, Leonard. 1999. "The Social Context in Coercive International Bargaining" *International Organization* 53(2): 307-342.

- **Week 8 (Nov. 14) THE FOREIGN POLICY OF AN ECONOMIC SUPERPOWER**
weekly reading pages total: 150

Calder, Kent. "The Institutions of Japanese Foreign Policy," in Richard Grant ed. *The Process of Japanese Foreign Policy*. Royal Institute of International Affairs, 1997. pp. 1-24.

Green, Michael. *Japan's Reluctant Realism*. Palgrave, 2001. pp. 1-34.

Berger, Thomas. "Norms, Identity, and National Security in Germany and Japan." in Peter Katzenstein ed., *The Culture of National Security*. Columbia University Press, 1996. pp. 317-356.

Wan, Ming. (1995) "Spending Strategies in World Politics: How Japan has used its economic power in the past decade." *International Studies Quarterly* 39: 85-108.

Munakata, Naoko. "Has Politics Caught up with Markets? In Search of East Asian Economic Regionalism" in Katzenstein and Shiraishi ed. *Beyond Japan: The Dynamics of East Asian Regionalism*. Cornell University Press, 2006. pp. 130-157.

- **Week 9 (Nov. 21) REVERSAL OF FORTUNE AND ECONOMIC SLOWDOWN**
weekly reading pages total: 118

Krugman, Paul. "The Myth of Asia's Miracle," *Foreign Affairs*, Nov/Dec 1994 (9 pages).

Krugman, Paul. "What Ever Happened to the Asian Miracle?" *Fortune*, Aug 18, 1997. pp. 26-28.

Ito, Takatoshi. "Growth, Crisis, and the Future of Economic Recovery in East Asia," in Stiglitz and Yusuf ed. *Rethinking the East Asian Miracle*. Oxford University Press, 2001. pp. 55-94.

Katz, Richard. *Japan, the System that Soured: The Rise and Fall of the Japanese Economic Miracle*. M.E. Sharpe, 1998. Ch. 8 pp. 197-235.

Ernst, Dieter. "Searching for a New Role in East Asian Regionalization: Japanese Production Networks in the Electronics Industry" in Katzenstein and Shiraishi ed. *Beyond Japan: The Dynamics of East Asian Regionalism*. Cornell University Press, 2006. pp. 161-187.

- **Week 10 (Nov. 28) REFORMING THE MODEL**

weekly reading pages total: 159

Guest lecture on Japan's banking crisis and reforms by Hideaki Suzuki, senior official of the Japanese Ministry of Finance and Visiting Fellow at Princeton.

Hoshi, Takeo and Hugh Patrick eds., *Crisis and Change in the Japanese Financial System*. Kluwer Academic Publishers, 2000. pp. 1-33.

Vogel, Steve. *Freer Markets, More Rules*. Cornell University Press, 1996. pp. 167-195.

Vogel, Steve. *Japan Remodeled: How Government and Industry are Reforming Japanese Capitalism*. Cornell University Press, 2006. Chapter 5,6. pp.115-170.

Hashimoto, Masanori and Yoshio Higuchi. "Issues Facing the Japanese Labor Market" in Ito, Patrick, and Weinstein ed. *Reviving Japan's Economy: Problems and Prescriptions*. The MIT Press, 2005. pp. 341-381.

- **Week 11 (Dec. 5) POLITICAL CHANGE IN THE 1990S**

weekly reading pages total: 167

Curtis, Gerald. *The Logic of Japanese Politics*. Columbia University Press, 1999. pp. 65-97, 137-170.

Richardson, Bradley. *Japanese Democracy: Power, Coordination, and Performance*. Yale University Press, 1997. pp. 12-48.

Pempel, T.J. "A Decade of Political Torpor: When Political Logic Trumps Economic Rationality," in Katzenstein and Shiraishi ed. *Beyond Japan: The Dynamics of East Asian Regionalism*. Cornell University Press, 2006. pp. 37-62.

Krauss, Ellis and Robert Pekkanen. 2004. "Explaining Party Adaptation to Electoral Reform: The Discreet Charm of the LDP?" *Journal of Japanese Studies* 30(1) pp. 1-34.

Shinoda, Tomohito. (2006) "Japan's Top-Down Policy Process to Dispatch the SDF to Iraq," *Japanese Journal of Political Science* 7 (1): 71-91.

"Japan's Election: A Very Japanese Revolution" *The Economist* 17 September 2005. 1 page.

Kabashima, Ikuo and Taku Sugawara. (2005) "Lessons From the LDP Landslide," *Japan Echo* (December) pp. 10-17.

• **Week 12 (Dec. 12)** NEW LESSONS FROM JAPAN

weekly reading pages total: 111

Curtis, Gerald. "In Koizumi's wake comes uncertainty," *Financial Times*, 8 June 2006. (1 page)

Vogel, Steve. *Japan Remodeled: How Government and Industry are Reforming Japanese Capitalism*. Cornell University Press, 2006. Conclusion, pp. 205-224.

"The Sun also Rises: A Survey of Japan" *Economist*, 8 October 2005, pp. 3-18.

"The Future of Japanese Business: Competing Through Innovation," *The Economist*, 17 December 2005, pp. 65-67.

Leheny, David. "A Narrow Place to Cross Swords: Soft Power and the Politics of Japanese Popular Culture in East Asia." in Katzenstein and Shiraishi ed. *Beyond Japan: The Dynamics of East Asian Regionalism*. Cornell University Press, 2006. pp. 211-233.

Shiraishi, Saya, "Japan's Soft Power: Doraemon Goes Overseas" in Katzenstein and Shiraishi ed. *Network Power: Japan and Asia*. Cornell University Press, 1997. pp. 234-272.

Bestor, Theodore, "How Sushi Went Global" *Foreign Policy* (November/December 2000). pp. 54-63.