

**U.S.-Japan Economic Relations**  
**INAF499**  
**Georgetown University**  
**School of Foreign Service**  
Fall 2000  
IC-234

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The course has an underlying theme. The Japanese economy and its relationship with other countries, especially the United States, are changing. Many of these changes were disguised by the bubble economy of the late 1980s and by the 1990s slow down. Policies, approaches, and rules-of-thumb that may have been appropriate in previous decades (or at least did relatively little harm) are no longer be appropriate; others are positively harmful. There are many serious problems in the Japanese economy, but also many strengths. We should have a better sense of both by the end of the course.

The topics and reading list that follow are not fixed. If students strongly desire other or additional topics, we can add them or amend the suggested list in the first several weeks of class.

Several guest lecturers from business, government, and the academic community will talk about their experiences in business in Japan, trade, and foreign investment as well as on other topics. Announcement of their participation will be made as the dates of attendance are confirmed.

There will not be a regular text book. However, I will use chapters from a book that I am now completing. The tentative title is, *The Japanese Economy in the Shadow of the Miracle*. In addition, there are several JEI reports included on the reading list. I will make these chapters and reports available via email or disc as PDF files.

Items that can be downloaded have their Internet address following the citation. Databases such as Lexis-Nexis or ABI/Inform are available through the library's online system.

## **1. Wednesday, August 30, 2000: The Sources of Economic Growth**

Gregory Clark, "Why Isn't the Whole World Developed? Lessons from the Cotton Mills," *Journal of Economic History*, March 1987, pp. 141-173.

Mancur Olson, Jr., "Big Bills Left on the Sidewalk: Why Some Nations are Rich and Others Poor," *Journal of Economic Perspectives*, Spring 1996, pp. 3-24.

## **2. Wednesday, September 6, 2000: A Hundred-Year Tour of Japanese Growth**

Nicholas Kristof, "1492: The Prequel," *The New York Times Magazine*, June 6, 1999, pp. 80-86. (Lexis-Nexis)

Kazushi Ohkawa and Henry Rosovsky, ch. 1: "A Historical Introduction," ch. 2: "The Contours of Modern Growth," in *Japanese Economic Growth*, Stanford University Press, 1973.

Sidney Crawcour, "Economic Change in the Nineteenth Century," ch. 9 in *The Cambridge History of Japan, Vol. 5, The Nineteenth Century*, Marius B. Jansen (ed.), Cambridge University Press, 1989, pp. 605-617.

Arthur Alexander, book chapter, "The Japanese Economy in the 20th Century."

## **3-4. Wednesday, September 13, 20, 2000: Recent Developments**

Arthur Alexander, book chapter, "The Japanese Economy in Transition."

Richard Katz, *Japan: The System That Soured*, M.E. Sharpe, 1998, chapters 4-5, pp. 55-106.

Organization for Economic Cooperation and Development, *OECD Economic Surveys, 2000, Japan*.

Tamim Bayoumi, "The Morning After: Explaining the Slowdown in Japanese Growth," IMF Working Paper, WP/99/13, January 1, 1999. (<http://www.imf.org/external/pubs/ft/wp/1999/wp9913.pdf>)

Arthur Alexander, "What Happened to Japan's Economy in the 1990s?," *JEI Report*, July 14, 2000.

## **5. Wednesday, September 27, 2000: No class**

## **6. Wednesday, October 4, 2000: U.S.-Japan Trade Relations; Guest lecture: Lewis Cohen, Toys 'R Us**

I.M. Destler, *American Trade Politics*, (Washington, DC: Institute for International Economics, 1995), chapters 1-2, 8.

Leonard J. Schoppa, *Bargaining With Japan: What American Pressure Can and Cannot Do*, (New York: Columbia University Press, 1997), chapters 1, 3, 4, 6.

Edward Lincoln, *Troubled Times: U.S.-Japan Trade Relations in the 1990s* (Washington, DC: The Brookings Institution, 1999), chapters 2, 4.

## **7. Wednesday, October 11, 2000: Productivity Problems**

McKinsey Global Institute, *Why The Japanese Economy Is Not Growing: Micro Barriers To Productivity Growth*, Washington, DC, July 2000. (<http://mgi.mckinsey.com/mgi/japanese.asp>)

Michael Porter and Hirotaka Takeuchi, "Fixing What Really Ails Japan," *Foreign Affairs*, May/June 2000, pp. 66-81. (ABI/Inform)

### **8-9. Wednesday, October 18, 25, 2000: The Role of Trade**

Paul Krugman, "What Do Undergrads Need to Know About Trade?" *American Economic Review*, May 1993, pp. 23-26.

Robert Baldwin, "Are Economists' Traditional Trade Policy Views Still Valid?," *Journal of Economic Literature*, June 1992, pp. 804-829. (ABI/Inform)

Jeffrey Frankel and David Romer, "Does Trade Cause Growth," *The American Economic Review*, June 2000, pp. 379-99.

Lawrence Krause and Suetosi Sekiguchi, "Japan and the World Economy," in Hugh Patrick and Henry Rosovsky (eds.), *Asia's New Giant: How the Japanese Economy Works*, The Brookings Institution, Washington, DC, 1976, 383-458.

### **10. Wednesday, November 1, 2000: Exchange Rates and Capital Flows**

Arthur Alexander, "Zooming in on Japan's Capital Flows," *JEI Report*, 45A, December 8, 1995.

Arthur Alexander, "The Long-Run Behavior of the Yen and the Dollar," *JEI Report*, 31A, August 18, 1995.

Ramana Ramaswamy and Hossein Samiei, *The Yen-Dollar Rate—Have Interventions Mattered?* IMF Working Paper, WP/00/95, June 2000. (<http://www.imf.org/external/pubs/ft/wp/2000/wp0095.pdf>)

### **11. Wednesday, November 8, 2000: Foreign Direct Investment**

Arthur Alexander, "U.S. Direct Investment in Japan," *JEI Report*, 17A, May 2, 1997.

Arthur Alexander, "Japanese Direct Investment in the United States: Revising and Updating Perceptions," *JEI Report*, November 7, 1997

Edward Lincoln, *Troubled Times: U.S.-Japan Trade Relations in the 1990s* (Washington, DC: The Brookings Institution, 1999), chapter 3.

### **12. Wednesday, November 15, 2000: Japan and the Asian Crisis**

Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, November/December 1994, pp. 62-78. (ABI/Inform)

Steven Radelet and Jeffrey Sachs, *What Have We Learned, So Far, From the Asian financial Crisis?*, January 4, 1999. (<http://www.hiid.harvard.edu/projects/caer/papers/paper37.pdf>)

Paul Krugman, "Asia: What Went Wrong," *Fortune*, March 2, 1998. (ABI/Inform)

Arthur Alexander, *Japan in the Context of Asia*, SAIS Policy Forum Series, Report Number 2, September 1998. (<http://www.sais-jhu.edu/pubs/policyforum/JapaninContext.pdf>)

### **13. Wednesday, November 22, 2000: Is Japan Different?**

Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1929-1975*, Stanford University Press, 1982, chapters 1, 9.

Arthur Alexander, book chapter, "Is Japan Really an Outlier?"

Arthur Alexander, book chapter, "Structural Change and Adaptation."

Arthur Alexander, book chapter, "Revisionism Revisited."

**14. Wednesday, November 29, 2000: Science, Research, and Technology as Engines of Growth**

Arthur Alexander, book chapter, "Basic Research and Science in the Japanese Economy."

Lynne Zucker and Michael Darby, *Capturing Technological Opportunity via Japan's Star Scientists: Evidence From Japanese Firms' Biotech Patents and Products (Working Paper 6360)* (Cambridge, Massachusetts: National Bureau of Economic Research, January 1998).

**15. Wednesday, December 6, 2000: Where Is Japan Heading ?**

Bill Emmott, *The Sun Also Sets*, Times Books, pp. 235-256.

Arthur Alexander, book chapter, "Japan's Economic Future."