

JAPANESE POLITICAL ECONOMY

Instructor	Trevor Incerti
Email	trevor.incerti@georgetown.edu
Class time	Fridays 3:30pm-6:00pm
Location	Car Barn Room 202
Office Hours	Fridays 1:30pm – 3:00pm (SFS 302-J)
Course Number	48767

Note: This course manual may be updated during the course. Updates will be communicated via Canvas. Make sure you always use the most recent version of this manual.

Course Overview:

This course is designed to provide students with an understanding of the economic and political dynamics that have shaped the postwar economic development of Japan and other East Asian economies. We will begin by exploring the historical events that shaped the development of Japan's political system and its relations with its neighbors. Next, we will examine the role of governmental strategies in driving economic development, such as choice of economic model, industrial policies, trade policies, and regional and global economic integration. In doing so, we will cover the academic debate on the role of the state and bureaucracy in Japanese and East Asian economic development, with a focus on critically analyzing conflicting theoretical and empirical arguments. We will conclude by examining contemporary political economic challenges facing Japan, such as rising inequality, regional tensions, energy and climate change policy, and Japan's recent economic stagnation. In addition, the class will focus on research methods, especially evaluating and utilizing research designs and data sources.

Course Objectives and Learning Outcomes:

- Analyze the complex inter-relationship between the market and the state.
- Understand the role of the state in shaping economic policies and industrial development.
- Understand the developmental strategies behind rapid economic growth in Japan.
- Gain familiarity with the academic debates surrounding the causes of the East Asian economic "miracle."
- Understand how Japan is affected by and shapes global economic governance and integration.
- Critically analyze contemporary issues and challenges facing Japan and its economy.

Instruction language

English

Entry requirements:

This class includes readings from economics and political science that are technical in nature. In addition to internalizing the findings of the articles, students will be required to engage with the strengths and weaknesses of research designs and empirical findings. Familiarity with microeconomic theory, experimental methods, and/or econometrics is therefore helpful but not required.

Readings/books:

There is no textbook for this course. All readings will be posted on Canvas or accessible through university wifi/VPN. However, we will be regularly reading from Rosenbluth, Frances, and Michael Thies. *Japan Transformed: Political Change and Economic Restructuring*. Princeton: Princeton University Press (2010) if you prefer to purchase a copy for yourself.

Grading and course requirements

- Reading comments on Perusall (10%)
- Active participation (10%)
- Policy presentations (30%)
- Essay proposal – Due 28 February (10%)
- Final essay - Due 25 April (40%)

Attendance

Attendance is required in order to take part in practical exercises aimed at acquiring skills, such as presenting research and policy findings, providing constructive and evidence-based feedback, and developing research collaboration skills. This includes small group work such as debates based on the literature, analyzing the required readings and/or applying them to specific case studies, giving feedback on each other's oral or written work, and giving prepared or unprepared presentations.

Perusall

We will be using Perusall as a tool to get a sense of which debates, theories, empirical findings, etc. from the readings students would like to discuss in seminar. These comments should therefore reflect your take on the academic debate, and your thoughts perhaps on how the debate could be pushed forward theoretically or empirically. Don't worry if you are uncertain about what to write; you will get the hang of it as you go along. You may skip one week of providing Perusall comments and are exempted from providing comments the week of your presentation. There are also no Perusall readings for our first meeting on week 1.

Policy presentations

Depending on the week and topic, students will give policy presentations that either:

- (a) critically evaluates development strategies or policy reforms and if you would recommend it be emulated by current policymakers,
- (b) recommends strategies for solving one of the contemporary challenges topics.
- (c) adjudicates between an academic debate on a particular topic.

Your presentations should incorporate the theoretical and empirical findings from the readings for the week into your recommendations. Students should review the topics in the syllabus prior to the first course meeting, and *sign up for a presentation on the first day of class*. *Students presenting in a given week are exempt from providing comments on Perusall*. Students not presenting are *expected to attend* and provide comments, questions, and feedback during after classmates' presentations. Presentations should be roughly 10 minutes in length, with 10 minutes left for Q&A/discussion. You may present either alone or in a group. If you present in a group, your presentation should be 1.5x-2x longer per additional person (e.g., 20-30 minutes for a 3-person group). Please see the "Policy Presentations" guide for grading criteria.

Final essay

Prior to writing your final essay, students are required to *submit a proposal* outlining their topic. This proposal will be graded and is worth 10% of the final grade. While not required, students are encouraged to see me in office hours prior to submitting this proposal to discuss their topic. There is a 2% per day grade penalty for late submissions.

Please note that I want this assignment to be useful to you, and students are therefore strongly encouraged to tailor their papers to their own substantive interests and course of study. For example, policy-oriented students may consider writing a theoretically and empirically rigorous policy proposal, and others may consider a more theoretically driven academic question.

This essay is an opportunity to develop an empirically documented argument that explores a puzzle inherent to Japan's political economy in-depth. You are also welcome to compare and/or contrast Japan with other states.

The final essay should be a *maximum* 4,000 words and is worth 40% of the final grade. Please see the "Research Proposal and Paper" guide for more grading criteria.

The deadline for the essay is **Friday 25 April**.

Grading criteria can be found in "Research Proposal and Paper Guidelines" on Canvas. Feedback will be provided within 15 working days of the date of submission, and will be in the form of written comments within the paper itself.

Participation

Students are expected to do the readings before class and to come to class prepared to discuss the readings. Because of the interactive nature of this course, attendance and participation is required. Please let me know if you will need to miss more than one course meeting.

Be respectful to your peers by being on time and silencing your cell phone and other notifications. You are encouraged to participate in class discussion and share your thoughts. In this field, there are no objectively "right" or "correct" ideas or opinions. Everything is interpreted and up for re-interpretation. The readings are based on the author's interpretation of the observed reality of the world. Therefore, you should neither hesitate to question their interpretation nor to share your perspectives, even if you may feel like it differs from that of the author, me, or your peers. Remember that your perspective is informed by your unique experiences in the world and by sharing this perspective you will also be helping your peers and me see the world through a lens that is not available to us.

Office hours and getting help

I am here to help you, both with course materials and assignments, as well as larger struggles or discussions about your discipline or program. You can also feel free to arrange a meeting if there are issues you would like to discuss.

You never owe me personal information about your health (mental or physical). You are always welcome to talk to me about things that you're going through, though. If I can't help you, I may know somebody who can. I will never judge you or think less of you for your struggles, whether professional or personal.

Social Safety

We want students to be assured they have a positive environment and a safe basis for their studies. We hope you never experience an unsafe situation or undesirable behavior, but should this occur there are different individuals and institutions you can turn to. See [Student Outreach & Support \(SOS\)](#) for more information.

Inclusivity

I hope to foster a sense of community in this classroom and consider this classroom to be a place where you will be treated with respect and where you will treat others with respect. If you have a documented disability and need any accommodations, please let me know. All members of this class are expected to contribute to a respectful and welcoming environment for every other member of the class. Every member of this class should feel empowered to offer their opinions in class but should be respectful to every other member of this class while doing so. If you believe that this standard is not being upheld, please do not hesitate to speak candidly with me. Critiques of an intellectual nature are permitted, while *ad hominem* (personal) attacks are never permitted.

Academic integrity

To ensure that you do not accidentally violate the University's academic integrity policies, please review <https://honorcouncil.georgetown.edu/honor-system-policies-2/honor-system-policies/>, which apply in full.

Please note that, unless the course instructor has explicitly given permission to use AI in an assignment, any *use of ChatGPT or other AI-tools to generate or edit (parts of) assignment texts or exams is considered to be fraud.*

Schedule

We will begin by exploring the historical events that shaped the development of Japan's political system and its relations with its neighbors.

Next, we will examine the role of governmental strategies in driving economic development, such as choice of economic model, industrial policies, trade policies, and regional and global economic integration. In doing so, we will cover the academic debate on the role of the state and bureaucracy in Japanese (and to a lesser extent broader East Asian) economic development, with a focus on critically analyzing conflicting theoretical and empirical arguments.

We will conclude by examining contemporary challenges facing the region, such as globalization, regional tensions, energy and climate change policy, Japan's recent economic stagnation, gender inequality, discrimination, and demographic challenges.

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Historical origins and context

- *How and why did Japan become a regional colonial empire in the 1930s?*
- *What is the legacy of Japan's wartime aggression on its relations with its neighbors?*
- *Why does such a strong negative relationship between Japan and its neighbors persist relative to, for example, Germany and its neighbors?*
- *What explains the difference in present-day attitudes towards Japan in Taiwan vs. South Korea?*

January 10: Introduction and war and colonialism in Asia

- Read Chapter 1: "Why study Japanese political economy?" in Rosenbluth, Frances, and Michael Thies. *Japan Transformed: Political Change and Economic Restructuring*. Princeton: Princeton University Press (2010).
- Gordon, David. "The China-Japan War, 1931-1945," *The Journal of Military History*, 70.1 (1996): 137-182
- McClain, James L. "The Acquisition of Empire," *Japan: Modern History*. W. W. Norton & Company. (2002): 283-315. (on Canvas)

Suggested readings:

- McClain, James L. "A Period of National Emergency," *Japan: Modern History*. W.W. Norton & Company. (2002): 405-440. (on Canvas)
- Gordon, David. "The China-Japan War, 1931-1945." *The Journal of Military History*, 70.1, (1996): 137-182.

January 17: Historical origins of economic development

- Read Chapter 2: "Japanese History and Culture," in Rosenbluth, Frances, and Michael Thies. *Japan Transformed: Political Change and Economic Restructuring*. Princeton: Princeton University Press (2010).
- Noguchi, Yukio. "The 1940 System: Japan Under the Wartime Economy." *American Economic Review* 88.2 (1998): 404-7.
- Mattingly, Daniel. "Colonial Legacies and State Institutions in China: Evidence from a Natural Experiment." *Comparative Political Studies*. 50.4 (2017): 434 - 463.

Suggested readings:

- Dower, John. "Constitutional Democracy: GHQ Writes a New National Charter." *Embracing Defeat*, W. W. Norton & Company (1999): 346-374.
- Dower, John. "Constitutional Democracy: Japanizing the American Draft." *Embracing Defeat*, W. W. Norton & Company (1999): 374-405.
- ---. "Victor's Justice, Loser's Justice." *Embracing Defeat*, W. W. Norton & Company (1999): 443-485.

Role of government in economic development

January 24: A Japanese and/or East Asian model?

- *Is there a singular “East Asian” economic development model?*
- *Was government intervention in the market process essential for Japanese economic development, or a hindrance that did more harm than good?*
- *How did the “developmental state” and associated governmental intervention differ in the cases of Japan, South Korea, Taiwan, and China?*
- Read Chapter 5: “Japan’s Postwar Political Economy,” in Rosenbluth, Frances, and Michael Thies. *Japan Transformed: Political Change and Economic Restructuring*. Princeton: Princeton University Press (2010).
- Read Chapter 7: “Japan’s New Political Economy,” in Rosenbluth, Frances, and Michael Thies. *Japan Transformed: Political Change and Economic Restructuring*. Princeton: Princeton University Press (2010).
- Stiglitz, Joseph E. Some lessons from the East Asian miracle. *The World Bank Research Observer*, 11.2 (1996):151-177.
- Beason, Richard and David Weinstein. “Growth, Economies of Scale, and Targeting in Japan,” *The Review of Economics and Statistics*. 78.2 (1996): 286-295.

Suggested readings

- Read “Beyond the East Asian Miracle: Introducing the market-enhancing view,” in Aoki, Masahiko, Hyung-Ki Kim, and Masahiro Okuno-Fujiwara, eds. *The role of government in East Asian economic development: Comparative institutional analysis*. Clarendon Press (1997). (on Canvas)
- Young, Alwyn. “The tyranny of numbers: confronting the statistical realities of the East Asian growth experience.” *The Quarterly Journal of Economics* 110.3 (1995): 641-680.

January 31: Politicians, bureaucrats, or private sector?

- *What is the role of bureaucrats in “developmental state” dynamics? What is the role of politicians? Who is more powerful and instrumental to economic development?*
- *Under what conditions can government play an active role in economic coordination and enhance or motivate the development of self-sustaining private-sector institutions?*
- *Contrast the analytical approaches taken by Johnson vs. Ramseyer and Rosenbluth.*
- Read Chapter 9, “A Japanese Model?” in Johnson, Chalmers. *MITI and the Japanese miracle: the growth of industrial policy, 1925-1975*. Stanford University Press (1982) (on Canvas)
- Read the Introduction and Chapter 6 “Political Structure and Bureaucratic Incentives” in Ramseyer, Mark, and Frances Rosenbluth. *Japan’s Political Marketplace*. Cambridge: Harvard University Press (1993). (On Canvas)
- Vogel, Steven K. "The rise and fall of the Japanese bureaucracy." *The Oxford Handbook of Japanese Politics* (2021): 101-116.
- Goplerud, Max, and Daniel M. Smith. "Who answers for the government? Bureaucrats, ministers, and responsible parties." *American Journal of Political Science* 67.4 (2023): 963-978.

Suggested readings

- Schachter, Hindy Lauer, & Akira Nakamura. “MITI and the Japanese Miracle Revisited: Reevaluation of the Administrative-Centered Government” [Review of *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*, by C. Johnson]. *Public Administration Review*, 71.4 (2011): 931–933.

February 7: Electoral institutions, electoral strategy, and fiscal spending

- Scheiner, Ethan. 2008. "Does Electoral System Reform Work? Electoral System Lessons from Reforms of the 1990s." *Annual Review of Political Science*, 11: 161-181.
- Read chapter 2: "Electoral rules and party strategy." Ramseyer, Mark, and Frances Rosenbluth. *Japan's Political Marketplace*. Cambridge: Harvard University Press (1993).
- Cox, Gary W., and Michael F. Thies. "How Much Does Money Matter? "Buying" Votes in Japan, 1967-1990." *Comparative Political Studies* 33.1 (2000): 37-57.
- Catalinac, Amy, and Lucia Motolinia. "Geographically targeted spending in mixed-member majoritarian electoral systems." *World Politics* 73.4 (2021): 668-711.

Suggested readings:

- Catalinac, Amy. "From Pork to Policy: The Rise of Programmatic Campaigning in Japanese Elections." *The Journal of Politics*, 78.1 (2016): 1-18.

February 14: Business-government relations and money in politics

- Caballero, Ricardo J., Takeo Hoshi, and Anil K. Kashyap. "Zombie lending and depressed restructuring in Japan." *American Economic Review* 98.5 (2008): 1943-1977.
- Incerti, Trevor. "Who benefits from the revolving door? Evidence from Japan." *Center for Open Science Working Paper* (2024).
- Cox, Gary W., and Michael F. Thies. "The cost of intraparty competition: The single, nontransferable vote and money politics in Japan." *Comparative Political Studies* 31.3 (1998): 267-291.
- Carlson, Matthew M., and Steven R. Reed. "Sex and campaign finance scandals." *Political Corruption and Scandals in Japan*, Cornell University Press (2018): 113-30.

Suggested readings:

- Dal Bó, Ernesto. "Regulatory capture: A review." *Oxford Review of Economic Policy* 22.2 (2006): 203-225.
- Horiuchi, Akiyoshi, and Katsutoshi Shimizu. "Did amakudari undermine the effectiveness of regulator monitoring in Japan?" *Journal of Banking & Finance* 25.3 (2001): 573-596.
- Incerti, Trevor, Sayumi Miyano, Diana Stanesco, and Hikaru Yamagishi. Amakudata: A Dataset of Bureaucratic Revolving Door Hires. *Center for Open Science* (2024).
- Carlson, Matthew M., and Steven R. Reed. "Introduction." *Political Corruption and Scandals in Japan*, Cornell University Press (2018).
- ---. "Understanding corruption in Japanese politics." *Political Corruption and Scandals in Japan*, Cornell University Press (2018).

February 21: International trade

Guest speaker: TBD

- Davis, Christina. "Japanese Trade Policy." In *The Oxford Handbook of Japanese Politics* (2021).
- Naoi, Megumi, and Ikuo Kume. "Explaining mass support for agricultural protectionism: Evidence from a survey experiment during the global recession." *International Organization* 65.4 (2011): 771-795.
- Davis, Christina L., and Yuki Shirato. "Firms, governments, and WTO adjudication: Japan's selection of WTO disputes." *World Politics* 59.2 (2007): 274-313.

Suggested readings:

- Blumenthal, Tuvia. "Exports and economic growth: The case of postwar Japan." *The Quarterly Journal of Economics* 86.4 (1972): 617-631.

February 28: The Japanese welfare state in comparative perspective

- Estévez-Abe, Margarita. "Social Welfare Policy in Japan." In *The Oxford Handbook of Japanese Politics* (2021).
- Read Chapter 9 "The End of Japan's Social Protection as We Know It: Becoming Like Britain?" in Estevez-Abe, Margarita. *Welfare and Capitalism in Postwar Japan*. Cambridge University Press (2008): 254-286.
- Esping-Andersen, Gøsta. "Hybrid or unique?: The Japanese welfare state between Europe and America." *Journal of European Social Policy* 7.3 (1997): 179-189.
- Rehm, Philipp, Jacob S. Hacker, and Mark Schlesinger. "Insecure alliances: Risk, inequality, and support for the welfare state." *American Political Science Review* 106.2 (2012): 386-406.

Suggested Readings:

- Takuji, Tanaka. "Japanese welfare state in comparative perspective: an overview." *Hitotsubashi Bulletin of Social Sciences* 11 (2019).
- Read Chapter 1 "Introduction: The puzzle of Japan's welfare capitalism" in Estevez-Abe, Margarita. *Welfare and Capitalism in Postwar Japan*. Cambridge University Press (2008): 1-18.

February 28: Essay proposal due

March 7: Spring break

Contemporary policy challenges

March 14: Regional tensions

- *What are the barriers to regional economic integration in East Asia?*
- *Why is security cooperation between East Asia's democracies not as strong as, e.g., NATO in Europe?*
- Cha, Victor, and Christopher Johnstone. "Japan and South Korea Can No Longer Let History Thwart Cooperation." *Foreign Affairs* (2022). (On Canvas).
- Incerti, Trevor, Daniel Mattingly, Frances Rosenbluth, Seiki Tanaka, and Jiahua Yue. "Hawkish partisans: How political parties shape nationalist conflicts in China and Japan." *British Journal of Political Science* 51.4 (2021): 1494-1515.
- Manyin, Mark. Council on Foreign Relations Discussion Paper "Managing Japan-South Korea Tensions." (2015).

Suggested readings:

- Lind, Jennifer. "Apologies in International Politics." *Security Studies* 18 (2009): 517-556.

March 21: Energy and climate change

- *Why does Japan remain a laggard in terms of climate change mitigation? How does Japan compare to other wealthy nations?*
- *What are the barriers to increased development of renewable energy in Japan? Are these barriers geographic, economic, or political?*
- *What are the institutional determinants of Japan's current energy policy?*
- *Why has the LDP persisted in pursuing nuclear power as a key component of Japan's energy mix following the Fukushima nuclear accident? How does this compare to the approach taken by other nations, such as Germany?*
- Incerti, Trevor, and Phillip Y. Lipsky. "The energy politics of Japan." In *The Oxford Handbook of Energy Politics* (2018).
- Incerti, Trevor, and Phillip Y. Lipsky. "The politics of energy and climate change in Japan under Abe." *Asian Survey* 58.4 (2018): 607-634.
- Hughes, Llewelyn. "Energy Policy in Japan: Revisiting Radical Incrementalism." In *The Oxford Handbook of Japanese Politics* (2020).

March 28: The political economy of gender (inequality)

- *Why is the gender wage gap and gap in political representation by gender particularly acute in Japan?*
- *Why are various forms of discrimination still pervasive despite formal institutions that ban discrimination?*
- *What are the consequences of high levels of gender inequality for Japanese economic growth and competitiveness?*
- Watch "Deciphering Japan" Episode 1, "Why is Japan's gender gap so wide?" <https://www.youtube.com/watch?v=5dsD6FWfZHE&list=PLkMf14VQEvTZdpNn-JG5pu9Iu6c6o3fTL&index=2>. *Mediacorp*.
- Kage, Rieko, Frances M. Rosenbluth, and Seiki Tanaka. "What explains low female political representation? Evidence from survey experiments in Japan." *Politics & Gender* 15.2 (2019): 285-309.
- Muroga, Kiho, and Charles Crabtree. "In Japan, men have complicated views about gender and equality." *The Japan Times* (2020).

- Ono, Yoshikuni, and Masahiro Yamada. "Do voters prefer gender stereotypic candidates? Evidence from a conjoint survey experiment in Japan." *Political Science Research and Methods* 8.3 (2020): 477-492.

Suggested Readings:

- Crabtree, Charles, & Kiho Muroga. Measuring Gender Role Attitudes in Japan. *Socius* (2021): 7.
- Crabtree, Charles, Trevor Incerti, Rieko Kage, Frances Rosenbluth, and Hikaru Yamagishi. "Workers are willing to trade wages for better harassment reporting procedures." *Center for Open Science Working Paper* (2024).

April 4: Aging society

- *Why is society aging quickly, how does this effect political and economic outcomes, and what can be done about it?*
- *Is it possible to maintain a high level of economic growth and/or standard of living with an aged population?*
- Watch "Deciphering Japan" Episode 3, "Coping with a super aging population." https://www.youtube.com/watch?v=HQU-NeP_spU&list=PLkMf14VQEvTZdpNn-JG5pu9Iu6c6o3fTL&index=4. *Mediacorp*.
- McClean, Charles T. "Does the Underrepresentation of Young People in Political Institutions Matter for Social Spending?" *Working Paper* (2022).
- Feyrer, James, Bruce Sacerdote, and Ariel Dora Stern. "Will the stork return to Europe and Japan? Understanding fertility within developed nations." *Journal of Economic Perspectives* 22.3 (2008): 3-22.

April 11: Immigration and economic growth

- *What is the economic rationale behind immigration?*
- *Why is Japan so far immune to the kind of populist backlash to immigration that has been seen in many other wealthy democracies?*
- Borjas, George J. "Immigration and economic growth." *National Bureau of Economic Research Working Paper* 25836 (2019).
- Kage, Rieko, Frances M. Rosenbluth & Seiki Tanaka. The Fiscal Politics of Immigration: Expert Information and Concerns over Fiscal Drain, *Political Communication* (2022) 39:6, 826-844.
- Rosenbluth, Frances McCall, Rieko Kage, and Seiki Tanaka. "Four types of attitudes towards foreign workers: Evidence from a survey in Japan." *Center on Japanese Economy and Business Working Paper Series, WP 351* (2016).

Suggested readings:

- Dustmann, Christian, Uta Schönberg, and Jan Stuhler. "The impact of immigration: Why do studies reach such different results?" *Journal of Economic Perspectives* 30.4 (2016): 31-56.
- Strausz, Michael. "Immigration and Democracy in Japan." In *The Oxford Handbook of Japanese Politics* (2020).
- Fraser, Nicholas AR, and Go Murakami. "The role of humanitarianism in shaping public attitudes toward refugees." *Political Psychology* 43.2 (2022): 255-275.

April 18: Easter Break

April 25 (On zoom): Japan's lost decades (and is China next?)

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- *What factors that previously were cited as integral to Japan's rapid economic development later became blamed for its economic stagnation?*
- *What explains Japan's recent relative inward focus on domestic consumers in many sectors vs South Korea's increasing export-oriented internationalization?*
- *Is China's period of rapid economic growth ending? If so, what are the implications for China's domestic politics and the global economy?*

- Bernanke, Ben S. "Japanese monetary policy: a case of self-induced paralysis?" *Japan's financial crisis and its parallels to US experience* (2000): 149-166.
- Vogel, Steven K. "The crisis of German and Japanese capitalism: stalled on the road to the liberal market model?" *Comparative Political Studies* 34.10 (2001): 1103-1133.
- Huang, Yasheng. "China's Economic Slowdown Was Inevitable: The Illusory Success of State Capitalism." *Foreign Affairs* (2023). (On Canvas).
- Caballero, Ricardo J., Takeo Hoshi, and Anil K. Kashyap. "Zombie lending and depressed restructuring in Japan." *American Economic Review* 98.5 (2008): 1943-1977.

Suggested readings:

- Hoshi, Takeo, and Anil K. Kashyap. "Japan's financial crisis and economic stagnation." *Journal of Economic Perspectives* 18.1 (2004): 3-26.
- Kushida, Kenji E. "Leading without followers: how politics and market dynamics trapped innovations in Japan's domestic "Galapagos" telecommunications sector." *Journal of Industry, Competition and Trade* 11 (2011): 279-307.
- Center for Strategic and International Studies. "Experts React: China's Economic Slowdown: Causes and Implications." Commentary by Scott Kennedy, Logan Wright, John L. Holden, and Claire Reade. Published August 30, 2023

April 25: Final essay due