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Abstract

In this essay I reminisce about my professional career as a specialist on the Japanese economy and on the Asia-Pacific economies. There are four major professional dimensions: teaching, doing my own research, organizing and managing multischolar research projects, and institution-building. My focus here is on my research and institution-building activities, which naturally have always been intertwined.

*I mention by name only a few of my many colleagues. Happily, they are among many others who became my good personal friends. That has been one benefit of being engaged with others in projects and the resultant books. Except by way of context before my career began, I say little of my personal life. And, of course, I do not write about my family, other than to say that they have encouraged and supported me and my career.

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In this essay I reminisce about my professional career as a specialist on the Japanese economy and on the Asia-Pacific economies. There are four major professional dimensions: teaching, doing my own research, organizing and managing multischolar research projects, and institution-building.

My focus here is on my research and institution-building activities, which naturally have always been intertwined.

I enjoyed teaching and took it seriously—preparing thoroughly, providing a lot of substance in my classes, and doing a competent job, though I do not consider myself a great teacher. One of the useful pleasures of teaching was learning from my students: each year there was a new crop of questions, understandings, and misunderstandings to be addressed. Because Japan's development, and the study of Japan, were expanding, each year I would have to update my syllabus and prioritize. This helped me organize my understanding of Japan and its economy. (When I no longer taught regularly, these activities were taken over in part by writing my essays for the annual reports of Columbia's Center on Japanese Economy and Business—CJEB.)

My career certainly has been significantly shaped by the postwar development of a liberal, rules-based, open-market-oriented international economic order, by the evolving international geopolitical system, Japan's performance, and how the United States has evolved. The Cold War dominated geopolitics until the Soviet Union's collapse in 1991. China, initially a minor player, opened to the world and grew rapidly to become the world's largest economy in purchasing power parity terms, even though its per capita income is only one-third of America's. Postwar Japan, with a strong, deep alliance with the U.S., achieved rapid catch-up economic growth that by the late 1980s had made it the world's second-largest economy, with a European-level standard of living.

As of this writing, we are in the fifth month of the global coronavirus pandemic (COVID-19) crisis, beginning in March 2020. COVID-19 has generated major health, economic, and social challenges. The most important need is the adequate provision of healthcare. The cause of the

current economic downturn is unprecedented, as is its severity. Policymakers in each country have been responding with their own national policies. Japan so far has been considerably more successful than the U.S. The uncertainties over the nature and duration of COVID-19 and its consequences are significant. The pandemic will impact the research of economists, public health specialists, and many others for years to come.

Becoming a Japanese Specialist

As an economist, I define myself as a specialist on money and banking, which later segued into the broader topic of financial development. My career as a specialist on the Japanese economy is an accidental consequence of the Korean War, which transformed my life. When I first arrived in Tokyo in January 1952 to work on a project inspecting Soviet military equipment left in South Korea when North Korea had rapidly retreated from its overextended assault, I had no real idea what to expect. I had majored in mathematics, economics, and philosophy at Yale. I had never taken a course or otherwise learned much about modern Japan, though I was somewhat aware of the U.S.-led Occupation and its democratization programs. I did not know a word of the Japanese language. I did not know any Japanese people or even any Americans of Japanese heritage.

The Korean War began in June 1950, the summer between my junior and senior year in college. I had never been out of the U.S., other than a one-day visit to Montreal in my junior year. I had been planning to apply to the master's program at the London School of Economics and use it as a base to travel around Europe. I had no definite plans for my longer-run future.

One option was to join my father, who was managing our family-owned newspapers in the small towns of Goldsboro, North Carolina, and Rock Hill, South Carolina. I was born in Goldsboro and raised there for my first 12 years. We moved to Washington, DC, in 1942, when my father had patriotically joined the newly created Office of War Information.

I could start working either at the Goldsboro or the Rock Hill newspaper, which my father had bought in 1947. Both were small, successful dailies (Monday through Saturday), like

many local papers throughout the United States at the time. However, as I neared the end of college, I recognized I probably did not want to live in a small, parochial Southern town.

The Korean War significantly altered the immediate future plans of myself, my classmates, and other friends. We were subject to the draft for two years of military service; or we could volunteer for officer programs in the Army, Navy, or Air Force, serving for three or four years. I took my physical exam for the draft in New Haven. The doctor said I had very weak eyes, which I knew. He went on to say that if I were drafted into the military, my eyes might get much worse, and they would have to pension me off for the rest of my life. He said I was not worth that risk to the government budget, so he declared me 4-F, draft ineligible. This was my first significant, direct lesson in cost-benefit analysis. Since, unlike my friends, I could not go into military service, I decided to seek a civilian position working for the government in Washington for two years.

As it happened, I was hired to work on a project just being set up to estimate Soviet military production amounts and locations, based on the serial numbers, markings, and other indicators on the Soviet equipment North Korea had abandoned in South Korea. This was based on a project in World War II on German production. That project not only estimated German tank production in 12 assembly plants but, through inspector markings, proved that all the truck carburetors were produced in one factory—the obvious bombing target.

The World War II project had been developed by Richard Ruggles, an economics professor at Yale. He was my undergraduate economics teacher and adviser. He was responsible for setting up the Soviet project for the CIA in 1951. I assume he arranged for me to be hired as the first staff member, and in June 1951 I moved to Washington.

In late December 1951, I was really surprised when I was told I would immediately go to Tokyo for three months. Tokyo would be the base for periodic trips to South Korea to arrange for four-person teams from Washington to go directly to the sites of the abandoned Soviet equipment, which were strewn all over the South Korean countryside, in order to photograph serial plates and other markings for each tank, truck, gun, and other pieces of equipment. My work was essentially administrative, negotiating with the U.S. military in South Korea to provide support for our teams.

I arrived in Tokyo in early 1952; that was a few months before the formal ending of the Allied Occupation on April 28, though in practice not much then changed. The Occupation authorities had already turned over most of their duties to the Japanese bureaucracy, particularly since Occupation officials were deeply involved in managing the Korean War.

Tokyo was a huge cultural shock for me. I quickly realized Japan has a deep, strong culture and long history based on its homogenous population. I also became much more aware that U.S. history is relatively short and that America is comparatively heterogeneous and individualistic.

My stay in Japan was extended several times. Ultimately I was there 18 months. This included time spent monitoring the complete dismantling of a captured Soviet tank in a military facility in Tokyo. I lived in a low-cost 10-story building near Tokyo Station for lower-ranked military officers and civilian counterparts such as myself. I was able to save most of my salary, as the dollar went a long way in Japan at the time. I became more and more interested in Japan, and I arranged for a tutor to begin learning spoken Japanese.

On leaving Japan in 1954, I decided to resign from my job and to go to graduate school to learn more about Japan. I was accepted into the MA program in Japanese studies at the University of Michigan in Ann Arbor. This was my first choice, as it had the most comprehensive faculty coverage of a range of disciplines at any university in the United States, especially those in which I was interested. I started with summer school in June 1954. The key courses were interdisciplinary, led by the historian John W. Hall, the anthropologist Richard Beardsley, the political scientist Robert Ward, and other Japanese specialists. I took a course on the Chinese and Japanese economies taught by Carl Remer, a senior scholar.

I completed the MA in Japanese studies in 1955, sooner than I expected, but there were no jobs in Japanese studies. I therefore decided to pursue a master's in economics; I had become deeply interested in developing economies and in Japan as the first case of successful economic development and industrialization by a non-Western, non-Christian country. I was stimulated by my economics professors Gardner Ackley, Wolfgang Stolper, and especially Richard Musgrave. They urged me to continue in economics at Michigan and earn a PhD. So, too, did William Lockwood, the Japan political economy specialist at Princeton. My plan was to

obtain the PhD, and then get a position in economic development at the World Bank. And I wanted to get back to Japan and learn more.

I received a two-year Ford Foundation grant to do my dissertation research in Japan. I had decided to do my dissertation on Japanese monetary policy and financial markets, though I also considered a thesis on Japan's foreign trade since imports were essential and exports were necessary to pay for them. I was doubly fortunate in my dissertation research arrangements when I went to Tokyo in fall 1957. First, I had been accepted as a graduate student researcher at Hitotsubashi University's Institute for Economic Policy, where Professor Shigeto Tsuru, one of Japan's most famous economists, became my adviser. Second, I was introduced to the Bank of Japan (BOJ) by a U.S. Federal Reserve Board official who had received his PhD in economics at the University of Michigan several years earlier.

The postwar Bank of Japan had never had a foreign researcher affiliated with it before. Its staff graciously welcomed me, provided me with an office, and diligently met with me to explain the series of questions I wrote down as the basis for our discussions. My Japanese was not good enough, but some young BOJ research department members spoke good English.

I lived in Futago Tamagawa, about 10 miles southwest of the Bank of Japan's headquarters, which was in its wonderful old Western building in Nihonbashi, in central Tokyo, a block from the amazing Mitsukoshi Department Store. During the fall I also commuted several days a week the somewhat farther distance to the Hitotsubashi campus, to meet with Professor Tsuru, and often with Professor Kazushi Ohkawa and several graduate students who later became major figures in Japanese academia as economists. As winter came, Professor Tsuru suggested I spend most of my time at the Bank of Japan since it was heated, while his building at Hitotsubashi, built during the war, had no heat other than a big *daruma* stove (similar to potbelly stoves in concept if not in design) in the middle of the common room. Everyone congregated and chatted there, but our offices were too cold to do much research there. My research went well, particularly at the Bank of Japan.

The Bank collected and published comprehensive, detailed statistics. Research department members explained how the BOJ aspired to achieve a financial system comparable to the Federal Reserve standards of highly competitive financial markets, central bank open-

market purchases of government bonds, and flexible interest rates to allocate funds quickly and effectively. However, Japan's institutional and financial realities were significantly different from those in the U.S.

Japan's economy was growing rapidly since there were so many technology catch-up investment opportunities for business. Financial institutions, led by city banks, lent as much as they could to companies. To finance loans, city banks were allowed to borrow heavily from the Bank of Japan. This provided the BOJ immense power to quietly apply direct controls on credit, in addition to the central bank weapons of the discount rate, reserve requirements, and other standard instruments.

Business investment demand inevitably resulted in import surges and balance of payment crises in a world where capital market borrowing had not yet developed significantly, so a major BOJ function was to constrain investment.

My almost idyllic stay in Japan was brought to an unexpected end after only one year, instead of the two I expected. A senior professor at Michigan had suddenly died, and Professor Remer had retired. The Department of Economics asked me to return from Japan promptly and become a lecturer in fall 1958, teaching a range of intermediate courses, indicating that on completion of my PhD, I would be appointed an assistant professor. Eager to take up this opportunity, I returned to Ann Arbor. However, in the fall of 1959, as I was completing my dissertation draft, the new chair of the economics department decided that I should not automatically become an assistant professor in 1960, but I should enter the job market for new PhDs. I was shocked.

Fortunately, the new PhD job market in 1960 was strong, and I was a good candidate. I received several excellent assistant professorship offers, including from Yale and MIT, and eventually from Michigan as well. I accepted the Yale offer because it had one of the best economics departments, not because I had been an undergraduate there. A major attraction was that in addition to a three-year contract, I would be able to spend the second year (1961–62) as a visiting professor at the University of Bombay, as it was then called. This enabled me to be directly exposed to one of the world's two huge developing economies; at that time no American could go to China.

Yale administered a Ford Foundation four-year program to develop monetary economics at the University of Bombay. It did this by each year sending a famous senior professor from a major American economics department and a junior faculty member from Yale. In 1961–62, the senior economist was Princeton’s Lester V. Chandler, a wonderful person, with me as the junior faculty member.

My year at Bombay was fascinating and very educational. India and the university had many holidays, so I was able to travel all over India. However, I did not fall in love with India; I was already enamored of Japan.

I had my dissertation, with minor updates, published in 1962 by the University of Bombay. They agreed to publish it quickly, without the reviews and revisions, in contrast to the long time that it took for publication with a major U.S. academic publisher. I wanted publication off my back and to move forward with my research agenda on Japan. In retrospect, it was a naïve decision, but it actually worked to my benefit.

When I first joined the Yale economics department, I continued to think I would join the World Bank at some point. I had learned at Michigan that teaching is the best way to learn about a subject. So I decided that teaching at Yale and at the University of Bombay would prepare me well for a World Bank career. However, one spring day in 1963, while walking in a courtyard at Yale, I realized, at age 33, that I actually wanted an academic career. I enjoyed teaching and the interaction with students. Equally important, I was curious about economies and their performance and liked doing research, particularly on Japan.

This was before widespread interest in Japan’s economy had developed, so I had a first-mover advantage. Most importantly, as an academic, I was my own boss. I decided what research topic I wanted to address; no one told me what to do, though of course, I benefitted from friendly suggestions and criticisms from colleagues and others. I actively commented on the research of others, as well as engaging in my own research, and published widely. I wrote on Japanese monetary and fiscal policy, for chapters in books edited by me or others. The context typically was both Japan’s overall economy and society and the evolving global economic system.

In late 1963, I received an offer of tenure from the University of Michigan. I had a published book and several published articles and had become known professionally. I informed Yale I intended to accept the Michigan offer unless Yale countered. In 1964, I was promoted to associate professor of economics with tenure at Yale. In 1968, I was promoted to full professor.

My focus on the Japanese economy has been threefold. First of course has been the domestic economy, its institutions, its markets, its economic performance. Equally important has been my focus on the Japan-U.S. economic relationship, on the two governments and their policies, and on American and Japanese businesses and their interactions. My third area, since Japan had by far the earliest and most developed Asian economy, has been Japan's role in Asia-Pacific economic development. In addition to, and complementary with, my own research, I became actively involved in institution-building, notably in the Japan Economic Seminar, the U.S.-Japan Economic Relations Group, the Pacific Trade and Development conference series (PAFTAD), the Yale Economic Growth Center, and, notably, the Center on Japanese Economy and Business at Columbia.

Research at Yale

At Yale, I pursued my interests in Japanese macroeconomic policy, especially monetary policy and fiscal policy, finance and financial markets, and economic development. My output appeared as articles in professional journals and chapters in books. The article that has been most widely cited over my career and reprinted was my "Financial Development and Economic Growth in Undeveloped Countries," published in the journal *Economic Development and Cultural Change (EDCC)* in 1966. Little had been written about the topic, so my article has substantial scarcity value.

Several pieces of my research established me in the 1960s as one of the few specialists on the Japanese economy. Those include my chapter "Cyclical Instability and Fiscal—Monetary Policy in Postwar Japan" in *The State and Economic Enterprise in Modern Japan*, edited by W.W. Lockwood, published by Princeton University Press in 1964; "Japan, 1868–1914" in *Banking in the Early Stages of Industrialization*, edited by Rondo Cameron, published by Oxford University

Press in 1967; “The Phoenix Rises from the Ashes: Postwar Japan” in *Modern East Asia: Essays in Interpretation*, edited by James B. Crowley, published by Harcourt, Brace & World in 1970; and “The Economic Muddle of the 1920’s” in *Dilemmas of Growth in Prewar Japan*, edited by James W. Morley, published by Princeton University Press in 1971.

I had the opportunity to learn about the South Korea economy in 1965 when David Cole of the U.S. Aid Mission in Seoul invited me to develop a policy-oriented research project on Korean financial development and monetary policy, together with the Stanford economists Ed Shaw and Jack Gurley. We spent most of summer 1965 in Seoul, working together intensively and happily, and meeting with a range of Korean policymakers and scholars. We drafted a long report, *Financial Development of Korea*, issued by the U.S. Aid Mission and published in the Bank of Korea bulletin. Through this project, I developed an abiding interest in the Korean economy, reinforced by interacting with Korean scholars in various projects and subsequent trips to Korea over the course of my career as noted below. I developed a deep personal, as well as professional, relationship with Yung Chul Park of Korea University. However, I refrained from visiting Korea until the late 1980s, once the repressive authoritarian regime was replaced by a democratic government. I have visited Korea every year since then until 2020, when the coronavirus pandemic prevented travel.

I have always been an active member of those academic and professional committees on which I have served over the course of my career. As it happens, I discovered I am good at organizing and managing research projects, bringing together a range of American, Japanese, and other specialists on the Japanese, Asia-Pacific, or other economies. All but three of my 21 books and monographs have been co-edited or co-authored. However, only a few of my specific chapters and articles have been co-authored.

One of my favorites of these projects generated *Asia’s New Giant—How the Japanese Economy Works*, published by the Brookings Institution in 1976. Henry Rosovsky of Harvard and I co-edited the book and co-authored its beginning and final chapters. It was the first major book in English on the contemporary Japanese economy.

In 1973, the Brookings Institution had approached Henry and me to develop a comprehensive project on the Japanese economy. Our plan was to bring together as co-authors

of chapters well-known American experts in various economic subfields and young Japanese economists, in some cases their former students. We held joint meetings in the U.S. and in Japan with the participants to review chapter drafts or initial outlines. I made detailed comments on each of the chapter drafts before the final revisions. The project took two years and it was well worth it.

The other project I was working on at that time resulted in the book I edited, *Japanese Industrialization and Its Social Consequences*, published in 1976 by the University of California Press. I was a member of the SSRC-ACLS Joint Committee on Japanese Studies, which held an international conference in August 1973, bringing together an interdisciplinary group of 25 American and Japanese economists, sociologists, and anthropologists. I chaired the planning committee. Larry Meissner, my graduate student at Yale, was the conference rapporteur and became the main copyeditor of the volume. Larry also took on a role of critic, corrector of factual inaccuracies, and improver of substantive text, far beyond the standard definition of the job and the call of duty. I have subsequently utilized him in these excellent capacities for everything else I have published, including this. We are a great team.

The focus of the book was on Japan's modern economic development from the late 19th century to the early 1980s. The book has three major parts. The first is on the functions of the industrial workforce, male and female. The second is on similarities and differences between large enterprises and small. The third is on some major social consequences. The studies of specific industries included the occupational differences between predominantly white-collar workers in large trading companies, male skilled blue-collar workers in shipbuilding, and female semi-skilled workers in the cotton textile industry.

The chapters on social consequences address four major topics that have continued to be important for Japan until now, and, I expect, into the foreseeable future: demographic transition, narrowing (and now widening) income inequality, poverty, and welfare and the environment. I have explicitly addressed poverty in my annual essays these past several years.

The definition and measurement of poverty and the poor have evolved as Japan has achieved a high per capita income and standard of living. Few Japanese now are absolutely destitute. Nonetheless, income inequality remains a problem. For example, based on the OECD

definition that a country's poor are those with an income less than one-half the national median income, some 20 million Japanese now are poor, about 16 percent of the population. The prototypes are elderly males or females living alone, especially in cities, and importantly spouseless women with children. Education is the major escape path for children of the poor.

In 1982 I was asked by Dan Okimoto of Stanford University to co-chair with Yasusuke Murakami of the University of Tokyo the Japan Political Economy Research Committee to oversee the development of an immense, comprehensive, interdisciplinary project to consider Japan's position, not only in economic but also in political and cultural dimensions, with the participation of major American and Japanese social scientists. The major purpose was to evaluate the political economy of Japan as it approached the 1990s. The organizing committee had 16 members. Murakami and I were the general editors of the three-volume publication with the overall title *The Political Economy of Japan*.

Volume 1, *The Domestic Transformation*, edited by Kozo Yamamura and Yasukichi Yasuba, consisted of 14 chapters written by 19 scholars, 15 of whom were economists. Volume 2, *The Changing International Context*, edited by Takashi Inoguchi and Daniel Okimoto, had 15 chapters; 10 of the authors were political scientists; 7, economists; and 1, a historian. Volume 3, *Cultural and Social Dynamics*, edited by Shumpei Kumon and Henry Rosovsky, had 13 chapters, of which economists wrote 6; anthropologists, 3; sociologists, 2; and political scientists and lawyers, 1 each.

In the first volume, I co-authored a chapter with Tom Rohlen, "Small-Scale Family Enterprises," in order to address a topic then not much covered in the English-language literature. It came to be widely cited. In the second volume, I co-authored with Koichi Hamada "Japan and the International Monetary Regime." Since I also commented at some length on each chapter, this was my main research agenda in the 1980s, starting at Yale and continuing when I moved to Columbia in 1984.

Institution-Building

In 1961, the Yale economics department, with major Ford Foundation funding, established the economic development institution—which came to be the Yale Economic Growth Center (EGC) under the leadership of Professors Lloyd Reynolds, Robert Triffin, and Richard Ruggles at Yale and Simon Kuznets at Harvard—to apply the Kuznets methodology of GDP measurement and analysis to some 25 developing countries. I was a member since Japan was classified as a developing country until 1964. Each year, for five years, the economics department and the Economic Growth Center hired five new assistant professors with five-year contracts to spend two years at the EGC studying their country, then a research year or so in their country, and then returning to the EGC to write their book on the country's economic performance. The Growth Center was an exciting intellectual environment, especially since those hired ranged across the political spectrum. It was a great time to be a member of the EGC. I became involved in the Center's administration from its beginning and was its director for two three-year terms from 1976 to 1983.

Japan Economic Seminar

In the early 1960s, only a few specialists were teaching about Japan's economic performance at East Coast universities. In 1965, in order to learn about each other's research, to invite visiting Japanese academics, and to encourage advanced graduate students, Henry Rosovsky at Harvard, James Nakamura at Columbia, and I, then at Yale, founded the interuniversity Japanese Economic Seminar (JES), which has met at least annually ever since. Initially JES met monthly during the academic year at Harvard, Yale, or Columbia to discuss a paper circulated in advance, and then we would have dinner together at a nearby restaurant, usually Chinese. We soon shifted to meeting four times a year and discussing two papers. I became chairman of JES.

JES initially received institutional support from four research institutes and their universities. Yale dropped out when I left, and there was no immediate successor. Once it was established, CJEB joined the Columbia East Asian Institute as a sponsoring institution. In 1985, the Brookings Institution, and, in 1994, George Washington University, became cosponsors, and

one of the four JES meetings was held in Washington. In 2000, when Henry Rosovsky became provost, Harvard ended its formal involvement, and JES met twice annually in New York and Washington. CJEB took administrative responsibility for JES. With James Nakamura's retirement in 2000, I replaced him as JES secretary-treasurer, leaving the chair position open.

By the first decade of the 2000s, the Japanese economy had become mainstream, and most research papers on its economy were being presented at a number of other conferences. The advent of the internet made papers directly available. Since the March 2006 meeting, JES has become a daylong conference. The authors present two papers in the morning and two in the afternoon, with assigned discussants from Japan and the U.S. In 2011 we decided that JES would meet once a year, at Columbia, with CJEB the administrator and sole sponsor.

Frankly, by 2014, I thought the time had come to end JES. Fortunately, Professor Takatoshi Ito, a long-term JES participant, rejected that idea and took active leadership. He became JES chair and successfully implemented a new strategy. JES invited two academic economists from Japan to present their research papers; they could cover their travel expenses from their soon-to-expire research funds. Discussants came from Japan as well. CJEB continues as JES administrator and sponsor. The most recent JES conference was held in February 2020. I am proud of what JES has achieved over the years.

PAFTAD

PAFTAD—the Pacific Trade and Development conference series—has been an important part of my professional career. It enabled me to come to know and make good friends with outstanding policy-oriented academic economists from all the Asia-Pacific economies, notably through the series of conferences held almost every year since 1968.

PAFTAD developed, rather accidentally, from the conference in Tokyo in 1968 that Professor Kiyoshi Kojima of Hitotsubashi University initiated. The purpose of the conference, which was facilitated by the Japan Ministry of Foreign Affairs, was to consider a Pacific free trade agreement among the developed Pacific nations—namely Australia, Canada, Japan, New

Zealand, and the U.S. Since Peter Drysdale of Australia National University (ANU) and I had each been at Hitotsubashi, Kojima relied on us to help contact conference participants.

The conference made clear that Kojima's proposed free trade area would not be achieved anytime soon. It also made clear that the participants knew a great deal about the U.S., but not much about each other's countries. So, we agreed we needed to organize a second conference to consider ways in which regional cooperation promoting trade and foreign direct investment could be pursued. It was also recognized that the developing market economics of Southeast Asia must be included. This meant Taiwan and Hong Kong, but not China since its economy was government-controlled. Nonetheless, Chinese scholars were invited to and participated in the tenth conference in Canberra in 1979, when China became a member.

PAFTAD's organizational structure has always been relatively simple. Peter Drysdale at ANU and I, together with Kojima as chair, at the beginning, were an informal executive committee. I raised substantial funding from American foundations. After the fourth conference, an International Steering Committee (ISC) was established, with economists from all the PAFTAD economies as members. I was an ISC member until I retired in 2015. I then served on PAFTAD's international advisory board established in 2016, until I resigned in 2020.

The Japan Economic Research Center in Tokyo, the Australia-Japan Research Center at ANU, and the Economic Growth Center at Yale provided institutional support. At the sixth PAFTAD conference in 1975, it was decided to formally establish an Executive Committee. Once longer-term funding was received in 1983, the PAFTAD Secretariat was established at ANU with Peter Drysdale as director.

In 1977 Senator John Glenn asked me to do research and write a concept paper in support of a governmental trans-Pacific trade and development organization. Fortunately, Peter Drysdale was on a sabbatical leave at Yale that year, so he and I drafted a policy-oriented concrete paper proposing the establishment of a U.S.-led Organization for Pacific Trade and Development (OPTAD). I testified on this before Senator Glenn's committee in fall 1978, having already presented our written report; however, our proposal was not implemented by the U.S.

government. Nevertheless, our paper provided useful input for subsequent PAFTAD discussions.

PAFTAD played a significant role in the establishment in 1980 of the Pacific Economic Cooperation Council (PECC), which brings together leaders from business, academia, civil society, and government in a nonofficial capacity as an independent forum to discuss regional economic issues and consider ways to cooperate and coordinate policies in the Asia-Pacific. PECC is one of the three official observers of the APEC process. I was involved in PECC through my activities in PAFTAD.

Sir John Crawford of Australia and Saburo Okita of Japan, high-level advisers to their respective governments, participated actively in the PAFTAD conferences and activities until their deaths, Sir John in 1985 and Okita in 1994. Professor Harry Johnson of the University of Chicago early on played a major intellectual role. He provided a brilliant, often acerbic summary of the conference and its papers in the concluding session in six of the first eight PAFTAD conferences, before his untimely death.

I succeeded Okita as ISC chair in 1986, a position I held until 2005. During that period we held the 16th through the 30th PAFTAD conference. I was succeeded as ISC chair by Hadi Soesastro of Indonesia, 2006–2009 (PAFTAD 31–33); Wendy Dobson of Canada, 2010–2018 (PAFTAD 34–39); and Mari Pangestu of Indonesia, 2018–2020 (PAFTAD 40). Mari resigned in May 2020 to accept a senior position at the World Bank.

PAFTAD has successfully made the papers and proceedings available as book publications relatively quickly, with those responsible for organizing the conference taking on the editing of the manuscript. Lawrence Krause and I co-edited the ninth conference volume, published in 1978. The current PAFTAD members are from Canada, the U.S., Mexico, Japan, The Philippines, South Korea, Taiwan, Hong Kong, China, Vietnam, Myanmar, Malaysia, Singapore, Thailand, Indonesia, India, Australia, and New Zealand.

Japan-U.S. Economic Relations Group

The Japan–United States Economic Relations Group was established by Prime Minister Masayoshi Ohira and President Jimmy Carter on May 2, 1979. Its purpose was to examine factors affecting the longer-term bilateral economic relationship and prepare written recommendations to Prime Minister Ohira and President Carter on how to strengthen the relationship. This was in response to domestic protectionist pressures on the U.S. government against Japan’s significant export increases to the U.S.

The chairs were distinguished leaders—the dynamic and driven Nobuhiko Ushiba, former minister for external economic affairs, and affable and stalwart Robert Ingersoll, former deputy secretary of state. The American members were AW Clausen, President of the Bank of America; Edson Spencer, chair of Honeywell; and me as the only academic economist. The Japanese members were Akio Morita, chair of Sony; Shuzo Matsumoto, president of Dai-Ichi Kangyo Bank; and Kiichi Saeki, chair of Nomura Research Institute. The Group had a small, strong, administrative staff, led by Tadashi Yamamoto and Jack Button as executive directors, and access to a wide range of research in both countries.

Our Group met five times between December 1979 and November 1980, alternating between the U.S. and Japan. These were extraordinarily focused, substantive meetings, carried out with great goodwill. Between meetings we interacted with a wide range of other institutions and individuals.

In January 1981, we released our 105-page Report of the Japan-United States Economic Relations Group, with strong policy recommendations to strengthen this important bilateral economic relationship. The Report addressed a wide range of topics, including inadequate consultative mechanisms between the two governments, mistaken or outdated perceptions of each country in the other country, inadequate American economic performance, lagging liberalization of Japan markets, unresolved energy issues, and the politicization of economic and trade disputes.

I was actively involved in writing and editing the Report. This was probably my most exciting project over the course of my career; it was a high-level, public-policy initiative with the active, high-quality involvement of my seven fellow members.

Columbia, CJEB, and Ongoing Research

In early 1984, Columbia Business School made me an excellent offer. I would become the first holder of a new chair, the R.D. Calkins Professor of International Business, with a significant increase in salary, and an ability to rent a large university apartment in a building near the campus. My research and institution-building focus on Japan, Asia, and the Pacific, based on economic and financial development, would continue. While I was comfortable at Yale, I was ready for a new academic environment and happy to live in Manhattan.

The Columbia Business School had long had an outstanding faculty and a strong commitment to teaching and research in international business. It had strong programs in Europe and Latin America. Japan was the leading Asian economy. I was recruited to implement the School's strategic commitment to develop leading economic programs on the Japanese economy and business and on Pacific Basin economic relations. Columbia had a world-renowned, distinguished faculty not only in Japanese history, literature, and the arts but also in anthropology, sociology, and law, as well as political science, notably the then young scholar Gerald Curtis, who became my best friend. Columbia had the well-established School of International and Public Affairs (SIPA), and excellent libraries, notably the C.V. Starr East Asian Library.

CJEB

When I first joined the Columbia Business School faculty in 1984, I had no particular institutional development plans in mind, though I had the good experience administering the Yale Economic Growth Center. In fall 1985, Ralph Pfeiffer, chair of the board of IBM World Trade Americas/Far East, arranged a \$60,000 grant to plan on establishing a Center. I drafted a proposal to establish the Center on Japanese Economy and Business (CJEB) at Columbia Business School. CJEB's purpose was, and is, to be a vigorous research institution on Japanese business and the economy in an international context, and to organize and hold international symposia, conferences, and lectures.

CJEB's proposed initial budget was \$400,000 annually—then a lot of money—for five years. To my delight, in spring 1986, Sumitomo Corporation of America agreed to make a five-year \$1 million contribution. We were then able to obtain grants from other major Japanese companies and establish CJEB.

In 1986, CJEB received a \$2 million major endowment gift, paid in five annual installments, from four major Japanese financial institutions. Sumitomo has subsequently made new five-year contributions, and other Japanese companies have joined in providing annual support, so that now CJEB has 33 corporate sponsors, as well as several individual contributors. Importantly, Japanese supporters of CJEB have *never* made their gifts contingent on special requirements or benefits to the donors. They understand that having an American, independent, objective, academic institution developing programs and activities on the Japanese economy and its business systems is to their benefit.

The creation and development of CJEB has probably been my most important professional contribution. It has achieved more than I ever expected. After 33 years as its director, I was delighted to turn over CJEB's directorship to Professor David Weinstein in 2018 and to become "chairman," which enables me to participate as much as I would like without the day-to-day responsibilities.

CJEB's public programs and related activities have always centered on and radiated out from the Columbia academic and New York business and professional communities. While it has held occasional seminars and workshops in Japan, it was only in 2006 that CJEB held a major conference there to celebrate its first 20 years. The keynote was given by the Bank of Japan governor. The members of the two panels were distinguished business leaders and academics. The 250-plus audience included Japanese company presidents and senior business and government officials. The conference's success resulted in its becoming an annual CJEB event in Tokyo. COVID-19 forced the cancellation of the May 2020 conference, but the conference will be held in 2021.

I do not need here to describe CJEB's activities. That is well done in CJEB's Annual Report, published every year and available on CJEB's website. The Report lists faculty; the members of its distinguished International Advisory Board; the Center's research associates,

who are major specialists on the Japanese economy teaching (initially at least) in the United States; research activities; visiting fellows program, sources of financial support; library, data, and other resources; and, importantly, its excellent professional administrative staff. The first Annual Report, for 1986–87, was 17 pages. Reflecting the Center’s growth, by 1998–99, the Report was 67 pages.

Beginning with 1999–2000, the Annual Reports have included my essay on the current Japanese economy. My 19 essays aimed to provide an analytical overview of and my perspectives on the Japanese economy and its performance. This is my final essay in this series; at David Weinstein’s suggestion, I have made it into this review of my professional career.

Research at Columbia

Concomitant with leading CJEB’s development, I continued my research, including several major projects. The Pacific Basin was the world’s most dynamic economic region in the 1970s and ’80s, although growth was not a simple process. While some industries and companies gained competitiveness, others lost it and faced severe adjustment challenges, exemplified by labor-intensive textiles. I developed a project to analyze the process of structural adjustment, trade protection promotion, and other policies of manufacturing industries in distress in developed Asia-Pacific economies. I recruited outstanding economists in Canada, the United States, New Zealand, Australia, Singapore, Hong Kong, Taiwan, South Korea, and Japan to write chapters considering how their respective economies dealt with stressed industries. While considerable structural adjustment took place through markets, in all except Hong Kong, the government intervened to aid certain distressed industries. I was able to raise funding from American and Japanese companies and foundations for the project.

Our group worked closely together, developing a common framework and general outline for each country study. We met twice, in July 1988 and January 1989, to review preliminary drafts. Each workshop included economic specialists. The resulting book, edited by me, is *Pacific Basin Industries in Distress*, published in 1991 by Columbia University Press. Larry Meissner played a major role in editing this book.

In the late 1980s the World Bank Economic Research Institute approached Masahiko Aoki and me to head a research study of the Japanese main bank system. The purposes of the project were twofold: to define and analyze the Japanese main bank system, and to assess its relevance as a model for developing market economies and transforming socialist economies. The selection of Aoki was obvious. Based at Stanford University, he was one of Japan's most distinguished economists and an outstanding specialist on the Japanese economy. I presumably was selected based on my research on the Japanese financial system and my ability as an organizer and manager of participants in multischolar projects. Funded mainly by the World Bank, the result of this project was the 651-page volume *The Japanese Main Bank System—Its Relevance for Developing and Transforming Economies*, edited by Masahiko Aoki and Hugh Patrick, published by Oxford University Press in 1994.

This was a wonderful project, as was working with Masa Aoki. The book has 17 chapters written by 20 authors, including three chapters co-written by two authors and the introductory chapter by Masa Aoki, Paul Sheard, and me. The authors held a preparatory planning session and then two intensive workshops to review chapter drafts. We benefitted from the comments of participants from the World Bank, the Japan Development Bank, and scholars from a range of other institutions.

Part I of the book contains our introduction and 10 chapters on the Japanese bank system and the Japanese financial system. Part II covers, in addition to my chapter on Japan, chapters addressing banking and finance in Germany, South Korea, India, China, and Poland. Aside from *Asia's New Giant*, this is probably the book for which I am best known.

My interest in financial development—in the many market countries where formal markets were initially repressed and then eventually liberalized—has always been comparative, while based on my research on Japan. In 1988, my close friend Yung Chul Park, professor of economics at Korea University and president of the Korea Institute of Finance, and I developed a project on the financial development of three successful market economies—Japan, South Korea, and Taiwan. We recruited outstanding economists from these three economies. Our team held an initial planning workshop in New York in early 1989, then a meeting in Tokyo in the fall, a workshop in Seoul revising drafts in early 1990, and a substantive conference in Tokyo

in summer 1990. We worked on editing and reviewing the chapter drafts through the summer of 1992. Yung Chul and I were the editors of *The Financial Development of Japan, Korea, and Taiwan: Growth, Repression, and Liberalization*, published by Oxford University Press in 1994. I wrote the concluding chapter, "Comparisons, Contrasts, and Implications."

Japan's postwar financial system was bank-centered and initially highly regulated, with controls on deposits and low interest rates. Liberalization began in the late 1970s but progressed slowly. The combination of bad loans, especially to housing-loan companies, and the bursting of the asset price bubble in 1990 generated a series of financial shocks leading to the financial crisis of 1997.

In October 1998, Takeo Hoshi at the University of California, San Diego, and I arranged a conference at Columbia titled "The Japanese Financial System: Restructuring for the Future." In my regular process, the papers went through several revisions. The result was *Crisis and Change in the Japanese Financial System*, edited by Takeo Hoshi and me and published by Kluwer in 2000. Takeo and I wrote a 33-page substantial overview chapter, followed by 11 chapters appearing in three parts: "The Origin of Japan's Banking Crisis," "Responding to Crisis," and "Financial Structural Change or the Big Bang." Big Bang, borrowed from physics and applied to the more comprehensive 1986 recasting of London's financial markets, became the term for Prime Minister Ryutaro Hashimoto's proposal for a range of major market-oriented reforms of the financial system, long term in nature. However, the financial crisis was immediate. Some reforms did take place, initially to cope with the crisis. Implementation of the Big Bang reforms (a term now not much used) began in 1998 and continued for its three-year period. It was a difficult time in Japan's financial history and a wonderful project.

My final major group project was on Japan with Takatoshi Ito, then at the University of Tokyo, and my colleague David Weinstein. We were meeting one summer evening in Tokyo in 2002 at a yakitori restaurant together with our friend Tokuo Iwaisako of Hitotsubashi University. Over many beers and a little sake, we commiserated about Japan's persistent, debilitating economic malaise. We decided to develop a comprehensive, policy-oriented research project designed to recommend economically optimal solutions to major problems thwarting Japan's return to a self-sustaining, full-employment growth path.

We held a preliminary draft paper workshop at Columbia in August 2003. In June 2004, we held a two-day conference in Tokyo, with a few invited commentators. As always, I was deeply involved in editing the papers. *Reviving Japan's Economy—Problems and Prescriptions*, edited by Takatoshi Ito, Hugh Patrick, and David E Weinstein, was published in 2005 by MIT Press, with 15 authors. Taka Ito and I wrote the 36-page overview chapter, followed by 10 chapters in four parts: macroeconomic policy, reforming the financial system, changing markets and business investment, and international economic relations. Unfortunately, but not surprisingly, our policy recommendations were only partially implemented.

In 2009 Yung Chul Park took the leadership in organizing a reprise project on Japan and Korea, and replacing Taiwan with China. While the three economies were in different stages of economic and financial development and had distinct histories, political systems, and societal characteristics, all had experienced rapid catch-up development. Finance had provided both opportunities and challenges.

We discussed preliminary drafts at a conference in Seoul in December 2010 and a follow-up meeting at Columbia University in August 2011. Further substantive revisions and editing was completed in summer 2012. The resulted volume edited by Yung Chul Park and Hugh Patrick, *How Finance Is Shaping the Economies of China, Japan, and Korea*, published by Columbia University Press in 2013, had five chapters—one on each economy, a 43-page introductory review by me, and an analytical chapter evaluating the role of financial institutions and markets, with a focus on Korea's experience in the 2007–09 global financial crisis. This was my final group research project.

Conclusion

I have had a happy, productive, successful professional career. My curriculum vitae lists 21 books and monographs. Almost all were books I edited and for which authored or co-authored one or more chapters. My CV also lists 152 items published. They range from articles, introductory essays, and chapters in books, to comments on other books and articles. I also have placed on CJEB's website some brief reports on companies I have visited since 1984. Some

50 of my articles are on deposit at the Columbia University Academic Commons. I am gratified that, as of July 31, 2020, over the years they have been downloaded 67,378 times.

I always greatly enjoyed interacting with my students and colleagues at Michigan, Yale, and Columbia and learned a lot from them. I was fortunate to have some excellent PhD students, including those going on to have important careers as specialists on Japan. They include but are not limited to Gary Saxonhouse, Robbie Feldman, Ed Lincoln, Kim Schoenholtz, and Hong Tan.

In retrospect I think my institution-building has been my most important contribution. With its 34-year history, the Center on Japanese Economy and Business (CJEB) is the best, most consequential academic institution on the Japanese economy and its business systems anywhere in the world outside Japan. The Japan Economic Seminar continues to play a vigorous role. And PAFTAD reigns as a major academic institution bringing together economists from throughout the Asia-Pacific.

My career has enabled me to develop wonderful personal friendships, often from what began as professional relationships, at Columbia, all over the United States, in Japan, Australia, and Korea, and, indeed, throughout Asia. I bask in them.