

US-JAPAN RESEARCH INSTITUTE

Inaugural Symposium

Overview of Institute's Research Program

Banking Crises and Underlying Global Imbalance: Political Economy Perspectives

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We have experienced many financial crises in U.S. and Japan as well as in other developed and emerging economies. To name only those of U.S. and Japan after 1930s, we had at least three episodes originated from either economy: 1930s (U.S.), 1990s (Japan), and the late 2000s (U.S.).

Economists have tackled the causes and effects of the financial crises and presented many policy implications on monetary policy, regulation, and global financial regime. And they asked them to be implemented. However, one underlying dilemma is that governments often had trouble in implementing the policies both to overcome occurring crises and to prevent future crises. Perhaps governments or, more broadly, political process may significantly matter to deal with this problem.

In this research project, economists and political scientists will jointly examine the financial crises of U.S. and Japan with emphasis on political economy perspectives. There may be many causal links between politics and financial crises to be detected. Research topics include 1) Were government interventions such as public money injection effective and efficient in terms of its consequent costs and benefits? 2) What types of regulation, regime, and institutions did cause financial crises? 3) Did financial crises bring about changes in the domestic political regime? 4) How did underlying global imbalance play a role in making financial crises happen?