


[Home](#) > [Journal](#) > [Business & Economics](#) > [IB](#)
[Indexing](#) | [View Papers](#) | [Aims & Scope](#) | [Editorial Board](#) | [Guideline](#) | [Article Processing Charges](#)
[IB](#) > Vol.4 No.3, September 2012



## Is Consumption in the United States and Japan Too Much or Too Little?

PDF (Size: 611KB) PP. 228-234 DOI: 10.4236/ib.2012.43029

### Author(s)

Yutaka Kurihara, Kei Tomimura

### ABSTRACT

This article reports on the results of an empirical examination of whether consumption in the United States and Japan is too much or too little relative to productivity in these countries (1993-2011). Findings reveal some clear and common characteristics of both countries for the sample period. The most typical one occurred during financial crises around 2008, which is often called the Lehman shock. In both countries, consumers had considerably reduced consumption around that period. The IT boom collapse at the beginning of the 2000s also diminished consumption in the United States. This paper examines impulse responses to trace the effect of a productivity shock to one of the innovations on the current and future value of consumption. Findings indicate that the effect of the shock of productivity on consumption is long both countries

### KEYWORDS

Consumption; IT Boom; Japan; Production; Productivity; United States

### Cite this paper

Y. Kurihara and K. Tomimura, "Is Consumption in the United States and Japan Too Much or Too Little?," *iBusiness*, Vol. 4 No. 3, 2012, pp. 228-234. doi: 10.4236/ib.2012.43029.

### References

- [1] O. J. Blanchard, J.-P. L' Hüllier and G. Lorenzoni, " News, Noise, and Fluctuations: An Empirical Exploration," NBER Working Paper, No. 15015, 2009.
- [2] J. L' Huillier, " Did the US Consumer Overreact? A Test of Rational Expectations," *Economics Letters*, Vol. 116, No. 2, 2012, pp. 207-209. doi:10.1016/j.econlet.2012.02.019
- [3] O. Blanchard and D. Quah, " The Dynamic Effects of Aggregate Demand and Aggregate Supply Disturbances," *American Economic Review*, Vol. 79, No. 4, 1989, pp. 654-673.
- [4] J. Galí, " How Well Does the IS-LM Model Fit Postwar US Data?" *Quarterly Journal of Economics*, Vol. 107, No. 2, 1992, pp. 709-738. doi:10.2307/2118487
- [5] J. Galí, " Monetary Policy, Inflation and the Business Cycle: An Introduction to the New Keynesian Framework," Princeton University Press, Princeton, 2008.
- [6] W. F. M. DeBondt and R. H. Thaler, " Does the Stock Market Overreact?" *Journal of Finance*, Vol. 40, No. 3, 1985, pp. 793-808. doi:10.1111/j.1540-6261.1985.tb05004.x
- [7] P. Veronesi and L. Pastor, " Technology Revolution and Stock Prices," *American Economic Review*, Vol. 99, No. 4, 2009, pp. 1451-1463. doi:10.1257/aer.99.4.1451
- [8] M. D. Shapiro and M. W. Watson, " Sources of Business Cycle Fluctuations," *NBER Macroeconomics Annual*, Vol. 3, 1988, pp. 111-156.
- [9] J. Greenwood and B. Jovanovic, " The Information-Technology Revolution and the Stock Market," *American Economic Review Papers and Proceedings*, Vol. 89, No. 2, 1999, pp. 116-122. doi:10.1257/aer.89.2.116

- [Open Special Issues](#)
- [Published Special Issues](#)
- [Special Issues Guideline](#)

[IB Subscription](#)
[Most popular papers in IB](#)
[About IB News](#)
[Frequently Asked Questions](#)
[Recommend to Peers](#)
[Recommend to Library](#)
[Contact Us](#)

Downloads:	165,587
Visits:	323,876

### Sponsors, Associates, and Links >>

- [International Conference on Management and Service Science \(MASS 2013\)](#)
- [The 4th Conference on Web Based Business Management \(WBM 2013\)](#)

- [10] C. Kerdrain, " How Important Is Wealth for Explaining Household Consumption over the Recent Crises," OECD Economic Department Working Papers, No. 869, 2009.
- [11] C. Tsuji, " Consumption, Aggregate Wealth, and Expected Stock Returns in Japan," International Journal of Economics and Finance, Vol. 1, No. 2, 2009, pp. 123-127.
- [12] E. Boz, C. Daude and C. B. Durdu, " Emerging Market Business Cycles Revisited: Learning about the Trend," FRB International Finance Discussion Paper, No. 927, 2008.
- [13] Y. Kurihara, " Exchange Rate Determination and Structural Changes in Response to Monetary Policies," Studies in Economics and Finance, Vol. 29, No. 3, 2012, pp. 187-196. doi:10.1108/10867371211246858
- [14] P. Beaudry and F. Portier, " Stock Prices, News, and Economic Fluctuations," American Economic Review, Vol. 96, No. 4, 2006, pp. 1293-1307. doi:10.1257/aer.96.4.1293