

Spring 2006

Econ 163. The Japanese Economy

TuTh 11:00-12:30 (York 2722)

Takeo Hoshi

Office Hour: W 2:00-3:20 PM (IR/PS 1319)

Teaching Assistants' Office Hours & Office Locations

Munehika Katayama (Th 1:30-3:00 PM, Econ 119)

Lei Meng (M 1:30-3:00 PM, Econ 127)

Masako Miyanishi (Th 4:30-6:00 PM, Econ 127)

This course surveys issues related to the Japanese economy. The textbooks are *The Japanese Economy*, 2nd Edition by David Flath (Oxford University Press, 2006), *Corporate Financing and Governance in Japan: The Road to the Future* by Takeo Hoshi and Anil Kashyap (MIT Press, 2001) and *Reviving Japan's Economy: Problems and Prescriptions* edited by Takatoshi Ito, Hugh Patrick, and David E. Weinstein (MIT Press, 2005). You can purchase the textbooks at the UCSD Bookstore. *The Japanese Economy* by Takatoshi Ito (MIT Press, 1992) is also a good reference, although it is a bit dated. You are encouraged to follow the current events in the Japanese economy. There are many web sites that you can visit to follow the economic news from Japan. The one I recommend is Nikkei Net Interactive (<http://www.nni.nikkei.co.jp>). Some contents of the web site are for subscribers only, but there are some free articles as well.

The grade for this course will be determined by four factors.

- (1). Homework #1 ---- 15%. Distributed on 4/18, due on 4/25
- (2). Mid-term exam ---- 35%. Scheduled on 5/4
- (3). Homework #2 ---- 15%. Distributed on 5/18, due on 5/25
- (4). Final exam ---- 35%. Scheduled during the final week of the quarter

In the exams, you are required to write the answers on a bluebook. Please bring your copies of bluebooks to the exams. The exams will be "closed book." You will be allowed to bring and use a non-programmable calculator. More detailed instructions will be given a week before each exam.

Grading of homework and exams is final. There will be no "re-grading." The only exception is corrections of adding-up errors in calculating the scores.

The grade for the course will be calculated as follows. After each of the scores for homework and exams is normalized so that the full score is 100, the weighted average using the above weights is calculated. The weighted average score is then standardized using the following formula: $(\text{standardized score}) = 70 + 10 * [(\text{weighted average score}) - (\text{class average})] / (\text{sample standard deviation of weighted average score})$. The following table shows the correspondence between standardized scores and letter grades.

(Continues to the other side)

| If the standardized score is: | The letter grade is: |
|-------------------------------|----------------------|
| higher than 82 | A |
| between 77 and 82 | A- |
| between 72 and 77 | B+ |
| between 67 and 72 | B |
| between 62 and 67 | B- |
| between 57 and 62 | C+ |
| between 52 and 57 | C |
| between 47 and 52 | C- |
| between 42 and 47 | D |
| below 42 | F |

The following is the rough schedule for this course. The PowerPoint presentation for each section will be available at the class web site.

1. Introduction (4/4)
Reading: Flath, Introduction, Chapter 1
 2. Post-war Economic Growth (4/6, 4/11)
Reading: Flath, Chapter 4
 3. Business Cycles and Macroeconomic Policy (4/13, 4/18, 4/20, 4/25)
Reading: Flath, Chapter 6
Ito, Patrick, and Weinstein, Chapter 4
Ito, Patrick, and Weinstein, Chapter 8
(Homework #1 distributed on 4/18, due on 4/25)
 4. Saving (4/27)
Reading: Flath, Chapter 5
 5. Technology (5/2)
Reading: Flath, Chapter 16
- Mid-term exam on 5/4
6. International Trade (5/9)
Reading: Flath, Chapter 8
Ito, Patrick, and Weinstein, Chapter 11
 7. International Finance (5/11, 5/16)
Reading: Flath, Chapter 7
 8. Industrial Organization and Policy (5/18)
Reading: Flath, Chapters 9, 11, and 12
 9. Financial System (5/23, 5/25)
Reading: Flath, Chapter 13
Hoshi and Kashyap, Chapters 4, 5, 6, 7, and 8
(Homework #2 distributed on 5/18, due on 5/25)
 10. Labor (5/30, 6/1)
Reading: Flath, Chapter 15
Ito, Patrick, and Weinstein, Chapter 10
 11. Public Finance (6/6, 6/8)
Reading: Flath, Chapter 10
Ito, Patrick, and Weinstein, Chapter 2
- Final exam in the final week of the quarter