

Econ 163. The Japanese Economy

TuTh 2:00-3:20 PM (Peterson 110)

Takeo Hoshi

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

TAs' Office Hours & Office Locations

Jess Diamond (Tu 10:30 AM - 12:00 PM, Econ 117)

Chim Lau (Th 11:00 AM – 12:30 PM, Econ 122)

Lindsay Rickey (M 1:30-3:00 PM, Sequoyah 235)

Phillip Talatala (Tu 4:00-5:30 PM, IR/PS 3201)

This course surveys issues related to the Japanese economy. The textbooks are *The Japanese Economy*, 2nd Edition by David Flath (Oxford University Press, 2006), which you can purchase at the UCSD Bookstore. *The Japanese Economy* by Takatoshi Ito (MIT Press, 1992) is also a good reference, although it is a bit dated. We will be also reading some chapters from the following books, which I asked the UCSD Bookstore to have available and put on reserve at the library:

Corporate Financing and Governance in Japan: The Road to the Future by Takeo Hoshi and Anil Kashyap (MIT Press, 2001)

Choose and Focus by Ulrike Schaefer (Cornell University Press, 2008)

The Public Sector in Japan by Takero Doi and Toshihiro Ihori (Edward Elgar, 2009)

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 ones that I recommend are The Economist (<http://www.economist.com>) and Nikkei Net Interactive (<http://www.nni.nikkei.co.jp>). UCSD subscribes to both services, so you can access all the articles on these web sites if you are on UCSD network. I ask you to read all the articles on Japan published in *The Economist* during this quarter.

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

- (1). Homework #1 ---- 15%. Distributed on 4/13, due on 4/20
- (2). Mid-term exam ---- 35%. Scheduled on 4/27 in class
- (3). Homework #2 ---- 15%. Distributed on 5/20, due on 5/27
- (4). Final exam ---- 35%. Scheduled on 6/8, 3:00-4:30 P.M.

In the exams, you are required to write the answers on a bluebook. Please bring your copies of bluebooks to the exams. 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: (standardized score) = $68 + 10 * [(weighted\ average\ score) - (class\ average)] / (sample\ standard\ deviation\ of\ weighted\ average\ score)$. The table on the other side of this sheet shows the correspondence between standardized scores and letter grades.

(Continue to the other side)

If the standardized score is:	The letter grade is:
higher than 80	A
between 75 and 80	A-
between 70 and 75	B+
between 65 and 70	B
between 60 and 65	B-
between 55 and 60	C+
between 50 and 55	C
between 45 and 50	C-
between 40 and 45	D
below 40	F

The following is the schedule for this course. The PowerPoint presentation for each section will be available at WebCT after each class.

March 30: Introduction (Reading: Flath, Introduction, Chapter 1)
April 1, 6: Post-war Economic Growth (Reading: Flath, Chapter 4)
April 8, 13: Business Cycles (Reading: Flath, Chapter 6)
(Homework #1 posted on 4/13, due on 4/20)
April 15: Movie "Bubble Fiction"
April 20, 22: Financial System (Reading: Flath, Chapter 13; Hoshi and Kashyap, Chapters 4, 7, and 8, Schaede, Chapter 5)
April 27: Mid-term exam (in class)
April 29: Macroeconomic Policy (Reading: Flath, Chapter 6)
May 4: Guest Lecture: Takatoshi Ito (University of Tokyo) "Deflation and Monetary Policy"
May 6: Saving (Reading: Flath, Chapter 5)
May 11: Labor (Reading: Flath, Chapter 15; Schaede, Chapter 9)
May 13, 18: Public Finance (Reading: Flath, Chapter 10; Doi and Ihori, Chapters 1, 2, 9, and 10)
May 20: Corporate Governance and Restructuring (Reading: Schaede, Chapters 1, 2, and 6; Hoshi and Kashyap, Chapter 5)
(Homework #2 distributed on 5/20, due on 5/27)
May 25: Movie "Hula Girl"
May 27: International Trade (Reading: Flath, Chapter 8)
June 1, 3: International Finance (Reading: Flath, Chapter 7)

June 8 (3:00-4:30 PM) Final exam.