

## **Syllabus for Econ 2239/Asian 2830, Topics on Asian Economies**

(This version: January 25, 2016)

**Yao Tang, Spring 2016**

**Department of Economics**

**Bowdoin College**

**Lecture time:** Monday 10:00 - 11:25, Wednesday 10:00 - 11:25

**Place:** Kanbar 107

### **Contact Information**

office: Hubbard 106

office hours: Monday 2:00-3:00 pm, Tuesday 10:00 am-12:00 noon, or by appointment.

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Please note, I may not check emails frequently during evenings and weekends.

### **Course Description and Objectives**

The first part of the course studies a number of important economic observations about Asian economies through the lenses of economic theory, especially the theory of economic growth. We will then focus on two of the economic heavy weights in Asia, Japan and China. Besides the specifics of these two economies, we will also discuss their relationship to the U.S. economy and what other countries may learn from their economic experience.

### **Key Dates**

February 24, in-class midterm exam at 10:00 am

May 11, draft of the research paper due at 5:00 pm

May 16, final exam at 2:00 pm

May 21, research paper due at 5:00 pm

### **Textbook and Course Materials**

- Required: Barry Naughton, *The Chinese economy: transitions and growth*, MIT Press, 2007.
- Optional: David Weil, *Economic Growth*, 2nd ed., Addison Wesley, 2008.
- Optional: David Flath, *The Japanese economy*, 3rd ed., Oxford University Press, 2014.

Other assigned readings and materials will be available through Blackboard and/or through the library's reserve system. As students in this class have very diverse backgrounds, certain materials may pose difficulty for some students. In such cases, please focus on understanding the main ideas and seek help from the instructor if necessary. A few readings may be added towards the end of the course because the conditions about China's financial market and exchange rate are very fluid.

### **Web Information**

All information, including information about reading materials, will be posted on the Blackboard web page for Econ 2239, accessible at <http://blackboard.bowdoin.edu/>.

### **Evaluation**

Your course grade is based on  
assignments, 10%  
midterm exam, 25%  
class participation, 5%  
research paper, 35%  
final exam, 25%  
in-class presentation (optional) 2%

*Research paper.* The purpose of the research paper is to give every student an opportunity to engage in original research using simple tools of data analysis. Articles from [www.voxeu.org](http://www.voxeu.org) provide a good model for the format and style of the research paper (please see <http://www.voxeu.org/article/what-voxeuorg>), but other formats and styles are possible.

The research paper must address specific economic questions related to Asian economies. The last two assignments of the course are designed to help students with their research papers. In the second to last assignment, each student will write a two-page short literature review of three academic/policy papers which can be student-specific, and propose a research question based on the understanding of the literature. In the last assignment, with the help of the instructor, students will look for and use data to answer the research question identified in the second to last assignment. We will rely on simple tools such as graphs and tables. Advanced methods such as regressions are not required. The work done in the last two assignments should serve as the foundation for your research paper.

I recommend that you have a look at "Writing tips for Ph.D. students", a 13-page short paper by John Cochrane, for some tips on writing economics papers. His tips on writing and presentation are originally intended for Ph.D. students, but most of them are useful to

undergraduate students as well.

The target reader of your paper should be any person with a college education background, but not an economics major or minor. The main text of the paper should be 5 to 8 pages long (double-spaced, 12-point font, and 1-inch margins). You are required to provide a bibliography, which is not included in the pages allowed for the main text. Cover page, graphs, and tables are also not included in the page count of the main text. For both the draft and final version of the papers, students must submit an electronic copy.

Each student should select a general topic listed at the end of the syllabus or another topic subject to the approval of the instructor. Because the general topics are too broad to tackle in a single research paper, each student is expected to narrow down to a more specific sub-topic.

*In-class presentation.* Each student (or a group of two students) has the option of doing a 5-minute in-class presentation. The topic of the presentation can be related to your research paper or aspects of an Asian economy, especially an economy other than China and Japan, which we will cover intensively. We will have at most one presentation per lecture and each student can perform at most one presentation. Students who wish to present MUST seek permission of the instructor. Students are expected to meet the instructor to go through their presentations. The presentations will be graded based on the content and effectiveness.

### **Academic Honesty**

Students should be familiar with the Bowdoin College Academic Honor Code, available at <http://www.bowdoin.edu/studentaffairs/student-handbook/college-policies/index.shtml>. In particular, for the assignments, students are encouraged to work together but they must each hand in their own copy of answers. Students who work on the same general topic are encouraged to work together and discuss their work verbally, but they CANNOT share their assignments and papers in written form.

## **Tentative Schedule of Topics**

Please note that I reserve the right to drop topics from the list. However, I will not add new topics that will be tested in exams.

- **January 25, course introduction**
- **Topics on Asian economies through the lenses of economic theory**
  - January 27, the basics about economic growth  
Weil, chapter 1 and 2
  - February 1, accounting for income differences  
Weil, chapter 3
  - February 3, the Four Asian Tigers: a miracle?  
Weil, chapter 7  
Alwyn Young (1995), *The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience*
  - February 8, productivity, technology, and economic growth in Asia  
The Economist, Secret sauce  
Felipe (1999), *Total factor productivity growth in East Asia: A critical survey*
  - February 10, does economic openness promote growth in Asia?  
Weil, Chapter 11  
Lopez (2005), *Trade and growth: Reconciling the macroeconomic and microeconomic evidence*
  - February 15, the Asian financial crisis in 1997  
S. Radelet, J.D. Sachs, R.N. Cooper, and B.P. Bosworth, *The East Asian Financial Crisis: Diagnosis, Remedies, Prospects*.
  - February 17, government, institution, and economic development  
Weil, chapter 12  
Doucouliagos and Ububasoglu (2007), *Democracy and Economic Growth A Meta-Analysis*
  - February 22, resource curse in Asia?  
Weil, chapter 15  
Frankel (2010), *The Natural Resource Curse: A Survey*  
The Economist, Make a new plan, Stans
- **February 24, in-class midterm exam**

- **Japan and China before 1949**

- February 29, the Japanese economy between 1603 and 1912  
Flath, chapter 2
- March 2, geography of China and the Chinese economy before 1949  
Naughton chapter 1 and 2
- March 7, the Japanese economy between 1912 and 1945  
Flath, chapter 3

- **The Japanese economy after WWII: growth and stagnation**

- March 9, postwar recovery  
Flath chapter 4  
in-class film viewing (20 minutes): Japan 2000, Against All the Odds, BBC
- March 28, international trade  
Flath, chapter 8  
in-class film viewing (20 minutes): Japan 2000, The Hi-tech Road, BBC  
The Economist, Japanese electronics firms: Eclipsed by Apple
- March 30, macroeconomics: the lost decade  
Flath, chapter 6  
Fumio Hayashi and Edward C. Prescott, The 1990s in Japan: A Lost Decade  
The Economist, To lose one decade may be misfortune...
- April 4, Abeconomics  
Hausman and Wieland (2014), Abenomics: Preliminary Analysis and Outlook  
Miyazawa and Yamada (2015), The Growth Strategy of Abenomics and Fiscal Consolidation
- April 6, challenges: energy, debt, and population aging  
Vivoda (2012), Japans energy security predicament post-Fukushima  
Horioka, Nomoto, and Terada-Hagiwara (2013), Why Has Japan's Massive Government Debt Not Wreaked Havoc (Yet)?  
The Economist, Japan's Demography: The incredible shrinking country  
The Economist, Japanese women and work: Holding back half the nation  
The Economist, Why the Japanese are having so few babies

- **The Chinese economy after 1949: state vs. market**

- April 11, socialist era  
Naughton chapter 3

- film viewing: China (120 minutes): A Century of Revolution, Mao Years  
 Li and Yang (2005), The Great Leap Forward: Anatomy of a Central Planning Disaster
- April 13, transition and reform  
 Naughton chapter 4  
 in-class film viewing (30 minutes): China in the red
  - April 18, international trade: made in China  
 Naughton chapter 16  
 Amiti and Freund (2010), The Anatomy of China's Export Growth
  - April 20, international finance: the exchange rate of Chinese yuan  
 Naughton chapter 17  
 Cline and Williamson (2008), Estimates of the equilibrium exchange rate of the Renminbi: Is there A consensus and, if not, why not?  
 Bacchetta, Benhima, and Kalantzis (2013), The appreciating Reminbi
  - April 25, the high saving rate and the trade imbalance  
 Wei and Zhang, The Competitive Saving Motive Evidence from Rising Sex Ratios and Savings Rates in China  
 Storesletten, Song, and Zilibotti (2010), The real causes of Chinas trade surplus  
 Prasad, Liu, and Chamon (2011), The Puzzle of China's Rising Household Saving Rate - Brookings Institution
  - April 27, the peculiar role of local governments  
 Li and Zhou (2005) , Political turnover and economic performance: the incentive role of personnel control in China  
 The Economist, Shell game  
 Lu and Sun (2013), Local Government Financing Platforms in China: A Fortune or Misfortune?  
 Chang (2014), China Responds To Alarming Local Debt Crisis
  - May 2, the state strikes back?  
 The Economist, The visible hand  
 Yao (2010), The End of the Beijing Consensus  
 The Economist, The Beijing consensus is to keep quiet.  
 Morck and Yeung (2015), Enterprise Models: Freestanding Firms versus Family Pyramids
  - May 4, the “new normal” and challenges: pollution, and financial troubles  
 The Economist, Building the dream  
 Bloomberg, Xi Says China Must Adapt to New Normal of Slower Growth

- The Economist, The Yuan and the Markets  
 The Economist, Fight or Flight
- May 9, the “new normal” and challenges: populaiton aging, and political uncertainty  
 Zeng and Wang (2014), A Policy Analysis on Challenges and Opportunities of Population/Household Aging in China  
 The Economist, Remembering Tiananmen: The lessors of history  
 Brooks (2014), The Big Debate  
 Brandt, Ma, and Rawski (2014), From Divergence to Convergence: Reevaluating the History Behind China’s Economic Boom
  - May 11, overflow

### **List of General Topics for the Research Paper**

- Evaluating the growth performance of a group of Asian economies (using growth accounting)
- The effect of the 2008 global financial crisis on Asian economies
- Resource curse in Asia
- Exchange rate and trade in Asian economies.
- The long-term effect of aging population on Asian economies
- The Japanese energy policy after the Fukushima Daiichi nuclear disaster in 2011
- Abeconomics
- The “new normal” of the Chinese economy
- Why are some Chinese families suffering during the economic transition? (Related to the documentary, China in the Red)
- How can China boost domestic consumption and reduce the reliance on exports for growth?
- Has the global financial market become sensitive to the Chinese economy?