

Professional Career Programme (PCP)

Syllabus for the Academic Year 2010

Lectures given in the Spring Term begin in April and end in July, while those given in the Autumn Term begin in September and end in January. For AY2009, two of the PCP lectures (ENVIRONMENTAL LAW AND ECONOMY and DEVELOPMENT ECONOMICS) are given intensively during several days in July and August.

With respect to those lectures that will be given in AY2010, lectures given in the Spring Term of AY2009 are likely to be given in the Spring Term of AY2010, and lectures given in the Autumn Term of AY2009 are likely to be given in the Autumn Term of AY2010.

Please note that not all PCP lectures are offered every academic year (AY). Nor will a given lecture be taught by the same professor(s) each year.

M I C R O E C O N O M I C S (P C P)

Instructor: Takako Greve, Professor

Course Description:

This course aims to (a) provide students with junior/senior level of microeconomics, and (b) enable students to follow it in English. Since the course has two purposes and the time is limited to half-year, the students are strongly encouraged to take other microeconomics courses in addition, if they want to specialize in microeconomics in their theses and/or their future studies.

Prerequisites: Introductory Microeconomics, Introductory Mathematics for Economics. (International students must take an entrance exam to this course. Please consult the PCP office for the time and location.)

Textbooks:

David, Kreps. (2004). Microeconomics for Managers, Norton. ISBN:0-393-97678-5

References:

Hal, Varian. (2006). Intermediate Microeconomics: A Modern Approach, 7th edition. Norton.

Course Outline:

1. Consumer theory

2. Producer theory
3. Market equilibrium
4. Monopoly
5. Oligopoly
6. Externalities
7. Expected utility
8. Risk sharing
9. Information economics

To supplement the lecture, problems sets are given. The answers must be written in English.

Comments from Instructor: Students are encouraged to take notes in English and read only materials written in English. For detailed instructions for each session, please check the course website regularly: <http://web.econ.keio.ac.jp/staff/takakofg/pcp.html>

Evaluation:

Problems sets (20%), class performance (10%) and the final exam (70%). Grammatical mistakes do not count in the grades, but please use technical terms correctly. For the problem sets, you can study in groups, but you must write answers individually. Copying will be detected and punished.

Questions & Consultations: During the office hour or by email. In the title of the email please indicate that you are a PCP student. No attachment file is allowed.

MACROECONOMICS (PCP)

Instructor: Yoshimasa Shirai, Associate Professor

Course Description:

We review principles and topics in macroeconomics. The final aim of the course for each student is to conduct a case study of macroeconomic problem.

Evaluation will be made based on the results of weekly quiz and the case study presentation.

A detailed plan for this lecture will be announced in the first day of the courses, so that students must not miss the first class.

Textbooks:

Abel, Bcmanke and Croushore, Macroeconomics, 6th edition, Pearson.

Course Outline:

1. Introduction to Macroeconomics
2. The Measurement and Structure of the National Economy
3. Productivity, Output, and Employment

4. Consumption, Saving, and Investment
5. Saving and Investment in the Open Economy
6. Long-Run Economic Growth
7. The Asset Market, Money, and Prices
8. Business Cycles
9. The IS-LM/AD-AS model: A General Framework for Macroeconomic Analysis
10. Classical Business Cycle Analysis: Market-Clearing Macroeconomics
11. Keynesianism: The Macroeconomics of Wage and Price Rigidity
12. Unemployment and Inflation
13. Exchange Rates, Business Cycles, and Macroeconomics Policy in the Open Economy

Evaluation:

Weekly quiz and a final case study presentation.

INTERNATIONAL LAW AND ECONOMY (PCP) INTERNATIONAL TRADE (PCP)

Lecturer:

Fukunari Kimura, Professor

Course Description:

This course deals with international trade theory and international law and economy for students who seek a career path in international setting. The main objectives of this course are twofold. First, we study a comprehensive, up to date, and clear exposition of the theory of international trade so as to understand patterns of international trade. Second, we review economic and politico-economic arguments on international commercial policies and discuss relevant issues on the World Trade Organization (WTO).

Textbooks:

Feenstra, Robert C. and Taylor, Alan M. (2008) International Trade. New York: Worth Publishers.

Hoekman, Bernard; Mattoo, Aaditya; and English, Philip, eds. (2002) Development, Trade, and the WTO: A Handbook. Washington, DC: The World Bank.

Reference Books:

To be announced.

Course Plan:

The class includes concise lectures, students' presentations, and discussions. The following topics and others are covered.

1. The positive theory of international trade: the Ricardian model, the Heckscher-Ohlin model, international factor movements, intra-industry trade
2. The normative theory of international trade: effects of trade policies, the distortion theory, the political economy of international trade
3. Law and economy issues in the WTO agreement

Method of Evaluation:

- Writing Assignment (term paper; 30 %)
- Attendance & Class Participation (Including exercises, presentation, and discussion in class; 70 %)

Questions/Comments:

Contact me at fkimura@econ.keio.ac.jp.

INTRODUCTION TO LAW AND ECONOMICS (PCP)

-From the perspective of Comparative Institutional Analysis-

Instructor: Kotaro Tsuru, Guest Professor (Part-time)

This course provides an introduction to law and economics but more emphasizes the perspective of comparative institutional analysts, compared with the standard textbook of this area (e.g. Coooter and Ulen). The first six sessions of the course deal with the role of legal institutions in the economic system of a nation. Then, we move to the role of law in each subsystem, like labor and innovation system. We also discuss the relationship between law and globalization or economic growth. Finally, we consider judicial reform from an economist's view...

Preliminary Readings La Porta, R., F. Lopez-de Silanes and A. Shleifer (2008), "The Economics Consequences of Legal Origins", *Journal of Economic Literature* 46(2), pp285-332

Course Outline:

Week1: Guidance

Week2: Economics with and without Law: What are institutions?

Week3: Legal institutions and economics: LLSV approach

Week4: Private ordering

Week5: Does legal origin matter?

Week6: Legal origin and evolution: A historical perspective

Week7: Legal transplantation

Week8: Law and labor 1

Week9: Law and labor 2

Week10: Law and innovation

Week11: Law and globalization

Week12: A Law and economic growth

Week13: Judicial reform

Evaluation:

Presentation, writing assignment, attendance & class participation

ENVIRONMENTAL LAW AND ECONOMY (PCP) (Intensive Course)

Instructor: Yukari Takamura, Part-time Lecturer

Course Description:

Law is essential for preventing environmental damage as well as for improving environmental quality. However, the law disregarding economic principles could make our economy disordered and could make it even impossible to achieve our goal for protecting the environment. On the other hand, any economic activity cannot ignore legal rules related to the activity. This course aims at studying environmental law including international environmental law, especially focusing on interrelationship between environmental law and economy. The main topics of the course are as follows:

Course Plan:

1. Environmental Law: Its Origin and Developments

Environmental law is a body of public regulations intended for combating against environmental pollution and adverse impacts on the environment due to expansion and developments of economic activities. The course deals with the history of environmental law, considering historic developments of economic activities.

2. Fundamental Principles of Environmental Law

Environmental law in each country has been evolving, influenced by policy coordination and environmental regulation at international level, and it has developed common fundamental principles, which constitute pillars of its legal system. The lecture deals with some of such principles, including polluter-pays principle (PPP) and precautionary principle.

3. Instruments Aiming at Environmental Protection

Environmental law makes use of various instruments in order to achieve its goal for environmental protection. In addition to traditional "command and control", we examine economic instruments, such as emissions trading, environmental tax and subsidies, which have received more and more attention recently.

4. Climate Change as Case Study

Climate change law is a showcase where we see a number of examples of practical application of principles and policy instruments. Studying history and structure of the United Nations Framework Convention on Climate Change and the Kyoto Protocol, the lecture examines how these two climate agreements and national regulations implementing these agreements apply principles and policy instruments actually.

5. Environmental damage, liability and responsibility

The lecture surveys legal rules on liability and responsibility for environmental damage caused by activities of economic actors.

6. International business activities and environmental law

The course surveys international environmental regulations on business activities in overseas market and foreign investment and examine related legal problems.

Evaluation Method : Class participation (50%) and final exam (50%)

Course requirements : All students are expected to attend every class, do the assigned reading, and participate actively in discussions.

Reference Books :

- Philippe Sands, *Principles of International Environmental Law*, Second edition, Cambridge University Press (2003).
- Patricia Birnie, Alan Boyle and Catherine Redgwell, *International Law & the Environment*, Third edition, Oxford University Press (2009).
- Patricia Birnie & Alan Boyle, *Basic Documents on International Law & the Environment*, Oxford University Press (1996).
- Japan Environmental Council ed., *The State of the Environment in Asia 2006/2007* (Springer-Verlag Tokyo, 2009)

*Other materials will be informed in the class.

I N T R O D U C T I O N T O F I N A N C E (P C P)

Instructor: Yasuo Maeda, Professor

Course Description:

The course provides a modern portfolio theory and a basic option pricing theory. First, we prepare mathematical preliminaries. In particular, we deal with a basic concept of a probability theory. Second, we study a modern portfolio theory. Topics covered in this section include the mean-variance portfolio analysis, the CAPM. Finally, a basic theory of option pricing models is discussed by dealing with one-period binomial option pricing models. Especially, we study meanings of important terms, for example arbitrage, hedging, martingale probability and so on. The course also covers the

presentation or Mathematica implementation of the model used in Finance. To register this class, basic knowledge about microeconomics is required.

Textbook: To be announced in class.

Reference: To be announced in class.

Course Outline:

The following topics are covered:

1. Randomness and random variable
2. Expectation and variance
3. Return and risk
4. Mean-variance portfolio analysis
5. CEPM
6. Introduction to option pricing
7. Hedging and arbitrage (one-period binomial model)
8. Martingale probability
9. Introduction to Mathematica
10. Implementing mean-variance model by Mathematica
11. Implementing numerical option pricing models by Mathematica

Evaluation:

Midterm Exam 25%, Final Exam 50%, Homework 25%

Question & Consultation:

By E-mail.

ADVANCED FINANCE (PCP)

Lecturer: Hideatsu Tsukahara, Part-time Lecturer

Course Description :

The course, which is the sequel to Introduction to Finance, deals mainly with the asset pricing theory in multiperiod setting. The single period binomial model is first reviewed and then we look at the multiperiod binomial model. The mathematical setup for analyzing the binomial model is the coin toss space (finite probability space). After reviewing the basic concepts such as random variables, distributions, and expectations on this space, we define and examine the key concept of conditional expectation. Then we study two important stochastic processes, namely martingales and Markov processes. A little specialized topic of American-type derivative securities is considered in the binomial model. Stopping times and related concepts are studied carefully, and the pricing of general American-type derivatives, including American call options, is discussed. Finally, the renowned Black-Scholes formula is derived, perhaps a bit

informally, by passing to the limit from binomial random walk.

Textbooks

Steven E. Shreve (2004). Stochastic Calculus for Finance I: The Binomial Asset Pricing Model, Springer. ISBN: 978-0387249681

Reference Books:

Reading materials will be suggested in the lectures.

Course Plan:

1. The Binomial No-Arbitrage Pricing Model: Single Period Case
2. The Binomial No-Arbitrage Pricing Model: Multiperiod Case
3. The Binomial No-Arbitrage Pricing Model: Multiperiod Case
4. Probability Theory on Coin Toss Space: Basic Setup
5. Probability Theory on Coin Toss Space: Conditional Expectation
6. Probability Theory on Coin Toss Space: Martingales
7. Probability Theory on Coin Toss Space: Markov Processes
8. Midterm Exam
9. American Derivative Securities: Simple Case
10. American Derivative Securities: Stopping Times, Optional Sampling
11. American Derivative Securities: General Case
12. Random Walk: First Passage Time, Reflection Principle
13. Passage to the Limit: Black-Sholes Option Pricing formula

Lecturer's Comments to Students:

Students are assumed to have taken the PCP course "Introduction to Finance" and have knowledge on the basic calculus and calculus-based probability theory. No late homework will be accepted!

Method of Evaluation:

Midterm Exam 40 %, Final Exam 40 %, Homework 20 %

Questions/Comments:

If you have questions, ask just after the class, or email me at tsukahar@seijo.ac.jp

A P P L I E D F I N A N C E (P C P)

Lecturer : Yasuo Maeda, Professor, Yoshikiyo Sakai, Lecturer

Course Description:

The first section of the course covers macro-aspect of finance, i.e., decisions of the government about how much money to supply to the economy, the channels of monetary policy transmission, the role of central banking, and the role of deposit insurance system.

The second section covers micro-aspect of finance. By using the computer software such as Excel or Mathematica, we study how apply finance theory to the actual financial data. Topics covered in this section include valuation and capital budgeting, binomial option models. To register this class, basic knowledge about microeconomic and finance is required.

Textbooks:

To be announced in class.

Reference Books:

To be announced in class.

Course Plan:

Topics to be covered:

1. The channels of the monetary policy.
2. The role of central banking.
3. The role of deposit insurance system.
4. Financial system: the interaction between market and regulation.
5. Introduction to Mathematica (Review).
6. Implementing one-period and multi-period binomial option models.
7. Valuation and capital budgeting.

Method of Evaluation:

Midterm Exam 50 %, Final Exam 50 %.

Questions/Comments:

By E-mail.

JAPANESE FINANCIAL MARKETS AND INSTITUTIONS (PCP)

Lecturer Naoyuki Yoshino, Professor

Course Description:

This course is offered to undergraduate students participating in the PCP programme, as well as to Master's level graduate students. The aim is to train students to apply economic theory, econometric techniques and economic intuition to the analysis of real world economic problems. We put particular emphasis on the Japanese economy. Students must have solid backgrounds in macroeconomics, theories of money and banking and public finance.

References:

- Yoshino, Naoyuki and Seiritsu Ogura, 'The Tax System and the Fiscal Investment and Loan Programme', Chapter 6 in Komiya, Okuno and Suzumura eds. Industrial Policy of

Japan, Academic Press, 1988

• Yoshino, Naoyuki et. al. Eigo de Yomu Nihon no Kinyu (Economic Issues of Contemporary Japan), Yuhikaku publishing, 2000

• Yoshino, Naoyuki and Eisuke Sakakibara, 'The Current State of the Japanese Economy and Remedies', Asian Economic Papers, vol.1, No.2, pp.110-26, 2002

• Yoshino, Naoyuki and Thomas Cargill, Postal Saving and Fiscal Investment in Japan, Oxford University Press, 2003

Revankar, Nagesh and Naoyuki YOSHINO, An Empirical Analysis of Japanese Banking Behavior in a Period of Financial Instability, Keio Economic Studies, Vol.45, 2008.

• Yoshino Naoyuki and Mark Scher, Small Savings Mobilization and Asian Economic Development, M. E. Sharpe, 2005

More references will be given during the lecture.

Topics to be covered:

1. Historical trends in Japanese monetary policy and economic fluctuations
2. Flow of Funds Table of the Japanese economy (Government Sector, Financial Sector, Firm Sector, Household Sector)
3. Japanese monetary policy, asset-price inflation and subsequent recession
4. Japanese fiscal policy, budget deficit and public debt
5. Japanese industrial policy, tax policy and fiscal investment policy
6. Japanese capital markets (bond and equity markets)
7. Failures and restructuring of Japanese banks
8. The aging population and its impact on the Japanese economy
9. Privatization of Postal Savings and the Japanese financial market
10. The Asian financial crisis: causes and consequences
11. Exchange rate regimes and the optimal exchange rate system in Asia
12. Effectiveness of public works in Japan and Revenue Bonds
13. Central and Local Governments in Japan
14. Policy-making and the incentive mechanism in Japan

Textbooks:

YOSHINO, Naoyuki "Postwar Japanese Economy (Eigo De Manabu Nihon Keizai)" Yuhikaku publishing company 2010.

Method of Evaluation:

Final Examination and short test of each lecture.

PUBLIC FINANCE (PCP)

Lecturer: Joongho Kook, Lecturer

Course Description:

The course of Public Finance mainly aims to understand the fiscal activities of governments. In particular, this course mainly focuses on the general features and the roles of local governments. For example, we deal with the optimal size of local authorities, the gains from fiscal decision-making at a local level, and the topic of intergovernmental fiscal relations. The course introduces both public finance theory and public choice approach.

Textbooks:

- 1) Cullis, John and Philip Jones, Public Finance and Public Choice, 2nd edition, Oxford Press; in particular, Local Government(Ch. 12), 1998.

Reference Books:

- 1) Anderson, John E. Public Finance, Houghton Mifflin, in particular, Ch. 16 Property Taxes; Ch. 17 Government Budgets, Borrowing, Deficit Finance; Ch. 18 Multilevel Government Finance; Ch. 19 The Economics of Local Governments, 2003
- 2) Rubinfeld "The Economics of the Local Public Sector," Handbook of Public Economics, vol.□, edited by A. J. Auerbach and M. Feldstein, Elsevier Science Publishers B. V. (North Holland), pp. 571-645, 1987
- 3) Other references will be distributed at the class.

Course Plan:

- Week 1-2 : Introduction and Decentralization Theorem
- Week 3-4 : Optimal Size of Local Government
- Week 5-6 : Tiebout Hypothesis (How Individuals Choose Local Authorities)
- Week 7-8 : Local Government Revenue (focus on property tax)
- Week 9-10 : Non-Tax Revenue (User Charges) and Expenditure
- Week 11-12 : Intergovernmental Fiscal Relations
- Week 13-14 : Public Choice Approach/Economic Policy and Decentralization
- Week 15 : Final test (Exam and/or Presentation)

Lecturer's Comments to Students:

If you do not understand basic concepts about economics related to public finance, in particular, local public finance please let me know.

Method of Evaluation:

- 1) Assignments such as essay or report (include case studies). (For example, write an Essay that investigates public finance on (a) your own region, or (b) a certain country in which you are interested, or (c) a comparative study among countries or

regions.

2) Assignments or Exams are required in order to receive a grade for the course.

The grade will be given on the basis of assignments and exam, etc.

Questions/Comments:

When I am in class please take an appointment. Or send an e-mail to me.

THE JAPANESE ECONOMY FROM AN INTERNATIONAL PERSPECTIVE (PCP)

Lecturer :

Shunpei Takemori, Professor

Course Description:

This course teaches the Japanese monetary policies since the beginning of the Meiji era to today. The main purpose of the lecture is to make the following truism clear: The Japanese monetary policies always have been monetary policies to manage the exchange rates. The course also discusses the main policy debates in each period. The course will be taught in English.

Method of Evaluation:

The grading will be done according to the scores of the final exam which will take place at the end of the course.

DEVELOPMENT ECONOMICS (PCP)

Subtitle Current Issues on International Development

Lecturer :

Kiichiro Fukasaku, Guest Professor

Course Description :

This course is an introduction to development economics and to current issues on international development. It combines a series of lectures and presentations of term papers by students. Lectures deal with a wide range of topics, including the comparative development of East Asia and Africa; contemporary models of development and underdevelopment; trade policy and development experience; foreign finance, investment and aid; policy coherence for development; and the role of international organizations.

Textbooks:

Michael P. Todaro and Stephen C. Smith (2008) Economic Development, 10th edition, Pearson, Addison Wesley.

(http://www.aw-bc.com/todaro_smith)

As this textbook demonstrates, the scope of development economics is huge, touching upon almost every field of economics. During the course, some chapters will be used more intensively than others. This course also takes up several current issues on international development, in which case lectures and discussions go beyond the textbook, and supplementary reading materials will be provided.

Course Plan:

See the attachment. Note that this is provisional. The course outline may be modified according to the needs of students.

Part I - Development Economics

Day 1

- Session 1 Introduction and Overview
- Session 2 Comparative Development (Todaro & Smith 10th ed. Ch 2 and part of Ch5)
- Session 3 Different Theories of Development (Todaro & Smith 10th ed. Ch 3-4)
- Session 4 Presentations by Students and Discussions (1)

Day 2

- Session 5 Agricultural Transformation (Todaro & Smith 10th ed. Ch 9)
- Session 6 Trade and Development (Todaro & Smith 10th ed. Ch 12)
- Session 7 Foreign Finance, Investment and Aid (Todaro & Smith 10th ed. Ch 14)
- Session 8 Presentations by Students and Discussions (2)

Part II - Current Issues on International Development

Day 3

- Session 9 Topic (1) The Global Financial Crisis and Developing Countries
- Session 10 Topic (2) African Economic Outlook 2010: Domestic Resource

Mobilisation

Session 11 Topic (3) Southeast Asian Economic Outlook 2010: Rebalancing Asia's Growth Model

- Session 12 Presentations by Students and Discussions (3)

Day 4

Session 13 Topic (4) The Rise of China and India: Implications for Other Developing Asia

- Session 14 Presentations by Students and Discussions (4)

- Session 15 Wrap-up (and final submission of term papers)

Method of Evaluation:

Assessment will be based on a term paper (two-thirds of grade) assigned to each student and presentation of a term paper (one-third of grade) during the course.

Term Papers: Each student is requested to submit a draft term paper at the Office of Student Services (Academic Services) by 9th July 2010.

He/she can choose two topics from the “Questions for Discussion” part of Chapters 2, 3, 4, 9, 12 and 14, and write short essays on them. It is expected that each essay is about 800 - 1,000 words long, but topics need to be selected from different chapters. During the course, each student is requested to make a presentation on one of his/her essays. At the last session, each student will have an opportunity to revise and finish one selected essay as a final term paper, before submission for grading.

OPEN ECONOMY MACROECONOMICS b (PCP)

Lecturer :

Sahoko Kaji, Professor

Course Description:

This class is offered to undergraduate students participating in the Professional Career Programme (PCP), Master's level graduate students and exchange students.

The purpose of this class is to introduce basic concepts and basic analytical frameworks of Open Economy Macroeconomics, and to encourage students to apply them in thinking about real-world issues. Students who attend this class are assumed to have sufficient knowledge of entry-level macroeconomics and microeconomics.

Each week, at the beginning of class, students take turns presenting what they learned in class a week ago. Students who are not presenting that week are expected to actively participate in others' presentations by asking questions and making comments. All students should also actively participate in the lecture that follows the students' presentations, by asking/answering questions and making comments.

Evaluation is 50 % by class participation/presentations and 50 % by final examination.

Textbooks:

Lecture Notes: <http://ocw.dmc.keio.ac.jp/economics/index.html>

Reference Books:

- Canzoneri, M. and D. Henderson (1988) “Is Sovereign Policymaking Bad?” Carnegie-Rochester Conference Series on Public Policy No.28, pp.93-140
- Dornbusch, Rudiger (1980) Open Economy Macroeconomics, Basic Books, Chapter 10, Chapter 11
- Kaji, Sahoko (2004) Kokusai Tsuka Taisei no Keizai Gaku (The Economics of Exchange Rate Systems), Nihon Keizai Shimbun Publishing

Course Plan:

- I. A Review of Closed Economy Macroeconomics

IS-LM Analysis, Aggregate Supply, and Aggregate Demand

II. Basic Concepts in Open Economy Macroeconomics

Small Country Assumption, Stock vs. Flow, The Balance of Payments,
The Exchange Rate, The Interest Rate Parity Condition

III. Theories of Exchange Rate Determination

Purchasing Power Parity, Stock Equilibrium Approach,
Flow Approach, The Marshall-Lerner Condition, The J-curve Effect

IV. The Mundell-Fleming Results

The M-F Result and the Structure of the Model --- a Simple Model,
The M-F Result under Fixed Exchange Rates,
Alternative Assumptions: Two-Country, Imperfect Capital Substitution,
The M-F Result under Flexible Exchange Rates,
Alternative Assumption: Two-Country

V. The Speed of Adjustment of Endogenous Variables and Overshooting

VI. Economic Interdependence and Choice of Exchange Rate Regimes

OPEN ECONOMY MACROECONOMICS a (PCP)

Lecturer :

Sahoko Kaji, Professor

Course Description:

This class is offered to undergraduate students participating in the Professional Career Programme (PCP), Master's level graduate students and exchange students.

The purpose of this class is to introduce basic concepts and basic analytical frameworks of Open Economy Macroeconomics, and to encourage students to apply them in thinking about real-world issues. Students who attend this class are assumed to have sufficient knowledge of entry-level macroeconomics and microeconomics.

Each week, at the beginning of class, students take turns presenting what they learned in class a week ago. Students who are not presenting that week are expected to actively participate in others' presentations by asking questions and making comments. All students should also actively participate in the lecture that follows the students' presentations, by asking/answering questions and making comments.

Evaluation is 50 % by class participation/presentations and 50 % by final examination.

Textbooks:

Lecture Notes: <http://ocw.dmc.keio.ac.jp/economics/index.html>

Reference Books:

- Canzoneri, M. and D. Henderson (1988) "Is Sovereign Policymaking Bad?"

Carnegie-Rochester Conference Series on Public Policy No.28, pp.93-140

- Dornbusch, Rudiger (1980) Open Economy Macroeconomics, Basic Books, Chapter 10, Chapter 11
- Kaji, Sahoko (2004) Kokusai Tsuka Taisei no Keizai Gaku (The Economics of Exchange Rate Systems), Nihon Keizai Shimbun Publishing

Course Plan:

I. A Review of Closed Economy Macroeconomics

IS-LM Analysis, Aggregate Supply, and Aggregate Demand

II. Basic Concepts in Open Economy Macroeconomics

Small Country Assumption, Stock vs. Flow, The Balance of Payments,
The Exchange Rate, The Interest Rate Parity Condition

III. Theories of Exchange Rate Determination

Purchasing Power Parity, Stock Equilibrium Approach,
Flow Approach, The Marshall-Lerner Condition, The J-curve Effect

IV. The Mundell-Fleming Results

The M-F Result and the Structure of the Model --- a Simple Model,
The M-F Result under Fixed Exchange Rates,
Alternative Assumptions: Two-Country, Imperfect Capital Substitution,
The M-F Result under Flexible Exchange Rates,
Alternative Assumption: Two-Country

V. The Speed of Adjustment of Endogenous Variables and Overshooting

VI. Economic Interdependence and Choice of Exchange Rate Regimes

ENVIRONMENTAL ECONOMIC THEORY (PCP)

Lecturer :

Eiji Hosoda, Professor

Course Description:

This course provides a basic theory of environmental economics. The analytical framework is elementary microeconomics, and partial equilibrium analysis is utilized in almost all the topics. Although the main purpose of this course is to give a comprehensive view of environmental economic theory to students, applicability of the theory to environmental policy is also considered. Topics are chosen from the fundamental issues of conventional environmental economics.

Students are required to submit an essay every week. The theme of an essay will be given in advance in each class.

Textbooks:

Barry C. Field and Martha K. Field, *Environmental Economics*, fourth edition, McGraw Hill, 2006

Course Plan:

1. Benefits and Costs, Supply and Demand
2. Economic Efficiency and Markets
3. The Economics of Environmental Quality
4. Frameworks of Analysis
5. Benefit-Cost Analysis: Benefits
6. Benefit-Cost Analysis: Costs
7. Criteria for Evaluating Environmental Policies
8. Decentralized Policies: Liability Laws, Property Rights, Voluntary Action
9. Command-and-Control Strategies: The Case of Standards
10. Incentive-Based Strategies: Emission Charges and Subsidies
11. Incentive-Based Strategies: Transferable Discharge Permits
12. Comparable Environmental Policies
13. Economic Development and the Environment

Method of Evaluation:

Final exam (40 %)

Mid-term exam (20 %)

Homework (20 %)

Class participation (20 %)

Questions/Comments:

Any time as far as I am available. Yet, please note that I may not be able to respond to question or request of consultation due to time restriction.

I N T E R N A T I O N A L E N V I R O N M E N T A L P R O B L E M S (P C P)

Lecturer:

Roger Batty, Professor

Course Description:

This course aims to give students a broad overview of the international regimes currently in place to deal with the main environmental problems we now face. We will look not only at the evolution of the issues themselves, but also the institutions which have been created to deal with them, and the legal measures which have been enacted to address them. The course is not theory-based, but aims to give students a variety of perspectives on the problems. Students are expected to familiarize themselves with a

wide range of current data, and to be able to see the uses and abuses to which these data may be put. An ability to focus on other people's points of view is advantageous.

Textbooks:

There are no textbooks as such; however, sound knowledge of the ideas and issues discussed in various works by Bjorn Lomborg (amongst others) would be a considerable advantage.

Reference Books:

- UNDP, Human Development Report(s), 2000-2009 OUP.
- World Resources Institute, World Resources, 2000-2008 OUP
- Scott Barrett, Environment and Statecraft OUP, 2003
- P. Birnie and A. Boyle, International Law & Environment [2], 2002
- B. Lomborg, The Skeptical Environmentalist, 2001

Course Plan:

1. Global Environmental Problems - An Overview
Which problems are global environmental problems? Why? Intergenerational equity.
A short history of environmental awareness.
2. What is Sustainable Development?
The link between environment and development. Defining sustainable growth.
3. North and South
Key Backgrounds to the E&D debate: population; urbanization; land-use; political systems: common agendas in the North; different agenda of the South.
4. International Institutions and the Environment
The UN system and the Environment. Stockholm 1972, Rio 1992. Other multi-lateral institutions. The role of NGOs.
5. International Law and the Environment/Pesticides
An overview of the evolution of legal regimes dealing with international environmental issues. Pesticides as a test case.
6. Trade in Endangered Species/CITES
Environment and Trade. Efforts to Control Species Trade. The CITES mechanism. Successes and Failures.
7. Biodiversity/The Biodiversity Convention
The wider biodiversity issue. What is biodiversity? Where is it? Whose is it? Conservation - is it possible? Necessary? By whom? For Whom?
8. The Ozone Problem/The Montreal Protocol
A success story? Defining a problem. Finding an international solution and building on it. The limits to the deal.

9. Global Warming/Kyoto Protocol and Beyond

The politics of climate change. Why is global warming such a contentious issue?
Can we do much to stop it? If so, what? If not, what then?

10. Desertification/The Limits to International Action

When is a global problem not a global problem? Effects and the affected. Land use, farming, and the North-South divide.

11. Fishing

Subsidizing destruction. The rush to deplete stocks. Difficulties in finding an institutional framework.

12. Technology, Markets, Laws and Social Change

Policies to combat environmental problems. Getting the right mix. Actors and Agents. Incentives for change.

13. The Future?

The nature of our problems. Obstacles to change. The nation state and the global environment.

Lecturer's Comments to Students:

Student numbers on the course vary; so the items for discussion may also change, as might the order. Students are expected to put in a considerable amount of work outside the classroom, and to engage knowledgeably in debate during class.

Method of Evaluation:

- 30 % Final Exam
- 30 % Presentation in Class
- 20 % Attendance
- 20 % Mid-Term Exam

MONETARY AND FISCAL POLICY (PCP)

Lecturer :

Takero Doi, Professor

Naoyuki Yoshino, Professor

Course Description:

Offered to PCP students in the 4th year, undergraduate students in the Faculty of Economics, students in the Graduate School of Economics and exchange students affiliated with the International Centre

This class is financially supported by UBS Group and Nomura Holdings Company.

Speakers are invited from outside the faculty of economics at Keio University, to lecture in English. Their lectures will be given from 10:45-12:00AM and students write their

summary of the lectures between 12:00-12:15. Evaluation is based on the summary which students must submit after each lecture and the final examination.

The lecture topics and the affiliated institutions of planned speakers are as follows:

Japanese monetary policy, historical perspectives

Japanese financial regulatory policy

the behavior of private banks (Private sector bank)

The role of capital markets in Japan (Investment bank)

Activities of foreign financial institutions in Japan (Foreign financial institution)

The role of FSA (Financial Services Agency)

International Finance of Japan (Ministry of Finance)

The Asian Financial Market and the role of Japan (Ministry of Finance)

The Japanese Government Bond Market (Securities House)

Fiscal Policy of Japan (Ministry of Finance or Ministry of Land, Infrastructure and Transport)

Tax Policy of Japan (Ministry of Finance)

Central and local government relations in Japan (Ministry of Internal Affairs and Communications)

Postal privatization and the Fiscal Investment and Loan Program (Ministry of Finance)

Reference Books:

Naoyuki Yoshino edition, The Postwar Japanese Economy (2010) Yuhikaku Publishing Company.

Course Plan:

- (i) Japanese monetary policy, historical perspectives (Bank of Japan)
- (ii) Japanese financial regulatory policy (Bank of Japan)
- (iii) Monetary policy and the behavior of private banks (Private sector bank)
- (iv) The role of capital markets in Japan (Investment bank)
- (v) Activities of foreign financial institutions in Japan (Foreign financial institution)
- (vi) The role of FSA (Financial Services Agency)
- (vii) International Finance of Japan (Ministry of Finance)
- (viii) The Asian Financial Market and the role of Japan (Ministry of Finance)
- (ix) The Japanese Government Bond Market (Securities House)
- (x) Fiscal Policy of Japan (Ministry of Finance or Ministry of Land, Infrastructure and Transport)
- (xi) Tax Policy of Japan (Ministry of Finance)
- (xii) Central and local government relations in Japan (Ministry of Internal Affairs)

and Communications)

- (xiii) Postal privatization and the Fiscal Investment and Loan Program (Ministry of Finance)

Method of Evaluation:

Course Evaluation, Class participation and the final examination

NEW CHALLENGES FOR THE JAPANESE ECONOMY (PCP) (PwC Advisory Co., Ltd. Sponsored course)

Lecturers:

Takako Greve, Professor

Shinsuke Nakamura, Professor

Keiichiro Kobayashi, Professor

Course Description:

The objective of this course is to discuss most up-to-date topics of Japanese economy, its problems and future perspectives. We invite prominent Japanese and international practitioners to give lectures and lead the discussion with students.

Textbooks:

None.

Reference Books:

To be announced in the class.

Course Plan:

The topics included are as follows. (The actual sessions may not be in this order.)

The role of consulting business in Japanese economy.

Frontiers of restructuring of businesses.

Frontiers of M & A.

Information as an asset: the importance of information security.

Corporate performance management.

Post merger integration.

International accounting and management.

The role of regional development and family businesses.

Financial crisis and the perspectives of new financial monitoring.

Globalization and tax systems.

Auditing and disclosure as market infrastructure.

Importance of IT in management.

Method of Evaluation:

Attendance, class participation and exam score.

APPLIED ECONOMETRICS (PCP)

Lecturer:

Colin McKenzie, Professor

Course Description:

This course aims to: (a) provide students with an introductory knowledge of applied econometrics; and (b) enable students to estimate and evaluate linear regression models using the econometrics software package called EViews 5. In the econometric analysis of any socio-economic phenomena, the creation of some sort of model is the usual starting point of any analysis. Econometric model building involves the following seven steps: (i) the specification of a theoretical model; (ii) data collection; (iii) the specification of a model for estimation; (iv) the estimation of unknown parameters; (v) hypothesis testing; (vi) model evaluation; and (vii) simulation and forecasting. This course focuses on estimation using ordinary least squares (step (iv)) and hypothesis testing using the t and F tests (step (v)). Where possible, estimation and hypothesis testing techniques will be illustrated by empirical examples that use either cross-section or time series data. The emphasis in this course is not in proving propositions, but rather on the strong connection between the assumptions made about the components of the regression model and the results that can be obtained, and the various difficulties that arise when analyzing real data.

Textbooks:

Asteriou, D., *Applied Econometrics: A Modern Approach Using EViews and Microfit*, Palgrave Macmillan, New York, 2006

Reference Books

Japanese Language References:

- ・浅野哲・中村二郎『計量経済学』有斐閣, 2000年
- ・松浦克己・マッケンジーコリン『EViewsによる計量経済学入門』東洋経済新報社, 2005年
- ・滝川好夫・前田洋樹『EViewsで計量経済学入門』日本評論社, 2004年

English Language References:

- ・Carter Hill, R., W.E. Griffiths and G.G. Judge, *Undergraduate Econometrics*, John Wiley & Sons, New York., 2001
- ・Kennedy, P., *A Guide to Econometrics 5th Edition*, Blackwell Publishing, Malden, MA., 2003
- ・Quantitative Micro Software, *EViews 5 User's Guide*, Quantitative Micro Software, Irvine, CA., 2004

- Quantitative Micro Software, EViews 5 Command and Programming Reference, Quantitative Micro Software, Irvine, CA., 2004
- Wooldridge, J.M., Introductory Econometrics: A Modern Approach, South-Western College Publishing, USA., 2000

Course Plan:

Lecture Outline:

1. What is Econometrics? What Does Econometric Model Building Involve?
2. Review of Important Economic and Statistical Concepts (Marginal Effects, Elasticity, Expectations, Variance, etc)
3. Ordinary Least Squares (OLS) for the Simple Linear Regression Model
4. The Statistical Properties of OLS for the Simple Linear Regression Model (including the Gauss-Markov Theorem)
5. Simple Hypothesis Testing Using the Student t-test
6. Using EViews 5 to Produce Descriptive Statistics, Graphs and Simple Regression Results
7. OLS for the Multiple Linear Regression Model
8. The Statistical Properties of OLS for the Multiple Linear Regression Model
9. Testing Hypotheses Relating to Several Parameters Using an F-test
10. Dummy Variables and Testing for Structural Change
11. Using EViews5 to Produce Multiple Linear Regression Results and to Conduct Hypothesis Testing
12. The Impact of Model Misspecification and Multicollinearity
13. Model Evaluation

General comments about the course and prerequisites:

In order to understand the material in this course, it is extremely desirable that students have some previous knowledge of linear algebra, differentiation (including partial differentiation), and probability. Instruction in the use of the econometrics software package, EViews 5, will be given as part of this course. This course will strictly avoid the use of matrix algebra.

One of the purposes of econometrics is to test hypothesis suggested by other areas of economics, for example, microeconomics and macroeconomics. As a result, econometrics should not be considered in isolation, but as a complement to other subjects taught in the Faculty of Economics and the PCP program.

Method of Evaluation:

Grades in this course will be awarded on the basis of a student's performance in an end-of-semester written exam, and two/three pieces of homework to be handed in

during the semester. Some of the problems on each piece of homework will involve using EViews 6 for estimating some econometric models and interpreting the results. In determining a student's final grade, the results for the written exam and homework will be combined using the weights 80:20 or 100:0, whichever gives the more favorable result for the student concerned.

Questions/Comments:

If you have any questions about this class, please feel free to contact Colin McKenzie by email (mckenzie@z8.keio.jp)

READING AND COMPOSITION (PCP)

Lecturer :

Katsura Sako, Professor

Course Description:

The goal of this course is to prepare students for the required course Academic Writing scheduled to be the third semester of the PCP. Students are expected to learn academic writing skills to be able to create a coherent five-paragraph essay with supporting details. There will also be a training to write short essays for examinations. All sessions will be conducted in English. NOTE: This course is only open to students who were instructed to enroll at the orientation on March 29.

Textbooks:

Alice Oshima and Ann Hogue, *Writing Academic English (Fourth Edition)*, Longman, 2006.

Course Plan:

- Session 1: Orientation, the Process of Academic Writing
- Session 2: Writing under Pressure: Timed Essays
- Session 3: Overview of the Paragraph Structure
- Session 4: Paragraph Unity
- Session 5: Coherence
- Session 6: Supporting Details: Facts, Quotations, and Statistics
- Session 7: Research and Documentation of Sources
- Session 8: From Paragraph to Essay
- Session 9: Process Essays
- Session 10: Cause/Effect Essays
- Session 11: Comparison/Contrast Essays
- Session 12: Sentence Structure (1)
- Session 13: Sentence Structure (2)

Lecturer's Comments to Students:

The instructor expects students to have a professional attitude in the class. Two unexcused absences will lead to the failure of this course. No assignment will be accepted past its deadline.

Method of Evaluation:

Reading assignments (20%), Writing assignments (40%), Classroom participation and attendance (20%) In-class Writing (20%)

F I N A N C E , P O L I C Y A N D T H E G L O B A L E C O N O M Y (P C P)

Lecturer :

Sahoko Kaji, Professor

Fukunari Kimura, Professor

Course Description:

This class is financially supported by UBS. It is offered to PCP students in the 3rd year, Master's level graduate students and exchange students.

Students who enroll in this class will form groups to conduct research and write a paper jointly. Each week, groups of students take turns presenting the progress of their research. Students in the audience take notes on the presentations, which they must submit before leaving class. They can also ask questions or give each other comments, verbally or by using the comment sheet provided by the PCP office.

Students can freely choose their topic, as long as it is related to economics. They thus train themselves to apply the knowledge and English skills acquired in the classroom to the analysis of real-world economic issues.

As a conclusion to the term, there will be a convocation in which students present their final papers in English. This takes place in mid-January and coincides with the deadline for submission of the complete paper. Before the start of winter break, students are to submit a progress report which includes not just work done so far, but also plans on how they intend to use the time left. The author of each section must be clearly indicated in the progress report. This applies also to the completed paper, to which each student must contribute at least 3,000 words.

Students who wish to do so can plan a fieldwork trip, and write their papers on the findings. The professors will help students arrange for this trip by way of introductions and suggestions. Those who plan to take the fieldwork trip in summer should seek advice early in the Spring Term, even though this class is scheduled for the Autumn Term.

Occasionally, speakers are invited from outside the faculty of economics at Keio University, to lecture in English. Their lectures will be on recent developments in the speakers' respective field of specialization. They will be employees of institutions public and private, as well as in between. Such lectures are given from 14:45-16:00 and students write their summary of the lectures/presentations between 16:00-16:15.

Evaluation for this class is by attendance, participation, the weekly notes, the progress report as well as the final presentation and paper. Students who miss more than three classes (absent for the 4th time) will automatically receive a grade of C or lower, regardless of the quality of their progress reports or final presentation and paper. Even if a student is absent 3 times, if he/she participates actively in class, writes a good paper that is scientific in both form and substance, and makes impressive presentations, he/she still has a chance of obtaining an A. A record of attendance will be kept using the notes which students submit each week.

Course Plan:

During the first class, we will go over what is generally considered proper protocol, when people present themselves and their ideas in front of an audience. Many students, including Japanese students, reach university without having learned this. We will also decide a rough schedule for the rest of the term, during which students take turns rendering their progress.

I N D E P E N D E N T S T U D Y (P C P)

Lecturer :

Sahoko Kaji, Professor

Ruth C. Fallon, Visiting Lecturer

Course Description:

This class is offered to PCP students in the 4th year, Master's level graduate students and exchange students.

In this class, we advise each student in writing a paper. We also counsel students on how to behave professionally and properly when presenting their paper, with emphasis on what is considered proper in Japanese and international society. The paper must be written scientifically, and comprise at least 6,000 words. Students themselves choose the topic and analytical method, gather the necessary information, conduct the analysis and complete the research.

For PCP students, this will be the final paper for the Professional Career Programme. Students individually examine real world issues in depth, applying the economic theory and methods of analysis which they have gained in PCP and other classes.

Every week, students take turns making presentations to the class in order to receive comments and advice from fellow students, Teaching Assistants and the professors. Each week, students also write short reports on each others' presentations, which they must submit before leaving class. They can also write each other comments, using the comment sheet provided by the PCP office.

As a conclusion to the term, there will be a convocation in which students present their final papers in English. This takes place in mid-January and coincides with the deadline for submission of the complete paper. Before the start of winter break, students are to submit a progress report which includes not just work done so far, but also plans on how they intend to use the time left.

Evaluation:

Evaluation for this class is by attendance, participation, the weekly notes, the progress report as well as the final presentation and paper. Students who miss more than three classes (absent for the 4th time) will automatically receive a grade of C or lower, regardless of the quality of their progress report or final presentation and paper. Even if a student is absent 3 times, if he/she participates actively in class, writes a good paper that is scientific in both form and substance, and makes impressive presentations, he/she still has a chance of obtaining an A. A record of attendance will be kept using the notes which students submit each week.

Course Plan:

During the first class, we will go over what is generally considered proper protocol, when people present themselves and their ideas in front of an audience. Many students, including Japanese students, reach university without having learned this. We will also decide a rough schedule for the rest of the term, during which students take turns rendering their progress.

P R E S E N T A T I O N A N D D I S C U S S I O N S K I L L S (P C P)

Lecturer :

Katsura Sako, Assistant Professor

Course Description:

The goal of this course will be to improve oral/aural skills of students in the PCP program. Skills which will be emphasized in this class include effective note-taking, forming and asking questions, giving formal presentations, and actively participating in group discussions. All sessions will be conducted in English. NOTE: This course is only open to students who were instructed to enroll at the orientation on March 29.

Textbooks:

Cheryl L. Delk, College Oral Communication 3, Houghton Mifflin, 2006.

Course Plan

Session 1: Orientation; Basic note-taking skills

Session 2: Group discussion skills

Session 3: Cues and keywords; using abbreviations

Session 4: Oral presentation on a process

Session 5: Using graphic organizers; Signal words; using symbols; Concept cards

Session 6: Study groups

Session 7: Note-taking test; Interpreting a Table or Chart

Session 8: Describing a chart/table

Session 9: Oral description of a chart/ table

Session 10: Identifying different points of view

Session 11: Forming and asking questions

Session 12: Discussion assessment; Preparing for a reading's concept

Session 13: Analyzing case studies

Lecturer's Comments to Students:

The instructor expects students to have a professional attitude in the class. Two unexcused absences will lead to the failure of this course. No assignment will be accepted past its deadline. Speaking up without being called on will be crucial to be successful in this class.

Method of Evaluation:

Assignments (20%), Note-taking test (20%), Short oral presentations (30%), Discussion assessment (20%), Classroom participation (10%)

PCP Academic Writing

Purpose: To help students learn the process, writing style and format protocol for academic papers in English.

Course Description:

1. Short weekly writing assignments
2. Step-by-step practice with all aspects of academic papers:
organization, use of a variety of resources, written expression of ideas in English, formality of style, and protocol of format
3. Individual consultation to help students plan and write their papers

Course Outlines:

Weeks 1, 2 and 3:

Introduction to the protocol of academic writing

Review of organizational patterns

Evaluation of students' strengths and weaknesses in written English

Weeks 4 and 5

The use of resources as support material in academic writing

Paraphrases, summaries, quotations; avoiding plagiarism

First draft of Paper #1 due (1,500 words)

Weeks 6 and 7

Focusing the topic from overall theme to paragraphs

Use of statistics in academic papers

Revised draft of Paper #1 due

Week 8

Individual counseling on topics for the final paper

Weeks 9 and 10

Organizing information in outlines; planning a long paper

Documentation of resources: APA format

Weeks 11 and 12

Draft of final paper due (3,000 words)

Revising and editing writing

Format details for the final paper

Week 13

Final paper due

L e c t u r e S e r i e s o n E u r o p e a n a n d A s i a n E c o n o m i c s (P C P)

Lecturer:

Fukunari Kimura, Professor

Colin McKenzie, Professor

Course Description:

This class is financially supported by the Global 30 Fund of the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Each week, a speaker will be invited from outside the Faculty of Economics at Keio University, to lecture in English. The lectures will be on recent developments and pressing issues related to Asia and/or Europe. The speakers will be invited from around the world, including Japan.

Textbooks:

There is no textbook for this class, but individual speakers may provide suggestions for

further reading for their class

Course Plan:

In the first class we will provide a general overview of how this class will be organized and how we will evaluate students. The list of speakers and the dates they are speaking will be provided as soon as possible.

Method of Evaluation:

Evaluation is based on the summary which students must submit after each lecture, class participation and the final examination.

Questions/Comments:

Students with any questions should contact Colin McKenzie by email (mckenzie@z8.keio.jp).