

Prof. Dr. Beatrice Weder di Mauro

Lehrstuhl für Volkswirtschaftslehre & Internationale Makroökonomie



01.09.2014

Bachelor-Seminar | Winter Semester 2014 / 2015 on:

“The Economic and Financial Crisis in Japan: Lessons and Outlook“

Preparatory Seminar for Bachelor-thesis

This Bachelor seminar is about the economic and financial crisis in Japan. It covers the rise of Japan to a major industrial player in the post-war period, focuses on the inflation of the asset price bubble amid the eighties and sheds the light on the lost decades in terms of a low economic performance and deflationary tendencies. Finally, the current reform streams under prime-minister Shinzo Abe are going to be discussed. Depending on the topic, micro-economic, macroeconomic and /or econometric fundamental knowledge are the prerequisites for this seminar. Students are expected to analyze and to discuss the relevant journal literature in the respective field.

This seminar is the first step in the preparation of your Bachelor-thesis. You will be required to present a detailed outline (Exposé) and defend your ideas during this seminar. The actual thesis will be written in late winter semester 2014 - 2015.

Preliminary session

The preliminary session will take place on Monday, 3rd November 2014, 12:00 a.m. RW6

Attendance is required. Also, you should be informed about the topics listed below and chose two priorities for your thesis. If the topics cannot be allocated according to the student's priorities, the remaining topics will be drawn.

Mentoring

Contact person for discussion and questions is Alexander Schaefer. Please ask for an appointment and present the outline of your exposé. (Alexander.Schaefer@uni-mainz.de)

Exposé of thesis project

Two copies and a pdf-file must be handed in at the secretariat. The exposé is expected be written in English but could be also prepared in German language. Note that it should be at most 5 pages (excl. cover sheet, graphs, figures, references and any additional annexes). The exposé will be graded and is part of the final score.

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 GUTENBERG SCHOOL OF
MANAGEMENT
& ECONOMICS

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The exposé is a detailed outline of the Bachelor-thesis in written form. It should contain a brief review of the relevant literature. Note that the literature indicated by us should only serve as a starting point for your review of the literature. The exposé should contain a motivation and exposition of the main arguments and conclusions.

- *Deadline for the exposé will be 1st December 2014 (to be submitted at our chair)*

Presentation

You will be required to present and defend your thesis project. Presentations are expected in in English but could be also given in German language. Note that these should not last longer than 15 minutes. Afterwards, a discussion will take place. Both the presentation and the participation in the discussion will be part of the final score.

Each student must prepare a PowerPoint presentation to present his/her topic during the seminar. To present the topic and the questions it is recommended to use graphs, to illustrate examples or to present data etc.

The seminar will take place: 10th December 2014, starting approximately 09:00 a.m. RW6

Please note that you are requested to start your Bachelor Thesis around the 12th January 2015. The time budget stands at exactly 8 weeks (not two months) and will therefore be approx. the 10th March 2014.

Topics and literature

Students are expected to read the following introductory paper in advance prior to their decision to subscribe for this seminar. It incorporates a broad overview about Japan's economic background and sketches the main reform and policy issues. The topics [1] to [10] can be covered only once.

Introductory Paper

Hoshi, Takeo and Kashyap, Anil (2012), "Policy Options for Japan's Revival", Center on Japanese Economy and Business Working paper Series, No. 308, December 2012

[1] Overtaking the West

Ozawa, Terotumo (2010), "Explaining the Rise of East Asian Multinationals: State-Industry Links, a Stages Model of Structural Change, and Japan as Precedent Setter", Center on Japanese Economy and Business Working paper Series, No. 337, March 2014

[2] Why the Asset Price Bubble inflated?

Shiratsuka, Shigenori (2003), "Asset Price Bubble in Japan in the 1980s: Lessons for Financial and Macroeconomic Stability", Imes Discussion Paper series, Bank of Japan, No. 2003-E-15 and Okina, Kunio; Shirakawam, Masaaki and Shiratsuka, Shigenori (2000), "The Asset Price Bubble and Monetary Policy: Japan's Experience in the Late 1980s and the Lessons", Imes Discussion Paper series, Bank of Japan, No. 2000-E-12

[3] The burst of the asset price bubble and macroeconomic policy lessons?

Okina, Kunio; Shirakawa, Masaaki and Shiratsuka, Shigenori (2000), "The Asset Price Bubble and Monetary Policy: Japan's Experience in the Late 1980s and the Lessons", Imes Discussion Paper series, Bank of Japan, No. 2000-E-12 and *Shiratsuka, Shigenori* (2003), "Asset Price Bubble in Japan in the 1980s: Lessons for Financial and Macroeconomic Stability", Imes Discussion Paper series, Bank of Japan, No. 2003-E-15

[4] Reasons for the Lost Decade I: The Liquidity Trap

Krugman, Paul (1998), "It's Baaack: Japan's Slump and the Return of the Liquidity Trap", Brookings Paper on Economic Activity, 2:1998, MIT

[5] Reasons for the Lost Decade II: Balance Sheet Recession

Koo, Richard (2011), "The world in balance sheet recession: causes cure and politics", real-world economics review, issue no. 58, Nomura Research Institute, Tokyo

[6] From Zombie Banks to Clean-up of bank balance sheets

Hoshi, Takeo and Kashyap, Anil (2010), "Will the U.S. bank recapitalization succeed? Eight lessons from Japan", *Journal of Financial Economics* 97 (2010), 398-417; *Hoshi, Takeo and Kashyap, Anil* (2004), "Japan's Financial Crisis and Economic Stagnation", *Journal of Economic Perspectives*, Volume 18, Number 1 Winter 2004. P. 3-26.

[7] Monetary Policy and Deflation

Ito, Takatoshi and Mishkin, Frederic (2004), "Two decades of Monetary Policy and the Deflation Problem", NBER Working Paper No. 10878, October 2004, Cambridge, Massachusetts

[8] Is the Japanese Debt Sustainable?

Doi, Takeru; Hoshi, Takeo and Okimoto, Tatsuyoshi (2011), "Japanese Government Debt and the Sustainability of Fiscal Policy", NBER Working Paper No. 17305, August 2011, Cambridge, Massachusetts

[9] Second Arrow of Abenomics: Effectiveness of Monetary Policy to Fight Deflation

Hausman, Joshua K. and Wieland, Johannes F. (2014), "Abenomics: Preliminary Analysis and Outlook", Brookings Panel on Economic Activity, March 20-21, 2014

[10] Third Arrow of Abenomics: Structural Reforms

Haidar, Jamal I. and Hoshi, Takeo. (2014), "Implementing Structural Reforms in Abenomics: How to Reduce the Cost of Doing Business in Japan", unpublished Working Paper, June 2014