

Taipei School of Economics

The Wealth of Nations

Fall 2022

Final exam: Online, and at time set by Registrar's Office

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URL for the course:

There is no reader. The course syllabus, handouts, readings, and homework assignments and answers will be posted.

Grading: Your grade will be based on the following:

40 percent: Final exam

48 percent: 4 problem sets

12 percent: Class participation

Course Schedule and Outline

Resources and Wealth

Lecture: Investment vs. Productivity Driven Growth

Case Study: Is China's Growth Driven by Debt?

Readings:

Paul Krugman, "The Myth of Asia's Miracle," Foreign Affairs, November/December 1994.

Financial Times, "The Debt Dragon" Also look at the other articles in the FT's series on Chinese debt (<http://www.ft.com/intl/indepth/china-debt-dragon>)

60 Minutes Video on China's "Ghost Cities": <http://www.cbsnews.com/news/china-real-estate-bubble-lesley-stahl-60-minutes/>

"How China's Past Stimulus is Dogging Its Growth Prospects," Wall Street Journal, September 16, 2016. For more details, see Bai, Hsieh, and Song, "The Long Shadow of China's Fiscal Stimulus," Brookings Papers in Economic Activity, 2016.

Resource Allocation: Theory and Measurement

Lecture: Implications of Efficient Resource Allocation

Discussion: Resource Misallocation in Venezuela

Resource Misallocation: Case Studies of Venezuela, Mexico, Informality, and Contract Labor in India

Lecture: Measurement and Implications of Resource Misallocation

Discussion: Case Study of Venezuela, Informality, Mexico, and Contract Labor in India

Readings:

Chang-Tai Hsieh, Edward Miguel, Daniel Ortega, Francisco Rodriguez, "The Price of Political Opposition: Evidence from Venezuela's Maisanta," American Economic Journal: Applied Economics, 2011. (only pages 196-203).

Diana Farrell, The Hidden Dangers of the Informal Economy, McKinsey Quarterly 2004.

Hernando de Soto, "The Mystery of Capital"
<http://www.imf.org/external/pubs/ft/fandd/2001/03/desoto.htm>

Santiago Levy, Good Intentions, Bad Outcomes. Watch video at
<http://research.chicagobooth.edu/igm/events/speaker-series/2008-04-17.aspx>

McKinsey Global Institute, "A Tale of Two Mexicos: Growth and Prosperity in a Two-Speed Economy (only executive summary and chapter 2)

Technological Change: Case Study of Services

Lecture: Technological Change with Higher Fixed Costs

Readings:

"Big Med," New Yorker, August 13, 2012.

"Big Business is Driving America's Smaller Cities," Wall Street Journal, February 5, 2020.

Technological Change: Case Study of the Semiconductor Industry

Readings:

Watch conversation between Jen-Hsung Huang (founder and CEO of NVIDIA) and Morris Chang (founder of TSMC): <https://www.youtube.com/watch?v=u-x7PdnvCyI&t=4116s>

Listen to the podcast with Tim Culpan of Bloomberg:

<https://www.bloomberg.com/news/articles/2021-01-25/the-story-of-how-tsmc-came-to-dominate-the-world?sref=Q0eCtsjn>

China's Solution to Resource Misallocation

Part 1: What is the Chinese System?

Part 2: Crony Capitalism with Chinese Characteristics

Readings:

Eric Li, "A Tale of Two Political Systems." Watch talk on TED:
(https://www.ted.com/talks/eric_x_li_a_tale_of_two_political_systems?language=en)

John Garnaut, "Is China Becoming a Mafia State." Watch video:
<https://www.youtube.com/watch?v=aa4oVHz32i4>

Where is China Heading?

Readings:

Chinese Corporate Espionage Knocks the Wind out of US Company, Business Week 2012.

Kai-Fu Lee: AI Superpowers: China and the U.S. Watch video starting at 12:20 at
https://www.youtube.com/watch?v=cQ48rP_Rs4g

Lingling Wei, "Xi Jinping Aims to Rein in Chinese Capitalism, Hew to Mao's Socialist Vision," Wall Street Journal, September 20, 2021

Brent Crane, "The China Bull," The WireChina, October 24, 2021.

Chang-Tai Hsieh, "Two Strong Hands: China's Vision of the Private Sector," The WireChina, 2022.

Why Cities Matter

Readings:

Ed Glaeser, The Triumph of the City. New York: Penguin Press 2011, Chapters 5 and 6.

Chapter 5 in, Enrico Moretti, The Geography of American Jobs, Houghton Mifflin Harcourt, 2012.

Suketu Mehta, Maximum City, Vintage Books, 2005, Chapter on "Mumbai"

"Tech Expansion Overwhelms Cities in California's Silicon Valley," Wall Street Journal, April 2015.

"How Local Regulations Smother the US Economy," New York Times, September 6, 2017.

"Urban America: US Cities in the Global Economy," McKinsey Global Institute.