

Asia-Pacific Economic Association
Third Annual Conference

APEA 2007

Hong Kong University of Science & Technology, July 25-26, 2007

Program

*All sessions will be held at YMCA, Tsimshatsui, Kowloon.
Assembly Halls I and II are located on the 4th Floor of the North Tower. The
President's Room, Huthart Room I, Huthart Room II and Thornton Room are
located on the 3rd Floor of the South Tower.*

July 24, 2007

6:30 pm – 8:30 pm

Welcoming Reception

(Function rooms – President's Room and Huthart
Rooms I & II, 3/F South Tower)

Welcoming Address

Edward Chen (President, Lingnan University)

July 25, 2007

8:40 am – 9:00 am

Registration (Assembly Halls I and II)

9:00 am – 9:15 am

Welcome Session (Assembly Halls I and II)

Kar-yiu Wong (President, APEA)
Leonard Cheng (Acting Dean of Business School, HKUST)

9:15 am – 10:00 am **Plenary Session** (Assembly Halls I and II)

Keynote Speech

Chair: **Francis T. Lui** (HKUST)

Richard Baldwin (Graduate Institute of International Studies, Geneva)
What Is New about the New Globalisation Paradigm?

10:00 am -10:15 am **Coffee Break**

10:15 am – 12:00 noon **Parallel Sessions**

Session 1-A (President's Room)

Ten Years After the Asian Crisis: Perspectives From Japan
(Sponsored by the Center for International Research on the Japanese Economy (CIRJE) in University of Tokyo and Tokyo Center of Economic Research (TCER))

Chair: **Kazumi Asako** (Hitotsubashi University)

Shin-ichi Fukuda (University of Tokyo) and **Yoshifumi Kon** (University of Tokyo)
Macroeconomic Impacts of Foreign Reserves: Theory and International Evidence

Discussant: **Eiji Ogawa** (Hitotsubashi University)

Eiji Ogawa (Hitotsubashi University) and **Junko Shimizu** (Meikai University)
Linkages of New EU Country Currencies to the Euro

Discussant: **Kentaro Iwatsubo** (Kobe U.)

Masaya Sakuragawa (Keio University) and **Yukie Sakuragawa** (Atomi University)
Land Prices and Business Fluctuations in Japan

Discussant: **Tsunao Okumura** (Yokohama National U.)

Kentaro Iwatsubo (Kobe U.) and **Kazuyuki Inagaki** (Kobe U.)
Measuring Financial Market Contagion Using Dually-Traded Stocks of Asian Firms

Discussant: **Takashi Kano** (U. of Tokyo)

Session 1-B (Huthart Room II)

Trade and Economic Geography

Chair: **Jiahua Che**, (Hong Kong U of Science and Technology)

Robert Stapp (U of Arkansas), and **Masao Oda** (Kansai U)
Factor Mobility and Wage Inequality

Geun Mee Ahn (Korea U.) and **Chung-Han Kim** (Kwangwoon U)
The Impact of Trade Openness on the Expenditure-switching Effect of Exchange Rates

Yushi Yoshida (Kyusan U)
Export-platform and Home-market Effect: Empirical evidence from local-port international trade

Kuniyoshi Saito (Tokyo Institute of Technology), **Takaaki Kato** (U of Kitakyusyu), and **Tetsuya Shimane** (Tokyo Institute of Technology),
Traffic Congestion and Accident Externality: A Japan-U.S. Comparison

Session 1-C (Thornton Room)

Household Income and Prices

Chair: **Tanjim Hossain** (Hong Kong University of Science and Technology)

Sara A. Wong (Escuela Superior Politécnica del Litoral)
Poverty and Income Distribution Impacts of Increased Openness in Agriculture in Ecuador

Don Nakornthab (Bank of Thailand)
Thailand's agricultural household debt: Assessment of recent trends

Iltae Kim (Chonnam National U)

Who Prefers Minimum or Maximum Price Policies?: Truncated Increases in Risk and Linear Payoffs

Fumio Takeda (U. of Tokyo)

An Empirical Study of Price Dispersion in the Japanese “Digital Holy Durables” Markets

12:00 pm – 1:30 pm **Lunch** (Assembly Hall III)

1:30 pm – 3:15pm **Parallel Sessions**

Session 2-A (President’s Room)

Economic Growth in Asia

Chair: **Chung Mo Koo**, (Kangwon National University)

Alan Wai Lun Lo (Hong Kong Baptist U) and **Bill Wan Sing Hung**,
(Hong Kong Baptist U)

Modeling the Comparative Hypothesis Shifting Hypothesis: A Mechanism of Industrial Restructuring in LDCs

Sumitha Ganesharatnam (Sunway U College)

The impact of supply-side factors on Malaysia’s manufacturing sector growth

Kui-Wai Li (City U of Hong Kong)

Capital, Complements and Productivity in China’s Post-Reform Growth

Sacchidananda Mukherjee (Madras School of Economics), and

Debashis Chakraborty (Indian Institute of Foreign Trade)

ENVIRONMENT, HUMAN DEVELOPMENT AND ECONOMIC GROWTH OF INDIAN STATES AFTER LIBERALISATION

Session 2-B (Huthart Room II)

Political Economy in East Asia 1

Chair: **Won Ik Son** (Korea Institute of Public Finance)

Masami Imai (Wesleyan U)

Ideologies, Vested Interest Groups, and Postal Saving Privatization in Japan

Katsuzo Yamamoto (Kobe U)

Political Contributions for Trade Policy and National Public Finance

Nathalie Aminian (U of Le Havre), **K.C. Fung** (U. of California, Santa Cruz), **A. Garcia-Herrero** (BIS), and **Chelsea C. Lin** (National Dong Hwa U.)

The Political Economy of Exchange Rates: The Case of the Japanese Yen

Jiahua Che (Hong Kong U of Science and Technology)

Dual Track Reforms: With and Without Losers

Session 2-C (Thornton Room)

International Trade and FDI

Chair: **Yuri Sasaki** (Meijigakuin University)

Miaojie Yu (Peking U)

Trade, Democracy, and the Gravity Equation

Yiping Zhu (Fudan U)

China's Intra-Industry Trade in Capital Goods and Automobile Industries: Regionalisation vs. Globalisation, Horizontal vs. Vertical

Ping Lin (Lingnan U)

Incentive for FDI into Upstream and Downstream Sectors

Sara A. Wong (Escuela Superior Politécnica del Litoral)

Productivity and Trade Openness: Micro-Level Evidence from Manufacturing Industries in Ecuador 1997-2003

Session 2-D (Huthart Room I)

Information and Moral Hazard

Chair: **Tanjim Hossain**, (Hong Kong University of Science and Technology)

Doyoung Kim (Sogang U) and **Jin Won Kim** (Sogang U)

Asymmetric information in the Korean automobile insurance market

Apanard Penny Angkinand (U of Illinois at Springfield), and **Clas Wihlborg** (Copenhagen Business School)
Deposit Insurance Coverage, Ownership, and Banks' Risk-taking in Emerging Markets

C. Simon Fan (Lingnan U) and **Xiangdong Weil** (Lingnan U)
Training and Worker Effort: A Signaling Perspective

Len-Kuo Hu (National Chengchi U) and **Yu-Hsiu Lin** (National Kaohsiung U of Appl Sciences)
The Role of Ownership on Control Right Allocation and Compensation Contract Design

3:15 pm – 3:30 pm **Coffee Break**

3:30 pm – 5:15 pm **Parallel Sessions**

Session 3-A (President's Room)

Recovery from Crises in Japan

(Sponsored by the Institute of Statistical Research in Japan and the Center for Advanced Research in Finance (CARF) in University of Tokyo)

Chair: **Shin-ichi Fukuda** (University of Tokyo)

Kimie Harada (Chuo University), **Takatoshi Ito** (University of Tokyo), and **Ke Wang** (Moody's)
Did Mergers Help Japanese Banks Escape from Failure? The Analysis of Distance from Default

Discussant: **Masaya Sakuragawa** (Keio University)

Zhentao Liu (Hitotsubashi University) and **Kazumi Asako** (Hitotsubashi University)
Disequilibrium Analysis of the Loan Market: Were the 1990's in Disequilibrium?

Discussant: **Qing-yuan Sui** (Yokohama City University)

Yuri Sasaki (Meiji Gakuin University)

Simultaneous Equations Analysis of Japanese Banks' Behavior - The effects of falling Stock price, nonperforming loans, and deferred tax assets

Discussant: **Satoshi Koibuchi** (Chiba U. of Commerce)

Qing-yuan Sui (Yokohama City University)

Did Japanese banking industry really experience 'credit crunch' in the 1990s?

Discussant: **Yuri Sasaki** (Meijigakuin University)

Session 3-B (Huthart Room II)

Political Economy in East Asia 2

Chair: **Insill Yi** (Sogang University)

Pak Hung Mo (Hong Kong Baptist U)

Rational Democracy: A Political System for Universal Interest

Sangheon Kim (Seoul National U)

Regulation and Economic Growth: Interest groups do matter

Wongun Song (Korea Economic Research Institute)

Small Group Dominance in the Competition between Interest Groups for lobbying the Government

Guanzhong James Wen (Trinity College)

Why Was China Trapped in an Agrarian Society--An Economic Geographical Approach to the Needham Puzzle

Session 3-C (Thornton Room)

Housing Market and Some Cyclical Issues

Chair: **Charles Ka Yui Leung** (City University of Hong Kong)

Charles Ka Yui Leung (The City University of Hong Kong) and **Patrick Cheung**

Do relationships change after a crisis? The case of a housing market

Charles Ka Yui Leung (The City University of Hong Kong) and **Jun Zhang** (The Chinese University of Hong Kong)

Housing Markets with Competitive Search

Nan-Kuang Chen (National Taiwan Univ.) and **Hung-Jen Wang**
(Academia Sinica)

*Procyclical Collateral Value and Business Investment - An Empirical
Investigation of Firm Level Data*

Nan-Kuang Chen (National Taiwan Univ.) and **Claudian Kwok** (City
Univ. of Hong Kong)

Bank monitoring, credit reversal and business cycles

Session 3-D (Huthart Room I)

Topics on Chinese Economy

Chair: **Leonard Cheng** (Acting Dean of Business School, HKUST)

David Dickinson (U of Birmingham)

*Structural Breaks, Cointegration and B Share Discount in Chinese Stock
Market*

Quan Qi (Katholieke Universiteit Leuven)

*Financing Decisions in Newly Privatized Chinese Firms: Does A Stock
Market Quotation Really Provide Disciplining?*

Zaigui Yang (Central U of Finance and Econ)

Altruism, Lifetime Uncertainty and Pension Funds in China

Eiichi Nakazawa (Meikai University), **Iwao Tanaka** (Toyo Gakuen
University), and **Cisheng Lin** (Waseda University)

*Industrial Agglomeration or Dispersion? Reassessment of the Regional
Inequality in China by Imported Intermediate Inputs*

6:30 pm – 9:00 pm

Dinner and Performance (Function Rooms, 3/F
South Tower)

July 26, 2007

9:15 am – 10:00 am **Plenary Session** (Assembly Halls I and II)

Keynote Speech

Chair: **Kar-yiu Wong** (University of Washington)

T.N. Srinivasan (Yale University)

Economic Reforms, External Opening and Growth: China and India

10:00 am – 10:15 am **Coffee Break**

10:15 am – 12 noon **Parallel Sessions**

Session 4-A (President's Room)

Asian International Monetary and Financial Issues

Chair: **Clas Wihlborg** (Copenhagen Business School)

Eric Chiu (National Chung Hsing University), **Sirathorn Dechsakulthorn**, (Claremont Graduate University), **Stefani Walter**, (Claremont Graduate University), and **Thomas D. Willett** (Claremont Colleges)

Central Bank Independence and Exchange Rate Regimes

Tony Cavoli (Queensland University of Technology), and **Ramkishan Rajan** (George Mason University)

Estimating Monetary Policy Rules in Asia

Richard C.K. Burdekin (Claremont McKenna College) and **Ran Tao** (Claremont Graduate University)

China's State-owned Banks' Lending Practices, 1994-2004: Empirical Tests and Policy Implications

John Fernald (Federal Reserve Bank of SF) and **Brent Neiman**

Measuring the Miracle: Market Imperfections Asia's Growth Experience

Session 4-B (Huthart Room II)

Technology and Productivity

Chair: **Takashi Kano** (U. of Tokyo)

Ryuhei Wakasugi (Kyoto U.) and **Banri Ito** (Keio U.)
*Protection of Intellectual Property Right and International
Technology Transfer: Empirical Evidence*

Tetsugen Haruyama (Kobe U)
Technological Leaders and Followers in a World Economy

Toshitaka Gokan (IDE-JETRO)
*Location choice of Japanese MNEs in East Asia: the effects of tariff
reduction on the location choice of Japanese auto industry*

Jun Han (U of Hong Kong)
*Age Structure of the Workforce in Growing and Declining Industries:
Evidence from Hong Kong*

Session 4-C (Thornton Room)

Dynamic Macroeconomics

Chair: **Tsunao Okumura** (Yokohama National U.)

Shu-Hua Chen (Shih Chien U) and **Jang-Ting Guo** (U of California,
Riverside)
Velocity of Money, Equilibrium (In)determinacy and Endogenous Growth

Mei Hsu (National Taipei U) and **Been-Lon Chen** (Academia Sinica)
Inflation and Growth: Impatience and a Qualitative Equivalence

Hung-Ju Chen (National Taiwan U) and **Chen-Min Hsu** (National
Taiwan U)
*Real Exchange Rate and Current Account Dynamics in a Finite-horizon
Model with Sectoral Adjustment Costs*

Kun-Ming Chen (National Chengchi U) and **Chia-Ching Lin** (Nanhua
U)
*The Impact of Exchange Movements on Dumping Activity: Theory and
Evidence*

Session 4-D (Huthart Room I)

Open Economy

Chair: **Eiji Ogawa** (Hitotsubashi U.)

Calista Cheung (Bank of Canada)
The Impact of Emerging Asia on Commodity Prices

Tuuli Koivu (Bank of Finland) and **Alicia Garcia-Herrero** (BIS
Regional Office for Asia and the Pacific)
Impact of China's Exchange Rate Policy on Trade in Asia

Kang Shi (Chinese U of Hong Kong), and **Juanyi Xu** (Hong Kong U of
Science and Technology)
Input Substitution, Export Pricing, and Exchange Rate Policy

Mizanur Rahman (National Graduate Inst for Policy Studies)
*The Impact of a Common Currency on East Asian Production Networks
and China's Exports Behavior*

12 noon – 1:45 pm **Lunch** (Assembly Hall III)

1:45pm – 3:30 pm **Parallel Sessions**

Session 5-A (President's Room)

Open Economy Aspects of Asian Monetary Policies

Chair: **Sven Arndt** (Claremont Graduate University)

Manfred Keil (Claremont McKenna College)
Are We Asking UIP to Tell Us Too Much about Exchange Rate Regimes?

Yuan-Feng Ouyang (Claremont Graduate University), **Kishen Rajan**
(George Mason University) and **Thomas D. Willett** (Claremont Colleges)
*Managing the Monetary Consequences of Reserve Accumulation in
Emerging East Asia*

Lok Sang Ho (Lingnan University)

Monetary Conditions indices: What They Reveal About the Asian Financial Crisis and Global Imbalance?

Richard Burdekin (Claremont McKenna College) and **Ida Whited** (Colorado State University-Pueblo)

Macroeconomic Interdependence between Mainland China and Taiwan: A cross-Strait Perspective on Globalization

Andrew Hughes Hallett (George Mason University) and **Christian Richter** (Loughborough U)

Measuring Spillover and Convergence Effects in the Asia-Pacific Region: Is the US No Longer the Economy of First Resort?

Discussant: TBA

Session 5-B (Huthart Room II)

China and International Trade

Chair: **Qing-yuan Sui** (Yokohama City University)

Akiko Tamura (Honsei U) and **Peng Xu** (Honsei U),

China's International Competitiveness: Evidence from Bilateral Trade Patterns

Jerome Hericourt (EQUIPPE-Universit es de Lille) and **Sandra Poncet** (Universit e Paris 1)

FDI and credit constraints: firm level evidence in China

Leonard Cheng (Hong Kong U of Science and Technology) and **Zihui Ma** (Renmin University)

China's Outward FDI: Present and Future

Quan Qi (Katholieke Universiteit Leuven)

Ownership Dynamics after Partial Privatization: Evidence from China

Session 5-C (Thornton Room)

Asset Markets in East Asia

Chair: **Satoshi Koibuchi** (Chiba U. of Commerce)

Jose A. Lopez and Mark Spiegel (Federal Reserve Bank of SF)

Foreign Entry into Underwriting Services: Evidence from Japanese Big Bang Deregulation

Tatsuyoshi Miyakoshi (Osaka U.)

Market Efficiency, Asymmetric Price Adjustment, and Over-Evaluation: Linking Investor Behaviors to EGARCH

Leo Chan (Delaware State U)

Financial Interdependence between Hong Kong and the US: A Band Spectrum Approach

Yongil Jeon (SungKyunKwan U), **Stephen M. Miller** (U of Nevada, Las Vegas) and **Insill Yi** (Sogang U)

Performance Comparisons and the Role of Restructuring for Foreign and Domestic Banks

3:30 pm – 3:45 pm **Coffee Break**

3:45 pm – 5:30 pm **Parallel Sessions**

Session 6-A (President's Room)

Technology and Economic Development

Chair: **Henry Wan, Jr.** (Cornell U)

Sung-Hun Han and **Henry Wan, Jr.**(Cornell U)

Irony in Steel - Foundation Myth of the Shin Nippon Steel, Japan and the POSCO, Korea

Discussant: **An-Chi Tung** (Academia Sinica)

Bih Jane Liu (National Taiwan U) and **An-Chi Tung** (Academia Sinica)

Experience-Based Outsourcing East Asian Middlemen-manufacturer in a Triadic Concord

Discussant: **Pavel Vacek** (Cornell U)

Deng-Shing Huang (Academia Sinica) and **Yo-Yi Huang**

Technology Advantages and Home-market Effects

Discussant: **Henry Wan, Jr.** (Cornell U)

Pavel Vacek (Cornell U)

Panel Data Evidence on Productivity Spillovers from FDI: Firm-Level Measures of Backward and Forward Linkages

Discussant: **Deng-Shing Huang** (Academia Sinica)

Session 6-B (Huthart Room II)

Macroeconomics and Policy

Chair: **Masaya Sakuragawa** (Keio University)

Taiji Furusawa (Hitotsubashi U) and **Edwin L.-C. Lai** (Singapore Management U)

Endogenous Present-Biasedness and Policy Implementation

Brigitte Desroches and **Michael Francis** (Bank of Canada)

World Real Interest Rates: A Global Savings and Investment Perspective

Bon-Hyounk Gu (Sogang U) and **Hahn S. Lee** (Sogang U)

Common Trends, Common Cycles and Forecasting

Juanyi Xu (Hong Kong U of Science and Technology)

The Optimal Currency Basket with Input Currency and Output Currency

Session 6-C (Thornton Room)

Prospects on Trade Integration and Trade Competitiveness

Chair: **Mitsuo EZAKI** (Ooita University)

Yasuyuki Sawada (University of Tokyo), **Ayako Matsuda** (University of Tokyo) and **Hidemi Kimura** (Research Institute of Economy, Trade, and Industry)

Economic Integration of Northeast Asia and Industrial Restructuring

Discussant: **Mitsuo EZAKI** (Ooita University)

Suresh Muktan (Nagoya University)

The Impact of Trade Agreements on Exports: Empirical Evidence from SAARC countries

Discussant: **Yasuyuki Sawada** (University of Tokyo)

Naoko Shinkai (Nagoya University)
Trade Competitiveness of China and Cross Country Examinations

Discussant: **Takashi HAYASHI** (Nanzan University)

Sven W. Arndt (Claremont McKenna College)
MNCs, FDI and Production Networks

End