

CIRJE Newsletter

Center for International Research on the Japanese Economy

No.12

April 2011

Center for
International Research
on the Japanese Economy
Faculty of Economics
University of Tokyo
(CIRJE)

■ Conferences ■

<http://www.cirje.e.u-tokyo.ac.jp/research/03research04conf.html>

The Center for International Research on the Japanese Economy (CIRJE) has a number of projects that encompass a wide variety of issues that confront our society. International conferences are one of our important projects. As in previous years, CIRJE hosted many international conferences in 2010. The Joint Conference with Seoul National University (SNU) and the 23rd TRIO conference were one of them.

The Joint Conference with Seoul National University (SNU) was held at Seminar Room 16-655, Department of Economics, Seoul National University on October 29 (Friday), 2010. This was the seventh annual conference series between CIRJE and Institute of Economic Research in SNU. The theme of the conference was "Issues on Economic Development and Industrial Organization". After welcome speech by Youngsub Chun (Director, Institute of Economic Research, SNU), we had wonderful speakers and fruitful discussions on the related issues. Tetsuji Okazaki, Shin-ichi Fukuda, Yasuyuki Sawada, Toshihiro Matsumura, and Takashi Kano attended the conference as either a speaker or a discussant



from University of Tokyo. From SNU, Bonggeun Kim and Sung-Jin Cho presented their interesting papers, while Byung-Yeon Kim and Chul-In Lee served as a discussant. Having experienced a series of economic crisis, the establishment of the architecture of a new economic system in East Asia is now one of the urgent tasks. We had hot discussions on how to design a desirable economic system in East Asia and the world

economy.

The 23rd TRIO conference took place on 16th and 17th of December 2010 at Kojima Conference Room, Economics Research Annex (Kojima Hall), University of Tokyo. This is a joint conference series sponsored by Center for Economic Policy Research (CEPR), National Bureau of Economic Research (NBER), and Tokyo Center for Economic Research (TCER). Center for International Research on the Japanese Economy (CIRJE) as well as Center for Advanced



Research in Finance (CARF) supported the conference this year. The theme of the conference was "Fiscal Policy and Crisis." The topic is one of today's most important issues in Europe, the US, and Japan. While each region faces a different economic environment, it commonly faces serious accumulated fiscal deficits. To analyze the causes and the consequences of these fiscal deficits is an urgent policy issue in each region. From the University of Tokyo, Shin-ichi Fukuda presented a paper, and Takatoshi Ito and Yasushi Iwamoto served as a discussant. From abroad, Eric M. Leeper (Indiana University), Michael Devereux (University of British Columbia), David Cook (Hong Kong University of Science and Technology), Bruce Preston (Columbia University), Takeo Hoshi (University of California, San Diego) participated in the conference. We had intensive and fruitful discussions on the important policy issues.

CIRJE Newsletter
Contents

Conferences

CIRJE Visiting
Professors

CIRJE
Discussion Paper Series

Visitors

Staff

CIRJE Visiting Professors

In 2010, we welcomed many distinguished visitors from other research institutions and universities abroad. Some of them wrote about the research activities they conducted while here at CIRJE.

Politics and Geography

During my visit to CIRJE during June and early July last summer, Takatoshi Tabuchi and I finally had an opportunity to work on a project that had long interested us but that we hadn't had time to address. It was inspired by scandals involving political corruption in both the US and Japan. A particular instance that motivated us is the case of Rod Blagojevich, the former governor of Illinois who was accused of selling President Obama's Senate seat, impeached, and now sells pistachio nuts in TV commercials.

We address questions at the boundary of politics and geography: How much information is revealed, for example about corruption of the candidates, in local as opposed to national elections? Does the mobility of voters help or hinder information aggregation in local elections? Of course, the electorate is generally smaller in local as opposed to national elections, but does voter migration for economic reasons result in polarization of local elections?

Marcus Berliant
Department of Economics,
Washington University, USA



To answer these questions, we employ tools from both urban economics, namely the New Economic Geography, and from the political science literature on information aggregation in elections, namely the Condorcet Jury Theorem. The latter is the analog of rational expectations in economics, since people learn from conditioning on being pivotal rather than from prices.

We find that people tend to agglomerate for economic reasons but stratify for political reasons. Stratification implies that the results of an election tend to be independent of information that voters have. Thus, more corrupt politicians should be elected locally rather than nationally, though districts close to the median will still feature information revelation in elections. Moreover, information revelation is a casualty of free trade, since lower trade cost allows people to stratify more.

Using data from the state legislature in Alabama and the Japanese Diet, our hypotheses are verified.

Back at Todai visiting CIRJE for a semester

I was a member of the Faculty of Economics at the University of Tokyo from 2004 to 2009. During my years at U. Tokyo I often interacted with scholars who visited CIRJE. I had the chance to learn about their research and to let them know about mine. People visiting CIRJE always came from very diverse places and had distinct interests, however, they all seemed to coincide in their desire to share their research and in the great time they had while visiting CIRJE.

During the Spring and Summer of 2010 I was the one with the chance to be a visiting scholar at CIRJE. However, I did not have to travel far, since I am currently at the National Graduate Institute for Policy Studies (GRIPS), another great public university in Tokyo. Being at CIRJE again, even if only for a couple of days a week, allowed me to once more enjoy the great

Julen Esteban-Pretel
National Graduate Institute for Policy Studies,
Japan



atmosphere created by the researchers and staff members of the center, and that boosts the interaction between the different visitors. It also gave me the chance to fast track the research that I was conducting with Professor Junichi Fujimoto, and Professor Yasuyuki Sawada, both faculty members at the U. Tokyo, since the physical closeness allowed for a more fluid exchange of ideas and working relationship.

After my experience at CIRJE I understood why so many of the center's visitors come back in subsequent years. I myself look forward to having the chance to visit again in the future and to share my research with other scholars at CIRJE and at U. Tokyo.

My Stay at CIRJE

I stayed at CIRJE from Jan 31, 2010 to April 30, 2010. I always wanted to visit the University of Tokyo, probably the best university in Asia. My wish finally came true in the winter of 2010, and I was excited about the visit. It would be fair to say, however, I was somewhat worried about the visit. Though I had visited Japan quite a few times before then for holidays, I never had stayed longer than a few days. I could not read any single Japanese alphabet (hiragana or katakana), and of course I could not speak Japanese.

About a week before my flight to Tokyo, CIRJE sent me an email explaining how to reach the hotel from the airport. The direction was so detailed with all the maps and tips. What impressed me most was a separate printable direction written in Japanese just in case the taxi driver could not understand English. That email blew all my worries away, and it was just

The onset of an addiction

On the flight back from Tokyo on 1st October 2010, my family and I were already making plans for coming back. We had just spent a wonderful month in Tokyo where I had visited CIRJE to interact with scholars, present some of my research, and start up joint projects. Apart from the many exciting features of Tokyo as a metropolis – outstanding food, marvelous architecture, a culture both modern and rooted in traditions – it was the atmosphere at CIRJE and Tokyo University that made this stay such an enjoyable one.

The combination of calm surroundings and excellent infrastructure that enabled me to concentrate on research far removed from the administrative chores of my home university on the one hand, and the extraordinary hospitality of the Center's and the faculty's staff and faculty on the other, was just right. My principal host and promoter, Hiroshi Ohashi, introduced me to a wide range of lunch places close by, and our lunches and inspiring conversations gave us an opportunity to exchange ideas and develop joint ones on the economics of video games, environmental innovations, and industrial innovation policy more generally. These ideas will lead to joint projects, and I look forward to continue working on them.

Jinook Jeong
School of Economics, Yonsei University,
Korea



a beginning of the helpful and timely support the CIRJE staff, Tsukasa Atsuya and Kimiko Tanaka provided during my stay. I had no problem at all in staying for three months.

Looking back, I had the best research time at CIRJE in the twenty years of my career. I enjoyed meeting with the front-runner researchers and hard-working students. A couple of papers of mine were significantly improved with the feedback of the colleagues. The CIRJE facility is all brand new and well-organized. The quiet and peaceful environment of the new building helped me focus on research. Actually, there was a construction site nearby. However, somehow the noise did not bother much. Probably due to the excellent insulation of the windows, I guess. Well, the rhythmical sound of the piling machine should not be bad anyway! Once I have another chance to visit CIRJE, I would never hesitate.

Tobias Kretschmer
Munich School of Management,
University of Munich,
Germany



On a personal level, spending time exploring the city with my family was incredibly rewarding too. We introduced our one-year old to Edamame and Ramen, to the Ghibli Studios and to the Children's Playhouse in Shibuya, and the fact that we could participate in daily life in Tokyo enabled us to see and experience places we would not have seen if we had only been there for a one-week visit.

However, as we left Tokyo we still felt that after one month there was a lot of unfinished business – researchwise and privately. So as we are ploughing through yet another chilly winter in Munich, we hope that we will have an opportunity to come back in the not-too-distant future.

My heartfelt thanks go to all the staff and faculty at CIRJE and the Faculty of Economics at Tokyo University, and in particular to Professor Shin-ichi Fukuda for extending the kind invitation to CIRJE, to Professor Hiroshi Ohashi for promoting my visit, and to Ms Tsukasa Atsuya and Ms Kimiko Tanaka for ensuring the smooth administrative running of my visit. You are all responsible for my beginning addiction of Japan, Tokyo, CIRJE and Tokyo University!

CIRJE Discussion Paper Series

<http://www.cirje.e.u-tokyo.ac.jp/research/03research02dp.html>

As a part of our research activities, we regularly circulate two series' of Discussion Papers, in Japanese (J-series) and foreign languages (F-series), which are available for download at the CIRJE website. From April 2010 to March 2011, 16 papers in J-series and 63 papers in F-series are published. CIRJE also circulates the discussion papers to institutions and universities both inside and outside of Japan.

Visitors

One of the major tasks of CIRJE has been to facilitate interaction with visitors from abroad. We welcomed many distinguished visitor with a broad range of research interests. Below is a part of them.

Visiting Professors

- Jinook Jeong : February 1 - April 30, 2010
School of Economics, Yonsei University, Korea
- Julen Esteban-Pretel : April 1 - September 30, 2010
National Graduate Institute for Policy Studies, Japan
- Marcus Berliant : June 1 - July 9, 2010
Department of Economics, Washington University, USA
- Tobias Kretschmer: September 1 - 30, 2010
Munich School of Management, University of Munich, Germany
- Yukihiro Nishimura :
October 1, 2010 - March 31, 2011
Graduate School of Economics,
Osaka University, Japan
- Edward J. Vytlačil :
January 11 to February 28, 2011
Department of Economics,
Yale University, USA



Staff

Research Staff

Director

Shin-ichi Fukuda (Professor, Faculty of Economics, University of Tokyo)



Professors

Hidehiko Ichimura (Faculty of Economics, University of Tokyo)

Naoto Kunitomo (Faculty of Economics, University of Tokyo)



Associate Professor

Yasuyuki Sawada (Faculty of Economics, University of Tokyo)



The Steering Committee

Chair

Hidehiko Ichimura (Professor, Faculty of Economics, University of Tokyo)

Members

Makoto Kasuya (Professor, Faculty of Economics, University of Tokyo)

Masayuki Tanimoto (Professor, Faculty of Economics, University of Tokyo)

Short Term Visitors

- Takeo Hoshi : June 24 - July 6, 2010
Graduate School of International Relations and Pacific Studies, University of California, San Diego, USA
- Tae Hoon Oum : September 27 -December 20, 2010
Transport and Logistics, Sauder School of Business, The University of British Columbia, Canada
- Matthias Wrede : October 5 - 13, 2010
School of Business and Economics, University of Erlangen-Nürnberg, Germany
- John Riew : October 14 - 19, 2010
Department of Economics, Pennsylvania State University, USA
- Stephen Morris : October 18 - 19, 2010
Department of Economics, Princeton University, USA
- Yi-Chun Chen : December 6 - 10, 2010
Department of Economics, National University of Singapore, Singapore
- Ayse Imrohologlu : December 9, 2010
Marshall School of Business, Department of Finance and Business Economics, University of Southern California, USA
- Selahattin Imrohologlu : December 9, 2010
Marshall School of Business, Department of Finance and Business Economics, University of Southern California, USA
- Oleg Itskhoki : December 15 - 16, 2010
Department of Economics, Princeton University, USA
- Fu-Chuan Lai : January 20 - 28, 2011
Academia Sinica, Taiwan

Takatoshi Tabuchi (Professor, Faculty of Economics, University of Tokyo)

Advisors

Koichi Hamada (Tuntex Professor of Economics, Department of Economics, Yale University)

Hideki Kanda (Professor, Graduate Schools for Law and Politics, University of Tokyo)

Koichi Minaguchi (Lifetime-member of Japan Association of Corporate Executives, Adviser of Nomura Research Institute)

Kazuo Nishimura (Specially Appointed Professor, Institute of Economic Research, Kyoto University)

Kunio Okina (Professor, School of Government, Kyoto University)

CIRJE Newsletter No. 12, April 2011

Center for International Research on the Japanese Economy

Faculty of Economics, The University of Tokyo

7-3-1 Hongo, Bunkyo-ku, Tokyo 113-0033, JAPAN

Tel: 81-3 5841 5644 Fax: 81-3 5841 8294

<http://www.cirje.e.u-tokyo.ac.jp/index.html>