

# CIRJE Newsletter

Center for International Research on the Japanese Economy

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Center for  
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Graduate School of Economics,  
Faculty of Economics  
The University of Tokyo

## CIRJE Workshop Report

CIRJE offers 14 workshops run mainly by the faculty members of the Graduate School of Economics. In an effort to prevent the spread of COVID-19, most CIRJE workshops and seminars were held online academic year in 2020 as well as in 2021. In this issue, Public Finance Workshop reports the efforts during this challenging period.

### Public Finance Workshop

#### Public Finance Workshop Organizer

The Public Finance Workshop is held regularly, usually once each month, to bring researchers and graduate students who are interested in public finance, social security, and other areas of public economics together to exchange ideas. Its main focus is on economics-based research, but we also include reports by policymakers and practitioners as well as historical and institutional research. One of this workshop's main purposes is to provide a forum for young researchers in the public finance field. Graduate students and researchers often have limited opportunities to interact and present their research due to a lack of research funds. Therefore, this workshop aims to provide a place for young researchers to actively exchange research.

In fiscal year (FY)2020 and FY2021, we began holding the workshop online using Zoom since face-to-face meetings were restricted due to the novel coronavirus 2019 (COVID-19) pandemic. Although we initially feared intrusion by outsiders, with the strong support of the Center for International Research on the Japanese Economy (CIRJE) staff, we succeeded in making the full transition to an online format and maintain the same opportunities for reporting as in face-to-face meetings. One of the advantages of the online workshop is that we were able to welcome participants from a wider geographical area. Before COVID-19, participants were usually CIRJE faculty members and graduate students from the Graduate School of Economics and the Graduate School of Public Policy, as well as researchers from the greater Tokyo area. Now that it is held online, we have seen active participation from outside the Tokyo area. Although the workshop was usually held in the evening, we were able to attract some overseas presenters from the United States and Australia by changing the meeting time. However, the online format seems to limit spontaneous chats and exchanges among the participants. Of course, it is possible to address this by using Zoom's breakout session function or other online services, but this does not work as well as a spontaneous face-to-face chat.

Among the topics presented in FY2021 were online experiments on the formation of policy preferences, the effects of taxes and subsidies on the behavior of medical institutions and tourists during the COVID-19 pandemic, natural disasters and elections, and corporate taxes and human investment. In particular, policy analysis on COVID-19 countermeasures was of great interest to many participants.

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# CIRJE Visitors

CIRJE accepts many visitors with a wide range of research interests to facilitate interaction with our faculty members. Some Short-Term Visitors's visits are supported by Nomura Foundation. Here are five reports from by the researchers who visited CIRJE last academic year as Visiting Professor and Short Term Visitors .

## Visiting Professor

Prof. Shin-ichi Fukuda invited me to join CIRJE for a one-year term, from April 2021 to March 2022. The COVID-19 pandemic, which began in the far end of 2019, showed no sign of abating even at the beginning of 2021, and we, as a society, remained in an extraordinary situation, where repeated states of emergency were declared. I would like to express my sincere gratitude for the exceptional remote access I was granted from my home, which allowed me to focus on my research while avoiding the inconvenience of infection control measures.

During the COVID-19 pandemic, research and education environments were forced to transition to online-based systems, but I was fortunate to be able to witness the remarkable progress of information and communication technologies in recent years, which made this possible, and the adaptability of people, who were able to master them in a limited period of time. In fact, in early 2020, before the declaration of the pandemic, I knew nothing about online conferencing systems, such as Zoom. It is remarkable that these are now used so flexibly as a piece of social infrastructure all over the world that daily research and academic activities and university business operations could not carry on without them.

On the other hand, I feel that online communication is still missing something. I imagine this is because the flow of information from one person to another takes various paths and these paths are quite limited when using online technology. The fact that the field of research and education is now returning to face-to-face interaction is perhaps a clear indication of the limitations of current online technology. With respect to this, I regret that I could not physically spend time at CIRJE and communicate with a large number of researchers in person.

During my time at CIRJE, I was able to progress in an empirical research of how the rapid devaluation of the US dollar after the Nixon Shock in August 1971 affected economic welfare in Okinawa by investigating unique microdata from the Retail Price Survey conducted before and after Okinawa's reversion to mainland Japan in May 1972. I take great pleasure in publishing the results of my research as a CIRJE discussion paper on the 50th anniversary of the Nixon Shock and the historic postwar reversion of Okinawa to the Japanese sovereignty.

Takashi Kano  
Graduate School of Economics  
Hitotsubashi University



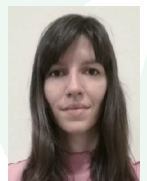
## Short Term Visitors

I visited CIRJE in April 2021, when the pandemic was still ongoing and most academic activities had to be held online. I felt glad to be in Japan to take this opportunity, as at the time it was very difficult to enter the country and I was lucky to visit on campus. I cannot thank enough to my host and co-author, Daniel Marszalec, for organizing the visit and his endless support, and also to all the administrators who so kindly helped me with the paperwork and the details of my stay. The working conditions were fantastic, as I could freely move between CIRJE's visitor office, which was fully equipped, and the office of my host.

Although the pandemic had been going on for a few months, the faculty members were very engaged and made themselves available, both attending to my online seminar and with one-on-one meetings. I can confidently say that the seminar was one of the most productive ones my co-authors and I have had so far, and that during the discussion we received valuable insights that we have incorporated to our paper.

During my stay at CIRJE (i) I presented a paper on bargaining networks with asymmetric costs, being our main contribution the characterization of the architecture of non-equitable stable components, and (ii) I continued making progress with my host Daniel Marszalec on our paper about two-sided markets and piracy.

María Martín-Rodríguez  
Graduate School of Economics  
Nagoya University, Japan





I was a visiting researcher at CIRJE from May 2021 to July 2021. I had the opportunity to interact with researchers not only from the University of Tokyo but from other universities as well, and the time I spent at this institution was extremely productive. My long-term US-based research also made it possible for me to make connections, especially with young economists in Japan. Although I was only able to participate in online seminars due to my placement coinciding with the COVID-19 pandemic, I appreciate the face-to-face discussions that were conducted without too many restrictions in terms of individual meetings.

During my visit, I mainly pursued research on virtual currency, blockchain, and decentralized exchanges, but I also had the opportunity to participate in the University of Tokyo's Digital Economy Project, which has sown the seeds for many future opportunities.

I would like to thank Dr. Aoki, Dr. Wakamori, and Dr. Hattori for coordinating my placement, and all the staff at CIRJE for providing a hospitable environment in which to study, and the Nomura Foundation for funding my research during my stay.

Faculty of City Life, Utsunomiya Kyowa University

Yoshifumi Kon



Professor Shin-ichi Fukuda invited me to CIRJE and gave me the opportunity to conduct theoretical research into the impact of international capital movements on wage disparities. Due to situational changes during the COVID-19 pandemic, I was compelled to alter my original plans and spent two periods there, in February and March 2022. Despite this, Professor Fukuda provided a pleasant research environment for me. I had meetings with him during my stay and received useful comments on the interpretation of the research results that I presented in my paper, its relevance to previous studies, and other aspects, which helped me to make good progress in my research.

This was the first occasion that I spent time at the Hongo Campus since I was a student at the Graduate School of Economics. While many things had changed on campus over time, I spent fulfilling days and enjoyed reminiscing about the things that had not changed. For example, in the square located between building 2 of the Faculty of Medicine and our building, I sat on a bench and took a break in the same way as I did when I was a student.

Lastly, I would like to express my sincere gratitude to all the CIRJE staff for their prompt and accurate responses, as they provided me with support for document searches and procedures for the proofreading of my paper. I would also like to thank the Nomura Foundation for granting me research funds, which were used to purchase the literature and equipment required for my research.

Faculty of Economics and Law

Shinshu University

Sumio Hirose



In February 2022, Professor Shin-ichi Fukuda invited me to conduct research at CIRJE. Unfortunately, my work coincided with the Omicron outbreak; hence, I did not have much opportunity to discuss my research with him in person. However, I was able to find new ideas by departing from my usual work environment and engaging in my research with a fresh outlook. Above all, I would like to thank the two wonderful staff members at CIRJE for their attention toward making my experience a pleasant one.

The accumulation of retained earnings by Japanese firms, the subject of my research, has roused criticism of the firms' failure to channel funds into "aggressive investment," such as research and development. In recognition of this issue, the Stewardship Code was introduced. Stronger monitoring by institutional investors is expected to encourage investment in growth and increase corporate value over the long term. Institutional investors have generated a great deal of attention by, for example, voting against companies with low profitability in the shareholder meetings, but prior research has suggested otherwise about their behavior. The fear of management being held accountable for a short-term decline in earnings might make executives reluctant to invest in high-risk opportunities for growth. Accordingly, my research reveals that institutional investors' support for management with a long-term perspective and the removal of the fear of managers being dismissed will encourage them to invest more aggressively in research and development. I am currently analyzing whether the actions of institutional investors in Japan are contributing to the promotion of investment in growth, an idea I developed during my time at CIRJE.

# 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 2021 to March 2022, 4 papers in J-series and 24 papers in F-series are published.

## Visitors

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

### Visiting Professor

- Takashi Kano (2021.4.1 - 2022.3.31)  
Graduate School of Economics, Hitotsubashi University,  
Japan

### Short Term Visitors

- María Martín-Rodríguez (2021.4.4 - 4.10)  
\*Short-term visitor supported by Nomura Foundation\*  
Graduate School of Economics, Nagoya University, Japan
- Jun Aoyagi (2021.5.18 - 7.15)  
\*Short-term visitor supported by Nomura Foundation\*  
University of California, Berkeley, USA
- Hidenori Takahashi (2021.7.1 - 2021.8.25)  
Osaka School of International Public Policy (OSIPP),  
Osaka University, Japan

- Konari Uchida (2021.11.4 - 11.6)  
\*Short-term visitor supported by Nomura Foundation\*  
Faculty of Economics, Fukuoka University, Japan
- Kazushige Matsuda (2021. 11.4 - 11.6)  
\*Short-term visitor supported by Nomura Foundation\*  
Japan Graduate School of Economics, Kobe University, Japan
- Pui Tak Lee (2021. 12.14 - 2022.1.14)  
School of Modern Languages & Cultures, University of Hong Kong,  
Hong Kong
- Takamitsu Kurita (2021. 12.15 - 12.18)  
\*Short-term visitor supported by Nomura Foundation\*  
Faculty of Economics, Fukuoka University, Japan
- Yoshifumi Kon (2022. 2.8 - 2.18)  
\*Short-term visitor supported by Nomura Foundation\*  
Faculty of City Life, Utsunomiya Kyowa University, Japan

## Staff

### Professors



### Advisors

- Junko Kato (Professor, Graduate Schools for Law and Politics,  
The University of Tokyo)
- Nobuhiro Kiyotaki (Professor, Department of Economics,  
Princeton University)
- Ryuzo Miyao (Graduate School of Economics, Faculty of  
Economics, Kobe University)
- Kazuo Nishimura (Specially Appointed Professor, Research  
Institute for Economics and Business Administration, Kobe  
University)
- Sadahiko Okano (Representative Director, Secretary General,  
Japan Association of Corporate Executives)
- Kunio Okina (Professor, Otsuma Women's University)

### Chair

Kosuke Aoki (Director)

### Members

Shinichi Fukuda • Makoto Kasuya • Yasuyuki Sawada  
Katsumi Shimotsu • Masayuki Tanimoto

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