

Newsletter

Contents

February 2004, No.6

CIRJE
Center for
International Research on
the Japanese Economy

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Introduction

The Center for International Research on the Japanese Economy (CIRJE) was established in April 1998 to pursue international joint research on the Japanese economy and to collect and disseminate data and historical material on economic activities in Japan. It is located in the Graduate School of Economics at the University of Tokyo, and many faculty members do joint research with members of CIRJE.

Within CIRJE, we have many research projects on various aspects of the Japanese economy, including macroeconomic policy, information technology, regulation of network industries, Asian economy and population, economics of risk management, comparative studies of public finance system, statistics of insurance and finance, and many other projects.

CIRJE's research projects receive funding from a variety of sources and much of the funding is obtained directly by project members. We also gratefully acknowledge financial support from the Tokyo Electric Power Company, and Mr. Ryojiro Kojima (the chairman of Kojima Press Industry).

The donation from the Tokyo Electric Power Company supports two on-going research projects, (1) "Regulation in Network-type Industries" and (2) "Economic Analysis about Transaction Law in Network Industries." The Ryojiro Kojima Chair established in June 2002 supports empirical researches on the Japanese economy and industries. The Kojima Chair is providing funding for a new research initiative on the long-term development of Japanese inter-firm relationships and corporate governance since the Meiji-era. The principal investigator for this project is

Professor Kazuo Wada of the University of Tokyo with two visiting professors Yoichi Kobayakawa and Tsuneo Suzuki. The Kojima Chair also supported two projects on "Japanese Firms in 1940s" by Professor Haruhito Takeda, and "Firm-Level Panel Analysis of Entry, Exit and Productivity: Japan and France" by Professor Kiyohiko G. Nishimura.

As research activities of CIRJE, we regularly circulate two series of Discussion Papers in Japanese (J-series) and in foreign languages (F-series). We also have supported a large number of workshops in each week (Workshops on micro, macro, economic history, urban economics, Asian automobile industry, modern business organizations, applied statistics, and political economy). The detailed information on Discussion Papers and Workshops has been circulated and has been in public by means of our webpage.

Fumio Hayashi, a CIRJE member, has received a sizable grant from the Ministry of Education for a research project entitled "Empirical Analysis and Design of Economic Systems." This research initiative is divided into seven groups and includes researchers from the four leading Japanese national universities. Faculty members at the University of Tokyo serve as area coordinators for four of the groups and Professor Hayashi leads the coordinating committee, which oversees research in the seven project areas. This grant supports research activities at CIRJE by assembling and organizing data needed for empirical

research on the Japanese economy and by providing partial funding for international conferences sponsored by CIRJE.

At the faculty of Economics, two research projects have been accepted as COE programs by the Ministry of Education and Sciences starting from this academic year. CIRJE will cooperate their research activities in the next few years.

One of the major tasks of CIRJE is to facilitate interaction with visitors from abroad. This year we welcomed many distinguished visitors with a broad range of research interests including following professors: Jonathan Morduch, Sharon Novak, Harry Kitsikopoulos, Robert Dekle, Haider Khan, Douglas Joines, Nobuhito Kiyotaki, and Masanao Aoki.

CIRJE also fosters international exchanges by hosting international conferences. This year CIRJE hosted five international conferences; (1) Three-Country Conference; (2) The NBER/CIRJE/EIJS/CEPR Japan Project Meeting; (3) The 4th CIRJE-TCER Macro Conference; (4) The TRIO 2003 Conference; and (5) The New York University Business School/CIRJE Conference.



Standing from left to right: Professors Thomas Cooley and Ryuzo Sato from New York University, and Naoto Kunitomo, Director of CIRJE

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Conferences

Japan-U.S. Symposium on Economic Recovery in the U.S. and Japan: Fact or Fiction

November 14, 2003

Venue: Four Seasons Hotel Amphitheater, Tokyo, Japan

Co-organized by the Center for Japan-U.S. Business and Economic Studies, Leonard N. Stern School of Business, New York University, and CIRJE, Faculty of Economics, The University of Tokyo
Organizers: Ryuzo Sato, Katsuhito Iwai, Naoto Kunitomo, R. Anton Braun, Rama Ramachandran
Travel Grant from All Nippon Airways Company, Ltd.

“Japan-U.S. Symposium on Economic Recovery in the U.S. and Japan: Fact or Fiction” was held at the Four Seasons Hotel Amphitheater in Tokyo on November 14, 2003. The symposium was co-organized by the Center for Japan-U.S. Business and Economic Studies, Leonard N. Stern School of Business, New York University, and CIRJE, University of Tokyo. More than 100 people participated. It was very timely that the two major universities of Tokyo and New York came together to examine how the trading partners across the Pacific are recovering from the slowdowns of the past.

PROGRAM

Keynote Speeches:

Chair: Tatsuo Hatta (University of Tokyo and CIRJE)

Thomas F. Cooley (New York University)
“Economic Recovery in the U. S. and Japan”

Hiroshi Yoshikawa (University of Tokyo)
“Structural Reform and the Japanese Economy”

Ryuzo Sato (New York University and University of Tokyo)
“Macroeconomic Policies of Japan and the U. S.: Contrasted”

Panel Discussion:

“Strengths, Weaknesses, Opportunities and Threats to the Japanese and United States Economies”

Moderator: R. Anton Braun (University of Tokyo and CIRJE)

Panelists: Thomas F. Cooley (New York University), Tatsuo Hatta (University of Tokyo and CIRJE), Fumio Hayashi (University of Tokyo and CIRJE), Ryuzo Sato (New York University and University of Tokyo), Hiroshi Yoshikawa (University of Tokyo)



Professor Ryuzo Sato, New York University and University of Tokyo



Professors Thomas Cooley, Ryuzo Sato, Naoto Kunitomo and Katsuhito Iwai, Former Dean of Faculty of Economics, University of Tokyo



Keynote Speech by Professor Ryuzo Sato



Panel Discussion



Participants of the Reception



Four Seasons Hotel Amphitheater

The 2nd Three-Country Conference: Seeking for Stable and Efficient Financial System

February 14, 2003

Venue: Economics Building, University of Tokyo

Organizer: Akiyoshi Horiuchi

The CIRJE has sponsored research collaboration between Japan, Korea and China regarding policy issue of how to build up financial stability in East Asia. The collaboration resulted in the 2nd Three-Country Conference: Seeking for Stable and Efficient Financial System held at Tokyo on February 14th, 2003. This conference invited six scholars from both Korea and China. More than a dozen Japanese scholars including four from University of Tokyo (*i.e.*, Akiyoshi Horiuchi, Katsuji Nakagane, Yasuyuki Sawada, and Inman Yeo) also participated in this conference, where banking problems and issues related to exchange rate volatility were hotly discussed. At the end of the conference, the Steering Committee decided that the 3rd conference would be held in Beijing in May 2004.

Presented Papers:

Baekin Cha and In June Kim, "Reform, sustainable growth, and vulnerability to a crisis in Korea."

Masaharu Hanazaki and Akiyoshi Horiuchi, "Can the financial restraint hypothesis explain the postwar experience of Japan's financial system?"

Chi-Wa Yuen, "Exchange rates and macroeconomic stability in China."

Participants from abroad:

Baekin Cha (Korea Institute of Finance), In June Kim (Seoul National University), Sang Kee Min (Seoul National University), Xinzhong Xu (Beijing University), Chi-Wa Yuen (Hong Kong University), Li-An Zhou (Beijing University)

Participants from Japan:

Kazuyuki Mori (The Japan Economic Research Institute), Masaharu Hanazaki (Hitotsubashi University), Kimie Harada (Daito Bunka University), Tomoko Hayashi (Japan Bank for International Cooperation), Sumio Hirose (Japan Bank for International Cooperation), Akiyoshi Horiuchi (Univer-

sity of Tokyo), Seiichi Masuyama (Nomura Research Institute), Katsuji Nakagane (University of Tokyo), Yasuyuki Sawada (University of Tokyo), Megumi Suto (Chuo University), Inman Yeo (University of Tokyo)

NBER/CIRJE/EIJS/CEPR Japan Project Meeting

Sponsored by: The Japanese Government
Ministry of Education Grant-in-Aid for Scientific Research on Priority Areas

September 19-20, 2003

Venue: The Asian Development Bank Institute in Kasumigaseki Building, Kasumigaseki, Tokyo

Organizers: Magnus Blomström, Jennifer Corbett, Fumio Hayashi and Anil Kashyap

The Fifth Annual CIRJE Japan Project Meeting, co-organized with the NBER (National Bureau of Economic Research, based in the U.S.), the EIJS (European Institute for Japanese Studies, based in Sweden), and the CEPR (Center for Economic Policy Research, based in England), was held on September 19 and 20, 2003, at the Asian Development Bank Institute in the Kasumigaseki Building. More than 90 academics, private-sector economists, journalists, and policymakers from within and outside Japan participated. This year's conference was the largest so far in terms of attendance. Eight papers were presented. Many of them were about the Bank of Japan's monetary policy and "evergreening" by Japanese banks. There was also a lively panel discussion on Japanese monetary policy.

The 5th CIRJE-TCER Macro Conference

September 27, 2003

Venue: Gakushi Kaikan Bunkan (Annex)

Organizers: Kenn Ariga, Charles Yuji Horioka, Fumio Hayashi

The fifth annual CIRJE-TCER Macroeconomics Conference was held in Tokyo. Six papers were presented. The topics

covered are: Banking Crisis and Macroeconomy, Aging of the Population and Saving, Downward Rigidity of Wages and Unemployment, Resource Allocation within the Family, and Corporate Finance. More than 30 economists from leading universities and Bank of Japan participated.

TRIO 2003 Conference

December 8-9, 2003

Venue: The Ark Mori Building

Organizers: Shin-ichi Fukuda, Takeo Hoshi, Sadao Nagaoka

The TRIO conference of this academic year took place on 8th and 9th of December 2003 at 36th floor of the Ark Mori Building. The theme of the conference was the financing of retirement, which is one of today's most significant medium to long-term issues of economic and social policy in Europe, the US and Japan as well. While each region faces a different environment in terms of demographic trends, savings behavior, and economic outlook, in all cases major changes to existing national systems of retirement are inevitable. Still, there is considerable debate among economists and policy-makers as to the most appropriate form for new institutions, and there is very little willingness on the part of citizens to contemplate any changes that might reduce benefits from current publicly-funded systems. Additionally, reforms are likely to have significant effects in the capital markets; offering opportunities for new products, causing shifts in asset allocation, and raising new questions about regulation. In total, seven papers were presented from Japan, US and Europe for intensive discussions.

CIRJE Conference

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

Research Projects

Ministry of Education Grant-in-Aid for Scientific Research on Priority Areas

Empirical Analysis and Design of Economic Systems

The Ministry of Education has awarded a large research grant (Ministry of Education Grant-in-Aid for Scientific Research on Priority Areas) to a research initiative headed by Fumio Hayashi, a CIRJE member. The funding is for six years starting from October 2000. The title of the project is "Empirical Analysis and Design of Economic Systems." It initially consisted of six groups, each of which has its own research agenda. Group leaders are Charles Horioka (Osaka University), Kenn Ariga (Kyoto University), Jota Ishikawa (Hitotsubashi University), Shin-ichi Fukuda (University of Tokyo), Masahiro Okuno-Fujiwara (University of Tokyo), Tetsuji Okazaki (University of Tokyo), and Fumio Hayashi (CIRJE and University of Tokyo). The research activities of these six groups are coordinating a committee, which consists of the six group leaders. CIRJE administers the budgets of the groups headed by University of Tokyo faculty members and maintains the project's website.

To respond to criticisms in an interim review by the Ministry of Education, the project has undergone a substantial revision last year. The project now has two concrete research objectives: 1) to examine why Japan's growth declined in the 1990s, and 2) what sort of institutions are needed to address the problem. To achieve these objectives, three stages of research have been established: A) to examine what happened to the TFP (total factor productivity), capital and labor inputs, both at the macro, industry, and micro level, B) what factors are responsible for those changes,

and C) to design a set of institutions. The project organization has been modified as well; the Okuno-Fujiwara and Hayashi group have been re-organized into three new groups headed by Okuno-Fujiwara, Hayashi, and Tetsuji Okazaki (University of Tokyo).

This project is into its fourth year. In the remaining period, this project aims to complete those three stages of research.

Evaluation and Design of Japanese Monetary and Fiscal Policies

Group Members

Fumio Hayashi (Group Leader, CIRJE and University of Tokyo)
R. Anton Braun (CIRJE and University of Tokyo)
Tutomu Miyagawa (Gakushuin University)
Etsuro Shioji (Yokohama National University)

This group, which is part of the research project entitled "Empirical Analysis and Design of Economic Systems", focuses on the evaluation of current and past Japanese fiscal and monetary policies and the welfare consequences of alternative policies. In the past years, there was a re-organization of the project. Toshihiro Ihori, who was a member of the group until last year, was re-assigned to a research group headed by Masahiro Okuno-Fujiwara that studies the political economy aspect of fiscal policy. As a replacement, Tutomu Miyagawa of Gakushuin University has joined the group.

The group's research focus in the past years is the measurement of the TFP (total factor productivity, a measure of the overall efficiency of the economy) and the determinants of the TFP movements. Last year, Fumio Hayashi, with the collaboration of Edward C. Prescott of Arizona State University, found that the TFP of the

Japanese macro economy has declined in the 1990s. They also found that this decline is responsible for the low return on capital and the low GNP growth rate. Since joining the group, Tutomu Miyagawa has examined the TFP for a number of Japanese industries, and is currently looking into the determinants of the profile of TFP growth across industries. R. Anton Braun and Etsuro Shioji have continued to work on the time-series statistical analysis of major macro variables. In addition, Braun has started constructing a macro model designed to examine the effect of population aging on the saving rate and the rate of return on capital. His tentative conclusion is that population aging, in addition to the TFP growth slowdown, is another important reason for the low rate of return. Hayashi and Prescott are currently extending their analysis to prewar Japan.

Economic Analysis of Political Systems

Group Members

Masahiro Okuno-Fujiwara (Group Leader, University of Tokyo)
Toshihiro Ihori (University of Tokyo)
Takero Doi (Ministry of Finance Policy Research Institute and Keio University)

This project studies the problems of economic policies (fiscal policy and regulation reforms mainly) as well as of the policy making processes that inhibited Japanese economic growth in the 1990s.

Concerning fiscal policy, there are several opposing views. One view advocates that the fiscal policy in the 1990s was quite effective and economic recession would have been more serious without fiscal expansions. Another view insists that the policy did not have sufficiently large expansionary effect and the fiscal expenditure, which necessitated the large debt issuance, and

exacerbated the economic situation. This sharp division of opinions stems from the difference in macro economic analytical frameworks.

Despite this theoretical confrontation, statistical investigation of the effectiveness of fiscal policy in the 90's has been carried out only insufficiently. Ithori analyzed the time-series data using Vector Autoregression method and concluded that the fiscal policy brought about only limited effect on GDP in the 90's. He also showed that the tax reductions were no more effective than the expenditure stimuli, and the overall fiscal expansion provided only limited effect on the macroeconomic recovery.

At the same time the Japanese government issued a large amount of debt in order to cope with the economic downturn of 1997. Analysis of the flow of funds in 1997-8 tells us that the private financial institutions bought a large amount of government debt, cutting their corporate lending. This helped maintaining the level of government bond returns relatively low. However, in order to sustain economic recovery, it is necessary to channel a large portion of private funds to corporate capital expenditure. For that, it is important to reduce issuance of the government bond and to make the public sector financially sustainable.

Debt burden of local governments is also important. Japanese local public finance is quite centralized, and in order to issue their bonds, local governments need the MPHPT's (Ministry of Public Management, Home Affairs, Posts and Telecommunications) consent. This seems to indicate that the central government is partly responsible for the explosion of local government's borrowing. The national government's borrowing was also expanded in order to increase the grants to local governments.

Currently, comprehensive reform for the local government finance is being proposed. Doi investigated the possible reform of the national as well as the local fiscal systems in

order to break away from this debt dependency. His conclusions include the following: (a) Providing local governments more latitude on levying taxes is more important than the transfer of tax revenue sources. (b) The current local allocation tax is designed to compensate local government's deficits. But this aspect of the tax inhibits incentives for expenditure cuts and/or tax revenue enhancements. Distribution of local allocation tax should be revised to recover such incentives. (c) The mechanism of the issuance of local government bonds must be redesigned so that the market discipline functions better.

This project will gear to the analysis of possible institutional reform of political system, based upon the analyses above. As a starting point, more fundamental study of the role of governments may be in order. Okuno-Fujiwara attempted to study the role of government as an economic coordinator in the coming Information Technology age. Information Technology, according to his analysis, diminishes the effectiveness of active market intervention by the government. Instead, such roles as (a) providing information in order to support democratic collective decision making process, and (b) providing environments where individual private agents can attempt diverse innovative experiments in decentralized manner.

The Construction of Comparative Theories and Data Bases in International Finance

Group Members

Shin-ichi Fukuda (Group Leader, University of Tokyo)

Eiji Ogawa (Hitotsubashi University)

Shinji Takagi (Osaka University and IMF)

Cooperative Members

Takeo Hoshi (University of California, San Diego)

Kiminori Matsuyama (Northwestern University)

Kar-yiu Wong (Washington University)

This group is using funding from the research initiative, "Empirical Analysis and Design of Economic Systems" to develop new theories of international finance and to examine their empirical relevancy using international data. Ultimately, it is expected that these results will be used to identify the characteristics of a successful financial system in the current international finance environment. The Asian crisis that occurred in 1997 has produced a large number of papers that offer prescriptions for reducing the risks of future crises. We have, however, not yet reached a definitive conclusion on what system is best for East Asian economies. Some researchers have constructed excellent theoretical models. But these models are usually too abstract to be applied to actual policy making. In contrast, other researchers have performed excellent empirical studies using rich data sets. The theoretical underpinnings of these analysis though are sometimes rather vague. Relatively little research to date has sought to reconcile the predictions of theoretical models with the empirical facts using unified analytical framework.

One goal of our group is to promote research that combines theory with measurement. Two areas of current interest are exchange rates and international capital flows. With respect to exchange rates we

Available on the web

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

Details of conferences hosted by CIRJE can be found at our website.

are developing and applying state of the art theories of exchange rate movements to answer the policy question of what is a desirable exchange rate arrangement in East Asia. We are also investigating what the nature and pattern of current international capital flows to East Asia and current exchange rate regimes in this region imply about the need for rules that restrict international capital flows.

From 2003 to 2004, the group will focus on the analysis of "Desirable Exchange Rate System in East Asia." This group stresses the importance of joint research between domestic and foreign scholars. We have already organized three international conferences that provide a forum where theoretical and empirical economists can present their research and exchange ideas.

Our recent conference was held at National Taiwan University in Taipei, Taiwan on July 24-25 2002. The title of this conference was "The Asian Crisis IV: Road to Recovery." At this conference, papers were presented that examined the causes and effects of the Asian crisis and the recent recovery of affected countries. We held another international conference with Kangwon National University and the University of Washington on December 9-10, 2003.

Empirical Analysis of Financial System

Group Members:

Tetsuji Okazaki (Group Leader, University of Tokyo and RIETI)

Noriyuki Yanagawa (University of Tokyo)

This group has succeeded a part of the project of Fujiwara group until 2002. It is widely accepted that the financial system is one of the key issue to understand and resolve the prolonged stagnation of the Japanese economy since the 1990s.

To address this issue, Okazaki compiled a data set on entry and exit of banks from the prewar period until present, and analyzed how the regulation regimes affected the banking industry. It was found that while under the prewar regime, inefficient banks were selected out by the market competition, under the postwar "convoy" regime, this mechanism of selection did not work for a long time. Based on this result, Okazaki developed an empirical framework to analyze the institutional and organizational evolution. This framework is to analyze the role of selection and imitation quantitatively, and make clear the mechanisms of the institutional and organizational evolution. He applied this framework to the evolution of the financial system in Japan since the 1960s. Also, Okazaki has worked on the micro-econometric analysis of TFP.

On the other hand, Yanagawa has worked on the theoretical and empirical analysis of the financial system, focusing on the concept of liquidity. While practitioners have long been stressing the concept of liquidity, there was no solid theoretical basis. Also, it has not been addressed how financial systems influence liquidity. Yanagawa examined the concept based on the newly developed economic theory, and analyzed how institutions affect the financial market and macro-economy, by means of liquidity. The results were published in *Ryudosei no Keizaigaku (Economics of Liquidity)*, Toyo Keizai Shinposha, 2002 (co-edited with Makoto Saito).

At the same time, Yanagawa has examined how financial institutions have been involved and how they should be involved in the reconstruction and liquidation of the firms with excess debts. Based on the results, he investigates the design of the institutional arrangements to deal with non-performing loans and to revitalize businesses. Through extensive interviews, he has been exploring what kind of information the financial institutions had in the process that the firms became beset with excess debts, and what kind of actions those financial institutions took.

Available on the web

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

Current workshop schedules
and presentation materials

Details of conferences and
other forthcoming events

CIRJE Discussion Papers

Details about CIRJE
Research Staff

Updates on CIRJE research
initiatives

CIRJE Research Projects Sponsored by Tokyo Electric Power Company and Kojima Chair

Regulation in Network-type Industries

Project Members

Yoshiro Miwa (Project Leader, CIRJE and University of Tokyo)
Tatsuo Hatta (CIRJE and University of Tokyo)
Yun Jeong Choi (University of Tokyo)
Yoshitsugu Kanemoto (University of Tokyo)
Yukihiro Kidokoro (University of Tokyo)
Toshihiro Matsumura (University of Tokyo)
Takashi Obinata (University of Tokyo)
Hiroshi Ohashi (University of Tokyo)
Kazuo Wada (University of Tokyo)
Noriyuki Yanagawa (University of Tokyo)

The goal of this project is to carry out an economic analysis on the role of government policies in network-type industries, such as electric power, natural gas, telecommunications, and transportation. The main focus of our research has been the energy industry, which is experiencing fundamental changes in the regulatory environment, but from this year we started working on the telecommunication industry which is having another wave of revolutionary changes.

Concerning the energy industry, we have held four workshops where we invite specialists in a major electric power company to explain to us the technological characteristics of the Japanese electric power networks. As for the telecommunication industry, we had two sessions with government specialists on how to evaluate the competitiveness of the industry. Some of the members also work on transportation networks.

Many of our members are actively involved in the formation of new regulatory policies as members of government councils. Especially, five project members, Tatsuo Hatta, Yoshitsugu Kanemoto, Toshihiro Matsumura, Takashi Obinata, and Noriyuki Yanagawa, have been actively involved in the market design of the electric power industry.

Economic Analysis about Transaction Law in Network Industries

Project Members

Noriyuki Yanagawa (Project Leader, University of Tokyo)
Yoshihiro Miwa (CIRJE and University of Tokyo)
Yoshitsugu Kanemoto (University of Tokyo)
Toshihiro Matsumura (University of Tokyo)

This research project studies legal issues on transactions in network-type industries. Advances in information technology have drastically changed transactions in network-type industries. Rapid growth in e-commerce has created new problems in guaranteeing the legal protections of privacy and individual rights. It is still unclear whether or not current liability rules are sufficient for promoting Net Trading. Moreover, there is little research on the economic effects of Japanese transaction law. This motivates our research into how the legal system should respond to these changes in the business environment. In this research project, we are providing a theoretical evaluation of the Japanese legal system, especially as relates to Japanese transaction law and Japanese contract law.

We hold a monthly seminar to discuss important issues such as optimal liability rules or optimal information disclosure. Plans are also being made to publish our research results in a book and we have already held an academic conference to

coordinate the various contributors' activities. A remarkable feature of our monthly seminar is the participation of many famous legal theorists. Most of the final papers will be joint work between economists and legal theorists.

Seminar Participants

Mariko Fujii (University of Tokyo)
Tomotaka Fujita (University of Tokyo)
Kaori Hatanaka (National Graduate Institute for Policy Studies)
Kenichi Inoue (Musashi University)
Kazuaki Kagami (Meikai University)
Takayasu Kamiya (Hosei University)
Hideki Kanda (University of Tokyo)
Soichiro Kozuka (Sophia University)
Motonari Kurasawa (Yokohama National University)
Osamu Morita (University of Tokyo)
Wataru Ohta (Nagoya University)
Hiroyuki Seshimo (Senshu University)
Hiroo Sono (Kyushu University)
Wataru Tanaka (Seikei University)

Japanese Firms in 1940s

Project Members

Haruhito Takeda (Project Leader, University of Tokyo)
Inman Yeo (University of Tokyo)
Yuichi Ikemoto (University of Tokyo)
Yongdo Kim (Hosei University)
Junko Watanabe (University of Electro-Communications)

The goal of this project is to carry out a historical study on Japanese firms in the 1940s using two series of documents, which are Reports on Industrial, Manufacturing and Mining companies submitted to GHQ in October 1945 and Reports and Restructuring Plans of Japanese Firms submitted SCLC (Securities Coordinating Liquidating Committee). Our members hold a monthly meeting to discuss important issues on financial conditions of industrial firms in

the latter half of 1940s. Besides, through investigation to put the documents in order, we come to clear up the whole structure of two series of documents and now ready to make the lists of them. The list of these two series of documents will be available on web-site in next spring.

Firm-Level Panel Analysis of Entry, Exit and Productivity: Japan and France

Project Members

Kiyohiko G. Nishimura (Project Leader, University of Tokyo and ESRI, Cabinet Office)

Kozo Kiyota (Yokohama National University)

Takanobu Nakajima (Keio University)

Flora Bellone (CNRS-IDEFI and University of Corsica)

Jean-Luc Gaffard (CNRS-IDEFI and University of Nice)

Patrick Musso (CNRS-IDEFI)

Michel Quéré (CNRS-IDEFI)

This project estimates and examines Total Factor Productivity (TFP) of Japanese and French firms, relying on large-scale firm-level data sets. This study investigates not only large firms listed in stock exchanges but also medium-to-small firms, and thus compares Japan and France in a broad spectrum. To our knowledge, this is the first of this kind of research ever undertaken.

As for Japan, we use firm-level data of *The Basic Survey of Japanese Business Structure and Activities* conducted by the Ministry of Economy, Trade and Industry from 1994 to 1998. As for France, we employ firm-level data of the French Census of Manufacturing (called EAE5) collected by the French Ministry of Industry (SESSI). We examine relationship

between exit and entry on the one hand, and TFP on the other.

The major findings in the Japanese study are reported in: Nishimura, Kiyohiko G., Takanobu Nakajima, and Kozo Kiyota, "Does Natural Selection Mechanism Still Work in Severe Recessions? – Examination of the Japanese Economy in the 1990s –," CIRJE Discussion Paper F-222, Center for International Research on the Japanese Economy, Faculty of Economics, University of Tokyo, May 2003, while those of the French study are found in: Bellone, Flora, Patrick Musso, and Michel Quéré, "Analysing the Pre-Exit Performance of French Manufacturing Firms over the Last Decade," mimeo., Institut de Droit et d'Economie de la Firme et de l'Industrie, August 2003.

The Japanese study investigates whether or not the natural selection mechanism (NSM) of economic Darwinism works in severe recessions. Although standard firm models imply the importance of NSM in an economy by showing firm's rational behavior on entry, surviving, and exit leads to macro-level TFP growth, there is almost no evidence to demonstrate NSM works even in severe recessions and depressions. Empirical results show that efficient firms in terms of TFP quit while inefficient ones survived in the banking-crisis period of 1996-1997. Besides, this phenomenon is mainly observed for new entrants and contributes substantially to a fall in macro TFP after 1996. These facts strongly suggest malfunctioning of NSM in severe recessions. These results seem unique to the 1996-97 period of Japan. There is no evidence of this type of the failure of NSM in France.

Built on this extensive firm-level data set both in Japan and France, we are now preparing a new comparative study of technological spillover among firms.

List of CIRJE Research Projects

1. International Comparative Study Program

1-1. The Field of International Comparative Study of Japanese Economy

Regulation in Network-type Industries (Yoshiro Miwa)

International Conference on the Japanese Economy (Fumio Hayashi)

The Tokyo/Siena Project on Comparing the Japanese and Italian Economies (Hiroshi Yoshikawa)

Econophysics in Macroeconomics (Hiroshi Yoshikawa)

Workshop on the Japanese Macroeconomy (Fumio Hayashi)

TRIO 2003 (Shin-ichi Fukuda)

Asian Crisis (Shin-ichi Fukuda)

Earnings Information and Stock Prices in Rate Regulated Industries (Takashi Obinata)

Sustainability of Population, Food, and Environment in Asia (Toru Iwami)

Economic Analysis of Centralization and Decentralization with Risk Management (Toshihiro Ihori)

1-2. The Field of International Comparative Studies of Japanese Firm

Electronic Society and the Marketing Research/Strategy (Hotaka Katahira)

Firm-Level Panel Analysis of Entry, Exit and Productivity: Japan and France (Kiyohiko G. Nishimura)

1-3. The Field of International Comparative Study of History and Institution

Economic Analysis of Law (Yoshiro Miwa)
Comparative Research on Fiscal Institutions (Naohiko Jinno)

Economic Analysis about Transaction Law in Network Industries (Noriyuki Yanagawa)

Historical Analysis of Production Organization (Tetsuji Okazaki)

2. Statistical and Historical Material Program

2-1. The Field of Statistical and Historical Material of Japanese Economy

Japanese Firms in 1940s (Haruhito Takeda)
 Historical Study on *Minami Yamashiro*
 (Southern Part of Yamashiro District)
 (Masayuki Tanimoto)

2-2. The Field of Joint Research of Statistical and Historical Material Analysis

On Statistical Foundations of Insurance and Finance (Naoto Kunitomo)

CIRJE Discussion Paper Series

Most discussion papers from the past five years can be downloaded from our website.

The CIRJE Discussion Paper Series also contributes to RePEc (<http://ideas.uqam.ca/>), one of the largest databases dedicated to Economics.

The 21st Century Center of Excellence (COE) Program

This year the Faculty of Economics submitted two proposals to the Social Science Division of the 21st Century Center of Excellence (COE) Program – one for establishing the Research Center for the Relationship between Market Economy and Non-Market Institutions (Chief Organizer: Professor Hiroshi Yoshikawa) and another for establishing the Productive Management Research Center (Chief Organizer: Professor Takahiro Fujimoto). To the greatest delight of the Faculty, both proposals won the grants from the Ministry of Education and Science. Each center is expected to get fundings at least until the end of 2007 academic year. The Productive Management Research Center has set up its own office at Hongo-san-chome and began its activities vigorously. The Market and Non-Market Research Center, on the other hand, is designed to make full use of the rich research and educational resources accumulated in the Faculty. In particular, it plans to collaborate extensively with CIRJE in order to promote cooperative interactions with first rate

researchers both from abroad and Japan. The recent integration of national economies into a single global market has given rise to conflicts between global market standards on one hand and national government institutions and country-specific cultural norms on the other. These conflicts have created an urgent need to identify ways to bridge the gap between market economy and non-market institutions. The aim of the Market Economy and Non-Market Institutions Research Center is to provide a comprehensive investigation into their relationships using a variety of methodology: microeconomic theory, macroeconomic studies, econometrics, and economic history. Its ultimate goal is to create a center for learning that is so unique in its standards for creativity and excellence that the rest of the world research community will come to refer to it as the “Tokyo School.” CIRJE will be an ever busier place in the years to come.

Workshops

Current workshop schedules can be found on CIRJE's website (<http://www.e.u-tokyo.ac.jp/cirje/index>).

Microeconomics Workshop

We invite a broad range of speakers to discuss the latest research topics in microeconomics. The workshop is held every Tuesday from 4:50pm to 6:30pm throughout the academic year. Faculty members and graduate students of the University of Tokyo regularly attend the workshop, but it is also open to all economists who are interested in the topic. The latest seminar schedule can be found on the CIRJE's website. Recent guest speakers in the Microworkshop are listed below.

Recent Speakers:

Kazuya Kamiya (University of Tokyo), Keizo Mizuno (Kwansei Gakuin University), Xu Peng (Hosei University), Yutaka Suzuki (Hosei University), In Ho Lee (Seoul National University), Serguey Braguinsky (State University of New York at Buffalo), Wataru Ohta (Nagoya University), Sougata Poddar (National University of Singapore), Hiroshi Ohashi (University of Tokyo), Daisuke Nakajima (Princeton University), Satoru Takahashi (Harvard University), Yakov Ben-Haim (Technion - Israel Institute of Technology), Sharon Novak (Northwestern University), Hideo Owan (Washington University in St. Louis), Naoki Kakita (Toyama University), Reiko Aoki (University of Auckland and Hitotsubashi University), Hideshi Itoh (Hitotsubashi University), Chongwoo Choe (Australian Graduate School of Management), Hideki Konishi (Gakushuin University), Hitoshi Matsushima (University of Tokyo), Makoto Hanazono (Kyoto University), Yasushi Asako (Hitotsubashi University), Quan Wen (Vanderbilt University), Toshiji Kawagoe (Future University Hakodate), Takashi Ui (Yokohama National University), Hisahiro Naito (Osaka University), Jota Ishikawa (Hitotsubashi

University), Takeru Doi (Keio University), Hirokazu Takizawa (RIETI), Shingo Ishiguro (Osaka University)

Macroeconomics Workshop

This workshop is a leading forum for academic research in Japan. In the past year we have hosted over 40 seminars on a broad range of topics including macroeconomics, money and banking, development, public finance, industrial organization, development, finance, and labor economics. We welcome faculty and students from the University of Tokyo and the economics community more generally. Our schedule is circulated among other leading universities and research institutions and is also posted to the CIRJE homepage. Our regular meeting time and venue is Thursdays from 4:50pm to 6:30pm in Lecture Hall No.4 on the 3rd floor of New Economics Building. Additional seminars are also arranged to accommodate the schedules of guest speakers. The current coordinators of the workshop are R. Anton Braun, Yuji Genda and Isao Ishida. A partial list of speakers who presented in the macroeconomics workshop during the 2003 academic year follows below.

Recent Speakers:

Daniel L. Thornton (Federal Reserve Bank of St. Louis), Takatoshi Ito (Research Center for Advanced Science and Technology, University of Tokyo), Ryo Kato (Bank of Japan), Yuji Genda (University of Tokyo), Tsutomu Miyagawa (Gakushuin University), Masaya Sakuragawa (Keio University), Kenji Wada (Keio University), Etsuro Shioji (Yokohama National University), Robert Dekle (University of Southern California), Jonathan Morduch (New York University), Yasuyuki Sawada (University of Tokyo), Sung Jin Kang (Tsukuba University), Takao Kato (Colgate University), Lawrence J. Christiano (Northwestern University), Katsutoshi Wakai (State University of New York at Buffalo), Nobuhiro Kiyotaki (London School of

Economics), Tsuyoshi Ooyama (BOJ), Masao Ogaki (Ohio State University), Kosuke Aoki (Pompeu Fabra University and BOJ), Susanto Basu (University of Michigan), J. Mark Ramseyer (Harvard University and University of Tokyo), Qiang Zhang (University of Memphis), Shingo Goto (UCLA), Zheng Liu (Emory University), Takashi Kano (Bank of Canada), Douglas Joines (University of Southern California), Satoshi Shimizutani (ESRI, Cabinet Office, Government of Japan), Don Schlagenhauf (Florida State University), Edward Prescott (Arizona State University), Makoto Saito (Hitotsubashi University), Shin-Ichi Nishiyama (BOJ), Yasuyuki Todo (Tokyo Metropolitan University), Isamu Yamamoto and Sachiko Kuroda (BOJ), Gauti Eggertsson (IMF), Liran Einav (Stanford University), Kiyohiko G. Nishimura (University of Tokyo), Robert F. Owen (University of Nantes)

The Workshop on Modern Business Organizations

The goal of this workshop is to promote communication among researchers in the area of corporate strategy and organizational behavior. The workshop accomplishes this goal by providing researchers with a forum where they can present and discuss their research. The workshop is designed to complement professional conferences, which typically focus on work at an advanced stage of development. The workshop provides, in contrast, a forum where researchers can present work that is in early stages of development, exchange ideas, and develop a mutual understanding of research through an intense discussion between the presenter and attendees. These workshop activities help to enhance our understanding of strategy and organizational behavior.

The workshop was organized in June 1995, and is held on average twice a month during the academic year. The workshop is normally held in Lecture Hall No.3 on the 3rd floor or No.5 on the 4th floor of the Economics building from 15:00 to 18:00 on

Wednesday.

The recent presentations include: "Recent Automobile Industry in China" (Mitsuhiro Seki, Hitotsubashi University), "Modular Strategy and Organizational Capability of Suppliers" (Seung-hwan Ku, Kyoto Sangyo University), "Corporate Strategy and Behavior in the Alternative Technologies Market" (Masaya Miyazaki, Tokyo Metropolitan University), "Information Management and Strategy of Online Shops" (Miho Nojima, Seikei University).

The Applied Statistics Workshop

Applied Statistics including Econometrics, Financial Econometrics, and Economic Statistics

The main purpose of this workshop is to promote communication among researchers and teach graduate students various topics in the area of applied statistics. We interpret applied statistics broadly to include research from the areas of econometrics, financial econometrics and economic statistics. And seminars on spatial statistics and spatial econometrics are often organized jointly by this workshop and the Center for Spatial Information Science (CSIS) at the University of Tokyo.

Recent Speakers:

Yoshihiko Nishiyama (Kyoto University), Yuichi Kitamura (University of Pennsylvania), Masahito Kobayashi (Yokohama National University), Masaaki Shibuya (Takachiho University), Satoru Kanoh (Hitotsubashi University), Hidehiko Ichimura (University College London)

Urban Economics Workshop

This workshop is organized by faculty members and graduate students at the University of Tokyo, who are interested in urban economics, economic geography,

transportation economics, and the economics of regulation. The workshop occasionally invites outside researchers working urban economics and related fields such as environmental economics, public economics and development economics. The workshop usually meets on a monthly basis with two speakers.

Political Economy Workshop

The purpose of this workshop is to promote communication among researchers in the area of political economy. The participants are mainly faculty members and graduate students of the University of Tokyo, but the workshop is open to all political economists who are interested in this topic. Professors Michiaki Obata and Tokutaro Shibata are coordinating this year's workshop. The speakers are invited from various universities and institutions.

Recent Speakers:

Kenji Ago (Seinangakuin University), Masashi Shimizu (Kagawa University), Wonjung Kim (Chiba University of Commerce), Yoshiaki Miyajima (GS of Economics, University of Tokyo)

Research Meeting on Economic History

The purpose of this workshop is to promote communication among researchers, mainly faculty members and graduate students of the University of Tokyo, specializing in economic history. The workshop also invites outside researchers from Japan and the rest of the world. The workshop is normally held on Monday evening every week during the semester.

Recent Speakers:

Hartmut Kaelble (Humboldt University Berlin), Harry Kitsikopoulos (New York

University), Wang Jian (University of Tokyo), Shunsuke Nakaoka (University of Tokyo), Isao Hirota (University of Tokyo)

The Research Group on the Asian Automobile Industry

This has been a very busy year for The Research Group on the Asian Automobile Industry. The number of attendants also had been very large (in some of the meetings over 40 people participated), and we have had a hard time finding a room that is large enough for the audience. Ge Dongsheng and Xu Jingming started to work as organizers for the group after Yoshinori Konno, Ja Ma and S. Ku. We held 8 regular meetings in 2003. The speakers included business practitioners, industry analysts, academic researchers, and graduate students. The topics included three on China, three on ASEAN and two on Japan. Reflecting our growing interests in China's industrial competitiveness, we had seminars relating to China more often than average this year. In addition, some of the core members of this research group including Takahiro Fujimoto started a project on the impact of changes of product architecture on industrial performance in China and other Asian countries. Our research on the automobile industry is as active as ever. Recent speakers in the workshop are listed below.

Recent Speakers:

Mao Yunshi (Zhongshan University); Ito Hiroshi (former Honda staff); Koichi Shimokawa (Tokai Gakuen University); Mori and Tanji (Roland Berger and Partner Japan); Takeshi Kasuga (Japan Bank for International Cooperation); Kozo Shiraji (Mitsubishi Corporation); Tomoo Maruyama (University of Tokyo); Takahiro Tomino (Meiji University)

Research Staff



Naoto Kunitomo



Fumio Hayashi



Yoshiro Miwa



Tatsuo Hatta

Director

Naoto Kunitomo

(University of Tokyo)
April 1, 2003-
<http://www.e.u-tokyo.ac.jp/fservice/faculty/kunitomo/kunitomo.j/frontpage.kunitomo.j.htm>

Naoto Kunitomo has been interested in statistics and its applications including the areas of econometrics, mathematical finance, financial econometrics, and economic statistics. As an author and/or co-author, he has written widely on statistical issues in relation to economics and management sciences. After finishing MA in statistics and Ph.D in economics at Stanford University, he taught at Northwestern University temporarily and joined the University of Tokyo in 1982.

Professors

Fumio Hayashi

(University of Tokyo)
October 1, 1999-
<http://www.e.u-tokyo.ac.jp/fservice/faculty/hayashi/hayashi.j/frontpage.hayashi.j.htm>

Areas of special interest: Macroeconomics and Applied Econometrics

Yoshiro Miwa

(University of Tokyo)
April 1, 2001-
<http://www.e.u-tokyo.ac.jp/fservice/faculty/miwa/miwa.j/frontpage.miwa.j.htm>

Areas of special interest: Industrial Organization, Regulation, Law and Economics

Tatsuo Hatta

(University of Tokyo)
August 1, 1999-
<http://www.e.u-tokyo.ac.jp/cirje/faculty/hatta/japanese/frontpage.htm>

Areas of special interest: Public Economics, Urban Economics and Trade Theory

Associate Professor

R. Anton Braun

(University of Tokyo)
April 1, 2001-
<http://www.e.u-tokyo.ac.jp/fservice/faculty/braun/braun.j/frontpage.braun.j.htm>

Areas of special interest: Monetary Economics and Fiscal Policy

Visiting Professors

Yoichi Kobayakawa

The Ryojiro Kojima Chair of the Japanese Economy and Industry (Chubu University)
June 1, 2002 - March 31, 2003

Areas of special interest: Japanese Business History, *Zaibatsu*, Business Networks and Economic Development

Tsuneo Suzuki

The Ryojiro Kojima Chair of the Japanese Economy and Industry (Gakushuin University)
June 1, 2002 - March 31, 2003

Areas of special interest: Business History and Industrial Evolution

Ryo Kambayashi

(Tokyo Metropolitan University)
April 1, 2003 - September 30, 2003

Labor economics is the main research field of Ryo Kambayashi, which contains from historical narratives to modern statistical studies. His dissertation is constructed from three papers which describe how the labor market of the silk reeling industry of Suwa district had worked well during the first quarter of the 20th century. Recently he is engaged in a law and economics study in modern Japanese labor market, centered on the economic effect of one judicial precedent about dismissal.

Fukuju Yamazaki

(Sophia University)
October 1, 2003 - March 31, 2004

Fukuju Yamazaki's interest is in Urban Economics and Law and Economics. First of his investigation subject is to estimate the optimum charges on peak load users of urban transportation services. By introducing the congestion charge at peak time that can successfully control the congestion externality, we can realize desirable urban environment and optimal resource allocation.

Second, he explores how the civil law system of Japan brings inefficient allocation of resources. Especially, the tenure security law and the law about land collateral produce additional risks to land owners and lenders of loans, because the *ex ante* priority rule among stake holders can be violated by the judgment in the *ex post*.



R. Anton Braun



Yoichi Kobayakawa



Tsuneo Suzuki



Ryo Kambayashi



Fukuju Yamazaki



Jonathan J. Morduch



Sharon Novak



Nobuhiro Kiyotaki

Jonathan J. Morduch

(New York University, USA)

April 1, 2003 - June 30, 2003

(Stayed as a Short Term Visitor from October 1, 2002 - March 31, 2003 and July 1, 2003 - July 31, 2003.)

Jonathan Morduch's recent research focuses on financial innovations including contracts that allow banks to serve populations without collateral ("microfinance") and new approaches to delivering insurance. He is completing a book on *The Economics of Microfinance* and is involved in empirical projects on financial access in Asia.

While visiting the University of Tokyo, Morduch also completed research on "The Strategy of Global Public Goods" with Professor Akihiko Matsui. Providing "global public goods" like financial architecture and environmental improvements are increasing priorities for the World Bank, United Nations, and other development agencies. Matsui and Morduch's research provides a game-theoretic analysis of ways that countries can influence the provision of global public goods to further their own interests. The paper was presented in fall 2003 at conferences at New York University and Yale University.

Morduch received his Ph.D in Economics from Harvard in 1991 and has taught at New York University since 2000. He previously taught at or held visiting positions at Harvard, Stanford, and Princeton. His visit to Tokyo was also supported by an Abe Fellowship from the Japan Foundation Center for Global Partnership. Morduch was recently named as chairman of United Nations Expert Committee on Measuring Poverty.

Sharon Novak

(Northwestern University, USA)

July 1, 2003 - December 31, 2003

Sharon Novak works primarily on analysis and management of supply chains. Her specific research focuses on the interaction between product development and the make/buy decision in affecting the transaction costs faced by the firm. This research is based on ongoing original data collection in luxury automobile design and production worldwide. Current projects include: (1) a detailed examination of complementarities in vertical integration decisions in the auto industry (joint with Scott Stern), (2) the effects on warranty cost of buyer involvement with supplier product development (joint with Sridhar Tayur), and (3) analysis of the interaction of product complexity and contract structure in determining bid pricing for parts supply contracts (joint with Peter Klibanoff).

Nobuhiro Kiyotaki

Kojima Distinguished Fellow

(London School of Economics and Political Science, UK)

July 1, 2003 - August 22, 2003

Nobuhiro Kiyotaki has been studying the interaction between liquidity, asset price and aggregate economic activities over the business cycles. In joint research with John Moore, he asks: Under what environment circulation of private securities essential for smooth running of the economy? What are the causes and symptoms of liquidity shortages? What role government policy might have through open market operations

that change the mix of assets? He gave guest lectures to graduate students on this topic, and also gave a seminar on his recent study on worker and job flows.

Short Term Visitors

Harry Kitsikopoulos

(New York University, USA)

May 13, 2003 - June 1, 2003

Harry Kitsikopoulos' research focuses, among other things, on the social and economic determinants of technological change in medieval England. While at CIRJE, he presented a paper referring to the choice of crops and field systems by manors in the wider London region. A version of this paper was published in *Agricultural History* (summer 2003). Another paper presented in Japan, measuring the productivity of medieval field systems, is forthcoming in *The Journal of Economic History*.

Robert Dekle

(University of Southern California, USA)

May 17, 2003 - June 7, 2003

Robert Dekle worked with Professor Shin-ichi Fukuda on modeling the exchange rate response of export volumes for Japanese firms. Dekle found that the exports of Japanese firms respond significantly to exchange rate fluctuations. Moreover, he found that Japanese firms extensively hedge in the financial markets.

Haider A. Khan

(University of Denver, USA)
July 1, 2003 - July 29, 2003

Haider A. Khan's research during his stay at CIRJE, focused on the relationship between the components of Japanese foreign aid and various macroeconomic variables in the recipient countries. He produced a paper for the CIRJE discussion papers series.

Douglas H. Joines

(University of Southern California, USA)
October 14, 2003 - October 25, 2003

Douglas H. Joines uses large-scale, overlapping-generations models of general equilibrium to study issues in applied public finance. During his visit he presented a paper in the macroeconomics workshop on the question of whether privatizing an unfunded public pension system can lead to welfare improvements for all current and future generations. In addition, he gave a guest lecture in Professor R. Anton Braun's course, "Topics in Growth Theory." The lecture dealt with computational issues in using overlapping generations models to study questions in public finance and other areas.

William Edward Strawderman

Department of Statistics,
Rutgers University, USA
2003.3.30 - 2003.4.10

Masanao Aoki

Department of Economics, University of
California, Los Angeles, USA
2003.4.10 - 2003.6.15
2003.9.25 - 2003.12.15:

Jacques-François Thisse

CORE, Université catholique de Louvain,
Belgium
2003.5.2 - 2003.5.11

Yuichi Kitamura

Department of Economics,
University of Pennsylvania, USA
2003.5.28 - 2003.6.4

Lawrence J. Christiano

Department of Economics,
Northwestern University, USA
2003.6.26 - 2003.7.2

Jonathan J. Morduch

Department of Economics,
New York University, USA
2003.7.1 - 2003.7.31

Hidehiko Ichimura

Department of Economics,
University College London, UK
2003.7.1 - 2003.8.31

Jong-Hyun Wi

Faculty of Business Administration,
Chung-Ang University, Korea
2003.7.1 - 2003.8.29

Masao Ogaki

Department of Economics,
Ohio State University, USA
2003.7.29 - 2003.8.20

Pierre Picard

School of Economic Studies,
University of Manchester, UK
2003.8.16 - 2003.8.30

Sung Jin Kang

Department of Economics,
Korea University, Korea
2003.9.26 - 2003.9.30

Qiang Zhang

Fogelman College of Business and
Economics, University of Memphis, USA
2003.9.28 - 2003.10.2

Patricia Ann Nelson

University of Edinburgh Management
School, UK
2003.10.6 - 2004.1.31

Zheng Liu

Department of Economics,
Emory University, USA
2003.10.6 - 2003.10.10

Dario Ikuo Miyake

Department of Production Engineering,
Polytechnic School, University of San
Paulo, Brasil
2003.10.6 - 2004.2.29

Johannes Moenius

Kellogg Graduate School of Management,
Northwestern University, USA
2003.10.14 - 2003.10.24

Edward C. Prescott

Department of Economics,
Arizona State University, USA
2003.10.27 - 2003.10.31

Alain Plessis

Professor Emeritus, Université de Paris
X-Nanterre, France
2003.11.4 - 2003.11.14

Robert F. Owen

Department of Economics,
University of Nantes, France
2003.11.17 - 2003.11.23
2003.12.16 - 2003.12.23

Gauti Bergthorsson Eggertsson

Asia Pacific Department,
International Monetary Fund, USA
2003.11.28 - 2003.12.1

Atsushi Inoue

Department of Agricultural and
Resource Economics, North Carolina
State University, USA
2003.12.22 - 2003.12.31

Research Associates**Munetomo Ando**

(University of Tokyo)
April 1, 2003 - September 30, 2003

Munetomo Ando's major fields of research are contract theory and game theory. He is currently conducting an analysis of macroeconomic dynamics in developing countries as an application of contract theory. He also has an interest in the analysis of economic contests and tournaments.

Ikumo Isono

(University of Tokyo)
October 1, 2003 - March 31, 2004

Ikumo Isono's major fields of research are spatial economics and urban economics. Using the framework of new economic geography, he is currently analyzing the impacts of firms' pricing strategies on social welfare and spatial agglomeration of economic activities. He also has a great interest in product differentiation and spatial competition.

Discussion Paper Series

F-Series (in English)

CF-252. Braun, R. Anton and Etsuro Shioji, "Monetary Policy and the Term Structure of Interest Rates in Japan", December 2003.

CF-251. Braun, R. Anton and Etsuro Shioji, "Monetary Policy and Economic Activity in Japan and the United States", December 2003.

CF-250. Braun, R. Anton and Etsuro Shioji, "Aggregate Risk in Japanese Equity Markets", December 2003.

CF-249. Takahashi, Akihiko and Nakahiro Yoshida, "Monte Carlo Simulation with Asymptotic Method", November 2003.

CF-248. Takahashi, Akihiko and Nakahiro Yoshida, "An Asymptotic Expansion Scheme for the Optimal Investment Problems", November 2003.

CF-247. Fukuda, Shin-ichi and Sanae Ohno, "Exchange Rate Regimes in East Asia after the Crisis: Implications from Intra-daily Data", November 2003.

CF-246. Michihiro Kandori and Ichiro Obara, "Less is More: An Observability Paradox in Repeated Games", November 2003.

CF-245. Kunitomo, Naoto and Akihiko Takahashi, "Applications of the Asymptotic Expansion Approach based on Malliavin-Watanabe Calculus in Financial Problems", November 2003.

CF-244. Matsushima, Hitoshi, "Implementation and Preference for Honesty", October 2003.

CF-243. Okazaki, Tetsuji, "'Voice' and 'Exit' in Japanese Firms during the Second World War: Sanpo Revisited", October 2003.

CF-242. Matsushima, Hitoshi, "Repeated Games with Private Monitoring: Two Players", October 2003.

CF-241. Okazaki, Tetsuji, Michiru Sawada and Kazuki Yokoyama, "Measuring the Extent and Implications of Director Interlocking in the Pre-war Japanese Banking Industry", October 2003.

CF-240. Miwa, Yoshiro and J. Mark Ramseyer, "Conflicts of Interest in Japanese Insolvencies: The Problem of Bank Rescues", September 2003.

CF-239. Miwa, Yoshiro and J. Mark Ramseyer, "Does Relationship Banking Matter? Japanese Bank-Borrower Ties in Good Times and Bad", August 2003.

CF-238. Shimizu, Chihiro, Kiyohiko G. Nishimura and Yasushi Asami, "Measuring the Cost of Imperfect

Information in the Tokyo Housing Market", August 2003.

CF-237. Kunitomo, Naoto and Yukihiro Matsushita, "Asymptotic Expansions of the Distributions of Semi-Parametric Estimators in a Linear Simultaneous Equations System", August 2003.

CF-236. Jimenez, Emmanuel and Yasuyuki Sawada, "Does Community Management Help Keep Kids in Schools? Evidence Using Panel Data from El Salvador's EDUCO Program", July 2003.

CF-235. Sawada, Yasuyuki, "Immiserizing Growth: An Empirical Evaluation", July 2003.

CF-234. Kang, Sun Jin and Yasuyuki Sawada, "Credit Crunches and Household Welfare: The Case of the Korean Financial Crisis", July 2003.

CF-233. Khan, Haider A., "The Future of Japanese Aid to South and Southeast Asia: A Comparative Analysis", July 2003.

CF-232. Nishimura, Kiyohiko G. and Hiroyuki Ozaki, "Liquidity Motives of Holding Money under Investment Risk: A Dynamic Analysis", July 2003.

CF-231. Khan, Haider A., "Digital Transitions: The POLIS Theory and the NIEs", July 2003.

CF-230. Khan, Haider A., "Corporate Governance: The Limits of the Principal-Agent Approach in Light of the Family-Based Corporate Governance System in Asia", July 2003.

CF-229. Khan, Haider A., "Corporate Governance of Family-Based Business in Asia: Which Road to Take?", July 2003.

CF-228. Khan, Haider A., "Corporate Governance in Singapore and Hong Kong: What Can the Other Asian Economies Learn?", July 2003.

CF-227. Okazaki, Tetsuji, "Selection and Imitation in Institutional Evolution: Analysis of Institutional Change in Japan, 1960-1999", June 2003.

CF-226. Matsui, Muneya and Akimichi Takemura, "Empirical Characteristic Function Approach to Goodness-of-Fit Tests for the Cauchy Distribution with Parameters Estimated by MLE or EISE", June 2003.

CF-225. Dekle, Robert and Kenneth Kletzer, "The Japanese Banking Crisis and Economic Growth: Theoretical and Empirical Implications of Deposit Guarantees and Weak Financial Regulation", May 2003.

CF-224. Ago, Takanori, Ikumo Isono

and Takatoshi Tabuchi, "Locational Disadvantage and Losses from Trade: Three Regions in Economic Geography", May 2003.

CF-223. Tabuchi, Takatoshi and Jacques-François Thisse, "Regional Specialization, Urban Hierarchy, and Commuting Costs", May 2003.

CF-222. Nishimura, Kiyohiko G., Takanobu Nakajima and Kozo Kiyota, "Does Natural Selection Mechanism Still Work in Severe Recessions? -- Examination of the Japanese Economy in the 1990s--", May 2003.

CF-221. Omori, Yasuhiro and Toshiaki Watanabe, "Block Sampler and Posterior Mode Estimation for a Nonlinear and Non-Gaussian State-Space Model with Correlated Errors", May 2003.

CF-220. Kamiya, Kazuya and Dolf Talman, "Random Matching Models and Money: The Global Structure and Approximation of the Set of Stationary Equilibria", May 2003.

CF-219. Nishimura, Kiyohiko G. and Hiroyuki Ozaki, "A Simple Axiomatization of Iterated Choquet Objectives", May 2003.

J-Series (in Japanese)

CJ-100. Kobayashi, Takao, "Credit Risk Modeling Approaches", November 2003.

CJ-99. Iwami, Toru, "Global Sustainability of Population and Food", October 2003.

CJ-98. Kamiya, Takayasu and Yoshitsugu Kanemoto, "The Structure of Fiduciary Duties: As Approached through Law & Economics", October 2003.

CJ-97. Okazaki, Tetsuji, "Mitsubishi Bank under the Showa Financial Crisis, 1927: The Crisis observed through the Daily Financial Data", October 2003.

CJ-96. Omori, Takuma, Yuzo Hirano and Tokutaro Shibata, "Tripolar Structure of the International Banking and Financial Markets -- Transformation in the 1990s --", August 2003.

Discussion Papers are available on CIRJE's website.
<http://www.e.u-tokyo.ac.jp/cirje/index>

Director

Naoto Kunitomo (Professor, CIRJE and Faculty of Economics, University of Tokyo)

Advisors

Yonosuke Hara (Professor, Interfaculty Initiatives for Information Studies,
Institute of Oriental Culture, University of Tokyo)

Masahiro Kuroda (Professor of Business and Commerce, Vice President of Keio University)

Hugh Patrick (Professor, Director of Center on Japanese Economy and Business, Columbia Business School)

Juro Teranishi (Professor, Institute of Economic Research, Hitotsubashi University)

Naohiro Yashiro (President, Japan Center for Economic Research)

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Tatsuya Kubokawa (Professor, Faculty of Economics, University of Tokyo)

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