

# Newsletter

Contents

February 2005, No.7

**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, analyze, and disseminate economic data as well as historical and management data in Japan. CIRJE 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 for insurance and finance, with 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.

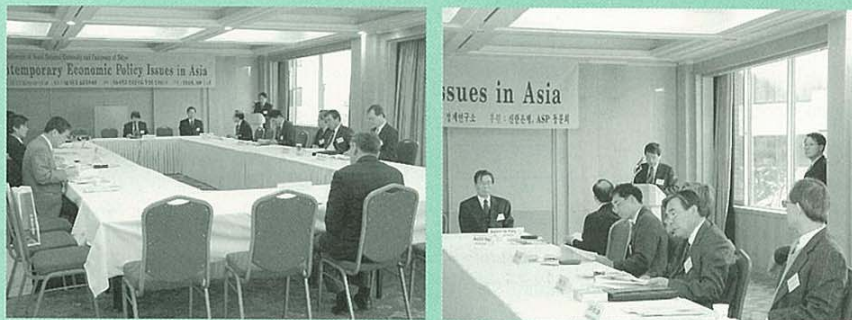
As research activities of CIRJE, we regularly circulate two series of Discussion Papers in Japanese (J-series) and in foreign languages (F-series), and a new series of Research Reports. We also support a large number of workshops each week (Workshops on micro, macro, economic history, urban economics, the applied statistics, *etc.*). Detailed information on Discussion Papers and Workshops has been circulated by announcements and has been in public by means of our Web-page.

Fumio Hayashi, a CIRJE member, has received a sizable grant from the Ministry of Education and Science 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 three of the groups and Professor Hayashi leads the coordinating committee, which oversees research in the six 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. CIRJE has also assisted many research activities of The 21st Century Center of Excellence (COE)

Program (The leader is Professor Hiroshi Yoshikawa.) supported by the Ministry of Education and Science.

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: Patricia Nelson, Patrick Fridenson, Tae Hoon Oum, Yuichi Kitamura, Hiroyuki Nakata, Karthi Kalyanam, Alan Faure, Tatiana Dimoni, Edward Prescott, Giorgio Brunello, T. W. Anderson, and other scholars. We would like to congratulate one of the visitors, Professor Edward Prescott, for receiving the 2004 Year Nobel Prize in Economics.

CIRJE has been fostering international exchanges by hosting international conferences. This year, CIRJE hosted seven international conferences: (1) Northwestern University - University of Tokyo Conference on Sources and Propagation of Macroeconomic Impulses; (2) Asian Crisis VI; (3) Contemporary Economic Policy Issues in Asia (at Seoul National University); (4) Conference on Monetary Policy under Very Low Inflation Rates (EASE15); (5) The First Asian Workshop on General Equilibrium Theory (GETA 2004); (6) Conference on Evaluating Government Policy through Social Experimentation; (7) The NBER/CIRJE/EIJS/CEPR Japan Project Meeting.



Conference on Contemporary Economic Policy Issues in Asia, at Hoam Faculty House, Seoul National University, Korea, February 1, 2004

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

# Conferences

## Northwestern University- University of Tokyo Conference on Sources and Propagation of Macroeconomic Impulses

Center for International Research on the Japanese Economy, Faculty of Economics, The University of Tokyo and The Center for International Economics and Development, Northwestern University

Faculty Meeting Room of Economics Building, University of Tokyo, July 9-10, 2004

A substantial fraction of the funding for this conference is provided by The 21st Century Center of Excellence Program of the Japanese Ministry of Education, "The Research Center for the Relationship between Market Economy and Non-Market Institutions", "Empirical Analysis and Design of Economic Systems" (Grant-in-Aid for Scientific Research on Priority Areas), and Tokyo Electric Power Company.

On July 9 and 10, 2004 an international conference on macroeconomics was held at the University of Tokyo. The conference was organized by the Center for International Research on the Japanese Economy (CIRJE), and the Center for International Economics and Development at Northwestern University. The 21st Century Center of Excellence (COE) Grant provided significant funding for the conference. Other sources of funding included "Empirical Analysis and Design of Economic Systems" (Grant-in-Aid for Scientific Research on Priority Areas), a grant from CIRJE, the Center for International Economics and Development.

International participants in the conference included economists from leading research institutions in Asia, Europe, Latin America and the US. Most local participants were professors and graduate students from the University of Tokyo economics department. However, a limited number of professors/researchers from other leading Japanese research institutions also participated.

Nine papers were presented in this

conference over a two day period. The scope of these papers ranged widely covering some of the most important research questions in economics including: optimal exchange rate and monetary policy, international flows of financial and foreign direct investment, the US great depression, nonperforming loans in Japan and the industrial revolution. The papers produced so much discussion that sessions regularly had to be extended beyond their scheduled time to give everybody a chance to make their comments.

### PROGRAM

#### July 9, 2004

**Chair: Lawrence Christiano**  
(Northwestern University)

Carlos Vegh (UCLA), "Optimal Monetary Policy under Asset Market Segmentation" : Discussant: Pablo Neumeyer (Universidad Torcuato di Tella)

Martin Eichenbaum (Northwestern University) and Ariel Burstein (UCLA), "Large Devaluations and the Real Exchange Rate" : Discussant: Michael Devereux (UBC)

**Chair: Martin Eichenbaum**  
(Northwestern University)

Ariel Burstein (UCLA), "North-South



Ricardo Caballero (MIT)'s presentation. Discussant: Lars Hansen (University of Chicago), Chair: Edward Prescott (Arizona State University)

International Mobility of Entrepreneurs": Discussant: R. Anton Braun (University of Tokyo)

Levon Barseghyan (Cornell University), "Non Performing Loans, Prospective Bailouts, and Japan's Slowdown": Discussant: Fumio Hayashi (University of Tokyo)

Charles Engel (University of Wisconsin) and Michael Devereux (UBC), "Expenditure Switching vs. Real Exchange Rate Stabilization: Competing Objectives for Exchange Rate Policy" : Discussant: Giancarlo Corsetti (European University Institute)

#### July 10, 2004

**Chair: Fumio Hayashi**  
(University of Tokyo)

Joel Mokyr (Northwestern University), "Long-term Economic growth and the History of Technology" : Discussant: V.V. Chari (University of Minnesota)

Lawrence Christiano (Northwestern University), "The Great Depression and the Friedman-Schwartz Hypothesis" : Discussant: Edward Prescott (Arizona State University)

Marc J. Melitz (Harvard University), "International Trade and Macroeconomic Dynamics with Heterogeneous Firms" : Discussant: Hugo Hopenhayn (UCLA)

**Chair: Edward Prescott**  
(Arizona State University)

Ricardo Caballero (MIT), "Insurance and Reserves Management in a Model of Sudden Stops" : Discussant: Lars Hansen (University of Chicago)

## Asian Crisis VI: Financial Crisis and Economic Growth

August 30-31, 2004

Venue: Economics Building, University of Tokyo

Organizers: Shin-ichi Fukuda, Kar-yiu Wong, Joshua Aizenman, Chung Mo Koo, Jeff Chien-Fu Lin, Ramkishan S. Rajan, and Thomas D. Willett

Sponsored by "Empirical Analysis and Design of Economic Systems" (Grant-in-Aid for Scientific Research on Priority Areas), and Kojima Chair

This conference is a part of our research project to construct new theories of international finance and to examine their empirical relevancy in East Asia. The project tries to provide both theoretical and empirical analysis on what system is desirable for the current international finance environments in East Asia. We particularly focus on the analysis of "crisis in East Asian money markets". The Asian crisis in 1997 called for a large number of papers that would provide a prescription of possible crises in the future. We have, however, not reached a definitive conclusion on what system is desirable for the current East Asian economy.

The conference follows our previous conferences "The Asian Crisis III: The Crisis and the Recovery" in Tokyo in 2001, "The Asian Crisis IV: The Recovery and the Rest of the World" in Taiwan in 2002, and "The Asian Crisis V: New Challenges and Opportunities for the Post-Crisis Asia" in Korea in 2003. The conference was successful with more than 35 participants from all over the world. They include Joshua Aizenman (UC Santa Cruz), John Fernald (Federal Reserve Bank of Chicago), Kar-yiu Wong (University of Washington), and Takatoshi Ito (University of Tokyo). The details are available at <http://faculty.washington.edu/karyiu/confer/tok04/index.htm>

### CIRJE Conference

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

## "Contemporary Economic Policy Issues in Asia"

February 1, 2004

Venue: Hoam Faculty House, Seoul National University, Seoul, Korea

Organizers: Institute of Economic Research, Seoul National University and CIRJE  
Sponsored by Shinhan Bank and ASP Alumni Association

CIRJE and the Institute of Economic Research at Seoul National University organized a conference, Contemporary Economic Policy Issues in Asia, on February 1, 2004. At the conference, two papers from University of Tokyo, and two papers from Seoul National University were presented, which covered common current policy issues of Korean and Japanese economies, such as fiscal and environmental policies, and the aftermath of the Asian Financial Crisis. These papers will be published as a special conference volume of *Seoul Journal of Economics*.

## The Fifteenth Annual East Asian Seminar on Economics (EASE 15)

June 25-27, 2004

Venue: Academy Hills, Roppongi, Tokyo  
Organizers: Takatoshi Ito and Andrew Rose  
Hosts: National Bureau of Economic Research, Tokyo Center for Economic Research

Co-hosts: Chung-Hua Institution for Economic Research, Korea Development Institute, Hong Kong University of Science and Technology, The Australian Productivity Commission, and CIRJE  
Sponsored by Tokyo Electric Power Company, *et al.*

The fifteenth annual *East Asian Seminar on Economics* (EASE 15) was held in Tokyo, Japan on June 25-27.

EASE-15 was organized around the topic of "Monetary Policy under Very Low Inflation Rates." Until about a decade ago, this would have seemed to be an issue of only academic - meaning negligible - interest. However, the advent of extremely low inflation since the late 1990s has brought this

macroeconomic issue to the forefront of policy discussions. As usual, academic interest has responded to this demand with a lag. Academic interest in the area is particularly high in Asia, for a number of reasons.

First and foremost, a number of important Asian countries have experienced deflation in the last fifteen years. Japan is perhaps the



Asian Crisis VI: Financial Crisis and Economic Growth (August 30-31, 2004), Conference and Reception

most prominent of these countries, but mainland China, Taiwan, and Hong Kong amongst others have also experienced persistently negative inflation rates. Some of these episodes are the result of fast growth on the supply side of the economy, which seems to have relatively benign effects. But inadequate aggregate demand policy can produce what is commonly referred to as a "liquidity trap" where the expectation of falling prices encourages agents to defer costly purchases, thereby discouraging growth. Second, monetary policy has been affected by the presence of a "zero-lower bound" (ZLB) on interest rates. A decade ago the ZLB might have been treated as a theoretical curiosity, but in the intervening period it has become a binding constraint. Third, inflation has fallen globally since the early 1990s, in large part as a result of newly independent central banks implementing explicit inflation targets strategies. Most of these policies have been successful, so that inflation rates above 3% are now rare in rich (and an increasing number of developing) countries. But inflation targets have been set low; perhaps so low that a few bad shocks can lead to the threat of deflation. For all these reasons, monetary policy in environments of very low inflation is a topic of great interest.

In the course of three days, ten papers were presented and two discussants for each paper led the discussion. Very active discussions followed each presentation and discussants' comments.

### Available on the web

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

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

## The First Asian Workshop on General Equilibrium Theory (GETA2004)

June 11, 2004

Venue: Mita Campus, Keio University  
Organizers: Chiaki Hara (Chair), Atsushi Kajii, Kazuya Kamiya, Shinsuke Nakamura  
Co-organized by: Kyoto University, Keio University, and University of Tokyo  
Sponsored by "The Research Center for the Relationship between Market Economy and Non-market Institutions" (The 21st Center of Excellence (COE) Program)

General Equilibrium Theory Workshop in Asia (GETA) was held at Keio University on June 11, 2004. As the name suggests, the main topic of GETA is the general equilibrium analyses of market economies and its direct applications to economic problems, such as finance theory and dynamic macroeconomics theory. However, this should not be taken as a restriction: GETA is also interested in related fields, such as the analyses of the nexus between market and non-market institutions, the aim of our 21st Century COE program. This year, we had nine presentations by four Japanese economists and five guests from foreign countries including prominent economists, Bernard Cornet, Laurent Calvet, and In-Koo Cho.

## Conference on Evaluating Government Policy through Social Experimentation

August 13, 2004

Venue: Lecture Hall C, Economics Building, University of Tokyo  
Organizer: Yoshitsugu Kanemoto  
Sponsored by "The Research Center for the Relationship between Market Economy and Non-market Institutions" (The 21st Center of Excellence (COE) Program)  
Co-Sponsored by CIRJE and the Graduate School of Public Policy

The Research Center for the Relationship between Market Economy and Non-market Institutions (The 21st Center of Excellence (COE) Program in the Graduate School of

Economics) hosted a conference on *Evaluating Government Policy through Social Experimentation* in August 13th, 2004, with two cosponsors, the CIRJE and the Graduate School of Public Policy. The conference had presentations of the use of social experiments in policy evaluation in the areas of road transportation, housing, economic development, and criminal policy. Recent advances in statistical techniques in this area were also presented.

## The Sixth Annual Japan Project Meeting (NBER/CIRJE/EIJS/CEPR)

September 1-2, 2004

Venue: Asian Development Bank Institute, Kasumigaseki Building, Tokyo  
Organizers: Magnus Blomström, Jennifer Corbett, Fumio Hayashi, and Anil Kashyap  
Co-organized by: NBER, EIJS, CEPR and CIRJE  
Sponsored by "Empirical Analysis and Design of Economic Systems" (Grant-in-Aid for Scientific Research on Priority Areas), *et al.*

The Sixth 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 1 and 2, 2004, at the Asian Development Bank Institute in the Kasumigaseki Building. More than 80 academics, private-sector economists, journalists, and policymakers from within and outside Japan participated. Eight papers were presented. Economists from Japan, Europe, and the US presented their in-house macroeconomic model to examine monetary policy under the zero-interest rate bound. Mr. Katsuya Okada, President of the Democratic Party, gave a lunchtime speech.

# Research Projects

## Ministry of Education The 21st Century Center of Excellence (COE) Program

The 21st Century COE Program "The Research Center for the Relationship between Market Economy and Non-market Institutions" (CEMANO; Project Leader, Professor Hiroshi Yoshikawa) aims to establish a place of research of such high intellectual standard that the rest of the research community will come to refer to our work as the "Tokyo School." We also wish to further enhance the global reputation of the Graduate School of Economics at the University of Tokyo through research and education into the interaction between the market economy and non-market institutions. Since being established in September 2003, CEMANO has fostered the international exchange of research and education based on a close relationship with the CIRJE. This annual report, the first for CEMANO, will explain the activities of our research center.

### (1) International Exchange of Research and Education:

(a) COE Visiting Fellows from Overseas: In 2003, the following scholars visited CEMANO: Ryuzo Sato (New York University), Avner Greif (Stanford University), Alan Auerbach (UC Berkeley), Kiminori Matsuyama (Northwestern University), and John Nachbar (Washington University). In 2004 (April to October), the following scholars visited: Drew Fudenberg (Harvard University), Eric Maskin (Princeton University), Masanao Aoki (UCLA), Toshihiko Mukoyama (Concordia University), Masao Ogaki (Ohio State University), Christopher Sims (Princeton University), Edward Prescott (Arizona State University), Andrew Postlewaite (University of Pennsylvania), David Schmeidler (Tel Aviv University), Xavier Vives (INSEAD), Eddie Dekel (Tel Aviv University), John Riew (Pennsylvania State University), Giorgio Brunello (University of Padova), Theodore W.

Anderson (Stanford University). Visiting COE Fellows from within Japan included Toshiji Kawagoe (Future University-Hakodate) who was in charge of Experimental Economics, and Kenji Wada (Keio University) and Etsuro Shioji (Yokohama National University) who were in charge of Macroeconomics. Welcome news was that one of our Fellows, Professor Edward Prescott, became a recipient of the Nobel Prize in Economics for 2004.

(b) In cooperation with CIRJE, CEMANO has established the interdisciplinary COE Distinguished Research Seminar Series and the COE Frontier Lecture Series. Guest lecturers have included (figures indicate the number of times appeared): Yujiro Hayami, Avner Greif, Kiminori Matsuyama, Eric Maskin, Masao Ogaki, Edward Prescott, Xavier Vives, Takeshi Amemiya, David Schmeidler, Andrew Postlewaite, Eddie Dekel, John Riew, John Nachbar (2), Drew Fudenberg (3), Eric Maskin (2), Masanao Aoki (6), Christopher Sims (2), Xavier Vives (3), Atsuko Ueda (1), David Schmeidler (3), Andrew Postlewaite (3), and Eddie Dekel (3). CEMANO also hosted, in conjunction with CIRJE, the following events: COE Micro-Workshop (25 meetings in 2003 including 11 foreign visitors; 52 times in 2004 including 22 foreign visitors), COE Macro-Workshop (25 meetings in 2003 with 11 foreign visitors; 46 times in 2004 with a total of 20 foreign visitors), the COE Applied Statistics Workshop (12 meetings in 2003 with 6 foreign visitors; 12 times in 2004 with a total of 6 foreign visitors), COE Urban Economics Workshop (6 meetings in 2003 and 8 in 2004) and Job Seminar for Oversea Young Researchers (10 in 2003 and 10 in 2004). (Some numbers are duplicated because of co-sponsorship).

(c) CEMANO also cooperated with CIRJE to host a number of international conferences. In 2003, NYU-University of Tokyo Symposium on Economic Recovery in US & Japan was held on November 14. In 2004, the First Asian Workshop on General Equilibrium Theory (GETA2004) was held on June 11; Northwestern-University of Tokyo Conference on Sources and Propagation of Macroeconomic Impulses was held on July 9-10;

and the COE Mini-Conference on Public Evaluation for Social Experimentation was held on August 13. CEMANO also cosponsored with UT Forum an international conference entitled "From Evolutionary Game to Japanese Management" at the Stockholm School of Economics, Sweden.

(d) CEMANO also hooked-up with Seoul National University to offer a Micro-Workshop, the first step in developing an Asian network.

(e) CEMANO also established the COE Discussion Paper (COE-DP) series as an international medium for disseminating research results. By October 2004, forty-five papers were published in English and thirteen in Japanese. The Discussion Papers are available for download from the CEMANO website.

(f) CEMANO has opened a website in English and Japanese. The homepage offers information on CEMANO's activities.

(g) In January of 2003 and 2004, CEMANO dispatched a representative to the American Economics Association Annual Meeting, whereupon many young scholars were interviewed and reviewed. Ten such scholars were invited in both years to a job seminar at University of Tokyo, among whom two young scholars in 2003 (one person of foreign nationality) and four in 2004 (three of whom had foreign nationality) were eventually hired as Tenure-track Assistant Professors. This increased the ratio of international faculty to over ten percent.

(h) CEMANO started a research and education program in the new field of experimental economics.

### (2) Programs for the Cultivation of Young Scholars

(a) Started OJT with the hiring of COE Assistants, Post-Doctoral Researchers, and Research Associates in addition to RATA.

(b) Our Center's COE Assistants independently organized, in cooperation with CIRJE, a series of COE Brown-bag Seminars where young scholars could present research on Macroeconomics, Microeconomics, and Empirical Economics.

(c) COE Assistants who have produced distinguished research are given the chance to publish their work as a COE-DP. These papers are refereed by CEMANO staff and eight have been published so far.

(d) COE Assistants can also be awarded the COE-TA Award for excellence in teaching. This award is decided upon the basis of teaching evaluations. The awardees for the Winter Semester 2003 were Mr. Okano and Ogawa, and for the Spring Semester 2004, Mr. Kitakawa and Kitahara.

(e) To further the internationalization of CEMANO and the Graduate School, Roger Smith was hired as a Research Associate in charge of English education and training. Since October 2004, workshops on presentation and writing skills have been offered to graduate students.

(f) A new program for the overseas dispatch of young researchers was started. In particular, seven graduate students joined the UT in Stockholm Conference in Sweden in August 2004.

### (3) Others

CEMANO has set-up research infrastructure such as IT, databases and software, while IT and software for Experimental Economics was also introduced. A new management organization has also been constructed in cooperation with CIRJE.

## 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 fifth year. In the remaining period, this project aims to complete those three stages of research. For more details about the research, please visit <http://www2.e.u-tokyo.ac.jp/~seido/>

### 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), Tsutomu 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, Tsutomu 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. Since joining the group, Tsutomu Miyagawa has examined the TFP for a number of Japanese industries and its determinants. This year, he is looking at the issue of whether the TFP fluctuation is demand-driven or supply-driven. R. Anton Braun has constructed a model suitable for analyzing the effect of aging of the population on the rate of return on capital and the saving rate. He has also started a model-based analysis of the Japanese social security reform. Etsuro Shioji has completed work

## CIRJE Research Report Series

CIRJE launched a new series of research reports in 2004. It will mainly include the reports of research projects and the proceedings of conferences.

**CIRJE-R-1:** Naoto Kunitomo, ed., "X-12-ARIMA(2002) for JAPAN", July 2004.

with Braun on the technique called the structural vector autoregression. He is now examining investment. Hayashi, in collaboration with Edward Prescott of Arizona State University, has almost completed a two-sector model analysis of Japan's prewar stagnation. This two-sector model could be applied to Japan's 90s. Work done by those members can be downloaded from: <http://www2.e.u-tokyo.ac.jp/~seido/DP.html>

## Economic Analysis of Political Systems

### Group Members

Masahiro Okuno-Fujiwara (Group Leader, University of Tokyo), Toshihiro Ihori (University of Tokyo), Takero Doi (Keio University)

This project has studied economic policies as well as policy making processes that inhibited Japanese economic growth in the 1990s. Among economic policies, we mainly tackled fiscal policy and regulatory reforms.

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 created only a limited expansionary effect at the expense of large government bond issuance and exacerbated the economic situation. Ihori analyzed the time-series data using Vector Autoregression (VAR) method and concluded that the fiscal policy brought about only limited effect on GDP in the 90's. At the same time the Japanese government issued a large amount of government bond in order to cope with the economic downturn of 1997. In order to recover sustainability of government budget and JGB (Japanese government bond) prices, it is necessary to channel a large portion of private funds, currently held in the hand of financial intermediaries, to corporate capital expenditure. For that, it is important to reduce issuance of the government bond and to make the public sector,

both at the national and local levels, financially sustainable.

Japanese local public finance is under a strong control of the central government and, in order to issue their bonds, local governments need the MPHPT's (Ministry of Public Management, Home Affairs, Posts and Telecommunications) consent. Doi investigated possible reform of the national as well as the local fiscal systems in order to break away from this debt dependency. His prescriptions include: (a) Providing local governments more latitude on levying taxes is more important than the proposed transfer of tax revenue sources. (b) Local allocation tax system in the current form 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 reformed to restore such incentives. (c) Mechanism of local government bond issuances must be redesigned so that the market discipline functions in better ways.

Ihori and Doi also analyzed soft-budget problems that exist within the local allocation tax system. They showed that extraordinary borrowings by the tax system enabled the expansion of the funds allocation to financially weak local governments, thereby creating soft-budget problems to those governments.

Doi also studied debt management policy in order to discipline the government budget management. Because of the current (zero interest rate) monetary policy, it is possible to save interest payments by relying on issuance of short-term bonds instead of long-term bonds. However, such a strategy may backfire when interest rate starts to climb up, because refinancing will have to be made by long-term bonds at much higher interest rates. In order to save financial burden from the long-term horizon, a reasonable amount of borrowings by issuing long-term bonds is called for.

Focusing upon structural changes of the Japanese society which took place around 1975, Okuno-Fujiwara analyzed the problems of current socio-economic system of the country, especially its resource

immobility across corporations and/or interregional resource rigidity. The problem was aggravated in 1990's, by the increased fiscal intervention targeted to rural areas and special interest groups.

As a starting point for possible institutional reforms, 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.

Taking the international agreement for global environment as an example, he also analyzed strategic factors that may be generated if governments with conflicting interests bargain for renegotiation proof agreement.

## 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 analyses 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 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 put particular focus on the analysis of "Desirable Exchange Rate System in East Asia." We developed joint research between domestic and foreign scholars on the topic. We have already organized three international conferences that provide a forum where theoretical and empirical economists can present their research and exchange ideas.

Our most recent conference was held at University of Tokyo, on August 30-31 2004. The title of this conference was "Asian Crisis VI: Financial Crisis and Economic Growth." At this conference, papers were presented that examined the causes and effects of the Asian crisis and the recent recovery of affected countries. We plan to hold another international conference at Hitotsubashi University on July 2005.

## 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 Shinpo-sha, 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. In this academic year, he has been exploring the effects of securitization and the behavior of investment funds.

### The research activities supported by Kojima Chair

Please refer to "Asian Crisis VI" conference on page 3 and Research Staff Introduction on page 12.

### The Conference supported by Tokyo Electric Power Company

Please refer to Northwestern University - University of Tokyo Conference on page 2.

## 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.**



**CIRJE Research  
Projects Sponsored by  
Tokyo Electric Power  
Company**

## Regulation in Network-type Industries

### Project Members

Yoshiro Miwa (Project Leader, University of Tokyo), Yun Jeong Choi, Yoshitsugu Kanemoto, Yukihiko Kidokoro, Toshihiro Matsumura, Takashi Obinata, Hiroshi Ohashi, Kazuo Wada, Noriyuki Yanagawa (All of the members are from University of Tokyo)

This project studies the role of government policies in network-type industries, such as electric power, natural gas, telecommunications, and transportation.

Concerning the energy and telecommunication industries, we have invited specialists in business and government to discuss policy issues in these industries. We also held workshops where the project members present their own research outputs. Some of the members have worked on other network industries such as transportation and software industries.

The following are examples of research outputs of the project members.

Matthew T. Clements & Hiroshi Ohashi, 2004. "Indirect Network Effects and the Product Cycle: Video Games in the U.S., 1994-2002," CIRJE F-Series CIRJE-F-261.

Hiroshi Ohashi & Tae-Seung Kim & Tae Hoon Oum & Chunyan Yu, 2004. "Choice of Air Cargo Transshipment Airport: An Application to Air Cargo Traffic to/from Northeast Asia," CIRJE F-Series CIRJE-F-291.

Toshihiro Matsumura & Noriaki Matsushima, 2004. "Endogenous Cost Differentials between Public and Private Enterprises: A Mixed Duopoly Approach," *Economica* 71, 671-688.

Kidokoro, Y., 2004. "Cost-Benefit Analysis for Transport Networks-Theory and Application-," *Journal of Transport Economics and Policy* 38, 275-307.

Obinata, Takashi, 2004. "Discretionary Determination and Value Relevance of Accrual Expenses incurred by Nuclear Power Plant," CIRJE J-Series CIRJE-J-10, in Japanese.

## Economic Analysis about Transaction Law in Network Industries

### Project Members

Noriyuki Yanagawa (Project Leader, University of Tokyo), Yoshitsugu Kanemoto, Toshihiro Matsumura, Yoshiro Miwa (All of the members are from 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 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)

## List of CIRJE Research Projects

### 1. International Comparative Study Program

#### 1-1. The Field of International Comparative Studies of Economy

Regulation in Network-type Industries (Yoshiro Miwa)  
International Conference on the Japanese Economy (Fumio Hayashi)  
Econophysics in Macroeconomics (Hiroshi Yoshikawa)  
Workshop on the Japanese Macroeconomy (Fumio Hayashi)  
TRIO 2004 (Shin-ichi Fukuda)  
Asian Crisis (Shin-ichi Fukuda)  
Sustainability of Population, Food, and Environment in Asia (Toru Iwami)  
Economic Analysis of Centralization and Decentralization with Risk Management (Toshihiro Ithori)  
International Comparative Research on "A Lost Decade" (Tokutaro Shibata)  
Monetary Policy under Very Low Inflation (Shin-ichi Fukuda and Takatoshi Ito)  
Northwestern University-University of Tokyo Conference on Macroeconomics (R. Anton Braun)  
GETA 2004 (Kazuya Kamiya)  
Downturn of Japanese Economy and Possible Future Reforms (Masahiro Okuno-Fujiwara)

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

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)

### 2. Statistical and Historical Material Program

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

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)

# Workshops

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

## 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:

Recent Speakers: Walter Beckert (University of London), Drew Fudenberg (Harvard University), Hitoshi Matsushima (University of Tokyo), Eric Maskin (Harvard University), Patricia Ann Nelson (University of Edinburgh Management School/CIRJE), Tetsuo Yamamori (GS of Economics, University of Tokyo), Fuhito Kojima (Harvard University), Carlos Alos-Ferrer (University of Vienna), Ana B. Ania (University of Vienna), John de Figueiredo (MIT), Masanao Aoki (University of California, Los Angeles), Tetsushi Sonobe (GRIPS), Tsunehiro Otsuki (World Bank), Olivier Tercieux (Université Catholique de Louvain), Takashi Kurosaki (Hitotsubashi University), Xavier Vives (INSEAD), Emiko Usui (Wayne State University), Masayoshi Hirota (Tokyo University of Science), Yasutora Watanabe (University of Pennsylvania), Atsuko Ueda (Waseda University), Andrew Postlewaite (University of Pennsylvania), David Schmeidler (Tel Aviv University), Yiting Li (National Taiwan University), Hiroyuki Nakata (University of Essex), Heiko Gerlach (University of Auckland), Eddie Dekel (Tel Aviv University), John Riew (Pennsylvania State University), Tetsuji Okazaki (University of Tokyo), Takashi Shimizu (Kansai University), Naoki Fukui (Sophia University), Chongwoo Choe (University of New South Wales/Osaka

University), Michiko Ishikawa (Kobe University), Koji Shimomura (Kobe University), Alessandro Lizzeri (NYU), Jun Iriya (Kobe University) and Shinichi Yamamoto (Kobe University), Hideshi Itoh (Hitotsubashi University), Katsuya Takii (Osaka University), Akira Okada (Hitotsubashi University), Makoto Watanabe (University of Essex)

## Macroeconomics Workshop

The University of Tokyo macroeconomics workshop is the 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, finance, and labor economics. We welcome faculty and students of the University of Tokyo and the economics community more generally. Our schedule is circulated among other leading universities and research institutions in Japan 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.3 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 and Shin-ichi Fukuda. A partial list of speakers who presented in the macroeconomics workshop during the 2004 academic year follows.

### Recent Speakers:

Wade Pfau (GRIPS), Utpal Bhattacharya (Indiana University/Hitotsubashi University), Wako Watanabe (Osaka University), Toshihiko Mukoyama (Concordia University), Ipeei Fujiwara (Bank of Japan), Yoosoon Chang (Rice University), Koichiro Kamada (Bank of Japan), Lee Branstetter (Columbia University / Hitotsubashi University), Kenji Wada (Keio University) and R. Anton Braun (University of Tokyo), Masanao Aoki (University of California, Los Angeles), Gregory D. Hess (Claremont McKenna College), Masao Ogaki (Ohio State University), Christopher A. Sims

(Princeton University), Edward C. Prescott (Arizona State University), Begona Dominguez (University of Auckland), John Fernald (Federal Reserve Bank of Chicago), Junko Koeda (UCLA), John Riew (Pennsylvania State University), Takuji Kawamoto (Bank of Japan), John Laitner (University of Michigan/Kansai University), Radim Boháček (Charles University), Marek Kapička (UC Santa Barbara), Hiroshi Ohashi (University of Tokyo), Giorgio Brunello (University of Padova), Ryuzo Miyao (Kobe University), Selo İmrohoroğlu (University of Southern California), Ryuichi Tanaka (Osaka University), Dale Jorgenson (Harvard University), Don Schlagenhauf (Florida State University)

## 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 of the Economics building from 15:00 to 18:00 on Wednesday.

The recent presentations include: "The history and innovations of the Japanese home video game software industry: 1983-1999" (Fumihiko Ikuine, Hitotsubashi University), "Inter-organizational learning in horizontal corporate alliances: Findings based

on case-studies in the auto industry” (Daniel Arturo Heller, Shinshu University), “Recommendation agent using consumer network” (Hikaru Yamamoto, University of Tokyo).

## 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:

Takaki Hayashi (Columbia University, University of Tokyo), Yuichi Kitamura (Yale University), Toshio Honda (Hitotsubashi University), Takuya Satomura (Osaka University), Takeshi Amemiya (Stanford University)

## 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,



Theodore W. Anderson, Professor Emeritus of Stanford University, presenting at the Applied Statistics Workshop

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:

Shuichi Yano (Takasaki Keizai University), Ryota Sakagami (Nomura Research Institute), Haruo Takeuchi (Aichi University), Junpei Nakagawa (Komazawa University), Kosuke Oki (University of Tokyo), Yuka Takeda (University of Tokyo), Koji Daikoku (Kyoto University), Youngku Koh (Chubu University)

## Research Meeting on Economic History

The purpose of this workshop is to promote communication among researchers,



CIRJE Director Naoto Kunitomo (the left) and Professor Anderson

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 in order to touch the forefront of research. The workshop is normally held on Monday evening every week during the semester.

### Recent Speakers:

Richrad Rodger (University of Leicester), Alain Faure (University of Paris X-Nanterre), Keiko Tano (Aoyama Gakuin University), Hirofumi Ueda (Osaka City University), Satoshi Baba (University of Tokyo)

## COE seminars

- \* Distinguished Research Seminar Series
- \* Frontier Economics Lecture Series
- \* Macro Brown-Bag Lunch Seminar
- \* Micro Brown-Bag Lunch Seminar
- \* Empirical Micro Brown-Bag Lunch Seminar

Current schedules are posted on:  
<http://www.e.u-tokyo.ac.jp/cemano/research/index.html>

## Available on the web

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

Current workshop schedules and presentation materials

Details of conferences and other forthcoming events

CIRJE Discussion Papers

Details about CIRJE Research Staff

CIRJE Research Report Series

Updates on CIRJE research initiatives

# Research Staff



Naoto Kunitomo



Fumio Hayashi



R. Anton Braun

## Director

### Naoto Kunitomo

(University of Tokyo)

April 1, 2003-

<http://www.e.u-tokyo.ac.jp/fservice/faculty/kunitomo/kunitomo.e/frontpage.kunitomo.e.htm>

Areas of special interest: Statistics, Econometrics, and Mathematical Finance

## Professor

### Fumio Hayashi

(University of Tokyo)

October 1, 1999-

<http://www.e.u-tokyo.ac.jp/fservice/faculty/hayashi/hayashi.e/frontpage.hayashi.e.htm>

Areas of special interest: Macroeconomics and Applied Econometrics

## Associate Professors

### R. Anton Braun

(University of Tokyo)

April 1, 2001-

<http://www.e.u-tokyo.ac.jp/fservice/faculty/braun/braun.e/frontpage.braun.e.htm>

Areas of special interest: Monetary Economics and Fiscal Policy

### Yasuyuki Sawada

(University of Tokyo)

April 1, 2004-

<http://www.e.u-tokyo.ac.jp/fservice/faculty/sawada/sawada.e/frontpage.sawada.e.htm>

Areas of special interest: Development Economics and Applied Microeconomics

Yasuyuki Sawada's research interests are in theoretical and empirical analyses of developing economies. He has been working

on micro-econometric studies of risk and households' poverty and on theoretical and empirical macroeconomic analyses of foreign aid as well as debt and currency crises.

He has an MA degree in international development policy and a Ph.D degree in economics both from Stanford University. After teaching at University of Tokyo's graduate school of advanced social and international studies for three years, he joined Faculty of Economics in 2002.

## Visiting Professors

### Yoichi Kobayakawa

**The Ryojiro Kojima Chair of the Japanese Economy and Industry**  
(Chubu University)

June 1, 2002 - March 31, 2005

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, 2005

Areas of special interest: Business History and Industrial Evolution

### Nobuo Akai

(Department of Organizational Management, University of Hyogo)

April 1, 2004 - March 31, 2005

Nobuo Akai has been interested in how to provide public services by focusing on the constitution of governments and published some works. One of the purposes proposed

by the diet of Prime Minister Koizumi is to reconstruct the relationship between central and local governments. This is the topic of Nobuo Akai's recent research. He discusses this topic theoretically and empirically, and proposes to Council on Economic and Fiscal Policy about how the relationship should be changed.

He attends some meetings held in Ministry of Finance and Ministry of Home Affairs, and tries to apply the result in academics toward the public policy.

### Patricia Ann Nelson

(University of Edinburgh Management School and Economics, UK)

February 1, 2004 - April 30, 2004

(Stayed as a Short Term Visitor from October 1, 2003 - January 31, 2004 and May 1, 2004 - July 31, 2004.)

Patricia Nelson's recent research focuses on the impact of digitalization on the imaging and telecommunications industry. This research builds on her previous work on the evolution of the photography industry which is currently being prepared as a book. At the University of Tokyo, Nelson wrote up part of her research results as a paper entitled "The Effect of Innovation and Technological Change on Information Flows, Authority and Industry Associations in Japan." The paper was selected for and presented at the Academy of International Business/Journal of International Business Studies paper development workshop in July 2004 in Stockholm, Sweden.

While visiting the University of Tokyo, Nelson also completed research on "The Making of the Camera Phone" a research project affiliated with the Institute for



Yasuyuki Sawada



Yoichi Kobayakawa



Tsuneo Suzuki



Nobuo Akai



Patricia Nelson



Patrick Fridenson



Tae Hoon Oum

Japanese-European Technology Studies at the University of Edinburgh, led by Professor Martin Fransman. While the situation in Japan is well-known mainly within Japan, few studies on the development of imaging within the telecommunications sector are of a comparative (Japan-Europe) nature. The paper is currently being revised for journal publication.

Nelson received her Ph.D in International Political Economy from the University of Warwick in 1999 where she studied with Professor Susan Strange. She was an Advanced Research Fellow at the Program on US-Japan Relations, Harvard University from 1999-2000 and took up her current post at the University of Edinburgh in 2000. She previously taught at or held visiting research positions at Berkeley, the Brookings Institution, and the Stockholm School of Economics. Her visit to Tokyo was supported by a Japan Foundation (USA) Short-term Fellowship, a Daiwa Anglo-Japanese Foundation (UK) Grant and the Institute for Japanese-European Technology Studies (UK) Grant. Nelson recently took up a two-year Social Science Research Council (USA)/Japan Society for the Promotion of Science Post-doctoral Fellowship to analyse information and technology flows in Japanese firms that have invested in Asia.

## Patrick Fridenson

(École des Hautes Études en Sciences Sociales, France)

June 22, 2004 - September 21, 2004

Patrick Fridenson's research focuses on the internal structures of Japanese large corporations in two different sectors that he compares: the electronics and automobile

industries between 1945 and 1992. His purpose is to establish how both head offices and local or foreign plants and branches are key features to explain their successive strengths and weaknesses in relation to the penetration of their products and services on home markets and to expansion abroad. Keeping the legacy of Japanese economic history since Meiji in mind, relating the assessment of large firms to networks of small and medium ones and to the current discussion on main banks as well as on the role of the Japanese State before, during and after World War II, he argues that, beyond many changes over time and despite obvious growing convergences with the West, in these sectors a number of Japanese firms have maintained major elements of specificity which may be seen as durable elements of their competitiveness. He is completing a book to appear in French on this topic, all the more as the current interest of the French for Japan is quite high.

While visiting the University of Tokyo, he also wrote an article on "Business failure and the agenda of business history", which contributes to an "independent Chandlerian" perspective on business and, among various cases, contains one Japanese example. It appeared in the December 2004 issue of *Enterprise and Society*.

Patrick Fridenson is Past President of the Business History Conference.

## Tae Hoon Oum

(Sauder School of Business, The University of British Columbia, Canada)

December 1, 2004 - February 28, 2005

Tae Oum is UPS Foundation Professor of Transport at Sauder School of Business, The University of British Columbia, Canada. He

specializes in transport economics and policy analysis, and related industrial organization issues. His past and current research interest areas include productivity and cost measurement and benchmarking, demand modeling, strategic alliances, public policy analysis involving transport, telecom and public utilities, and economics of air transport and policy analysis. He has published 80+ refereed journal papers and a number of books and research monographs.

He is an Editor, *Journal of Transport Economics and Policy*, and serves on editorial board of seven other international journals. He is also the president of the Air Transport Research Society (ATRS; [www.atrsworld.org](http://www.atrsworld.org)), an executive committee member of the American Economics Association's Transportation and Public Utilities Group (TPUG; [www.tpug.net](http://www.tpug.net)); was president and president-elect in 2002-2003), and a Steering Committee member of the WCGTR Society.

## Short Term Visitors Yuichi Kitamura

(Department of Economics, Yale University, USA)

June 9, 2004 - June 16, 2004

Yuichi Kitamura's research interests include econometric theory and applied econometrics. He is Professor of Economics at Yale University and a member of the Cowles Foundation for Research in Economics at Yale. He has also taught at the University of Minnesota, University of Wisconsin and the University of Pennsylvania. He serves on the editorial boards of *Econometrica* and *the Journal of Business and Economic Statistics*, and is a co-editor of

*Econometric Theory*. His current research focuses on nonparametric likelihood methods and nonparametric identification problems.

## Hiroyuki Nakata

(Department of Accounting, Finance and Management, University of Essex, UK)  
August 16, 2004 - September 30, 2004

Hiroyuki Nakata's current research focuses on communication under heterogeneous beliefs and the social costs of uncertainty and/or economic fluctuations. During his stay at CIRJE, he presented a paper on communication in the microeconomics workshop, while having started a collaboration project with Dr. Yasuyuki Sawada. The project is looking into the possible roles of the (re)insurance and/or the capital markets in alleviating the effects of uncertainty/risk (in particular those of natural disasters) in developing countries as opposed to the existing ex-post emergency aids schemes.

## Karthi Kalyanam

(J. C. Penney Research Professor, Santa Clara University, USA)  
October 14, 2003 - October 25, 2003

We are now witnessing the adoption of the 2nd generation of the Internet technologies powered by broadband access. While much of the excitement and adoption of the first generation Internet occurred in the United States, the second generation Internet is taking off across the Pacific, in Japan and Korea. Estimates of broadband adoption in the U.S.A by January 2004 range from 20%-35%, whereas the comparative numbers for South Korea and Japan are in the high 70's.

How will the presence of this infrastructure shape the digital future? What are the types of applications that will be brought to market as a result of these available high speed networks? How will the existence of a user base tip the balance of digital innovation from the U.S. to the other countries? These were the questions that were explored in my visit as a guest of CIRJE in September 2004. As part of my visit, I interviewed consumers, and industry experts.

## Alan Faure

(University of Paris X-Nanterre, France)  
September 26, 2004 - October 20, 2004

Alan Faure worked with Professor Isao Hirota on social and economic history of Paris in the 19th Century. Faure read the paper on "the housing of Paris working-class" in the research meeting with Japanese researchers specializing in French economic history and also read the paper on "the industry of Paris" in the Research Meeting on Economic History of the University of Tokyo. Moreover, he organized with Professor Hirota the symposium on "Social and Economic History of Contemporary Paris and Tokyo" which was held in the Maison franco-japonaise (Ebisu, Tokyo).

## Tatiana Mikhailovna Dimoni

(Vologda State Pedagogical University, Russia)  
November 19, 2004 - November 25, 2004

Tatiana Dimoni, Associate Professor of the Chair of Russian History of the Vologda State Pedagogical University in Russia, is making a special study of Soviet kolkhozniks during the Stalinist period. She is especially interested in economic and social aspects of history of kolkhozniks, characteristics of Russian mentality and methodology of interpretation of historical data. Moreover she is engaged in the problem: how to grasp the real image of Russian peasantry by means of literature and the movies. She stayed in Japan from November 19 to 25, 2004, discussing the above-mentioned problems with Japanese historians. On November 20th she made a full report, titled "Agrarian System in Russia during the period from the 1930s to the 1980s", in Faculty of Economics, the University of Tokyo.

## Jianjun Li

2004.3.11 to 2004.9.3: Managing Director, Southern Motorcycle Co., China

## Sébastien Lechevalier

2004.4.1 to 2005.3.31: Main Public French Think Tank of the Prime Minister in Economic Strategic Prevision, France

## Walter Beckert \*COE Fellow\*

2004.4.1 to 2004.4.11: Department of Economics, Birkbeck College, University of London, UK

## Masanao Aoki \*COE Fellow\*

2004.4.15 to 2004.12.22: Department of Economics, University of California, Los Angeles, USA

## Drew Fudenberg \*COE Fellow\*

2004.4.18 to 2004.4.21: Department of Economics, Harvard University, USA

## Eric S. Maskin \*COE Fellow\*

2004.5.10 to 2004.5.12: School of Social Science, Institute for Advanced Study, USA

## Toshihiko Mukoyama \*COE Fellow\*

2004.5.10 to 2004.6.11: Department of Economics, Concordia University, Canada

## Yuichi Kitamura

2004.6.9 to 2004.6.16: Department of Economics, Yale University, USA

## Kristian Behrens

2004.6.1 to 2004.6.15: Laboratory for Economics and Management, Université de Bourgogne, France

## Olivier Tercieux

2004.6.7 to 2004.7.30: Université Catholique de Louvain/EUREQua, Belgium

## Carlos Alos-Ferrer

2004.6.7 to 2004.6.11: Department of Economics, University of Salamanca, Spain/ University of Vienna, Austria

## Ana B. Ania

2004.6.7 to 2004.6.11: Department of Economics, University of Vienna, Austria/ Boston University, USA

## Masao Ogaki \*COE Fellow\*

2004.6.14 to 2004.7.2: Department of Economics, Ohio State University, USA

## Jae-Won Sun

2004.6.23 to 2004.8.18: Faculty of International Relations, Pyongtaek University, Korea

## Emiko Usui

2004.7.7 to 2004.7.16: Department of Economics, Wayne State University, USA

## Xavier Vives \*COE Fellow\*

2004.7.8 to 2004.7.9: INSEAD, France

## Christopher A. Sims

2004.7.5 to 2004.7.7: Department of Economics, Princeton University, USA

## Edward C. Prescott \*COE Fellow\*

2004.7.6 to 2004.7.11: Department of Economics, Arizona State University, USA

## Andrew Postlewaite \*COE Fellow\*

2004.8.2 to 2004.8.5: Department of

Economics, University of Pennsylvania, USA

**David Schmeidler** \*COE Fellow\*  
2004.8.2 to 2004.8.5: School of Mathematical Sciences, Tel Aviv University, Israel

**John Fernald**  
2004.8.26 to 2004.9.11: Federal Reserve Bank of Chicago, USA

**Yiting Li** \*COE Fellow\*  
2004.8.29 to 2004.9.5: Department of Economics, National Taiwan University, Taiwan

**Eddie Dekel** \*COE Fellow\*  
2004.9.27 to 2004.9.29: Department of Economics, Northwestern University, USA / Tel Aviv University, Israel

**John Riew** \*COE Fellow\*  
2004.10.6 to 2004.10.11: Department of Economics, Pennsylvania State University, USA

**John Laitner**  
2004.10.17 to 2004.10.24: Department of Economics, The University of Michigan, USA

**Giorgio Brunello** \*COE Fellow\*  
2004.10.17 to 2004.11.13: Faculty of Economics, University of Padova, Italy

**Marek Kapička**  
2004.10.21 to 2004.10.30: Department of Economics, University of California, Santa Barbara, USA

**Radim Boháček**  
2004.10.23 to 2004.10.31: CERGI-EI, Charles University, Czech Republic

**Douglas H. Joines**  
2004.10.25 to 2004.10.26: Marshall School of Business, University of Southern California, USA

**Theodore W. Anderson** \*COE Fellow\*  
2004.11.2 to 2004.11.10: Department of Statistics and Economics, Stanford University, USA

**Ichiro Obara**  
2004.11.2 to 2004.11.5: Department of Economics, University of California, Los Angeles, USA

**Selahattin İmrohoroğlu**  
2004.11.21 to 2004.11.28: Marshall School of Business, University of Southern California, USA

**Dale W. Jorgenson**  
2004.12.8 to 2004.12.9: Kennedy School of Government, Harvard University, USA

**Don Edward Schlagenhauf**  
2004.12.10 to 2005.12.23: Department of Economics, Florida State University, USA

**Hiroyuki Nakata** \*COE Fellow\*  
2004.12.16 to 2005.1.13: Department of Accounting, Finance and Management, University of Essex, UK

## Research Associate Shuichi Takashima

(University of Tokyo)  
April 1, 2004 - March 31, 2005

Shuichi Takashima's major field of research is Japanese economic history. He is currently investigating about urban development and land re-zoning in the interwar Tokyo suburbs. Moreover, he also researches about the development of city traffic and the life of people in the period.

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# **CIRJE Newsletter**

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**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

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