

CIRJE Newsletter

Center for International Research on the Japanese Economy

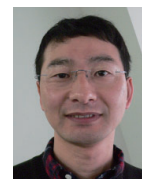
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Center for
International Research on the
Japanese Economy (CIRJE)
Graduate School of Economics,
Faculty of Economics
The University of Tokyo

Message from the Director

Kosuke Aoki



The Center for International Research on the Japanese Economy (CIRJE) was established in September 1998 as an affiliated center of the Graduate School of Economics at the University of Tokyo. With a primary focus on “International Collaborative Research on the Japanese Economy,” the CIRJE actively engages in foundational research and addresses urgent challenges facing the real economy.

The central mission of the CIRJE is to facilitate the exchange and dissemination of cutting-edge research information. This involves inviting scholars, both domestic and international, and providing a platform for collaborative research and workshops. As the impact of the COVID-19 pandemic gradually diminishes, we have resumed our practice of inviting scholars and organizing conferences at the University of Tokyo. In adopting a hybrid format that incorporates both in-person and online participation, we have expanded our reach, attracting a broader audience than before the pandemic. Looking ahead, our focus for this academic year is to place even greater emphasis on inviting scholars and hosting conferences compared to the previous academic year.

The CIRJE regularly arranges workshops covering diverse themes such as microeconomics and macroeconomics, providing a platform for the presentation and discussion of the latest research. Last academic year alone, we welcomed 77 presenters from overseas who shared their insights through paper presentations. Leveraging the advantages of the hybrid format, we have observed an increase in research presentations by scholars who would typically find it difficult to visit in person, as well as a rise in the number of workshop participants from outside our university community. Furthermore, the CIRJE hosted 40 scholars from both domestic and international institutions as visiting professors, international visiting researchers, and short-term visiting scholars. These individuals engaged in collaborative research initiatives during their visits and stays at the CIRJE. Additionally, the CIRJE plays a pivotal role in supporting numerous research projects by providing essential funding. The CIRJE consistently shares the outcomes of these endeavors as discussion papers on its website.

The CIRJE can now host international academic conferences at the University of Tokyo. A notable example of this achievement is the TRIO Conference on Digital Economy and Finance, 2023. This conference was organized collaboratively by the National Bureau of Economic Research (NBER) in the U.S., the Centre for Economic Policy Research (CEPR) in Europe, and the Tokyo Center for Economic Research (TCER). Held on March 4 and 5, the event brought together scholars from the U.S., Europe, and Japan. They shared and discussed studies highlighting the profound impacts of recent developments in information technology, electronic payment methods, and digital currencies on the economy and finance.

As a central research hub in Japan, our dedication extends to delivering the most up-to-date information and fostering collaborative research opportunities for scholars, both within Japan and internationally. We earnestly seek continued understanding and support from everyone concerned to further propel the development of the CIRJE.

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CIRJE Visitors

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

Visiting Professor

Marc Albert Bertrand Henry

Department of Economics

The Pennsylvania State University



I visited CIRJE in the Spring of 2022. My visit had been delayed several times by the pandemic. When it finally happened, thanks to the repeated efforts of Katsumi Shimotsu-sensei, CIRJE staff members, I felt very privileged as one of the happy few foreigners allowed into the country. This was a few weeks before a small quota of foreign tourists was finally allowed in Japan under strict supervision and frantic media scrutiny. After navigating the many entry requirements as well as pre- and post-travel COVID tests and long airport lines, I found the country, the city, and the university to be vibrant and exciting despite the pandemic still raging.

Although some seminars were still online, I had many fruitful in person meetings with members of the graduate faculty of economics and with graduate students. The wonderful CIRJE accommodation and the support of Ishikawa-san and Tanaka-san provided me with the perfect environment to conduct my research on the following two themes. First, I developed inference on partially identified Roy modeling of talent misallocation in labor markets. I was particularly interested in uncovering some of the causes of the under-representation of women in mathematics intensive fields. Second, I developed measures of vector dependence and multi-attribute inequality based on multivariate quantiles and Lorenz curves.

I was fortunate to be housed in the new Mejirodai International Village, and I discovered the beautiful Sekiguchi district, with St Mary's Cathedral, the modernist marvel by Todai's very own Kenzo Tange, and Chinsanso's traditional garden and pagoda facing each other, a stone's throw from Eisei-Bunko and Hatoyama Kaikan. Another new discovery for me was the Intermediaetheque, the outstanding new museum housing University of Tokyo collections within the beautifully renovated former central post office.

My visit was, as always, very stimulating and productive, and I am most grateful to CIRJE, its fellows and staff, for hosting me again.

Visiting Associate Professor

Shuhei Aoki

Faculty of Economics and Law

Shinshu University



Professor Shin-ichi Fukuda kindly invited me to conduct research at the CIRJE in the latter half of the 2022 academic year. During this period, I held meetings with Professor Makoto Nirei, my host and co-author, and we made substantial progress in our collaborative research on the growth of the U.S. financial sector, nearly completing it. I also took the opportunity to engage in brief discussions with faculty members from the Graduate School of Economics. My heartfelt appreciation goes to all the staff at the CIRJE for their support during my stay.

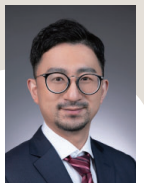
Furthermore, Professor Fukuda provided me with the opportunity to present our aforementioned research at the monthly workshop of the Financial Division held at the Development Bank of Japan. This workshop facilitated discussions with members of the Financial Division, and their valuable comments contributed to the improvement of our paper. I express my sincere appreciation to everyone through this message. In the research conducted during my stay, I developed a dynamic general equilibrium model aimed at quantitatively elucidating the changes in the U.S. financial sector since the 1980s. This period saw an increase in both the added value and the ratio of financial assets to GDP in the U.S. financial sector. This surge is often attributed to financial innovations that unfolded in and after the 1970s, with the emergence of index funds being a noteworthy example.

Despite the anticipated reduction in transaction costs associated with these innovations, the unit cost of finance—specifically, the financial intermediary cost per dollar of financial assets—has not witnessed a decline. The research delved into the potential explanations, suggesting that these phenomena can be explained to some extent by the decrease in mutual fund costs and alterations in the tax system.

Short Term Visitors

The Hong Kong University of Science and Technology

Kohei Kawaugchi



I visited the Center for International Research on the Japanese Economy (CIRJE) at the University of Tokyo and collaborated with Mr. Shunya Noda on a research paper on cryptocurrencies. The paper sought to theoretically and empirically clarify the relationship between the choice of difficulty adjustment algorithms in cryptocurrencies and the stability of the mining market. To this end, we developed a model of competition for acquiring miners in the proof-of-work cryptocurrencies mining market and estimated parameters from data. My visit offered a valuable opportunity to exchange ideas and knowledge with Mr. Noda and other scholars. One of the key insights from my visit to the CIRJE was the significance of collaboration. Working closely with Mr. Noda and other scholars facilitated the exchange of knowledge and ideas about blockchain technology and cryptocurrencies. This collaborative effort not only enriched our research but also fostered discussions about the future trajectory of our studies. The experience of visiting the CIRJE and participating in collaborative research on cryptocurrencies with Mr. Noda proved to be valuable and meaningful. The visit provided a precious learning opportunity, and I am eager to advance our research through ongoing collaboration with Mr. Noda and other scholars.

Faculty of Economics, Fukuoka University

Junmin Whang



I was honored to visit the CIRJE as a Nomura Foundation Scholar from August 17 to 30, 2022. Originally, I applied for the position of CIRJE Short-term Visiting Scholar for the 2020 academic year, focusing on the theme of "Transmission of Housing Bubble among Industrial Sectors." However, due to the COVID-19 pandemic, my visit was postponed for two years. My research aimed to elucidate how the Chinese housing bubble led to excessive investments in housing-related industries (Industrial Investments and Housing Prices in China by Junmin Wan and Qiqi Qiu, *International Review of Economics and Finance*, Vol. 84, March 2023, pp. 932-852). By combining a neoclassical general equilibrium model with input-output tables, the study revealed how the bubble resulted in excessive investment in housing-related industries and insufficient investment in other industries, leading to a shortage of demand for consumer goods. It then explained the significant negative correlation between housing prices and consumer price indices (CPI) in China from 2005 to 2020 and between land prices and CPI in Japan from 1984 to 1987. The study challenged the conventional view of the strong yen recession theory as the cause of insufficient domestic demand in 1980s Japan, proposing a new perspective that speculative transactions themselves lead to demand deficiency. To break out of the recession during the bubble, financial easing measures, including interest rate cuts, were implemented, which contributed to an exacerbation of the asset bubble and ultimately led to its collapse. Despite its convenient location, the CIRJE offers a quiet research space, accessible 24/7 even on weekends and holidays. Regular seminars, featuring distinguished scholars such as Professor Nobuhiro Kiyotaki, greatly enhance the overall research environment. I extend my heartfelt appreciation to Professor Shin-ichi Fukuda for the invitation and insightful discussions, and the Nomura Foundation for their financial support during my stay.

Instituto de Economía, Pontificia Universidad Católica de Chile

Martin Besfamille



I visited CIRJE in January 2023. Hopefully, a couple of months ago, Japan re-opened its frontiers. Thus I was able to travel with my family. Overall, my experience there was amazing! I spent all my stay on campus. This enabled me to present my work at the Urban Economics Workshop and have very stimulating conversations with some faculty members of the Graduate School of Economics and visitors from CIRJE. I am extremely grateful to my host Prof. Hikaru Ogawa, for organizing my visit and to Prof. Shun-ichiro Bessho for his time devoted to fruitful discussions. Even before the beginning of my visit, CIRJE's administrators were extremely helpful. And there, they gave me much advice to enjoy life in Tokyo and the surroundings. The working conditions were fantastic: my office was extremely comfortable and fully equipped. During my stay at CIRJE, Prof. Ogawa, Prof. Bessho, and I started to analyze some issues regarding municipal public finances in Japan, particularly fiscal reactions to the Great East Japan Earthquake. I hope this first visit is just the beginning of a long collaboration. On the other hand, the seminar I gave on natural monopoly regulation with evaders was very productive. Indeed, I received many valuable comments and suggestions already incorporated into the paper.

CIRJE Discussion Paper Series

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

As a part of our research activities, we regularly circulate two series of Discussion Papers, in Japanese (J-series) and foreign languages (F-series), which are available for download at the CIRJE website. From April 2022 to March 2023, 2 papers in J-series and 19 papers in F-series are published.

Visitors

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

Visiting Professor

- Marc Albert Bertrand Henry (2022.5.1 - 2022.7.4)
Department of Economics, The Pennsylvania State University, USA
- Shuhei Aoki (2022.10.1 - 2023.3.31)
Faculty of Economics and Law, Shinshu University, Japan
- Masao Fukui (2022.8.8 - 2022.8.31)
Boston University, USA
- Kateryna Redko (2022.9.1 - 2023.9.20)
National Academy of Science of Ukraine, Ukraine
- Leslie Hannah (2022.10.17 - 2023.1.13)
London School of Economics (LSE), UK
- Ippei Shibata (2022.11.16 - 2023.1.15)
Research Department, International Monetary Fund, USA
- Minji Bang (2022.12.19 - 2023.1.6)
Department of Economics and Finance, City University of Hong Kong, Hong Kong
- Carlos Velasco (2023.2.19 - 2023.3.5)
Department of Marketing, BI Norwegian Business School, Norway
- Tinna Laufey Asgeirsdottir (2023.3.7 - 2023.3.22)
Department of Economics, University of Iceland, Iceland

Short Term Visitors

- Kota Murayama (2022.4.25 - 2022.8.8)
Department of Economics, The Chinese University of Hong Kong
- Cheng Chen (2022.5.19 to 2022.6.17)
College of Business, Clemson University, USA
- Toshihiko Mukoyama (2022.6.14 - 7.30)
Department of Economics, Georgetown University, USA
- Shengxing Zhang (2022.6.26 - 2022.7.17)
Department of Economics, London School of Economics and Political Science, UK
- Kohei Yata (2022.6.30 - 2022.8.5)
Department of Economics, University of Wisconsin-Madison, USA

Staff

Professors



Kosuke Aoki
(Director)



Shin-ichi
Fukuda



Yasuhiro
Sato



Katsumi
Shimotsu



Yoshito
Takasaki

Advisors

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

Chair

Kosuke Aoki (Director)

Members

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

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