



COLUMBIA  
BUSINESS  
SCHOOL

CENTER ON JAPANESE ECONOMY AND BUSINESS

ANNUAL REPORT 2002-2003

日本経済経営研究所





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CENTER ON JAPANESE ECONOMY AND BUSINESS

日本経済経営研究所

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## CENTER ON JAPANESE ECONOMY AND BUSINESS

Columbia University established the Center on Japanese Economy and Business as an integral part of the Graduate School of Business in April 1986 under the direction of Professor Hugh Patrick. The central mission of the Center has been to enhance understanding of the Japanese and Asia-Pacific economies and their business, financial, and managerial systems. This is carried out through programs of research, teaching, public discourse, and policy analysis. An important focus is on Japan's international economic and business relationships in bilateral, Asia-Pacific regional, and global contexts. The relationship between the United States and Japan is key. As they are the world's first and second largest national economies, they share global leadership responsibilities for the international economic system and are involved in multifaceted, profitable, and at times contentious economic and business interactions.

The Center on Japanese Economy and Business focuses on five related areas: research; training and curriculum development; public affairs programs for business, government, and academia; scholarly and professional exchanges; and the development of library and computer-based data resources. The results of the Center's programs are disseminated through its publications and academic and public policy conferences and seminars. The Center has become widely recognized as the preeminent academic institution in the United States in its area of activities. Its core faculty members include Japan specialists drawn from Columbia's Business School, Economics Department, Law School, Political Science Department, and School of International and Public Affairs. The Center maintains close ongoing relations with scholars, business leaders, and government officials in the United States, Japan, and other Asia-Pacific economies.

In addition, the Center serves as the U.S. liaison office for the Pacific Trade and Development Conference Series (PAFTAD), for which Professor Patrick serves as chair of the International Steering Committee. Together with the Weatherhead East Asian Institute, the Center oversees the Asia-Pacific Economic Cooperation (APEC) Study Center at Columbia University.

The success of the Center's comprehensive activities is due to its core faculty and its able team of administrative and program staff and to the funding provided by corporate donors, foundations, and other external as well as University sources. In the coming years the Center will continue to strive to provide the best program of its kind at any business school or university in the world.

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MESSAGES FROM THE DIRECTOR

所長からの報告



*Hugh Patrick*



*David Weinstein*

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## LETTER FROM THE DIRECTOR AND THE ASSOCIATE DIRECTOR FOR RESEARCH

This was an exciting year for the Center as we significantly expanded the range of ongoing activities. The Center has continued its commitment to increasing the understanding of the Japanese economy and its business financial systems in domestic, Asian, and global contexts. The Center's program of research, public discourse, and training, both on Japan and in conjunction with Columbia's APEC Study Center on the Asia-Pacific region as a whole, has never been more important.

The previous three annual reports have included short essays on the profound, though slow, transformation of the Japanese economy. That discussion continues this year in the following section titled "The Director's Perspective: Japan's Economy."

We would like to highlight three new important developments for the Center.

The first is that Professors Glenn Hubbard, recent chair of the President's Council of Economic Advisers, and Joseph Stiglitz, Nobel laureate in economics, have joined the Center as core faculty members. Both of these distinguished scholars give lectures in Japan regularly and have a strong interest in the Japanese economy, its performance, and its lessons for the rest of the world.

Second, together with a number of American and Japanese scholars, we have organized a two-year policy-oriented research project titled "Solutions for the Japanese Economy," which will culminate in academic and public policy conferences in Tokyo in June 2004, followed by publication of a book in English and Japanese.

Third, the Center initiated its Program on Alternative Investments in Japan under the leadership of Dr. Mark Mason, who has been appointed associate director for programs at the Center. The first year of seminars, research, and dialogue with the relevant professional committees has been extraordinarily successful, and the Center has decided to expand the program, including conferences and seminars in Japan.

The Center's accomplishments and planned activities are made possible only through the commitment and intelligent energy of the faculty and staff directly involved, and the generous financial support provided by foundations, Japanese and American corporations, and individuals. The Corporate Sponsorship Program, in particular, has been vital in ensuring the Center's existing and new programs.

We sincerely thank all our supporters.

Hugh Patrick

David Weinstein



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## DIRECTOR'S PERSPECTIVE ON JAPAN'S ECONOMY: WHITHER THE JAPANESE ECONOMY?

### INTRODUCTION

When I interviewed businessmen and academics in Tokyo in early June 2003, I stated that Japan's economic situation seemed about the same as a year ago: mediocre growth; persistent mild but debilitating deflation; record high unemployment; very weak banking and life insurance institutions; and only limited government economic reforms. I asked what would be different a year hence. The strong consensus answer was: "Nothing."

What a difference a couple of months can make. Summer brought unexpectedly rapid improvements in certain major economic indicators that have quickly generated more optimistic expectations, notably output growth, the sharp rise in stock prices, and increases in employment. The government's August 12 preliminary estimate for the April-June quarter indicated GDP grew at a 2.1 percent annual rate year-on-year, two-thirds due to rises in private consumption and business investment and one-third due to an increase in net exports. The September 10 revision was astonishing: growth at a year-on-year rate of 3.0 percent, pushed up by a 14.0 percent increase in business fixed investment. The Japanese economy is now growing more rapidly than the U.S. economy, and both are growing faster than the E.U. However, an excellent quarter does not a recovery make. While Japan is enjoying a stronger than expected cyclical recovery, it is premature to say that it is finally on the path to full recovery and self-sustaining growth.

After overviews of recent economic performance and prospects, I review Japan's fundamentals and consider near-term and longer-term issues. Government economic policy is then examined, focusing particularly on aggregate-demand macroeconomic policy and on the major structural problems of the banking system. Following a brief section on Japan and the world economy, I provide a few concluding comments.

### ECONOMIC PERFORMANCE

Japan's poor economic performance for more than a decade has been due, at the macro level, to inadequate domestic aggregate demand and, at the micro level, to the slowness by many firms to restructure, particularly the very weak companies unable to service their bank loans.

*While Japan is enjoying a stronger than expected cyclical recovery, it is premature to say that it is finally on the path to full recovery and self-sustaining growth.*

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Since 1990 Japan's GDP has cyclically fluctuated between mild recession, inadequate recovery, and sub-par growth, with the exception of 1996–97. That incipient real recovery was aborted by a mistaken government policy of premature fiscal restriction intended to reduce the budget deficit, but in reality making its prolongation necessary. The deflationary trend since 1998 is one consequence of the lack of aggregate demand. A major cost to Japan has been output foregone: GDP would be at least 25 percent higher if the economy had grown at close to its potential.

After hitting its most recent trough in January 2002, Japan's economy has recovered surprisingly well to summer 2003, with six straight quarters of positive growth capped by the surge in the most recent quarter. Aside from ongoing data problems of GDP estimation, there are occasional quirks that can affect evaluation of economic performance. For example, what a difference a quarter can make. Calendar year 2002 GDP real growth was 0.1 percent, but starting a quarter later, fiscal 2002 GDP growth was 1.6 percent.

Half the growth in fiscal 2002 was due to an increase in net exports. Domestic demand growth (0.7 percent) was driven by a rise in consumption of 1.4 percent, as business investment continued to decrease. Despite a large budget deficit, the government contribution to demand growth was slightly negative, with the continuing sharp decline in government investment (-6.5 percent) more than offsetting a modest increase in general government consumption expenditures (+2.0 percent).

### ***Near-term Prospects***

The economy will continue to perform well in the second half of 2003, even though the July–September quarter is adversely affected by a cool summer holding down consumption. The September GDP announcement included upward revisions for the previous three quarters, so the growth rate will be an impressive 2.5 to 3 percent in 2003. However, that rate is unlikely to be sustained; a 2 percent projection for 2004 is reasonable. Most forecasts estimate that net exports and government demand will make a small positive or possibly a negative contribution. Business investment has turned around and will contribute substantially to demand growth, but at a lower rate than this year. The key is consumption expenditures; employment and wage incomes are finally increasing, but last year's increase in consumption was unusually high and it is unclear whether it will persist.

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Given Japan's ongoing deflationary trends, open and hidden unemployment levels, and underutilized capacity, 2 percent growth will be insufficient to restore the economy to sustained equilibrium growth. This fundamental reality overshadows the inevitable data revisions and differences in forecasts of specific GDP components and other performance measures. The gap between actual and achievable growth continues to be large. A pattern of cyclical recovery that does not lead to good, sustainable growth cannot be considered satisfactory economic performance.

### **GROWTH IN THE LONGER RUN**

The potential growth rate is determined both by supply factors and their full utilization: the quantity and quality of labor, factories and equipment, infrastructure, technology, productivity growth, and, more broadly, social and political institutions. Over time, all change. Actual growth also depends on the economy achieving sufficient demand: spending by households, investment by businesses, government spending net of revenues, and exports minus imports of goods and services.

The most common measure of national economic performance is real gross domestic product (GDP), which is national output adjusted for price changes. Japan continues to have a huge economy, the world's second largest using exchange-rate based comparisons. Real GDP per capita is one measure of Japan's standard of living. It is about 70 percent of the U.S. level in purchasing power. However, neither GDP nor GDP per capita is a very precise measure of national productivity or economic efficiency, since output depends on how many people work and for how many hours.

The most relevant economic measure is the growth of real output per worker per hour. By this measure, economic growth in a full-employment equilibrium is determined by changes in the number of workers, the hours they work, and changes in their productivity. This last reflects changes in skills, equipment per worker, and unattributed technological change (total factor productivity). In the long run, supply factors determine the growth rate, as was the case for Japan from the 1950s into the 1970s.

The current gap between Japan's actual and potential growth is due to the sustained lack of aggregate demand. It will take above-potential growth in the intermediate term—five to seven years—to absorb the currently redundant and misallocated labor force and the

*The most important structural problems, both substantively and symbolically, lie in the financial system.*

economy's excess physical capacity. Japan's achievable GDP growth rate for the rest of this decade is on the order of 3.5 to 4.5 percent annually.

Demography is the major long-run story. While labor will be in diminishing surplus for several years following attaining potential growth rates, eventually labor will become scarce. Japan's labor force will peak at 68.7 million in 2003 and then begin to decline absolutely, the average age of the population is rising, and total population will soon begin declining. For some time the labor-force age group will decrease more rapidly than the population, but eventually they will both decline at the same rate, about 0.5 to 1.0 percent annually, assuming no substantial immigration of workers.

A conservative assumption is that, in the long run, labor productivity will increase about 2 percent per hour from continuing skill improvements, more capital per worker, and ongoing technological progress. In applying this standard growth-theory analysis, assuming the labor input (total hours worked) decreases by 1 percent annually and worker hourly productivity increases by 2 percent, then Japan's potential long-run growth rate of GDP is 1 percent, and its GDP per capita and labor output growth rates are each 2 percent. This gradual slowdown of potential growth has been a fundamental feature of Japan's ongoing transformation.

**PERSISTENT MAJOR FEATURES**

My essays in the three previous Annual Reports of the Center on Japanese Economy and Business have stressed the persistence of several major features of Japan's economy. In this section, I revisit these and note significant changes.

First, as already noted, Japan's fundamental macroeconomic problem has been inadequate aggregate demand and, at least since 1998, the persistence of mild but debilitating deflation. As is discussed below, even very expansive fiscal and monetary policies were insufficient to offset the domestic private demand shortfall, as shown in the huge excess of private saving over business and housing investment.

Second, the most important structural problems, both substantively and symbolically, lie in the financial system. Commercial bank non-performing loans (NPLs) and capital inadequacy have been issues for years, and life insurance companies weakened by negative spreads, and an opaque but weak set of government financial insti-

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tutions and arrangements, including the Fiscal Investment and Loan Program (FILP), are also serious problems. The cost is a weak, inadequate mechanism for efficient allocation of finance and business investment.

Third, government economic policy making and implementation has been mediocre, despite Prime Minister Junichiro Koizumi's 2001 election pledge to bring about "change." The Liberal Democratic Party (LDP) is based on a wide range of vested interests that benefit from existing policies and hence resist reform measures.

Moreover, society's values, mindsets, and beliefs support a slow, gradual process of ameliorative reform. These include important assumptions that have turned out to be dramatically mistaken. The myth of the 1980s was that land prices would never decline. This seriously exacerbated the land and stock price bubble. The myth of the 1990s was that the economy would muddle through to eventual recovery rather than merely muddling along. The result was forbearance that has exacerbated the problems.

Many policy makers still believe that the banking system will gradually solve its NPL problem without requiring further injection of government capital. Many Ministry of Finance officials believe, and have persuaded other policy makers, that the government debt is so large that a strategy of short-run, cyclical fiscal stimulus is impossible. Bank of Japan officials seemingly believe that monetary stimulus alone cannot end deflation. These views are mistaken.

Fourth, dealing with potential unemployment by slowing the restructuring of weak distressed firms, large and small, and thereby saving jobs of full-time regular employees, has been the major rationale for government policy makers and business leaders. The cost of this policy has been inadequate job creation for young entrants into the labor force, too slow exit of inefficient, uncompetitive firms, and delay in needed reallocation of capital and labor. The degree of restructuring needed and that achieved varies widely by industry and by company. Manufacturing firms, subject to foreign competition, have been the least slow to adjust.

Fifth, the Japanese economy, political system, and society are characterized by two related phenomena: high degrees of forbearance (delay, procrastination, inertia) and embedded relationships. Because they enhance and reward continuity, they are virtues when difficulties are temporary and good conditions will return. However, when change is necessary, both are costly obstacles.

*The Japanese economy, political system, and society are characterized by two related phenomena: high degrees of forbearance (delay, procrastination, inertia) and embedded relationships.*

Japan is imbued with networks of strong embedded relationships between suppliers and assemblers, management and employees, banks and borrowers, bureaucrats and businessmen, bureaucrats and politicians, politicians and support groups, and among schoolmates. In a stably growing economy, such relationships build trust, reduce transactions costs, and provide incentives for investment and R&D. But they lock participants into each other, and over time, these become reputational, even moral, commitments. When their economic rationale becomes negative, as has often been the case over the past decade, exit is very difficult. Japanese managers have found it hard to terminate supplier relationships and virtually impossible to lay off workers outright.

Sixth, as in United States and the E.U., the share of trade in Japan's fundamentally domestic economy is small. However, as a major exporter and importer, and the world's largest net creditor, Japan has significant regional and global impacts. Japan's mediocre performance has meant that it has been a sputtering engine of global growth.

Reliance on foreign demand as a major source of Japanese incremental demand growth persisted even after the United States went into brief, modest recession, and continues especially now as Japanese hope U.S. growth will accelerate in coming months. To the extent that reliance on external demand substitutes for domestic demand stimulus and restructuring policies, it counterproductively slows Japan's needed adjustment process.

In any case, Japan cannot export its way to restore sustained growth since it would require a current account surplus of 6 to 10 percent of Japanese GDP, meaning a huge trade surplus and a very weak yen (160–200 yen/dollar). These are unacceptable to the United States and European and other Asian nations.

Seventh, Japan is in the midst of a major, long-run transformation economically, politically, demographically, socially, generationally, and institutionally. Japan is now a mature economy in which growth inevitably is slower than in its rapid catch-up phase. The postwar economic system and its institutions are eroding and evolving into a more competitive, market-based economy. Japan is the furthest along the demographic transition from high birth and high death rates to low births and deaths, and soon from population increase to decrease. All this adds complexities to the inevitable interdependencies and feedbacks among Japan's immediate problems of mediocre

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growth, deflation, weak banks, slow restructuring, and unemployment. Poor management of economic policy since 1990 has increased the inevitable costs of the transformation.

### ***Some Positive Changes***

First, previous essays have stressed that Japan's fundamental structural macroeconomic problem has been the excess of private saving over investment, a gap that gradually widened over time. Since its economy is so large, because of likely foreign retaliation Japan could not export the full amount of its massive saving surplus: Japanese have been saving too much. The sharp decline in the household saving rate (from 9.8 percent of disposable income in 2000 to about 4.3 percent in 2002, and perhaps even lower this year) thus is welcome because it reduces the amount of the budget deficit required to generate adequate macroeconomic stimulus, and hence new government bond issue. No doubt part of this decline in household saving rates is cyclical, but much must be structural—the aging of the population, a decline in asset income, and adjustment to slower future growth.

However, equally dramatic has been the rise in net corporate saving. While corporate sector saving and cash flow began to exceed corporate business investment in plant and equipment in the mid-1990s, it has substantially increased in the past several years to some 7 percent of GDP. Companies have been using net cash flow to reduce debt. Presumably, in the process of restoring economic growth, businesses will again become net users of household saving. These changes in saving trends and patterns take time to work their way through the economy.

Second, the Japanese government has instituted significant improvements in the rules for business, including the commercial code, accounting, auditing, and governance regulation. Requiring mark-to-market of financial assets has had a substantial impact, particularly on banks. Discounted cash flow is now being used to assess company creditworthiness. Auditors are now under threat of stockholder suits and huge losses if they misrepresent the financial conditions of clients. These legal and institutional changes are important for improving corporate disclosure, transparency, and governance.

Third, China has become much more important in Japanese perceptions, both as a burgeoning trading partner and as an opportunity for Japanese business investment, as well as the target of misguided

*Japan's fundamental structural macroeconomic problem has been the excess of private saving over investment.... Japanese have been saving too much.*

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complaints that cheap imports from China have been a major cause of Japan's deflation. China's continuing rapid growth has made it a major world player and new secondary growth engine. Japan's imports from China are now as large as from the United States, and it continues to run a bilateral trade surplus with both countries.

Fourth, though on this I am much less confident, Japan may finally have under way a process to reduce bank NPLs to a reasonable level. I consider this issue at some length below.

#### **AREAS OF CONCERN**

Deflation, and unemployment and underemployment, are two major problems for Japan. The capital market sends mixed signals, with stock prices significantly up but bond prices down and suddenly very volatile. Expectations have improved but complacency is on the rise. Japan is entering a politically intense period with ramifications for government reform policies. These topics are discussed in this section.

##### ***Deflation***

Japan's most immediate economic problem is mild but persistent deflation. Deflation is a consequence of inadequate aggregate demand and inadequate fiscal and monetary expansion policies. Until deflation is brought to an end and price stability is achieved (defined as a 1 to 3 percent annual increase in the core consumer price index), adequate bank and corporate restructuring and sustained economic growth will be very difficult to achieve.

It is not easy to estimate deflation trends. The relevant price indices are subject to myriad factors, including seasonal, external, one-time shocks and changes in government taxes and fees. Four measures are relevant: the core consumer price index (CPI) adjusted for seasonal changes in fresh food prices; the corporate goods price index; the corporate services price index; and, most comprehensively, the GDP price deflator. The negative trend of the first three indices has become somewhat smaller over the past year, but the GDP deflator remains more negative and has worsened. While the increase in real output in the April–June quarter is good news, the bad news is that prices decreased almost as much (a GDP deflator of -2.5 percent year-on-year, worse than the -2.1 percent estimate). As a result, while real GDP has been rising, GDP in current prices continued to fall until this most recent quarter. The combination of volatility of indices and special adjustments makes it difficult to judge the precise level

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of what have been small changes in the rate of deflation. The current core CPI is -0.4 percent, but the early August consensus forecast is that it will worsen to -0.6 percent for 2004. The evidence does not suggest Japan will escape from deflation and achieve price stability any time soon; the government's unambitious target is to end deflation by 2005.

### **Labor Conditions**

Japan's employment and unemployment situation is serious now and will be even more so for the intermediate run. The high, rather stable unemployment rate (5.3 percent of the total labor force) is only part of the story. An increasing number of working age Japanese have withdrawn from or never entered the labor force; participation rates (59.5 percent in 2002) have declined by more than 2 percentage points since 1992 to the lowest rate ever. Even worse, the number employed only part-time (less than 35 hours per week) has risen sharply, from 4.7 million to more than 12 million today—some 23 percent of the total employed.

The young have been particularly hard hit: half of the 20- to 24-year-old group not in school (about half of the total cohort) are not employed. Many have not found jobs they are willing to accept. Others have become "freeters" (choosing part-time work as an alternative lifestyle). Significant human capital is acquired through learning by doing, working in productive, challenging jobs. Poor employment opportunities for the young impose long-run costs on the economy as well as on those directly affected. At the other end, the market for senior managers is particularly thin and weak. Those forced into early retirement have difficulty finding comparable high-paying positions given their skill sets in a technologically rapidly changing economy. Japan's economy cannot be said to be recovering until the unemployment rate begins to decline substantially.

*Japan's employment and unemployment situation is serious now and will be even more so for the intermediate run.*

### **CAPITAL MARKETS**

One welcome surprise was the sudden rise in stock market prices of more than 35 percent between late April and early September, after hitting a two-decade low of 7,608 on the Nikkei 225 index. This provides a cushion for September half-year balance sheet reports of banks and industrial companies holding large amounts of equities subject to mark-to-market rules. However, the run-up has been driven overwhelmingly by sustained foreign institution net purchases for 20

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consecutive weeks. It is not clear whether these investors have become much more optimistic about Japan or have been adjusting global portfolios in light of equity price movements elsewhere.

Since the mid-1990s, Japanese government bond (JGB) prices rose and yields declined as the Bank of Japan's monetary easing policy of announced, increasing, and steady purchases of JGBs provided liquidity that eventually flattened the yield term structure. The JGB yield is the benchmark long-term interest rate, with profound implications for all financial activity. On June 12, 2003, 10-year JGBs yielded 0.435 percent, an all-time low. It turned out to be unsustainable; a week later, JGB prices fell sharply, and over the summer prices have been very volatile, with yields in a 1 to 1.6 percent range. What was probably an overshooting in yield declines now appears to be an overshooting in yield increases. These movements seem to reflect investor shifts from JGBs into equities rather than fundamental changes in deflation expectations. Until deflation ends and the economic recovery is sustained, it seems likely bond yields and prices will remain within this range. In a speech on September 3, Bank of Japan Governor Toshihiko Fukui indicated the central bank will maintain its current stimulative policy framework and prevent speculative increases in yields (decreases in bond prices) that overshoot economic fundamentals.

Japanese government debt is a major long-run problem, but it is much less of a problem today than is commonly perceived. While government gross debt is 151 percent of GDP, more than half of that involves double accounting, since it is held by government institutions and the central bank. Using a unified public sector budget measure, Japanese net debt as of March 31, 2003, is 64 percent of GDP. The U.S. level is 44 percent.

Private sector holdings of government debt are very large, so changes in yields and prices generate capital gains or losses. Declines in JGB prices (increases in yield) without changes in any other financial yields could wreak havoc on the balance sheets of banks in particular. The major bank groups held (as of March 2003) some ¥46.2 trillion (\$385 billion at 120 yen/dollar) of government debt, with an average maturity of 3.7 years; this amounted to three times their holding of equities. It is estimated that their unrealized losses from April to late August were about ¥750 billion (\$6.25 billion).

However, the prices of government bonds almost never move in isolation. The increase in stock prices during the same period generated unrealized capital gains of ¥2,300 billion (\$19.17 billion) for

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banks, three times their losses on government debt holdings. Interest rates will rise as deflation ends and the economy again grows well. Bank gains—on loan rate increases, loan-deposit spreads, stock price rises, and lower NPL write-offs—will more than offset losses on their holdings of JGBs and other fixed-coupon debt.

### ***Expectations and Complacency***

How the near-term future unfolds is shaped considerably by the expectations of policy makers, businessmen, and households. The extreme pessimism predominant earlier this year rapidly turned into considerable optimism. Expectations have been fueled by the rise in stock prices, the surge in corporate profits, far better than expected GDP growth for the April–June quarter, the first increases in employment and wages in two years, an improvement in small business confidence in the June Shokochukin survey, a better than expected July Tankan survey of business expectations, and other positive indicators. Is Japan now on the path to full economic recovery, or are optimists deluding themselves? Unfortunately, there is inadequate reason for optimism; it is too early to believe Japan is finally muddling through successfully. To sustain a realistic degree of optimism requires more activist government policies to end deflation and to repair the financial system. These are not yet evident.

There are two dangers in the current positive expectations. One is that, since expectations were so pessimistic earlier, improvement may not signal more than a cyclical rebound in an ongoing mediocre economic performance. Second, more serious, is that heightened expectations induce greater complacency and, consequently, a slackening of reform and restructuring efforts by government and business alike. A wait-and-see approach continues to be a real danger. In mid-July the government's Council on Economic and Fiscal Policy used improvements in the economy as a justification for accelerating fiscal reform (a negative factor for aggregate demand growth). Until expectations end that deflation will persist, optimism is premature.

### ***The Political High Season***

The most immediate and important very near-term factor influencing expectations is politics. Prime Minister Koizumi was easily re-elected LDP president on September 20. His cabinet reshuffle on September 22 was less extensive than expected. While perhaps positive, the reshuffle does not signal a substantial new commitment to Koizumi's reform program.

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*Policies have been  
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too slowly.*

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Koizumi will very likely call for a new Lower House election in November. The recent merger of the opposition Democratic Party of Japan and the Liberal Party creates the possibility of making substantial inroads on LDP strength. Will the Democratic Party drive the election campaign into a substantive debate on important issues of economic policy and thereby force Koizumi to make concrete commitments for reform on issues he has only discussed vaguely so far? The coming weeks will be rife with rumors and political ploys, and intense media coverage. As an economist, I will await the outcome.

**GOVERNMENT ECONOMIC POLICY**

The Japanese economy is in an unprecedented situation, one that requires extraordinary measures. While the government has done a great deal, it has not been sufficient. Furthermore, policies have been implemented too weakly and too slowly.

Government policy thinking is influenced by a number of illusions (or delusions) propagated, and perhaps even believed, by policy makers. Discussion continues to focus excessively on potential risks and costs of possible policy measures, which are always good excuses for inertia. However, there is scant evidence that the economy will somehow return to price stability and sustainable growth on its own; the past decade demonstrates that this is a dangerous assumption, yet policy makers seem unwilling to accept that the greatest risks lie in being cautious and doing little.

The realities are that the ongoing fiscal deficit and high government debt ratio do not render new, short-term fiscal stimulus impossible or even difficult; the Bank of Japan cannot go bankrupt; the banking system is fundamentally insolvent; and the restructuring of very weak, large distressed companies will not result in massive structural unemployment.

An important role of all governments is to take on the risks and costs of programs deemed important to society at large, including correcting market failures. These include costs of adjustment when economic circumstances substantially change. The government has particularly taken on adjustment costs in the financial sector, and that has been appropriate. Government guarantees of bank demand and settlement deposits are essential so long as the banking system is fragile. Government investment in banks through providing capital is a necessary component of reforming and making the banking system strong once again; the return on those investments will almost surely

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be higher than that on the many “roads and bridges going nowhere” public works projects. Of course, the purpose must be to protect depositors, not necessarily managers and employees.

The government continues to face a fundamental policy dilemma. It does not want to use government funds, financed by issuing more bonds, to assist in restructuring weak bank and industrial firms, and certainly does not want to be perceived as taking financial losses. But it also does not want to see the firms fail, with attendant job losses. In socializing risk, the government must be prepared to accept some losses. At the same time, government risk-taking activities must be well designed and transparent so as to minimize potential moral hazard and unfair income distribution effects.

### ***Fiscal and Monetary Policies***

Fiscal and monetary stimuli have been huge but remain insufficient to generate enough aggregate demand to overcome deflation and restore sustained growth. The most efficient and effective policy is to commit to use both, in concert: an expanded, easy monetary policy and further fiscal stimulus. However, no such comprehensive policy is in place. Monetary policy continues to be “wait and see,” and fiscal policy is modest retrenchment. Fiscal consolidation over the long run is essential, but the important thing now is to use fiscal as well as monetary stimulus to stimulate growth. Then, once private demand adequately fuels growth, the necessary adjustment process of fiscal consolidation and a more normal monetary policy can proceed gradually. However, that is premature now.

Since his appointment as the Bank of Japan Governor in March, Mr. Fukui has improved communications and cooperation with the Ministry of Finance and other parts of the government, and the Bank recently decided to use unconventional monetary expansion measures modestly through the purchase of private-sector asset-backed securities. Quantitatively, little has been accomplished yet. In addition to pursuing unconventional measures in these unprecedented times, the Bank should commit to sufficient JGB purchases to hold yields down until deflation ends and the economy recovers. Given its basic ability to create money, economically the Bank of Japan does not have a balance sheet problem; barriers are legal constraints or self-imposed rules of thumb, which can be changed.

The real culprit has been the unwillingness to use further fiscal stimulus as a near-term measure. Fiscal consolidation is not only the

*Substantial capital injections for viable banks are essential to achieve necessary full recapitalization and resolution of Japan's immediate banking difficulties.*

long-term policy, but unfortunately it is also the current practice. The Ministry of Finance has always had a bias against fiscal stimulus, vitiating what should be its commitment to macroeconomic stability. Public works and government investment have decreased substantially since 1998; fiscal restraint has been reinforced by Prime Minister Koizumi's policy to hold the annual budget deficits to ¥30 trillion. That policy has not succeeded in restoring the economy. In the July global consensus forecast, 64 percent of expert respondents thought Japanese fiscal policy should be more stimulative; however, none believe it will be.

The adverse consequences of the burgeoning government debt to GDP ratio have been much exaggerated for the near term, though certainly not for the long term, when it will become one of Japan's biggest economic problems. As already noted, less than half of the government debt of 151 percent of GDP is owned by the private sector; most is owned by the government itself and the central bank. There are two perceived dangers of fiscal stimulus measures now. One is that they would (as in the past) be expenditures misused for politically attractive, economically wasteful, pork-barrel projects. This could be handled by using tax cuts or such measures as vouchers for expenditures on children, rather than public works expenditures. The other is that stimulus would induce backsliding on banking and other structural reforms by government and business alike. Good policy implementation needs to be alert to these dangers.

**BANKING REFORM**

Japan's banking mess, emphasized in detail in last year's essay, persists even though some significant reforms have been put in place during the past year. The fragile banking system continues to be Japan's most serious structural problem, substantively and symbolically. Banks have inadequate capital and huge NPLs, which means low operating profits, and lag in upgrading financial and information technologies. Banks continue to roll over loans to very weak large borrowers, delaying their restructuring. And there may be some degree of credit crunch for small corporate borrowers.

The non-performing loan problem has yet to be solved despite continuing huge write-offs. Banks reported NPLs as of March 2003 of ¥35.3 trillion (\$294 billion), 7.4 percent of total loans. This was a decrease of ¥7.9 trillion, 18.3 percent, from a year earlier and the first year since 1997 that existing NPLs were written off faster than new

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NPLs were booked. Banks wrote off ¥3.5 trillion yen, the remaining unreserved portion of some ¥15 trillion loans to bankrupt and near-bankrupt firms written off; while ¥7 trillion in new NPLs were recorded. Virtually all (¥7.7 trillion) was by major banks; their reported NPLs are ¥20.7 trillion (7.2 percent of their total loans). An ongoing concern is that regional banks and local cooperatives have slightly higher NPL ratios and are not reducing them significantly.

Bank core capital continues to be seriously inadequate. Despite official protestations, it is clear that virtually all banks are undercapitalized and some are economically insolvent. It is conservatively estimated that major bank NPL loan loss reserves are short about ¥8 trillion (\$67 billion). Moreover, deferred tax assets (DTAs), an inferior capital source, now comprise 44 to 61 percent of the capital of the four megabank groups; and DTAs are significant for smaller and local banks as well. (DTAs are credits for taxes already paid that can be offset against future profits for up to five years.)

Substantial capital injections for viable banks are essential to achieve necessary full recapitalization and resolution of Japan's immediate banking difficulties. A sound capital base is necessary so that banks can absorb the loan losses inherent in forcing weak borrowers to restructure or liquidate, and take on the normal lending function in which credit risk and cash flow assessments provide the basis for lending.

The government's slowness in resolving the non-performing loan problem is due to lack of political will. The institutions to handle bank NPLs are in place: the Deposit Insurance Corporation (DIC), the Resolution and Collection Corporation (RCC), and now the Industrial Revitalization Corporation of Japan (IRCJ). More than \$300 billion (¥36 trillion) in government-guaranteed funding has been committed but not yet utilized.

Some significant measures have been taken since last fall. While FSA Minister Heizo Takenaka's October Financial Revival Program was substantially weaker than initially proposed, it did tighten standards and FSA bank inspections, and brought the DTA issue to the fore. These measures forced six major banks in February to expensively raise ¥2.1 trillion new private capital in preferred and common stock and subordinated debt. In early August, the FSA ordered five major banking groups and ten regional banks that had received public capital but had not met their earnings targets to improve their business performance or face required management resignations.

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In May 2003, Resona Bank, a major part of Resona Holdings, Japan's fifth largest bank group, collapsed and was de facto (but not formally) nationalized. The way in which Resona has been handled represents, on the whole, a very positive development in Japan's seemingly never-ending banking mess. Resona Bank was particularly weak, with DTAs comprising 77 percent of its reported capital. In an unprecedented action, its auditors, well aware of possible stockholder lawsuits, refused to allow more than three years of DTAs, instead of the normal five, to be counted as capital. This put Resona below the minimum 4 percent capital requirement for a domestic bank. The government immediately decided to inject ¥1.96 trillion (\$16.3 billion), increasing capital adequacy to 12 percent. This was done in the form of common and preferred shares, so the government ended up owning some 70 percent of the voting rights. Management was replaced; the new chairman and seven of the ten directors are outsiders, the FSA set up its own management oversight committee, and 142 Resona senior executives were forced to retire without benefits. Some 15 percent of Resona employees are to be let go, wages cut by 30 percent, and a number of branches closed. The new president, Eiji Hosoya, has strongly stated that cleaning up Resona's NPL problems is the first priority, and he has hired independent auditors quickly to evaluate NPLs.

Several lessons emerge from the Resona case. First, auditing firms have become major players; their decision on DTAs for banks (and many industrial companies) can create a crisis event. Not surprisingly, they are learning from the early 2002 experience of Asahi Audit Company, which had to pay a substantial fine to the FSA for its mis-handling of Long-Term Credit Bank audits, and from the Arthur Andersen and Enron collapses. Under revised rules, since March, auditors are required to declare whether a client faces serious risk of going bankrupt within a year. Given their legitimate fear of lawsuits, this may be the first of many resolute decisions by auditors.

Second, the government correctly injected a huge amount of new capital. This provides Resona ample resources to write off sufficient NPLs so that they should no longer be a problem. Further, in this process the government avoided the political embarrassment of bankruptcy and the problems of handling a formal nationalization. Third, the government will guarantee all deposits of a bank in crisis; there were no depositor runs on Resona or other banks. Fourth, the debate over the injection of public funds has shifted somewhat, with

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the public more pragmatically accepting the necessity of government capital injections to prevent a bank crisis.

The major downside in terms of public policy was that the Resona shareholders were not penalized. Instead, they even received a windfall gain from the relatively high price the government paid for its new shares, for which there appears no justification.

Resona was good news for the other major banks and for their shareholders: it signaled that the government would not let them fail. It is not surprising that bank share prices subsequently rose dramatically. Similarly, depositors were reassured. The subsequent improvement in banker and business expectations is palpable.

It is too early to tell whether Resona will be the model for the first step in an important new trend of using DTAs and auditors as the fulcrum for further intervention; or whether it is a stand-alone event. It will depend on how severely the auditors review the six-month and year-end bank statements for this September and next March, and how the FSA and Diet respond.

Despite these improvements, it appears the government will persist in its gradualist and forbearance policies of bank reform. In an environment of slow growth and deflation, this is virtually doomed to fail. It would take an extraordinary sustained improvement in Japan's economic condition, not likely anytime soon, for the banking system to become sound again on its own. Further injections of government capital will be required. The main issue is whether the government will develop the fortitude to initiate a comprehensive reform program, or will simply deal with future bank crises as they occur.

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### **Corporate Restructuring**

Relatively few Japanese firms are in severe distress or danger of bankruptcy. But most, large and small, have been forced to engage in some restructuring due to flat demand, persistent deflation, and, in many cases, a high debt burden. A main management objective is to restore profitability in order to be able to take care of all stakeholders.

Most ailing firms, typically in cooperation with their bank creditors, are restructuring without going through bankruptcy or having their (non-performing) loans sold off to outside institutional investors. The process is highly varied, with the results mixed and often not generally known or understood. Although slow, restructuring is gradually improving the efficiency, productivity, and profitability of most firms.

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The greatest barriers to rapid restructuring are the strong embedded relationships pervasive in Japan's business system. These relationships make it difficult for companies to extricate themselves from now inefficient, long-term suppliers, for banks to force non-performing borrowers to sell assets and repay loans, and especially for management to lay off employees. Outsiders, especially foreigners who do not have these relationship constraints, play a useful role as direct investors (Nissan is the outstanding example) or as purchasers of NPLs from banks. Foreign financial institutions in particular have purchased packages of Japanese bank loans at huge, market-based discounts and renegotiated terms with the borrowers ("buy at 10 percent of the loan's face value, and settle at 20 percent in two to three years"), using both their own technical skills and staff and an increasing number of Japanese service providers (collectors).

Distressed firms unable to service their debt are the other side of the bank NPL problem. The government has tolerated bank forbearance, allowing the rollover of loans to distressed companies, and gradualist, incremental, case-by-case resolutions of their difficulties. One rationale, now clearly shortsighted, is to continue to utilize the corporate employment system as a social safety net rather than develop better functioning unemployment insurance and worker retraining programs.

Some 1,408 of a comprehensive sample of 2,972 non-financial listed companies have a liabilities to operating cash flow ratio in excess of 10. Among these, 171 are larger companies (assets of more than ¥300 billion, \$2.5 billion). They employ more than 3.6 million. Of these, 33 companies are in extraordinary distress, with an average liabilities to cash flow ratio of 30.9 and a debt to equity ratio of 29.9; and another 42 are deeply distressed, with an average liabilities to cash flow ratio of 27.0 and a debt to equity ratio of 6.8. Authors of another study estimate that of the total 3,362 listed non-financial companies, 938 (27.9 percent) would not be able to cover interest costs out of operating profits if their borrowing rate was increased by just 0.5 percent, everything else being equal.

The government established the Industrial Revitalization Corporation of Japan (IRCJ) in April to accelerate the process of large-firm restructuring. It has a small but capable staff, considerable funding (¥10 trillion, \$83 billion), and a five-year mandate both to handle specific cases of restructuring and to develop appropriate criteria for deciding which firms should be rescued and precisely how.

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This will provide guidance to the financial markets, which is where most work-outs will occur in practice. The first IRCJ case is a Kyushu bus company group, and now several others have been announced. It is far too early to judge but, given the mediocre results of other government restructuring efforts, IRCJ will have to prove its merit. The prominent problems of very large, politically connected, distressed companies continue to be handled gingerly on a case-by-case basis.

The myriad small and medium firms (SMEs) in difficulty are a serious problem economically, regionally, and politically. Tokyo's surface prosperity masks real difficulties in most other cities and towns. The government has quietly but aggressively provided SMEs credit directly and indirectly. The share of government financial institutions in total loans has risen from 25 percent in 1989 to 40 percent in 2002, mostly because of loans to SMEs. The government also pressures banks to lend to SMEs and guarantees some of their loans. It is unclear how rapidly and extensively SME restructuring is proceeding, but they are even more subject to market pressures than large firms.

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In addition to the problems of private sector corporate restructuring and NPLs, bad loan difficulties within the government sector—government financial institutions, public corporations, and other agencies, and especially local governments—are substantial. Potential losses have been conservatively estimated at ¥79 trillion (\$658 billion), 16 percent of GDP. Government sector restructuring progresses very slowly.

## JAPAN AND THE WORLD ECONOMY

Despite the small shares of foreign trade and foreign direct investment, both outward and inward, in Japan's economy, the conditions and performance of the world economy and exchange rates are disproportionately important for Japanese government policy makers, manufacturers, and financial institutions. There are several reasons: aggregate demand management, exchange rates, stock and bond prices, economic relations with both the United States and China, and ambivalent reliance on foreign institutions to move the corporate restructuring agenda forward.

Japanese quite naturally view U.S. economic prospects with a combination of anxiety and hope; they are not alone. The U.S. growth rate will rise over the coming 18 months, though how much and how fast is not clear, and prospects for 2005 and beyond are even less certain. Probably the trade-weighted dollar value will con-

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tinue its decline, since otherwise the U.S. current account deficit of 5.1 percent of GDP will rise and the required capital inflow from the rest of the world will reach an unsustainable level.

Half of Japanese demand growth in 2002 was due to an increase in net exports, but net foreign demand is likely to become a smaller force this year and next. Japanese policy maker reliance on increases in world demand raises two concerns. If export demand does grow well, then that will reinforce Japanese tendencies toward complacency and policy forbearance. More importantly, Japanese aggregate demand management should be based on domestic investment, consumption, and net government expenditures rather than on Japan's being a self-imposed prisoner of world economic growth, over which it has little control.

The yen/dollar exchange rate has been remarkably stable in recent months, between 115 and 122. This was despite the continuing substantial trade-weighted depreciation of the dollar, some 17 percent down from its January 2002 peak, involving a 25 percent decline against the euro and last year's 12 percent decline against the yen. The Japanese government was determined not to let the yen appreciate beyond 115. To achieve that, the monetary authorities have successfully engaged in their largest interventions ever in the foreign exchange market, purchasing some \$75 billion in the first seven months of 2003, including \$43.6 billion in May alone. As of July 2003, Japan's foreign exchange reserves totaled \$556.8 billion, by far the largest in the world, having increased \$103.7 billion in 12 months. In order to prevent their currencies from appreciating, Japan, China, and other Asian countries have been financing the U.S. current account deficit by purchasing dollars. This has placed most of the adjustment burden from dollar weakness on the E.U., Canada, and other countries whose currencies float against the dollar. In response to increasing political pressures and the G-7 meeting September 20–21, the Japanese authorities apparently decided to allow the yen to strengthen somewhat; while too early to tell, the new ceiling may be about 110 yen to the dollar. If markets push the trade-weighted dollar down further, the Japanese government will probably continue to buy dollars heavily in order to limit yen appreciation.

Japan's bilateral trade with, and business direct investment in, China have grown rapidly, and imports from China are now about as large as from the United States, for long Japan's largest postwar trading partner. The combination of China's continued rapid growth,

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its export orientation, a fixed exchange rate of 8.3 yuan per dollar, low export prices, current account surplus, and burgeoning foreign exchange reserves have led some Japanese to assert, incorrectly, that China is a main source of Japanese deflation. Policy makers and commentators in the United States and Europe have joined their Japanese counterparts in arguing that China should revalue the yuan.

However, it is premature for China to revalue now. In the sequencing of foreign liberalization measures, China can learn from Japan's experience in the 1960s, when it was in a similar situation. The first priority is for China to accelerate import liberalization, as well as reducing export subsidies. It should then liberalize restrictions on portfolio capital inflows and outflows. It also has to resolve its state-owned enterprise rigidities and reduce regional disparities, obstacles in implementing its WTO commitments. Substantial revaluation of the yuan probably will not, and should not, occur until these priorities are effectively met.

*What Japanese policy makers should do and what I expect they will do are substantially different.*

## CONCLUDING THOUGHTS

What would it take to restore the Japanese economy to achieving its potential? A great deal more than is going to occur any time soon, though happily the risk is that the economy will do better than I expect rather than worse. Even though the recent economic news is good, Japan continues to have major problems—deflation, aggregate demand insufficient to return to robust, self-sustaining economic growth, an extraordinarily weak financial system, a slow and uneven process of corporate restructuring, unemployment and underemployment, a government debt to GDP ratio on a path to major crisis, and a weakening trade-weighted dollar. I have made a series of economic policy proposals for Japan, particularly in the section on government economic policy. Unfortunately, what Japanese policy makers should do and what I expect they will do are substantially different.

In last year's essay, I considered four economic scenarios for Japan over the next seven to ten years: gradually muddling through to eventual success; muddling along without substantial improvement; and either creative or destructive crises that substantially alter economic policies. I thought last year, and I think now, that complacency, inertia, and the temptations of forbearance and postponement of problem solving are likely to persist until some sort of crisis forces major economic policy reform. Perhaps Japan will be lucky and somehow muddle through to success. While I share this wish, realis-

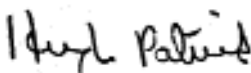
*Complacency, inertia, and the temptations of forbearance and postponement of problem solving are likely to persist until some sort of crisis forces major economic policy reform.*

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tically the chances of this happening are not good. In the long run things will get better—I remain an optimist in that respect. Nonetheless, the challenge to policy makers today is not to leave matters to fate but to make the difficult decisions that will revitalize the Japanese economy as quickly as possible.

On the other hand, Japan may not be lucky. There are various potential sources of a crisis, and alternate scenarios as to how they would play out. These include loss of confidence in the government and capital flight; high (8 to 10 percent) overt unemployment; banking system collapse; reduced willingness to tolerate the rising social and generational costs of the path Japan is on today; and a crisis in the Japanese government bond market leading to sudden, sharp increases in interest rates, monetization of the debt, and inflation. Most of these are unlikely to occur. However, while the government's net debt is not yet that large, which makes possible several years of further fiscal stimulus, there is no way Japan can proceed indefinitely with its large budget deficits and a rising net government debt to GDP ratio without generating a crisis.

While Japan's fundamentals are strong, I will not become optimistic about Japan's near-term prospects until deflation and the deflation psychology come to an end, until employment increase and unemployment decrease prevail, until sustained private demand growth takes the lead in ensuring adequate demand growth while the government budget deficit decreases, and until the banking mess is cleaned up. The transition from the current economic situation to achieving long-term potential growth will not be easy. I hope the combination of basic strengths, private sector improved performance, and more sensible economic policy will inspire a more optimistic evaluation a year from now.



Hugh Patrick

September 22, 2003

THE RESEARCH COMMUNITY

教授陣と研究活動

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## THE RESEARCH COMMUNITY

The foundation of the Center on Japanese Economy and Business is built upon its exceptional group of faculty members; these nine scholars of Japanese economy, finance, law, management, and political science are the Center's intellectual core. All are members of the faculty of Columbia University's Business School, Law School, Economics Department, Political Science Department, or School of International and Public Affairs. In addition to the Center's core faculty, a number of other faculty members have participated over the years in a range of research, teaching, and curriculum development programs, as well as study trips and conferences.

We are delighted to add to the core faculty Professors Glenn Hubbard and Joseph Stiglitz. Both actively participate in conferences and meetings in Japan, including lectures comparing U.S. and Japanese macroeconomic policies, and lessons from Japan's economic experience for both developing economies and other developed countries. Brief descriptions of their activities are provided below.

All activities of the Center flow from an effective research program that is ambitious, wide ranging, and solidly academic in conception but with real-world applications. In addition to organizing research projects involving international groups of scholars, the Center actively encourages, supports, and disseminates relevant individual research projects by faculty members in the Business School and in the social sciences and by research associate scholars.

Research topics reflect the Center's deep commitment to enhancing academic understanding of the Japanese economy, business behavior, and management practices, in domestic terms as well as in regional, international, and comparative contexts. The Center's current research agenda focuses on three interrelated subjects: Japan's financial system and corporate financial structure; the study of Japanese management systems and their domestic and international evolution; and comparative research on Japan and other Asia-Pacific economies, including Asia-Pacific economic cooperation, the implications and effects of the current Asian economic crisis, the prospects and implications of economic deregulation, and competition policy. Much of this research appears in the Center Working Paper Series and underlies its conferences and symposia.



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## DIRECTOR



**Hugh T. Patrick** is director of the Center on Japanese Economy and Business at the Columbia University Graduate School of Business and codirector of Columbia's APEC Study Center. He became R. D. Calkins Professor of International Business Emeritus in 2001. Professor Patrick joined the Columbia faculty in 1984 after twenty-four years at Yale

University, having served as professor of economics since 1968, with two terms as director of the Yale Economic Growth Center during 1976 to 1979 and 1980 to 1983. He is recognized as a leading specialist on the Japanese economy and on Asia-Pacific economic relations. He completed his B.A. at Yale University in 1951, earned M.A. degrees in Japanese studies (1955) and economics (1957), and a Ph.D. in economics at the University of Michigan in 1960. He has been a visiting professor at Hitotsubashi University, University of Tokyo, and University of Bombay.

Professor Patrick has been awarded Guggenheim and Fulbright fellowships and the Ohira Prize. His professional publications include fifteen books and some sixty articles and essays. His major fields of published research on Japan include macroeconomic performance and policy, banking and financial markets, government-business relations, and Japan-U.S. economic relations. Representative publications include *Crisis and Change in the Japanese Financial System* (with Takeo Hoshi); *The Japanese Main Bank System* (with Masahiko Aoki); *The Financial Development of Japan, Korea, and Taiwan* (with Yung Chul Park); *Pacific Basin Industries in Distress: Structural Adjustment and Trade Policy in Nine Industrialized Economies*; *Regulating International Financial Markets: Policies and Issues* (with Franklin Edwards); *Japan's High Technology Industries: Lessons and Limitations of Industrial Policy*; and *Asia's New Giant: How the Japanese Economy Works* (with Henry Rosovsky).

Professor Patrick is actively involved in professional and public service. He is a member of the Council on Foreign Relations. He served as one of the four American members of the binational Japan-U.S. Economic Relations Group appointed by President Carter and Prime Minister Ohira, 1979–81. He has testified before Congressional committees on numerous occasions. He is a member of the U.S. National Committee for Pacific Economic Cooperation and its Board

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of Directors, and a founding member of the U.S. Asia-Pacific Council, which now has oversight. In 1985 he succeeded Dr. Saburo Okita as chair of the International Steering Committee for the conference series on Pacific Trade and Development (PAFTAD), having served on it since PAFTAD's inauguration in 1968. He was on the Board of the Social Science Research Council, 1982–88, and served as its chair, 1985–88. He served as a member of the Board of Directors of the Japan Society for seven three-year terms. He chairs the Finance Committee of the Association for Asian Studies. In November 1994, the government of Japan awarded him the Order of the Sacred Treasure, Gold and Silver Star (Kunitō Zuihōshō). He was awarded an honorary Doctor of Social Sciences degree by Lingnan University, Hong Kong, in November 2000.

Professor Patrick's current research is in three areas. One is Japanese corporate governance in comparative perspective, specifically considering the systems and practices in the United States, Korea, and Indonesia. A second is his ongoing research on Japanese banking and the financial system. Third, he is engaged as one of the six members of the organizing committee on a major project titled "Solutions for the Japanese Economy: Implications for U.S. Policy and U.S.-Japan Relations," which is described in the "Programs" section.

For a complete list of publications and research, see <http://www.gsb.columbia.edu/japan/director/>.

## ASSOCIATE DIRECTOR FOR RESEARCH



**David Weinstein** is Carl S. Shoup Professor of the Japanese Economy in the Department of Economics at Columbia, the associate director for research at the Center on Japanese Economy and Business, and a research associate at the National Bureau of Economic Research. He is also a member of the Council on Foreign Relations. Previously, Professor Weinstein was associate professor of international business, research professor in Japanese business, and Sanford R. Robertson Associate Professor of Business Administration at the School of Business Administration, University of Michigan, and, prior to that, an associate professor of economics at Harvard University. He also served on the Council of Economic Advisers from 1989 to 1990.

His teaching and research interests include corporate finance, international trade, the Japanese economy, and industrial policy.

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Professor Weinstein earned his Ph.D. and M.A. in economics from the University of Michigan and his B.A. at Yale University. He is the recipient of numerous grants and awards including two National Science Foundation grants, an Abe Fellowship, and a Japan Foundation Fellowship.

Professor Weinstein is currently researching how Japan can reinvigorate its economy and solve its fiscal problems. He is also exploring the forces that led to Japan's postwar recovery, and he has under way a major project on the changing patterns of Japanese and other Asian exports to the United States.

Professor Weinstein is the author of numerous publications and articles, including "Does Tokyo Matter? Increasing Returns and Regional Productivity," with Donald Davis, NBER Working Paper 8518, October 2001, forthcoming in Kanbur, Ravi and Anthony Venables, eds., *Spatial Inequality and Development*; "The Factor Content of Trade," with Donald R. Davis, in Choi, E. Kwan, and James R. Harrigan, eds., *Handbook of International Trade* (2003); "Market Access, Economic Geography, and Comparative Advantage: An Empirical Assessment," with Donald Davis, *Journal of International Economics* (2003); "Bones, Bombs, and Break Points: The Geography of Economic Activity," with Donald Davis, *American Economic Review* (2002); "Evaluating Administrative Guidance and Cartels in Japan," in Milhaupt, Curtis J., J. Mark Ramseyer, and Michael K. Young, eds. *Japanese Law in Context: Readings in Society, the Economy, and Politics* (2001); "Historical, Structural, and Macroeconomic Perspectives on the Japanese Economic Crisis," in Blomstrom, M., B. Gangnes, and S. La Croix, eds., *Japan's New Economy: Continuity and Change in the Twenty-First Century* (2001).

For a complete list of publications and research, see <http://www.columbia.edu/~dew35>.

## CORE FACULTY



**Schon L. Beechler** is associate professor in the Management Division and associate professor in the Executive MBA Program at Columbia Business School. She is a specialist on Japanese and comparative international management systems. Professor Beechler joined the Columbia Business School faculty in 1989. She received her Ph.D. from the University of Michigan in business administration and sociology.

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Professor Beechler's research areas include international management strategies, globalization, and the management of organizational change.

Professor Beechler is a 2000–2002 National Science Foundation grant recipient for her program on innovation and organizational change. This NSF grant is for her current research project on “Organizational Competitiveness: Exploring the Roles of Human Resource Management and Organizational Culture in MNCs.” This major study involves more than 4,000 employees in forty business units of twelve multinational companies from Japan, the United States, Latin America, Australia, and the United Kingdom. Papers from this project have been presented at the Academy of Management Annual Conferences, the Academy of International Business annual conferences, and numerous corporate presentations, and will be published in a forthcoming volume of *Advances in International Management*.

Professor Beechler is also involved in a groundbreaking research study on how global executives learn and how to design effective learning environments to maximize executives' ability to apply their learning to current business challenges. Results from this project have been presented at the Academy of Management annual conference and corporate presentations, and will be published in a forthcoming edited volume.

Professor Beechler is the 2003 program chair for the 2003 Academy of Management Annual Conference; an associate editor at the *Journal of International Business Studies*; a member of the Academic Advisory Board, Hitachi Institute of Management Development; on the Editorial Review Board, *Journal of International Business Studies*; an Editorial Board member, *Advances in International Comparative Management*, JAI Press; and an International Advisory Board member, *Asian Business and Management Journal*.

Professor Beechler has published numerous articles and book chapters and is the editor of two books on Japanese management: *Japanese Management Overseas: Organizational and Individual Learning*, with Allan Bird, and *Japanese Business Enterprise*, with Kristen Stucker.

For a complete list of publications and research, see <http://www.gsb.columbia.edu/japan/beechler/>.



**Lee Branstetter** Branstetter joined Columbia Business School as an associate professor in the Finance and Economics Division in July 2001. Prior to this appointment, Professor Branstetter was an assistant professor of economics and director of the East Asian Studies Program at the University of California, Davis. He received his Ph.D. in

economics from Harvard University in 1996 and his B.A. from Northwestern University in 1991. Professor Branstetter is a faculty research fellow at the National Bureau of Economic Research. He teaches courses on international business and business and finance in East Asia.

Professor Branstetter conducts research in the fields of international economics and industrial organization, with a particular focus on the economic analysis of technological innovation. He is currently researching the impact of changes in the strength of intellectual property rights abroad on the activities of U.S.-based multinational companies. He is also working on the interaction between academic science and industrial R&D in the United States, and writing a paper on Chinese international trade and foreign direct investment (FDI) in China, and its impact on Chinese economic growth.

During academic year 2003–2004, Professor Branstetter will be in Japan on an Abe Fellowship working at Hitotsubashi University and the Research Institute of Economy, Trade, and Industry, which is affiliated with the Ministry of Economy, Trade and Industry (METI). During that period, in addition to the projects listed above, he will be examining the interaction between the R&D of Japanese companies and academic science (conducted both in Japan and abroad).

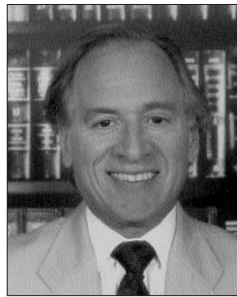
Professor Branstetter currently has two National Science Foundation (NSF) grants. One supports his research on the interaction between academic science and industrial R&D. The second supports his research on intellectual property rights and the activities of U.S. multinational firms. This project is also supported by a grant from the World Bank. He also has a grant through the National Bureau of Economic Research (NBER) Nonprofit Research Program, which supports his research on the interaction between academic science and industrial R&D.

Professor Branstetter is the author of numerous publications and articles, including “When Do Research Consortia Work Well and Why? Evidence from Japanese Panel Data,” with Mariko Sakakibara (UCLA),

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in *The American Economic Review* (2002); “Trade and Foreign Direct Investment in China: A Political Economy Approach,” with Robert Feenstra (UC-Davis), in *Journal of International Economics* (2002); and “Do Stronger Patents Induce More Innovation? Evidence from the 1988 Japanese Patent Law Reforms,” with Mariko Sakakibara (UCLA), in *RAND Journal of Economics* (2001).

For a complete list of publications and research, see <http://www.gsb.columbia.edu/faculty/lbranstetter>.



**Gerald Curtis** is Burgess Professor of Political Science and former director of the East Asian Institute at Columbia University, visiting professor at the Graduate Research Institute for Policy Studies, and faculty fellow at the Research Institute of Economy, Trade, and Industry (RIETI) in Tokyo. He is also a member of the Council on Foreign Relations.

Professor Curtis has written extensively about Japanese politics, government, and foreign policy. His books include *Election Campaigning Japanese Style* (published in Japan as *Daigishi No Tanjo*), *The Japanese Way of Politics* (winner of the Masayoshi Ohira Memorial Prize in 1989 and published in Japan as *Nihongata Seiji no Honshitsu*), *Nihon No Seiji O Doo Miru Ka* (Comparative Perspectives on Japanese Politics), based on the 1996 series of twelve half-hour lecture programs he produced and narrated for NHK television), and *The Logic of Japanese Politics* (*Nagata-cho Seiji No Koubou*). The revised Japanese edition of this latter book was recently translated into Korean and published in Korea.

Professor Curtis also has written extensively on policy issues regarding Japan, U.S.-Japan relations, and international relations in East Asia. He is a columnist for the *Chunichi* and *Tokyo Shimbun*, a regular contributor to other newspapers and intellectual journals, and a frequent commentator in the mass media in the United States, Japan, and other countries.

In October 2002 Professor Curtis was awarded the prestigious Japan Foundation Award in recognition of his scholarly work and his major contributions to foster cultural exchange between Japan and the rest of the world. Professor Curtis has been a member of the Trilateral Commission and of the Board of Advisors of the Center for Global Partnership; a research fellow at the Royal Institute of

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International Affairs; and a visiting professor at the College de France, Keio University, and the University of Tokyo. He is on the Board of the Directors of the U.S.-Japan Foundation and is an advisor and consultant to numerous public and private organizations in the United States and Japan.



**R. Glenn Hubbard** is the Russell L. Carson Professor of Economics and Finance in the Department of Economics and Graduate School of Business of Columbia University, where he is also codirector of the Program on Entrepreneurship at the Graduate School of Business.

From February 2001 until March 2003, he was chair of the U.S. Council of Economic Advisers (CEA) under President George W. Bush, where his responsibilities included advising the President on economic policy, tax and budget policy, emerging market financial issues, international finance, health care, and environmental policy. He also had major responsibility in overseeing the ongoing U.S. government dialogue with senior Japanese officials on Japan's macroeconomic policy and banking and financial system issues. While CEA chair, he chaired the Economic Policy Committee of the Organization for Economic Cooperation and Development (OECD).

Professor Hubbard's research spans tax policy, monetary economics, international finance, and corporate finance. He received his Ph.D. in economics from Harvard University in 1983 and has taught at Northwestern, Harvard, and the University of Chicago, as well as Columbia. In addition to writing more than ninety scholarly articles in economics and finance, he is the author of the best-selling textbook *Money, the Financial System, and the Economy*. He was deputy assistant secretary of the U.S. Treasury Department for Tax Policy from 1991 to 1993. In addition to his responsibilities at Columbia, he is a research associate at the National Bureau of Economic Research and the director of the program on tax policy at the American Enterprise Institute in Washington. He has been a consultant to U.S. and non-U.S. government agencies and numerous private corporations. He continues to make trips to Japan to lecture, participate in conferences, and meet with academics and government policymakers.

For a complete list of publications and research, see <http://www.gsb.columbia.edu/faculty/ghubbard>.





**Merit E. Janow** is professor in the Practice of International Economic Law and International Affairs at Columbia University's School of International and Public Affairs (SIPA). She is also director of the Master's Program in International Affairs and codirector of Columbia's Asia-Pacific Economic Cooperation (APEC) Study Center. Professor Janow teaches graduate

courses in international trade law and international antitrust at Columbia Law School and international economic policy at SIPA. She also serves on the faculty of Columbia's Weatherhead East Asian Institute.

Professor Janow's background combines international trade and antitrust law and policy with extensive international experience, particularly in the Asia-Pacific region. During her career, she has served as the executive director of an international antitrust advisory committee to the attorney general and the assistant attorney general for antitrust at the Department of Justice, Washington, D.C.; a senior trade negotiator for the Office of the U.S. Trade Representative responsible for bilateral trade negotiations between the United States and Japan and China; a corporate lawyer with a major Wall Street law firm involved in global mergers and acquisitions and business operations; and a researcher on international economic policy for a major U.S. think tank. She is also a member of the Council on Foreign Relations.

Professor Janow's current research includes issues in the World Trade Organization (WTO) system, notably dispute settlement, competition law and policy, international antitrust and regulatory reform (including in certain Asian countries), and regional versus multilateral free trade agreements, with special focus on Japanese policy.

Professor Janow is the author of a number of articles and books on U.S.-Japan and U.S.-Asian economic and trade relations as well as international economic law and policy subjects, including *The Future of Competition Policy in the WTO* (Kluwer Publishers, 2003, in press); "Economic Institution Building in a Global Economy: Indonesia's Challenges" (overview chapter in forthcoming book edited with Mari Pangestu, 2003); *Review of Select WTO Agriculture, Subsidy, and Antidumping Cases* (coauthored with Robert Staiger, Cambridge University Press, 2003, in press); *The Role of the WTO Secretariat in Dispute Settlement* (World Trade Forum, World Bank/Cambridge University Press, 2004, in press); "Examining Two Multilateral Venues for Global Competition Policy: The WTO and the ICN," in *Fordham Corporate Law Institute* (2003, in press).

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For a complete list of publications and research, see <http://www.columbia.edu/~mj60>.



**Curtis J. Milhaupt** is the Fuyo Professor of Law and director of the Center for Japanese Legal Studies at Columbia Law School. He holds a B.A. from the University of Notre Dame and a J.D. from Columbia Law School, where he was a Harlan Fiske Stone Scholar and an editor of the *Columbia Law Review*.

Prior to joining the Columbia Law School faculty in 1999, Professor Milhaupt practiced law in New York and Tokyo, principally in the areas of mergers and acquisitions and international finance, and began his academic career at Washington University in St. Louis. Professor Milhaupt has been a visiting professor of law at the University of California, Los Angeles, visiting scholar at the Bank of Japan Institute for Monetary and Economic Studies, and Japan Foundation Fellow at the University of Tokyo. He also served as a member of an international team of scholars advising on Korean unification, where he was responsible for designing a privatization plan for North Korean state-owned enterprises.

His principal areas of research interest include comparative corporate governance; financial regulation; Japanese law, particularly corporate and banking law; law and economics; and institutional economics. He is currently conducting research under the auspices of an Abe Fellowship of the Social Science Research Council and the American Council of Learned Societies. His research project is entitled “Governance after High Growth: Law and the Transformation of East Asia.” The first of a series of papers to be written as part of this project examines the role of nonprofit organizations in the post-Asian financial crisis corporate governance environments of Japan, Korea, and Taiwan.

Professor Milhaupt organized a conference in Tokyo on June 13, 2003, titled “Hostile M&A and the Poison Pill in Japan: Prospects and Policy.” Panelists included Nobumichi Hattori, Goldman Sachs Japan; Yoshiaki Murakami, M&A Consulting; Satoshi Kawai, Mori Hamada & Matsumoto; William Chandler III, chancellor, Delaware Court of Chancery; Ronald Gilson, Columbia Law School; and Hideki Kanda, University of Tokyo Faculty of Law. Hugh Patrick and Center Research Associate Professor Christina Ahmadjian attended the conference.

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Professor Milhaupt is also working on a large cross-country empirical study to test the impact of domestic laws on national and cross-border mergers and acquisitions. He is also in the early stages of writing a textbook on comparative law, featuring a radically new approach to the teaching of this topic in U.S. law schools.

Professor Milhaupt has written on a broad range of comparative law topics, including venture capital, deposit insurance, and organized crime, and is coauthor of *Japanese Law in Context: Readings in Society, the Economy, and Politics*. Professor Milhaupt published “On the (Fleeting) Existence of the Main Bank System and Other Japanese Economic Institutions” in *Law and Social Inquiry* (spring 2002). He is currently editing a volume entitled *Global Markets, Domestic Institutions: Corporate Law and Governance in a New Era of Cross-Border Deals* (Columbia University Press, 2003, in press). This volume grew out of a major project he directed, which included two conferences on corporate governance held at the Law School in 2001–2002, culminating in a major public conference that drew corporate and finance scholars, practitioners, and policymakers from around the world.

For a complete list of publications and research, see <http://www.gsb.columbia.edu/japan/milhaupt>.



**Joseph Stiglitz**, Nobel laureate in economics in 2001, holds joint professorships at Columbia University’s Economics Department, School of International and Public Affairs, and its Business School. He also directs Columbia’s Initiative for Policy Dialogue Center (IPD). From 1997 to 2000 he was the World Bank’s senior vice president for development eco-

nomics and chief economist; he was particularly active in trying to shape policies during the East Asian crisis. He worked closely with the Japanese government, which held similar views about the appropriate strategies for shaping policies. Professor Stiglitz also served as chair of the U.S. Council of Economic Advisers; he was a member of the Council from 1993 and was a member of President Clinton’s cabinet from 1995 to 1997.

Professor Stiglitz is noted as a leading scholar on the economics of information, technical change, and the public sector.

Prior to his Nobel Prize, Professor Stiglitz was awarded the American Economic Association’s biennial John Bates Clark Award in

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1979. Professor Stiglitz's work has been recognized through his election as a fellow to the National Academy of Sciences, the American Academy of Arts and Sciences, the Econometric Society, the American Philosophical Society, and the British Academy.

He has published widely, including *Globalization and Its Discontents* (2002) and *Towards a New Paradigm for Monetary Policy*, with Bruce Greenwald (2003). His textbooks have been translated and widely used in Japan.

Professor Stiglitz lectures extensively in Japan and participates in various conferences and policy discussions, including those recently at the Ministry of Economy, Trade and Industry (METI), the Ministry of Finance, and Doshisha and Keio Universities. In 2003, Professor Stiglitz was awarded an honorary doctorate by Doshisha University.

For a complete list of publications and research see <http://www.josephstiglitz.com>.

## **FACULTY ASSOCIATES**

The Center encourages active working relationships with a number of faculty in the Business School in addition to its core faculty. The following are designated as faculty associates, reflecting their ongoing involvement in the Center and its programs.

### **Charles W. Calomiris**

*Paul M. Montrone Professor of Finance and Economics*  
Finance and Economics

### **Nelson Fraiman**

*Professor of Professional Practice*  
Decision, Risk and Operations

### **Robert J. Hodrick**

*Nomura Professor of International Finance*  
Finance and Economics

### **Casey Ichniowski**

*Professor*  
Management  
Human Resource Management Program

### **Peter J. Kolesar**

*Professor*  
Decision, Risk and Operations

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**Frank Lichtenberg**  
*Courtney C. Brown Professor of Business*  
Finance and Economics  
International Business Program

**Rita Gunther McGrath**  
*Associate Professor*  
Management  
Executive Education

## **PROFESSIONAL FELLOWS**

The position of professional fellow was created by the Center on Japanese Economy and Business in order to recognize a select number of former government officials and business leaders who have had distinguished careers in economics-related ministries or business corporations and to facilitate their ongoing involvement in and support of the Center's activities.

The current appointees to this position are as follows:



**Robert Fallon**, director and member of the Executive Committee of the Japan Society. He was head of Global Financial Services for JP Morgan Chase & Co., with responsibility as senior executive for worldwide relationships with financial institutions, including banks, insurance companies, investment management firms, broker-dealers, hedge funds, and government-related financial institutions. Mr. Fallon was formerly resident in Japan where he was the Asia-Pacific division head for the Chase Manhattan Bank and a member of the Chase Manhattan Corporation Management Committee. He was responsible, as senior executive in Asia, for Chase's activities in the Pacific Rim located across thirteen different countries. Mr. Fallon has lived in Asia for twenty-six years including time spent in Western Samoa, Hong Kong, and Japan. He has worked in a broad variety of complex financing, advisory, and capital markets transactions throughout Asia and enjoys extensive contacts across a wide spectrum of government, corporate, and financial institutions in the region. He started his banking career with Citibank in 1975 and later worked in investment banking and management positions with Drexel Burnham Lambert and Bankers Trust Company before joining Chase in 1992. Currently residing in New York,

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Mr. Fallon is a director of the Council on International Educational Exchange, a trustee of the China Institute, and a member of the Asia Society, Korea Society, and the Council on Foreign Relations. He holds a B.A. from Ohio University and an M.B.A. from Harvard Business School. In spring 2003, Mr. Fallon co-taught the course “Business and Financial Markets in East Asia” with Professor Lee Branstetter. In doing so, he led several case study discussions and helped supervise the writing of a set of original case studies. The case studies are available in the spring 2002 issue of the Columbia Business School’s *Chazen Web Journal*: <http://www-1.gsb.columbia.edu/chazenjournal/>.



**Shijuro Ogata** served the Bank of Japan from 1950 to 1986, mostly in Tokyo but also in Osaka, London, Okayama, and New York, culminating as its deputy governor for international relations. From 1986 to 1992, Mr. Ogata was deputy governor of the Japan Development Bank. During this period, he served in governmental councils on ship-

building and shipping, navigation, coal mining, energy research, and education. In addition to serving as an adviser to a number of financial institutions, Mr. Ogata is active in public service as former chair and a member of the Asia Pacific Advisory Committee of the New York Stock Exchange, Japanese deputy chair of the Trilateral Commission, and a member of the Group of Thirty. In addition, he currently is a nonexecutive director of Fuji Xerox Co., Ltd., and Horiba, Ltd.; a member of the International Advisory Council of Chase Manhattan Corporation; a Swire Group adviser in Japan; an adviser to Imperial Hotel, Tokyo; and a special adviser to Barclays Asset Management Group in Japan. A graduate of the University of Tokyo and the Fletcher School of Law and Diplomacy, Mr. Ogata is a coauthor of *International Financial Integration: The Policy Challenges* (Trilateral Commission, 1989) and has written numerous articles, mainly on international monetary issues.

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### **VISITING FELLOWS AND SCHOLARS**

Each year the Center accepts a small number of professional fellows and scholars to spend a period in residence at Columbia. During 2002–2003, the Center hosted six visiting fellows from academic and professional communities in the fields of business and economics. Center fellows engage in a wide variety of activities during their stay, including auditing courses at the University and pursuing individual research projects under the direction of Business School faculty. They contribute significantly to the Center environment and serve as important sources of experience and information for faculty and students.

**Tokuo Iwaisako**  
Hitotsubashi University  
January–June 2003

**Minoru Kobayashi**  
Wako University  
April 2002–March 2003

**Tokio Morita**  
Ministry of Finance, Japan  
July 2002–July 2004

**Atsuhiko Mukai**  
Tezukayama University  
April 2002–March 2003

**Juro Nakagawa**  
Tokyo Keizai University  
September 2002–March 2003

**Yoshio Nishizawa**  
Mitsubishi Trust and Banking Corporation  
June 2002–June 2003

**Haruhiko Yoshida**  
Mitsui Sumitomo Insurance Co., Ltd.  
July 2002–June 2003

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## RESEARCH ASSOCIATES

**Christina Ahmadjian**

*Associate Professor*

Graduate School of International  
and Corporate Strategy  
Hitotsubashi University

**Masahiko Aoki**

*Henri and Tomoye Takahashi  
Professor of Japanese Studies*

Department of Economics  
Stanford University

**Jenny Corbett**

*Professor of Japanese Studies*

Asia-Pacific School of  
Economics and Management  
Australian National University

**Robert Dekle**

*Associate Professor of Economics*  
University of Southern California

**Peter Drysdale**

*Professor*

Economics Department  
Research School of Pacific  
Studies

*Executive Director*

Australia-Japan Research Centre  
Australian National University

**David Flath**

*Professor of Economics*

North Carolina State University

**Koichi Hamada**

*Professor of Economics*

Economic Growth Center  
Yale University

**Yasushi Hamao**

*Associate Professor*

Marshall School of Business  
University of Southern California

**Takeo Hoshi**

*Associate Dean and*

*Pacific Economic Cooperation  
Professor of International  
Economic Relations*

Graduate School of International  
Relations and Pacific Studies  
University of California,  
San Diego

**Takatoshi Ito**

*Professor*

Research Center for Advanced  
Science and Technology  
University of Tokyo

**Takao Kato**

*Professor and Chair*

Department of Economics  
Colgate University

**Patricia Kuwayama**

*Vice President*

JP Morgan Chase Bank  
New York

**Edward Lincoln**

*Senior Fellow*

Asia and Economic Studies  
Council on Foreign Relations

**Mark Mason**

*Associate Director for Programs*

*Director, Program on Alternative  
Investments in Japan*

Center on Japanese Economy  
and Business  
Columbia Business School

**Terutomo Ozawa**

*Professor of Economics*

Colorado State University

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**Adam Posen**

*Senior Fellow*

Institute for International  
Economics

**William V. Rapp**

*Henry J. Leir Professor of  
International Trade and  
Business*

New Jersey Institute of  
Technology

**Frances McCall Rosenbluth**

*Professor of Political Science*  
Yale University

**Gary Saxonhouse**

*Professor of Economics*  
University of Michigan

**Ulrike Schaede**

*Associate Professor*  
Graduate School of International  
Relations and Pacific Studies  
University of California,  
San Diego

**Michael Smitka**

*Professor of Economics*  
Williams School of Commerce  
Washington and Lee University

**Hong Tan**

*Senior Economist*  
The World Bank

**Eleanor Westney**

*Professor of Management*  
Sloan School of Management  
Massachusetts Institute of  
Technology

**Michael Yoshino**

*Herman C. Krannert Professor  
of Business Administration*  
Harvard Business School

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PROGRAMS

プログラム

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## PROGRAMS

Given its central location in New York City, the Center on Japanese Economy and Business is well situated to enhance understanding of the Japanese and Asia-Pacific economies through informed, objective discourse with the academic, business, financial, governmental, and other professional communities. To this end, the Center regularly organizes international conferences, symposia, and lectures, ranging from the purely academic to those with a strong business and public policy focus. These serve as important ways for communicating the research results of Center-sponsored projects and those of related faculty. In addition, the Center occasionally cosponsors conferences in Japan and other countries in the Asia-Pacific. The 2002–2003 academic year was particularly active, thanks in part to funding through the Center's Corporate Sponsorship Program and other grants.

### MAJOR RESEARCH PROJECT AND PROGRAM

#### **Solutions for the Japanese Economy: Implications for U.S. Policy and U.S.-Japan Relations**

The performance of the Japanese economy is extraordinarily poor relative to its potential and in comparison with all other advanced, industrialized nations, and has been since the early 1990s. The sources of this poor performance are macro, micro, structural, and institutional. Together they reflect delayed and inadequate policy responses by the government, financial institutions, and industrial enterprises. The problems are wide-ranging, and there is no simple solution, no magic bullet.

The purpose of this project is to consider alternative economic policy options and to propose economically optional solutions to resolve Japan's major economic problems, to be presented in a public conference in Tokyo in late spring 2004 and to be followed by a book in English and in Japanese. Although considerable research has been done by Japanese and American economists on a range of issues faced by the Japanese economy, there is no overwhelming consensus regarding appropriate economic policies among economists—and certainly less consensus between economists and Japanese policymakers. This project recognizes the significant political and managerial constraints upon good economic policymaking in Japan. The project's purpose is to provide benchmarks for good economic policies—solutions to Japan's economic difficulties—in order to frame the economic policy debate as it evolves.

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To that end a group of extraordinarily knowledgeable, distinguished Japanese and American scholars have been assembled to analyze the problems in their respective areas of expertise, consider policy options, and make policy recommendations. This process inevitably requires substantial analysis of Japan's recent economic history as a foundation, even as the research objective is forward-looking. The authors will address issues of monetary policy, fiscal policy, capital markets, labor markets, the banking system and the financial system, business investment and growth, corporate restructuring and governance, international economic systems and trade policy, and, in order to incorporate a healthy reality check, the relationships between economic policymaking and political change and possible reform.

The authors understand that no single policy domain can be viewed in isolation; there are trade-offs and adverse effects in other areas. For example, effective corporate restructuring will generate additional unemployment. The authors will explore comprehensive policy packages in order to address simultaneously issues of aggregate demand and deflation, structural reforms (banking, corporate restructuring, deregulation), and expansion of social safety nets (especially for unemployment). Moreover, while this is not a project on Japanese politics centering on political science specialists, the authors will consider the process by which our policy proposals could be implemented effectively. In particular, the changing of now-perverse incentive structures for government officials, politicians, and business senior management will be addressed.

The project is on the Japanese economy, but in an international context. Inevitably, there is a focus on the U.S.-Japan relationship. These are the world's two largest economies; they are significantly interdependent allies through economic and business relationships, convergent foreign policies as two major democracies, and the U.S.-Japan Security Treaty, which is of profound strategic importance. These international economic policy agendas overlap but with significant areas of difference. Moreover, in light of the current U.S. and global economic environment, American economic policymakers can learn cautionary lessons from Japan's experience, especially for aggregate demand management, monetary policy, and prevention of deflation, a significant recent policy issue.

The organizing committee for this project consists of Professors David Weinstein, Hugh Patrick, and Gerald Curtis of Columbia University; Takatoshi Ito and Mariko Fujii of the University of Tokyo;

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and Tokuo Iwaisako of Hitotsubashi University. The project is being administered by the Center on Japanese Economy and Business, Columbia Business School, together with the Research Center for Advanced Science and Technology (RCAST), University of Tokyo. The list of chapters and authors is as follows:

**Chapter 1 Introduction and Overview**

Takatoshi Ito (University of Tokyo) and Hugh Patrick  
(Columbia University)

*Part I: Macroeconomic Policy*

**Chapter 2 Fiscal Policy**

Adam Posen (Institute for International Economics) and  
David Weinstein (Columbia University)

**Chapter 3 Monetary Policy**

Takatoshi Ito (University of Tokyo) and Frederic  
Mishkin (Columbia University)

**Chapter 4 Lessons from Japan for the United States**

James Harrigan (Federal Reserve Bank of New York)  
and Kenneth Kuttner (Federal Reserve Bank of New York)

*Part II: Reforming the Financial System*

**Chapter 5 Commercial Banking**

Takeo Hoshi (University of California, San Diego) and  
Anil Kashyap (University of Chicago)

**Chapter 6 Government Financial Institutions**

Takeo Doi (Keio University) with  
Takeo Hoshi (University of California, San Diego)

**Chapter 7 Life Insurance: Private and Government Institutions**

Mitsuhiro Fukao (Keio University)

*Part III: Changing Markets and Business Investment*

**Chapter 8 Business Investment and Growth**

Tokuo Iwaisako (Hitotsubashi University)

**Chapter 9 Changing Capital Markets**

Mariko Fujii (University of Tokyo)

**Chapter 10 Japanese Labor Markets**

Yoshio Higuchi (Keio University) and  
Masanori Hashimoto (Ohio State University)

*Part IV: Political Economy*

**Chapter 11 New Trade Agenda**

Merit Janow (Columbia University) and Shujiro Urata  
(Waseda University)

**Chapter 12 Economic Policymaking and Political Reform**

Gerald Curtis (Columbia University)

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This project is proceeding in two phases. The purpose of the first phase, which culminated in a brainstorming and presentation workshop of the participants at Columbia University on August 1–2, 2003, was to bring together the team of scholars participating in the project to identify major economic policy issues and to begin research.

In the second phase, from August 2003 to fall 2004, the research will be completed. In a major public conference in Tokyo in late spring 2004, the issues and recommended economic policy solutions will be presented. A major objective is to have a substantial substantive impact on the ongoing economic policy debate in Japan, and to inform American policymakers and others.

Funding for the first phase of this project was provided by Toshiba International Foundation and Itoh Foundation U.S.A.

For complete information about this project, biographical information of its participants, and progress on the research, please visit our Web site at [www.gsb.columbia.edu/japan](http://www.gsb.columbia.edu/japan).

#### **PROGRAM ON ALTERNATIVE INVESTMENTS: HEDGE FUND, PRIVATE EQUITY, DISTRESSED AND REAL ESTATE INVESTING**

The Center established the Program on Alternative Investments in fall 2002 to analyze the growth and distinctive features of several major nontraditional financial asset classes such as hedge funds, private equity, distressed investments, and commercial real estate in Japan and elsewhere in East Asia.

The program is supervised by Dr. Mark Mason, who organizes and directs three principal sets of activities: research and analysis, seminars and workshops, and publications.

#### **Research Projects**

The program is engaged in five cutting-edge empirical research projects. Each research project targets a major topic in alternative investments, systematically examines the relevant market and industry in Japan, identifies similarities with and differences from the United States, and analyzes potential scenarios. These studies will provide useful benchmarks for practitioners' understanding of these markets in Japan. All five projects address major public policy issues raised by their respective investment classes.

- **Hedge Fund Investment in Japan**—examines investments in Japan by hedge funds domiciled in Japan and abroad
- **Private Equity Investment in Japan**—examines the development of the Japanese buyout industry



Wilbur Ross

- **Distressed Investment in Japan**—examines investments in Japanese distressed assets
- **Commercial Real Estate Investment in Japan**—examines investments in the Japanese commercial real estate sector
- **The Evolving Strategies of Japanese Institutional Investors in Alternative Assets**—examines the development of Japanese institutional investment in alternatives assets located in Japan and abroad



Henry Cornell

### Seminars and Workshops

The program organizes and hosts an active seminar series. These seminars feature presentations by industry leaders in alternative investments with substantial responsibility for, and experience in, Japan or other East Asian markets. The following professionals spoke during the 2002–2003 academic year:



Arnold Chavkin

- **Wilbur Ross**, Chair and CEO, WL Ross and Co.
- **Henry Cornell**, Managing Director, Goldman Sachs & Co.
- **Arnold Chavkin**, Executive Partner, JPMorgan Partners LLC
- **Timothy Collins**, CEO, Ripplewood Holdings LLC
- **Hiroshi Nakamura**, President, Moore Strategic Value Partners Japan

In addition, the program hosted a seminar featuring **Gillian Tett** of *The Financial Times*.



Timothy Collins

### Publications

Printed and electronic reports of the seminars are published by the Center and available on the Center's Web site: [www.gsb.columbia.edu/japan/alternative](http://www.gsb.columbia.edu/japan/alternative).

### CONFERENCES



Hiroshi Nakamura

#### "Fiftieth Anniversary of the Japan-U.S. Fulbright Program"

On September 23, 2002, the Center on Japanese Economy and Business and the Weatherhead East Asian Institute of Columbia University hosted an international conference to celebrate fifty years of U.S.-Japan academic exchanges. The program included presentations from esteemed academics and



Gillian Tett



Professor Meyer Feldberg, dean, and Professor Hugh Patrick of Columbia Business School with Sir Deryck Maughan, vice chairman, Citigroup Inc.; chairman and CEO, Citigroup International, at the Fiftieth Anniversary Celebration of the U.S.-Japan Fulbright Program

professionals from the political, cultural, and business arenas with specific interests in U.S.-Japan relations. A group of forty senior Japanese Fulbright scholars and other awardees visited Columbia for this program. Presenters included: Lee C. Bollinger, President, Columbia University; Carol Gluck, George Sansom Professor of History, Columbia University; Nagayo Homma, chancellor and chair of the Board of Directors, Seijo Gakuen Schools and University; and Deryck Maughan, vice chair, Citigroup Inc. and chair and CEO, Citigroup International.



*Participants in the Fiftieth Anniversary Celebration of the U.S.-Japan Fulbright Program*

**SYMPOSIA**

**“China, Japan, and the United States: Political Economy Issues”**

On December 12, 2002, the Center on Japanese Economy and Business and the APEC Study Center of Columbia University cosponsored a symposium exploring new developments in the political and economic relations between China, Japan, and the United States. The symposium featured Takatoshi Ito, former deputy vice minister for international affairs, Japan Ministry of Finance; professor, Research Center for Advanced Science and Technology, University



*(from left to right) Hugh Patrick, Takatoshi Ito, Ross Gamaut, Gerald Curtis, Merit E. Janow, Carl Riskin*

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of Tokyo; and Ross Garnaut, professor of economics, Research School of Pacific and Asian Studies, Australian National University. Professors Merit E. Janow, Gerald Curtis, and Carl Riskin of Columbia University served as discussants. Professor Hugh Patrick moderated the discussion.

**“Japan’s Struggle for Recovery: Chapters I, II, and III”**



*Shijuro Ogata*

During academic year 2002–2003, the Center on Japanese Economy and Business and the Weatherhead East Asian Institute of Columbia University hosted three symposia featuring Mr. Shijuro Ogata, former deputy governor for international relations, Bank of Japan. Mr. Ogata addressed major issues related to Japan’s banking and economic policy dilemmas, including the restructuring of the Japanese financial system, privatizing government banks, rising stock prices, nonperforming loans, political overhaul and its economic implications, and monetary policy. Professor Hugh Patrick was the moderator.

**“Japanese Realities: Challenges to Macroeconomic Theory”**

On January 28, 2003, the Center organized its annual Mitsui U.S.A. Symposium to consider the relevance of alternative macroeconomic models and attempts to reconcile theory with appropriate economic and policy prescriptions. The symposium featured Dr. Robert Feldman, chief economist and managing director of Morgan Stanley Japan, Ltd. Professor Hugh Patrick served as discussant and Professor David Weinstein moderated the discussion.



*(from left to right) David Weinstein, Robert Feldman, Hugh Patrick*



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### **“Deflation and Monetary Policy in Japan”**

On March 31, 2003, the Center organized a symposium featuring Professor Kazuo Ueda, member of the Monetary Policy Board, Bank of Japan, to discuss the relationship between deflation and monetary policy in Japan during the 1990s and possible policy prescriptions. The discussants were Frederic Mishkin, Alfred Lerner Professor of Banking and Financial Institutions, Columbia Business School, and David Weinstein, Carl S. Shoup Professor of the Japanese Economy, Columbia University. Professor Hugh Patrick was the moderator.



(from left to right) Hugh Patrick, Kazuo Ueda, Frederic Mishkin, David Weinstein

### **“The Future Security of East Asia”**

On April 8, 2003, the Center together with the Donald Keene Center of Japanese Culture and the Weatherhead East Asian Institute cosponsored a symposium featuring Dr. Yoichi Funabashi, columnist and chief diplomatic correspondent of the Asahi Shimbun. Professor Hugh Patrick served as chair. The discussants were (1) Urban Lehner, former executive editor, *Asian Wall Street Journal*, Hong Kong; (2) Xiaobo Lu, former executive editor, *Dow Jones Asia*, director, Weatherhead East Asian Institute, and associate professor of political science, Barnard College (modern Chinese politics); and (3) George Packard, president, U.S.-Japan Foundation and former director of the Reischauer Center for East Asian Studies at the School of Advanced International Studies, Johns Hopkins University.



(from left to right) Urban Lehner, Yoichi Funabashi, Xiaobo Lu, George Packard



Sakie Fukushima



Eisuke Sakakibara



Keiji Tachikawa



Joseph Stiglitz

## LECTURES

### Japan Distinguished Leaders Lecture Series

Since 1986 the Center on Japanese Economy and Business, in cooperation with the student-led Japan Business Association (JBA) at Columbia Business School, has brought distinguished Japanese and American executives and government officials to Columbia University through the Japan Distinguished Leaders Lecture Series. Distinguished lectures for 2002–2003 included:

#### Ms. Sakie Fukushima

*Managing Director, Senior Client Partner, and Regional Managing Director of Japan, Korn/Ferry International*  
“The Marketable Global Executive”

September 26, 2002

Cosponsored by the Columbia Women in Business Association (CWIB)

#### Dr. Eisuke Sakakibara

*Professor, Keio University*  
*Former Vice Minister of Finance for International Affairs, Japan*  
“Japan’s Unavoidable Financial Crisis”

October 7, 2002

Cosponsored by the Weatherhead East Asian Institute

#### Dr. Keiji Tachikawa

*President and CEO, NTT DoCoMo*  
“NTT DoCoMo and the New Global Communications Culture”

November 12, 2002

Cosponsored by the Columbia Institute on Tele-Information (CITI)



Keiji Tachikawa addresses the audience of students, faculty, and other guests at Columbia Business School

#### Dr. Joseph Stiglitz

*Professor of Economics and Finance, Columbia University*  
“Japan’s Economic Malaise: Causes, Cures, and Lessons for the Rest of the World”

Cosponsored by the Japan Society, New York, March 26, 2003

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## WEATHERHEAD EAST ASIAN INSTITUTE BROWN BAG SERIES

The Center cosponsors a number of the informal luncheon meetings held throughout the academic year with the Weatherhead East Asian Institute at Columbia's School of International and Public Affairs. Seminars for 2002–2003 featured:

**Charles Armstrong**, Associate Professor of History, Columbia University  
**Gerald Curtis**, Burgess Professor of Political Science, Columbia University  
**Rüdiger Frank**, Visiting Lecturer  
**Robert Immerman**, Senior Research Associate, Columbia University  
“Assessing Prime Minister Koizumi's Trip to North Korea”  
September 30, 2002

**William Rapp**, Henry J. Leir Professor of International Trade and Business, School of Management, New Jersey Institute of Technology  
“Strong Get Stronger—How Leading Japanese Firms Are Competitively Leveraging Japan's Economic Malaise”  
October 16, 2002

**Frank-Jurgen Richter**, Director, World Economic Forum, Geneva  
“Recreating Asia: The Causes of Economic Stagnation in Japan; China's Future Economic Prospects; Southeast Asian and Korean Economies in the Aftermath of the 1997 Financial Crisis”  
October 29, 2002

**Joseph Grimes**, Former Executive Vice President, Yamatake-Honeywell  
“The Demise of the Honeywell-Yamatake Joint Venture: Lessons for American Investment in Japan”  
November 25, 2002

**Jennifer Amyx**, Assistant Professor of Political Science, University of Pennsylvania  
“One Step Forward, Two Steps Back? Assessing the Japanese Financial Reforms”  
December 4, 2002

**Leonard Schoppa**, Associate Professor of Political Science, University of Virginia  
“Female Exit, Voice, and Family Policy: Explaining Japan's Uneven Pace of Reform”  
April 15, 2003



*William Rapp*



*Frank-Jurgen Richter*



*Joseph Grimes*



*Jennifer Amyx*



*Leonard Schoppa*

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### **PACIFIC TRADE AND DEVELOPMENT CONFERENCE (PAFTAD) SERIES**

The Center on Japanese Economy and Business serves as the American liaison office of PAFTAD in association with the PAFTAD Secretariat based at the Australian National University. Since its inauguration in 1968, PAFTAD has held twenty-eight policy-oriented academic conferences on major topics and policy issues involving various dimensions of the economic interactions among the Asia-Pacific economies, including trade, foreign direct investment, technology transfer, regional institutional arrangements, environment and development, and competition policy. The edited conference papers are published in a refereed book in arrangements made through the PAFTAD Secretariat. As a private organization, long before full diplomatic relations were established, PAFTAD was able to arrange participation from the People's Republic of China, the Soviet Union, Vietnam, and most recently, North Korea. The conferences have been hosted by committees in virtually every Asia-Pacific economy.

PAFTAD participants, especially the International Steering Committee members, are actively involved as academic participants in PECC (the Pacific Economic Cooperation Council) and especially its policy task forces and study groups. In a number of countries, they also serve as advisers to their respective governments' participation in APEC (the ministerial Asia-Pacific Economic Cooperation forum). In recent years the PAFTAD conferences have addressed important emergent issues in order to provide intellectual input into the APEC agenda as it develops over time. Professor Hugh Patrick has been chair of the PAFTAD International Steering Committee since 1985.

The twenty-ninth PAFTAD conference will be hosted by the Centre for Strategic & International Studies (CSIS) in Jakarta, December 16–18, 2003, on the theme "Reshaping the Asia Pacific Economic Order." For more information on PAFTAD, including past conferences, please see the Web site at <http://apsem.anu.edu.au/paftad/>.

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## **PACIFIC ECONOMIC COOPERATION COUNCIL (PECC)**

PECC is a unique international organization. It was established in 1980 as a policy-oriented forum through the efforts of several PAFTAD leaders, notably Sir John Crawford of Australia and Saburo Okita of Japan. Today some twenty-five Asia-Pacific economies are members. Each member has a unique tripartite national committee consisting of academics, business leaders, and government officials in their private capacity. PECC works closely with the governmental Asia-Pacific Economic Cooperation forum (APEC). PECC holds general meetings biannually.

Professors Janow and Patrick are members of the U.S. National Committee of PECC and founding members of the Asia Pacific Council, its recently established umbrella organization of the East-West Center.

## **FACULTY SUPPORT PROGRAM**

In addition to supporting its core faculty, the Center provides materials and other assistance for curricula-enrichment activities and facilitates travel to Japan by interested Business School faculty. On occasion the Center offers support for Japan-related faculty visitors to Columbia University.

From June 1 to June 11, 2003, Professor Gur Huberman participated in a study tour of Japan. The tour, designed for business school faculty and administrators, is organized annually by the Keizai Koho Center, a leading Japanese business organization. It provides an opportunity for approximately ten member schools of the American Assembly of Collegiate Schools of Business (AACSB) to send a representative to Japan for purposes of curriculum enhancement and comparative research activities. The Center selects Business School faculty for participation in this program.

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## **APEC STUDY CENTER OF COLUMBIA UNIVERSITY**

Columbia University established the APEC Study Center in 1994 at the request of the U.S. Department of State in response to the APEC Leaders' Education Initiative introduced in 1993. This initiative calls on institutions of higher education in the United States and throughout the Asia-Pacific region to collaborate on Asia-Pacific policy research. Through exchanges, joint research, conferences, and other contacts, APEC Study Centers are helping to establish an emerging regionwide network of personal and institutional relationships for all member economies. This Center serves as a focal point of study and research at Columbia University on issues of economic importance for the Asia-Pacific region and is codirected by Professors Merit E. Janow and Hugh Patrick.

APEC Study Centers have now been established in most of the twenty-one Asia-Pacific Economic Cooperation forum (APEC) economies. They have created an international consortium of APEC Study Centers, and those in the United States have established a national consortium as well, based at the East-West Center in Hawaii. The Columbia APEC Study Center was a founding member of both national and international consortia.

Jointly administered by the Center on Japanese Economy and Business at the Business School and the Weatherhead East Asian Institute within Columbia's School of International and Public Affairs, the APEC Study Center of Columbia University enhances the Business School's rich tradition of research and teaching on the Asia-Pacific region by linking, coordinating, and expanding the reach of existing University programs organized by a variety of institutions, which in turn provide it with important infrastructural support. In addition to the Weatherhead East Asian Institute and the Center on Japanese Economy and Business, these institutions include the Jerome A. Chazen Institute of International Business, the Center for International Business Education, the Center for Chinese Legal Studies, the Center for Japanese Legal Studies, the Center for Korean Legal Studies, the Donald Keene Center of Japanese Culture, and the Center for Korean Research, among others.

During 2002–2003, the APEC Study Center had a particularly active year of conferences, workshops, lectures, and meetings, including the following, in which its codirectors participated:

- “APEC Symposium on Trade and Competition Policy,” Bangkok, Thailand, June 22, 2002.
- “Briefing Session on APEC,” Asia Society, New York.

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- International roundtable discussion on “Competition Policy and Economic Development: The Costs and Benefits of Multilateral Principles on Competition for Developing Economies,” November 2, 2002, at Columbia University.
  - WTO Symposium on Trade and Competition Policy, Geneva, Switzerland, February 2003.
  - Symposium on “Beyond the Nuclear Crisis: The Political Economy of North Korea,” March 13, 2003, at Columbia University. Cosponsored by the Center for Korean Research and the Korean Economic Institute (KEI).
  - “Asia-Pacific Council Inaugural Meeting of the Board,” April 2003.
  - Panel discussion on “U.S. and Global Economic Prospects,” April 17, 2003, at Columbia University.

The APEC Study Center publishes a discussion paper series based on the results of its research and program activities. These papers are available to the public on request and are distributed among the academic community at Columbia and APEC specialists elsewhere.

Resources for the APEC Study Center’s basic infrastructure have been provided by Columbia University. Corporation and foundation support in the United States and Asia is secured for specific programs and projects. In particular, the APEC Study Center thanks the Lotte Group of Seoul, Korea, ITOCHU International Inc., and members of the Korean Alumni Association in Seoul, for their support.

For additional information about Columbia’s APEC Study Center and its programs and publications, visit the APEC Web site (<http://www.columbia.edu/cu/business/apec>).

## **U.S.–JAPAN POLICY DISCOURSE**

In addition to its public events, Working Paper Series, reports, and individual faculty meetings with government officials and business leaders, the Center on Japanese Economy and Business sponsors several other activities to enhance public discourse on the Japanese economy and business and/or Asia-Pacific economic and business relations. The following are indicative of these activities:

### **The Japan Economic Seminar**

The Japan Economic Seminar (JES), founded in 1966 by Professors James Nakamura (Columbia), Hugh Patrick (then at Yale), and Henry Rosovsky (Harvard), is an interuniversity forum for faculty and advanced graduate students to discuss ongoing research in prelimi-

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nary form by specialists on the Japanese economy. The Center on Japanese Economy and Business and the Weatherhead East Asian Institute at Columbia University and George Washington University cosponsor the seminars, which meet four times annually. The Center administers the seminar and Professor Hugh Patrick serves as secretary-treasurer. The following papers were discussed during 2002–2003:

**September 27, 2002, at Columbia University**

“The Japanese Distribution Sector in Economic Perspective: The Large Store Law and Retail Density” by Professor David Flath, Department of Economics and Business, North Carolina State University.

“A Search for Multiple Equilibria in Urban Industrial Structure” by Professor David Weinstein, Department of Economics, Columbia University.

**November 22, 2002, at George Washington University**

“Policy Challenges and the Reform of Postal Savings in Japan” by Mark J. Scher, Department of Economic and Social Affairs, United Nations.

“Japan and the New Regionalism in East Asia” by Professor Peter Drysdale, Australia-Japan Research Centre, The Australian National University.

**February 21, 2003, at Columbia University**

“Japanese Firm Performance and Bank Affiliation: Evidence of Rent Extraction” by Patrick McGuire, Bank of International Settlements.

“Japan’s Macro Economic Policy: Unusual?” by Adam Posen, Institute of International Economics.

**April 25, 2003, at George Washington University**

“Is Foreign Direct Investment a Channel of Knowledge Spillovers? Evidence of Japan’s FDI in the United States” by Professor Lee Branstetter, Columbia Business School.

“Putting E-Commerce to Work: The Japanese Convenience Store Case” by Professor William Rapp, School of Management, The New Jersey Institute of Technology.

**The U.S.-Japan Discussion Group**

Organized as a series of informal meetings among a small group of senior American and Japanese business leaders and professionals in the New York area, together with several Columbia faculty, the group meets four evenings a year to consider issues in U.S.-Japan business, economic, financial, and political relations. During the 2002–2003 academic year, the discussions were led by Hugh Patrick and Atsushi Nishijo, president and CEO of Sumitomo Corporation of America.

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Other participants from Columbia were Professors Merit E. Janow, Curtis Milhaupt, and David Weinstein.

### **Japanese Financial System Discussion Group**

The discussion group includes senior specialists on the Japanese financial system. The group meets five or six times annually. The participants are Jennifer Holt Dwyer, assistant professor, Hunter College; Yasuhiro Maehara, general manager in the Americas, Bank of Japan; Patricia Kuwayama, vice president, JP Morgan Chase Bank; Curtis Milhaupt, Fuyo Professor of Law, Columbia University; Hugh Patrick, R. D. Calkins Professor of International Business Emeritus; Frances Rosenbluth, professor, Department of Political Science, Yale University; and David Weinstein, Carl S. Shoup Professor of Japanese Economy, Columbia University.

### **CENTER-SUPPORTED COURSES**

The Center provides support for the teaching activities of Business School faculty Professor Lee Branstetter and occasional visiting professors, who teach related courses. The Center also assists in providing materials on Japanese and Asia-Pacific economies, business, management, industrial relations, marketing, and related topics taught as modules or cases in a variety of courses in the Business School. Graduate courses offered during the 2002–2003 academic year at Columbia Business School include Business and Financial Markets in East Asia.

### **CENTER-SUPPORTED PROJECT**

#### ***Memoir of a Trustbuster***

Under the auspices of the Center, Dr. Patricia Kuwayama, senior research associate at the Center and vice president of JP Morgan Chase, worked with Dr. Eleanor Hadley, now a retired specialist on the Japanese economy, on her role in developing postwar U.S. government policy on Japanese *zaibatsu* dissolution, antitrust policy, and corporate deconcentration. Dr. Hadley played a significant role in the implementation of these policies, mandated by the Occupation authorities of the U.S. government. The Center received a special grant to assist Dr. Hadley in preparing a personal history to supplement her classic book, *Antitrust in Japan*. Dr. Kuwayama and Dr. Hadley published *Memoir of a Trustbuster* in 2003. The book is currently being translated into Japanese.

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### CENTER OUTREACH AND SUPPORT

The Center annually supports a number of student organizations and research institutes to enhance dialogue between Japan and the United States and with the Columbia community. During 2002–2003, the Center supported the following organizations:

Columbia Business School Black Business Student Association  
Japan Business Association, Columbia Business School  
Columbia University’s Nihon Benkyokai (Japan Exchange Forum)  
The 2002–2003 Columbia Business School Yearbook

#### Japan Information Access Project

The Japan Information Access Project is a Washington, D.C.–based independent, nonprofit research center to strengthen international understanding of Japanese science, technology, industry, security, and policy.

#### Japan Productivity Center for Socio-Economic Development Seminars

On October 17, 2002, eleven members from the Japan Productivity Center participated in a seminar led by Professor Rita McGrath, Columbia Business School, titled “After September 11: New Realities for American Management.”

On November 20, 2002, Professor Andrew Gershoff, Columbia Business School, led a seminar on “Managing the Customer Relationship in the Age of CRM.” Thirteen members from the Japan Productivity Center participated in the seminar.



*Rita McGrath and members of the Japan Productivity Center*

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### **Japan Center for Economic Research (JCER) Seminar**

On November 22, 2002, five members of the JCER finance team gave a presentation on “The Deteriorating Japanese Banking System.” Columbia Business School faculty, Center visiting fellows, and Ph.D. students from the Department of Economics participated in the seminar.

### **FELLOWSHIP AND INTERNSHIP PROGRAMS**

The Center on Japanese Economy and Business provides selected fellowships supporting research and participation in academic programs related to Japanese economic and business fields for Columbia University students who prove outstanding academic ability and demonstrate a specific interest in Japan and the Asia-Pacific economies. Programs and recipients for 2002–2003 are as follows:

#### **Sumitomo Corporation of America Fellowships**

The Sumitomo Fellowship Program was established by the Center as part of an initial operating grant from Sumitomo Corporation of America. The program provides support to recent Ph.D. candidates and Ph.D.’s specializing in some aspect of U.S.-Japan economic and business relations. Fellowship recipients typically spend a period in residence at the Center to engage in their own research and participate in Center programs. The 2002 doctoral fellow was Nobuhiko Hibara, then Columbia University Ph.D. candidate in economics, whose dissertation titled, “What Happens in Banking Crises? Moral Hazard vs. Credit Crunch” was successfully defended in June 2002.

#### **Mitsubishi Trust Yamamuro Memorial Scholarship**

The Center annually conducts a University-wide competition on behalf of the Mitsubishi Trust Yamamuro Scholarship and nominates one Columbia University student to receive tuition and living expenses for a one-year program of graduate study in Japan. Elden Apgood, a Columbia Business School graduate, was the recipient of the 2002–2003 scholarship.

### **OTHER STUDENT PROGRAMS AND ACTIVITIES**

The Center works in cooperation with student organizations at Columbia Business School and the School of International and Public Affairs (SIPA) that focus their activities on Japanese business and Asia-Pacific economic relations. Frequently the Center provides guidance

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for the organization of student-run conferences and projects in addition to administrative and financial support for various student activities. Together with the student-run Japan Business Association, the Center offers its Japan Distinguished Business Leaders Lecture Series and collaborates on the organization of the annual Japan Study Trip. The Center also cooperates with the SIPA student-run Asia Pacific Affairs Council (APAC), which holds regular lectures, conferences, and discussion groups on important issues about Japan and Asia.

**Columbia Business School Japan Study Trip**

In March 2003, fifteen students from Columbia Business School traveled to Japan on the Business School’s eleventh annual Japan Study Trip. Over the course of seven days the students met with representatives of Japanese business, government, and other economic institutions to experience Japan’s business and cultural environment firsthand. The Japan Columbia M.B.A. Association hosted a reception for them.

The 2003 Japan Study Trip included visits to Kikkoman Corporation, Shinsei Bank, Omron Motor Co. Ltd., and Nissan Corporation. Students also toured Tokyo, Hakone, and Kyoto.

The Japan Study Trip is organized by a committee of M.B.A. students under the direction of the student-run Japan Business Association. The Center on Japanese Economy and Business provides administrative backing and other support, as do a number of Japanese and American corporations.



*Members of the Japan Study Trip, 2003*

CENTER PUBLICATIONS

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## CENTER PUBLICATIONS

The Center on Japanese Economy and Business contributes significantly to the understanding of Japanese business and Asia-Pacific economic relations by actively encouraging the dissemination of research results in written form. Most research affiliated with the Center is published in scholarly books and professional journals. The Center's Working Paper Series and Occasional Paper Series disseminate preliminary research results prior to publication and make the substance of exceptional lectures and presentations at Columbia University more widely available. In recent years the Center has been publishing a summary of the proceedings of its major conferences and lectures to provide a written record of the timely, and often controversial, discussions on U.S.-Japan and Asia-Pacific economic and business issues. We thank the authors and editors for their contributions.

Copies of the Center's Working Paper and Occasional Paper Series and conference and distinguished lecture reports are available through the Center's home page (<http://www.gsb.columbia.edu/japan>).

### WORKING PAPER SERIES

The Center's Working Paper Series provides an opportunity to circulate research in preliminary form both to achieve early dissemination and to serve as a basis for comment and revision. Papers for 2002–2003 are:

- 201.** "Taxicab Regulation in Japan," David Flath, 2002.
  - 202.** "Parallel Imports and the Japan Fair Trade Commission," David Flath and Tatsuhiko Nariu, 2002.
  - 203.** "A Clash of Capitalisms: Foreign Shareholders and Corporate Restructuring in 1990s Japan," Christina Ahmadjian and Gregory Robbins, 2002.
  - 204.** "Exchange Rate Fluctuations, Financing Constraints, Hedging, and Exports: Evidence from Firm Level Data," Robert Dekle and Heajin Ryoo, 2003.
  - 205.** "Pax-Americana-led Macro-Clustering and Flying-Geese Style Catch-up in East Asia: Mechanisms of Regionalized Endogenous Growth," Terutomo Ozawa, 2003.
  - 206.** "Paying for the FILP," Takero Doi and Takeo Hoshi, 2003.
  - 207.** "Choices for Japanese Fiscal Policy," Kengo Inoue, 2003.
  - 208.** "Japan's Internal Debt," David O. Beim, 2003.
  - 209.** "Has Japan's Innovative Capacity Declined?" Lee Branstetter and Yoshiaki Nakamura, 2003.
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**210.** “CEO Compensation and Firm Performance in Japan: Evidence from New Panel Data on Individual CEO Pay,” Takao Kato and Katsuyuki Kubo, 2003.

**211.** “Policy Challenges and the Reform of Postal Savings in Japan,” Mark J. Scher, 2003.

**212.** “Putting E-Commerce to Work: The Japanese Convenience Store Case,” William V. Rapp and Mazhar ul Islam, 2003.

**213.** “Economical Impacts on IT to Industries in Japan, Minoru Kobayashi,” Takeshi Hiromatsu, Naoki Tsubone, Manabu Kurita, and Gosei Ohira, 2003.

**214.** “Stock Index Autocorrelation and Cross-autocorrelations of the Size-Sorted Portfolios in the Japanese Market,” Tokuo Iwaisako, 2003.

### **OCCASIONAL PAPER SERIES**

The Center’s Occasional Paper Series provides a written forum for exceptional presentations delivered at Center-sponsored symposia and lectures at Columbia University, as well as essays on particular topics. Papers for 2002–2003 are listed here:

**48.** “Can Japan’s Ailing Banking System Be Cured?” Yasuhisa Shiozaki, 2002.

**49.** “The Impact of the Post Cold War Crises on the Political Economy of Japan,” Naotaka Kawakami, 2002.

**50.** “The Irresponsible Japanese Top Management under the Cross-Shareholding Arrangement,” Takao Sase, 2003.

**51.** “Japan’s Mediocre Economic Performance Persists and Fundamental Problems Remain Unresolved,” Hugh Patrick, 2003.

**52.** “Non-Life Insurance, E-Commerce, and the Importance of Proper Risk Communication,” Shigeyuki Goto, 2003.

**53.** “The Economic Consequences of the “Price-Keeping Operation” in the Japanese Stock Markets,” Junji Narita, 2003.

### **CONFERENCE, SYMPOSIA, AND DISTINGUISHED LECTURE REPORTS**

The Center prepares executive summaries of its major public conferences, lectures, and symposia. The following reports for 2002–2003 emanate from the conferences and lectures described earlier. These reports are available at the Center on Japanese Economy and Business or can be downloaded from the Center’s Web site (<http://www.gsb.columbia.edu/japan>).

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*Perspectives on Investing in the United States and Japan*

Wilbur Ross, Chairman and CEO, WL Ross and Co.

Report on Alternative Investments Seminar held on September 17, 2002.

*The Marketable Global Executive*

Sakie Fukushima, Managing Director and Senior Client Partner and

Regional Managing Director of Japan, Korn/Ferry International

Report on Distinguished Lecture held on September 26, 2002.

*Japan's Unavoidable Financial Crisis*

Eisuke Sakakibara, Professor, Keio University; former Vice Minister  
of Finance for International Affairs, Japan

Report on Distinguished Lecture held on October 7, 2002.

*NTT DoCoMo and the New Global Communications Culture*

Keiji Tachikawa, President and CEO, NTT DoCoMo

Report on Distinguished Lecture held on November 12, 2002.

*China, Japan, and the United States: Political Economy Issues*

Report on international symposium held on December 12, 2002.

*Japan's Struggle for Economic Recovery*

Shijuro Ogata, former Deputy Governor for International Relations,  
Bank of Japan

Report on Distinguished Lecture held on September 25 and  
November 7, 2002.

*Japanese Realities: Challenges to Macroeconomic Theory*

Report of symposium held on January 28, 2003.

*Shinsei: The First American Purchase of a Japanese Bank*

Gillian Tett, former Tokyo Bureau Chief, *The Financial Times*

Report of Alternative Investments Seminar held on February 5, 2003.

*Private Equity Investing in Japan: The Ripplewood Experience*

Timothy Collins, CEO, Ripplewood Holdings LLC

Report of Alternative Investments Seminar held on February 26, 2003.

*Japan's Economic Malaise: Causes, Cures, and Lessons for the  
Rest of the World*

Joseph Stiglitz, Professor of Economics and Finance,  
Columbia University

Report of Distinguished Lecture held on March 26, 2003.

*Deflation and Monetary Policy in Japan*

Report of international symposium held on March 31, 2003.

*The Future Security of East Asia*

Report of international symposium held on April 8, 2003.

*Distressed Investments in Japan*

Hiroshi Nakamura, President, Moore Strategic Value Partners Japan

Report of Alternative Investments Seminar held on April 22, 2003.

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RESOURCES

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## RESOURCES

People are vital to the Center's success. In addition to its faculty, the Center depends critically upon other human resources without which its activities would not be possible. These include the International Advisory Board, the Center's professional and administrative staff, professional fellows, visiting fellows and scholars, and research associates who are scholars at other, mainly American research institutions, as well as research, teaching, and administrative assistants.

### INTERNATIONAL ADVISORY BOARD

The International Advisory Board of the Center on Japanese Economy and Business provides overall guidance for the Center. Members are distinguished leaders in the fields of Japan-U.S., economic, business, and political relations.

**Shinji Fukukawa**  
*Executive Advisor*  
Dentsu, Inc.  
*Former Vice-Minister*  
Ministry of International Trade  
and Industry, Japan

**Robert S. Ingersoll**  
*Former Ambassador to Japan*  
*Former Undersecretary of State*  
*Former Chair, Japan Society, Inc.*

**Yotaro Kobayashi**  
*Chair*  
Fuji Xerox Co., Ltd.  
*Former Chairman*  
Keizai Doyukai

**Yuzaburo Mogi**  
*President and CEO*  
Kikkoman Corporation

**Toyoshi Nakano**  
*Chair*  
The Mitsubishi Trust and  
Banking Corporation

**Atsushi Nishijo**  
*President and Chief Executive  
Officer*  
Sumitomo Corporation of  
America

**Joseph G. Tompkins**  
*President*  
Saga Investment Co., Inc.

### PROFESSIONAL AND ADMINISTRATIVE STAFF

**Joshua M. Safier**  
*Associate Director*  
B.A., Oberlin College  
M.A., East Asian Languages and Literature, University of Kansas  
Ph.D. Candidate, Higher Education Administration,  
Teachers College, Columbia University

**Yvonne Thurman**  
*Senior Program Officer*  
B.A., City University of New York, Staten Island  
M.I.A., School of International and Public Affairs,  
Columbia University



Front row (left to right): Yvonne Thurman, Hugh Patrick, David Weinstein, Joshua Safer. Back row (left to right): Wendy Himmelsbach, Alton Wanning, Yoko Mochizuki, Raymond Shiu.

**Yoko Mochizuki**

*Program Officer*

B.A., Keio University

M.A., University of Chicago

Ph.D., International and Comparative Education,  
Teachers College, Columbia University

**Raymond Shiu**

*Program Officer*

B.S., University of California, Davis

M.A. Candidate, Higher Education Administration,  
Teachers College, Columbia University

**Wendy Himmelsbach**

*Administrative Officer*

B.A., SUNY, Old Westbury

M.A., Organizational Psychology, Teachers College,  
Columbia University

**APEC Study Center**

**Alton Wanning**

*Program Officer*

B.A., Lafayette College

**Patricia T. Fantulin**

*Program Consultant*

B.A., Fordham University, Political Science and Sociology

M.A., Comparative Politics, Columbia University

Congratulations to the following current and past Center staff members for earning their doctorate degrees in May 2003: Nobuhiko Hibara, Yoko Mochizuki, and Tomoko Sugiyama.

**Japan Representative**

In spring 2001, Terumi Ohta assumed the responsibilities of Japan representative for the Center on Japanese Economy and Business.

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### RESEARCH, TEACHING, AND ADMINISTRATIVE ASSISTANTS

The Center benefits from the ability, effort, and expertise of Columbia graduate and undergraduate students who take on research, teaching assistant, and administrative responsibilities part time for the Center.

**Susanna Giboni**  
*B.A. Candidate*  
Columbia College

**Soo Young Jeong**  
*B.S. Candidate*  
The Fu Foundation School of  
Engineering and Applied Science

**Jinyuan Jin**  
*B.A. Candidate*  
Columbia College

**Hea Lyun Lee**  
*B.A. Candidate*  
Columbia College

**Abhay Nihalani**  
*B.S. Candidate*  
The Fu Foundation School of  
Engineering and Applied Science

**Margarita O'Donnell**  
*B.A. Candidate*  
Columbia College

**Yun Xu**  
*B.A. Candidate*  
Barnard College

### LIBRARY AND DATA RESOURCES

Columbia University is home to one of the largest collections of Japanese- and English-language materials in the United States. The Center evaluates Columbia University library resources, commits funding to procure new materials on Japan and the Asia-Pacific economies, and lends support to the programs of the C. V. Starr Library of East Asian Studies and the Watson Library of Business and Economics.

The Center maintains a small working collection of materials on the Japanese and Asia-Pacific economies, including statistical resources, academic journals and periodicals, monographs, and videotapes in both Japanese and English. These materials are available to Columbia University faculty and students engaged in research on the Japanese and Asia-Pacific economies and business systems.

#### The Japan Databank

The Center continues to develop its computer-based databank on the Japanese economy, with emphasis on financial markets, under the direction of Professor David Weinstein. The databank is a compilation of statistical resources for use by faculty and students for their research purposes. It includes time-series and cross-section data on financial markets, institutions, and macroeconomy from Nikkei NEEDs and other sources. Nikkei is an online news and data retrieval system that provides essential corporate and economic data as well as leading newspaper and journal articles from Japan and other Asia-Pacific economies.

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FINANCIAL SUPPORT

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## FINANCIAL SUPPORT

Columbia University and its Business School provide basic support for the Center by covering faculty salaries and providing office space, library and administrative support, and other necessary services. At the same time, the Center relies on external sources of financial support from foundations, corporations, and individuals for its programs and activities. Income is derived from the Center's endowment, operating and project grants, and especially from the Corporate Sponsorship Program, established in 1995. These funds are utilized effectively and managed prudently and indeed have been essential in the expansion and deepening of Center activities over the years. Academic independence has not been an issue, since there are no restrictions attached to any of these gifts. Grants from American and Japanese foundations and the U.S. government-funded Japan-U.S. Friendship Commission primarily have been for specific programs or projects.

### CORPORATE SPONSORSHIP PROGRAM

Reflecting the deep structural changes in Japan's domestic economy and management systems, the dramatic growth of the other Asia-Pacific economies, and Japan's significant role regionally and globally, the Center on Japanese Economy and Business in 1995 committed to further expansion of its activities. The Center's Corporate Sponsorship Program, established in early 1995, has been instrumental in funding this expansion and guaranteeing financial support for these activities over the long term. The Center plans to expand the Corporate Sponsorship Program of annual contributions and welcomes inquiries.

The Center is deeply gratified by the support of the following current sponsors and donors:

#### Major Corporate Patron

(\$50,000+ annually)

Sumitomo Corporation of America

#### Corporate Sponsor Leaders

(\$25,000-\$49,999 annually)

Kikkoman Corporation

Saga Investment Co., Inc.

Takata Corporation

Tsuchiya Co., Ltd.

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### Corporate Sponsors

(\$10,000–\$24,999 annually)

Fuji Xerox Co., Ltd.

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Robert Feldman

*Chief Economist and Managing Director*

*Morgan Stanley Japan, Ltd.*

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Taiwan Area Studies Program, Columbia University  
Tokyo Gas Company  
U.S.-Japan Relations Program, East Asian Institute,  
Columbia University  
United States Agency for International Development (USAID)  
The World Bank

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HIGHLIGHTS OF CENTER EVENTS (IN JAPANESE)

概要

日本語

## 日本経済はどうなるのか？

### はじめに

今年6月の毎年恒例の東京訪問の際、ビジネスリーダーや学者たちとの懇談で、日本のマクロ経済の現状は、去年と変わらないようだとの私見を述べた。低成長、デフレ、失業、弱体化した銀行と生命保険会社、政府の改革の実行の遅れ。来年までに何が変わるだろうかと私の問いへの答えは、一様に「何も変わらない」であった。確かに今夏は生産量の伸び、株価上昇、雇用情勢の改善など日本経済は予想以上の循環的景気回復を見せたが、日本経済再生への道は未だ遠い。

### 最近の経済動向と短期的・長期的見通し

日本の不況の原因はマクロレベルでは国内総需要不足、ミクロレベルでは企業改革の遅れ、特に多額の不良債権を抱える企業の改革が遅いことにある。2002年の1月に底を打って以来、日本経済は意外な回復を遂げており、短期的には、今年終わりまで2%の経済成長を保つであろう。しかし、ファンダメンタルズを考慮すると、2%成長でも経済を持続的成長軌道に乗せることは難しい。日本の潜在的成長率と実質の成長率との開きは、総需要不足に原因があり、この開きを縮めるだけでも5-7年間にわたり潜在的成長率以上の経済成長を必要とする。長期的には、高齢化に伴い(移民が大幅に増加しないと想定した場合)年間労働投入量が1%ずつ減少し、労働者の1時間当たりの生産性が2%ずつ増加すると仮定すると、GDP(国内総生産)の潜在的成長率は年間1%、1人当たりGDPと労働産出成長率は各々2%となり、日本経済の潜在的成長率は緩やかに低下して行く。

### ファンダメンタルズと短期的・長期的問題

日本経済には根本的な問題が根強く残っている。第一に、根本的なマクロ経済問題である総需要不足とデフレの問題があり、これまでの財政政策と金融政策では問題解決に不十分である。第二に、最も深刻な構造的な問題は名実ともに金融システムである。不良債権、金融機関の過小自己資本、生命保険会社の弱体化、財政投融资計画とそれに支えられた政府系金融機関が、効率良い金融・企業投資を不可能にしている。第三に、小泉首相の「変革」というスロガンにもかかわらずの経済政策立案のまずさと改革の実行の遅れである。既得権を守ろうとする反改革の動きに加え、改革の先送りをよしとする風土が状況を悪化させている。バブルを招いた1980年代の土地神話に取って代わったバブル後の新しい神話は、「景気は放っておいても回復する」というものである。不良債権問題は公的資金の注入無しに解決できるという考え、財政赤字の大きさから言って短期的財政政策は無理という財務省の考え、金融政策のみではデフレを終わらせることはできないという日銀の考えの何れも間違っている。第四に、政府の政策立案者とビジネス・リーダー達は、経営不振企業のリストラを遅らせ、結果的に正社員を守ることで失業問題に対応する政策を取ってきたが、この政策により、労働市場に参入しようという若者が犠牲になり、資本と労働力の再配分が遅れている。第五に、日本社会の先送り体質と持ちつ持たれつの関係は、変革が必要とされる今、大きな足かせとなっている。第六に、貿易が日本経済に占めるシェアは小さいものの、世界の主な輸出入国として、また世界最大の債権国として、日本の不況は、世界経済の成長をにぶらせている。また国内需要刺激策の代用としての外需頼みの需要拡大政策は、日本の調整過程を遅らせるばかりだ。第七に、日本は、規制中心の閉鎖的な戦後経済体制から市場中心の体制への移行、

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高齢化といった長期的な変革の最中にあり、1990年代の経済政策のまずさが、変革に伴うコストを増大させてきた。

このように根強い問題点があるものの、明るい兆しも見られる。第一に、昨年までのアニュアル・リポートのエッセイで強調してきた過剰貯蓄の問題だが、家計貯蓄率は平成12年の9.8%から平成14年の4.3%へと急減している。第二に、日本政府は、商法、会計、監査、ガバナンス規制など、ビジネスのルールを厳格化し、企業の情報開示を促している。第三に、高度成長を遂げている中国が、貿易相手国、また投資先として注目されるようになってきている。第四に、次の節で詳しく述べるが、不良債権問題解決の兆しも見えてきている。もっとも、デフレと失業・不完全雇用問題は深刻であり、雇用状況は短期的には悪化するであろう。今年の4月終わりと9月初めの間に株価は40%も上昇したが、資本市場は不安定で、今は安心感に浸る時ではない。さらに政治的にも、今秋小泉首相再選に続く内閣改造が予想され、目が離せない状況だ。

#### 日本の経済政策：財政・金融政策、銀行改革、企業改革

日本政府は未曾有の経済状況を克服するため様々な政策を打ち出してきたが、政策立案はまだ不十分で、政策実施もまだ甘い。日本の政策立案者は、最大のリスクはリスクを恐れすぎることだという事を受け入れたくないようだ。政府の大切な役割の一つは社会全体にとって重要なプログラムのリスクとコストを引き受けることである。日本政府は、公的資金による経営不振銀行及び企業の救済を避けたいものの、銀行や企業が倒産するのも見たくないというジレンマを抱えている。これまでの財政及び金融刺激策は、デフレを克服し持続成長を回復するのに十分ではなかった。最も効果的な政策は、更なる財政刺激策と更なる金融緩和を同時に押し進めることであるが、そのような政策は出ていない。9月に入って日銀の福井総裁は、資産担保証券を買い入れ対象資産とするという画期的な金融政策を打ち出した。このような型破りな政策を追求することに加え、日銀はデフレが終わり景気が回復するまで、国債利回りを低く抑えるため国債を購入するべきだ。経済政策上の一番の問題は、財務省の財政刺激策に対する偏見と小泉首相の財政赤字を30兆円に抑えるという政策によって、短期的財政刺激策が活用されていない点だ。

不良債権処理に関しては、預金保険機構、整理回収機構、産業再生機構と銀行の不良債権を扱う政府機関が出揃い、後は政治的意志のみである。竹中経済再生プランはオリジナルプランよりはかなり弱い政策となったものの、それでも金融庁の銀行検査を厳格化し、繰延税金資産の問題を表面化させた。繰延税金資産が自己資本の実に77%を占めていた「りそな銀行」の経営破綻と、りそな銀行救済のための1兆9600億円におよぶ公的資金注入は、第一に監査役の役割が増したたこと、第二に政府は公的資金注入によって倒産と銀行の国営化という2つの問題を同時に避けられること、第三に政府は危機時に預金を保証すること、第四に公的資金注入に関する世論の反感が薄らいできたこと、を示した。りそな銀行の株主が公的資金注入で儲けたことを除けば、りそな銀行は繰延税金資産と監査役をてこに公的資金を注入するモデルになり得る。銀行の不良債権問題と表裏一体の問題である貸出先企業の問題に目を向ければ、政府が失業保険や研修を充実させる代わりに企業の終身雇用制をセーフティネット政策として活用し続けようとすることに問題がある。貸出先の企業を「再生可能」か早期に選別し、効率的に不良債権処理を進めるための産業再生機構には、有能なスタッフと財源が集められているが、うまく機能するかどうかを判断するにはまだ時期尚早と言える。また、大企業のみならず、中小企業の不良債権、民間部門以外の政府機関、公団、地方自治体の不良債権の問題も深刻だ。



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## 日本と世界経済

外需頼みの総需要拡大政策は、日本の先送り体質に拍車をかけるばかりか、日本経済を世界経済成長という極めて管理不可能なものに委ねる事になり、問題がある。この半年間、政府・日銀は1ドル=115円台を円高防衛ラインと捉えドル買い介入を行うことで、為替の安定化を図り景気の下支えをしている。日本と中国との貿易、対中国直接投資ともに急激に伸びており、中国からの輸入は米国からの輸入と同程度まで増加している。日本ではデフレの元凶は中国だとの間違った意見を主張する者も見られ、米国、ヨーロッパともに人民元切り上げ支持に回っているが、中国は1960年代の日本の経験に学び、まずは貿易自由化を押し進め、国営企業の硬直性と国内の地域格差を是正することが優先だ。

## おわりに

昨年のアニュアルレポートで、これから7-10年の日本経済の4つのシナリオとして、(1)希望的観測シナリオ、(2)斜陽シナリオ、(3)建設的衝撃シナリオ、(4)破滅的衝撃シナリオの4つのシナリオを提示した。昨年に引き続き、何らかの衝撃が変化を強いることがない限り日本は変わらないと考えている。なんとか切り抜ける可能性を否定はしないが、現実的には、事を為すがままに任せるのではなく、政策立案者が早急に日本経済再生に向けて動くべきである。日本は潜在的な危機を招く要素を無数に抱えており、永遠に財政赤字を出し続けることもできない。日本のファンダメンタルズは強いが、現状から長期的な潜在的成長達成への移行は簡単ではない。来年のレポートでは、ファンダメンタルズの強さと、民間部門の業績の伸び、賢明な経済政策によって、今年より楽観的な日本経済の評価が可能になっていることを期待する。

平成15年9月15日

ヒュー・パトリック



Low Library, Columbia University

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## コロンビア・ビジネス・スクール・日本経済経営研究所

### I. 活動概要

日本経済経営研究所は、1986 年 4 月、コロンビア大学ビジネス・スクールの主要研究機関として設立されました。当研究所は、世界のトップレベルの日本経済、ビジネス、およびアジア・太平洋地域の経済関係の研究所として、研究、教育、政策分析の分野で指導的な役割を果たすことを目標とし、新進気鋭の研究者を教授陣として迎えてきました。設立以来 17 年に渡り、日本経済を取り巻く環境や日本政府・企業の金融・財政政策の再検討、企業戦略の見直し、組織改革についての問題点や将来の展望についての研究プロジェクトを企画し、その成果を、国際会議、シンポジウム、講演会さらには出版物という形で、学界、学生、一般市民に提供しています。

### II. 教授陣

当研究所は、所長であるヒュー・パトリック名誉教授を筆頭に、全米トップ・クラスの日本、アジア太平洋の専門家を多数擁しています。ヒュー・パトリック教授は、コロンビア大学 APEC 研究センター共同所長、太平洋貿易開発会議国際準備委員会座長も務め、日本経済・アジア経済のエキスパートとして長年に渡り活躍してきました。日本経済研究の若手リーダーで日本経済シャープ教授のディビッド・ワインスタイン教授が研究副所長を務め、日本経済・経営管理専門のショーン・ピーチラー教授、国際貿易・アメリカ経済政策において実務経験があり APEC 研究センターの共同所長を務めるメリット・ジェイノー教授、コロンビア・ロースクール教授兼日本法センター所長カーチス・ミルハウプト教授が各々専門分野の知識を活かし、当研究所の学際的なアプローチを可能にしています。2001 年には「永田町政治の興亡」(2001 年、新潮社)などの著作で知られる政治学者で元コロンビア大学東アジア研究所(現ウェザーヘッド東アジア研究所)所長のジェラルド・カーチス教授と国際経済を専門とするビジネス・スクールの新鋭リー・ブランステター教授が新たに教授陣に加わりました。

さらに 2003 年度からは、2001 年ノーベル経済学賞を受賞したジョゼフ・スティグリッツ教授と財政学を専門とするグレン・ハバード教授が教授陣に加わります。スティグリッツ教授は、情報経済学の創始者として知られ、1997 年から 2000 年まで世界銀行の開発経済学副総裁と主任エコノミストを務めたことでも知られています。ハバード教授は、財政学 2001 年から 2003 年の 3 月まで 2 年間ブッシュ大統領の経済諮問委員会委員長を務めました。

### III. プログラム

日本経済経営研究所では、ニューヨークという地理的好条件を活かし、研究機関、ビジネス界、国際機構、政府関係機関などとの積極的な交流を通して、日本およびアジア太平洋の理解促進に努めています。当研究所では、学術的な研究から公共政策関連のトピックまで、幅広く研究プロジェクトを手掛け、会議、シンポジウム、講演会を定期的に開催しています。日本経済・金融といった従来からのテーマに加えて、近年では、日本女性管理職・起業家の将来、ポケモンの国際市場戦略、情報・通信産業、インターネット・ビジネス、知的財産権なども取り上げられました。これらの研究プロジェクトの多くは、NY ジャパン・ソサイエティ、コロンビア大学ウェザーヘッド東アジア研究所、コロンビア大学 APEC 研究センターなどとの共催の国際会議やシンポジウムとして、コロンビア大学関係者および一般市民に公開されています。なおプロジェクトの報告書は当研究所のウェブサイトからダウンロードすることが可能です。

**オルタナティブ・インベストメント(代替投資)プログラム:  
東アジアにおけるプライベート・エクイティ、ヘッジファンド、不動産**

オルタナティブ・インベストメント(代替投資)は、欧米に続き、日本や東アジアにおいても急速に発展しています。2002 年秋、日本経済経営研究所は、オルタナティブ・インベストメント・プログラムを創設しました。マーク・メーソン博士主導の当プログラムは、日本や広域東アジアにおける、プライベート・エクイティ、ヘッジファンド、ディストレスト・インベストメント(経営不振企業投資)、商業用不動産等の従来型ではない資産に対する投資を精力的に研究しています。当プログラムでは、(1)研究と分析、(2)セミナーとワークショップ、(3)出版、の3つの主要な活動を行なっています。



ウィルバー・ロス氏

### 1. 研究と分析

現在、当プログラムにおいては、5つの最先端の研究プロジェクトが遂行されています。これらのプロジェクトは、オルタナティブ・インベストメントの主要なマーケットや産業の動向を体系的に調査し、アメリカとの類似点や相違点を明らかにし、今後のシナリオを分析しています。これらの研究は、オルタナティブ・インベストメントの市場に関する実務家の理解のための基礎を提示し、また各々の投資類型ごとに主要な公共政策上の問題についても言及する予定です。5つの研究プロジェクトは、以下の通りです。

- 日本におけるプライベート・エクイティ投資
- 日本におけるヘッジファンド投資
- 日本におけるディストレスト・インベストメント
- 日本における商業用不動産投資
- 日本の機関投資家のオルタナティブ資産における発展戦略

### 2. セミナーとワークショップ

当プログラムでは、人気の高い一連のセミナーを主催しています。これらのセミナーでは、日本やその他の東アジアのマーケットにおけるオルタナティブ・インベストメントに関して、実質上の運用責任をもち、経験豊富な業界のリーダー達の講演が行なわれております。2002-2003 学年度においては、以下の専門家達による講演が行なわれました。

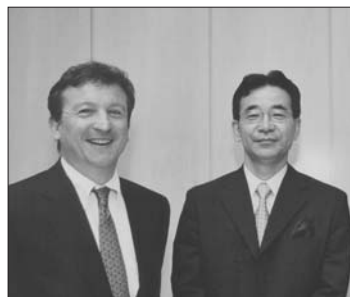
- ウィルバー・ロス (WL ロス・アンド・カンパニー 議長兼 CEO)
- ヘンリー・コーネル (ゴールドマン・サックス・アンド・カンパニー マネーシングディレクター)
- アーノルド・チャブキン (JP モルガン・パートナーズ エグゼクティブ パートナー)
- ティモシー・コリンズ (リップルウッド・ホールディング LLC CEO)
- 中村博 (ムーア・ストラテジック・バリュエーション・パートナーズ・ジャパン 駐日代表・社長)



ティモシー・コリンズ氏



講演中のアーノルド・チャブキン氏



マーク・メーソン博士と中村博氏



以上に加え元ファイナンシャルタイムズ東京支局長のジリアン・テット氏を迎え、セミナーを開催しました。彼女の講演は、近刊予定の日本の金融業とリップルウッド主導による長銀の買収（現在の新生銀行）に関する彼女の著書の主要な論点に関するものでした。

### 3. 出版

当プログラムの成果を、国際的ビジネス関係者、政府機関、学術関係者に対して積極的に公表するため、研究論文、セミナーにおけるプレゼンテーション、関連情報を、印刷媒体や電子媒体形式で制作しています。出版物の多くは、<http://www.gsb.columbia.edu/japan/alternatives> よりダウンロードすることが可能です。

#### 研究プロジェクト: 停滞する日本経済への処方箋 Solutions for the Japanese Economy

本研究プロジェクトは、日本経済経営研究所のワインスタイン教授、パトリック教授、カーチス教授、東京大学の伊藤隆敏教授、藤井真理子教授、一橋大学の祝迫得夫教授が中心となり、当研究所と東京大学先端技術研究センターの共同運営で、長引く停滞から日本経済が脱出するための方策を探り、具体的な政策提言に結びつけることを目的としています。2004 年春に研究総括のための一般公開コンファレンスを東京で行い、個々の研究成果をまとめたコンファレンス・ボリュームを、日本語・英語の両方で出版する予定です。15 名に及ぶ日米両国の優れた研究者が、金融・財政政策、資本市場、労働市場、銀行・金融制度、企業投資、国際経済システム、通商政策、経済政策決定と政治的変化・政治改革の可能性など、それぞれの専門分野に関する論文を執筆し、日本経済への総合的な処方箋を作成します。

#### 国際会議およびシンポジウム

2002—2003 年度は、以下 6 つの国際会議・シンポジウムが開催されました。

##### 1. 日米フルブライト交流 50 周年記念プログラム

2002 年 9 月 23 日、ウェザーヘッド東アジア研究所との共催で、フルブライト交流計画 50 周年を祝う国際会議を開催しました。40 名のフルブライト奨学生、OB・OG を招待し、日米関係の政治、文化、ビジネスの分野の第一人者を講演者に迎えました。講演者は、コロンビア大学リー・ボリンジャー学長、コロンビア大学歴史学のキャロル・グラック教授、成城学園理事長・学園長の本間長世氏、シティグループ副会長のデリック・モーン氏など多岐に渡りました。



コロンビア大学ロウ・メモリアル図書館前にて集合写真

## 2. 中国・日本・米国：政治経済問題

2002年12月12日、コロンビア大学のAPEC研究センターとの共催で、元財務省副財務官で東京大学先端化学技術研究センターの伊藤隆俊教授、元オーストラリア駐中国大使でオーストラリア国立大学太平洋アジア研究所のロス・ガノー教授をメインスピーカーに、中国、日本、米国の政治経済問題の新たな展開について討議するシンポジウムを開催しました。日豪からの経済学者に、コロンビア大学の教授陣(ヒュー・パトリック教授、メリット・ジェイノー教授、ジェラルド・カーチス教授、中国経済のカール・リスキン教授)がパネリストとして加わりました。



伊藤隆俊教授



ロス・ガノー教授

## 3. 日本景気回復へむけて：3回シリーズ

2002年春、ウェザーヘッド東アジア研究所との共催で、元日本銀行理事、元日本開発銀行副総裁の緒方四十郎氏によるレクチャーシリーズをスタートしました。本年度は2002年9月25日、11月7日、2003年2月5日の3回に渡り講演会が開催されました。緒方氏は、最新情報を踏まえ、日本の政府・民間部門が景気回復にむけて直面している問題、また問題解決にむけての方策について講演されました。

## 4. 日本の現実：マクロ経済理論への挑戦

2003年1月28日、米国三井物産財団と共催で、日本の経済低迷とマクロ経済理論に関するシンポジウムを開催しました。第4回を迎えた米国三井物産シンポジウムは、モルガン・スタンレー・ジャパン主任エコノミスト、ロバート・フェルドマン氏をメインスピーカーに、当研究所所長ヒュー・パトリック教授、副所長デイビッド・ワインスタイン教授がディスカッションをリードし、大学関係者、学生や一般参加者からの意見を交え、活発な議論がかわされました。

## 5. 日本のデフレと政策対応

2003年3月31日、日本銀行政策委員会審議委員で元東京大学教授の植田和男氏を迎えシンポジウムを開催しました。パトリック教授がモデレーターを務め、ビジネススクールのフレデリック・ミシュキン教授、コロンビア大学経済学教授で当研究所の研究副所長を務めるデイビッド・ワインスタイン教授がコメンテーターとして参加しました。



2003年3月 シンポジウム「日本のデフレと政策対応」後のレセプションにて学生と歓談する日銀政策委員会審議委員の植田和男氏(右)



## 6. 東アジア安全保障の未来

2003年4月8日、コロンビア大学のドナルド・キーン日本文化センター、ウェザーヘッド東アジア研究所との共催で、朝日新聞社編集局特別編集委員、コラムニストの船橋洋一氏をメインスピーカーに迎え、東アジアの安全保障を討議するシンポジウムを開催しました。パトリック教授がモデレーターを務め、元 *Asian Street Journal* 香港編集主幹のアーバン・レーナー氏、ウェザーヘッド東アジア研究所の呂曉波所長、米日財団会長のジョージ・パッカードがパネリストとして参加しました。

## 財界著名人講演会シリーズ

日本経済経営研究所は、毎年、コロンビア・ビジネス・スクールの日本人学生を中心とした学生団体、日本ビジネス協会との共催で、著名な企業経営者並びに学識経験者を招き講演会を開催してきました。2002—2003年度は、以下4つの講演会が開催されました(敬称略、講演順)。

### 1. 求められるグローバルな人材—経営幹部のキャリア事情—

橘・フクシマ・咲江

日本コーン・フェリー・インターナショナル・  
マネージングディレクター

2002年9月26日



橘・フクシマ・咲江氏

### 2. 不可避の日本金融危機

榊原英資 慶應義塾大学教授、元大蔵財務官

2002年10月7日



2002年10月、「不可避の日本金融危機」講演にて(左から)  
当研究所所長パトリック教授、榊原英資教授、ワインスタイン教授

- 
3. NTT ドコモとグローバル・コミュニケーション・カルチャー  
立川敬二 (株)NTT ドコモ代表取締役社長  
2002 年 11 月 12 日



立川敬二氏

4. 日本の経済的不調の原因と治療法および世界の他の 国々への教訓  
ジョゼフ・スティグリッツ  
コロンビア大学経済学教授  
2003 年 3 月 26 日

#### **ウェザーヘッド東アジア研究所ブラウン・バッグ講演会シリーズ**

また日本経済経営研究所は、毎年、コロンビア大学ウェザーヘッド東アジア研究所のブラウン・バッグ講演会シリーズの日本関係の講演会を共催しています。以下は 2002—2003 年度の講演会の一部です(敬称略、講演順)。

#### **2002 年**

- 9 月 小泉首相の北朝鮮訪問  
チャールズ・アームストロング コロンビア大学経済学準教授  
ジェラルド・カーチス コロンビア大学政治学教授  
ルディガー・フランク コロンビア大学客員講師  
ロバート・イマーマン ウェザーヘッド東アジア研究所上級研究員
- 10 月 強者勝ち残りの時代：平成大不況を勝ち抜く日本の一流企業  
ウィリアム・ラップ ニュージャージー工科大学教授
- 10 月 アジア再構築：日本経済停滞の原因と中国の経済の見通しと 1997 年金融危機以降の東南アジアと韓国の経済  
フランク・ユルゲン・リキター ワールド・エコノミック・フォーラム ディレクター
- 11 月 山武ハネウエルの失敗：米国の対日本投資の教訓  
ジョー・グライムス 元山武ハネウエル副社長
- 12 月 一歩進んで二歩下がる？：日本金融改革  
ジェニファー・エイミックス ペンシルバニア大学政治学助教授

#### **2003 年**

- 4 月 日本女性の Exit (退職)、Voice (主張)と日本政府の家族政策  
レオナード・ショッパ バージニア大学政治学準教授

## 環太平洋地域関連活動

### □ PAFTAD (太平洋貿易開発会議、Pacific Trade and Development Conference)

日本経済経営研究所は PAFTAD 駐米連絡事務所を兼ねており、オーストラリア国立大学の PAFTAD 事務局と提携しています。1968 年の設立以来、PAFTAD は計 28 回の会議を開催してきました。「新世紀の競争政策」と題された第 28 回 PAFTAD は、2002 年 9 月にマニラで開催されました。

### □ PECC (太平洋経済協力会議、Pacific Economic Cooperation Council)

PECC は、1980 年、PAFTAD で主導的役割を果たしてきたオーストラリアのジョン・クロフォード卿と大来佐武郎氏によって創設されました。現在、25 名のアジア環太平洋諸国の研究者、ビジネスリーダー、政府関係者などが 2 年に一度集まり政策関連のトピックを討議しています。PECC 理事を務めるパトリック教授は、最近では 2001 年 11 月香港で開催された PECC 会合に出席しました。

### □ APEC 研究センター

パトリック教授とジェイノー教授が共同所長を務める APEC 研究センターは、米国国務省の要請により 1994 年に創設され、日本経済経営研究所とウェザーヘッド東アジア研究所により共同運営されています。APEC 研究センターに関して詳しくは <http://www.columbia.edu/cu/business/apec> をご覧下さい。

## 日米政策関連ディスカッショングループ

### □ JES (日本経済セミナー、Japan Economic Seminar)

JES は、1966 年にコロンビア大学のジェームス・ナカムラ教授、エール大学教授職にあったパトリック教授、ハーバード大学のヘンリー・ロソヴスキー教授によって、日本経済の専門家の大学間フォーラム(公開討論の場)として創設されました。日本経済経営研究所は、ウェザーヘッド東アジア研究所とジョージワシントン大学と共同で、JES を年 4 回運営しています。

### □ The U.S.-Japan Discussion Group (日米ディスカッショングループ)

この少人数の会合は、年 4 回開催されており、ニューヨーク周辺の日米のビジネスリーダーに日米のビジネス、経済、金融、および政治問題を討議する場を提供しています。2002-03 年度には、パトリック教授と米国住友商事会社社長の西條温氏が討議をリードし、コロンビア大学からはジェリー・カーチス教授とカーチス・ミルハウプト教授が参加しました。

### □ 日本金融システム・ディスカッショングループ

このグループは、日本金融システムの専門家で構成されており、年 5-6 回の会合を開いています。当研究所教授陣のパトリック教授、ミルハウプト教授、ワインスタイン教授に加え、JP モルガン・チェースのパトリシア・クワヤマ博士、エール大学政治学部のフランセス・ローゼンブルース教授が参加しています。

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#### IV. キャンパスその他の支援活動

##### □ 講義カリキュラム

コロンビア大学のビジネススクールと経済学部には、全米の主な大学の中で、最も多くの日本及びアジア太平洋経済関連の講座が設けられています。日本経済経営研究所は、ビジネススクールのリー・ブランスタター教授及び当研究所の客員教授担当の講義を支援しています。またビジネス・スクールで開設されている様々な講座に、日本及びアジア環太平洋諸国の経済・産業・経営・マーケティング関連のケースやモジュールなどの教材を提供しています。

##### □ コロンビア・ビジネス・スクール・ジャパン・スタディ・トリップ及び経済広報センター主催ジャパン・スタディ・ツアー

当研究所は、毎年コロンビア・ビジネス・スクールの日本人学生が中心となり企画しているジャパン・スタディ・トリップを支援しています。ビジネス・スクールの教授と学生が日本各地を回り、政府・企業を訪問するこの旅行は本年度で 11 周年を迎えました。2003 年 3 月、15 名のビジネス・スクールの学生がトリップに参加し、キッコーマン、新生銀行、オムロン、日産を見学、京都と箱根へも足を伸ばしました。また、当研究所の推薦により、ビジネス・スクールの研究者が、日本経済広報センター主催のジャパン・スタディ・ツアーに参加し、2 週間ほど日本の政府・企業などを視察し、政策担当者、実務家と懇談し、日本への理解を深めています。本年度は 2003 年 6 月初め、ガー・フーバーマン教授がツアーに参加しました。これらの現地視察旅行は、学生の日本をはじめとしたアジアの経済、ビジネスへの認識・理解、教授の研究やカリキュラム作成に役立っています。

##### □ コロンビア大学の学生団体・学生主催活動の支援

当研究所では、ビジネススクールの日本ビジネス協会、国際公共政策大学院 (SIPA) の日本勉強会など学生による勉強会・懇談会の活動を指導・支援し、日本とコロンビア大学の学生コミュニティとの対話を深める手助けをしています。2002-2003 年度には、さらに黒人ビジネス学生協会と 2003 年度 MBA 卒業生の卒業アルバムへの支援も行いました。

##### □ 民間研究機関の研修プログラム、その他の活動の支援

日本経済経営研究所は日本経済に関する民間研究機関の研修プログラムやその他の活動を支援しています。過去数年に渡り、社団法人日本経済研究センター (Japan Center for Economic Research、略称 JCER) で研修中の若手日本人エコノミストが当研究所を訪問し、日本経済・金融に関する研究を発表、コロンビア大学の教授・研究員・大学院生らと研究成果を議論しています。2002 年 11 月、JCER チームは「ペイオフ延期と銀行財務の実態」と題する研究の発表を行いました。また、財団法人社会経済生産性本部 (Japan Productivity Center for Socio-Economic Development) 主催の日本人ビジネスマンの米国研修旅行の一貫として、コロンビアビジネススクール教授による講演をアレンジしています。2002 年 10 月訪問の中堅研修チームには、リタ・マグラス教授が、2001 年 9 月 11 日のテロ後の米国における経営について講演しました。同年 11 月に訪問した若手研修チームには、アンドリュー・ジャーショフ教授による顧客管理に関する講演が行われました。さらに、当研究所は、ワシントン DC に本部を置く日本情報アクセスプロジェクト (Japan Information Access Project) を支援しています。

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## V. 日本経済経営研究所による出版刊行物

日本経済経営研究所では、研究プロジェクトの出版を積極的に企画、支援しています。出版刊行物は、学術書に加え、会議・シンポジウム・講演会レポート、オケージョナル・ペーパーなどバラエティに富んでおり、最近では、日米有識者が、様々な視点から日本の金融・財政システムの変貌を分析した、Crisis and Change in the Japanese Financial System（クルーアー出版社）が、日本語版「日本金融システムの危機と変貌」として、日本経済新聞社から 2001 年夏に出版されました。

## VI. その他の特記すべき事項

### 1. 日本経済経営研究所の貴賓

今日にいたるまで、数多くの著名な方々が、コロンビア大学および日本経済経営研究所を来訪しています。1987 年 10 月、当時日本皇太子ご夫妻であられた明仁、美智子両殿下は、米国訪問の際、コロンビア大学を公式訪問されました。1989 年 2 月には、故竹下登首相がコロンビア大学を訪問、日本経済経営研究所、東アジア研究所、日本法センターの教授陣と懇談、1994 年には、当研究所企画の国際会議に小和田恒前国連大使が参加しました。

### 2. 受賞・叙勲

ヒュー・パトリック教授の「太平洋地域の不況産業：9 カ国の産業化経済における構造調整」は、1992 年、大平正芳賞を受賞しました。さらに、1994 年には、日本政府は、パトリック教授の長年の日本経済研究および日米関係向上への多大なる功績を称え、勲二等瑞宝章を叙勲しました。2000 年には、香港・嶺南大学から、パトリック教授に、アジア・太平洋経済研究・理解促進への貢献に敬意を評し、名誉博士号が授与されています。

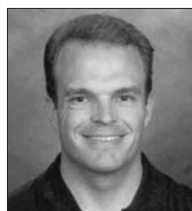
### 3. 客員研究員・専門研究員

毎年、公共政策・ビジネス界などで活躍されている第一人者、日本、アジア・太平洋地域の研究者、政府・企業関係者が、客員研究員として当研究所の活動に参加しています。また、元日本開発銀行副総裁の緒方四十郎氏と NY ジャパン・ソサイエティ役員で元 JP モーガン・チェイス国際金融サービス局長のロバート・ファロン氏が、専門研究員として、シンポジウムなどに参加しています。2002-2003 年度の客員研究員は以下の通りです（敬称略・アイウエオ順）。

祝迫得夫	（一橋大学）	向井篤弘	（帝塚山大学）
小林稔	（和光大学）	森田宗男	（財務省）
中川十郎	（東京経済大学）	吉田晴彦	（三井住友海上火災 保険株式会社）
西沢良夫	（三菱信託銀行）		

### 4. 奨学金プログラム

当研究所では、米国住友商事奨学金、三菱信託山室記念奨学財団などのコロンビア大学の大学院生・学部生を対象とした奨学金プログラムを通して、日本経済に関する研究や、日本への留学を支援し、日本経済に興味のある次世代を育成しています。



2003-2004年  
三菱信託山室記念  
奨学生のエルデン・  
アブグッド氏

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