



Columbia Business School

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| Center on Japanese Economy and Business

日本経済

Center on Japanese Economy and Business

ANNUAL REPORT 2014-2015

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Center on Japanese Economy and Business

The preeminent academic center in the United States on Japanese business and economics

Established at Columbia Business School (CBS) in 1986 under the direction of Professor Hugh Patrick, the Center on Japanese Economy and Business (CJEB) promotes knowledge and understanding of Japanese business and economics in an international context. CJEB is a research organization widely recognized for its symposia, conferences, and lectures held both in New York and Tokyo, which provide prominent speakers from the public and private sectors a forum for collaboration and reflection on Japan, the United States, and the global economy.

With the leadership of Professors David E. Weinstein, director of research, and Takatoshi Ito, associate director of research, CJEB supports research projects, student and faculty scholarship, and library and computer-based resource initiatives. Other CJEB core faculty members are Japan specialists drawn from Columbia's Business School, Law School, School of International and Public Affairs, Department of Economics, and Department of Political Science. Funding and resources are provided by corporate sponsors, foundations, individuals, CBS, and Columbia University.

Since its founding, CJEB has developed, grown, and evolved in order to carry out its mission effectively in a changing Japan and a changing world. In this way, CJEB has been able to build and maintain its status as the preeminent academic center in the United States on Japanese business and economics.

Further information about CJEB can be found on the Center's website:
www.gsb.columbia.edu/cjeb.

Letter from the Directors



Hugh Patrick, Director



David E. Weinstein, Director
of Research

Dear Friends,

Over the past 29 years, the Center on Japanese Economy and Business (CJEB) has actively tackled its mission to provide a significant understanding of the Japanese economy, its businesses, and financial markets in a global context. Since its establishment in 1986 at Columbia Business School (CBS), the Center has flourished with growing networks, research initiatives, and programs. Through our extensive network, the Center has organized stimulating conferences and research activities, pioneering the exchange of knowledge and ideas related to Japanese business systems and economic issues, while also successfully preserving its efforts to build on the U.S.-Japan relationship. We are proud of CJEB's accomplishments, and are committed to building upon its history to achieve even more in the future.

As Japan enters the third phase of Prime Minister Abe's three-arrow strategy, the world is watching its development closely. CJEB aims to clarify the many current economic and social topics that Japan is facing, and will face over time. Columbia University remains the only major institution with a center that has a core focus and specialization in the Japanese economy. We will continue to be committed to this focus.

Our 2014-2015 academic year has been active, filled with exceptional lectures, symposia, and conferences. CJEB held its annual conference in Tokyo on May 21, 2015, with keynote speeches by Yasuchika Hasegawa, chairman of Takeda Pharmaceutical Company Ltd., and Bruce Greenwald, Robert Heilbrunn Professor of Finance and Asset Management at CBS. Titled "Japan's Changing Corporate Governance," this conference also featured a number of distinguished panelists who shared their perspectives as board members for Japanese corporations. For a summary and more details on this conference, please refer to p. 30.

Other highlights from our 2014-2015 program calendar included a symposium on "M&A in Japan: Reenergized" in December; Professor Gerald Curtis's tenth annual lecture on Japanese politics, "New Directions in Japanese Politics and Foreign Policy," in February; the 16th Annual Mitsui USA Symposium, "How Supply Chains Respond to Crises: The Japanese Experience," in March; a symposium cosponsored with NHK, "Japan and the World Economy: Challenges Over the Coming Decade," in April; and a lecture on "Challenges of Womenomics: Enhancing Women's Leadership in Japan," in May 2015.

CJEB also continues to host a successful lunchtime *zadankai* seminar series, providing a platform for distinguished business, government, and academic speakers to share their insights with the Columbia and New York communities. The 2014-2015 *zadankai* speakers included Yasushi Kinoshita, former administrative vice minister of the Ministry of Finance and a 2014-2015 CJEB Visiting Fellow; Christina Ahmadjian, a professor at the Graduate School of Commerce and Management of Hitotsubashi University; Toshikazu Nambu, executive vice president and CFO (until April 2015) of Sumitomo Corporation of Americas; William Duggan, senior lecturer of Columbia Business School; Takatoshi Ito, professor at the School of International and Public Affairs (SIPA) at Columbia University, and associate director of research at CJEB; Eric Kirsch, executive vice president and global chief investment officer of Aflac Global Investments; and Hiroshi Kaho, general manager of the Business Strategy and Development Department of Ajinomoto Co., Inc. Summaries of our *zadankai* and other events can be found starting on p. 36.

CJEB is an active member of Columbia's research community, and its core commitment has always been to actively contribute, support, and circulate research, particularly with emphasis on the Japanese economy and its business and management systems in a comparative context. David E. Weinstein, whose own research you can learn about starting on p. 21, leads CJEB's strong research program, the results of which are reflected in our projects, seminars, discussion groups, public programs, and library and computer-based resource initiatives. In addition, the Center provides a Working Paper and an Occasional Paper series (p. 24), with contributions made by various leading experts on Japan. CJEB will continue to provide the necessary platform and resources to further our research initiatives.

As part of CJEB's growing research program, we offer CJEB Doctoral Fellowships for PhD students at CBS and the Economics Department who have dissertation projects relating to the Japanese economy or business. We also offer research grants and summer stipends to graduate students interested in Japan. Through these initiatives, the Center is able to build the foundation and prepare the next generation of specialists on the Japanese economy and business and management systems, while also providing support to students at Columbia. The Center is actively fundraising in order to facilitate the continuance and development of this initiative. More information on our doctoral fellowships, research grants, and stipends are on p. 48.

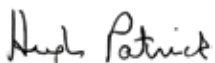
This was another excellent year for our Visiting Fellows Program. As part of our growing network and supporters, CJEB has had Visiting Fellows from various backgrounds in the corporate, academic, and government sectors. Through our program, Visiting Fellows are provided the opportunity to pursue their own independent research while also developing their professional skills. As in the past years, the 2014-2015 Fellows (p. 40) participated in CJEB research gatherings, presented their research at seminars, attended and participated in lectures and public events, and audited courses. The Visiting Fellows play a significant role in the CJEB and CBS dynamic, and this will continue to hold true in the upcoming years.

CJEB's growing presence in the Columbia community, the United States, and globally has become more well known over time. This past fall, we were fortunate to have Prime Minister Abe give an address at Columbia's World Leaders Forum, and are pleased to report that during his address, he acknowledged and praised CJEB for all that we have accomplished over the years (p. 29). Under the joint leadership of us both, and with the eventual transition to the sole leadership of David Weinstein, the Center will strive to move forward and grow in ways to ensure we remain a leading academic and research center.

This year we happily welcomed Takatoshi Ito as CJEB's associate director of research. With an illustrious career and background in Japan and the United States and now professor of Columbia's School of International and Public Affairs, Professor Ito is already contributing significantly to the Center, and we are delighted to have him as a core CJEB member.

As always, the Center's ongoing success is due to the dedication, hard work, intelligence, and energy of the Center's core faculty and staff; the resources provided by the Business School and the University; and especially to the funding provided by corporate sponsors, foundations, and individuals. We thank them all.

With warm regards,



Hugh Patrick
Director



David E. Weinstein
Director of Research

Leadership and Staff



Hugh Patrick is the founder and director of the Center on Japanese Economy and Business (CJEB) at Columbia Business School, codirector of Columbia's APEC Study Center, and

R. D. Calkins Professor of International Business Emeritus. He joined the Columbia faculty in 1984 after some years as professor of economics and director of the Economic Growth Center at Yale University. He completed his BA at Yale University (1951), earned MA degrees in Japanese studies (1955) and economics (1957) and a PhD in economics at the University of Michigan (1960). He has been a visiting professor at Hitotsubashi University, the University of Tokyo, and the University of Bombay. Professor Patrick has been awarded Guggenheim and Fulbright fellowships and the Ohira Prize. His professional writings include 18 books and some 60 articles and essays. His most recent books are *How Finance Is Shaping the Economies of China, Japan, and Korea* (Columbia University Press, 2013), coedited with Yung Chul Park, and *Reviving Japan's Economy: Problems and Prescriptions* (MIT Press, 2005), coauthored and coedited with Takatoshi Ito and David E. Weinstein. Professor Patrick served as one of four American members of the binational Japan United States Economic Relations Group appointed by President Carter and Prime Minister Ohira, 1979–1981. He is a member of the Council on Foreign Relations. He was a member of the Board of Directors of the Japan Society for seven three-year terms. In November 1994 the Japanese Government awarded him the Order of the Sacred Treasure, Gold and Silver Star (Kunitō Zuihōshō). He was awarded an honorary doctorate of Social Sciences by Hong Kong's Lingnan University in 2000, and the Eagle on the World award

by the Japan Chamber of Commerce and Industry of New York in 2010.



David E. Weinstein is the Carl S. Shoup Professor of the Japanese Economy at Columbia University. He is also the director of research at CJEB, director of the Japan Project at

the National Bureau of Economic Research (NBER), a member of the Federal Economic Statistics Advisory Committee, and a member of the Council on Foreign Relations. Previously, Professor Weinstein was chair of the Economics Department, senior economist as well as a consultant at the Federal Reserve Bank of New York, the Federal Reserve Bank of San Francisco, and the Federal Reserve Board of Governors. Prior to joining the Columbia faculty, Professor Weinstein held professorships at the University of Michigan and Harvard University. He also served on the Council of Economic Advisors from 1989 to 1990.

His teaching and research interests include international economics and the Japanese economy. Professor Weinstein earned his PhD and MA in economics from the University of Michigan and his BA at Yale University. He is the recipient of many grants and awards, including five National Science Foundation grants, an Institute for New Economic Thinking grant, a Bank of International Settlements Fellowship, and a Google Research Award. Professor Weinstein is the author of numerous publications and articles.



Takatoshi Ito is the associate director of research at CJEB and a professor at the School of International and Public Affairs (SIPA) of Columbia University. He has

taught extensively both in the United States and Japan since finishing his PhD in economics at Harvard University in 1979. He was an assistant and tenured associate professor (1979–1988) at the University of Minnesota, an associate and full professor at Hitotsubashi University (1988–2002), a professor at the Graduate School of Economics at the University of Tokyo (2004–2014), and dean of the Graduate School of Public Policy at the University of Tokyo (2012–2014), before assuming his current position in 2015. He held visiting professor positions at Harvard University, Stanford University, and Columbia Business School and was Tun Ismail Ali Chair Professor at the University of Malaya. He has held distinguished academic and research appointments such as president of the Japanese Economic Association in 2004–2005, fellow of the Econometric Society since 1992, research associate at the National Bureau of Economic Research since 1985, faculty fellow at the Centre for Economic Policy Research in London since 2006, research associate of the Tokyo Center for Economic Research since 1990, and faculty fellow of the Research Institute of Economy, Trade and Industry since 2004. He was editor-in-chief of the *Journal of the Japanese and International Economies* and is coeditor of the *Asian Economic Policy Review*. In an unusual move for a Japanese academic, Professor Ito was appointed senior advisor in the Research Department at the International Monetary Fund (1994–1997) and deputy vice minister for International Affairs at the Ministry of Finance of Japan (1999–2001). He also served as a member of the Prime Minister's Council on Economic and Fiscal Policy (2006–2008).

In 2010, Professor Ito was a coauthor of a commissioned study of the Bank of Thailand's 10th-year review of its inflation-targeting regime. He frequently contributes op-ed columns and articles to the *Financial Times* and *Nihon Keizai Shinbun*. He is an author of many books including *The Japanese Economy* (MIT Press, 1992), *The Political Economy*

of Japanese Monetary Policy (1997) and Financial Policy and Central Banking in Japan (2000) (both with T. Cargill and M. Hutchison, MIT Press), *An Independent and Accountable IMF* (with J. De Gregorio, B. Eichengreen, and C. Wyplosz, 1999), and more than 130 academic (refereed) journal articles and chapters in books on international finance, monetary policy, and the Japanese economy. His research interests include capital flows and currency crises, microstructures of the foreign exchange rates, and inflation targeting. He was awarded the National Medal with Purple Ribbon in June 2011 for his excellent academic achievement.



Alicia Ogawa is senior advisor at CJEB, and a consultant to one of the largest U.S.-based macro hedge funds in the United States. Until 2006, she was managing director at

Lehman Brothers, where she was responsible for managing the firm's global equity research. She is also an adjunct associate professor at SIPA.

Prior to joining Lehman Brothers, Professor Ogawa spent 15 years in Tokyo, where she was a top-rated bank analyst and director of research for Nikko Salomon Smith Barney, having managed the original Salomon Brothers Research Department through three mergers. She is a member of the board of directors of the Maureen and Mike Mansfield Foundation and is a member of the President's Circle of the All Stars Project, a development program for inner city young people, which has just been launched in Tokyo. She graduated from Barnard College and earned a master's degree in international affairs at SIPA.



Ryoko Ogino is the director for administration at CJEB. She officially joined the Center as associate director for administration in September 2010, after successfully

managing the Center's Tokyo conference in spring 2010. Prior to that, she held positions at Shiseido Americas Corporation and Sony Corporation of America and brought with her a wealth of experience in program production, PR, international marketing, and staff management. She graduated magna cum laude from the State University of New York, Buffalo, with a major in human relations in multinational organizational settings sponsored by the Department of Psychology and Management.

Officers

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Sayaka Tsuno

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Barnard College

Benjamin Xu

BA Candidate, Economics and Mathematics,
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Core Faculty

CJEB's eight core faculty members provide the Center's intellectual foundation and are drawn from Columbia University's Business School, Law School, Department of Economics, Department of Political Science, and School of International and Public Affairs. In addition to **Hugh Patrick**, **David E. Weinstein**, and **Takatoshi Ito**, CJEB's core faculty members are as follows:



Gerald L. Curtis is Burgess Professor of Political Science at Columbia University and former director of the Weatherhead East Asian Institute. He received his PhD from Columbia University in

1969 and has been on the Columbia University faculty since 1968. He is the author of numerous books and articles published in both English and Japanese on Japanese politics, government, foreign policy, and United States-Japan relations. He divides his time between Columbia University and Tokyo, where he is active as a columnist, speaker, and writer and is a distinguished fellow at the Tokyo Foundation.

Professor Curtis has held appointments at the Royal Institute of International Affairs, Chatham House, London; the College de France, Paris; the Lee Kwan Yew School of Public Policy, Singapore; and in Tokyo at Keio, Tokyo, and Waseda Universities, the Research Institute for Economy, Trade and Industry, the Graduate Research Institute for Policy Studies, and the International Institute for Economic Studies.

In addition to his academic work, he has served as director of the U.S.-Japan Parliamentary Exchange Program, special advisor to *Newsweek* for *Newsweek Japan*, columnist for the *Tokyo/Chunichi Shimbun*, and member of the International Advisory Board of the *Asahi Shimbun* and the Advisory Council for the Japan Foundation Center for Global Partnership. His

articles and commentaries appear frequently in newspapers and magazines in Europe, Japan, and the United States.

Professor Curtis has been or currently is a member of the Board of Directors of the Japan Society, the Japan Center for International Exchange (USA), and the U.S.-Japan Foundation and serves as councilor to the U.S.-Japan Council. He has served as consultant and advisor to numerous public and private organizations in the United States and Japan.

Professor Curtis is the recipient of numerous prizes and honors, including the Masayoshi Ohira Memorial Prize, the *Chunichi Shimbun* Special Achievement Award, the Japan Foundation Award, the Marshal Green Award of the Japan-America Society of Washington, and the Eagle on the World award from the Japan Chamber of Commerce in New York. He is a recipient of the Order of the Rising Sun, Gold and Silver Star, one of the highest honors awarded by the Japanese government.



Glenn Hubbard is dean and Russell L. Carson Professor of Finance and Economics at Columbia Business School. Dean Hubbard received his BA and BS degrees summa cum laude from the

University of Central Florida and also holds AM and PhD degrees in economics from Harvard University. In addition to writing more than 100 scholarly articles on economics and finance, Dean Hubbard is the author of three popular textbooks, as well as coauthor of *The Aid Trap: Hard Truths About Ending Poverty*, *Balance: The Economics of Great Powers from Ancient Rome to Modern America*, and *Healthy, Wealthy, and Wise: Five Steps to a Better Health Care System*. His commentaries appear in *Business Week*, *The Wall Street Journal*, *The New York Times*, the *Financial Times*, the *Washington*

Post, *Nikkei*, and the *Daily Yomiuri*, as well as on television and radio. From 2001 until 2003, he was chairman of the U.S. Council of Economic Advisers. In the corporate sector, he is on the boards of ADP, BlackRock, and MetLife. Dean Hubbard is cochair of the Committee on Capital Markets Regulation; he is a past chair of the Economic Club of New York and a past cochair of the Study Group on Corporate Boards.



Merit E. Janow is dean of Columbia University's School of International and Public Affairs. Dean Janow is an internationally recognized expert in international trade and investment, with extensive experience in

academia, government, international organizations, and business. In addition, she has had a lifelong involvement with Asia and is an expert on that region. Dean Janow has been a professor of practice at Columbia University's School of International and Public Affairs (SIPA) and affiliated faculty at Columbia Law School since 1995. She teaches graduate courses in international trade/WTO law, comparative antitrust law, China in the global economy, and international trade and investment policy, among others. She has held a number of leadership positions at the University. Currently, she is codirector of the APEC Study Center. Previously, she was director of the Master's Program in International Affairs and chair of Columbia University's Advisory Committee on Socially Responsible Investing. Her research interests focus on international trade and investment, Asia, competition law, and economic globalization. She has written several books and numerous articles and frequently speaks before business, policy, and academic audiences around the world.

While at Columbia University, Dean Janow was elected in December 2003 for a four-year term as one of the seven members of the World Trade

Organization's (WTO) Appellate Body, which is the court of final appeal for adjudicating trade disputes between the 161 members of the WTO. She was the first woman to serve on the Appellate Body. She was involved in more than 30 appeals. While on the Appellate Body, she organized a series of global conferences with leading experts and senior government officials that focused on the Appellate Body, the international trading system, and economic globalization. From 1997 to 2000, Dean Janow served as the executive director of the first international antitrust advisory committee of the U.S. Department of Justice that reported to the attorney general and the assistant attorney general for antitrust. Her report recommended the creation of a global network of enforcers and experts, which is now the International Competition Network.

Prior to joining Columbia's faculty, Dean Janow was deputy assistant U.S. trade representative for Japan and China (1989-1993). She was responsible for developing, coordinating, and implementing U.S. trade policies with Japan and China. She negotiated more than a dozen trade agreements with Japan and China during a period of intense economic and political tension. Dean Janow is on the Board of Directors of several corporations and not-for-profit organizations. In 2009, she became a charter member of the International Advisory Council of China's sovereign wealth fund, China Investment Corporation. Early in her career, Dean Janow was a corporate lawyer specializing in cross-border mergers and acquisitions with Skadden, Arps, Slate, Meagher & Flom in New York. Before becoming a lawyer, she worked at a think tank, where she focused on U.S.-Japan trade and economic relations. She grew up in Tokyo, Japan, and is fluent in Japanese. She has a JD from Columbia Law School, where she was a Stone Scholar, and a BA in Asian studies with honors from the University of Michigan. She is a member of the Council on Foreign Relations and the Trilateral Commission.



Curtis J. Milhaupt is the Parker Professor of Comparative Corporate Law, director of the Parker School of Foreign and Comparative Law, Fuyo Professor of Japanese Law, and director of the Center for Japanese Legal Studies, all at Columbia Law School. He is also a member of Columbia University's Weatherhead East Asian Institute. Professor Milhaupt's research and teaching interests include the legal systems of East Asia (particularly Japan), comparative corporate governance, law and economic development, and state capitalism. In addition to numerous scholarly articles, he has coauthored or edited seven books, including *U.S. Corporate Law* (Yuhikaku, 2009, in Japanese), *Law and Capitalism: What Corporate Crises Reveal about Legal Systems and Economic Development around the World* (University of Chicago Press, 2008), and *Transforming Corporate Governance in East Asia* (Routledge Press, 2008). His research has been profiled in *The Economist*, the *Financial Times*, and *The Wall Street Journal*, and has been widely translated. Professor Milhaupt lectures regularly at universities and think tanks around the world. Representative appointments include visiting professor at Tsinghua University, Paul Hastings Visiting Professor in Corporate and Financial Law at Hong Kong University, and Erasmus Mundus Fellow in Law and Economics at the University of Bologna. He was named Teacher of the Year in 2012 and 2010 at the Duisenberg School of Finance, University of Amsterdam, where he teaches annually. Professor Milhaupt has been a member of several international project teams focused on policy issues in Asia, including one charged with designing an "institutional blueprint" for a unified Korean peninsula. Prior to entering academia, Professor Milhaupt practiced corporate law in New York and Tokyo with a major law firm. He holds a JD from Columbia Law School and

a BA from the University of Notre Dame. He also conducted graduate studies in law and international relations at the University of Tokyo.



Joseph E. Stiglitz was born in Gary, Indiana, in 1943. A graduate of Amherst College, he received his PhD from MIT in 1967, became a full professor at Yale in 1970, and in 1979 was awarded

the John Bates Clark Award, given annually by the American Economic Association to the economist under 40 who has made the most significant contribution to the field. He has taught at Princeton, Stanford, and MIT and was the Drummond Professor and a fellow of All Souls College, Oxford. He is now University Professor at Columbia University in New York, where he is also the founder and copresident of the University's Initiative for Policy Dialogue. In 2001, he was awarded the Nobel Prize in economics for his analyses of markets with asymmetric information, and he was a lead author of the 1995 Report of the Intergovernmental Panel on Climate Change, which shared the 2007 Nobel Peace Prize. In 2011, Time named Stiglitz one of the 100 most influential people in the world. He is now serving as president of the International Economic Association.

Professor Stiglitz was a member of the Council of Economic Advisers from 1993 to 1995, during the Clinton administration, and served as CEA chairman from 1995 to 1997. He then became chief economist and senior vice president of the World Bank from 1997 to 2000. In 2008, he was asked by the then French President Nicolas Sarkozy to chair the Commission on the Measurement of Economic Performance and Social Progress, which released its final report in September 2009. He now chairs a High Level Expert Group at the OECD attempting to further develop these ideas. In 2009, he was appointed by

the president of the United Nations General Assembly as chair of the Commission of Experts on Reform of the International Financial and Monetary System, which also released its report in September 2009. Since the crisis, he has played an important role in the creation of the Institute for New Economic Thinking (INET), which seeks to reform the discipline so that it is better equipped to find solutions for the great challenges of the 21st century. Stiglitz serves on numerous boards, including the Acumen Fund and Resources for the Future.

Professor Stiglitz helped create a new branch of economics, “The Economics of Information,” exploring the consequences of information asymmetries and pioneering such pivotal concepts such as adverse selection and moral hazard, which have now become standard tools not only of theorists, but also of policy analysts. He has made major contributions to macroeconomics and monetary theory, development economics and trade theory, public and corporate finance, theories of industrial organization and rural organization, and theories of welfare economics and of income and wealth distribution. In the 1980s, he helped revive interest in the economics of R&D.

His work has helped explain the circumstances in which markets do not work well, and how selective government intervention can improve their performance. In the last sixteen years, he has written a series of highly popular books that have had an enormous influence in shaping global debates. His book *Globalization and Its Discontents* (2002) has been translated into 35 languages, besides at least two pirated editions, and the nonpirated editions have sold more than one million copies worldwide. In that book he laid bare the way globalization had been managed, especially by international financial institutions. In two later sequels, he presented alternatives: *Fair Trade for All* (2005, with

Andrew Charlton) and *Making Globalization Work* (2006). In *The Roaring Nineties* (2003), with some clairvoyance, he explained how financial market deregulation and other actions of the 1990s were sowing the seeds of the next crisis. Concurrently, *Towards a New Paradigm in Monetary Economics* (2003, with Bruce Greenwald) explained the fallacies of current monetary policies, identified the risk of excessive financial interdependence, and highlighted the central role of credit availability. *Freefall: America, Free Markets, and the Sinking of the World Economy* (2010) traced in more detail the origins of the Great Recession, outlined a set of policies that would lead to robust recovery, and predicted correctly that if these policies were not pursued, it was likely that we would enter an extended period of malaise. *The Three Trillion Dollar War: The True Cost of the Iraq Conflict* (2008, with Linda Bilmes of Harvard University) helped reshape the debate on those wars by highlighting the enormous costs of those conflicts. His most recent books are *The Price of Inequality: How Today's Divided Society Endangers Our Future* (W. W. Norton and Penguin/Allen Lane, 2012); *The Great Divide: Unequal Societies and What We Can Do About Them* (W.W. Norton and Penguin/Allen Lane, 2015); and, with Bruce Greenwald, *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress* (Columbia University Press, 2014).

Professor Stiglitz's work has been widely recognized. Among his awards are more than 40 honorary doctorates, including from Cambridge and Oxford Universities. In 2010 he was awarded the prestigious Loeb Prize for his contributions to journalism. Among the prizes awarded to his books have been the European Literary Prize, the Bruno Kreisky Prize for Political Books, and the Robert F. Kennedy Book Award. He is a fellow of the National Academy of Sciences, the American Academy of Arts and Sciences,

the American Philosophical Society, and the Econometric Society, and a corresponding fellow of the Royal Society and the British Academy. He has been decorated by several governments, including Colombia, Ecuador, and Korea, and most recently become a member of France's Legion of Honor (rank of Officier).

Japan's Abenomics Bumps Along

Center on Japanese Economy and Business
Columbia Business School

By Hugh Patrick

Japan now again seems to be breaking out of the doldrums it has been in since the early 1990s. Even though the daily news makes one wonder, I retain my optimism and faith, based on some six decades of studying Japan and watching it grow and evolve. I have addressed this theme in previous essays, and despite the subsequent ups and downs, I believe it applies today.

Deflation is well on the way to being brought to an end, but growth has been erratic. GDP declined by 0.9 percent in fiscal 2014 (ending March 31, 2015) because of the recession in the first two quarters, but finished strong, with substantial increases in the last two quarters. Recovery this year was jolted by a bad April-June quarter with a decline of 1.2 percent, and what now appears a tepid and uncertain recovery, and a flat and possibly negative summer quarter. Nevertheless, projections are that Japan will achieve reasonably good growth for the next two years. After that, much depends on the adverse demand effects of the scheduled further consumption tax increase to 10 percent in April 2017, and indeed whether that takes place.

The next two sections are a brief review of the economy and the international context. I then take up various aspects of Abenomics, including longer-run growth prospects, corporate governance, and Japan's energy sector, focusing on electricity.

The Year in Review

Domestic Economic Situation

The past 18 months have been a process of implementation of and adjustment to Abenomics policies, notably the consumption tax increase from 5 to 8 percent from April 2014. The negative impact on consumption and business investment was deeper and longer lasting than I had expected. With lagging aggregate demand, GDP dropped by 6.8 percent (at a seasonally adjusted annual rate) in the second quarter of 2014, and a further 2.0 percent in the third quarter, before rising 1.2 percent in the final quarter, and a very good 4.5 percent in the first quarter of 2015. However, the second preliminary data for the second quarter, announced in

early September, were a negative 1.2 percent despite inventory build-up, as consumption decreased. Even with the yen/dollar depreciation from 101 in June 2014 to a 120-125 range in summer 2015, export volumes lagged until recently, though of course their yen values and export profits increased significantly.

Japan's unemployment rate, 3.3 percent in July, is the lowest it has been since April 1997, and it has been at the low end of the 3.3-3.7 range since December 2013. However, many part-time employees want regular, full-time positions. In the spring 2015 annual adjustments, wages edged up about 2.2 percent, slightly better than 2014. However, this did not compensate fully for the consumption tax increase, so in real terms wages were flat.

Deflation has probably ended, but price stability defined as a 2 percent increase in the CPI net of the consumption tax rise has yet to be achieved. Corporate profits have soared, their highest ever, and business domestic investment is beginning to pick up. Economic recovery has generated a much more responsive increase (higher elasticity) in tax revenue



Professor Hugh Patrick's 30th anniversary at CBS celebration with colleagues, Visiting Fellows, and the Center staff

than in the longer run, 3.97 trillion yen above budget in 2014, and a further surplus is projected for 2015. This windfall has given the government sufficient revenues to delay the difficult process of cutting expenditures or raising taxes. However, consumer confidence has weakened, and concerns have been voiced that the recovery may be weak in the last part of 2015.

The Bank of Japan's very low interest rate policy persists, and financial markets have continued to be very easy. The benchmark 10-year government bond (JGB) yield has trended down since April 2011, and although above its low in January has been between 0.3 and 0.4 percent in September. The most notable change has been in stock prices: driven by corporate profit increases, the Topix index rose 20 percent in the year ending August 1. Though it has since backed off, the index has more than doubled from a November 2012 low.

Japanese Trade Policy

Over the course of this past year Japan has been constructively involved in two major trade policies: TPP (Trans-Pacific Partnership) and AIIB (Asia Infrastructure Investment Bank). Both have become symbols of Japanese, US, and other countries' commitment to economic openness and to Asia.

TPP goes beyond reduction of tariff and other trade barriers; it establishes new rules and requires significant institutional change, including intellectual property protection, the treatment of state-owned enterprises, and dispute resolution. TPP excludes China and has flaws and difficulties in implementation, but I support it as a realistic way forward.

The other 11 TPP members were unwilling to make final offers until they were certain the proposed agreement would only be subject to U.S. Congressional acceptance or rejection

without amendment. The Obama administration finally succeeded in having fast-track Trade Promotion Authority (TPA) passed in June. Japan and the U.S. apparently have reached agreement on most of their major bilateral issues, including tariff reductions for beef, pork, dairy products, sugar, and rice. On October 5, following intense negotiations, the 12 countries signed the TPP agreement. It now has to be approved both by the governments of the other countries and by the U.S. Congress. Congress will have at least 90 days to review the contentious agreement before accepting or rejecting it.

Creation of the AIIB, initiated by China, has been more significant politically than economically. The economic justification of providing more funding for good infrastructure projects is straightforward. Two major issues have dominated the debate: how to deal with the rise of China as a major power creating a new financial institution where it will play a dominant role; and how to ensure that AIIB lending criteria, project evaluation structure, and operational management meet global best practice standards, emulating the World Bank and the Asian Development Bank (ADB).

The U.S. government initially opposed the AIIB, and pressured its allies and other friends not to become a member. This was a strategic and diplomatic mistake, even though the government was deeply aware of narrow-minded Congressional opposition to reforming the IMF (International Monetary Fund) and the World Bank, much less the creation of new institutions. However, in March 2015 the United Kingdom decided to join, and by the April 15 deadline some 57 countries had signed on as prospective founding members, including 16 European countries. The United States, Japan, and Canada are the only major countries that have not yet joined. The United States has now stated it

will be supportive of the AIIB once it develops best international practices.

The AIIB is a complex issue for Japan. Japan has major influence over the ADB, whose president has always been Japanese. While competitive overlap is inevitable, both ADB and AIIB propose co-operating on some projects. Given the current disputes between China and Japan, trust is not high.

The AIIB is scheduled to begin operation by the end of this year. China now well understands how the AIIB is expected to perform. AIIB's behavior and performance over the coming five to ten years will determine whether it will be a success or a weak institution foundering because of poor projects, perhaps politically chosen, unable to repay their borrowings. Japan's decision to join would signal a judgment that China is committed to engage in good corporate governance to make the AIIB an effective global organization contributing to infrastructure investment.

Domestic Political Development

In November 2014, Abe surprised everyone by calling a snap Lower House election for December 2014. In the absence of any serious opposition, the Liberal Democratic Party (LDP) won handily, maintaining a two-thirds majority together with its coalition partner Komeito. With his re-election as LDP president in September, I assume Abe will continue as prime minister until 2018, and perhaps will revise the rules to enable a third three-year term as LDP president and prime minister through the 2020 Olympics. He will continue to give top priority both to economic policy (Abenomics) and his national security objectives. With the security legislation passed, Abenomics will be the top priority in the Diet in the coming months at least.

The International Context

The World Bank June 2015 forecast was for global growth to increase modestly to 2.8 percent in 2015, and then to 3.3 percent in 2016 and 3.2 percent in 2017, led by the now catch-up growth of many developing economies, notably China and India with their huge populations. Even though many economies are recovering reasonably well from the 2008–2009 global financial crisis, these are disquieting times, with the U.S. and Europe involved in the terrible difficulties emanating from the Middle East.

The global financial system will continue to be dominated by the dollar and the euro as the currencies for transactions, payments, foreign exchange revenues and stores of wealth. Regarding discussion of a global role for China's renminbi (yuan), the lessons from Japan are instructive. Despite its ascent to the world's second largest economy and the Japanese government's efforts to promote its use, the yen still does not have a significant third-country role. Indeed, as recently as 2010 some 60 percent of Japan-China trade was in U.S. dollars. With the introduction of direct yen-yuan currency trading in 2012, this is changing.

There never is a simple story for any region of the world. The U.S. economy is doing increasingly well. Europe continues to go through difficult times, not only economically, but also socially, with the huge influx of migrants and refugees. The Middle East is a quagmire. Russia is Russia. Brazil's major corruption scandal involving its giant oil producer Petrobras has halted growth.

Sustained East Asian development is the big economic growth story of the last six decades: first Japan, then South Korea, Taiwan, Hong Kong and Singapore, and now China, Indonesia, and the other ASEAN countries. Developing Asia, notably China and India, has

been and will continue to be the major engine of global growth. The region will probably continue to grow at a 5 percent to 6 percent rate over the coming decade. China's growth has slowed, but still apparently is on the order of 6 percent to 7 percent. And 5 percent growth is projected for the 10 ASEAN nations.

The most important global change has been the dramatic economic and political rise of China. This has significantly altered the geo-strategic environment. Japan's quiet leadership in ASEAN is being undermined by China, and China provides many challenges to historic U.S. leadership in Asia.

Because of its population of 1.4 billion, China will eventually become the world's largest economy in terms of GDP. However, it will not soon be technologically advanced, nor highly productive, with a high standard of living. In constant purchasing power parity terms, China's GDP per capita in constant purchasing power parity terms in 2014 was \$12,609, far below Japan's \$35,635 and the United States's \$52,218. Growth predictions over the coming decade range widely, from 3 percent to 7 percent. The Japan Center for Economic Research (JCER) reasonably projects a Chinese gradually declining growth rate to 4.1 percent by 2025.

Despite political tensions, Japan has sustained good economic relations with China, especially as a trading partner. China is Japan's largest export market, and fourth largest source of imports. In 2014 bilateral trade amounted to \$340 billion, the world's third largest bilateral trade relationship. Japan is the largest investor in China, with a direct investment stock of about \$100 billion. However, Japanese foreign direct investment (FDI) flows to China, which peaked at 1,076 billion yen in 2012, declined to 887 billion yen in 2013, dropped sharply to 542 billion yen in 2014, and dropped by another 16 percent the first half of this year. This is partly

because Chinese wage rates and labor costs have been increasing rapidly. It also reflects normal corporate hedging strategy in diversifying production and sources of supply. It is unclear how much concern about future bilateral political relations enters Japanese corporate decisions. Not surprisingly, the U.S. continues to be Japan's highest FDI destination, with Europe not far behind.

Globalization, a process leading to greater mutual awareness and interdependence among a nation's economic, political, and social entities, is important for Japan. The world is quite open in the flows of trade, capital, tourism, students, and information, though much less so for permanent migrants. The DHL Global Connectedness Index measures and weighs these indicators; in 2014 Japan ranked 40 out of 140 countries. Japan rates very high in its global reach (breadth), pretty well on capital and information flows, but low (72nd place) in its share of trade in GDP. Japan does not import and export as much relative to its size as many other countries. In comparison, Singapore is the only non-European country in the top 10. Asia's other entrepôt, Hong Kong, is 11; South Korea is 13; the United States is 23.

Why is Japan not more connected? Its Asian neighbors are not as geographically and politically close or as rich as Europe. It is an island. Japanese refer to their Galapagos syndrome, a self-centered island interacting little with the rest of the world. The Japanese language, which few foreigners know, and the lack of widespread command of English in Japan, are significant barriers.

These measures fail to capture the reality that Japan is an open, friendly, comfortable, and very safe country. It has a hospitable, well-developed, burgeoning tourist industry that welcomed some 10.9 million foreign tourists in 2014, up from 8.0 million in 2013, spending about \$16.7 billion (at 120 yen/dollar). Most

(83 percent) came from Asia, notably Taiwan (25 percent), South Korea (21 percent), and China (16 percent). Tourism is an important way in which Chinese and Koreans, subject to negative media coverage at home, learn more about Japan.

Abe's much-anticipated August 14 Cabinet statement on the 70th anniversary of Japan's surrender in World War II has received widespread comment, some in terms of missing an opportunity to have gone further. It was carefully constructed in context and tone. The statement upholds Japan's commitment to a "free, fair, and open international economic system," and to "basic values such as freedom, democracy, and human rights." Abe's legacy will depend on how and in what way these broad goals are implemented.

Abe's major policy initiative is to reshape Japan as an active, constructive, peace-oriented global leader, not just a major economic power. His most dramatic and controversial actions have been in national security. Abe has interpreted the constitution to allow limited forms of collective self-defense and to an expanded use outside Japan of its Self-Defense Forces for peaceful purposes. The purpose given is to allow Japan to work more closely with allies, especially the United States, in defending Japan, including protecting shipping lanes. Despite public concern and months of delaying tactics by opponents, the legislation passed on September 20. I do not think Japan will become militaristic in the foreseeable future, and in practice will be quite cautious, not internationally adventurous. While his heart may be in security policy, Abe will have to give economic policy major attention, since that is the basis of his public support.

Abenomics

Abenomics is the government's major economic policy program aiming to transform the Japanese mindset positively by setting

extraordinarily ambitious longer-run targets and proposing policies to achieve them. These include 2 percent real growth and 3 percent nominal growth, ending deflation (defined as achieving 2 percent increases in the core consumer price index), 30 percent of managerial positions filled by women by 2020, major reopening of nuclear power plants, and fundamental structural change in hard-core protected sectors including agriculture and health care.

The first arrow (target) in Abenomics is an aggressive monetary policy by the Bank of Japan (BoJ) to end deflation. The second arrow, flexible fiscal policy, means stimulus should be followed eventually by fiscal consolidation. The success depends on Prime Minister Shinzo Abe and his cabinet, with strong input from the Ministry of Finance. The third arrow, growth strategy, innovation, and structural reform, depends fundamentally on the positive responses of Japanese businesses as investors and innovators, and households as consumers and workers. The second and third arrows are deeply interrelated since good growth and sufficient private demand are essential to achieve fiscal consolidation.

Abenomics addresses Japan's three major economic challenges: demographic transition, the need to increase labor productivity growth substantially, and the need to prevent a fiscal crisis emanating from the inability to deal with the government's huge debt overhang. That means it is not a quick fix, and there is no magic bullet. Good growth is essential to provide the resources and political will to carry out the wide-ranging reforms. Abenomics involves improving incentives, restructuring institutions, improving the regulatory system, and transforming the corporate context of employment.

On September 24 Abe announced his second stage of Abenomics, with three so-called new arrows: a GNP in current prices of ¥600

trillion, up 22 percent from 2014; increased fertility so as to achieve a stable population of 100 million Japanese; and increased social welfare for young as well as old. All of these are restatements, but in more understandable public terms, of earlier policy statements, including the basic Abenomics three arrows. The statement reinforced the government's intentions, but with no specifics. The growth target is another way of saying 2 percent real growth and 1 percent or so increase in the GDP deflator based on the 2 percent CPI increase.

Some progress has been achieved in the three years of Abenomics, but it has been a bumpy path, with some policy hiccups.

Abenomics: Ending Deflation

The most immediate goal (the first arrow) has been to end the small but persistent deflation that arose some 15 years ago, and to achieve an annual 2 percent increase in the Consumer Price Index (CPI). For analytical purposes, considerable emphasis is placed on core CPI, which in Japan excludes fresh food prices and factors out the one-shot effects of consumption tax increases.

When Haruhiko Kuroda became the governor of the Bank of Japan in April 2013, he committed to achieving this goal by March 2016 (the end of fiscal 2015). He has actively pursued an easy monetary policy, including a surprising further easing on October 31, 2014. This is the correct policy, and Kuroda has been steadfast despite some opposition. CPI became positive once Kuroda's policy was implemented and rose to a peak of 1.5 percent in April 2014. Less anti-deflation progress has been made than expected. This was evident even before the dramatic decline in oil prices introduced a temporary deflationary blip.

By July 2015 the CPI had dropped to zero, and in August was minus 0.1 percent, as the sharp drop in oil prices wended its way through the economy.

However, the coming months will bring better performance. CPI will resume an upward trend as global oil prices eventually stabilize. Japan's deflationary mindset has weakened significantly, but has not disappeared. Given the ongoing challenges of achieving adequate private sector aggregate demand, I expect Japan's very low interest rate policy will continue for several years at least. Increases may reach 1 percent relatively soon, but Kuroda has had to delay reaching the 2 percent target by six months to September 2016, and he will have to announce a further delay. Achieving 2 percent will require further BoJ stimulus. Whether and when the target is reached are major uncertainties. I had thought this would not happen until next year, but with discouraging economic news in early October, it may well take place soon.

Abenomics: Fiscal Policy

Flexible fiscal policy is the second arrow of Abenomics. In principle, the policy is to stimulate until private aggregate demand generates full employment growth, and then to contract to reduce the government budget deficit and eventually reduce the high gross government debt/GDP ratio of 246 percent. (The net debt ratio is 130 percent.)

The major policy debate continues to be whether, for the next several years, to give higher priority to an austere budget policy of reducing pensions and other welfare expenditures and raising the consumption tax, or to follow a full employment growth strategy by maintaining fiscal stimulus to maintain adequate domestic demand. That is, which do Japanese policy makers and the public fear more: stagnation or fiscal crisis?

Based on the experience of developed countries, my view is that growth is a better path than austerity to resolve macroeconomic difficulties. However, strong pressure must be maintained on policy makers to carry out necessary yet politically difficult structural reforms so that further increases in the deficit can be minimized and the government debt/GDP ratio is stabilized. The high debt ratio cannot increase indefinitely; that would eventually create a fiscal crisis as bondholders lose confidence in the government's ability to repay.

Which government expenditures should be reduced and by how much, and what taxes should be increased and by how much, are uncertain and actively debated. Government welfare expenditures, mainly pensions and medical care, are projected to increase about ¥1 trillion (\$8.3 billion) annually as the population ages. The government has yet to decide how much to reduce pensions or to increase co-payments for medical care.

The 2014 consumption tax increase from 5 percent to 8 percent had a deeper and longer-lasting adverse effect on private consumption and business investment than I and most commentators expected. Was the tax increase an essential first step in averting a fiscal crisis seven or eight years down the road, or was it too costly economically in terms of GDP volatility and growth foregone? Many specialists differ, and I don't have a good answer. So much depends on Japanese (and foreign) expectations about Japan's future.

Abe postponed increasing the consumption tax to 10 percent, rescheduling it from October 2015 until March 2017, but has stated it will not be delayed further. This implies that whatever growth momentum is achieved in the next 18 months will be temporarily dampened.

A policy to reduce corporate tax rates over several years continued in April. Japan previously had a total statutory rate of 37 percent, second highest in the industrialized world (behind only the United States). The 2015 effective rate will fall 2.51 percentage points to 32.11 percent.

Government revenues increased by ¥4 trillion more than conservatively budgeted for fiscal 2014, and probably about that much in fiscal 2015, thanks in part to the consumption tax rise. This provides the government leeway to delay fiscal reform, but eventually that will be necessary. Akira Amari, minister for economic and fiscal policy, on September 8 suggested using ¥2 trillion (\$84 billion) of the "surplus" revenues to finance a demand-stimulus supplementary budget, in light of China's slowdown. This would be less than the ¥3.5 trillion 2014 supplementary budget, and the ¥5.5 trillion in 2013. I assume Amari's proposal will be enacted before this fiscal year ends.

To carry out fiscal reform, Japan must cut welfare expenditures, raise taxes, and reform the tax system—and do so without hurting the poor and middle classes, or the elderly. This implies that adjustment costs should fall mainly on households in the top 10 percent to 20 percent of income. One approach is to reduce their pension benefits and increase their share of medical expenses.

However, Japan has been relying on increases in the consumption (value-added) tax rather than in other taxes because it is widely understood, easy to measure, and reluctantly tolerated by the general public, even though it hits poorer people harder.

My views on tax structure are not widely accepted in Japan. First, as a partial offset to increasing inequality, Japan should consider a national property tax with exemptions for owners with net assets below a certain level, in addition to the local government property

taxes; however, in addition to political difficulties, the necessary data are not available. Second, I favor a progressive income tax. Third, I support a high carbon tax on CO₂ emissions to reduce their environmental costs, especially if this can be coordinated internationally.

While it will be necessary to raise taxes further after 2017, this will be politically difficult. Japan will face a tough choice between government expenditure cuts and further tax increases. That is one reason good growth over the next several years is so important politically as well as economically and socially.

Abenomics: Growth Strategy

Growth provides the resources to make adjustment less costly and more flexible. Major structural changes are necessary to achieve good growth. Thus, the third arrow of Abenomics is to “revitalize” Japan’s economy to achieve sustained, full-employment, rapid growth.

The third arrow has become a broad label under which every potential economic policy can find a home. There are three basic aspects: implementation will take several years, the private business sector will play the dominant role, and the results will be achieved over the longer run. Most third-arrow initiatives focus on increasing corporate profitability through better corporate management and governance, more innovation, IT (information technology) promotion, and development of human resources.

On June 30 the government issued a revised revitalization and growth strategy. It is a wide-ranging document, which proposes both broad policy measures and some specific examples. It includes six major projects involving innovative technologies by the time of the 2020 Tokyo Olympics: next-generation

transportation systems, energy management, robotics, medical care, 20 million foreign tourists, and increased inward foreign direct investment. Deregulation to achieve more pro-business, but also more competitive, markets is stressed, particularly where “bed-rock regulations” have remained so strong, notably in agriculture, health care, energy, and employment.

The government has begun to announce, legislate, and implement policies in these and other important areas. Some progress has been made, but there is a long way to go. Some actions are particularly important symbolically, signaling the cracking of well-established economic barriers.

Agriculture is a prime example. It is economically insignificant, producing only 1.2 percent of GDP and employing only 3.4 percent of the work force. Nonetheless, the 1.3 million commercial farming households, while now only 2.6 percent of all households, are the backbone for most villages and small towns, and are politically and socially important. JA (the Japan Agriculture Group) through JA-Zenchu (the short-form Japanese for the Central Union of Agricultural Cooperatives, which is JA’s organization handling a comprehensive range of farm policy activities, including handling the purchase of fuel, seeds, and other inputs and half of rice sales, among other activities), is very powerful. As a result, Japanese farmers have been heavily protected: average farm household incomes are higher than nonfarm households.

Most farms are so small that they cannot be competitive for most crops—particularly rice. Nonetheless, Abe has included agriculture in the third arrow strategy, envisaging farms growing world-class products for export. Agriculture is a traumatically but amicably declining industry, with the number of active farmers falling and the area farmed decreasing. According to the 2014 Japanese

census of agriculture, the average age of Japanese farmers is 66.8 years, with 63 percent of farmers above 65. Eventually, they will be replaced by some 200,000 younger households with larger farms and greater productive efficiency.

It is good news that Japan’s food self-sufficiency rate, at 39 percent in caloric terms, remains below the government’s target of 45 percent. Japan is efficiently relying on inexpensive food imports rather than very inefficient domestic production. Food security is provided by assuring adequate inventories of grains, soybeans, meat, and other storables.

The government is pursuing policies to accelerate agricultural adjustment smoothly. In February it forced JA-Zenchu to agree to limit its control over individual JA cooperatives at the village level. JA’s special legal status will be changed to that of an ordinary incorporated association, and it loses its sole power to audit and guide local cooperatives. Nonetheless, JA will continue to be influential, particularly through the credit and other local financial associations it continues to control. Most farmers grow products under the guidance of the JA group and use the group’s distribution channels to ship the products to market. This gives Zenchu a significant influence on rice prices. With the ending in 2018 of the rice production quota program, rice prices will become more flexible.

This is Japan’s first major agricultural reform since the 1950s, and has major symbolic significance. Substantively it may not achieve much directly, but it will probably lead to broader reforms. When TPP is implemented, it will have greater direct substantive impact since it will significantly reduce agricultural tariffs and other import barriers. Rice tariffs currently run more than 700 percent.

Labor force reforms have been mixed and limited. Japan’s labor force is 66.2 million (June

2015 seasonally adjusted), down from the peak of 68.1 million in June 1997; 37.6 million (57 percent) are male and 28.5 million are female. The unemployment rate in July was 3.3 percent, and the ratio of positions open to those available is the highest it has been in 23 years. In the two and one-half years since January 2013 male employment increased by 100,000 and female employment by 900,000. The Abe government attributes much of this to its “womenomics” policy of making it easier for women to work. However, it was mainly due to increased demand for labor in tightening labor markets.

Abe’s policy to increase the number of women in managerial positions to 30 percent by 2020 is dramatically ambitious, and unrealistic. One problem is the small number of women in company or government employee cohorts who could be promoted to managerial positions over the next five to ten years. Many listed companies are now hiring more women entering their management tracks, so in 15 years or so the 30 percent target may become achievable.

Though it is gradually evolving, Japanese corporate culture continues to be male-dominated. Women hold less than 9 percent of managerial positions. Company culture is evolving and probably can cope with relatively small numbers of female managers. However, when as many as 30 percent of managers are women, the management lifestyle and culture will change significantly.

While Japan, like all developed countries, seeks highly skilled foreign professionals, basically its immigration and foreign worker policies are restrictive and minimal. Japan would benefit from more foreign workers, unskilled as well as skilled, but is liberalizing very cautiously. Of the 788,000 legal foreign workers in Japan—1.3 percent of the labor force—339,000 are Brazilian and others with Japanese heritage, 147,000 are skilled

workers, 145,000 are technical interns, and 120,000 are foreign students with part-time work permits.

The main policy initiative is to open Japan to add about 60,000 foreign skilled workers a year on five-year contracts, lengthened from three years. Indicative of the policy mindset is that in July the government announced new policies whereby foreigners working in one of the national strategic zones (mainly Tokyo, Yokohama, and Osaka) would be able to obtain visas for foreign housekeepers. But why are Japanese not allowed to do this, and why not anywhere in Japan? This is one way to increase the opportunity for married women to enter the labor force.

Abenomics proposes to strengthen the university system by creating distinguished graduate schools and special research institutions. Japan’s university system is strong overall, but a significant part is a declining sector, namely two-year colleges and local private, low-ranked, four-year colleges. This is because of fewer enrollments as the numbers of college-age Japanese has been decreasing.

Undergraduate students peaked at 2.9 million in 2011, as did graduate students at 272,000. Since national and other public universities are of high quality, decreasing enrollments are mostly in private institutions. The number of private four-year colleges increased from 542 in 2004 to a peak of 606 in 2013, and has now begun to decline. This will be a slow, difficult process as weaker colleges reluctantly merge or close due to lack of students. Private junior colleges have decreased from 451 in 2004 to 334 in 2014 and enrollments dropped from 214,000 to 129,000.

Growth in the Longer Run

Optimistically assuming aggregate demand will be adequate, Japan’s growth over the longer run depends on the supply side: changes

in the labor force and its skills, growth in capital stock, innovations, and other improvements that increase productivity and output. GDP growth is estimated by increases in labor force (ideally, hours worked), net additions to the capital stock, and innovation and other measures that increase productivity, namely total factor productivity (TFP, the Solow residual in growth accounting). In complex, interactive processes, TFP is determined by R&D, education, inventions, and other innovations.

Japan achieved high productivity growth during the postwar decades to 1990 as companies succeeded in bringing Japan to, and beyond, the global technology frontier in manufacturing. Since then, productivity has inevitably slowed. Considerable growth can be gained by allocating workers and capital more efficiently. That is one major focus of Abenomics’ ambitious third arrow reforms.

Japan’s labor force will soon decrease about 0.5 percent a year; potential further increases in the participation rates of women and older workers are only a one-shot offset spread over several years. Japan’s growth depends essentially on increasing labor productivity, that is, real GDP produced per hour worked. Japanese labor skills, capital stock, and technology levels are already high. But, Japan’s productivity lags seriously behind other G7 countries, and in 2013 was only 61.6 percent of the U.S. level.

In March 2015, McKenzie Global Institute published a comprehensive, detailed, ambitious, optimistic, 128-page study, “The Future of Japan: Reigniting Productivity and Growth.” It recommends a wide range of specific measures, particularly for the business sector, to achieve a “broader adoption of best global practices, a wave of investment in new technologies, and a greater willingness to try bold new business models.” The study aspirationally lays out what Japan should do.

The government's June 30, 2015 growth strategy states what the government intends to do over the next five years or so. The ambitious 2 percent growth target implies that labor productivity will have to increase by 2.2 percent annually, and TFP comparably. This is much higher than has been achieved in the last 25 years.

Like most observers, I do not think Japan will achieve sustained 2 percent GDP growth. The government is unlikely to implement its full package of third-arrow structural reforms. Its baseline projection is more realistic: 1 percent growth, sustained full employment, a CPI increase of about 1.5 percent, and a leveling off of the government debt/GDP ratio. Real GDP growth of 1 percent would be pretty good: GDP/capita would increase about 1.5 percent or so, almost double its performance since 1992.

IMF projections are cautious: while the GDP growth rate will increase from 0.8 percent in 2015 to 1.2 percent in 2016, the increase in the consumption tax to 10 percent in April 2017 will slow growth to 0.4 percent, and from 2018 growth will be 0.7 percent annually through 2020. This reflects IMF concern about the still disappointing levels of business investment and slow progress in labor market reform, notably the inability of firms to discharge permanent workers, and the rising number of nonregular workers with their relatively low wages and limited fringe benefits.

The longer-run bottom line: with decreasing labor inputs, 2 percent growth would be outstanding, but almost impossible to achieve. Even if Abenomics is very successful in carrying out major structural reforms and in ending deflation, achieving growth of about 1.5 percent would be very good. It would mean Japanese GDP growth/capita would be on the order of 2 percent, high in both historical and comparative terms.

Corporate Governance

In Japan, as elsewhere, effective corporate governance is a system in which companies make good, prompt, fair decisions; engage in sufficient disclosure to be reasonably transparent; and take into appropriate consideration the interests of their shareholders, customers, employees, and communities. In practice, more so than elsewhere, every Japanese company, large and small, has its own, strong, self-replicating corporate culture based on insiders, often with ambiguous or weak internal checks and balances. Reform is needed because corporate management is entrenched, autonomous, and powerful.

Corporate governance reform of companies listed on the stock exchanges is a major policy objective of the Abenomics growth strategy, and its implementation is making good progress. The basic objectives are to make managers of publicly traded company more responsible to, and responsive to, shareholders and potential investors, though not to fundamentally change the existing system of entrenched management. The focus is on making companies more competitive, more profitable, and engaging in adequate disclosure and transparency.

Listed companies (there are about 3,500, including 1,895 on the Tokyo Stock Exchange [TSE] first section) can be classified into several overlapping models of corporate control and internally based governance. Founder family influence continues well after a company is first listed, but over time the company evolves into control by entrenched professional management based on permanent employment, promotion, and internal selection of the top positions of president, chairman, and almost all board members. Some companies have developed a strong CEO-based model, making it possible to make and implement strategic decisions more rapidly. In

some cases retired CEOs continue to exercise strong power in advisory positions.

Legally, shareholders have more power in Japan than in the United States, but have not used it. Most Japanese institutional investors accept management control in turn for receiving stable, gradually increasing dividends and noninterference in their own businesses. Cross-shareholdings have helped managements protect their interests. Earlier, highly publicized hostile takeover efforts by activist foreign investors failed, but now activist institutional investors, especially foreign, but also some domestic, are pressing companies with huge cash holdings to significantly increase dividends and share buy-backs. They also press companies to raise their currently low returns on investments and assets. Foreign institutions hold about 32 percent of shares listed on the TSE.

The TSE and the Financial Services Agency, with public input, introduced the important new Corporate Governance Code on June 1. It focuses on best practices and follows the OECD (Organisation for Economic Co-operation and Development) model.

Japan's Code is not legally binding, but has strong reputational force; it is both a symbol and a driver of corporate change. The Code establishes five major categories of principles to which listed companies must comply, or explain and justify noncompliance. Two major changes are the appointment of at least two independent, outside directors on the company's board, and disclosure of the company's overall policy and voting criteria for cross-shareholding, in order to reduce such holdings. Other principles focus on disclosure and transparency, appropriate cooperation with all stakeholders, and use of stock options to link compensation of top executives to company performance.

The percentage of all listed companies having

at least one outside director was 12.9 percent in 2010 and 21.5 percent in 2014; 92 percent of TSE first section firms have at least one outside director. To meet the target of at least two outside, independent directors, TSE first and second section companies will need to make 1,848 new appointments. More important than sheer numbers will be the quality, knowledge, and, especially, the commitment to be truly independent and questioning. In the past, outside directors have often been marginalized, with basic strategic issues decided by management and then simply ratified by the board.

Cross-shareholding has been a basic mechanism of management control in the postwar period. Banks had to divest major holdings of group companies in earlier financial reforms, but many companies continue to hold shares in each other. Many of the holdings are to maintain business relationships, which can mean helping to fend off hostile shareholders. While the government cannot legally require companies to end cross-shareholding completely in order to increase transparency, the Corporate Governance Code now requires companies listed on the TSE to explain the rationale for holdings. Some 60 percent of the 300 biggest companies have sold some cross-shareholdings, but it is premature to determine how far and how rapidly this will proceed.

The government-backed JPX-Nikkei 400 Index selects the best-performing companies based on three-year average return on equity, cumulative operating profit, and market value. In its second annual revision of the index in August, 42 firms were added, replacing companies performing less well. Since management aspires to have the company included, it has incentives to improve. Commentators refer to the JPX-Nikkei 400 as the “shame index” since it is shameful for a large company not to be included. This may

be appropriate, since shame in Japan is often more of a motivator than merit.

The Toshiba Corporation scandal—using inappropriate accounting to inflate total group operating profits by more than 10 percent over five years through March 2014—is a shock. Toshiba is a globally well-regarded brand and a prestigious, innovative company ranked seventh globally in patents received. With four outside directors, it was presumed to embody good corporate governance. Apparently, Toshiba’s strong leadership set unrealistically aggressive profit targets that middle management feared to challenge, and internal checks and balances were inadequate. While the Olympus scandal a few years ago was an aberration, the Toshiba case raises wider concerns as to how effective governance actually is in well-established major firms.

Energy

Energy is probably Japan’s greatest vulnerability, both in environmental terms and in assured sources of supply. Japan’s long-run energy policy is simple: to obtain stable supplies at low cost. Implementation is complex and difficult in what is a global, dynamic, rapidly changing set of related industries.

Fossil fuels are the predominant energy sources for Japan, as for all developed countries. They are relatively cheap, but create greenhouse gases and pollutants. Having mined out all its coal long ago, Japan has to import essentially all its oil, LNG (liquefied natural gas), and coal. Security of supply is a major geopolitical concern. One issue is how to achieve the best mix among fossil, nuclear, and renewable resources.

The world is in a disruptive energy revolution based on the rapid development of cheap shale oil and gas, as well as ongoing efforts to harness solar and wind power. Energy

costs and prices are dropping dramatically. In Japan and globally, a myriad of ongoing technological advances, large and small, increase the efficiency of energy production, transportation, and distribution to industrial and household users, and their better use.

The drop in the world price of oil (Brent crude) from its last peak of \$117 per barrel in August 2013 to \$42 in August 2015 is currently substantially benefiting Japan through improved terms of trade, even as it makes it more difficult to achieve the 2 percent CPI rise target. LNG has been sold globally and to Japan under long-term fixed-price contracts linked to the price of oil. Markets have been opaque and only gradually are becoming more flexible. Over time Japanese companies have successfully negotiated down the substantial premiums they have paid for LNG.

The greatest achievement of the third arrow thus far has been in energy policy, implementing major reforms to reduce the monopolistic power of the 10 regional electric power companies, from Hokkaido to Okinawa. The retail market for electric power is to be fully liberalized in a year or so, and by 2020 the companies have to spin off their generation, transmission, and distribution businesses into separate companies.

The Fukushima crisis undermined Japan’s ability to continue as a global path-breaking leader regarding climate change. It will fail to meet its Kyoto Protocol commitments to reduce greenhouse gas emissions by 25 percent from 1990 levels by 2020, as will many other countries. At the G7 June 2015 meeting, Abe announced a more modest target of reducing emissions by 26 percent below the 2013 level by 2030, equivalent to 18 percent less than 1990. Even that will be a substantial achievement.

Some three-quarters of Japan’s energy use is fuel for motor vehicles and gas for heating,

cooling, and cooking. The other quarter is to generate electricity.

Japan is so deficient in natural resources that in 2014 it imported more than 90 percent of its primary energy supply. (Primary energy refers to an energy form found in nature that has not been subjected to any conversion or transformation process). Japan is the world's largest LNG importer, second-largest coal importer, and third-largest net importer of crude oil and oil products. Stability and security of fossil fuel imports, as well as their prices, appropriately are top-priority foreign policy concerns. Japan imports 82 percent of its oil from the Middle East, 33 percent from Saudi Arabia alone. LNG imports are considerably more diversified. Australia, Malaysia, and Qatar are the major suppliers, providing three-quarters of total imports. Domestically, hydroelectric provides about 3 percent of total energy supply and about 8 percent of electricity. Before being shut down, nuclear energy provided about 30 percent of electricity, and this had been expected to increase to at least 40 percent by 2017.

On June 30, METI (Ministry of Economy, Trade and Industry) announced its projection for 2030 of the mix of sources for primary energy and electricity production. The government supports research to achieve energy free of fossil fuels in the very long run, based on hydrogen and nuclear fusion technologies. However, for the next 20 to 30 years at least, Japan will continue to rely predominantly on fossil fuels.

In 2030, oil, coal, and LNG are projected to provide 75 percent of the primary energy supply, down from 92 percent in 2013 and 82 percent in 2010. Renewables will provide 13 to 14 percent, and nuclear power 10 to 11 percent. The big changes are projected for electricity generation: renewables will comprise 22-24 percent and nuclear power

20-22 percent. Three aspects of these projections are striking.

First is the continued importance of coal, generating 26 percent of electricity, slightly above the average 24 percent in the 10 years before Fukushima. Japanese companies have developed effective clean-coal technology and are seeking to export it, but it is expensive and will require strong anti-pollution commitments by importing countries. In Japan, new, large-scale, coal-based electricity projects are both clean and apparently cost competitive, although upfront capital costs are high, interest rates and operating costs are low. Existing coal-based plants will be mostly replaced by 2030. Coal's greatest competitive challenge in Japan will continue to be LNG and nuclear power.

The projected major reliance on nuclear power once again by 2030 implies not only reopening many of existing plants, but also building new ones. I am not persuaded this will be achieved. Given the current adverse views of the Japanese public following Fukushima, this will require a major change in the public mindset. Since electricity prices have increased 29 percent for business and 19 percent for household since Fukushima, reductions attributed to cheap nuclear power generation will be important in overcoming Japanese anxieties. Safe nuclear power generation does not pollute the air, though disposal of radioactive waste and decommissioning of old plants are serious unresolved issues. Security of fuel supply is not a problem; uranium is readily imported from a geographically diversified range of democracies.

All of Japan's 54 nuclear power plants were closed by September 2013 following the Great East Japan Earthquake in March 2011, when three reactors were destroyed in Fukushima. The Nuclear Regulatory Authority (NRA) has developed new, stringent safety

regulations. As a result, companies have already decided to decommission seven older plants because upgrading costs to meet the new standards are too high.

As many as 32 of Japan's 43 operable plants are possible candidates to reopen. So far the NRA has approved reopening 5 plants and another 16 are under review. However a 2015 Reuters analysis concludes that only seven are likely to be restarted over the next several years. Moreover, at least 13 reactors would need to have their lifetimes extended beyond the 40-year normal limit.

Despite substantial economic benefits, the reopening process has been careful and cautious. Kyushu Electric Power in Kagoshima Prefecture has reopened the first nuclear power plant, restarting operations on August 14; it took 11 months to reopen after the September 2014 approval, both to ensure details and overcome regional, if not local, opposition. The first plant reopenings will be a critical test as to whether Japanese will accept nuclear power once again and put the country on track for the 2030 nuclear target, which seems difficult to achieve.

Fossil fuels are essential, but they are not good for one's health. Air pollution kills people quietly. My colleague David Weinstein estimates that if Japan had not closed its nuclear plants following Fukushima, and thereby burned less fossil fuel, more than 9,000 Japanese lives would have been saved annually. No one has died from radiation leakage and the nuclear meltdown at Fukushima, though the dislocation costs of those directly affected were substantial.

As noted, renewable energy sources are expected to increase significantly to 22-24 percent of electricity generation. Hydropower will be about 9 percent. The big renewable increase will be in solar, to some 7 percent,

a consequence of the exuberant corporate response to Japan's extraordinarily high subsidies (feed-in tariffs) for electricity sold to Japan's 10 utilities, initially 42 yen per kilowatt hour. Solar power prices and installation costs have been dropping sharply. Some 82 percent of Japan's \$34.3 billion investment in renewables in 2014 (second only to the United States's \$36.3 billion) was in small-scale projects, where the feed-in tariff rate as of July ranged between 27 and 35 yen per kilowatt-hour. However, the growth of solar facilities is constrained by suitable sites and access to power grids.

Biomass burning, considered less polluting than fossil fuels, will generate 3.7 percent to 4.6 percent of electricity. Since bamboo grows so rapidly, two new bamboo-based plants are under construction. Wind will remain costly, so is projected to contribute only 1.7 percent. In volcanic Japan, geothermal plants will provide the final 1.0 percent; however, most sources are in national parks, where tourist hot springs businesses resist their intrusion.

One major problem is that solar and wind power are unreliable, since they are intermittent and volatile. This limits the ability of power grids to handle electricity supply flows smoothly as daily demand fluctuates. Huge, efficient storage batteries or new methods for storing electric power cheaply and efficiently are essential. Several Japanese and U.S. companies are leaders in developing large storage batteries, as well as batteries for electric cars.

In the coming decades, radically new technologies almost surely will further alter global energy sources and supplies dramatically. They will involve major breakthroughs to achieve efficiencies, cost competitiveness, and environmental benefits, as well as social and political acceptance. The most controversial will be nuclear power—the traveling wave reactor that burns its own nuclear waste

and other major new fission technology, and eventually nuclear fusion. Artificial photosynthesis, replacing plants, is being developed to produce hydrocarbons to fuel motor vehicles. NH₃ (ammonia) is being proposed as a hydrogen-carrying fuel.

For Japan, methane hydrate (natural gas in frozen deposits) could become a major fuel source. Japan has found some 750 deposits in its coastal waters. Methane hydrate is globally abundant but costly to mine. The government-owned Japan Oil, Gas and Metals National Corporation has been doing research on methane hydrate since 1995, and in 2013 its ship Chikyu dug wells and extracted natural gas samples in the Nankai Trough. The government plans further testing in late 2016 of its methane hydrate well to resolve technical difficulties, which cut the 2013 effort short. It estimates that it will take at least a decade before costs can be reduced sufficiently for methane hydrate to be commercially competitive. This is probably optimistic. Nonetheless, methane hydrate may eventually become Japan's major source of gas. In one form or another, gas will increase significantly beyond the 2030 projection, as the nuclear portion falls short.

Conclusion

In the 70 years since Japan's surrender in 1945, Japan has done very well economically, politically, and socially. It has achieved a high standard of living, with high educational attainment and high levels of technology. It has embodied democratic principles, policies, and institutions, with full respect for the rule of law. It has pursued a peace-oriented, indeed pacifist, international policy, with a small but competent self-defense force, and deep reliance on its security treaty and close relationship with the United States. Life expectancy has increased for women from 54 in 1950 to 88 today, and for men from 50 to 80.

Japan is a comfortable, clean, safe, and friendly country. One of Japan's strengths is that it adjusts to tremendous demographic and economic change in a stable, usually rather gradual, nondisruptive way. Even though the process may seem inefficiently slow, it maintains a high degree of social cohesion, especially important in Japan's homogeneous, group-oriented society.

Japan has the same sorts of problems as other economically advanced democracies. Its relative poverty rate, measured as income less than half of median disposable income, is 16 percent, sixth highest of the 34 OECD members; the United States is fifth highest. The large and rising proportion of nonregular workers, now 37 percent of the labor force, is disquieting. They have lower hourly wages and fewer fringe benefits, which makes many of them members of the working poor. The lowest 10 percent of Japan's income recipients have had an absolute decrease in their income since the mid-1980s.

The annual survey on living conditions in 2004 found 44.2 percent considered their living conditions as normal or comfortable, and 23.0 percent as very hard. In almost every year since, respondents have been less satisfied, particularly when the consumption tax was increased. In 2014, 36.8 percent felt their living conditions were normal or comfortable, but 29.7 percent considered life very hard.

Japan's first 15 postwar years, to 1960, saw demilitarization, Allied Occupation reforms (to 1952), independence (since 1952), creation of new institutions, and development of new opportunities. The next era of 30 years, to 1990, provided unprecedentedly rapid, catch-up economic growth, and achievement of Japan's high standard of living. The past 25 years have been an era of mediocre economic growth, and a modest but rising sense of malaise and decreased optimism about the future.

At the same time, Japan's broad self-image persists as a peaceful, comfortable, insulated country not much involved in international political, security, or social issues.

However, today's world is complicated and difficult. Japan's economic power and its global economic breadth are too great to allow Japan to persist in being insular and passive. At the same time Japan's leadership in Asia, assiduously built up over the postwar period, is now being eroded by a huge, rapidly growing but still poor, resurgent China.

Prime Minister Abe is pursuing a very ambitious long-run policy to redefine Japan not just economically but in terms of its appropriate international role, with the expanded peacekeeping and humanitarian Self-Defense Forces. While Abenomics has broad support despite vested interests, Abe's national security policy has yet to be widely accepted, and thus is the major challenge Abe faces.

Some commentators have been sharply critical of the performance of Abenomics. However, Abenomics is a long-run program to bring about fundamental economic reform. I think monetary policy is successfully bringing the deflationary mindset to an end. The 2 percent CPI annual increase will not be achieved any time soon, but the BoJ should persist in this very ambitious target. The sustained 2 percent growth target probably cannot be achieved. However, in order to overcome pessimistic expectations, it is important for Abe to pursue both these targets wholeheartedly.

How Japan will deal with its fiscal policy reform—the second arrow of Abenomics—is the most difficult area of government policy. There is a major policy conflict between fiscal austerity—reducing welfare expenditures and raising taxes—and providing sufficient government demand to sustain full employment

growth. If Abenomics succeeds in bringing about major structural reform, if household consumption and business investment respond well, and good economic growth is achieved, then tax revenues will grow enough that less severe austerity measures will be required. Current economic performance provides a couple of years of leeway before the government will have to confront these issues head on.

I continue to worry about inadequate private demand in Japan. The economy is too big to expect exports to be a main source of stimulus. Two main challenges are to raise productivity closer to U.S. levels, and relatedly, to raise wages significantly. To drive growth, consumption must increase. That means household income must rise, which means wages must increase more than they have this year. It is puzzling that, with labor markets so tight, wages have not increased more. Perhaps labor market pressure will manifest itself more strongly in the year ahead.

The reality of good Japanese economic performance from now on reflects the difficulty of large percentage increases in traditional measures when the levels are already high. With a declining labor force and population, 1 percent or so real growth actually is pretty good over the longer run. Japan's standard of living (GDP per capita) would improve at a historically good 1.5 percent or so. With continued advances in medical care and technology, the quality of life can be expected to improve even more. This is the reality of good Japanese performance in the longer run, so the Japanese and those of us who study and care about Japan will have to adjust our mindset accordingly.

October 9, 2015

Current Research Highlights



From left to right: David E. Weinstein, Gerald L. Curtis, Merit E. Janow, Curtis J. Milhaupt

CJEB places a high priority on facilitating research related to the Japanese economy, businesses, management systems, and financial markets. Typically, faculty members associated with the Center individually obtain funding through competitive outside grants, and CJEB provides additional financial and administrative support.

David E. Weinstein leads the Center's research activities and has several individual projects under way supported in part by the National Science Foundation (NSF), the Institute for New Economic Thinking (INET), and a Google Research Grant. Professor Weinstein's research and teaching focus on international economics, macroeconomics, corporate finance, the Japanese economy, and industrial policy. In addition to being CJEB's director of research, he is the director of the NBER Japan Project, cosponsored by CJEB. Professor Weinstein was also previously the chair of Columbia University's Economics Department.

Professor Weinstein's research utilizes extremely detailed databases on various aspects of the Japanese economy. In 2014–2015, Professor Weinstein continued his research on systemic financial risk in Japan. He has a major project under way that aims to understand how banking crises affect aggregate investment. In particular, this research will answer the question of how important problems in individual large

financial institutions are for understanding aggregate loan volatility in general and what impact bank loan supply has on the investment of firms. He is also working on a project with the Bank of International Settlements on the global demand and supply of bank assets.

His work on Japanese inflation involves examining how problems in the measurement of inflation should affect monetary policy. In particular, Professor Weinstein examines whether central banks should care less about inflation movements when inflation rates become lower. This research has implications for understanding monetary policy in Japan and much of the developed world.

Professor Weinstein has continued his work on "Prices in Space and Time," a research project using barcode data from the ACNielsen HomeScan (for purchases in the United States), Nikkei-POS, and ACNielsen Scantrak (for retail sales in Japan and several other countries), and Google's price and click-through information (for all retail products and real estate reported on the Google Product search and Google Maps for several countries). This project aims to measure inflation at a daily frequency and explore how daily price and consumption data respond to macroeconomic shocks. Professor Weinstein expects that the construction of daily price and consumption indexes for major economies will alter our understanding of how policy and economic shocks are transmitted to economies.

He has also been using these data to understand the sources of firm success.

He is also pursuing a project with the Rakuten Institute of Technology focusing on the gains to Japanese consumers from Internet purchases.

Professor Weinstein's research is often cited and discussed in the media, and he is a frequent commentator on Japan.

Gerald L. Curtis's main research includes the evolution of and future prospects for Japan's political system and foreign policy. In this regard, he has traveled extensively in Asia, including Japan, China, Korea, Singapore, Indonesia, and Vietnam. Although he will retire from teaching at Columbia University at the end of 2015, he will continue to serve as director of the Toyota Research Program at the Weatherhead East Asian Institute of Columbia University. He was a featured speaker at the Foreign Correspondents Club of Japan, Tokyo University, and other numerous universities, think tanks, business organizations, and corporations in the United States, Japan, and China. Professor Curtis was also the featured speaker at *Nikkei Business* magazine's 40th anniversary and other high profile events in Tokyo, Nagoya, and Osaka. He is often a participant in track two policy dialogues with and in Japan, Korea, China, and the United States. He recently participated in the Shanghai conference on the U.S. rebalance in Asia, and also welcomed and moderated

Prime Minister Abe's address at Columbia's World Leaders Forum in September 2014. In addition to his academic writings, he regularly publishes op-eds for *The Wall Street Journal* and numerous publications in Japan. He often makes frequent television appearances on Japanese Sunday morning news programs and is widely quoted by international media outlets on issues relating to Japanese politics and society and U.S. foreign policy.

Takatoshi Ito contributes to the Center's research activities and has several individual ongoing research projects. Professor Ito's research and teaching focus on international finance, foreign exchange market microstructure, Asian financial markets, inflation targeting, and the Japanese economy. In addition to being CJEB's associate director of research, Professor Ito is a professor at the School of International and Public Affairs (SIPA) at Columbia University. He also maintains a teaching and research position during the summer at the National Graduate Institute for Policy Studies in Tokyo.

Professor Ito's research focuses on three broad themes: international finance, the Japanese economy, and the Asian financial markets. He has carried out a series of research on the dynamics of the exchange rates in various time spans and frequencies. He has done macroeconomic analysis of the yen/dollar exchange rates after the rate floated in 1973. Most recently, he is examining the microstructure of the foreign exchange markets using a tick-by-tick dataset, which contains all firm quotes and deals in a computerized order-matching engine, and how particular institutions and rules in the market influence pricing and deal activities.

His work on the Japanese economy includes both macro and microeconomic aspects of the economy. On monetary policy, he has been a proponent of inflation targeting in Japan, long before the Bank of Japan finally adopted it in 2013. He is investigating transmission channels and the effects of quantitative easing adopted by the four major

central banks. On fiscal policy, he has been analyzing the debt sustainability of Japanese government debts. He has been conducting a simulation analysis of a menu of fiscal consolidation with varying degrees and speeds. On growth strategy, he investigates various reform plans in regulated industries from agriculture and education, to medical and health care. He combines theory and empirical research and derives policy implications.

He belongs to a research group at the Research Institute of Economy, Trade and Industry on Japanese exporters' decisions to pass through the exchange rate changes on export and destination prices. He is also a special member of the Council on Customs, Tariff, Foreign Exchange, and other Transactions at the Ministry of Finance, Japan.

He was a chair on the study group on reforming public pension funds in Japan. A report from his group, recommending portfolio rebalance away from Japanese government bonds and toward more risk assets, has been very influential in the subsequent change of the Government Public Investment Fund.

Professor Ito's involvement in Southeast and East Asian economies dates from the time of Asian currency crisis in 1997-1998. He has conducted research and given policy advice on economic and financial issues in Southeast Asia, in particular Thailand, Indonesia, Korea, and Myanmar. He continues to visit these countries to engage in academic and policy discussions. He has been doing research, as well as teaching, on inflation targeting and exchange rate regime and financial and capital markets development in the Asian emerging market economies.

Merit E. Janow, appointed dean of the School of International and Political Affairs (SIPA) in 2013, researches financial regulatory reform as well as international trade and investment. Over the past year, she has spoken to international corporate, academic, and policy audiences on topics including financial regulatory

reform in the United States, developments in international trade and investment, comparing Chinese and Japanese industrial policies, and corporate governance issues. As dean, she also has initiated a number of new initiatives around the intersection of technology and policy, the development of sound capital markets, and global urban policies. She is continuing a research project on China that focuses on sources of tension and opportunity in China's external economic relations.

Curtis J. Milhaupt will publish an edited volume titled *Regulating the Visible Hand? The Institutional Implications of Chinese State Capitalism* with Oxford University Press in fall 2015. He is also preparing an analysis of changes to Japan's corporate governance environment.

Alicia Ogawa continues her private consulting work on Japan's politics and economy, teaching at SIPA, and working at the Maureen and Mike Mansfield Foundation. She has continued to be in high demand as a public speaker. Professor Ogawa is also a consultant on Japanese financial markets to two of the largest U.S.-based macro funds. She continues to work closely with CJEB Visiting Fellows by assisting them with their research and seminar presentations.

Hugh Patrick continues his work on Japan's current economic performance, monetary policy, and institutional changes. His most recent paper is his annual essay on the current Japanese economy, included in this annual report, starting on p. 9. Professor Patrick gave policy-oriented talks based on his research at conferences and private meetings. He is an active participant in a range of conferences about Japan and Asia. He participated in conferences in Singapore and Tokyo in both the fall and spring, and had meetings with senior policy advisors and business leaders in Tokyo and Seoul during both trips as well. He was featured widely in the media, including in such outlets as *Nikkei*, *Jiji News Bulletin*, and NHK's "Global Agenda" program.

Faculty Engagement

Apart from our support to core faculty, CJEB also actively supports Columbia Business School (CBS) faculty members who are not formally associated with the Center by fostering dialogue among the business, professional, academic, and cultural communities in the United States with those of Japan. The Center funds Japan-related research and seeks ways for CBS professors to incorporate the study of Japan's economy and business systems into their research and teaching. The Center uses its extensive network of Japanese corporate contacts to arrange for speakers from the private sector to give lectures to the CBS community. Our access to various Japan-related databases is also available for faculty to use for their research, and, where appropriate, CJEB can fund and arrange faculty research trips to Japan.



Hugh Patrick and Bruce C. Greenwald

CJEB often cosponsors programs with other centers at CBS and invites CBS faculty members to participate as speakers or panelists for our various public programs. **William Duggan**, senior lecturer at CBS, was a guest speaker for one of CJEB's informal lunchtime seminars, "The Seventh Sense: East Meets West in the Executive Mind," on December 2, 2014 (more details on p. 37). This year, we held a symposium featuring a panel of distinguished speakers from Columbia, "Japan and the World Economy: Challenges Over the Coming Decade," cosponsored with NHK, Japan's public broadcasting television network, on April



From left to right: Hugh Patrick, Glenn Hubbard, Joseph E. Stiglitz, David E. Weinstein, Takatoshi Ito

6, 2015 (details on p. 34). Panelists included **Glenn Hubbard**, dean and Russell L. Carson Professor of Finance and Economics of CBS, and **Joseph E. Stiglitz**, University Professor of Columbia University. CJEB's annual Tokyo conference titled "Japan's Changing Corporate Governance," was held on May 21, 2015, and featured **Bruce Greenwald**, Robert Heilbrunn Professor of Finance and Asset Management of CBS, as the keynote speaker (details on p. 30). As an expert in value investing, he shared his thoughts on how Japan fits into value investing on a global scale.

As a preeminent research academic center, CJEB enthusiastically supports other faculty to engage in Japan-related research through the use of our large collection databank, as well as providing funding for research. One of our databank resources includes the Nikkei NEEDS Financial QUEST 2.0. This year, we sponsored Professor **Urooj Khan** and Professor **Nallareddy Suresh**, both assistant professors of CBS, to purchase data from our Nikkei NEEDS database. Through our funding, they were able to obtain data on the aggregate Japanese corporate profit on a quarterly basis to support their hypothesis on the relation between corporate profits, GDP, and taxes.

CJEB continues to work with the Jerome A. Chazen Institute of International Business and CBS's student-run Japan Business Association (JBA) to support the annual travel of a CBS faculty leader on the Chazen International Study Tour to Japan. For spring 2015, **Eva Ascarza**, assistant professor at CBS, led the study tour.

CJEB's support for faculty research is not limited to the Business School faculty. The Center also supports the research of **Kay Shimizu**, assistant professor of political science at Columbia University, who has been conducting studies on Japan's regional economies and central-local relations. On October 3, 2014, CJEB provided administrative support for Professor Shimizu's *Chubu Keizai Doyukai* (Chubu Association for Corporate Executives) lecture. Fifty members of the *Chubu Keizai Doyukai* visited Columbia to attend a lecture led by Professor Shimizu. After the lecture, CJEB gave the members a tour of Columbia's Morningside campus in Japanese.

Research Paper Series

CJEB fosters dissemination of research on Japan's economy and business within Columbia and in the broader academic, business, professional, and public policy communities. While much of the research produced by scholars affiliated with the Center ultimately appears in scholarly books and professional journals, early drafts of the work and research results can be found in CJEB's Working Paper (WP) Series. We also accept interesting, topical papers not slated for eventual publication in our Occasional Paper (OP) Series. Papers in both series are available for free download through our website at www.gsb.columbia.edu/cjeb/research, which links to the Columbia University Libraries' Academic Commons website.

2014-2015 Working Papers

WP 338

Quantifying Sentiment for the Japanese Economy as Predictors of Stock Prices

Hiroshi Ishijima, Professor, Graduate School of International Accounting, Chuo University; Visiting Fellow, CJEB

October 2014

This paper quantifies market sentiment as four indexes and examines whether they can help predict stock prices in Japanese markets. Sentiment analysis is gaining increasing interest in both academia and business. Previously, Ishijima et al. (2014) created a sentiment index that quantified the positive or negative emotions that might appear in the *Nikkei*, which is the most popular business newspaper in Japan. They concluded that the sentiment index significantly predicts stock prices three days in advance. We reexamine their recent five-year-worth results by extending in two dimensions; that is, we extend the

coverage of the *Nikkei* to 29 years and create variations of their original sentiment index. On the basis of 29 years' worth of daily sentiment indexes, we thoroughly examine the predictability of Japanese stock prices. The findings of our year-by-year analysis are twofold: (1) sentiment indexes created from all of *Nikkei*'s articles persistently predict the *Nikkei* 225 stock prices, in both in-sample and out-of-sample bases, and (2) these periods can be interpreted using business cycles defined by Japan's Cabinet Office.

WP 339

Japanese Monetary Policy and International Spillovers

Robert Dekle, Professor, Department of Economics, Dornsife College of Letters, Arts and Sciences, University of Southern California

Koichi Hamada, Tuntex Professor Emeritus of Economics, Yale University

October 2014

The Japanese currency has recently weakened past 100 yen to the dollar. The reason for the recent depreciation of the yen is the expectation of higher inflation in Japan, owing to the rapid projected growth in Japanese base money, the sum of currency, and commercial banking reserves at the Bank of Japan. We show through our empirical analysis that recent expansionary Japanese monetary policies have generally helped raise U.S. GDP, despite the appreciation of the dollar.

WP 340

Japan's Foreign Economic Policy Strategies and Economic Performance

Shiro Armstrong, Codirector and Editor, East Asia Forum; Crawford School of Public Policy, The Australian National University

Peter Drysdale, Emeritus Professor of Economics, Crawford School of Public Policy, The Australian National University; Director, East Asian Bureau of Economic Research and East Asia Forum

October 2014

The economic rise of Japan in the 1980s was underpinned by a commitment to catching up through domestic reform and accommodated externally within the framework of the postwar multilateral institutions like the GATT/WTO. Regional cooperative processes like APEC later complemented that framework, encouraging unilateral reform across the region. Following the bursting of the asset bubble in the early 1990s and the onset of the Asian financial crisis, Japan turned from reliance on the multilateral system to policies based on preferential bilateralism in trade policy to secure its regional trading interests. Japan's bilateral trade agreements have been largely ineffective in supporting the kind of deep-seated reform to regulatory institutions and competition policies needed to sustain long-term productivity growth. The evidence suggests that Japanese productivity has underperformed against its peers in the industrial world and Asia. Instead of using foreign economic policy as an instrument of domestic reform and productivity enhancement, Japan has used bilateral deals largely as political and strategic tools. Reestablishing a link between Japan's domestic reform agenda and its economic diplomacy is important for structural reform and national economic success, as is a more sure-footed engagement with China.

WP 341

Absence of Safe Assets and Fiscal Crisis

Masaya Sakuragawa, Professor, Department of Economics, Keio University

Yukie Sakuragawa, Associate Professor, Faculty of Management, Atomi University

April 2015

This paper provides a fiscal crisis model that explains the low interest rates of Japanese government bonds. The key ingredient is the absence of safe assets in the sense that investors have no access to any asset that hedges fiscal risk. The interest rate is insensitive to any change in fiscal conditions and does not fully reflect the risk premium. This finding explains the low interest rates of Japanese government bonds even though the risk of fiscal default looks fairly high. The poorly-functioning bond market created in this way contributes to the low interest rate followed by a low default probability, and allows the government to sustain its large debt. This finding explains the mechanism under which the low interest rate coexists with Japan's large outstanding debt. Welfare implications are mixed. The well-functioning bond market does not always contribute to welfare enhancement because the market makes it difficult to sustain the debt. We show the implications for fiscal sustainability of some policies, such as financial market reforms and growth enhancement policies.

WP 342

Selective Disclosure: The Case of Nikkei Preview Articles

William N. Goetzmann, Edwin J. Beinecke Professor of Finance and Management Studies, Director, International Center for Finance, Yale School of Management

Yasushi Hamao, Professor of Finance and Business Economics, Marshall School of Business, University of Southern California

Hidenori Takahashi, Professor, Kobe University

April 2015

Nihon Keizai Shinbun (Nikkei for short) is a leading Japanese daily newspaper specializing

in economy and business. It is also the largest vendor of Japanese financial and economic databases. During earnings announcement season, the *Nikkei* morning edition often publishes "preview" articles that are about companies' sales and earnings. However, these pre-date the actual company announcements and forecast more accurately the actual results than the existing forecasts, making the *Nikkei* forecasts value-relevant information. We identify 2,899 preview articles in the newspaper from 2000 to 2010. We examine the circumstances under which these preview articles were written and the impact they have had on the market. Our (preliminary) findings show that the market reacts to the information even before the preview articles are printed, suggesting some leakage of the information to market participants. The costs and benefits (or incentives) for companies, *Nikkei*, and investors are investigated using changes in returns and information content around the events.

WP 343

Exchange Rate Exposure and Risk Management: The Case of Japanese Exporting Firms

Takatashi Ito, Professor, School of International and Public Affairs, Columbia University; Associate Director of Research, CJEB

Satoshi Koibuchi, Associate Professor, Faculty of Commerce, Chuo University

Kiyotaka Sato, Professor, Department of Economics, Yokohama National University

Junko Shimizu, Professor, Faculty of Economics, Gakushuin University

April 2015

This paper investigates the relationship between Japanese firms' exposure to the exchange rate risk and risk management, such

as choice of invoicing currency, and financial and operational hedges. The firm's exposure to the exchange rate risk is estimated by comovements of the stock prices and exchange rates, following Dominguez (1998) and others. Data on risk management measures—financial and operational hedging, the choice of invoice currency, and the price revision strategy (pass-through)—were collected from a questionnaire survey covering all Tokyo Stock Exchange-listed firms in 2009. Results show the following: First, firms with greater dependency on sales in foreign markets have greater foreign exchange exposure. Second, the higher the U.S. dollar invoicing share, the greater the foreign exchange exposure; however, risk is reduced by both financial and operational hedging. Third, yen invoicing reduces foreign exchange exposure. These findings indicate that Japanese firms use a combination of risk management tools to mitigate the degree of exchange rate risk.

2014-2015 Occasional Papers

OP 67

Japan's Abenomics: So Far So Good, But Will It Prevail?

Hugh Patrick, R. D. Calkins Professor of International Business Emeritus; Director, CJEB

October 2014

The 2012 election gave Japan's LDP control of both houses of the Diet, with Shinzo Abe as the new leader promising to provide decisive and energetic leadership out of the malaise of the past two decades. The vision incorporated in his economic policy program, Abenomics, is to end two decades of economic stagnation and resignation, revitalize Japanese enterprise, and halt population

decline; these go hand in hand with his political/security desires to restore Japanese self-confidence and national pride, and make Japan an internationally-respected country. The three arrows of Abenomics—fiscal policy (the government's purview), monetary policy (Bank of Japan), and structural reform (private sector and government)—have had some initial success, but implementation will take years. Monetary policy has successfully halted deflation, but achieving and then sustaining an annual 2 percent increase in consumer prices will be a major challenge. Fiscal policy's major challenge persists: achieving sufficient private consumption and investment demand growth so that fiscal consolidation can be implemented. Structural reform to achieve growth requires a wide range of policies, so it is a thousand darts, not a single arrow. Abe's immediate challenge is how rapidly and how well the economy rebounds from the consumption tax increase, as he faces major policy decisions by year end or early next year. Perhaps the most important are whether to pursue the 2 percentage point consumption tax increase scheduled for October 2015, the planned cut in the corporate income tax rate, and whether an agreement can be reached in the Trans-Pacific Partnership (TPP) free trade agreement negotiations.

OP 68

Nagasaki Jidousya Co., Ltd.

Hugh Patrick, R. D. Calkins Professor of International Business Emeritus; Director, CJEB

January 2015

Professor Hugh Patrick visited the head office of the Nagasaki Bus Company in Nagasaki City in May 2014. The company's main business is providing regular bus services both within Nagasaki City and from the city throughout Nagasaki Prefecture. It also

provides a variety of special bus services, such as to hospitals and for major Nagasaki companies. Furthermore, it has extensive—and quite profitable—real estate holdings that are being developed into urban shopping centers, office buildings, condos, and hotels. The company's challenge is that its bus service loses money, despite providing an essential public service making 4,000 trips a day, along with regular service to Osaka and to Nagoya, amounting to sales of \$95.8 million in 2013. Moreover, the number of passengers has been declining ever since the 1980s, when young people began buying cars, and will continue to decline, as the Nagasaki City population, now 440,000, may decline to about 300,000 in the next 20 years. The company is attempting to address this challenge by developing special bus services for the elderly to hospitals, shopping, and tourist trips. For now, the company is profitable on the strength of its real estate holdings, but given these budgetary and demographic realities, the future is unclear.

OP 69

Oshima Shipbuilding Company

Hugh Patrick, R. D. Calkins Professor of International Business Emeritus; Director, CJEB

January 2015

Oshima Shipbuilding is one of many mid-size Japanese companies that are major global players in niche markets. This essay tells the Oshima story in the context of the global shipbuilding industry's cycles, changing competitors, and evolving technologies. The industry is subject to wide, rapid swings in demand and pricing, primarily for exogenous reasons. Oshima, a builder of mid-size bulk carriers, has survived, and even prospered, through productivity growth, technological innovation, and earning a reputation for quality.

OP 70

Kamotsuru Sake Brewing Company

Hugh Patrick, R. D. Calkins Professor of International Business Emeritus; Director, CJEB

March 2015

Hiroshima-based Kamotsuru Sake Brewing Company not only has a long history but is also a successful producer in a slowly declining industry. It has a well-known brand, which Prime Minister Abe served President Obama in Tokyo. This essay looks at the company and at the challenges it and its industry face from the changing nature of the beverage market generally and the alcoholic beverage market in particular.

OP 71

Rethinking the Growth Strategy: Competition is the Way toward Strengthening Agriculture

Takatoshi Ito, Professor, School of International and Public Affairs, Columbia University; Associate Director of Research, CJEB

Masayoshi Honma, Professor, Graduate School of Public Policy, The University of Tokyo

March 2015

Japan's dairy industry is under heavy governmental regulation. This has serious consequences; for instance, controls on the imports of butter lead to periodic butter shortages. The collection of raw milk from farmers is monopolized by agricultural cooperatives in the region, which blend the raw milk from many farmers and sell it to dairy processing firms. Therefore, there is no opportunity for farmers to save money, increase quality, and reap the benefits of a higher-quality product. Regarding pork, Japan's tariffs are highly

irregular. Japan imposes a specific tariff of ¥482 per kilogram on inexpensive pork parts imported at a CIF price less than ¥64.53 per kg. For imported pork at the CIF import price, which is between ¥64.53 and ¥524 per kg, Japan uses a “gate price system” in which the tariff equals the difference between the benchmark price of ¥546.53 and the CIF import price. Imported pork products that are more expensive than the ¥524 per kg (expensive pork parts) are subject to a conventional ad valorem tariff of 4.3 percent. This system maintains a domestic price of at least ¥524/kg, regardless of quality. It also produces a huge incentive to lie about the true import price. Another incentive is to mix expensive and cheap pork parts to reduce the average import price to ¥524 per kg in order to minimize tariffs to be paid. This system discourages Japanese farmers from producing high-quality pork, since expensive imports may be sold cheaper as part of the mixed pork shipment. Agricultural reform should be fundamental, not cosmetic, since the whole system needs to be overhauled. The realization of “Strengthening Agriculture” through Abenomics depends on the success or failure of these reforms.

OP 72

The Future of the Asian Infrastructure Investment Bank: Concerns for Transparency and Governance

Takatoshi Ito, Professor, School of International and Public Affairs, Columbia University; Associate Director of Research, CJEB

June 2015

China has proposed the Asian Infrastructure Investment Bank (AIIB), initiating a key turning point in the international finance system. Unfortunately, its design at present is quite problematic, for several reasons: it limits participation by Western countries, effectively

locking in China as the undisputed leader; the lack of a Board of Directors in residence; the potential for a conflict of interest if the AIIB funds projects within China; the potential of China to use AIIB for political purposes; the relationship the AIIB will have with already-existing international financial institutions; and the potential for a weakening of “best practices” in order to compete against the other international finance institutions. For these reasons, it was the right decision for Japan not to join as a charter member in order to negotiate the MOU; nevertheless, Japan should maintain the option of joining the AIIB in order to have leverage over the architecture of the AIIB.

The New Global Financial Architecture



Building upon CJEB's "Program on Alternative Investments," which ran successfully from 2002 to 2009, the Center established a program in July 2009 titled "The New Global Financial Architecture" (NGFA). The purpose of the NGFA program is to engage in analytical and policy-oriented evaluations of major global financial and economic issues and regulatory changes through conferences, brainstorming sessions, and research activities with, of course, a major emphasis on Japan.

The program brings together distinguished finance and economics professors at Columbia Business School and other parts of the University with scholars and financial market participants in the United States, Japan, Europe, and China. While emphasis is placed

on Japan and the United States, the program also concentrates on the broader context of the global financial system and all of its major players. Topics include, but are not limited to, financial system restructuring; development of national and international regulatory systems; effective governance, supervision, and monitoring; the operations of and interactions among specific financial markets; the relationships between finance and the performance of the economy; and the nature and role of government and monetary policies.

The NGFA program began with CJEB's seed funding, and in 2011, Aflac Japan became the first sponsor. The Center continues to seek a small number of appropriate sponsors inclined to make significant annual commitments for

three years. We encourage anyone interested in becoming involved in the NGFA program to contact us.

This year, CJEB held a number of NGFA events, including those in which two of the three major NGFA events were held at Columbia University: "M&A in Japan: Reenergized" in December 2014 (p. 33), "Japan and the World Economy: Challenges Over the Coming Decade" in April 2015 (p. 34), and one in Tokyo, "Japan's Changing Corporate Governance" in May 2015 (see p. 30).

His Excellency Shinzo Abe, Prime Minister of Japan, Addresses the World Leaders Forum



His Excellency Shinzo Abe, Prime Minister of Japan, at World Leaders Forum

September 22, 2014; Columbia University

Organizers: Columbia University Programs and Events and Weatherhead East Asian Institute, Columbia University

On September 22, 2014, Columbia welcomed His Excellency Shinzo Abe, Prime Minister of Japan, as a speaker at the World Leaders Forum. This special event took place at Low Memorial Library's Rotunda at Columbia's Morningside campus. The 400 seats were claimed within minutes, and on the day of the event, a long line assembled on Low Plaza as hundreds more people hoped to gain entrance. His address was very well received by the Columbia community.

Prime Minister Abe gave special recognition to Professor Patrick and CJEB while delivering his address. We are honored to receive such a commendation from the prime minister himself. An excerpt from his address can be found on the right in Japanese and English.

「また日本研究は、両国の深遠な理解の出発点であります。この分野でコロンビア大学は優れた業績があり、日本との特別なつながりがあります。大学には、1980年代に設立された、日本経済経営研究所、日本法学研究所があり、長らく日本研究に携わられてきた素晴らしい教授陣という資産があるからです。特にここにおられます、ジェラルド・カーティス教授、ヒュー・パトリック教授の長年にわたる日本研究の功績を改めて称えたいと思います。

今後とも、コロンビア大学を含め、世界の各拠点における日本研究の進展を強く期待し、私もできる限りの協力を行っていきたいと考えています。」

安倍晋三 内閣総理大臣 2014年9月22日のコロンビア大学でのスピーチより

“For Japan and the U.S., Japanese studies is the starting point for establishing a deep mutual understanding between the two countries. Columbia University is well recognized in this field and has many special ties with Japan. This is because Columbia University has institutes like the *Center on Japanese Economy and Business* and *The Center for Japanese Legal Studies*, where both were founded in the 1980s and have outstanding professors who have been involved in Japanese studies for a long time. I would like to take this opportunity to honor especially two professors, Professor Gerald Curtis and Professor Hugh Patrick, for what they have achieved over the years.

I strongly hope Japanese Studies will continue to flourish in every part of the world as well as within Columbia University, and I hope to continue to support this field for as much as I can.”

—His Excellency Shinzo Abe, Prime Minister of Japan, September 22, 2014, at Low Memorial Library, Columbia University

Translated by CJEB

EVENTS

Each year, CJEB organizes and hosts numerous major conferences, symposia, lectures, seminars, and workshops that feature many distinguished speakers. These programs provide a platform for the students, academics, members of the private sector, and policymakers from Japan and the United States. The 2014–2015 events are listed below and split into the following sections: Conferences, Symposia, Lectures, and Lunchtime Seminars. All professional titles listed for participants are accurate for the time of the event. In addition to the descriptions below, videos and reports can be found on CJEB's website: www.gsb.columbia.edu/cjeb.

Conferences



From left to right: Kazuhiko Toyama, Bruce C. Greenwald, Nicholas E. Benes, Alicia Ogawa, Hugh Patrick, George C. Olcott, David E. Weinstein, Takatoshi Ito, Yasuchika Hasegawa

Challenges Facing the World Trade System

The Center on Global Economic Governance and the Program on Indian Economic Conference

September 30, 2014; Columbia University

This conference brought together leading trade economists and legal experts specializing in trade, as well as practitioners from various international institutions including the WTO and the OECD, to shed light on the future of the global trading system. It was sponsored by Columbia University's School of International and Public Affairs (SIPA), the Center on Global Economic Governance, the Program on Indian Economic Policies, and the School of Advanced International Studies at Johns Hopkins University. CJEB served as an outreach partner. Professor Hugh Patrick participated as a panelist and a moderator in Panel IV, "TPP: Perspectives from Japan." Professor Koichi Hamada, professor emeritus of economics, Yale University, and special

advisor to the second Abe cabinet, and SIPA Dean Merit E. Janow also joined this panel.

Japan's Changing Corporate Governance

CJEB Tokyo Conference

May 21, 2015; Otemachi Financial City Conference Center, Tokyo, Japan

Presented by CJEB with the cosponsorship of the Development Bank of Japan, this half-day conference in Tokyo featured leading scholars from Japan and the United States and business leaders from Japan. The panelists discussed how the Abe administration has made corporate governance a top priority and has announced a wide-ranging series of proposals to significantly change the way Japanese corporations are run.

Welcoming Remarks

David E. Weinstein, Chair, Department of Economics and Carl S. Shoup Professor of the Japanese Economy, Columbia University; Director of Research, CJEB

Keynote: Productivity Change and Corporate Governance: Japan and the United States

Speaker: Bruce Greenwald, Robert Heilbrunn Professor of Finance and Asset Management, Columbia Business School

Moderator: Hugh Patrick, Director, CJEB

Panel I: Role of Corporate Governance

Panelists:

Nicholas E. Benes, Representative Director, The Board Director Training Institute of Japan

Takatoshi Ito, Professor, SIPA; Associate Director of Research, CJEB

Kazuhiko Toyama, CEO, Industrial Growth Platform, Inc.

Moderator: Alicia Ogawa, Senior Advisor, CJEB

Keynote: New Dawn of Corporate Governance in Japan

Speaker: Yasuchika Hasegawa, Chairman, Takeda Pharmaceutical Company Ltd.

Moderator: Hugh Patrick

Panel II: Views of Outside Directors

Panelists:

Sakie T. Fukushima, President, G&S Global Advisors, Japan

Gen Isayama, Cofounder & CEO, WiL LLC

George C. Olcott, Guest Professor, Faculty of Commerce, Keio University

Moderator: David E. Weinstein

Closing Remarks

Hugh Patrick



From left to right: Bruce C. Greenwald, George C. Olcott, Gen Isayama, Sakie T. Fukushima, David E. Weinstein, Yasuchika Hasegawa

The Japan Project Meeting with Joint ESRI International Conference

July 30–31, 2015; Asian Development Bank Institute, Tokyo, Japan

The Japan Project meeting is held annually by CJEB in partnership with the National Bureau of Economic Research (NBER), the Center for Advanced Research in Finance (CARF) at the University of Tokyo, and the Australia-Japan Research Centre (AJRC) at the Crawford School of Public Policy of the Australian National University (ANU). Professor Weinstein organized this two-day academic conference with Professors Shiro Armstrong of ANU, Charles Horioka of the University of the Philippines, Takeo Hoshi of Stanford University, and Tsutomu Watanabe of the University of Tokyo. The organizers are grateful to the Asian Development Bank Institute, the Shorenstein Asia-Pacific Research Center at Stanford University, and Miki Futagawa of the European Institute of Japanese Studies for their generous assistance and support.

The ESRI International Conference, sponsored by the Economic and Social Research

Institute (ESRI) of the Cabinet office of the Government of Japan, is held jointly with the Japan Project meeting every year. This year's ESRI Conference was titled, "To Ensure Japan's Economic Growth" and included the participation of several distinguished Columbia faculty members such as David E. Weinstein, Takatoshi Ito, and Jeffrey Sachs.

Please see below for the agendas for both the Japan Project and the ESRI Conference.

The Japan Project Meeting

American vs Japanese Procurement: Evidence from Transaction-Level Trade Data

Authors: Sebastian Heise, Yale University; Justin Pierce, Federal Reserve Board; Georg Schaur, University of Tennessee; and Peter Schott, Yale University and NBER

Discussant: Hiroshi Ohashi, The University of Tokyo

Career of Married Women and the Nature of Husbands' Work: Evidence from Japan

Authors: Yukiko Asai, The University of Tokyo; Ryo Kambayashi, Hitotsubashi University; Takao Kato, Colgate University

Discussant: Katharine Abraham, University of Maryland and NBER

The Effect of Family Friendly Regulation on Fertility: Evidence from Japan Using Natural Experiments

Author: Nobuko Nagase, Ochanomizu University

Discussant: Karen Eggleston, Stanford University and NBER

Lunch Speech

Masako Mori, Member of the House of Councillors, Japan

Japan's Diversification Discount

Authors: Christina Atanasova, Simon Fraser University; Jess Diamond, Hitotsubashi University

Discussant: Pierre Yared, Columbia University and NBER

Selective Disclosure: The Case of Nikkei Preview Articles

Authors: William Goetzmann, Yale University and NBER; Yasushi Hamao, University of Southern California; Hidenori Takahashi, Kobe University



From left to right: Jeffrey Sachs, Maurice Obstfeld

Discussant: Tatsuyoshi Okimoto, The Australian National University

The Economics of Attribute-Based Regulation: Theory and Evidence from Fuel-Economy Standards

Authors: Koichiro Ito, Boston University and NBER; James Saltee, The University of Chicago and NBER

Discussant: Tomohiko Inui, Gakushuin University

Do Risk Preferences Change? Evidence from Panel Data Before and After the Great East Japan Earthquake

Authors: Chie Hanaoka, Kyoto Sangyo University; Hitoshi Shigeoka, Simon Fraser University; Yasutora Watanabe, Hong Kong University of Science and Technology

Discussant: Michael Callen, Harvard University

Transaction Partners and Firm Relocation Choice: Evidence from the Tohoku Earthquake

Authors: Arito Ono, Chuo University; Daisuke Miyakawa, Hitotsubashi University; Kaoru

Hosono, Gakushuin University; Hirofumi Uchida, Kobe University; Taisuke Uchino, Daito Bunka University; Iichiro Uesugi, Hitotsubashi University

Discussant: David E. Weinstein, Columbia University and NBER

ESRI International Conference: "To Ensure Japan's Economic Growth"

Session I: Doing Business in Japan

Chair: Kenji Umetani, ESRI

Presenter: Takeo Hoshi, Stanford University

Discussants: Jun Saito, Keio University; Koichi Hamada, Yale University

Session II: Japan's Growth Based on International Sustainable Development

Chair: Kenji Umetani, ESRI

Presenter: Jeffrey Sachs, Columbia University

Discussant: Kazumasa Iwata, Japan Center for Economic Research

Session III: Female Labor Supply: Short-run and Long-run Trade-offs

Chair: Anil Kashyap, The University of Chicago

Presenter: Masahiro Abe, Chuo University

Discussant: Katharine G. Abraham, University of Maryland

Session IV: Exchange Rate and Japanese Firms

Chair: Anil Kashyap, The University of Chicago

Presenter: Masahiro Hori, ESRI

Discussant: Michael Devereux, University of British Columbia

Panel Discussion: To Ensure Japan's Economic Growth

Moderator: Kenji Umetani, ESRI

Panelists: Motoshige Itoh, Member, Council on Economic and Fiscal Policy; Takatoshi Ito, Columbia University; Anil Kashyap, The University of Chicago; and Maurice Obstfeld, Member, U.S. Council of Economic Advisers, Chief Economist, IMF

Symposia



From left to right: Heizo Takenaka, Henny Sender, Hugh Patrick, Dan Chamby; Hugh Patrick, Jonathan Rouner, Hidemi Moue, Curtis J. Milhaupt

Abenomics, TPP, and the Future of Japan's Agriculture

September 16, 2014; International Affairs Building, Columbia University

This event featured Kay Shimizu, assistant professor of political science at Columbia University; Patricia Maclachlan, associate professor of government and Asian studies at the University of Texas at Austin; Richard Katz, editor-in-chief of *The Oriental Economist*; and Sheila Smith, senior fellow for Japanese studies at the Council on Foreign Relations. Professor Gerald L. Curtis, Burgess Professor of Political Science at Columbia University, moderated a lively discussion. The two-hour conversation, which included presentations by each panelist followed by questions from the audience, was cosponsored by the Columbia University's Weatherhead East Asia Institute (WEAI). The panel addressed the political, social, demographic, and business aspects of agriculture in Japan.

"The Revival of Japan in the Global Economy" Columbia Business School's Pan-Asian Reunion 2014 in Singapore

October 11, 2014; Ritz-Carlton, Millenia Singapore

Columbia Business School (CBS) held its Pan-Asian Reunion 2014, a two-day reunion and symposium about investment, innovation, and impact in Asia at the Ritz-Carlton, Millenia Hotel, in Singapore. More than 500 CBS alumni gathered and participated in social and networking events as well. CJEB director, Professor Hugh Patrick, moderated the panel, "The Revival of Japan in the Global Economy," featuring Ernest Higa '76, chairman and CEO of Higa Industries; Yuzaburo Mogi '61, honorary CEO and chairman of the board of Kikkoman Corporation; and Kosuke Motani '94, chief senior economist at the Japan Research Institute. Other featured speakers at the reunion included Dean Glenn Hubbard; Professor Joseph Stiglitz; Henry Kravis '69, cofounder, cochairman, and co-CEO of Kohlberg Kravis Roberts & Company; and Charles Li, CEO of Hong Kong Exchanges and Clearing.

M&A in Japan: Reenergized

December 4, 2014; Columbia Law School

A panel consisting of Hidemi Moue, CEO of Japan Industrial Partners (JIP); Jonathan Rouner, head of international M&A of Nomura Securities International; Curtis Milhaupt, Parker Professor of Comparative Corporate Law and director of the Center for Japanese Legal Studies (CJLS) at Columbia Law School; and Hugh Patrick, director of CJEB discussed the current state of M&A in Japan for domestic and foreign transactions. Mr. Moue traced the development of the industry to its current state and discussed why activity in Japan is lower than that in Western countries. He cited case studies, some involving JIP, and said that opportunity exists for private equity firms to have greater involvement in domestic M&A transactions. Mr. Rouner echoed Mr. Moue's comments about the history of Japanese M&A. He discussed how the industry has experienced a shift, as many Japanese firms have focused on outbound M&A, and described aspects that make the process in Japan unique. Professor Milhaupt followed with a discussion of the legal mores in Japan as they pertain to M&A. He opined on where change is occurring and how successful it has been. Professor Patrick moderated this symposium, which was cosponsored by CJLS.



From left to right: Albert Matias, Fangruo Chen, Robert Young, Jonathan Rouner

How Supply Chains Respond to Crises: The Japanese Experience

The 16th Annual Mitsui USA Symposium

March 3, 2015; Columbia University

The 16th Annual Mitsui USA Symposium featured Robert Young, vice president purchasing at Toyota Motor Engineering and Manufacturing North America, Inc., and Albert Matias, vice president and chief procurement officer for the Americas at Hitachi America, Inc. Both speakers gave an overview of how their respective firms approach risk management for complex global supply chains, and discussed the lessons learned in response to natural disasters such as the earthquake and

tsunami that struck Japan in March 2011. Professor Fangruo Chen, MUTB Professor of International Business at CBS, moderated the event, which was cosponsored by The Mitsui USA Foundation. WEAL's Toyota Research Program served as outreach partner.

Abenomics in the New Stage

Japan Society Corporate Program

March 24, 2015; Japan Society

Heizo Takenaka, professor of Keio University and renowned scholar on structural reforms, shared his view on the development of Abenomics during Prime Minister Abe's administration. In Abe's "Three Arrows" agenda, while the first two arrows have been mostly

effective, many have expressed their skepticism of the third arrow. Professor Takenaka said that the third arrow's growth strategy will need more time to develop, as it is a long-term strategy. He then went on to discuss the significance of deregulating special economic zones, reducing the corporate tax rate, and opening the Japanese employment market to foreign workers. Other panelists included Dan Chamby of BlackRock and Hugh Patrick of CJEB, each of whom expressed their views on Abenomics. Henry Sender of the Financial Times moderated the discussion. This symposium was co-organized by Japan Society, JETRO New York, and CJEB.

Japan and the World Economy: Challenges Over the Coming Decade

April 6, 2015: Columbia University

A panel consisting of Glenn Hubbard, dean of CBS, Joseph E. Stiglitz, University Professor at Columbia University, David E. Weinstein, director of research at CJEB, and Takatoshi Ito, associate director of research at CJEB, discussed the current state and future outlook of fiscal and monetary policy and structural reform in both Japan and the United States. Hugh Patrick, director of CJEB, moderated the symposium. The event, which was cosponsored by CJEB and NHK, aired on NHK World's "Global Agenda."



From left to right: Hugh Patrick, Glenn Hubbard, Joseph E. Stiglitz, David E. Weinstein, Takatoshi Ito

Lectures



From left to right: Gerald L. Curtis, Hugh Patrick; Takatoshi Ito, Masako Mori

New Directions in Japanese Politics and Foreign Policy

February 5, 2015; Columbia University

Gerald L. Curtis, Burgess Professor of Political Science at Columbia University, gave his Tenth Annual Lecture on Japanese Politics. Professor Curtis emphasized two major themes during his discussion of the current state of Japanese foreign and security policy. The first theme focused on Japan's shift toward greater foreign engagement because of changes in the structure of the international system. He emphasized that, since external factors are driving the policy changes, Japan would embark on a similar trajectory regardless of its leadership. However, Professor Curtis's second theme emphasized Prime Minister Abe's role in the recent policy shift. Abe currently enjoys a unique position of power that affords him the opportunity to influence Japan's policy and future. Yet, he also faces difficult decisions regarding his personal ideology that will affect Japan's relationship with its neighbors. Professor Curtis concluded that Abe's goal is to improve Japan's standing in the international system. Professor Hugh Patrick moderated the event, which was cosponsored by WEAI.

Challenges of Womenomics: Enhancing Women's Leadership in Japan

May 1, 2015; International Affairs Building, Columbia University

This event featured Ms. Masako Mori, member of the House of Councillors and former minister in charge of the Support for Women's Empowerment and Child-Rearing. After opening and introductory remarks made by Merit E. Janow, dean of SIPA, and Professor Takatoshi Ito, associate director of research of CJEB, Ms. Mori began the lecture by sharing her own experiences as a woman who struggled to pursue her career goals in Japan,

ultimately leading her to focus her efforts on women's empowerment. She remarked on Prime Minister Abe's current efforts to create equal opportunities for both men and women in Japan. According to Ms. Mori, women's empowerment plays a key role in Japan's strategy for economic growth. She then addressed nine obstacles that hinder career opportunities for women in Japan as well as the solutions and plans of action the government plans to take on in order to overcome these obstacles. This lecture was cosponsored by SIPA.



From left to right: David E. Weinstein, Gerald L. Curtis, Hugh Patrick

Lunchtime “Zadankai” Seminars



From left to right: Yasushi Kinoshita, Christina Ahmadjian, Toshikazu Nambu

CJEB organizes a series of lunchtime seminars on campus for students, faculty, and members of the Columbia and New York community. These *zadankai*, or informal discussions, involve lengthy question-and-answer periods with the audience and are geared toward presenting new and insightful angles for understanding Japanese business and economic issues. Seminars held during 2014-2015 included:

Lessons from Japan: How Abenomics Can Provide Solutions for Advanced Economies

November 11, 2014; Columbia University

Yasushi Kinoshita, Former Administrative Vice Minister, Ministry of Finance, Japan; Visiting Fellow, CJEB

Moderated by David E. Weinstein

Mr. Kinoshita provided a detailed overview of how Prime Minister Shinzo Abe's "Abenomics" policies can address some of the main challenges that Japan and other advanced economies currently face. First, he discussed the role of the Quantitative and Qualitative Monetary Easing (QQME) program, which

includes fiscal stimulus and structural reforms as core measures taken to mitigate the fiscal crisis. He then highlighted reforms in the social security system and cuts in costs as measures aimed to address the long-term economic challenges presented by Japan's aging society. In order to achieve these goals, he emphasized, the government and its policies must maintain stability, its fiscal consolidation program must retain its credibility, and the nuclear energy issues resulting from the 2011 earthquake must be resolved.

Japanese Corporate Governance: A Report from the Front Lines

November 18, 2014; Columbia University

Christina Ahmadjian, Professor, Graduate School of Commerce and Management, Hitotsubashi University

Moderated by Hugh Patrick

Professor Ahmadjian discussed the progress and movement of corporate governance in Japan. Recounting her own personal experience, she described how many Japanese companies have opted for more diversification and change in their boards of directors. She

then discussed some of the challenges outside directors may face as non-natives, while also explaining the positive role they play in Japanese companies.

Strategy, Investment Opportunities, and Management Principles of Sumitomo Corporation of Americas

November 20, 2014; Columbia University

Toshikazu Nambu, Executive Vice President and CFO, Sumitomo Corporation of Americas

Moderated by Hugh Patrick

Mr. Nambu first provided a brief history of his career path at Sumitomo and how he ended up in the tubular steel industry. Under his leadership, the Tubular Products Group of Sumitomo thrived and expanded. He also discussed the origins of Sumitomo Corporation and how the founder's Buddhist values transformed the company into what it is today. Mr. Nambu concluded by explaining the values and lessons that Sumitomo must incorporate in order to continue to grow successfully in a constantly changing market.



From left to right: William Duggan, Takatoshi Ito, Eric M. Kirsch

The Seventh Sense: East Meets West in the Executive Mind

December 2, 2014; Columbia University

William Duggan, Senior Lecturer, CBS

Moderated by Ko Kuwabara, Associate
Professor, CBS

Professor Duggan discussed strategic intuition, a concept he has coined as the “Seventh Sense.” This practice can be exercised by anyone by taking the following four steps: (1) taking examples from history; (2) employing presence of mind; (3) using flashes of insight; and (4) resolve. He believes this practice is the key to innovation and creativity. He demonstrated how strategic intuition can be used in any situation, drawing examples from historical and current distinguished individuals who have used their “Seventh Sense” to develop groundbreaking and innovative products or plan out tactical military strategies to conquer their enemies.

The Three-Year Itch: Can PM Abe Maintain the Honeymoon with Abenomics?

February 12, 2015; Columbia University

Takatoshi Ito, Professor, SIPA
Associate Director of Research, CJEB

Moderated by Hugh Patrick

Prime Minister Abe was reelected after a snap election in December, extending his term from two to four years. Professor Takatoshi Ito examined whether Abe’s political agenda will stall the original economic agenda set out by Abenomics during his extended term. He discussed the skeptical perspectives of Abe’s political agenda and addressed the low expectations for the success of Abenomics. Concurrently, he provided possible actions Abe and his cabinet could take to stay on track with Abenomics.

Aflac Global Investments: Insights into a Unique U.S.-Japanese Insurance Investment Department

February 24, 2015; Columbia University

Eric M. Kirsch, Executive Vice President,
Global Chief Investment Officer, Aflac Global
Investments

Moderated by Hugh Patrick

Mr. Kirsch began the seminar by sharing his personal experience and journey from Deutsche Bank and Goldman Sachs to Aflac. He went on to discuss the unique business model and culture Aflac upholds, as many of its services are based in Japan. Leading the Global Investment team, Mr. Kirsch collaborates heavily between his New York team and the Japan-based team. He highlighted the importance of cultural understanding, as the two offices have different cultural values and practices. He explained the services that his team provides to Aflac Japan and concluded the seminar by discussing the challenges and differences in the business process and culture of Aflac Japan.



Hiroshi Kaho

Gyoza, Rice and Noodles for the U.S. Mainstream Market

April 23, 2015; Columbia University

Hiroshi Kaho, General Manager, Business Strategy and Development Department, Ajinomoto Co., Inc.

Moderated by Hugh Patrick

In order to develop Ajinomoto's core business, Mr. Kaho indicated the importance of becoming a global specialty company through the implementation of a global growth strategy. In order to achieve this and expand its products into the mainstream market, he stressed the particular importance of product adaptation based on the local region, as well as the necessity for M&As. Using "gyoza," or Japanese pot stickers, as an example, Mr. Kaho discussed how the number one frozen food product in Japan can be expanded into the North American market through the partnership of Windsor, a U.S.-based manufacturer of frozen foods. Through Windsor's branding and large sales channel in the United States, Ajinomoto can accelerate the retailing of its high-quality products and company's global growth. Mr. Kaho then went on to discuss the opportunities and challenges of M&A in Ajinomoto.



From left to right: Fumiko Nozaki, Michelle Tam, Ryoko Ogino, Andy Wanning, Emiko Mizumura

Faculty Advisory Committee



CJEB's Faculty Advisory Committee was formed to provide insight and guidance to CJEB's governance, research, teaching, and outreach activities. The diversity of intellectual focus among the committee members is vital to furthering CJEB's mission to serve as a comprehensive forum for collaboration and reflection on Japan, the United States, and the global economy. In addition to **Hugh Patrick**, **David E. Weinstein**, and **Takatoshi Ito**, the members of the committee are:

Charles W. Calomiris

Henry Kaufman Professor of Financial Institutions
Columbia Business School

Fangruo Chen

MUTB Professor of International Business
Columbia Business School

Wouter H. Dessein

Eli Ginzberg Professor of Finance and Economics
Columbia Business School

Robert J. Hodrick

Nomura Professor of International Finance
Columbia Business School

Sheena S. Iyengar

S. T. Lee Professor of Business
Columbia Business School

Merit E. Janow

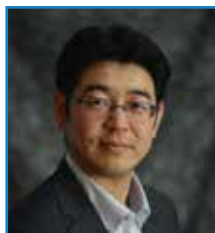
Dean
Professor of Professional Practice,
International Economic Law and
International Affairs
*School of International and Public Affairs,
Columbia University*

Bruce M. Kogut

Sanford C. Bernstein & Co. Professor of
Leadership and Ethics
Columbia Business School

Visiting Fellows

Each year, a small number of professional and academic fellows are selected to spend a period of time in residence at Columbia Business School. CJEB Visiting Fellows receive a unique research and networking experience at one of the world's most prestigious business schools in a top-ranking university while experiencing the dynamic lifestyle of New York City. The 2014-2015 Visiting Fellows are:



Takeshi Daido
Mitsui Sumitomo Insurance, Co., Ltd.
July 2014-June 2015



Toshihiko Fukumoto
Nikkei Inc.
October 2014-December 2014



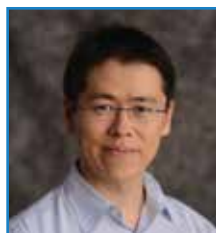
Tsuyoshi Hasebe
Nikkei Inc.
July 2014-October 2014



Tomohiro Hirano
The University of Tokyo
August 2014-September 2014



Kei Hiraoka
Nikkei Inc.
January 2015-May 2015



Michito Hirota
The Research Institute of Public Management, Ltd.
September 2013-September 2014



Hiroshi Ishijima
Chuo University
September 2013-August 2014



Ryuta Kani
Ricoh Co., Ltd.
July 2014-August 2015



Takeshi Kawanami
Nikkei Inc.
April 2015-September 2015



Yasushi Kinoshita
Ministry of Finance
October 2014-March 2015



Tomokazu Kubo
Chuo University
September 2013-August 2015



Satoshi Narawa
Minebea Co., Ltd.
July 2014-May 2015



Takezo Oda
Sumitomo Mitsui Trust Bank, Limited
May 2015-May 2016



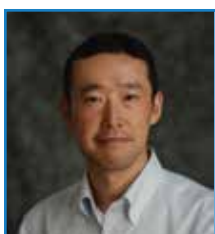
Futoshi Oguri
Nikkei Inc.
September 2013-August 2014



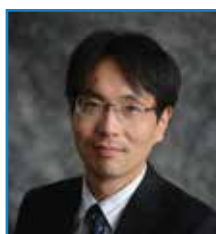
Ryo Saiki
Tokai Tokyo Securities Co., Ltd.
September 2013-August 2014



Keisuke Takeguchi
Hosei University
April 2014-March 2015



Yuji Takenaka
Minebea Co., Ltd.
July 2014-May 2015



Katsumi Tanabe
Keio University
April 2014-March 2016



Masazumi Wakatabe
Waseda University
August 2014-September 2014



Mariko Yaku
Tokai Tokyo Financial Holdings, Inc.
September 2014-August 2015



Kengo Yasui
Ritsumeikan University
September 2013-September 2014



Naoki Matsuda
Ministry of Finance
September 2013-July 2015

Joint Fellow with the Weatherhead East Asian Institute (WEAI) of Columbia University

2015 CJEB Visiting Fellow Reunion Reception

CJEB's Visiting Fellow Program continues to grow, with more than 210 Visiting Fellows from the academic, government, and private sectors throughout the years. After a successful turnout last year, CJEB decided to host a second reunion in Tokyo on May 20, 2015, where several dozen former Visiting Fellows attended. Professor Bruce Greenwald, Robert Heilbrunn Professor of Finance and Asset Management, gave a short speech as a guest speaker, while Mr. Yasushi Kinoshita, former administrative vice minister at the Ministry of Finance and also one of CJEB's 2014-2015 Visiting Fellows, gave the toast.



Bruce Greenwald speaks at Visiting Fellow Reunion

2015 Annual Visiting Fellow Business Field Trip

In late March, our Visiting Fellows had the wonderful opportunity to tour Bloomberg's state-of-the-art New York office in the morning, followed by a delectable lunch meeting with two Sony executives at the Sony Club, located on the top floor of Sony Corporation of America's U.S. headquarters building. The Visiting Fellows then enjoyed a special guided tour at the Sony Wonder Technology Lab and concluded the trip by visiting the NASDAQ MarketSite to witness the closing bell ceremony.



Visiting Fellows at Sony Wonderlab

Research Associates

CJEB benefits from ongoing collaboration with Japan specialists from institutions other than Columbia, principally within the United States. Research associates are invited to communicate their research through participation of the Center's projects and public programs and by contributing to the Center's Working Paper Series.

Christina Ahmadjian

Professor, Graduate School of Commerce and Management
Hitotsubashi University

Masahiko Aoki

Henri and Tomoye Takahashi Professor Emeritus of Japanese Studies
Department of Economics
Senior Fellow, Stanford Institute of Economic Policy Research
Senior Fellow, Freeman Spogli Institute of International Studies
Stanford University
(Passed away in July 2015)

Shiro Armstrong

Codirector
Australia-Japan Research Centre
Crawford School of Public Policy
Editor, East Asia Forum
The Australian National University

Schon L. Beechler

Senior Affiliate Professor of Organisational Behaviour
INSEAD

Lee G. Branstetter

Professor of Economics and Public Policy
Heinz College and Department of Social and Decision Sciences
Carnegie Mellon University
Nonresident Senior Fellow
Peterson Institute for International Economics

Jenny Corbett

Pro Vice-Chancellor (Research and Research Training)
Professor of Economics
Executive Director, Australia-Japan Research Centre, Crawford School of Public Policy
The Australian National University

Robert Dekle

Professor of Economics
Department of Economics
University of Southern California

Peter Drysdale

Emeritus Professor of Economics
Head, East Asia Bureau of Economic Research and East Asia Forum
Crawford School of Public Policy
The Australian National University

Robert Eberhart

Assistant Professor
Leavey School of Business
Santa Clara University
Research Fellow
Stanford Technology Venture Program

David Flath

Professor
Department of Economics
Ritsumeikan University
Professor Emeritus of Economics
Poole College of Management
North Carolina State University

Koichi Hamada

Tuntex Professor Emeritus of Economics
Department of Economics
Yale University
Special Advisor to the Cabinet
The Cabinet of Japan

Yasushi Hamao

Associate Professor of Finance and Business Economics
Marshall School of Business
University of Southern California

Masanori Hashimoto

Professor of Economics Emeritus
Department of Economics
The Ohio State University

Takeo Hoshi

Henri and Tomoye Takahashi Senior Fellow and Director of the Japan Program
Shorenstein Asia-Pacific Research Center, Freeman Spogli Institute for International Studies
Professor of Finance (by courtesy)
Stanford Graduate School of Business
Stanford University

Takatoshi Ito

Professor
National Graduate Institute for Policy Studies
Project Professor
Graduate School of Public Policy
The University of Tokyo
(Became CJEB core faculty member in January 2015)

Anil Kashyap

Edward Eagle Brown Professor of Economics and Finance
The University of Chicago Booth School of Business

Takao Kato

W. S. Schupf Professor of Economics and Far Eastern Studies
Department of Economics
Colgate University

Kenneth N. Kuttner

Robert F. White Class of 1952 Professor of Economics
Department of Economics
Williams College

Patricia H. Kuwayama

Economist
Professional Fellow
Center on Japanese Economy and Business
Columbia Business School
Former Vice President
JPMorgan Chase Bank, N.A.

Edward Lincoln

Adjunct Professor of Economics
Department of Economics
Columbia University
Professorial Lecturer
George Washington University

Robert A. Myers

Senior Vice President
Fairfield Resources LLC.
Former Director of Technology
IBM Japan

Professional Fellows

Terutomo Ozawa

Professor Emeritus of Economics
Department of Economics
Colorado State University

Joe Peek

Vice President and Economist
Research Department
Federal Reserve Bank of Boston

Adam S. Posen

President
Peterson Institute for International
Economics

William V. Rapp

Henry J. Leir Professor of International
Trade and Business
School of Management
Director
Leir Center for Financial Bubble Research
New Jersey Institute of Technology

Frances McCall Rosenbluth

Damon Wells Professor of Political Science
Department of Political Science
Yale University

Ulrike Schaeede

Professor of Japanese Business
Director, JFIT Japan Forum for Innovation
and Technology
Executive Director, Center for Emerging
and Pacific Economies
School of Global Policy and Strategy (GPS)
University of California, San Diego

Michael J. Smitka

Professor of Economics
Williams School of Commerce
Washington and Lee University

Tsutomu Watanabe

Professor
Graduate School of Economics
The University of Tokyo

Eleanor Westney

Scotiabank Professor of International
Business
Schulich School of Business
York University

A professional fellow appointment at the Center recognizes former government officials and business leaders who have had distinguished careers in economics-related fields. This position facilitates his or her ongoing involvement with CJEB and its activities.



Robert E. Fallon is president and CEO of Phosplatin Therapeutics LLC, a company he helped found that is developing a novel class of anticancer chemotherapy drugs. From 2008 to 2011, Mr.

Fallon was adjunct professor at Columbia Business School, where he taught international banking. Prior to his Columbia appointment, Mr. Fallon was chairman of Korea Exchange Bank, a publicly listed \$80 billion institution that is Korea's leading international bank. After taking over as chairman and CEO in January 2004, he led a successful reorganization and restructuring that restored the bank's capital strength and achieved record profitability. He is also the first non-Korean to chair a public company in Korea. Previously, Mr. Fallon was an international banker based in Tokyo with JP Morgan Chase, where he was 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 13 different countries. Mr. Fallon has lived in Asia for more than 30 years and enjoys a myriad of contacts across a wide spectrum of government, corporate, and financial institutions in the region. He travels widely and speaks often on Asian economic and business affairs. He started his banking career with Citibank in Hong Kong in 1975 and later worked in investment banking and management positions in Tokyo. Subsequently, he assumed Asia regional responsibility with Drexel Burnham Lambert

and Bankers Trust Company before joining Chase in 1992. Mr. Fallon holds a BA from Ohio University and an MBA from Harvard Business School. Following his undergraduate studies, he served in the U.S. Peace Corps, including three years as a volunteer mathematics teacher at Chanel College in Western Samoa. Mr. Fallon is chairman of the Council on International Educational Exchange, Inc., a member of the Asia Society and the Council on Foreign Relations, and a professional fellow of CJEB. He is a former director of the Japan Society and of the Korea Society, as well as trustee emeritus of the Ohio University Foundation.

**Patricia Hagan Kuwayama**

has been studying the Japanese economy since she was a graduate student in the 1960s, completing a doctoral dissertation on effective tariff protection of the Japanese industry in 1970. She became a professional fellow of CJEB in 2009, after retiring as a vice president and international economist at JPMorgan Chase in New York. Previously, she was JPMorgan's chief economist in Tokyo and earlier with Chemical Bank in Tokyo. From 1970 to 1986, Dr. Kuwayama was with the Federal Reserve Bank of New York, serving in various research and management posts in the International Research, Statistics, and Foreign Exchange Departments. She has been a visiting scholar at the Bank of Japan Institute for Monetary and Economic Research and visiting consultant at the Bank for International Settlements in Basel and taught as a visiting professor at Keio University in Tokyo and at Kobe Gakuin University. Dr. Kuwayama has written widely about Japanese macroeconomic policy, balance of payments issues, and financial institutions, including the postal savings system. She has coauthored the book titled *Memoir of a Trustbuster: A Lifelong Adventure with*

International Advisory Board

Japan, with Eleanor M. Hadley. She earned her BA and PhD degrees in economics at Harvard University and the City University of New York, respectively, and did her Japanese language studies at Columbia University. She participates actively in the CJEB Visiting Fellow Seminars.



CJEB core faculty members and audience at the “Japan and the World Economy: Challenges Over the Coming Decade” Symposium

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

Shinji Fukukawa

Former Vice Minister, Japanese Ministry of International Trade and Industry
Senior Advisor, Global Industrial and Social Progress Research Institute
Chairman, Board of Trustees, Toyo University

Yotaro Kobayashi

Former Chairman and CEO, Fuji Xerox Co., Ltd.

Charles D. Lake II

Chairman and Representative, Aflac Japan;
President, Aflac International

Yuzaburo Mogi '61

Honorary CEO and Chairman of the Board,
Kikkoman Corporation

Toshikazu Nambu

President and CEO, Sumitomo Corporation of Americas (April 2015–Present)

Atsushi Saito

Group CEO, Japan Exchange Group, Inc.

Kazuhiro Takeuchi

President and CEO, Sumitomo Corporation of Americas (August 2014–March 2015)

Joseph G. Tompkins '67

President, Saga Investment Co., Inc.

CJEB in the News

CJEB's academic directors are regularly featured in the media, providing their insights and expertise in Japan-related matters. Highlights for this year include:

Hugh Patrick

How Finance Is Shaping the Economies of China, Japan, and Korea

The World Financial Review, July 28, 2014

Special Program on the Japan Election: How Will the World View the Japanese Direction?

Global Debate WISDOM, NHK BS1, December 14, 2014

"If You Get a Raise This Year, Thank a Politician"

Visible Hands, March 6, 2015

Japan and the World Economy: Challenges Over the Coming Decade

NHK World, Global Agenda, May 1-2, 2015

David E. Weinstein

"Abenomics": Moving in the Right Direction-After the 2014 General Election, Some Structural Reforms Are Needed

Jiji Press, December 6, 2014

Prime Minister Abe Has the Right Intuition

Jiji Press, December 15, 2014

David Weinstein: Weak Yen Is Japan's Best Bet for Growth

Nikkei Asian Review, December 29, 2014

Brand-loyal Japan a Hotspot for Age-old Companies That Have Flexibly Adapted to the Times

U.S. News & World Report, April 12, 2015

The Myth of Japan's Debt

Newsweek Japan, April 25, 2015

Japan and the World Economy: Challenges Over the Coming Decade

NHK World, Global Agenda, May 1-2, 2015

Takatoshi Ito

Economic Outlook 2015: US

NHK World News, January 16, 2015

Mitigation Due to Lower Oil Price Is Unnecessary

Asahi Shimbun Digital, January 22, 2015

Rethinking the Growth Strategy: Competition Is the Way to Strengthening Agriculture

Nikkei Shimbun, January 23, 2015

Consumption Tax Rate Should be More than 15% in Order to Achieve Fiscal Surplus

J Money Winter Issue, January 28, 2015

The Effect of the Low Oil Price

Morning Satellite, TV Tokyo, February 11, 2015

Professor Ito on Japan's Tasks for Economic Growth

Morning Satellite, TV Tokyo, February 16, 2015

The Future of the Asian Infrastructure Investment Bank: Concerns for Transparency and Governance

Nikkei Shimbun, April 30, 2015

Japan and the World Economy: Challenges Over the Coming Decade

NHK World, Global Agenda, May 1-2, 2015

Kuroda's Former Ally Ito Sees Little Downside Now for Yen

Bloomberg, June 8, 2015

Japan's GPIF to Reach New Asset Goal in Year or Two, Ito Says

Bloomberg, June 9, 2015

Special Issue: The Future of the China-U.S. Competition over Economic Hegemony: Five Problems of AIIB

Chuo-Koron, June 10, 2015

Greece's Euro Exit Appears Inevitable

Morning Satellite, TV Tokyo, June 23, 2015

Some of the titles have been translated from Japanese to English.

Enhancing the MBA Experience



Chazen International Study Tour at Fast Retailing (UNIQLO)

As a top global university, Columbia University provides many resources and opportunities for its international community. CJEB contributes to this international dimension by enhancing the MBA student experience at Columbia Business School (CBS). One of our main collaborative partners is the student-led Japan Business Association (JBA). CJEB often meets with JBA officers to exchange ideas on ways to promote the Japanese economy and business related issues within CBS.

As an annual initiative, CJEB helps JBA organize the Chazen International Study Tour to Japan. Led by the Jerome A. Chazen Institute of International Business, the Japan Study Tour sends a group of students for a weeklong trip to Japan, which provides extraordinary opportunities including cultural excursions and visits to Japanese corporations. Since the tour's inauguration in 1989, CJEB has helped fund the program and provide contributions to its agenda. Prior to each year's trip, the student trip organizers consult with Professor Hugh Patrick and CJEB's director for administration, Ryoko Ogino, on possible company

visits and on the overall current state of the Japanese economy.

The 2015 Chazen International Study Tour to Japan took place from March 15 to 22, with 40 MBA student participants visiting Tokyo, Kyoto, and Aichi. Joined by CBS assistant professor Eva Ascarza, the students met with representatives from Japanese corporations and immersed themselves in various Japanese cultural sights and experiences. The students toured a Toyota manufacturing plant and listened to presentations at Rakuten, Fast Retailing (UNIQLO), ANA, and DeNA. In Kyoto, they visited Taizo-in to experience Zen and historical sites including the Golden Pavilion and Sanju Sangendo. They enjoyed a night in a traditional Japanese inn with hot springs in Aichi. In Tokyo, the CBS group attended an alumni reception, where they listened to a presentation given by Mr. Masahiko Uotani (CBS '83), who is now the CEO of Shiseido Co., Ltd. While in Tokyo, the participants also visited the Tsukiji fish market, Asakusa, and Akihabara.

The CJEB Welcome Reception was held on September 23, 2014, to welcome the

CBS community and give the CJEB Visiting Fellows, faculty, and staff an opportunity to network with their fellow peers in other departments.

In addition, CJEB hosted an executive breakfast lecture featuring one of CJEB's Visiting Fellows, Mr. Tsuyoshi Hasebe, managing director of Nikkei Inc., on September 24, 2014. During this private meeting, the MBA students had a rare opportunity to connect with a high-profile executive from one of Japan's leading media companies. Mr. Hasebe discussed Nikkei's strategy to compete against its competitors while thriving under a global market.

CJEB also helped fund JBA to obtain a booth at CBS's Festival of Nations on September 18, 2014. This event was organized by CBS's international student groups and provided a chance for the affinity clubs to showcase various cultures, food, and beverages from their home countries to celebrate and promote mutual understanding.

Enhancing the Columbia Experience

The Columbia University community provides many resources for students, faculty, and alumni interested in learning more about Japan. CJEB is committed to supporting this initiative by assisting other organizations on campus that are engaged in Japan-related activities. This includes the Weatherhead East Asian Institute (WEAI), the Donald Keene Center, the APEC Study Center, the Consortium for Japan Relief (CJR), the East Asian Languages and Cultures (EALAC) Department, the School of International and Public Affairs (SIPA), and many others.

CJEB provided financial support for EALAC's conference, "24th Annual Graduate Student Conference on East Asia," which took place February 20–21, 2015. The conference was well attended, with 168 participants from a wide range of national and international universities, half of whom came from Columbia. Faculty participants included Haruo Shirane, Shincho Professor of Japanese Literature and Culture, EALAC; Lydia Liu, the Wun Tsun Tam Professor in the Humanities, EALAC, and the Institute for Comparative Literature and Society; Gray Tuttle, Leila Hadley Luce Associate Professor of Modern Tibetan Studies, EALAC; and Jue Guo, assistant professor of Asian and Middle Eastern Cultures, Barnard College.

CJEB also continues to support EALAC's language course. This year, CJEB's director for administration, Ryoko Ogino, participated in the fourth year students' Japanese language class as a discussion partner for their *taiwa* project, where students and partners held a discussion in Japanese on the current social issues in Japan such as gender inequality and homelessness.

This year, CJEB organized a new initiative, the "New Voices from Japan: Young Japanese Scholars/Experts U.S.-Visit Program," with Columbia's Japan Society, an undergraduate organization of Columbia University run entirely by students. The panel consisted of three Japanese scholars and experts who discussed various issues, including the rise in e-commerce business in Japan, Japan's perspective on AIIB, and the evolution of



JASSA Japan Study Tour participants at the Golden Pavilion Temple, Kyoto

Japan's nuclear policy. Speakers included Jun Makita, political science researcher, Tsukuba University, and policy planner, Japan Association of New Economy; Aki Mori, assistant professor, Tsukuba University; and Shinsuke Tomotsugu, associate professor, Hiroshima University. Attended by mostly Columbia undergraduates, this was a wonderful opportunity for students to connect with Japanese scholars and learn more in depth about Japan's current issues.

CJEB continues its efforts to promote Japan-related activities by supporting Columbia University's Japan Study Student Association (JASSA) and its initiatives. CJEB-funded JASSA activities included a series of forums such as the "Career Forum for the University of Tokyo" and the "Career Forum for Gifu High School," in which Japanese SIPA students held opportunities for Tokyo University students and Gifu High School students to discuss economic and political issues in Japan. CJEB also funded the "United Nations Career Forum," where the audience listened in on a lecture discussing the career path, recruiting methods, and requirements for UN workers, followed by a Q&A session. In addition to the forums,

CJEB funded JASSA's "Workshop on Ikebana," where participants learned of the origin and tradition of *ikebana* and other activities, led by Headmaster Hiroki Ohara of the Ohara School. CJEB also sponsored a cultural event where JASSA board members described several Japanese cultural activities, such as playing the Japanese drums and introducing different types of Japanese foods to other Columbia University students, at the Brooklyn Botanical Garden's annual Sakura Festival.

JASSA also organizes an annual student-led trip to Japan that is partially supported by CJEB funds, similar to the Chazen International Study Tour to Japan. This year, 32 students from various countries participated in the trip and traveled to Kyoto, Hiroshima, Tokyo, and the Tohoku region. The students started in Kyoto, where they participated in cultural activities such as a traditional tea ceremony, followed by visits to the Golden Pavilion, Kiyomizu Temple, and Fushimi Inari Shrine. In Hiroshima, the students visited the Itsukushima shrine, a World Heritage site in the Miyajima islands, and Hiroshima Peace Memorial Park, where they learned of the history of the first city in the world to suffer a nuclear attack and honored

(cont. on bottom of p. 48)

Fellowship and Scholarship Programs

The **CJEB Doctoral Fellowship** was established in 2013 to support PhD students at CBS and/or Columbia's Department of Economics who plan to develop Japan expertise, culminating in dissertations focused primarily on Japan. Our past CJEB Doctoral Fellowship recipients include Guannan (Jackson) Lu in the Management Division of CBS and Misaki Matsumura in the Economics Department. *CJEB Doctoral Research Grants and Summer Stipends* are also available to PhD students at CBS or the Department of Economics who wish to pursue Japan-related research projects or language training programs. In recent years, the Center has awarded *Graduate Research Grants* to Sungyong Chang of CBS and Sakai Ando, Misaki Matsumura, and Yoon Joo Jo of the Economics Department of Columbia University.

The **Sumitomo Fellowship Program** was established by the Center as part of an initial operating grant from Sumitomo Corporation of Americas. The program has provided support to various Japan-related research initiatives, and the fellowship recipients typically spend a period in residence at the Center to engage in their own research as well as participate in CJEB programs.

The **Mitsubishi UFJ Trust Scholarship Foundation** provides one Columbia University student each year with tuition and living expenses for a program of either undergraduate or graduate study in Japan. CJEB conducts a University-wide competition on behalf of the Foundation to nominate a student.

Enhancing the Columbia Experience (cont. from p. 47)

the memories of the bomb's direct and indirect victims. In Tokyo, the students met and spoke with Yoshimasa Hayashi, minister of agriculture, forestry, and fisheries; Takatoshi Ito, professor at SIPA and associate director of research at CJEB; and Naruki Mori, associate director-general of the Monetary Affairs Department of the Bank of Japan. Participants visited Google Japan for the first time since JASSA initiated this annual trip nine years ago and connected with an entrepreneur who launched "Innovation Tohoku," a platform that mobilizes human resources, technologies, and experiences toward the reconstruction of the Tohoku region following the Great East Japan Earthquake and tsunami in 2011. Students also had the opportunity to see the Japan Railway Shinkansen Control Center, where they learned about the operations behind its famous high-speed bullet trains. Participants interacted with students from the University of Tokyo's Graduate School of Public Policy, one of SIPA's partner schools, and with SIPA alumni in Tokyo. They also discussed various issues such as Abenomics, monetary policy in Japan, and Japan's role in the international community. Finally, participants traveled to the Tohoku region to observe the reconstruction

and recovery efforts taking place there. They spoke with the founders of the social entrepreneurship nonprofit organization Peace Boat, as well as the local government officials of Ishinomaki City.

During Prime Minister Shinzo Abe's address at the World Leaders Forum (see p. 29), he invited Columbia students to visit Japan. Inspired by his speech, Columbia University students took the opportunity to participate in the government-led "KAKEHASHI Project" by visiting Tokyo, Osaka, Kyoto, and Shiga, where they toured local governments and companies while also interacting with people from the local community and universities. This trip provided the students with an opportunity to gain a wider knowledge of Japan, from the latest in advanced technology to traditional culture. The "KAKEHASHI Project" provided rare opportunities for Columbia students to deepen their understanding of Japanese culture as well as its diplomatic policies. On April 23, 2015, Professor Hugh Patrick and Ryoko Ogino attended the pretrip informational session for the participating students, at which Professor Patrick gave an introductory lecture on Japan, followed by a Q&A session with the students.

Visits from Japan to Columbia



Hugh Patrick with TOMODACHI Sumitomo Scholars

Groups of Japanese undergraduate and graduate students often visit CJEB during their tours of the east coast. For 2014-2015, two student groups from Meiji University and Wako University came to Columbia University. Each group met with Professor Patrick, who gave a brief introduction and fielded questions. Discussion topics included Abenomics, TPP negotiations, women's workplace challenges and related policies, challenges presented by Japan's aging population, and attitudes toward foreign study and employment.

On January 8, 2015, the New York office of one of CJEB's longtime lead corporate sponsors, Sumitomo Corporation of Americas, brought three students from its TOMODACHI Sumitomo Corporation Scholars Program to CJEB. The scholarship recipients, from Japanese universities, had studied abroad for one year in the United States. Professor Hugh Patrick and Ryoko Ogino welcomed Kazunari Tanabe, Yukako Hirakawa, and Ayaka Ogita, as well as executives from Sumitomo, to engage in a lively discussion on Japan and the world economy, recoveries in the Tohoku area, and the students' future prospects.

CJEB provides select fellowships for Columbia University students who demonstrate outstanding academic ability and a specific interest in Japan and the Asia-Pacific economies. These fellowships support research and participation in academic programs related to Japanese economic and business fields. More information on these opportunities is available at www.gsb.columbia.edu/cjeb/resources/fellowships.

Library and Data Resources



Columbia University is home to one of the largest collections of Japanese- and English-language materials in the United States. CJEB evaluates Columbia University library resources and commits funding to procure new materials on Japan and the Asia-Pacific economies. CJEB also maintains a small working collection of materials on the Japanese and Asia-Pacific economies, including statistical resources, academic journals, and periodicals.

In 2015, CJEB sponsored Professors Urooj Khan and Nallareddy Suresh of CBS to purchase data on aggregate corporate profits for Japan from Nikkei for their research to support their hypothesis on the relation among corporate profits, GDP, and taxes.

Data Resources

The Center continues to develop its major computer-based databank on the Japanese economy, with an emphasis on financial markets, under the direction of Professor David Weinstein. The databank is a compilation of statistical resources for faculty members and students conducting relevant research.

CJEB's databank includes:

- Time-series and cross-section data on financial markets, institutions, and the macroeconomy from Nikkei NEEDS Financial QUEST 2.0 and the Development Bank of Japan's Industrial Financial Database

- An online news and data retrieval system that provides essential corporate and economic data as well as leading newspaper and journal articles on Japanese and other Asia-Pacific economies from Nikkei Telecom, which is accessible via Columbia University Libraries (CLIO).

Other data resources:

- CJEB Research Associate, Professor Tsutomu Watanabe of the University of Tokyo (along with Kota Watanabe of Chuo University and the University of Tokyo), launched the UTokyo Daily Price Index project in May 2013, which measures and publishes the consumer inflation rate on a daily basis.

Discussion Groups

Japan Economic Seminar

The Japan Economic Seminar (JES) was founded in 1966 by the late Professor James Nakamura of Columbia and Professors Hugh Patrick (then at Yale) and Henry Rosovsky of Harvard. With a membership of up to one hundred individuals, it originally was an interuniversity forum for faculty, other professionals, and advanced graduate students to discuss ongoing research in preliminary form by specialists on the Japanese economy. JES now meets once a year, sponsored by CJEB, and is held at Columbia in the early/mid-spring semester under the leadership of Takatoshi Ito, professor at Columbia's School of International and Public Affairs and associate director of research at CJEB. Special arrangements have been made to include economists from Japan as paper authors and discussants.

This year, JES was held on February 20, 2015, and was moderated by Professor Tokuo Iwaisako of Hitotsubashi University and Professor Weinstein. The following papers were discussed:

Employment and Hours over the Business Cycle in a Model with Search Frictions

Presenter: Hiroaki Miyamoto, Professor, Graduate School of Public Policy, The University of Tokyo (coauthors: Noritaka Kudoh, Hokkaido University, and Masaru Sasaki, Osaka University)

Discussants: Daiji Kawaguchi, Professor, Department of Economics, Hitotsubashi University; W. Bentley MacLeod, Sami Mnaymneh Professor of Economics, Professor of International and Public Affairs, School of International and Public Affairs, Columbia University

Construction of Stock Market-Based Daily Index of Fiscal News for Japan

Presenter: Etsuro Shioji, Professor, Graduate School of Economics, Hitotsubashi University (coauthor: Hiroshi Morita, Japan Society for the Promotion of Science)



Japan Economic Seminar

Discussants: Naohiko Baba, Chief Japan Economist, Goldman Sachs & Co.; Serena Ng, Professor, Department of Economics, Columbia University

James Nakamura Fund

James Nakamura, emeritus professor of economics at Columbia University, was one of the leading postwar scholars on the Japanese economy and its modern development. Together with Henry Rosovsky at Harvard and Hugh Patrick, then at Yale, he founded the Japanese Economic Seminar series in 1966 and warmly hosted the regular JES meetings at Columbia, even after his retirement. Jim earned both his bachelor of science and PhD degrees at Columbia.

After his passing in February 2015, CJEB established the James Nakamura Fund in honor of his contribution throughout his career and his warm friendship to support the ongoing JES program of meetings. We are grateful for all he did for JES and CJEB. Of course, contributions are welcome.

Monetary Policy Discussion Group

This discussion group includes specialists on the Japanese financial system and meets several times a year. The participants are Hugh Patrick, David E. Weinstein, Takatoshi Ito, and Alicia Ogawa (CJEB); Michinobu Kishi and Takeshi Kato (Bank of Japan); Edward Lincoln (George

Washington University); Kim Schoenholtz (NYU Stern); Jennifer Dwyer (Hunter College, CUNY); Patricia Kuwayama (CJEB professional fellow); Richard Katz (*The Oriental Economist*); and Frances Rosenbluth (Yale University).

U.S.-Japan Discussion Group

Shortly before CJEB was founded, the then-CEO of Sumitomo Corporation of Americas and Professor Patrick took the initiative in organizing, on a private and individual basis, an evening discussion group attended by senior Japanese and American businessmen and professionals living in the New York area. The group continues to convene to discuss frankly and informally—and off the record—issues and prospects in U.S.-Japan business, economic, and political relations. Toshikazu Nambu, the current CEO of Sumitomo Corporation of Americas, and Hugh Patrick are the co-organizers of this group. The members come from the business and financial communities, together with several specialists on Japan from the Columbia University faculty. The group avoids identification with any particular companies or groups and meets twice in the fall and spring for dinner and discussion. Topics of discussion for 2014–2015 included Japanese monetary and fiscal policies and the gradual implementation of the third arrow of Abenomics; the U.S. government's leadership in approving TPA and dealing with AII; the implications of Japanese demographic changes; the ongoing recoveries of both the Japanese and American economies; and management and corporate governance.

Financial Support

Columbia University and Columbia Business School (CBS) give basic support for the Center by providing faculty salaries and office space, library and administrative support, and other essential services. However, the Center relies on external sources of financial support from foundations, corporations, and individuals for its programs and research activities. Income is derived from the Center's endowment, operating and project grants, and, especially, from the Corporate Sponsorship Program, which was established in 1995. Academic independence has not been an issue, as there are no special restrictions attached to any of these gifts.

The Sponsorship Program has been instrumental in expanding the Center's activities and guaranteeing their long-term financial support. The companies listed below give to the Center on an annual basis. Sumitomo Corporation of Americas made an initial significant contribution that enabled the Center to be established in 1986 and has continued to be a major Center donor. The Center also greatly appreciates and benefits from the income derived from the generous endowments funded by Fuji Xerox Co., Ltd., Sanken Industrial Policy Research Institute, the Marine and Fire Insurance Association, the Federation of Bankers Association, the Security Dealers Association, the Life Insurance Association, and Mitsubishi UFJ

Trust and Banking Corporation during the first years of the Center's establishment at CBS.

The Center was delighted to hold a special luncheon for our Corporate Sponsors to demonstrate our deep appreciation for their continued support on Friday, May 22, 2015, at the Hotel New Otani Tokyo.

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Tsunao Nakamura

Hugh Patrick

Sadao Taura

* Regularly sends Visiting Fellows



From left to right: Tsunao Nakamura, Hugh Patrick, Susumu Fujimoto, Ryota Yoshimura

所長及び研究所長からのご挨拶

親愛なる皆様へ

過去 29 年に亘り、日本経済経営研究所 (CJEB—Center on Japanese Economy and Business) は、国際社会における日本の経済、ビジネス、及び金融市場に対する理解を深めるという使命を積極的に果たして参りました。当研究所がコロンビア大学ビジネススクールに設立された 1986 年以来、私たちは、一貫して関係者間の交流、研究及びプログラムを充実させ、その役割を拡げて参りました。私たちは、多くの内外の関係者の協力の下、日米間の関係構築に取組むと共に、示唆に富んだカンファレンスや研究活動、日本のビジネスや経済問題に関する知見やアイデアの交換に率先して取組んで参りました。私たちは、当研究所の果たして来た役割を誇りに思うとともに、その歴史の上に立って、更に邁進していくことを誓います。

日本経済は、いよいよ、安倍首相の提唱する「三本の矢」の第3段階に入り、世界の日本に対する関心は更に高まっています。当研究所は、日本が現在及び将来直面する多くの経済的、社会的課題を明らかにすることを目指しています。米国の主要な大学・研究機関の中で、日本経済に特化した研究所を有するのは、コロンビア大学を於いて他にありません。私たちは、引き続きその使命を果たして参ります。

2014～2015 年度、CJEB は様々な講義やシンポジウム、会議を開催して参りました。2015 年 5 月 21 日には、東京にて年次カンファレンスを行い、その中で、武田薬品工業株式会社の長谷川閑史代表取締役兼取締役会長及び、コロンビア大学ビジネススクールのブルース・グリーンウォルド教授より基調講演を頂きました。「日本におけるコーポレート・ガバナンス改革」と銘打った本カンファレンスでは、多くの日本企業の役員の方々にパネリストとして御知見を披露頂きました。より詳細な内容については、30 ページをご確認ください。

2014～2015 年度における特筆すべき学内公開イベントとしては、以下が挙げられます。12 月のシンポジウム「M&A in Japan: Reenergized」。2 月に行われたジェラルド・カーティス教授による日本政治に関する第 10 回目の講演会「New Directions in Japanese Politics and Foreign Policy」。3 月に開催した、米国三井物産財団よりご後援頂いております第 16 回 三井シンポジウム「How Supply Chains Respond to Crisis: The Japanese Experience」。4 月に NHK と共催で行った「Japan and the World Economy: Challenges Over the Coming Decade」。そして、5 月の講演会「Challenges of Womenomics: Enhancing Women's Leadership in Japan」。

また、CJEB が昼食時に開催する「座談会セミナー」には引き続き多くの皆様にご出席いただいております。産学官各分野でご活躍されておられる講演者の皆様が、コロンビア大学の学生やニューヨークにおける専門家のコミュニティと会し、知見を共有する場としての役割を果たしております。2014～2015 年度の座談会スピーカーには、財務省前事務次官であるとともに、2014～2015 年度の CJEB 客員研究員である、木下康史氏、一橋大学大学院国際企業戦略研究科のクリスティーナ・アメージャン教授、米州住友商事副社長兼 CFO の南部智一氏、コロンビア大学ビジネススクールのウィリアム・ダガン上級講師、コロンビア大学国際公共政策大学院の教授兼 CJEB 研究副部長である伊藤隆敏教授、Aflac Global Investments の副社長兼最高投資責任者エリック・カーシュ氏、味の素のコーポレート戦略部部長下保寛氏らをお招き致しました。CJEB のイベントに関する詳細な情報は、36 ページ以降をご参照ください。

CJEB は、世界的な研究機関であるコロンビア大学の一員として、日本経済、ビジネス、経営システムの研究活動に自ら貢献し、また、研究の支援、普及、啓蒙に一貫して努めて参りました。デイビッド・ワインスタインが指揮する CJEB の研究プログラムの成果は、プロジェクトやセミナー、ディスカッション・グループ、公開プログラム、そして図書館やオンラインでの資料提供活動等に反映されています。(ワインスタインの

研究活動については、21 ページをご参照ください。)また数多くの著名な研究者の貢献の基、当研究所はワーキングペーパー及びオケージョナルペーパー・シリーズ(24 ページ参照)を発行しております。CJEB は今後も更なる研究構想に必要な不可欠なプラットフォームとリソースの提供に努めて参ります。

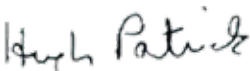
また、CJEB では、コロンビア大学ビジネススクールまたは経済学部において、日本経済やビジネス・システムを専門とし、主に日本に関する論文を執筆する博士課程の学生を対象とした CJEB 博士課程給付奨学金の授与を行っております。加えて、私たちは、日本に興味を持つ大学院生に対する研究助成金(グラント)や夏の給付金(スタイペンド)の支給を実施しております。こうした取組みによって、当研究所は、日本経済、ビジネス、経営システム研究の次世代の担い手を発掘、育成するとともに、コロンビア大学の学生に対する支援に取り組んでおります。当研究所では、この奨学金制度の一層の発展のため、積極的に資金調達活動を行って参ります。博士課程給付奨学金、研究助成金、夏の給付金の詳細な情報は、48 ページ以降をご参照ください。

本年度の客員研究員プログラムも成功のもとに終了致しました。本プログラムでは、産学官各界から選出された研究員が、毎年コロンビア大学ビジネススクールに一定の期間在籍し、それぞれ独自の研究を行います。従来通り、2014~2015 年の客員研究員(40 ページ参照)は、CJEB の月次セミナーへの出席、レクチャーや講演会への参加、講義の聴講、研究成果の発表を行いました。客員研究員は、CJEB とコロンビア大学ビジネススクールにおいて重要な役割を引き続き担って参ります。

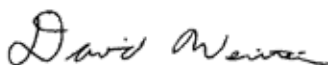
CJEB は米国のコロンビア大学で米国内そして、グローバル社会の中で年々影響力のある組織になってきました。幸運にも、前年秋には、安倍首相がコロンビア大学に来校され、コロンビアのワールド・リーダーズ・フォーラムにてご挨拶をいただきました。ご挨拶の中で、首相が CJEB のこれまでの功績を称えてくださったことを嬉しく思います(29 ページ参照)。当研究所は、引き続き我々ヒュー・パトリックとデイビッド・ワインスタインの共同リーダーシップの下に活動し、いずれはデイビッド・ワインスタイン単独のリーダーシップへ移行する予定です。

本年度、CJEB は、研究副部長として伊藤隆敏を迎えました。日米での素晴らしい経歴と来歴に加え、コロンビア大学国際公共政策大学院教授に就任した伊藤教授はすでに当研究所に多大な貢献をしており、彼が CJEB の主要メンバーに加わったことを大変嬉しく思います。

当研究所がその使命をこれまで達成してこられたのも、ひとえに研究所の教授陣やスタッフの献身、精励、知性と行動力、コロンビア大学ビジネススクール及びコロンビア大学から提供されるリソース、そして企業、財団、個人の皆様からの資金提供の賜物です。当研究所をご支援して下さる全ての皆様に、心より感謝申し上げます。



ヒュー・パトリック
所長



デイビッド・ワインスタイン
研究所長

(ご講演者の皆様のご所属・お役職等は、ご講演当時のものです。)

波乱に満ちた日本のアベノミクス

ヒュー・パトリック著

コロンビア大学ビジネススクール 日本経済経営研究所 所長

コロンビア大学 R.D.カルキンス国際ビジネス名誉教授

翻訳

平尾光司

昭和女子大学 学事顧問 特任教授（グローバルビジネス学部）

日本は 1990 年代初めからの長期停滞から抜け出そうとしている。日本経済の研究を 60 年間ほど続けてきて、その成長と発展の過程を観察してきた結果、日本社会と日本経済の持続の可能性に楽観的信念を持っている。昨年の本欄でこの点にふれたがその後の 1 年間で日本経済に変化はあったもののこの点は変わらないと確信している。

デフレからの脱却はかなり進んできた。しかし、経済成長率は安定していない。2014 年度の GDP は年度前半に成長率は大きく低下したものの、後半に力強く回復して年度通じては 0.9%のマイナス成長となった。今年度の経済は第 2 四半期に成長率がマイナス 1.2%に落ち込み悪いスタートとなった。また、第 3 四半期の成長率は少々しくなく横ばいかマイナス成長になろう。しかし、多くの予測によれば日本経済は再び回復して今後 2 年間は適度の成長を達成すると見込まれている。その後は 2017 年 4 月に予定されている消費税の 10%への引き上げによる、消費需要へのマイナスの影響がどれほど大きくなるかにかかっている。

次の 2 章で日本経済の回顧を国際経済との関連で行う。次いでアベノミクスの諸問題を長期的な経済成長、コーポレート・ガバナンス、エネルギー部門（電力を中心に）を中心として検討する。

日本経済の回顧

● 国内経済

過去 18 か月の日本経済は、2014 年 4 月の消費税の 5%から 8%への引き上げを中心としたアベノミクスの政策の実施とその調整が課題であった。消費税増税の消費、投資へのマイナスの影響は私が予想したより大きく、長期間であった。国内総需要の減少によって GDP は 2014 年第 2 四半期には季節調整後で年率 6.8%の大幅落ち込みとなり、第 3 四半期も 2%の落ち込みを示し、第 4 四半期で 1.2%のプラスに転じ、2015 年度の第 1 四半期には 4.5%と大幅な改善を示した。しかし、9 月初めに発表された第 2 四半期の暫定値では 1.2%のマイナスとなった。これは消費の減少が在庫投資の増加を上回ったためである。円・ドルレートが 2014 年 6 月の 101 円から 2015 年夏には 120~125 円へと大幅に円安が進んだにも関わらず輸出数量が最近まで増加しなかったためである。しかし円ベースでの輸出と輸出企業の利益は大幅に増加した。

「波乱に満ちた日本のアベノミクス」

日本の失業率は7月現在、3.3%であり、1997年4月以来の低水準にある。2013年12月以来、3.3~3.7%台の範囲内に収まっている。しかし、非正規労働者の割合が増加しており、多くの非正規労働者は正社員への転換を希望している。2015年春の賃金改定で賃金は2.2%とわずかに上昇した。これは2014年より僅かに改善している。この程度の改善では消費税増税の影響を完全にカバー出来ず、実質賃金は横ばいとなった。

デフレは終息したようである。しかし、2%という消費者物価指数から消費税増税分を調整した物価安定目標はいまだ達成されていない。企業収益は大幅に増加し、史上最高益を記録した。企業の国内投資は回復の兆しを見せている。景気回復は税収の増加をもたらした。これは税収増加の経済成長弾力性が高いためである。2014年度の予算に対して3兆9700億円の増収となり、2015年度もさらに税収増が見込まれる。この予想外の税収増は政府にとって難しい歳出削減や増税に対する時間稼ぎになる。しかし、消費者心理は低下し、2015年後半の景気回復の足取りは重いだろうという懸念が広がっている。

日本銀行は超低金利政策を続けており、金融市場の緩和は持続している。指標金利の10年国債利回りは2011年春以来、低下基調を続けているがその水準は1月に0.3%、9月には0.4%と極めて低い水準にある。最も注目すべき大きな変化は株価の上昇である。Topix指標は8月初旬で前年比20%上昇した。その後少し下落したが2012年11月の底値からは2倍の水準にある。

● 日本の通商政策

昨年以来、日本は通商政策で二つの建設的な課題に取り組んでいる。TPP(環太平洋経済連携協定)とAIIB(アジア・インフラ投資銀行)である。この二つは日本、アメリカ、その他諸国のアジアの経済的自由化へのコミットメントの象徴である。

TPPは単なる関税、その他の貿易障壁の引き下げにとどまらない。TPPは知的財産権保護、国有企业改革、紛争解決方式の新しいルールの設定を目標にするので国内の制度改革が必要となる。TPPは中国を除外しており、欠点と実行に当たっての困難を伴うが前進のためには現実的な方策と私は支持する。

アメリカ以外の11の交渉参加国は交渉結果がアメリカ議会で修正なしで受け入れられるかどうかは明確になるまで最終提案を出すことをためらっていた。オバマ政権は6月に議会からTPPについての交渉妥結権を付与されるのに成功した。日本とアメリカは2国間の問題—牛肉、豚肉、乳製品、砂糖、コメの関税引き下げについての政府間合意は妥結した。厳しいぎりぎりの交渉の結果、10月5日に12の参加国は基本合意文書に調印した。今後は参加各国の政府・議会の承認が必要である。アメリカ議会は合意を受け入れるか拒否するか90日間の審議を行う予定である。

中国の提案したAIIBの創設は経済的よりも政治的問題が大きい。優れたインフラ整備プロジェクトに資金供給することの経済的正当性は否定することは出来ない。問題となったのは次の2点である。第一のポイントは中国が大きな役割を果たす新しい国際機関を創設するようになるほど経済大国として地位を上昇してきた現実に対応するかどうかである。第二のポイントはAIIBが融資基準、プロジェクト評価基準など銀行運営で世界銀行、アジア開発銀行などと競争できるような水準を実現できるかどうかである。

アメリカ政府は当初はAIIB構想に反対して同盟国や友好国に参加しないように圧力をかけた。しか

し、2015年3月にイギリスが参加を表明した。アメリカは戦略的に外交的にも失敗した。アメリカ政府は狭量な議会がIMF・世界銀行の改革に反対しており、新国際機関の創設など論外に思うと判断していたにしても失敗であった。参加申し込み期限の4月15日には16のヨーロッパからの参加国を含めて57か国が創立メンバー国として参加表明した。アメリカと日本とカナダは主要国の中で未だに参加表明していない。しかし、アメリカはAIIBが国際的基準を維持することに成功した場合、AIIB創設を支持すると表明した。

日本にとってAIIBは複雑な問題である。日本はアジア開発銀行に歴代の総裁を送り大きな影響力を有している。事業の重複による競合は避けられないもののアジア開発銀行とAIIBは共にプロジェクトベースで協力を提案している。しかし、現在の日中関係の緊張を考えると信頼感はない。

AIIBは今年末までに活動開始の予定である。中国はAIIBをどのように運用し、成果を上げるべきかを理解している。これからの5～10年のAIIBの行動、成果によってAIIBの成功か大失敗かを決めるだろう。政治的に選択された融資プロジェクトが不良債権となり失敗に終わる可能性もある。日本が参加決定すれば、それは中国が国際機関としてAIIBの良いガバナンスを確保して、インフラ投資に貢献するという約束を守るという判断を日本がしたという証左になる。

● 国内政治の展開

2014年11月に安倍首相は衆議院の抜き打ち解散、総選挙を発表して国民を驚かせた。有力な反対野党勢力の存在しない中で自民党は選挙に勝利して連立与党の公明党と合わせて衆議院の3分の2以上の議席を確保した。9月に自民党総裁として再選された安倍首相は2018年まで政権を維持して、さらに自民党総裁3期目も務めて2020年のオリンピックまで首相を務める可能性が高い。そして任期の期間を通じてアベノミクスと呼ばれている経済政策と安全保障問題を最優先課題として取り組むであろう。安全保障関連法案が成立したので今後数か月は経済政策が国会での最優先テーマとなろう。

日本経済の国際環境

世界銀行は2015年6月に世界経済成長の予測を発表した。それによると世界経済の成長率は2015年に2.8%、2016年には3.3%、2017年は3.2%という予測になっている。この成長の牽引力は途上国のキャッチアップ型の成長であり、特に人口の大きいインド、中国に依存している。多くの国が2008～2009年の世界金融経済危機からの回復を達成しているものの中近東の不気味な情勢に巻き込まれているアメリカ、ヨーロッパに生じている不安定さは問題である。

グローバル金融システムはドルとユーロが中心になっており、取引、決済、外貨収入、貯蓄手段としてのドル、ユーロの地位は揺らいでいない。中国の人民元の国際通貨として役割について議論には日本円の国際化の歴史的教訓が参考になろう。世界第2位の経済大国への発展と日本政府の円の国際化への努力にも拘らず円は国際通貨としての地位は低い。2010年の実績では日中間の貿易取引の60%はドル表示であった。2012年から開始された日本円—人民元の直接取引市場の拡大によってこの状況は変化する可能性が高い。

世界のどの地域も複雑な問題を抱えている中でアメリカ経済は順調に回復している。ヨーロッパは経

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済的な問題に加えて難民、移民の大量流入という社会問題に直面している。中東情勢は泥沼化している。ロシアはロシア固有の問題を抱えている。ブラジルは巨大産油企業ペトロブラスの汚職問題などによって成長がストップしている。

東アジアの持続的な経済発展は過去 60 年の最大の経済成長の物語である。最初に日本が成長し、韓国、台湾、香港、シンガポールが続いた。そして現在は中国、インドネシア、アセアン諸国が後を追っている。成長するアジア、特に中国とインドはグローバル経済の成長エンジンの役割を果たして行くだろう。今後 10 年間の東アジアの成長率は 5~6%を維持するであろう。中国の成長率は減速したとはいえ 6~7%の成長率を維持する可能性が強い。またアセアン 10 か国の成長率は 5%と予想されている。

もっとも重要なグローバルな変化は中国の政治的、経済的な地位の上昇である。これは地政学的な大きな環境変化をもたらした。日本のアセアン諸国における静かなるリーダーとしての地位は中国によって崩されつつある。中国はさらにアジアにおけるアメリカの歴史的に維持してきたリーダーシップにも挑戦している。

14 億人の人口を有して中国は GDP の規模で見ると世界第一位になるであろう。しかし、中国は高い生活水準を享受するための技術先進国、高生産性国にほど遠い状態にある。購買力を替平価で計算すると中国の一人当たりの GDP は 2014 年で 12,609 ドルであり、日本の 35,635 ドル、アメリカの 52,218 ドルと比較すればはるかに低い水準にある。中国の今後 10 年間の経済成長率の予想は 3~7%の範囲にある。日本経済研究センターの予測によると中国の成長率は 2025 年には 4.1%まで徐々に低下する。

政治的には緊張関係にあるものの日本は中国との経済関係は良好であった。特に貿易関係はそうである。中国は日本にとって最大の輸出市場であり、輸入先としては第 4 位である。2014 年の日中間の貿易総額は 3,400 億ドルに達した。これは二国間貿易の規模では世界 3 位の規模である。また、日本は中国への最大の直接投資国でありその残高は 1,000 億ドルを超えている。しかし、フローベースでみると 2012 年にピークの 10 兆 7,600 億円を記録したあと 2013 年には 8,870 億円へ、2014 年には 5,420 億円へと急減し、2015 年上期にはさらに 16%の減少となっている。この減少は中国の急激な賃金上昇による人件費の高騰による影響もある。加えて企業が生産、サプライの地域的な集中を回避するために投資先地域の多様化戦略によるリスクヘッジを進めていることも反映している。日本企業の投資意思決定において日中の政治的環境が考慮されているかは明らかでない。驚くに当たらないがアメリカは日本の直接投資先としては最大で、ヨーロッパがそれに続いている。

経済的、政治的、社会的な相互依存が高まるグローバル化への取り組みは日本にとって重要である。世界は永住移民問題を別として貿易、資本、観光、留学、情報、等の流れでますます開かれてきている。DHL グローバル連結指数はこのようなグローバル化の指標を計数化して、ウエイト付けをして算出されている。2014 年度の指数によると日本のグローバル化の進展度は 140 か国中で 40 位である。日本は資本、情報の流れではグローバル化が進展しているが貿易取引の対 GDP 比率が 72 位と低い。これは日本が国内経済の規模に比して貿易規模が小さいことの反映である。ちなみにシンガポールは非ヨーロッパ国では唯一上位 10 位グループに入っている。アジアの他の中継港国家である香港が 11 位である。ちなみに韓国 13 位、アメリカは 23 位である。

なぜ日本はもっと世界につながらないのか？第一には日本のアジアの近隣諸国と地理的、政治的、所得水準においてヨーロッパ諸国間のように近くないことである。日本は大陸ヨーロッパと比較すれば

島国であることも大きい要因である。日本人はガラパゴス症候群をよく口にする。これは外の世界との交流が少ない自閉的な島国であることを意味する。日本語を話し、理解する外国人が少なく、英語を話す日本人が少ないことも大きな障害となっている。

このように見ると日本が外国に開かれた、親しみやすい、快適な、安全な国であることを見逃すことになる。日本はおもてなし文化と発達した観光産業を有している。2014年の訪日観光客は1,090万人と2013年の実績800万人から急増している。訪日観光客の日本国内での消費支出は167億ドルに上った。訪日観光客の83%はアジアからである。台湾25%、韓国21%、中国16%であった。中韓からの観光客の増加は中国、韓国の国民が自国でのメディアの反日報道に対して正しく日本を理解するために重要な役割を果たしている。

長らく待たれていた安倍首相の戦後70年談話は8月14日に発表され、多くのコメントが寄せられた。もっと踏み込んだ内容にすべきというコメントもあった。談話はその内容と全体のトーンで慎重に構成されていた。談話は「自由で、公正なオープンな経済システム」を守る決意と「自由、民主主義、人権のような基本価値」を守ることも表明した。

安倍首相の政策目標は日本を単なる経済大国を超えて積極的、建設的、平和志向のグローバル国家に再生させることである。安倍首相のもっともドラマティックで論争を巻き起こした行動は安全保障問題である。安倍首相は憲法が限定された集団的自衛権を認めていると解釈し、自衛隊の平和目的のために海外派兵を認めていると解釈した。その狙いは日本が同盟国、特にアメリカと緊密に協力してシーレーンの確保も含めた日本の防衛にあたることを可能にすることである。国民の懸念表明と国会での反対野党の引き延ばし戦術にもかかわらず法案は9月20日に成立した。私は日本が近い将来、軍事国家になる可能性はなく国際的にも冒険を試みるような事はないと考えている。安倍首相の関心は安全保障にあるかもしれないが、国民の支持につながる経済政策にもっと注力しなければならないであろう。

アベノミクスの評価

アベノミクスは現政権の経済政策の主要な柱である。それは非常に野心的な長期目標とそれを実現するための一連の政策を設定して日本人の気持ちを前向きに変化させることを狙っている。実質2%の経済成長率、3%名目成長率の達成、デフレからの脱却(2年以内に消費者物価指数の2%上昇)、2020年までに女性管理職の比率を30%へ、原発運転の再開、農業・医療などの分野の岩盤規制の緩和などがその柱である。

アベノミクスの第一の矢は日本銀行による積極的な金融緩和によるデフレ克服である。第二の矢である柔軟な財政政策は最終的には財政健全化と整合性を持たなければならない。その成功は、安倍首相とその内閣、財務省による強力な後ろ盾にかかっている。第三の矢は成長、イノベーション、構造改革が中心でありこれらの課題は投資家、イノベーターとしての企業と消費者、労働者として家計部門が積極的な担い手として期待されている。アベノミクスの第二の矢と第三の矢は相互に関連している。何故ならば健全な成長と十分な民間需要の増加が財政再建の基礎だからである。

アベノミクスは日本の三つの主要な経済的課題への挑戦である。それは第一に人口構造変化への対応であり、第二は労働生産性の大幅な引き上げであり、第三には巨額な国家債務から生じる財政危機の未然防止である。これは短期間に処理できないし、また魔法の妙薬もない。健全な経済成長が

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改革実行の経済資源確保のために必要である。また広汎な分野での改革の実行には芯の強い政治的な意思が必要である。アベノミクスはインセンティブの付与、既存組織・機構の再編、規制システムの改革、企業の雇用制度の変革などの多くの分野の問題への取り組みを内容としている。

9月24日に安倍首相はアベノミクスの第二弾を発表した。それは新三本の矢である。第一の矢は2020年の名目GDPの600兆円への増加(2014年比22%増)、第二の矢は総人口1億人を維持するために出生率を引き上げる、第三の矢はそのために若年層への子育て支援、高齢者への配慮などの社会保障を強化する。これらの新三本の矢は従来のアベノミクスと本質的には変わらず国民に理解されやすいよう書き変えたともいえよう。新アベノミクスはこれまでの政府の目標をあらためて確認しているが具体策を欠いている。600兆円への名目GDP目標の引き上げは2%の実質成長率と2%の消費者物価指数上昇によるGDPデフレーター1%上昇を言い換えたものにすぎないともいえよう。

アベノミクス:デフレの終息

もっとも緊要の目標—第一の矢は15年前から持続してきた根強いデフレに終止符を打つことであり、消費者物価指数を年率2%の上昇を達成することである。消費者物価指数は生鮮食料品価格と消費税増税のような一過性の要因を除去するためにコア消費者物価指数が重要視されている。

黒田日銀総裁は2013年に就任した際に2015年度末までに2%のインフレターゲットを実現するという公約をした。黒田総裁はその公約達成のために積極的な金融緩和政策を展開した。2014年10月にはさらに市場を驚かすような追加金融緩和を実施した。これは正しい政策であり、黒田総裁は反対論に負けず着実に緩和政策を続けている。コア消費者物価指数は黒田総裁の金融緩和策が実施されてプラスに転じピークの2014年4月には1.5%上昇した。期待以上にデフレから転換が進んだ。

しかし原油価格の大幅な下落による一時的な中断し、2015年7月に消費者物価指数の上昇はゼロになった。8月には0.1%のマイナスとなった。これは原油価格の下落が経済全体に行き渡った影響である。

しかし今後数か月では好転が見込まれる。世界的な原油価格の安定によりコア消費者物価指数は上昇トレンドを取り戻すだろう。日本のデフレ心理はかなり弱くなった、しかし、完全には消えていない。民間部門の総需要の回復の弱さを考慮すると日本の超低金利政策は今後数年間は継続すると予想する。1%の物価上昇は比較的早く実現するだろう。しかし黒田総裁は2%のインフレターゲットの達成時期を2016年9月まで延期せざるを得ないであろう。それからさらに延期する可能性もある。2%の目標を実現するためにはさらに金融緩和が必要となろう。物価上昇目標が達成されるかどうか、また達成できる時期はいつか不確定である。この再追加緩和は来年まで実施されないであろうと考えていたが10月に入ってから経済指標を見るとその可能性は早まったと筆者は考えるようになった。

アベノミクス:財政政策

機動的な財政政策はアベノミクスの二本目の矢である。原則として財政政策は完全雇用成長が達成されるまで公共支出によって景気を刺激し、民間総需要が増加して完全雇用が達成されたら財政赤字を削減するために支出を削減する。日本は国の総債務の対GDP比率246%(純債務比率は130%)を下げなければならないからである。

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財政政策の大きな争点は二つある。一つは年金カットなどによる社会保障支出を削減し、消費税を引き上げる財政緊縮政策であり、一つは完全雇用で国内総需要水準を維持するために財政による景気刺激を続けるかである。言い換えれば日本の政策決定者と国民が不況か財政破綻危機のどちらかをより強く懸念するかを選択の問題である。

先進国の事例に照らし合わせると、私はマクロ経済の問題を解決するためには成長優先政策が緊縮政策より望ましいと判断している。もちろんその場合には政策担当者(政府)に必要な政治的に困難な構造改革の実行を強く迫る必要がある。国家債務の上昇は無限に続けることは出来ない。国家債務が増加していけばある時点で国債保有者は政府の元利支払い能力に疑いをもち、財政危機を引き起こす。

政府支出のどの項目をどれだけ削減するのか、どの税項目をどれだけ増税するのかなどについて不確定であるし、活発な議論がなされている。政府の社会保障費は高齢化にともない年金と医療費で毎年約1兆円の増加が見込まれている。政府は年金給付額をどれだけカットして、医療保険への拠出金をどれだけ増加させるかについてまだ決めかねている。

2014年の消費税率の5%から8%への引き上げは個人消費や企業投資に私やエコノミストが予想したより長く、大きい影響を日本経済にもたらした。増税は財政危機を回避するために今後7~8年を見通した時に必須の第一の方策であったのか? また増税はGDPの変動や成長率の低下を考慮すると経済的には高いコストに付いたのではないのか? 当研究所の専門家の意見も分かれており、私も適切な回答を持っていない。この問題は日本経済の将来についての日本人、外国人の見方に懸っている。

安倍首相は消費税の10%への引き上げを2015年10月から2017年3月まで延期した。同時にそれ以上の延期はしないことも明言した。これは成長の回復が実現していても一時的に水をかけられることを意味する。

法人税税率の軽減はここ数年間の課題であったが4月に実現した。日本の法人税率は37%と先進国の中ではアメリカに次いで高い水準にある。2015年から実効法人税率は2.51%低下して32.11%となる。

政府歳入は2014年度には4兆円も予算編成時の見積もりを上回った。この増収の一部は消費税増税のお蔭である。この税収増加は政府に財政改革実施に時間的余裕を与えることになる。そして、それは必要である。甘利経済産業大臣は9月8日にこの税増収を利用して中国経済の減速によるマイナスをカバーする2兆円の内需喚起のための補正予算編成を提案した。この補正予算の規模は2013年の5.5兆円、2014年の3.5兆円と比較すればはるかに少ない。甘利提案の補正予算は年度末までに成立するであろう。

財政改革のためには社会保障費の削減、税率引き上げ、税制改革を中低所得層、高齢者に負担が増加しないように実行しなければならない。このことは財政再建の負担が上位10~20%の所得階層に担われることを意味する。一つの方法としては、彼らに対する年金給付の削減と医療費負担の増加が考えられる。

しかしながら日本はこれまで他の税項目より消費税の増税に依存してきた。これは逆進性により低所得階層に負担が大きいものの国民に広く理解され、一般国民は渋々ではあるが受け入れてきたからである。

私の税制についての考え方は日本では広く受け入れられていないが次のようなものである。第一に格差の拡大を部分的に抑えるために地方税である不動産税に加えて、国税として不動産税を導入す

ることである。しかし、政治的な困難さから必要なデータは十分でない。第二は所得税の累進性の強化である。第三には環境負荷を抑制するための高率の炭酸ガス排出税の導入である。とりわけ、国際的な協力体制を確立することができればだ。

2017 年以降も増税は避けられないが、政治的にきわめて困難なことである。日本は歳出削減か増税かの厳しい選択に迫られるであろう。このため、今後数年間は財政再建のために経済成長が政治的に経済的にまた社会的にきわめて重要になる。

アベノミクス: 成長戦略

経済成長は調整のコストを下げ、柔軟性を持って実行する資源を供給する。経済成長を達成する為には大胆な構造改革が不可欠である。従ってアベノミクスの第三の矢は持続的な完全雇用下の高成長を達成するための日本経済の「活性化」である。

第三の矢は三つの側面がある。第一はこの実行には数年要するということである。第二は民間企業が中心的役割を果たすことである。第三にはこの成果が上がるまで長期間を要する。第三の矢の政策措置は企業の経営力とガバナンスの向上による収益力の改善、イノベーションの推進、IT(情報技術)の高度化、人的資源の開発である。

6 月 30 日に政府は経済活性化、再生の改訂版を発表した。内容は広い政策分野をカバーし、具体的事例も挙げている。その中には 2020 年の東京オリンピックまでに達成すべき 6 つの目標が紹介されている。それらは次世代交通システム、エネルギー管理システム、ロボット技術、医療技術、外国人訪問客 2 千万人、対内直接投資の増加である。企業よりの規制緩和と競争促進、岩盤規制で守られてきた農業、医療、エネルギー、雇用の分野での市場主義の強調も打ち出された。

政府はこれらの分野で法律改正、政策措置などを発表し始めている。これまでのところ特筆すべき成果は上げていないし、時間を要する課題が多い。しかし、岩盤を崩す象徴的ないくつかの行動を取ることが重要である。

農業はその代表例である。日本の農業が経済に占める割合は小さく GDP の 1.2%、雇用の 3.4%にしか過ぎない。しかし、専業農家は 130 万と全世帯の 2.6%をしめるに過ぎないが地域を支えており、政治的にも社会的にも重要な存在である。JA(全農)は農協—全中の上部組織である。全中(農協中央会—農協の中央組織で肥料、種子、などの農業資材の購入からコメの販売の半分を扱うなど多様な経済活動を行っている)は強力な組織である。その結果、日本の農家は厚い保護の下にある。農業世帯の平均所得は非農業世帯のそれを上回っている。

多くの農家の耕作規模は小さく、ほとんどの農作物、特にコメで競争力が低い。しかし安倍首相は農業を第 3 の矢の戦略に取り入れて、農業が世界市場に向けて生産、輸出する姿を描いている。しかし、農業は専業農家の減少、耕作面積の縮小が続いている衰退産業である。2014 年の農業センサスによると日本の農民の平均年齢は 66.8 歳、また 65 歳以上の割合は 63%に達する。これらの農民は大規模で生産性の高い 20 万人ほどの若い農家にとって変わられるであろう。

日本の農業の自給力はカロリーベースで 39%であり政府の目標の 45%より低いのは良いことである。何故ならば日本が非効率な国内生産より安価な輸入農産物に効率よく依存していることを示しているからである。食料安全保障は穀物、大豆、食肉など貯蔵可能な食料は備蓄によって確保されている。

日本政府は農業改革を円滑に進める政策を取っている。2015年2月には全中—JAに単位農協をコントロールする権限を制限することに同意させた。全中—JAの特別な法的地位も変更されて一般団体と同じになり、単位農協を監査、指導する権限はなくなる。しかし、JAの影響力は維持されるであろう。特に融資事業やその他の金融事業を通じてその力は残るであろう。また農家の多くはJAグループの指導の下に農産物を生産し、グループの販売網を通じて市場に出荷している。これによって全中は米価に大きな影響力を持っている。2018年にコメの作付け制限の撤廃が予定されているので米価はより弾力的になろう。

この農協改革は1950年代の農地改革以来の大きな農業改革である。農協改革は直接的効果はないもののより広汎な影響をもたらすであろう。TPPが実施段階に入ると農業関税が引き下げられ、他の輸入障壁も撤廃される。現在、コメの輸入関税は700%を上回まっている。

労働市場改革はまだ限定的である。日本の労働力は66百万人(2015年6月現在)、でピークの1997年の68百万人から減少している。男女別では男性が38百万人(57%)女性が28百万人である。7月の失業率は3.3%で有効求人倍率は過去23年で最高水準にある。2013年1月以来の2年半で男性の雇用は10万人、女性は90万人増加した。安倍政権は女性この増加は女性が働きやすい環境をつくる「ウーマノミクス」政策の成果としている。しかし、女性の雇用増加は政策効果よりは労働市場の需給ひっ迫によるところが大きい。

女性管理職の比率を2020年までに30%に引き上げるというきわめて野心的な目標であるが非現実的である。問題は企業や官庁において今後5~10年で管理職に登用できる女性の母集団が小さいことである。上場企業の多くは管理職コースの女性の採用を増加させており、15年後には30%の目標は達成されるかもしれない。

変化しているとはいえ、日本の企業文化は依然として男性中心である。女性管理職の比率は9%以下である。現在の企業文化は変化しつつあり少数の女性管理職の登用には対応できるであろう。しかし、その比率が30%になるとマネジメント、ライフスタイル、文化の在り方が大きく変化するであろう。

日本は他の先進国と同様に専門技能、知識を持った外国人を求めているが、移民と外国人労働者受け入れについてはきわめて制限的である。日本は熟練、未熟練労働者の受け入れによって大きなメリットを受けるが移民の受け入れにはきわめて慎重である。日本の正規外国人労働者78.8万人の(総労働者の1.3%)のうち日系ブラジル人など日系人が33.9万人を占めている。特殊技術労働者は14.7万人、技術研修生は14.5万人、就労許可ビザを持つ留学生は12万人となっている。

外国人労働者の受け入れ増加政策の中心は外国人技能労働者の数を約6万人増加し、それらの労働者に就労期間を3年から5年に延長するというものである。外国人労働者の受け入れについての政府の態度を示しているのが7月に発表した家事労働者についての受け入れ緩和措置である。この緩和措置は国家戦略特区(主として東京、横浜、大阪)において働いている外国人のために働く外国人家事労働者に特別のビザを発給されるというものである。しかし、なぜ日本人には外国人家事労働者の雇用が認められないのか？またなぜ国家戦略特区に限定されるのか？外国人家事労働者の活用は日本の既婚女性の就労参加促進の有効な方法である。

アベノミクスは国際的に競争力のある大学院、研究機関の強化によって大学制度の強化を提案している。全体的に言えば日本の大学制度は優れている。しかし、短期大学、地方の私立4年制大学は厳しい環境にある。これは18歳人口の減少によって入学者が減少しているからである。

2011年に学部学生は290万人、大学院生は27.2万人でピークをつけた。国公立大学は水準が高

いので入学者減少は主に私立大学で生じている。私立大学数は2004年の542校から2013年のピークには606校に増加したがそれ以来減少に向かっている。しかし、弱体大学は学生が減少しても閉校や合併に踏み切れないので大学整理には時間がかかる困難な過程となろう。私立短大2004年の451校から2013年には334校に減少し、学生数は21.4万人から12.9万人へと大幅に減少した。

日本経済の長期的な成長

日本の総需要が適切な水準にあると楽観的な前提をおけば長期的な成長率はサプライサイド(供給力)に依存する。労働力とその能力、資本ストックの増加、イノベーション、生産性向上などの供給力の増加である。GDP成長率は労働者の増加(厳密には総労働時間の増加)、資本ストックの純増とイノベーション、および全要素生産性(TFP)と呼ばれる生産性の向上(ソローの成長会計による)によって決まる。TFPは研究開発、教育、発明などの諸要因の複雑な相互作用によるイノベーションなどに依存する。

日本は戦後を通じて1990年まで製造業が世界の先端技術を導入して高い生産性の上昇を実現してきた。1990年代に入って生産性上昇は減速した。成長は労働と資本をより効率的に配分することで達成される。これがアベノミクスの野心的な第三の矢の焦点である。

日本の労働力は今後毎年約0.5%ずつ減少していく。女性、中高年の労働力の活用は一時的であり、数年経てばその効果は薄れる。したがって日本の成長は労働生産性—労働時間当たりの実質GDPに依存する。日本の労働熟練、資本ストック、技術水準はすでに高水準である。しかし、日本の生産性はG7先進国に大きく遅れをとっている。2013年ではアメリカの61.6%の水準にとどまっている。

2015年3月にマッキンゼー・グローバル研究所が「日本の将来、生産性と成長に再点火」という128ページの総合的な、詳細な報告書を発表した。その中で広汎な対策を提案しているが特に「企業部門がグローバルなビジネス慣行の最適なものを広く採用すること、新技術への投資増加、大胆な新しいビジネスモデルの採用」を強調している。この報告書は日本の採るべき方策を大胆に、具体的に提言している。

2015年6月に発表された政府の成長戦略は今後約5年間にとる予定の政策を述べている。2%という野心的な成長目標は労働生産性、TFPが年2.2%増加することが前提になる。これは過去25年間の実績をはるかに上回る成長である。

多くのエコノミストと同じく日本が2%成長を達成するのは困難とみている。それは政府が第3の成長の矢を全面的に実行出来ないだろうと考えるからである。政府の1%という下限見通しがより現実的である。実質成長率1%、完全雇用、消費者物価指数1.5%、国家債務の対GDP比率の漸減がその見通しの内容である。実質経済成長率1%は悪くない数字である。一人当たりGDPは約1.5%の増加となる。これは1992年以来的実績のおよそ2倍にあたる。

IMFの日本経済見通しはより慎重である。GDP成長率は2015年の0.8%から2016年には1.2%に上昇するが2017年に予定されている消費税の10%への引き上げにより成長率は0.4%に低下して、2018年から2020年までの成長率は0.7%に止まると予想している。この見通しはIMFから見て民間投資水準の低さ、正社員の解雇困難と非正規労働者の相対的低賃金と劣悪な福利厚生水準など労働市場改革の遅れについての懸念が反映されている。

「波乱に満ちた日本のアベノミクス」

長期的な見通しとしては労働投入の減少の中で2%の経済成長は素晴らしい目標ではあるが達成は困難である。アベノミクスが構造改革に成功し、デフレ脱却を実現したうえで1.5%の成長できたら成功である。それは一人当たりGDPが2%を上回ることを意味しており、これは歴史的にみても、国際比較でも高い成長と評価されるであろう。

コーポレート・ガバナンス

日本では他国同様にコーポレート・ガバナンスは会社が正しい、機敏な意思決定を行うシステムであり、経営内容の適切な透明性を確保するための十分なディスクロージャーが裏付けとなる。そして株主、顧客、従業員、コミュニティなどのステイク・ホルダーの利益を実現する。実際には日本企業は大企業、中小企業を問わず、永年築いてきた内部者中心の自社固有の企業文化を有する。コーポレート・ガバナンスは不透明で、内部者の牽制に依存している。企業のマネジメントが内向きで外部からのチェックがなく、経営陣の権限が強いので改革が必要である。

上場企業のコーポレート・ガバナンス改革はアベノミクスの成長戦略の柱であり、順調なスタートを切っている。基本的な目標は上場企業の経営者が現在と将来の投資家に対してより責任を持ちステイク・ホルダーとの対話を進めることである。と言っても経営者を守る現行のシステムを根底から変更するものではなく、経営の透明性、開示によって企業の収益性を高めることが目標である。

東証一部上場企業1,895社を含めて上場企業総数は3,500社である。これら上場企業のガバナンスはいくつかのタイプがある。創業者家族の経営への影響は上場当初は続くが徐々に長期雇用、内部昇進によって養成された専門経営者が経営の中心になっていく。社長、会長、ほとんどの取締役は内部選考で指名される。いくつかの企業は社長が強力な権限を持ち、発揮する社長主導型経営モデルに転換した。これによって戦略的意志決定をスピード感を持って実行することが可能になった。企業によっては退任した社長・会長が顧問などで社内に留まり経営に影響力を発揮している。

法律的には日本の株主はアメリカの株主より強力な権限を有している。しかしそれは適切に行使されていない。日本の機関投資家は安定配当と自社の経営への介入の抑制の見返りに投資先企業の経営者支配を認めている。株式の持ち合いが経営者の利益を守る役割を果たしてきた。株主の経営に対する発言は主に外国株主からなされてきた。以前に外国アクティビスト投資家によるいくつかの敵対的企業買収は大きな話題になったが失敗に終わった。しかし、最近では外国だけでなく国内の機関投資家も企業経営者に対して巨額な内部留保の現金資産を増配、自社株買取りに使用するように要求しており、さらには国際的にみて低水準にある投資資本利益率(ROI)や総資産利益率(ROA)の引き上げを要求するようになっている。外国株主は東証上場企業の32%を占めている。

東京証券取引所と金融庁は外部の意見も踏まえて2015年6月に重要なコーポレートガバナンス・コードを実施した。これは望ましいガバナンスのあり方とOECDモデルを参考にしている。

日本のコードは法的強制力を有しないが社会的評判に強力な影響がある。従ってこのコードは企業改革の推進力となる。コードは上場企業が遵守し、遵守出来ない場合の説明責任を要する五つの原則を決めている。最初の二つは第一に上場企業は少なくとも2名の独立社外取締役を指名しなければならない。第二に株式持ち合いを減らすために持ち合いの基本ルールと株主投票権行使の基準を開示しなければならない。残りの三つは企業情報開示と経営の透明性の確保、ステイク・ホルダーとの適切な協力、企業業績に役員報酬を連動させるストックオプションの導入である。

「波乱に満ちた日本のアベノミクス」

東証上場企業のうち1名以上の社外取締役を任命している企業は2010年には12.9%であったが、2014年には21.5%と増加してきた。そして2015年には92%の一部上場企業は1名以上の社外取締役を任命している。全ての東証第一部、第二部上場企業が2名以上の社外取締役の任命の基準を満たすためには全体で1,848名の独立社外取締役の任命が必要になる。問題は数よりも社外取締役としての資質、知識と独立性を持って取締役会での質問、発言する能力、経営に対するコミットメントを持った人材の存在である。過去において社外取締役はお飾りの存在で経営の基本問題は内部昇格経営者が決めて取締役会は単に提案・議題を承認するだけであった。

株式持ち合いは戦後の日本企業社会では経営者支配の基本的な仕組みであった。銀行は金融危機の後の金融改革で持ち株の大部分を売却した。しかし、一般企業の持ち合い株式所有は続いていた。株式持ち合いの目的は取引関係の維持であり、取りも直さず敵対的買収の防衛策になる。政府は法的には持ち合い解消を強制することは出来ない。しかし、コーポレートガバナンス・コードは東証上場企業には持ち株の経済的合理性を開示することを要求している。大企業300社のうち60%は持ち合い株の一部を処分した。しかし持ち合い解消がどこまでどのようなスピードで進むかは今後の課題である。

政府の支援しているJPX-NIKKEI 400指数は好業績の企業銘柄を選択している。好業績の基準は3年間のROE、営業利益の累積額および時価総額である。8月に2回目の銘柄入れ替えが行われて42社が入れ替え対象になった。経営者は指数銘柄に指定されることを熱望するので業績改善への強いインセンティブとなる。経済評論家はJPX-NIKKEI指数を“恥辱指数”と呼んでいる。なぜなら大企業でこの指数に組み入れられないことは経営者にとって恥であるからである。これは日本文化が“恥の文化”であることから効果的な経営改善の手段かもしれない。

東芝の不祥事件は衝撃的である。これは不適正な会計処理によって東芝グループの営業利益を10%以上も2014年3月まで5年間に亘って水増し計上していた。東芝はグローバルに高く評価されている優良企業であり、東芝は特許件数では世界7位にあるイノベーション企業である。4名の社外取締役を擁してコーポレート・ガバナンスを実行していると思われていた。東芝のトップのリーダーシップが強力でその非現実的な収益目標の指示に中間管理職層は抵抗出来ず、また内部のチェックシステムも機能していなかった。数年前のオリンパスの不祥事件は中堅企業のケースであったが東芝のケースは名門大企業でいかにガバナンスを実効的に運用するかという問題を提起している。

エネルギー問題

エネルギー問題は日本の弱点である。それは環境問題とエネルギー確保の安定性から起因している。日本の長期エネルギー政策のポイントは明快である。安定したエネルギー供給を低コストで確保することである。しかしその実行はグローバルでダイナミックに変化する関連産業の中で複雑で困難なプロセスである。

日本にとって化石燃料が他の先進国と同じように圧倒的に主要なエネルギー源である。化石燃料は相対的には安価であるが温暖化ガス排出、汚染物質排出の問題がある。かなり以前に石炭資源を掘り尽くした日本は原油、LNG、石炭をすべて輸入に依存している。エネルギーの安定確保は日本の地政学的な課題である。問題は化石燃料、原子力、再生エネルギーのベストミックスを達成するかということである。

安価なシェール原油、ガスの急速な開発と太陽光、風力の利用によって世界は破壊的なエネルギー革命のさなかにある。エネルギーコストと価格は劇的に下落している。日本国内でもグローバルにも無数の技術進歩が達成されつつあり、産業、家庭へのエネルギーの生産、輸送、配給の効率化が進んでいる。

原油価格がピーク時のバレル 117ドル(2013 年 8 月)から 42ドル(2015 年 8 月)へと急激に低下して日本の交易条件を大きく好転させている。しかし 2%というインフレターゲットの実現を困難にしている。LNG(液化天然ガス)は日本に原油価格に連動した価格で輸入されてきた。LNG 市場価格は不透明であるが徐々に弾力的になっている。永年かけて日本の輸入企業は LNG のプレミアム価格を低下させる交渉に成功してきた。

第三の矢のもっとも成功しているのがエネルギー政策である。北海道から沖縄までの 10 の電力会社の地域独占的支配力を削減してきた。電力小売り市場は 1 年以内に完全に自由化され、2020 年までに発電、送電、配電の 3 事業が分割・分離される。

福島原発の事故は日本の気候温暖化への主導的な地位を揺るがした。京都議定書の温暖化ガスを 2020 年までに 25%削減するという目標の実現を困難にしている。これは他国も同様である。2015 年の G7 の会合で安倍首相は 2030 年までに 2013 年比で 26%削減すると言明した。これは 1990 年基準で 18%削減に相当する。これでも実現出来たら大いなる達成といえる。

日本のエネルギー利用の 4 分の 3 は自動車の燃料と家庭の冷暖房と調理用のガスが占めており、残りに 4 分の 1 が発電に利用されている。

日本はエネルギー資源が乏しいために 2014 年実績で一次エネルギーの 90%を輸入に依存している。(一次エネルギーは自然界のエネルギーで人工的に転換・変形されていないエネルギーを指す。)このため日本は世界最大の LNG 輸入国、第二位の石炭輸入国、第三位の原油輸入国である。化石燃料の安定的で安価な確保が日本の外交政策の優先課題である。日本は原油輸入の 82%を中東に依存し、サウジアラビア 1 国だけでも 33%依存している。LNG の輸入先はかなり多様化しており、オーストラリア、マレーシア、カタールが主要供給国で 4 分の 3 を占めている。国内資源では最大の水力資源が総エネルギーの 3%、電力の 8%を占めている。原子力発電が福島事故以前には電力の 30%を供給して、2017 年には 40%まで上昇すると計画されていた。

6 月 30 日に経済産業省は 2030 年の一次エネルギー構成と電力供給の見通しを発表した。政府は長期目標としては化石燃料に依存しないエネルギー源として水素、核融合の技術開発を支援するが今後 20~30 年間は化石燃料に大きく依存するとしている。

2030 年では原油、石炭、LNG が一次エネルギーの 75%を占めると予想している。これは 2010 年の 82%、2013 年の 92%よりは低下する。再生エネルギーは 13~14%、原子力は 10~11%である。発電方法に関しては大きな変化が起こることが予想され、再生エネルギーが 22~24%となり、原子力が 20~22%となるであろう。この見通しは 3 つの点で印象的である。

第一には石炭が発電に占める割合は福島原発事故以前の 10 年間平均の 24%より高い 26%になるとされていることである。日本企業は排出ガスの少なく効率の高い石炭火力の技術を開発して輸出を目指しているが高価なため輸入国の環境対策に強いコミットメントが無いと輸出は困難である。日本国内では大規模石炭火力発電所はクリーンでコスト競争力を有する。これは建設コストは高いが金利は低く運転コストは低いからである。既存の石炭火力発電所は 2030 年までに建て替えられる。石炭火力の競争エネルギーは LNG と原子力である。

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2030年に再び原発に大きく依存することは既存の原発の再稼働だけでなく新規原発の建設も想定している。私はこれが達成可能とは思わない。福島原発事故後の原発に対する国民の反発を考慮するとこの目標の達成のためには国民感情の大きな変化が前提になる。福島原発事故以来、電力料金が産業向けに29%、家庭向けに19%も上昇しているので原発による電力料金の引き下げは日本国民の電力料金値上げに対する不安を鎮める効果はあるかもしれない。安全な原発は大気汚染をもたらさないが使用済核燃料の廃棄と老朽原発の撤去は重大な未解決の問題である。原発燃料の確保は問題でない。何故ならばウラニウム供給源は地理的に多様な民主主義国家群にあるからである。

2011年3月の福島原発が重大な損傷事故を起こした東日本大震災から2013年9月までに日本の54の原発はすべて運転を停止した。原子力規制委員会は新しい厳しい安全基準を策定した。その結果、電力会社は安全基準を満たすための改良コストが高すぎる7基の原発の廃棄を決定した。

運転可能な原発43基のうち32基の原発が再稼働の候補となっている。原子力規制委員会は5基の再稼働を認め16基が審査中である。ロイター通信の調査によると今後数年間で稼働が見込まれるのは7基に止まる。更に、少なくとも13の原子炉においては耐用年限を通常の40年間よりも延長させる必要が出てくる。

経済的メリットはあるとはいえ再稼働までのプロセスは用心深く進められている。九州電力の鹿児島県にある川内原発が8月14日に再稼働1号として運転開始した。2014年に再稼働が認可されてから11か月後に運転開始した。これは地域の反対と詳細な点検のためであった。再稼働1号は今後の後続する原発再稼働を国民が受け入れ、2030年のエネルギー見通しでの原発の位置づけが実現できるかの試金石である。

化石燃料は不可欠であるが大気汚染をもたらす。大気汚染は静かに人命を奪う。私のコロンビア大学の同僚のワインスタイン教授は、福島原発事故の後で原発を停止させずに化石燃料の利用を減らしていたら年間9,000人以上の人命が救われたであろうと推定している。福島原発事故の放射能漏れと原子炉溶融による死者はでていないが避難を余儀なくされた人々への影響は甚大であった。

再生エネルギーは電力供給の22~24%へと大きく割合を高めることが期待されている。水力は9%である。再生エネルギーの中心は太陽光発電であり、電力供給の7%を占めると想定されている。これは政府の太陽光発電への補給金が極めて高く設定されていたために企業の投資熱が高まったためである。電力会社10社の太陽光発電の買取り価格はキロワットアワー当たり42円であった。太陽光電力の価格と設置コストは劇的に低下している。2014年の太陽光発電への投資343億ドルでアメリカの363億ドルについて世界2位である。そのうち82%は小規模発電業者による。太陽光発電の買取り価格は27~35円である。しかし、太陽光発電の供給増加のためには設置場所の確保、送電網の確保が大きな障害となっている。

バイオマス発電は化石燃料よりはるかに環境汚染が少ない。これはエネルギー供給の3.7~4.6%を占めると予想されている。竹は成長が早いのでバイオマスの原料になり、現在2つの竹バイオマス発電所が建設されている。風力発電はコストが高いため1.7%に止まると予想されている。日本は火山国でありながら地熱発電は1.0%前後しか期待されていない。地熱資源が国立公園内にあるので温泉業者からの抵抗が強いため発電所建設が困難である。

太陽光発電、風力発電共に発電の変動幅が大きく安定性を欠いていることである。このため送電網が日中の発電量と電力需要の変動に円滑に対応することを難しくしている。この解決のためには電力

を効率よく貯蔵できる大容量のバッテリーや電力貯蔵施設の技術開発が必要である。日米の数社が大容量バッテリーと電気自動車の蓄電池の技術開発をリードしている。

今後、数十年間でグローバルなエネルギー市場における革新的なイノベーションが生じて需給関係は大きく変わるであろう。効率が高く、コスト競争力を有し、環境にやさしい新エネルギー技術が普及するであろう。議論が分かれるのは原子力の位置づけである。使用済み核燃料を利用する核燃料サイクルや核融合技術も可能性がある。天然ガスから自動車のための水素の生産、アンモニアを水素運搬用に利用する技術も開発されていくであろう。

日本にとってメタンハイドレードが主要なエネルギー源になる可能性がある。750もの鉱床が日本近海で発見されている。メタンハイドレードは世界各地で発見されているが採掘コストが高い。政府機関である日本石油・ガス・金属開発事業団は1995年から調査を開始して2013年には南海トラフで天然ガスサンプルを採集した。政府は2016年度下期にメタンハイドレードの商業生産のための技術的課題の解決のための実験を行うことを決めている。メタンハイドレードが商業ベースにのるための技術開発は10年かかると予想されている。これは楽観すぎる見通しである。しかし超長期的にみればメタンハイドレードは日本の主要なエネルギー源になるであろう。2030年以降にはエネルギー源としての原子力の比重が低下して様々なかたちで天然ガスの比重が上昇することになるだろう。

結論

日本は1945年の敗戦以来の70年間で政治的、経済的にまた社会的に目覚ましい実績を上げた。生活水準は大幅に上昇し、教育水準も向上し、技術力も世界トップクラスになった。法治主義による民主主義原理の制度化、政府組織の整備も確立している。また対外的には平和国家としての道を歩み、平和外交を貫いてきた。この平和は小規模だが強力な自衛隊とアメリカとの緊密な安全保障条約によって維持されてきた。平均寿命は1950年には男性50歳、女性は54歳であったものが現在では男性80歳、女性は88歳と目覚ましい伸びを実現した。

日本は快適で清潔で親しみやすい国である。日本の強みは人口構造、社会構造の変化に対して安定的に、漸進的に、波乱を起こさずに対応していることである。時には変化への対応にスピードを欠いているという問題もあるものの単一民族であり、集団志向による社会的な紐帯の強さが日本社会の特色になっている。

日本は他の先進国と共通のいくつかの問題を抱えている。一つは所得格差問題である。相対的貧困化率は16%とOECD加盟34か国のうち6位である。ちなみにアメリカは5位である。相対的貧困化率は中位所得階層の所得の半分以上の所得階層の割合を示す。37%に達した非正規労働者の割合の上昇は社会の不安定要因である。時給の安さ、福祉厚生費の低さは非正規労働者をワーキングプアという状態に追い込んでいる。最下位所得階層10%の所得は1980年代半ばから減少を続けている。

生活実態調査によると2004年には44.2%の家庭が生活は普通で満足していると回答し、23%が不満足で生活が苦しいと回答していた。その後に不満足割合が上昇した。特に2014年の消費税増税後に上昇した。2014年調査では生活に満足している家庭の割合が36.8%に低下し、生活が大変苦しいとする家庭が29.7%に上昇している。

戦後日本の最初の15年で占領軍による改革、非軍事化が実施され、新憲法制定などの新しい諸制

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度が導入され、新しい経済的、社会的な機会が創りだされた。1952年には平和条約によって主権が回復された。続く1990年までの約30年間は過去に例がないキャッチアップ型の高度成長を達成して生活水準も急上昇した。しかし、それに続いた25年は経済成長が停滞し、将来に対する不安感も広がった。同時に日本の自己イメージは平和で、快適で、国際的な政治、安全保障、社会問題には関与しない内向き国家であった。

しかしながら今日の世界は困難で複雑な状況にある。日本の経済力とそのグローバルな展開は内向き、受け身な存在で在り続けることを困難にしている。さらに日本が戦後に築きあげてきたアジアにおけるリーダーシップは急速な経済成長により台頭した中国によって浸食されている。

安倍首相は日本が経済だけでなく国連平和維持活動(PKO)における役割拡大、自衛隊の人道活動の拡大などを通じて適切な国際的な役割を強化するという非常に野心的な長期目標を追求している。アベノミクスは既得権益から抵抗はあるものの広く支持されている。しかし、安全保障政策は国民から広く支持されるに至っていない。これは安倍首相の直面する大きな課題である。

エコノミストの中にはアベノミクスの成果に対して厳しい評価を下す意見も存在する。しかし、アベノミクスは経済構造改革を目指す長期的なプログラムであることを忘れてはいけない。金融政策ではデフレ心理からの脱却に成功したように思える。2%のインフレターゲットは短期間に達成は難しいであろう。しかし、日本銀行はこの野心的な目標に執着すべきである。2%の実質経済成長率の達成も容易ではない。しかし、安倍首相はインフレターゲットと成長率目標の実現に全力を尽くすべきである。

アベノミクスの第二の矢である財政改革は政府の政策の中で最も困難な分野である。財政再建のために社会保障費を削減して、増税を実施する一方で完全雇用達成のために財政支出を維持するという二律背反する目標を達成しなければならない。アベノミクスが構造像改革に成功し、家計の所得、消費が増加し、民間企業の投資が増加し、経済成長が達成されれば税収も増加し、きびしい財政緊縮措置は必要でなくなる。しかし、経済の現状をみると政府がこれらの問題に取り組んで成果を上げるには数年の猶予期間が必要である。

筆者は以前から民間需要の不足を懸念してきた。この解決のためには二つの課題に挑戦する必要がある。第一には生産性の水準をアメリカ並みに引き上げることである。第二はそれによって賃金水準を大幅に上昇させることである。輸出に景気刺激を依存するには日本経済の規模は大きすぎる。成長率を引き上げるには民間消費が増加する必要がある。このためには家計所得が今年の実績以上に増加する必要がある。労働市場が逼迫しているにもかかわらず賃金が上昇しないのは不思議な現象である。恐らく来年には労働市場の逼迫が賃金により反映されることになるであろう。

経済水準がかなり高いので現実の日本経済の評価に当たっては従来の尺度は当てはまらないと考える。人口と労働力が減少する中で1%前後の実質経済成長率はかなり良好な経済成長であり、一人当たりのGDP成長率は歴史的に見ても高い1.5%に達する。医療制度と医療技術の進歩が続き、生活の質は今後もさらに改善されると予想される。これが長期的にみた日本経済の成果となろう。したがって、日本人も我々のような日本研究者も日本経済に対する評価の視点を変えなければならない時である。

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