

— CJEB —
30th
ANNIVERSARY
—

Center on Japanese Economy and Business

ANNUAL REPORT 2015-2016
(JULY 2015-JUNE 2016)

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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,

Columbia Business School's Center on Japanese Economy and Business (CJEB) has had an extraordinary year. We celebrated our 30th anniversary by hosting a number of high-profile conferences and gatherings both at Columbia University and in Tokyo, we launched two new programs that will contribute to the overall continuance of the Center's cutting edge research and thought leadership, and we strengthened several of our most successful ongoing initiatives, including our graduate student support and the Visiting Fellows Program.

CJEB was founded in 1986 and quickly became the world's premier research center dedicated to understanding the Japanese economy and its business systems in domestic, East Asian, and global contexts, with a special focus on the Japan-United States relationship. The Center has supported several generations of leading scholars in the field and continues to be the place where academics, business people, and government officials around the globe come for expertise, resources, and new ideas pertaining to Japan's ever-developing businesses, financial markets, and economy.

In the 2015-2016 academic year, our 30th year at Columbia Business School, CJEB hosted several particularly strong and wide-reaching events. In November, baseball legend Hideki Matsui visited the School to share his personal story of "Coming to the New York Yankees from Japan" as well as fascinating insight into the culture and business of baseball that has reached across the sea from the United States to Japan and back. Mr. Matsui was joined by Jean Afterman, senior vice president and assistant general manager of the Yankees, as well as George Rose '00, advisor to the Yankees' Pacific Rim Operations (see p. 15 for more details).

In February, as part of our successful *zadankai* lunchtime lecture series, Gillian Tett, U.S. managing editor at the *Financial Times*, spoke of the silo effects of Japanese companies and elsewhere (see p. 55), and Tatsuo Yamasaki, former vice minister of finance for international affairs at the Ministry of Finance, gave an overview on the global economy and international finance (see pp. 55-56). Professor Fumio Hayashi, from the National Graduate Institute for Policy Studies, also discussed the prewar and postwar economic development of Japan in April (see p. 56).

Bank of Japan's governor Haruhiko Kuroda delivered a special lecture on "The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience" on April 13, 2016. The audience received a thorough and fascinating assessment of Japan's history with deflation, the causes and ramifications of deflation, and the current progress being made in Japan to counter it. You can read about these and other outstanding events from the academic year starting on p. 45.

One of the standout highlights of 2015-2016 was the CJEB conference in Tokyo in May. The conference, "U.S.-Japan Economic Relations," featured greetings and substantive policy comments by His Excellency Shinzo Abe, Prime Minister of Japan (see p. 11), and a keynote speech by Gerald Curtis, Burgess Professor Emeritus of Political Science at Columbia University. The distinguished panelists included Columbia Business School Dean Glenn Hubbard and Columbia University School of International and Public Affairs Dean Merit E. Janow (please see full conference details on p. 45). Prime Minister Abe spoke at length about Columbia University's resources and prestige as well as the

University's strong and ever-expanding relationship with Japan. He shared his kind praise for CJEB, its directors and faculty, its public program accomplishments, and its ability to engage in and disseminate research on the Japanese business and economy.

Following the conference, we were delighted to be invited to join both Prime Minister Abe and Governor Kuroda for a private dinner, where we engaged in a frank and fascinating conversation.

As is expected at a world-class research university such as Columbia, one of CJEB's core mandates has always been the engagement in, support of, and dissemination of research on the Japanese economy and its business and management systems. The Center accomplishes this through projects, seminars, and discussion groups, public programs, and library and computer-based resource initiatives.

During this academic year, we launched two new programs to complement our research agenda. The Program on Public Pension and Sovereign Funds (PPPSF) is led by Professor Takatoshi Ito, who has been a close colleague of and contributor to the Center for many years. He also joined the Center as associate director of research in 2015. Professor Ito's program facilitates in-depth research and focuses on how public pension funds and sovereign wealth funds should be structured and how Japan can learn from other global economies. Professor Alicia Ogawa, senior advisor to CJEB, launched the Corporate Governance and Stewardship Program to examine the effects of Prime Minister Abe's initiative to encourage Japanese firms to innovate and invest and for shareholders to actively monitor and promote these efforts. PPPSF and the Corporate Governance and Stewardship Program are aimed both at developing significant research into two of the major issues involved in Japan's economic future and expanding public understanding of these issues.

Another core component of the Center's research program is the CJEB Doctoral Fellowship and research grant and summer stipend offerings. Through these initiatives, the Center continuously strives to foster the next generation of experts on the Japanese economy and its business and management systems. The Center is actively fundraising in order to facilitate the continuance and development of this initiative, about which you can read more on p. 67. This graduate-level support is one of several ways that CJEB enhances the student experience at Columbia and ensures and secures the next generation of scholars of the Japanese economy and its business systems and continue this important study.

The 2015-2016 academic year was also a very successful year for the Center's Visiting Fellows Program. CJEB annually selects members of the corporate, academic, and government sectors to pursue independent research at the Center and develop their professional skills. Our Visiting Fellows are exposed to unique opportunities, including an annual business field trip, access to actively audit and participate in courses at Columbia, and regular Visiting Fellow workshops where they can receive one-on-one consultation to further raise their presentation skills. In the 30 years since its founding, CJEB is proud to have hosted roughly 250 Visiting Fellows.

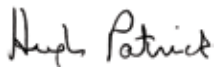
Finally, we would be remiss not to note another very important anniversary, namely Columbia Business School's (CBS) Centennial. Celebrations began in 2015-2016 and will continue into the next academic year. CBS and CJEB celebrated both anniversaries together by hosting a Tokyo Centennial Showcase on May 12, 2016, which was joined by fellow CBS alumni, students, School leaders, and CJEB Visiting Fellows (see p. 59 for more details). CJEB works closely with other centers at the School as well as its faculty and leadership to

contribute to the overall mission of the School to educate and develop today and tomorrow's business leaders. We are proud to take part in such a challenging and rewarding enterprise, and we strongly support the School in this important anniversary.

Under our joint leadership and with the eventual transition to the sole leadership of David Weinstein, the Center will continue to move forward and grow to solidify its role as a preeminent and pioneering academic and research center.

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; to 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 and invite everyone to join us in looking forward to the next 30 years and beyond at CJEB.

With warm regards,



Hugh Patrick
Director



David E. Weinstein
Director of Research

CJEB 30TH-ANNIVERSARY FEATURED HIGHLIGHTS



Over the last 30 years, CJEB transformed into a premier academic research center focusing on the Japanese economy and its business systems. Under the thought leadership of Hugh Patrick, David E. Weinstein, and other CJEB directors and core faculty members, CJEB has cultivated a deep engagement with Japan through its support of research initiatives, organization of quality conferences and programs, and the bringing together of scholars, business leaders, and policymakers to further the study and discussion of this field. In honor of our 30th anniversary, we feature three special sections to highlight this major milestone: photos of CJEB's 30-year history, 30th-anniversary event highlights, and 30 years of our Visiting Fellows.

CJEB's 30-Year History (Photos)



Professor Hugh Patrick founds the Center on Japanese Economy and Business in 1986.



The Crown Prince and Princess of Japan visit Columbia University on October 9, 1987.



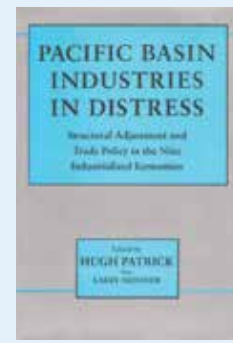
Prime Minister Noboru Takeshita visits Columbia University in February 1989.



Professor Hugh Patrick and Joseph A. Massey, assistant U.S. trade representative for Japan and China, speak at the "Agenda for the Pacific Partnership: An American-Japanese Dialogue," on April 18, 1989.



Professor Hugh Patrick receives the Ohira Masayoshi Prize for his book *Pacific Basin Industries in Distress* in 1992.



Professor Hugh Patrick receives "The Order of the Sacred Treasure, Gold and Silver Star" on December 12, 1994.



Sumitomo Corporation of America renews commitment to CJEB, April 3, 1991.



CJEB serves as the U.S. Liaison Office for the Pacific Trade and Development (PAFTAD) Series from June 1 to June 3, 1994.



"Japanese and American Automobile Industries in Global Competition" panel, April 7, 1995



CJEB 10th year anniversary celebration in Tokyo, May 21, 1996



"Advancing Against the Grain: Challenges Facing Women Managers and Entrepreneurs in Japan" panel, April 4, 1997



Professor David E. Weinstein is appointed Carl S. Shoup Professor of the Japanese Economy at Columbia University and joins CJEB's core faculty in 1999.



"Pokemania" conference, February 7, 2000



Joseph Stiglitz, then professor of economics and finance at Columbia University, and Professor Hugh Patrick, March 26, 2003



"Japan's Future Economic Directions," 20th anniversary conference in Tokyo, May 15, 2006



"Japan's Economic Future: Policy, Politics, and Procedures," 20th anniversary conference in New York, October 26, 2006



"Japan's Economic Future: Policy, Politics, and Procedures," 20th anniversary conference in New York, October 26, 2006



"Operational Restructuring: New Strategies of Japanese Corporate Leaders" conference in Tokyo, May 29, 2007



"The Japanese Government as a Portfolio Manager: Managing the Nation's Wealth" conference in Tokyo, October 21, 2008



"The Financial and Economic Futures of Japan and the U.S." conference, in Tokyo, May 14, 2009



"Coping with Change in Japan and the U.S." conference in Tokyo, April 20, 2010



"Coping with Change in Japan and the U.S." conference in Tokyo, April 20, 2010



"Moving Forward: Japan in the World Economy" conference in Tokyo with Hiroshi Mikitani, chairman and CEO at Rakuten, Inc., on October 21, 2011



"Moving Forward: Japan in the World Economy" 25th anniversary conference in Tokyo, October 21, 2011



"Global Marketing of National Products: Kikkoman and Coca-Cola" conference in New York, November 2, 2011



"Tensions in the Global Financial Regulatory Environment" conference in Tokyo, May 21, 2012



"'Haven' Can Be Hell: Impact of the European Sovereign Debt Crisis on the Japanese Economy" seminar with Takatoshi Ito, then dean at the Graduate School of Public Policy and professor at the Graduate School of Economics at The University of Tokyo, November 15, 2012



"Inequality, Fragmentation, and Integration in the World Economy" conference in Tokyo, March 21, 2013



"Restoring the Japanese Economy" with Haruhiko Kuroda, governor at the Bank of Japan in Tokyo, May 15, 2014



"Restoring the Japanese Economy" conference with speakers in Tokyo, May 15, 2014



His Excellency Shinzo Abe, Prime Minister of Japan, visits Columbia University for World Leaders Forum, September 22, 2014.



"Japan and the World Economy: Challenges Over the Coming Decade" symposium in New York, April 6, 2015



"Japan's Changing Corporate Governance" conference in Tokyo, May 21, 2015



"Hideki Matsui in the Footsteps of Ruth and Gehrig: Coming to the New York Yankees from Japan—The View from the Player and the Front Office" symposium in New York, November 18, 2015



"The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience" lecture with Haruhiko Kuroda, governor at the Bank of Japan, April 13, 2016



"The U.S.-Japan Economic Relations" 30th-anniversary conference in Tokyo, May 13, 2016



Hugh Patrick and Kuniharu Nakamura, president and CEO of Sumitomo Corporation, at "The U.S.-Japan Economic Relations" 30th-anniversary conference in Tokyo, May 13, 2016

CJEB's 30th-Anniversary Event Highlights



His Excellency Shinzo Abe, Prime Minister of Japan, Greets Audience at CJEB's Tokyo Conference

May 13, 2016, Hotel New Otani, Tokyo, Japan

On May 13, 2016, CJEB hosted its annual Tokyo conference, "U.S.-Japan Economic Relations." Glenn Hubbard, dean and Russell L. Carson Professor of Finance and Economics at Columbia Business School, opened up the conference with welcoming remarks. Professor Gerald Curtis, Burgess Professor Emeritus of Political Science at Columbia University, gave the keynote speech, titled, "The U.S.-Japan Alliance in a Turbulent East Asia." The conference held two panels: "Japanese and U.S. Economies in Global Perspective" and "Corporate Culture and Governance as a Recipe for Innovation." After the panels, Professor Takatoshi Ito and Mr. Takeshi Niinami, president and CEO at Suntory Holdings, Ltd., engaged in a discussion of the progress and challenges of the second stage of Abenomics, including fiscal policies and growth strategies. His Excellency Shinzo Abe, Prime Minister of Japan, also attended the conference and gave special greetings, congratulating the Center on its 30th anniversary. He emphasized the strong leadership of both Professor Hugh Patrick and Professor David Weinstein in building the foundation for the Center and for nurturing the U.S.-Japan relationship throughout the years. The conference was well attended and well received by the audience. Prime Minister Abe's full speech in Japanese can be found on starting on page 12.



Top: keynote speaker Gerald Curtis addresses the audience.; bottom: from left to right: Shigeru Yamashita, Shinichi Kitaoka, Alicia Ogawa, Takatoshi Ito, David E. Weinstein, Hugh Patrick, Gerald Curtis, Glenn Hubbard, Taisuke Sasanuma



His Excellency Shinzo Abe, Prime Minister of Japan, greets audience at CJEB's 30th-Anniversary Tokyo Conference
Source: Official website of the Prime Minister of Japan and His Cabinet

「皆様こんばんは。安倍晋三です。

総理大臣として絶対的に必要な資質は、早く歩けることでありまして、その点については折り紙付きであります。

まずもって、コロンビア大学日本経済経営研究所が30周年を迎えたことに、心からお慶びを申し上げます。日本経済経営研究所がパトリック教授の強いリーダーシップにより、設立以来、一貫して日本に特化した研究・発信を続けていることに感謝申し上げたいと思います。

コロンビア大学は、世界の若者が志す名門大学です。日本についても幅広い研究成果を上げており、ドナルド・キーン名誉教授やジェリー・カーティス名誉教授など、日本に対する思いでも一流の方々で有名です。皆様が後進の育成に大いに努力され、ワインスタイン教授を始め、21世紀の日米関係を支える人材が次々に生まれていることを本当に嬉しく思い感謝したいと思います。

2年前、コロンビア大学を訪れた際、世界から集まった学生との対話の機会を持ち、世界規模の課題解決に向け、日本が果たす役割への強い期待、そして、関心の高さを痛感いたしました。帰国後、私は、コロンビア大学での日本研究支援のための500万ドルの拠出を速やかに実行したところでございます。

また、昨年には、コロンビア大学の学生50名を日本にお招きをいたしました。彼らは、日本のファンになってくれたのみならず、帰国後の成果発表で、日本の真の良さを発信してくれたと伺いました。安倍政権も少しは評判が良くなったのではないかと、少しは期待しているところでありますが、私がまいた種が花を開き、着実に新たな実を結んでいることを嬉しく思っています。

この成果発表では、先入観にとらわれない日本論が披露されたと聞き、40年前パトリック名誉教授が編さんされた大著『アジアの巨人・日本』を思い出しました。パトリック名誉教授は、日本の『奇跡的』な経済成長は、決して奇跡ではなく、新しいアイデアを素早く受入れ、逆境に正面から立ち向かった結果であると論じています。

日本のこの姿勢は、今も全く変わってはいません。この3年間、私自身が『ドリルの刃』となって、社会の変化を阻む岩盤を打ち破るべく頑張ってきました。大分、削れた感があるのですが、削れた部分も少し戻ってきたのかなと思います。この間、ジョセフ・スティグリッツ教授やグレン・ハバード教授たちからも貴重な指摘や助言をいただいています。

さて、私の経済政策の中で、世界中で話題にしているのが、ウィメノミクスです。女性の活躍を促し、経済成長と出生率向上を両立させる。その最大のチャレンジは、働き方改革であります。長時間労働の是正です。女性活躍は、私の政権で社会政策から経済政策に転換したことで、『女性だけの問題』ではなく『みんなの、日本全体の問題』となったと言ってもいいでしょう。あまり家事をしないことで悪名高い日本男性も巻き込んで、必ず成し遂げたいと思います。

私も家では割と掃除をしたり、ゴミを出したり、妻は嫌がるのですけれども、何か妻に対しての嫌味じゃないかと誤解をされているのですけれども、結構やっています。

これは、少子高齢化という構造的問題の解決に資するものです。女性も男性も、そして高齢者も若者も、失敗を経験した人も、障害や難病のある人も、誰もが活躍できる『一億総活躍社会』という新しい経済社会システムを構築していきます。日米両国が主導したTPPを発効させ、海外の活力も日本へ取り込んでいきます。

2週間後のG7伊勢志摩サミットは、世界経済が直面する諸問題を踏まえた対応策が最大のテーマになります。先日の欧州訪問でも、各国首脳と突っ込んだ議論を行い、世界経済の持続的な力強い成長に向けて、今後リーダーシップを発揮していきたい。また、発揮をしていかなければならないとの決意を新たにしたところであります。

日本は、国難と言えるような災害に見舞われる度に、勇気と希望をもって乗り越えてまいりました。今般の地震に際しても、被災された方々に寄り添いながら、政府一丸となって全力で復興に取り組んでいます。米国を始め世界の多くの国々から励ましや支援をいただいていることに改めて御礼を申し上げたいと思います。被災者はもとより、日本国民が何と勇気づけられたことでしょう。

私の政権発足4か月後、日本経済経営研究所がほかに先立ってアベノミクスのセミナーを開催していたことが印象に残っています。今後とも、様々な課題に対し、正面から立ち向かっている日本の実相を世界に向けて発信してもらいたいと思っています。日本経済経営研究所が、次の30年に向けて、ますます発展されますことを祈念いたしまして私の御挨拶とさせていただきますと思います。」

安倍晋三 内閣総理大臣 2016年5月13日

コロンビア大学ビジネススクール日本経済経営研究所

「創立30周年記念カンファレンス」でのご挨拶

出典：首相官邸ホームページ：

(http://www.kantei.go.jp/jp/97_abe/actions/201605/13conference30.html)



Governor Haruhiko Kuroda speaks at CJEB lecture

CJEB Lecture Featuring Governor Haruhiko Kuroda, Bank of Japan

April 13, 2016, Columbia University, New York, NY

On April 13, 2016, CJEB hosted a special lecture featuring remarks by Haruhiko Kuroda, governor of the Bank of Japan (BOJ), titled "The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience." The lecture was moderated by Takatoshi Ito, professor at Columbia University's School of International and Public Affairs (SIPA) and associate director of research at CJEB. Hugh Patrick, director of CJEB, provided introductory remarks, and David E. Weinstein, director of research at CJEB, concluded the program.

Governor Kuroda first observed that Japan has been experiencing deflation for many years, a problem originally thought to be unique to Japan. However, since the 2008 financial crisis, the global economy has faced low growth and inflation, elevating concerns that economies outside Japan may also confront Japanese-style deflation. According to

Governor Kuroda, the BOJ's quantitative and qualitative monetary easing (QQE) policy is the solution to ending Japan's deflationary problem. He described deflation as self-perpetuating and said that the economy has fallen into a "bad equilibrium, in which economic activity is shrinking." He stated that this problem has been challenging Japan's economy for 15 years.

In 1999, the BOJ adopted a "zero interest rate policy" in which the overnight money market rate was guided close to zero. In 2001, the BOJ enacted the world's first quantitative easing. However, as a result of the 2008 financial crisis, Japan's economy was weakened along with the rest of the global economy, causing positive inflation to turn negative. Subsequently, the BOJ adopted a policy of "comprehensive monetary easing." The BOJ's actions and unconventional measures prevented a severe deflationary spiral but were unable to overcome persistent deflation.

Governor Kuroda described how, in an effort to combat deflation, the Abe administration introduced "Abenomics" in 2012, and the BOJ introduced QQE in April 2013, with the

goal of reaching the price stability 2 percent target rate. Most recently, the BOJ decided to introduce QQE with a negative interest rate in January 2016 in pursuit of continuing the recovery in the wake of unstable global financial markets, further oil price declines, and shaky emerging market economies. One challenge of this policy is that a negative interest rate can cause banking sector profitability to decline, which could undermine the stability of the financial sector. This could, in turn, weaken the results of monetary easing. According to Governor Kuroda, since Japanese financial institutions have a sufficient capital buffer, and the BOJ adopted a three-tier system in which current accounts are divided into three different interest rate tiers, only one of these being subject to the negative interest rate, bank profitability should remain stable.

He affirmed that this "enhanced QQE" policy will continue and help Japan reach the price stability target of 2 percent. He then closed by stating that Japan's experience of fighting persistent deflation can be used as a case study by other central banks so that they can also secure price stability.



Hideki Matsui speaks at CJEB symposium

CJEB Symposium Featuring Hideki Matsui, Jean Afterman, and George Rose, New York Yankees

November 18, 2015, Columbia University, New York, NY

On November 18, 2015, CJEB hosted a special event for the Columbia community featuring remarks by Hideki Matsui, retired Major League Baseball (MLB) All-Star, the 2009 World Series Most Valuable Player, and currently special advisor to the general manager of the New York Yankees; Jean Afterman, senior vice president and assistant general manager of the New York Yankees; and George Rose '00, advisor for the New York Yankees' Pacific Rim Operations.

Mr. Matsui first gave a brief history of his baseball career. He dreamed of playing for the Yankees after being inspired by his former manager, who was a big fan of Joe DiMaggio, the Yankees' famous centerfielder. When Mr. Matsui became a free agent in 2002, he started the process toward signing with the Yankees after playing for the Yomiuri Giants.

In 2009, Mr. Matsui and the Yankees won the World Series, which he recalled as the highlight of his career. He then compared various aspects of Japanese and American baseball, such as the viewership between high school and collegiate level baseball in Japan and the United States, baseball training and player development, and facilities.

Following Mr. Matsui's remarks, Ms. Afterman related her experiences in the front office. She began her career by representing Japanese baseball players who joined teams in the United States. After traveling to Japan and watching a Yomiuri Giants game, she was inspired to recruit Japanese players. She managed to sign up several famous baseball players from Japan, including Hideo Nomo, former pitcher of the Kintetsu Buffalos, who eventually signed with the Los Angeles Dodgers; Alfonso Soriano, who started with the Hiroshima Carps and eventually signed on with the Yankees; and Mr. Matsui. She then relayed her observations on the significant differences between U.S. and Japanese baseball players, focusing mostly on agent loyalty and team customs.

Mr. Rose reflected on his role with the

Yankees over the years. He spoke about his experiences in Japan and the United States as a translator for Hideki Irabu, former pitcher for the Yankees. Mr. Rose then left the Yankees for two years to study at CBS but eventually returned to the Yankees and joined Ms. Afterman to go on a trip to assist with interpretation in Japan. This led to an opportunity for Mr. Rose to establish and run the Yankees' Tokyo office. Currently, Mr. Rose works on both the business and baseball operations, where he is responsible for coordinating scout trips, trading players to Japanese teams, and making deals for corporate sponsorships. After acquiring Kikkoman as a sponsor, the Yankees gained many other Japanese sponsors, and the team now has the most Japanese sponsors of any MLB team. Mr. Rose concluded his remarks with a slideshow of Yankees photographs throughout the years, starting with Lou Gehrig. Afterward, the panelists took questions from the audience.

30 Years of Visiting Fellows at the Center

Affiliation is based on the Visiting Fellow's period of stay at CJEB.

1986-1987

Shinichi Ichimura, Kyoto University, Institute of Economic Research (1986-1987)

Kisaburo Seno, Ministry of Finance (1986-1987)

1987-1988

Toshiomi Shono, Ministry of International Trade and Industry (1987-1988)

Ilari Tyrni, University of Tampere (1987-1988)

1988-1989

Susumu Fukuda, Ministry of Finance (1988-1989)

Ross Garnaut, Australian National University (1988-1989)

Toshiaki Ishino, Mitsubishi Trust and Banking Corporation (1988-1989)

Jung Ja Lee, Kangweon National University (1988-1989)

Yung Chul Park, Korea University (1989)

1989-1990

Fernando de Holanda, Getulio Vargas Foundation (1989-1990)

Tsutomu Kono, Ministry of Foreign Affairs (1989-1990)

Takamine Sakai, Mitsubishi Trust and Banking Corporation (1989-1990)

Hiroshi Tsukuda, Ministry of Finance (1989-1990)

1990-1991

Peter Drysdale, Australian National University (1990-1991)

Akira Kaminaga, Mitsubishi Trust and Banking Corporation (1990-1991)

Jiro Makino, Ministry of Finance (1990-1991)

1991-1992

Darcy Carvalho, University of Sao Paolo (1991-1992)

Tatsushi Inaba, Mitsubishi Trust and Banking Corporation (1991-1992)

Katsunori Mikunya, Ministry of Finance (1991-1992)

1992-1993

Allan Bird, New York University, Stern School of Business (1992-1993)

Linsu Kim, Korea University (1992-1993)

Toshiharu Kusu, Ministry of Finance (1992-1993)

Saburo Sato, Mitsubishi Trust and Banking Corporation (1992-1993)

Shinji Yamada, Japan Broadcasting Corporation (NHK) (1992-1993)

1993-1994

Osamu Koide, Daiwa International Capital Management Co., Ltd. (1993)

Ryuji Koizumi, Ministry of Finance (1993-1994)

Shinichi Kokubo, Mitsubishi Trust and Banking Corporation (1993-1994)

Ellie Okada, Yokohama National University (1993) (2008-2009)

Michihiko Tachi, Japan Center for Economic Research (1993-1994)

Heizo Takenaka, Keio University (1993-1996)

Akira Usui, Niigata University (1993-1994)

1994-1995

Hiroshi Asakura, Mitsubishi Trust and Banking Corporation (1994-1995)

Yukiko Fukagawa, Long Term Credit Bank Research Institute (1995)

Fumiki Fukawa, Daiwa International Capital Management Co., Ltd. (1994-1995)

William V. Rapp, University of Victoria (1995)

Motoyasu Yoshikawa, Ministry of Finance (1994-1995)

1995-1996

Hisashi Ito, Mitsubishi Trust and Banking Corporation (1995-1996)

Chikara Kawakita, Ministry of Finance (1995-1996)

John Kunkel, Australian National University (1996)

Tatsuo Tanaka, International University of Japan (1995-1996)

1996-1997

Junji Fukuchi, Mitsubishi Materials Corporation (1996-1997)

Shigeyuki Goto, Mitsui Marine and Fire Insurance Co. (1996-1997)

Toshio Hata, Mitsubishi Trust and Banking Corporation (1996-1997)

Yasuo Hoshino, The University of Tsukuba (1996)

Etsuko Nakanishi, Ministry of Posts and Telecommunications (1996-1997)

Kazuho Tanaka, Ministry of Finance (1996-1998)

1997-1998

Moyuru Kunifusa, Mitsubishi Trust and Banking Corporation (1997-1998)

Naoto Oka, Mitsui Marine Research Institute (1997-1998)

Kiyoaki Shiotsugu, Kyushu University (1998)

1998-1999

Yusaku Hiroto, Mitsubishi Trust and Banking Corporation (1998-1999)

Naoyuki Sakaki, Mitsui Marine Research Institute (1998-1999)

Kazuo Tatewaki, Waseda University (1998-1999)

Kazuyuki Yano, Ministry of Finance (1998-2000)

1999-2000

Takashi Hayashi, Mitsubishi Trust and Banking Corporation (1999-2000)

Kazuo Mori, Nihon Keizai Shimbun (1999-2000)

Satoshi Ohta, Mitsui Marine Research Institute (1999-2000)

Mineko Sasaki-Smith, Harvard University (1999-2000)

Kenzo Yamamoto, Bank of Japan (1999-2000)

2000-2001

Nobuo Inaba, Bank of Japan (2000-2001)

Naotaka Kawakami, Ministry of Finance (2000-2002)

Yoshihiro Nishi, Mitsui Marine and Fire Insurance Co. (2000-2001)

Satoshi Tamagaki, Mitsui Mutual Life Insurance Co. (2000-2001)

Yasushi Ueno, Mitsubishi Trust and Banking Corporation (2000-2001)

2001-2002

Morimitsu Inaba, Nihon University (2001)

Trinh Ngoc Luu, Institute of World Economies, Vietnam (2001-2002)

Junji Narita, Aoyama Gakuin University (2001-2002)

Atsuhiko Saeki, Mitsui Marine and Fire Insurance Co. (2001-2002)

Hirokuni Sakamoto, Mitsubishi Trust and Banking Corporation (2001-2002)

2002-2003

Tokuo Iwaisako, Hitotsubashi University (2003)

Minoru Kobayashi, Wako University (2002-2003)

Tokio Morita, Ministry of Finance (2002-2004)

Atsuhiko Mukai, Tezukayama University (2002-2003)

Juro Nakagawa, Tokyo Keizai University (2002-2003)

Yoshio Nishizawa, Mitsubishi Trust and Banking Corporation (2002-2003)

Haruhiko Yoshida, Mitsui Sumitomo Insurance Co., Ltd. (2002-2003)

2003-2004

Masayoshi Amamiya, Bank of Japan (2003-2004)

Kenn Ariga, Kyoto University, Institute of Economic Research (2003-2004)

Hironori Ishizaka, Ministry of Economy, Trade and Industry (2003-2004)

Takayuki Kusumoto, Mitsubishi Trust and Banking Corporation (2003-2004)

Ryoji Sakurai, Shizuoka University (2003-2004)

Taketoshi Tarumoto, Mitsui Sumitomo Insurance Co., Ltd. (2003-2004)

Chung-I Wang, Seinan Gakuin University (2003-2004)

2004-2005

Hiroshi Ichinose, ITOCHU Financial Services (2004-2005)

Nobuyuki Kinoshita, Financial Services Agency of Japan (2004-2005)

Kiyoto Koyama, Development Bank of Japan (2004-2005)

Nada Mora, American University of Beirut (2004)

Takuma Okamoto, Mitsubishi Trust and Banking Corporation (2004-2005)

Satoru Suzuki, Mitsui Sumitomo Insurance Co., Ltd. (2004-2005)

Hiroshi Tanaka, Hosei University (2004-2005)

2005-2006

Susumu Atsuki, Financial Services Agency of Japan (2005-2006)

Kazuyuki Furuya, Ministry of Finance
(2005–2006)

Masatoshi Ito, Development Bank of Japan
(2005–2006)

Hironobu Nakagawa, Aoyama Gakuin
University (2005–2006)

Shinsuke Oda, Daido Life Insurance
Company (2006)

Masayuki Okazaki, Mitsui Sumitomo
Insurance Co., Ltd. (2005–2006)

Takumi Takeda, Meiji University (2005–
2007)

Hiroki Tanaka, Bank of Japan (2005–2006)

Kenji Tomita, Shizuoka University (2005–
2006)

Tetsuya Yonehana, Mitsubishi UFJ Trust
and Banking Corporation (2005–2006)

JaiLin Zhao, Reitaku University (2005–
2006)

2006–2007

Shihoko Fujisawa, Sankei Shimbun (2006–
2007)

Katsunobu Hayashi, Mitsui Sumitomo
Insurance Co., Ltd. (2006–2007)

John Houg, Kwansei Gakuin University
(2006–2007)

Fumiharu Mieno, Kobe University (2006–
2007)

Ryuchi Nakagawa, Kansai University
(2006–2007)

Masatsune Okada, Mitsubishi UFJ Trust
and Banking Corporation (2006–2007)

Hiroyuki Okamoto, Nihon University (2006–
2007)

Yasuaki Okita, Development Bank of Japan
(2006–2007)

Kazuhiko Takeda, Ministry of Finance
(2006–2008)

Hiroki Yamakawa, Ministry of Finance
(2006–2007)

2007–2008

Hiroyasu Asano, Mitsubishi UFJ Trust and
Banking Corporation (2007–2008)

Keiko Ito, Senshu University (2007–2008)

Tatsushi Kurihara, Bank of Japan (2007–
2008)

Midori Munechika, Toyo University (2007–
2008)

Masataka Nishijima, RISA Partners (2008)

Hirokazu Okamoto, RISA Partners (2007–
2008)

Lena Saito, RISA Partners (2007–2008)

Mitsuo Takii, J. F. Oberlin University (2007–
2008)

Hirokazu Tashiro, Mitsui Sumitomo
Insurance Co., Ltd. (2007–2008)

Takeshi Yoshida, Development Bank of
Japan (2007–2008)

2008–2009

Hirokazu Ichimaru, RISA Partners (2008–
2009)

Kiyosato Ishikawa, Cabinet Office (2008–
2009)

Masaichiro Minami, Nihon University
(2008–2009)

Hiroyuki Ogawa, Mitsubishi UFJ Trust and
Banking Corporation (2008–2009)

Eiji Okano, Chiba Keizai University (2008–
2009)

Kazumasa Okubo, Ministry of Finance
(2008–2010)

Akira Ono, Ministry of Finance (2008–
2010)

Satoshi Shiratani, Mitsui Sumitomo
Insurance Co., Ltd. (2008–2009)

Junko Uenishi, Sophia University (2008–
2009)

Sotaro Yamashita, Development Bank of
Japan (2008–2009)

2009–2010

Hisashi Arai, Mitsui Sumitomo Insurance
Co., Ltd. (2009–2010)

Masahiko Ishida, Mori Hamada &
Matsumoto Law Firm (2009–2010)

Fumiaki Iwase, RISA Partners (2010)

Hiroko Kado, Ministry of Economy, Trade
and Industry (2009–2010)

Hirofumi Maki, Development Bank of Japan
(2009–2010)

Sachiko Matsuura, Aoyama Gakuin
University (2009–2010)

Mitsuru Nomura, Bank of Japan (2009–
2010)

Naotsune Tanino, RISA Partners (2009)

Tatsuo Ushijima, Aoyama Gakuin University
(2010)

2010–2011

Yuichi Ando, Magnolia Partners LLC (2010–
2011)

Shiro Armstrong, Australian National
University (2011)

Tomoya Asano, Ministry of Finance (2010-2012)

Yong Jin Kim, Hosei University (2010-2012)

Nobutoshi Kitaura, Ministry of Finance (2010-2012)

Naomi Koshi, Debevoise & Plimpton LLP (2010-2011)

Hajime Matsuura, Sankei Shimbun (2010)

Bumpei Miki, Ministry of Finance (2010-2011)

Kozo Miyagawa, Keio University (2010-2011)

Takeshi Nakajima, Bank of Japan (2010-2011)

Rie Nishihara, Bank of Japan (2010-2011)

Mikiharu Noma, Hitotsubashi University (2010-2011)

Yasukazu Sato, Mitsui Sumitomo Insurance Co., Ltd. (2010-2011)

Keita Shiotsu, RISA Partners (2010)

2011-2012

Tetsuro Asakawa, Kyushu Sangyo University (2011) (2016)

Chiko Goriki, Fukuoka University (2011-2012)

Hiroshi Hoshino, Kyushu University (2011-2012) (2015)

Atsushi Imuta, Imuta & Associates (2012)

Misuzu Imuta, Imuta & Associates (2012)

Nobuyuki Kamikojo, Kinki University (2011-2012)

Manabu Nakatani, Mitsui Sumitomo Insurance Co., Ltd. (2011-2012)

Etsuro Shioji, Hitotsubashi University (2011-2012)

Shotaro Tanaka, Kiana Capital Partners Ltd. (2011-2013)

Tsuyoshi Tomita, Toho Technology Corporation (2011-2012)

Satoshi Takarabe, National Police Agency (2011-2012)

Kenji Wada, Keio University (2011-2012)

2012-2013

Yoshihiro Fujii, Sophia University (2012-2013)

Akira Goto, National Graduate Institute for Policy Studies (GRIPS) (2013)

Yoko Gotoh, Kanagawa University (2012-2013)

Tatsuya Kimura, Waseda University (2012-2013)

Kumiko Nakashima (2013)

Masaya Sakuragawa, Keio University (2012-2013)

Yukie Sakuragawa, Atomi University (2012-2013)

Takaaki Sato, Mitsui Sumitomo Insurance Co., Ltd. (2012-2013)

Keisuke Shimizu, Development Bank of Japan (2012-2013)

Hitoshi Takamoto, National Police Agency (2012-2013)

Masazumi Wakatabe, Waseda University (2012-2014) (2016)

Taiyo Yoshimi, Nanzan University (2012-2014)

2013-2014

Tomohiro Hirano, The University of Tokyo (2013-2014)

Michito Hirota, Yokohama National University (2013-2014)

Hiroshi Ishijima, Chuo University (2013-2014)

Toshie Ishizu, Meiji University (2013)

Yoko Kagami, Komazawa University (2013-2014)

Kazushige Kamiyama, Bank of Japan (2013-2014)

Masahiro Kan, Ministry of Finance (2013-2014)

Naoki Katayama (2013)

Rima Kikuchi, Minebea Co., Ltd. (2013-2014)

Tomokazu Kubo, Chuo University (2013-2015)

Naoki Matsuda, Ministry of Finance (2013-2015)

Steven Nam (2014)

Futoshi Oguri, Nihon Keizai Shimbun (2013-2014)

Ryo Saiki, Tokai Tokyo Securities Co., Ltd. (2013-2014)

Haruhiko Takahashi, Tokyo Metropolitan University (2013-2014) (2015)

Mizuho Tanaka, Hokulea Limited (2013-2014)

Masaya Tazaki, Mitsui Sumitomo Insurance Co., Ltd. (2013-2014)

Kengo Yasui, Ritsumeikan University (2013-2014)

2014-2015

Takeshi Daido, Mitsui Sumitomo Insurance Co., Ltd. (2014-2015)

Toshihiko Fukumoto, Nihon Keizai Shimbun (2014)

Tsuyoshi Hasebe, Nihon Keizai Shimbun (2014)

Kei Hiraoka, Nihon Keizai Shimbun (2015)

Ryuta Kani, Ricoh, Co., Ltd. (2014-2015)

Takeshi Kawanami, Nihon Keizai Shimbun (2015)

Yasushi Kinoshita, Ministry of Finance (2014-2015)

Satoshi Narawa, Minebea Co., Ltd. (2014-2015)

Keisuke Takeguchi, Hosei University (2014-2015)

Yuji Takenaka, Minebea Co., Ltd. (2014-2015)

Katsumi Tanabe, Keio University (2014-2016)

Mariko Yaku, Tokai Tokyo Financial Holdings, Inc. (2014-2015)

2015-2016

Yasushi Hamao, University of Southern California (2015)

Fumio Hayashi, National Graduate Institute for Policy Studies (GRIPS) (2016)

Satoshi Inoue, Sumitomo Mitsui Trust Bank, Limited (2016)

Naoto Isaka, Sophia University (2015-2016)

Tomohiro Jitsui, Tokai Tokyo Securities Co., Ltd. (2015-2016)

Hiroyuki Kanno, Bank of Japan (2016)

Satoru Komiya, Tokio Marine Holdings, Inc. (2016)

Takafumi Korenaga, Senshu University (2016)

Masako Kurosawa, National Graduate Institute for Policy Studies (GRIPS) (2015-2017)

Takamasa Nakajima, National Tax Agency of Japan (2015-2016)

Takezo Oda, Sumitomo Mitsui Trust Bank, Limited (2015-2016)

Kuniyoshi Sato, Minebea Co., Ltd. (2015-2016)

Yoshiya Sato, Nihon Keizai Shimbun (2015)

Hirotatsu Teraoka, Mitsui Sumitomo Insurance Co., Ltd. (2015-2016)



CJEB staff and Visiting Fellows tour Harlem, October 2001.

Leadership and Staff



Hugh Patrick is the founder and director of the Center on Japanese Economy and Business (CJEB) and R. D. Calkins Professor of International Business Emeritus

at Columbia Business School, as well as codirector of Columbia's APEC Study Center. 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), obtained MA degrees in Japanese studies (1955) and economics (1957), and earned 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 from 1979 to 1981. He has been a member of the Council on Foreign Relations since 1974. 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 (Kunritō 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 Department of Economics and a 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) at 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. In spring 2016, he received a courtesy appointment in the Finance and Economics department at Columbia Business School. 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 the 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 was recently 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, bringing 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

Emiko Mizumura

Assistant Director for Programs
BA, American and English Literature,
Otsuma University
MS, Information and Knowledge Strategy,
Columbia University

Fumiko Nozaki

Senior Administrative Manager
BA, Sociology,
Hosei University

Michelle Tam

Coordinator
BA, Economics,
Binghamton University
State University of New York

Andy Wanning

Senior Program Officer
BA, Anthropology and Sociology,
Lafayette College
MS, Sustainability Management,
Columbia University

Japan Representative, Tokyo

Terumi Ohta

BA, Tsukuba University

Student Casuals

Nikita Bondarenko

BA Candidate, Computer Science and
Statistics, Columbia University

Xuanyue Kris He

MPA, International Finance and
Management, Columbia University

Sara Hirade

BA Candidate, Columbia University

Kaori Kabata

MIA, International Finance and Economic Policy, Columbia University

Yuko Kurihara '16

MBA, Columbia Business School

Koichiro Maruta

MA, International Relations and National Security Studies, Columbia University

Jared Michael Namba

BA, East Asian Languages and Cultures, Columbia University

Sumin Park

BA Candidate, Economics, Statistics and Linguistics, Columbia University

Naoko Suga

BA, Physics, Columbia University

Alfred E. Tsai

BA Candidate, Economics and Political Science, Columbia University

Yang Xiong

BA Candidate, East Asian Studies and Financial Economics, Columbia University

Benjamin Xu

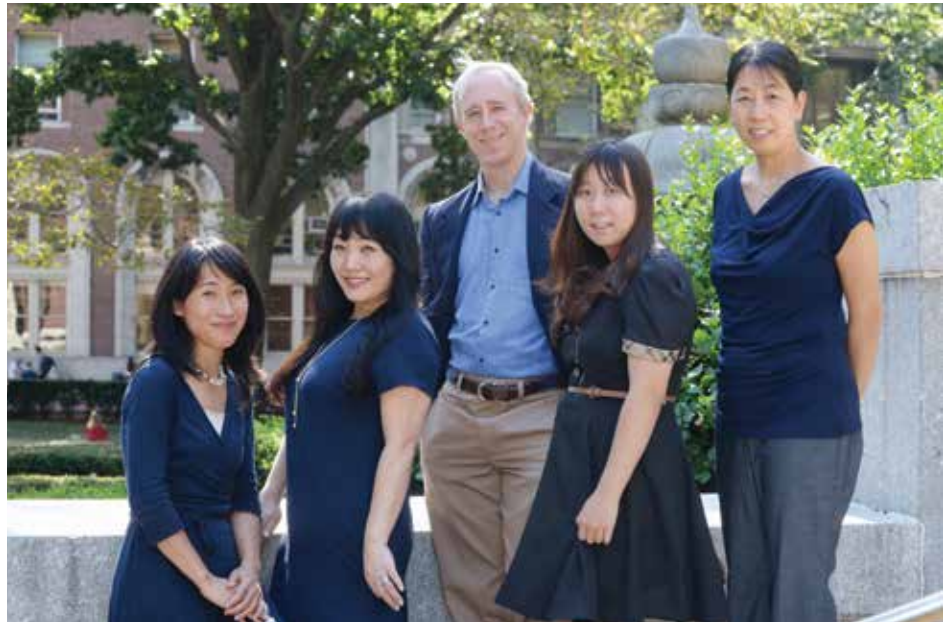
BA, Computer Science and Mathematics, Columbia University

Ayako Yamashita

MA Candidate, Social-Organizational Psychology, Teachers College

Sharleen Yu

BS Candidate, Financial Engineering and Economics, Columbia University



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

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 Emeritus 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 was on the Columbia University faculty until December 2015. He is a professor emeritus, a senior research scholar at the Weatherhead East Asian Institute, and director of Columbia's Toyota Research Program. 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 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 is a member of the Board of Directors of the Japan Society, the Japan Center for International Exchange, and the Mansfield 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

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

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Responsible Investing. Her research interests focus on international trade and investment, Asia, competition law, economic globalization, digital trade, Internet governance, and cybersecurity. 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 serves on the Board of Directors for several corporations, financial services, technology companies, 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 received 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

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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 taught from 2008 to 2015. 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. Professor Milhaupt is a Visiting Professor of Law at Stanford Law School for the 2016–2017 academic year.



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 biennially 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, where he is also the founder and copresident of the University's

Initiative for Policy Dialogue. He is also the chief economist of the Roosevelt Institute. 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 Professor Stiglitz one of the 100 most influential people in the world.

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 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 (published as *Mismeasuring Our Lives*). He now chairs a High Level Expert Group at the OECD attempting to advance further 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 (published as *The Stiglitz Report*). 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 it is better equipped to find solutions for the great challenges of the 21st century.

Professor Stiglitz serves on numerous boards, including the Acumen Fund and Resources for the Future.

He helped create a new branch of economics, “The Economics of Information,” exploring the consequences of information asymmetries and pioneering such pivotal concepts 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, to development economics and trade theory, to public and corporate finance, to the theories of industrial organization and rural organization, and to the 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 15 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 the 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), 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 correctly predicted 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*, published by W. W. Norton and Penguin/Allen Lane in 2012; *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*, with Bruce Greenwald, published by Columbia University Press in 2014; *The Great Divide: Unequal Societies and What We Can Do About Them*, published by W. W. Norton and Penguin/Allen Lane in 2015; and *Rewriting the Rules of the American Economy: An Agenda for Growth and Shared Prosperity*, published by W. W. Norton in 2015.

Professor Stiglitz's work has been widely recognized. Among his awards are more than 40 honorary doctorates, including those 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 became a member of France's Legion of Honor (rank of Officer).

Japan's Economy: Moderate Performance, Puzzles Persist

By Hugh Patrick

Japan's economy always presents puzzles. Why is unemployment so low, yet wages are rising only slightly? Why, despite a sustained, extraordinarily easy monetary policy and low interest rate, are consumer prices not rising and the threat of deflation persists? Why, despite relatively high R&D expenditures, do there seem to be so few domestic investment opportunities? Why are Japanese so risk averse? And why has productivity growth slowed so much (something it shares with other advanced countries)? I do not have the full answers, but I can offer some insights.

Japan is a major success story of economic development and growth, though for the past quarter-century, economic growth has been low, and was 0.5 percent in 2015. Japan's ongoing economic performance has always been a major theme of these annual essays, which essentially has been a reasonably positive story. However, since I have not discussed Japanese poverty at length in previous annual essays, I do so here since it too is an important topic.

The Year in Review

This has been a year of extraordinarily easy macroeconomic policy actions. The Bank of Japan (BoJ) actively and imaginatively pushed further its easy monetary policy. In January 2016, the BoJ introduced for the first time a negative benchmark interest rate and in September announced a policy to cap the 10-year Japanese government bond (JGB) market rate at zero, and to overshoot the 2 percent inflation target for a period until expectations increased to the target. Prime Minister Shinzo Abe in late May postponed from April 2017 to October 2019 a consumption tax increase from 8 percent to 10 percent. The government approved a moderately substantial fiscal supplementary budget in early August.

Unemployment is a low 3.1 percent, but recovery from the 2008–2009 global recession has slowed. Labor productivity, an essential driver of growth, seems to have been slowing for several years. Moreover, deflation no longer seems conquered; headline CPI (consumer price index) in August was minus 0.5 percent (year-on-year). Even the BoJ preferred core CPI measure dropped to 0.4 percent, far below its 2 percent target. My sense is that growth may be subpar for the next year or two, but in the longer run per capita growth will be good, though not great.

Analysts have long understood that Japanese government reports of GDP quarterly growth are only rough, preliminary estimates, subject to substantial change in subsequent revisions, but market participants nonetheless demand even weak data as quickly as possible. Regrettably, across-the-board government budget cutting in recent years has hit the Cabinet Office unit responsible for collecting and analyzing data essential for estimating GDP and the CPI.

Nonetheless, it is shocking that a working paper study by BoJ staff released in July estimated that GDP actually increased by 2.4 percent in fiscal 2014 (ended March 2015), not the official decline of 0.9 percent. The official data use the UN methodology, which is an expenditure approach, while the BoJ study applies an income approach that is also used in some U.S. GDP estimates. I am persuaded by the BoJ estimates, which cover a number of years. They mean in 2014 Japan did not have a recession, and its GDP was actually 3.3 percent higher than the official estimates. The economy has been doing better than expected.

The problem for policymakers and analysts is that the tax-return and other data used in the BoJ study are available only with a year time

lag. The government now has under way a project to improve its GDP and CPI estimates, due out by year-end. Good metrics are essential for good economic policy.

Japan performs somewhat above the average of the 35 economically-advanced member countries of the Organisation for Economic Cooperation and Development (OECD), notably in its very low unemployment rate. It is the world's third-largest economy, producing more than 6.5 percent of global GDP in 2015. With a per capita GDP of \$37,322 in constant purchasing power terms, its 127 million people have a high standard of living and well-being based on high-tech, sophisticated, and quite efficient use of the labor force, abundant capital, and other resources.

The International Context

The global economic system is turbulently under major pressures to change yet is also fundamentally strong. Volatility in financial markets and commodity prices has created distress, and the usual protectionist pressures have been fanned by political rhetoric. Still, the system remains open and market oriented.

World GDP grew at a somewhat disappointing 2.4 percent in 2015 and is at about the same rate this year. The value of world trade declined about 13 percent in 2015, reflecting the substantial fall in commodity prices, especially oil, but increased in volume. The IMF in September estimated volume growth of just 1.7 percent in 2016, a sharp decline from the sluggish 3 percent, give or take, growth in each of the previous five years. The IMF also noted the danger of global deflation.

The global system is subject both to cyclical forces and to shocks. Shocks typically impact financial markets quickly and then, usually to

a more limited degree, the real economy. The UK's referendum in June to withdraw from the European Union, "Brexit," is a noteworthy shock. Brexit has increased uncertainties about the global political system and will slow the economic performance of the UK and the EU directly, and others indirectly. Brexit will affect Japan's trade mainly to the extent that it slows world growth. Japanese companies investing in Europe have to reconsider whether England will continue to be their main European base.

The United States is growing at 2–2.5 percent annually, somewhat faster than its long-run trend of slightly less than 2 percent. While the United States has reduced its recession-high headline unemployment rate to 5.0 percent, the broader measure U-6 (which reflects underemployment) remains high at 9.7 percent. Labor misallocation and underemployment are problems the United States shares with Japan.

Economic performance in other regions of the world is mixed. East and Southeast Asia, led by China, Japan, and Indonesia, have the best growth. Africa is a mixture of outstanding success and persistent poor performance. In Latin America, Brazil is undergoing a major downturn, with GDP per capita down 9.7 percent over two years. India continues to do well. Many Middle Eastern countries continue to be plagued by domestic difficulties.

Two major recurring shocks to the global economic system have a special impact on Japan. First is the volatility of commodity and energy prices, epitomized by oil prices. (Japan has to import 94 percent of its energy for transportation, heating, and electricity.) Second is China's rise and its internal rebalancing. It is impressive that economies and politics do not interact more intrusively in both cases, and indeed that economic self-interests tend to calm political tensions.

Through its very successful economic

development and GDP growth, China has become a major political and military power. While China's total GDP is second only to the United States, it is still relatively poor, with a real GDP per capita in purchasing power terms of \$13,400, compared to \$37,322 in Japan and \$55,837 in the United States.

China is in the process of adjusting to a 6 to 7 percent growth path, rebalancing from goods exporting to domestic consumption, and to a greater share of services in production. This process, importantly involving bank credit markets and shadow banking, has been disruptive and difficult, and continues to be opaque. Growth may slow further, but I do not expect China to undergo a financial or economic meltdown.

Japan has both a substantial, strong economic relationship with China and a skeptical political-security relationship. Growth of their economic relationship has slowed over the past several years, probably more for economic than for political reasons. Two-way trade in 2015 decreased by 12 percent. China exported \$160.6 billion to Japan, about 7 percent of its total exports. Japan's exports to China of \$142.7 billion were 19 percent of its total exports. Japanese foreign direct investment in China has slowed by a third, as firms diversify to other, lower labor cost countries, as wages have been rising in China. Importantly, economically and more broadly, Chinese tourism to Japan has been increasing rapidly, doubling between 2014 and 2015, when its 4.99 million visitors comprised about a quarter of Japan's burgeoning tourist industry. So far, Japan and China have been able to maintain a strong economic relationship, even though the governmental political relationship is not good.

Asian economic integration is well-developed and strong, a major part of the market-based, global economic system. Economic forces will continue to deepen economic integration, regionally and globally. However, the greatest

challenge lies in the security environment of confrontation as a dramatically rising China challenges the U.S.-centric security architecture, as demonstrated in the South China Sea and other territorial disputes.

The challenge is whether a new security arrangement mutually acceptable to the United States, Japan, China, Russia, South Korea, and ASEAN will develop, and how Taiwan and North Korea will fit into it. For both the United States and China, how each finds an acceptable role for the other is key. Japan's security future rests on its deep political and security alliance with the United States. Despite these rising political tensions, I expect Asian economic integration to proceed, if a bit bumpily, for the foreseeable future.

TPP, the Trans-Pacific Partnership, is an important international policy for Abenomics' growth strategy. Government trade policy negotiators in the United States, Japan, and the other 10 members of the TPP agreement spent five years intensively negotiating the terms of a comprehensive agreement signed in February 2016, but subject to ratification by each government. After postponing TPP-related legislation in the spring Diet session, the Japanese government is scheduled to introduce it in the current Diet session this fall. As an indicator of Japan's commitment to structural reforms, the domestic reforms initiated in Japanese agriculture to meet TPP's commitments are important symbolically, more so than economically. Diet approval will put further pressure on U.S. policymakers.

The Obama administration has made TPP a symbol of U.S. foreign policy commitment to its continued leadership in Asia. However, TPP has become a political issue in the U.S. presidential elections. Bernie Sanders' campaign for the Democrat nomination, combined with opposition from Senator Elizabeth Warren, among others, has contributed to Hillary

Clinton's shifting her position to oppose TPP. Donald Trump has vigorously opposed TPP and other free trade policies.

Regardless of who wins the presidency, it is not at all clear TPP will even be considered during Congress's lame duck session following the election. One substantive issue is how to deal with the dispute settlement system between major foreign investors and governments (ISDS—investor-state dispute settlement). TPP will empower companies to challenge U.S. policies in order to obtain government compensation. Another is the length of monopoly protection for a new class of drugs called “biologics” developed by U.S. companies. Congressional leadership suggests that TPP will not have the votes to pass. Even if a President Clinton returns to a more supportive stance, TPP ratification seems unlikely anytime soon.

The political ascent of Donald Trump to become a presidential candidate of a major party has been a major shock for me, for many Americans, many Japanese, and, indeed, for many people around the world. I reject his protectionist and other policy proposals. While most job loss in the United States is due to domestic technological innovations, not foreign trade, trade is much more susceptible to policy attack. Trump and Bernie Sanders have both tapped into the populist attitudes of a large number of Americans who feel the economic system and the national government have failed them and want change.

The Domestic Context

Japan exemplifies the macroeconomic challenges all advanced countries face of inadequate private investment demand, slowing productivity increases, extraordinarily low interest rates, and inflation below target increase rates. One major difference is that Japan is much further along its demographic transition, based on low fertility rates since

1974 and continued increases in life expectancy. Most important is the changing age composition. The working age group (15 to 64) peaked in 1995 and now is 60 percent of the population. The number of Japanese 65 or older is steadily increasing and now comprises 26 percent. The population peaked in 2008 at 128.08 million and decreased to 127.08 million in 2015. These realities reinforce the view that while GDP growth certainly is important, GDP growth per capita, and especially per worker, is a more significant measure of performance.

While international conditions certainly matter, Japan's economic performance is basically driven by domestic forces. The BoJ growth estimate indicates that recovery from the 2008–2009 global Great Recession has been better and less erratic than the official data, which report strong quarterly GDP growth followed by sluggish growth or even decline, as in 2015. Short-term perceptions and market expectations are roiled by substantial revisions of the government's GDP estimates. As of the September 8 estimate, GDP increased at a 2.1 percent annual rate in the January–March 2016 quarter, and 0.7 percent in the April–June 2016 quarter. This second quarter estimate is a surprisingly good upward revision from the previous estimate of 0.2 percent growth. I expect the economy to break out of its current holding pattern and soon return to sustained, modest growth. So much depends on expectations, and Japanese expectations seem particularly uncertain today.

The standard full-employment target is the rate at which it does not accelerate the rate of inflation. It has been considered to lie between 3.5 percent and 4.5 percent in Japan, but recent evidence suggests it may be lower. The August unemployment rate was 3.1, and the job offers-to-applicants ratio was 1.37, the highest in the last 25 years. The new job offers-to-applicants ratio, a leading

indicator for labor market conditions, was 2.02. One would expect more inflationary pressure in wages. However, a broader measure that includes discouraged workers and all other marginally attached workers plus those workers who are part time, tells a less sanguine story. Japan started to use the broader measure, similar to U6 in the United States, beginning with 2013, when it stood at 15.4 percent. It had fallen to 6.2 percent in the second quarter of 2015.

Worker total cash earnings in current prices have been slightly positive since 2014, and in real terms positive since the summer of 2015, but not increasing rapidly at all. Then there was a significant upward blip of 1.6 percent in March 2016, but wage increases have subsided since then to a 0.2 percent rate in June.

Japan's labor markets are complex and differentiated but continue to be dualistic in two major overlapping ways: regular workers or nonregular workers, and male or female. As of summer 2016, Japan's 66.6 million labor force was 57 percent male and 43 percent female; and 63 percent regular employees and 37 percent nonregular employees, mainly part-time, temporary, or contract workers. Most (85.7 percent) Japanese workers are employees; another 10.5 percent are self-employed or are family workers in small businesses or farming. Almost three-fifths of Japanese men have regular positions, but only 43 percent of women do.

Wage gaps are wide. Female regular worker hourly wages in 2015 were 72 percent of regular male wages; the ratio has increased gradually but significantly from 60 percent in 1989. The wider gap is between regular and nonregular (short-term) workers: in 2015 nonregular male workers were paid only an hourly wage 56 percent, and female nonregular workers only 51 percent of male regular workers. Addressing these disparities is a major focus of Abenomics today.

Japan is subject to natural disasters—typhoons, other extreme weather events, and, especially, earthquakes. A 7.0 earthquake hit Kumamoto in Kyushu on April 14, 2016, followed two days later by a 7.3 shock, and then a large number of aftershocks. Some 180,000 people had to be evacuated; 72 died. The impact on Kumamoto's local population and economy has been devastating, but the macroeconomic effects on the national economy have been small. The Japanese involved have demonstrated capability and flexibility as well as sheer endurance.

Japan is a fundamentally politically stable nation, despite a period between 2006 and 2012, when the prime minister changed every year, and the Democratic Party of Japan (DPJ) briefly (2009–2012) took government control away from the long-dominant Liberal Democratic Party (LDP). Japan's political weakness is that it does not have a strong opposition party enunciating alternative policies effectively. The DPJ, now the Democratic Party, virtually collapsed. It remains to be seen whether its charismatic new leader, Renhō, who uses only her personal name, will resuscitate it.

Shinzo Abe, Prime Minister since late 2012, will certainly continue in office until September 2018, when his second three-year term as LDP president comes to an end. This was assured when the LDP and its Komeito coalition partner won the unexciting Upper House election on July 10. Despite substantial criticism of his policy efforts, Abe maintains a high degree of public support, though many of those polled indicate they see no real alternative. I expect Abe to change the LDP presidential limit so he can be Prime Minister through the Tokyo Olympics in August 2020.

Abe has become an increasingly confident, strong leader. In laying out his national renewal agenda, he has asserted that Japan will continue to be a major player, a first-tier country.

He understands that his public support lies in Japan's successful economic performance, and he has made it clear that the economy will continue to be his top priority. That will be tested in the current Diet session and in future sessions, particularly as he addresses the many structural reform measures (Abenomics' third arrow) Japan needs to achieve good, sustained economic performance. Abe's efforts for constitutional reform will be delayed until Abenomics succeeds.

Monetary Policy

Japan epitomizes the global, macroeconomic environment of insufficient aggregate demand, extraordinarily low interest rates, and easy monetary policies. In principle Abenomics tackles these problems with three policy arrows: Bank of Japan monetary policy to achieve price stability, fiscal policy to deal with government budget spending and the massive government debt, and structural reforms to increase the potential and actual growth rate. Growth depends significantly on private sector responses to new incentives and opportunities.

Japan is a unique case of low but persistent deflation. Achieving price stability (defined as a 2 percent annual increase in the consumer price index) has turned out to be considerably more difficult than anticipated.

Monetary policy is complicated by the fact that the neutral interest rate—at which monetary policy is neither expansive nor contractionary—has declined over the past two decades and now is close to zero, a historical low. In the face of this, the Bank of Japan has pursued an imaginative, activist monetary policy since Haruhiko Kuroda became governor in March 2013. It lowered its benchmark interest rate and committed to massive quantitative easing (QE) by initiating and continuing its ¥80 trillion annual purchases, primarily JGBs. BoJ has made credit readily available at very

low cost as an incentive for businesses to borrow and invest and households to purchase homes and consumer durable goods.

However, Japan's basic problem is that the economy is not generating enough profitable opportunities for business investment. Bank loans are only 60 percent of ever-growing deposits. Over the years, banks and other financial institutions filled their asset gaps by purchasing JGBs. As a consequence of the BoJ's buying JGBs from them through the market, banks have been holding large excess reserves at the BoJ.

On January 29, the BoJ shocked financial markets by introducing its unprecedented negative interest rate policy (NIRP) when it reduced its rate on Tier 3 reserves to negative 0.1 percent. Commercial bank reserves at the BoJ are in three tiers, and the smallest third is used for BoJ short-term interest rate determination.

NIRP did not have the desired effect on market expectations, instead creating confusion and controversy. The policy reduced bank profitability more than monetary easing in historically normal times because commercial banks have great difficulty in charging negative interest rates on deposits. If the banks did, depositors would simply withdraw currency. Moreover, the BoJ purchases of JGBs over a longer maturity horizon resulted in a significant flattening of the JGB yield curve, and 10-year JGB market prices went to negative yields.

Recognizing that the JGB yield curve had become too flat, on September 21, BoJ announced two new policies. First, it took actions to widen the term structure by reducing the average maturity of its JGB purchases and announcing it would end the 10-year JGB negative yield by capping it at zero. In effect, BoJ is benchmarking not only the standard short-term interest rate but also the long-term rate. Because BoJ cannot fully control both

credit prices and quantities, this implies that interest rates (JGB prices) are now a higher priority than quantitative easing. I expect quantitative easing to continue for some time, but with flexibility about ¥80 trillion in purchases in order to assure the 10-year JGB market interest rate is about zero. The policy shift means banks once again are able to engage in profitable maturity transformation by borrowing short and buying long.

The BoJ's second policy action was to pledge to continue quantitative easing until the CPI exceeded the 2 percent target and remained stably above it long enough, so as to ensure Japanese deflationary expectations reached and stayed at the 2 percent CPI target. While this commitment is good, in reality it does little to enhance BoJ credibility because it has not been successful in achieving increases anywhere near its 2 percent target. I expect the economy to do better gradually, deflation to end, and to reach a 1 percent CPI rise. But achieving 2 percent anytime soon is unlikely.

I support NIRP, not just because it is the rational extension of interest rate policy, but, especially, because of its shock value. NIRP has engendered major policy discussion both about the proper role and limits of monetary policy and about making Japanese more aware of the need for appropriately stimulative fiscal policy in the short run and, especially, for a wide range of politically difficult but essential structural reforms. Both NIRP and continued expansive, albeit more flexible, quantitative easing also are essential until deflation and deflationary expectations are clearly vanquished.

Fiscal Policy

Japan's 2014 increase in its consumption (VAT) tax from 5 to 8 percent had deeper and longer-lasting negative effects on aggregate demand than anticipated, so Abe's decision in May 2016 to delay the approved further

increase to 10 percent from April 2017 to October 2019 was correct.

On August 2, he announced a supplementary budget of ¥28.1 trillion. However, the package consists mainly of loans and other financial measures that have no direct impact on spending, and probably would be done anyway. New central government spending is ¥6.2 trillion, of which ¥4.6 trillion will be spent by the end of March 2017. That will provide growth stimulus this year of 0.9 percent to offset waning private demand. Its most important stimulus is from direct cash payments of ¥15,000 to each of low-income individuals, as subsidies for caregivers, and related welfare expenditures. This provides a significant, short-term positive stimulus. To what degree further fiscal stimulus will be needed over the next few years in order to achieve sufficient aggregate demand for growth is not clear.

Government debt management benefits from the BoJ low interest rate policy. The government has been issuing new bonds with a 0.1 percent yield. That significantly decreases the interest cost burden on servicing the government debt. With BoJ benchmarking the 10-year JGB rate, new issues could even have a yield approaching 0.

Although the Japanese gross government debt is a huge ¥1,105 trillion, BoJ holds about 36 percent (June 2016 data), up from 32 percent in December 2015. Domestic banks have been reducing holdings, while insurance companies and foreigners have been net buyers.

"Helicopter money" financed by the BoJ is one of the policy proposals under discussion. Helicopter money is fiscal policy in a very simple form: the government distributes money as a gift to all Japanese, financed by issuing bonds directly purchased and held forever by BoJ. That is, taxpayers will never have to repay it. I am skeptical as to whether Japanese would consider this credible. There is always a possibility that at some point, though not

soon, Japan will be subject to major inflationary pressures, so in addition to raising its policy interest rate, the BoJ would have to engage in a massive JGB selling operations to bring inflation under control. If so, BoJ should not (and probably would not) feel bound to earlier commitments to hold any JGBs forever.

Beyond that, helicopter money poses important policy and practical implementation issues. Would it be limited to Japanese citizens? Would it exclude well-to-do Japanese? Would it be in cash or bank deposits? How would it be administered? I do not expect helicopter money policy to be pursued, but the concept contributes to the ongoing debate in Japan about both monetary and fiscal policy.

Structural Reforms

To sustain and increase GDP growth, Abenomics' third arrow focuses on a wide range of structural reforms to make markets more competitive and increase productivity. In late May, the government's Industrial Competitiveness Council, chaired by Abe, announced its revitalization strategy for 10 major sectors on which the government and business should focus cooperatively. Progress is being made in electric power, corporate governance and stewardship, and health care. Agriculture reform has been directly linked to TPP, which is scheduled to be ratified in the current Diet session. Deregulation is, or will reduce, some business costs.

Japan's electric power industry is in the early stages of a massive transformation from fossil fuels to solar, wind, and geothermal renewables. It is a complex story of new technologies, changing costs, and perceptions of safety. In some ways it will be the story of coal and nuclear power use over the next 50 years.

A September 2016 International Energy Agency (IEA) report says Japan's shutting down nuclear reactors following the 2011 Fukushima incident created a 30 percent

gap in the country's electricity supply. This was replaced by imports of liquefied natural gas, oil, and coal. As a result, Japan's energy dependence on imports rose to 94 percent in 2013, from 80 percent in 2010, annual CO2 emissions from power generation grew by 25 percent, and electricity prices increased by 16 percent for households and 25 percent for industry.

Globally coal is abundant and cheap, but it is the worst emitter of greenhouse gases and other pollutants. Coal-burning electric power stations have the lowest direct costs. Japan has 90 coal-powered units with a capacity of 40,500 megawatts; many are old, inefficient, and polluting. The government is developing high-efficiency coal generation technology and carbon capture and storage. Government policy is to close older units and, over the coming decade, add up to 20,888 megawatts of new, much less polluting, and more efficient coal-burning power plants. The Environmental Ministry has approved 43 new projects. The government supports research to develop high-efficiency coal thermal power generation technology and CO2 capture and storage. However, Japan will have to continue relying on coal, natural gas, and oil for at least several decades.

Japan's most difficult energy policy decision is to what extent to rely on nuclear power. This is a key issue in Japan's forthcoming new energy strategy. Nuclear power is cheap and does not emit greenhouse gases, but Fukushima has made the public deeply concerned about its safety. The immediate issue is what to do about the closed nuclear power plants. The government has responded with new high safety standards for reopening them. Japan has 54 nuclear plants, including the three devastated by the Fukushima earthquake and tsunami, which once provided 30 percent of Japan's electricity. All were closed following Fukushima; 22 have not yet sought to reopen, 7 have been approved to reopen, and 22 have

filed to reopen and are under review. Only 3 have actually reopened only 2 and are in operation now. The approval process is slow and politically challenging.

The Japan Atomic Energy Agency has engaged in a decades-long commitment to developing nuclear power. Priority has been on technology for nuclear fuel recycling in the Monju fast-breeder reactor project. However, Monju has been plagued by technical problems and human errors and may be closed.

The longer-term issue is whether Japan should build new nuclear power plants. The IEA observed that the most cost-effective way to "decarbonize" and "diversify" the energy mix is by increasing use of nuclear and renewable sources. The government's policy is to reestablish and sustain the nuclear power industry until it can be replaced by eventually low-cost renewables, but a decision to build new nuclear power plants is years away.

Labor market reform is one of the highest priorities of Abenomics. Labor force participation in Japan in 2015 was about 76 percent of 15 to 64 year olds, about 3.7 percentage points higher than in 2000. The 2015 rate was 66.7 percent for women (up from 59.6 percent in 2000) and about 85.0 percent for men (85.2 in 2000). Women were 42.7 percent of the 2014 labor force, up from 40.7 percent in both 1990 and 2000 (World Bank data).

A central issue is how to deal with the disparate treatment of the regular workers who have stable jobs and the nonregular workers who work part-time, temporarily, or on limited-term contracts. Nonregular employment has been a growing concern for some time. In 1989, about 19 percent (8.17 million people) of the labor force were nonregular employees. In 2015, it was 37 percent (19.8 million people). That means the entire 10.15 million increase in the labor force was of nonregular workers. The wages of nonregular workers

on average were just 56.6 percent of regular workers in 2015, and that does not take into account the value of paid sick days and other benefits. Wage gaps are wider in Japan than in other advanced countries.

At a speech in New York on September 21, Abe stated he would focus on closing the gap between regular and nonregular workers. But significantly reducing that gap, and the gaps between male and female workers, will be difficult. It implies a major restructuring of how companies, the government bureaucracy, and labor markets operate.

It will be interesting and important to learn what policy proposals Abe's new expert group will make this fall and then what the government and businesses will implement. Seniority wages may flatten over the longer run, but the system of seniority wages and guaranteed employment until retirement at 60 will persist; management, regular employees, and their unions have too much at stake. The major focus will probably be on how to improve the conditions for nonregular workers. Their future depends on continued economic growth, which generates tightening of labor markets.

Japan's basic policy is to restrict the entry of foreign workers severely, and acceptance of refugees and other permanent immigrants is miniscule. Some 2.2 million foreigners live in Japan, predominantly Korean and Taiwanese permanent residents who do not have Japanese citizenship. The government's internship program to train foreign workers for three to five years has increased since Abenomics began, but only by 41,178, to a total of 192,655. Many trainees actually are relatively unskilled, low-wage employees in manufacturing, services, and even agriculture. Many of the 246,679 foreign students in Japan, up 65,760 under Abenomics, are allowed to work part time, and some stay in Japan after their visas expire. In terms of

Japan's overall labor supply, foreign workers play a minor role.

What is termed "womenomics"—women in the work force—is key to ongoing economic growth in Japan. This was proclaimed internationally by Abe in his September 2013 address to the United Nations. Japan even has a Minister of Women's Empowerment at the cabinet level.

Most women are in nonregular jobs. While most single women work, including 84.5 percent of single mothers, 44 percent of married women leave the labor force when they have their first child. Although the number is increasing, only 30 percent of women with a child under three years old keep their regular jobs.

Two major womenomics issues are how to increase the female participation rate (which is relatively low compared to Germany, the UK, and the U.S.), and how to promote more women to managerial and executive positions. A major policy focus has been to create conditions in which married women with young children can return to work, including more child care facilities and greater benefits. Much, of course, depends on family income and circumstances.

Under Abenomics, the female labor force has increased by about one million workers. This has been due primarily to demand for workers as labor supplies tighten and employment rates rise, though, in the longer run, better formal and informal policies contribute.

The number of women in managerial and other senior positions is gradually increasing from low levels, but this will be a long-run process. The government is increasing the employment and accelerating the promotion of females in the public sector. Many large private sector companies are actively pursuing policies to hire young women graduating from college into management track positions, in part

for reputational purposes. This is near term, because promotions are internal, and there are so few female employees in older management track cohorts that it will be 10 to 15 years before significant changes are noticeable at top levels.

Poverty in Japan

Although Japan's economic performance has been lackluster for the past quarter-century, in historical perspective it is an outstanding case of successful economic development. Most Japanese have a relatively high standard of living, good health, and a long life expectancy. However, not all Japanese are winners. Income has become more unequally distributed, and Japan's relative poverty rate is high compared to other OECD countries. After income distribution and welfare policies, Japan's Gini coefficient, 0.336, is eighth highest among the 35 OECD member countries. In comparison, Denmark's Gini is 0.238, the lowest; the United States, at 0.379, is fourth highest; and Chile is the highest, at 0.510. Japan's relative poverty is 16.0 percent, fifth highest in the OECD. In comparison, Denmark, second lowest, is at 6.4 percent; the United States, fourth highest, is at 16.5 percent; and Israel, the highest, is at 20.9 percent.

Poverty in Japan, historically, has not been well documented statistically, perhaps reflecting the small scale of government programs. But changing labor markets and social patterns in the past 35 years or so have made poverty more commented on in the media and academia. Anthropologists speak of "precarious lives." These are people living vulnerable, generally solitary lives. They are more than just the homeless, handicapped, social misfits, drop-outs, and those who isolate themselves at home (both young *hikikomori* and the elderly). They are also young workers, or would-be workers, especially single mothers. The reports of individual cases and newspaper accounts are often heart rending.

How to define and measure poverty is not obvious. Poverty is both absolute and relative. The UN defines extreme poverty as "severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information." Extreme poverty is not a major problem in Japan. Relative poverty, on the other hand, is a societal definition of who is poor. Poverty specialists in Japan, the United States, and other developed countries use the OECD definition that citizens whose income is less than one-half of the nation's median (average) income live in poverty. But the range between being destitute, at the bottom of the government-welfare program group, and being poor but managing to scrape by, is substantial. In practice, countries more narrowly define an unacceptable level of poverty for their citizens through the coverage of their social welfare programs.

Wide public awareness of poverty issues date to 2007–2008, when reports of elderly citizens starving to death after their welfare benefits were cut off made headlines. Then, during the global recession of 2008–2009, media coverage called attention to burgeoning numbers of laid-off and homeless temporary workers, many of whom had congregated in a vast tent city in central Tokyo's Hibiya Park.

Japan's poverty estimates are derived from two government sources. One is the Comprehensive Survey of Living Conditions (CSLC) done by the Ministry of Health, Labour and Welfare (MHLW). The OECD uses those data for international comparisons. The other is the Ministry of Internal Affairs Survey of Family Incomes and Expenditures (FIE). There also are data related to poverty compiled from central and local government budgets and financial reports in the Annual Reports on National Accounts, with a two-year time lag, and monthly reports on welfare (MHLW).

The CSLC started in 1986, with a large-scale survey every three years and smaller-scale surveys in other years. The FIE is done every five years, beginning with 1994. Especially for the CSLC, there can be a significant time lag between the data year and publication. FIE data are continually released as they become available. Publication and analysis of the 2015 CSLC survey and the 2014 FIE survey will provide major updates.

Besides the widely used OECD standard definition of half the median income used in the CSLC, poverty in Japan is defined by the MHLW as a minimum level of living, termed the livelihood protection (*seikatsu hogo*) amount. It takes into account the number and age of family members and region of residence, and is used by the government in establishing welfare programs. The overlap between the two definitions is high: 86 percent of those below the relative poverty line are also below the livelihood protection poverty line (2009 data).

Japan's poverty rate using half the median income was 16.0 percent, with a cutoff for individual income of ¥1.22 million (about \$12,200) in 2012, the latest year for which there are data. FIE data for 2009 estimated Japan's relative poverty rate at a significantly lower 10.1 percent, though the general patterns of poverty are similar. These different estimates are a consequence of survey methodology and implementation, according to a joint Cabinet Office report in December 2015. FIE is more fine-tuned, as it considers more than just household size. Relative to the CSLC, FIE samples a higher percentage of those under 40 years old, though it excludes single-student households. The CSLC survey sample disproportionately includes more senior households, small town households, and the small number of single-student households.

So who are Japan's poor? They occur in all ages and household categories, and almost all

need help. Two groups of special government policy concern are the growing number of elderly poor, especially those living alone, and children living in poverty-stricken households.

Almost all poor Japanese, 96.5 percent or more, are 30 years or older. The usual inference is that young people work their way out of poverty, but poverty persists across age groups. In the 2012 CSLC survey, 14.4 percent of those ages 30–49 are poverty stricken, 14.2 percent of those 50–64, and 18.0 percent of those 65 or older. Data for 2010 show that the relative poverty for women above age 60 rises significantly more than for men and was 27.1 percent for women 80 or older and 16.6 percent for men. The elderly in Japan are at risk, and so, too, are Japanese children.

The surveys provide data on income distribution. In 2009, FIE estimates that, of the 7.2 percent of households with an annual income of ¥1.5 million or less, 30 percent were in single households over 65, and 2.6 percent were those under 65. Some 18.9 percent of the households had incomes between ¥1.5 million and ¥3.0 million, while 24.2 percent were in the ¥3–5 million range.

Household poverty varies significantly by region. In Kyushu and Okinawa, 25.1 percent of households were in poverty compared to 11.3 percent in the Tokai region around Nagoya. Not surprisingly, since most Japanese live in large or mid-size cities, most poverty-stricken households are there.

Comparisons with other countries are not easy because of differences in methodologies, quantity and quality of data, and different explicit or implicit norms and values. Questionnaires and polls are especially difficult to interpret, though they do reflect broad patterns. For example, in a 2015 survey of those 15 or older, 90 percent of Americans, but only 30 percent of Japanese, reported their health was good, even though Japanese

have universal health coverage, are generally in good health, and have a life expectancy four years longer than Americans.

That said, in the United States, the Census Bureau estimates 13.5 percent of U.S. households were below the poverty threshold in 2015, defined by age, family size, and children under 18. The poverty level cutoff was \$24,257 for a family of four. For a household with two adults and a child, the monthly threshold is \$1,590, for a couple over 65, \$1,194; and for a single person over 65, \$947.

The OECD has a Better Life index. Japan ranks at the top in personal security and above the OECD average in income and wealth, education and skills, jobs and earnings, personal security, and social connections. However, it is below the average in terms of housing, civic engagement, subjective well-being, work-life balance, and health status. In general, Japanese are less satisfied with their lives than the OECD average. Asked to rate their general satisfaction with life on a scale from 0 to 10, the Japanese gave a 5.9 grade. The OECD average is 6.5.

What to do about poverty and how to reduce it are fundamental social and political decisions in each country. Both the United States and Japan tolerate more relative poverty than does Europe.

Japanese receive a wide range of social security benefits in a complex system involving both the central and local governments, and funding transfers among them. Note that Japan uses “social security” as the overall English term for public assistance including not just what is called Social Security in the United States but also for medical benefits and government pension payments.

In 2015, the MHLW estimated that social security benefits amounted to 31.0 percent of Japan's national income of ¥377 trillion.

Government pension payments were almost half of this (48.1 percent, 14.9 percent of national income), medical services were about a third (32.1 percent, 10.0 percent of national income), and welfare benefits were 19.8 percent (6.1 percent of national income).

Social security-related expenditures in the government national budget show smaller amounts, but similar priorities, in a somewhat different breakdown. Central government total expenditures in 2015 were 15.2 percent of national income, and national social security expenditures 8.4 percent. Three-quarters of social security expenditures (6.2 percent of national income) were for pension and health care and services. Social welfare, public assistance, and employment and accident insurance programs amounted to 2.2 percent of national income.

About a quarter of the population receives pension or welfare payments. In 2010, 42.3 percent of recipients were households with elderly members (so a substantial portion of assistance was pension payments); 33.1 percent were Permanent Forum recipients (households with sick or disabled members); and 7.7 percent were single mother households.

The number of households receiving “seikatsu hogo” (livelihood protection, the term used in Japan for welfare assistance) hit a record high of 1,635,393 in March 2016. These households contain 2,164,154 individuals, 1.71 percent of Japan’s total population. This compares to 2,163,152 recipients as of August 2014 (MHLW data).

The distribution of welfare is somewhat different from overall social security. In 2014, the elderly were 45.5 percent of recipients (2014 data); the infirm and handicapped, 29.3 percent; and single mothers, 7.1 percent.

Welfare recipients must have a residence. This means that, although their numbers are small, the homeless are particularly vulnerable.

Other requirements for welfare are that the recipient cannot own a house, car, or any other assets and is not able to work. Welfare recipients receive the difference between any pension payments and the specified payment as defined by age, region, and number of persons in the household. Importantly, the recipient has to be unable to receive support from any relative and prove it. Difficulties arise when Japanese are reluctant to admit their poverty, or potential recipients are estranged from their families.

How much a recipient receives depends on type of household, age, and region of the country, adjusting for differences in cost of living. For example, in 2015, the total income benchmark for receiving assistance ranged from ¥131,640 (\$1,316) to ¥160,110 in monthly assistance for a three-person household with the male 33 years old, wife 29, and child 4; ¥65,560 to ¥80,870 for a single-person household, female aged 68; ¥97,860 to ¥120,730 for an elderly couple, male 68, female 65; and ¥159,900 to ¥189,870 for a single mother aged 30, with children 4 and 2. These are significantly below the OECD definition of the poverty line.

Elderly poverty would be significantly worse if the government did not provide substantial pension payments, health care, and other benefits. Headlines in April 2016 proclaimed the elderly had become more than half of welfare recipients, with 826,656 households. This means more than 6 percent of all elderly households receive welfare. Some 90 percent of these are in single-person households, where the individual often has no relative to rely on and had little or no pension benefits.

Workers and other younger Japanese provide income to the government through taxes and pension contributions. Once they retire they receive net benefits. The formal retirement age of 60 is being extended in one form or another by many companies. As a

consequence, income inequality for the elderly before government redistribution rises sharply (a Gini coefficient of about 0.8), but after redistribution income inequality remains flat (Gini of about 0.4). Even so, elderly poverty remains high.

Japan ranked 34th of 41 developed nations on UNICEF’s child poverty index released in April 2016. Japanese government data show that one in six (16.3 percent) children (those under 18 years of age) lived in poverty in 2012. Families with two or more adults are 38 percent of poor families and include some 12.3 percent of all children. Single-parent (overwhelmingly the mother) with children households comprise only 1.7 percent of the FIE sample of households; however, 54.6 percent of these households are in poverty. Almost all single mothers have been married; less than 20 percent of divorced mothers receive child-support payments from the father. Half (50.4 percent) of poverty-stricken single mothers do not work, presumably because the children are young and assistance is not available.

For children, education is the most important path out of poverty. Education is compulsory to age 15. Impressively, as of 2014, 92.8 percent of children from families on welfare were in high school, though only 67.4 percent were in regular high schools. The others attended evening high schools (11.7 percent of welfare children) or a range of vocational and technical schools. The dropout rate was a low 4.5 percent. Fees for public high schools are about ¥400,000 per year, which the government offsets, at least in part, by zero-interest loans.

The Childhood Poverty Act passed the Diet in 2013, and in 2014 the Cabinet announced guidelines to curtail childhood poverty. It provided subsidies for high school education costs, as well as cash benefits of ¥42,000 per month for poor families with no children and small additional amounts for each child. The

government continues the development and implementation of these policies.

Relative poverty is a convenient way to measure and compare poverty in Japan and other developed countries, but it strikes me as a concept more of government officials and other poverty specialists than the general public. Welfare programs in Japan seem to be designed to mitigate real poverty but not to reduce relative poverty. Japanese policy specialists probably use Japan's high relative poverty rate as a way to try to persuade politicians and policymakers to increase welfare programs.

Conclusion

In the long run, growth depends fundamentally on increasing labor productivity (GDP output per worker hour) and total factor productivity (TFP). Global productivity growth has slowed in recent years. Innovation and technological advances and R&D expenditures have risen, but they have not generated as much GDP growth as in the past. Science and technology forecasts suggest further profound improvements in the human condition over the next quarter-century. The list is long: genetics, biotechnology, and other advancements in health; material science and nanotechnologies; 3D printing manufacturing; robotics; self-driving vehicles, drones, and other autonomous systems; cyber, big data, and other Internet information-based technologies. Future historians may look on this as a dynamic era driven by a myriad of wonderful world-changing innovations. And Japan will be a major player.

Most Japanese are comfortable, but not very optimistic about their country's future. Among other reasons, this reflects the fact that not much in the economic fundamentals has changed from a year ago. Moreover, neither of Abe's ambitious economic targets of a 2 percent real GDP growth within two years and a 2

percent rise in the CPI within five-year will be achieved. So, although it is incorrect to assert Abenomics is a failure, it certainly is not yet a success. The question is whether Abe carries out major structural reforms, despite strong vested interests. With the upper house election victory, he has the political power. Does he have the commitment and will?

Japan is a safe, sound, comfortable, stable democracy with a well-developed, high-income, mature economy. With its declining population and smaller labor force, evaluation of its future must focus even more on real GDP growth per person and per worker than total GDP growth. One percent GDP growth will be good, but not an indicator of secular stagnation, since the labor force will decline about 0.8 percent annually. Japan will continue to be among the world's five largest economies for the foreseeable future. After all, Japan is an extraordinarily capable, industrious, high-achieving nation with a strong economy. Japanese have a strong national identity, social stability and cohesiveness, and a deep cultural heritage. I am impressed by the young generation of Japanese I meet.

Despite the lack of optimism among many Japanese, I myself am quite optimistic about Japan's future.

October 20, 2016

Current Research Highlights



From left to right: David E. Weinstein, Takatoshi Ito, Gerald L. Curtis, Curtis J. Milhaupt

Promoting research related to the Japanese economy, businesses, management systems, and financial markets is crucial to CJEB's mission. Typically, the Center's core faculty members obtain funding individually through competitive outside grants, and the Center also provides additional financial and administrative support in order to facilitate the research.

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 his role as CJEB's director of research, he is the director of the NBER Japan Project, cosponsored by CJEB. Professor Weinstein was also the chair of Columbia University's Economics Department.

Professor Weinstein's research utilizes extremely detailed databases on various aspects of the Japanese economy. In 2015–2016, Professor Weinstein continued his research on systemic financial risk in Japan. He has a major project under way that aims to illustrate how banking crises affect aggregate investment. In particular, this research will address the importance of problems in individual large financial

institutions to 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.

In addition, he is 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 throughout East and Southeast Asia. He is a frequent speaker at think tanks, universities, business and financial organizations in the United States, Australia, China, Korea, and Europe and a participant in numerous track two policy dialogues with and in Japan, China, Taiwan, Korea, and the United States. In addition to his academic writings, he regularly publishes op-eds for *The Wall Street Journal*, the *Financial Times*, and numerous publications in Japan and elsewhere. He is a frequent guest on Japan's 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 micro-structure, Asian financial markets, inflation targeting, and the Japanese economy. In addition to his role as 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 projects 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. Currently, 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. He is researching 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 was 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. Professor Ito organizes internationally acclaimed seminars, such as the NBER East Asian Seminar on Economics in June 2016.

He served as chair to 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 done research on, as well as given policy advice related to, 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 has coauthored or edited eight books, including most recently, *Regulating the Visible Hand? The Institutional Implications of Chinese State Capitalism* (Oxford University Press 2016). 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.

Hugh Patrick continues his study of 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. 27. During 2015-2016, 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 made trips to Japan in fall 2015 and spring 2016, and to Korea in spring 2016 and had meetings with senior policy advisors and business leaders. He was featured widely in the media, including in such outlets as *Nikkei*, *Jiji News Bulletin*, and NHK's "Global Agenda" program.

Faculty Engagement

CJEB continues to actively participate in the Columbia community through the engagement and support of its faculty members who may not be regularly associated with the Center. To promote dialogue between the business, professional, academic, and cultural communities in the United States with those of Japan, CJEB funds Japan-related research and explores ways to incorporate the study of the Japanese economy and business systems into faculty research and teaching. The Center fosters collaboration and uses its extensive network of Japanese professional contacts to arrange for speakers from the private, academic, and government sector to give lectures to the Columbia community. CJEB's access to various Japan-related databases is also available for Columbia Business School (CBS) faculty to use for their research, and, where appropriate, CJEB can fund and arrange faculty research trips to Japan.



Hugh Patrick and Glenn Hubbard

Every year, CJEB provides administrative and logistical support to professors traveling to Japan. CJEB directors also provide assistance and advice to these professors on business protocols and customs in Japan. For example, in 2015-2016, CJEB introduced one of the CBS centers, which was seeking an outside consultant with Japanese expertise, to a CBS Japanese alumni. By making these types of connections, CJEB acts as a bridge between the CBS and Japanese professional communities.



Matthew Feely with audience at Mitsui symposium

CJEB often cosponsors programs with other centers at CBS and the School of International and Public Affairs (SIPA) at Columbia University as well as other Japan centered organizations in New York City. On December 17, 2015, CJEB cosponsored a symposium with Columbia's Weatherhead East Asian Institute titled "Is Japan Really Back?" (more details on p. 49). This symposium, held in honor of the retirement of **Gerald L. Curtis**, the Burgess Professor Emeritus of Political Science, featured a series of panels discussing Japan's political reforms, security, and Japan's regional relationships. For CJEB's 17th annual Mitsui USA Symposium on March 1, 2016 (details on p. 49), **Paul Ingram**, Kravis Professor of Business and faculty director of the Columbia Senior Executive Program at CBS, and **Matthew Feely**, adjunct assistant professor at CBS, presented their case study on the extraordinary story of Operation Tomodachi. This event, cosponsored with the Mitsui USA Foundation, provided an opportunity for CJEB to work with Columbia CaseWorks, engaging the audience with course material generally developed for use at CBS and other leading business schools worldwide.

CJEB's annual Tokyo conference, "U.S.-Japan Economic Relations" (details on p. 45), was held on May 13, 2016, and involved many distinguished Columbia faculty, including **Gerald L. Curtis**, who gave the keynote speech, "The United States and Japan in a Turbulent Asia"; **Glenn Hubbard**, dean at CBS, who provided the welcoming remarks and spoke as a panelist; and **Merit E. Janow**, dean at SIPA, who was both a moderator and panelist.

CJEB continues to work with the Jerome A. Chazen Institute for Global 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 2016, **Dan Wang**, assistant professor at CBS, led the study tour.

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.

2015-2016 Working Papers

WP 344

Was the Forex Fixing Fixed?

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

Masahiro Yamada, Assistant Professor, Faculty of Economics, Hitotsubashi University

September 2015

"Fixing" of the exchange rate (price) is a practice among the Forex market participating institutions to set a reference/settlement price for the day. Major fixings occur at 9:55 a.m. Tokyo time for transactions between Japanese banks and their customers, and at 4:00 p.m. London time for transactions between European and U.S. banks and their customers. The two fixings have different regulations and institutions. The London fix is calculated as an average price during the one-minute window around 4:00 p.m. They empirically examine the movement of prices

around the time of fixing. Regulators in the UK and the United States have accused banks of colluding by manipulating the price around the London fixing time. It has been mentioned in the media that there was evidence of "chats" among traders of different institutions in order to carry out this collusion. But, is there evidence of price manipulation? Professor Ito and Professor Yamada found little evidence of volatile movement (or spikes) in prices around the fixing time. In fact, liquidity provision at the fixing time is larger than other times, which makes the price impact of any trade smaller. At the Tokyo fixing, however, financial institutions can fix the price by themselves based on the market price. Although the market provides deep liquidity at the Tokyo fixing as well, such financial institutions had announced prices to be more favorable for banks up until 2008. Such deviation of the fixing price from the market price might be related to the settlement needs of importers, as well as banks wanting to reduce the risk of being caught with a dollar shortage later in the day.

WP 345

Heterogeneity in Japanese TFP, Part I: Why Overcoming Deflation Alone is Not Enough

Naomi Fink, CEO, Europacifica Consulting

September 2015

The first in a two-part series on Japanese total factor productivity, this paper presents an analytical argument for a nonmonetary structural reform policy pillar based on the assumption that overcoming deflation, while arguably a necessary precursor to reform, is not in its own right a solution to Japan's structural ailments. Their analytical evidence takes the form of comparative calibrated simulations of aggregate Japanese growth accounting using the neoclassical growth model, first with and secondly without accounting for Investment Specific Technology (IST). It found

that the IST-adjusted model better explains Japanese growth accounting during the "lost decades" than the base-case model. The implications of this outcome are as follows: IST represents a type of relative deflation—the decline in capital goods prices in terms of consumption units. Structurally, this contributes positively to total factor productivity. Ms. Fink supplements this with counterfactual analysis: were deflation the primary causal trigger for Japan's structural decline, sector decomposition of growth accounting should show leading price declines in the worst performing sectors in terms of TFP. This is not the case. When decomposing the Japanese growth accounting by sector, it is found that the sectors responsible for the slowest TFP growth and those furthest from the "balanced growth path" characterized by theory neither showed the first, deepest, nor most consistent negative growth in deflators. Rather, the most deflationary sectors were outperformers in terms of TFP, and those that demonstrated characteristics of a "balanced growth path" tended to belong to manufacturing (rather than nonmanufacturing) and IT (rather than non-IT) industries.

WP 346

Education and Marriage Decisions of Japanese Women and the Role of the Equal Employment Opportunity Act

Linda Edwards, PhD Program in Economics, City University of New York Graduate Center

Takuya Hasebe, Faculty of Liberal Arts, Sophia University

Tadashi Sakai, Department of Economics, Hosei University

April 2016

Prompted by concordant upward trends in both the university advancement rate and the unmarried rate for Japanese women, this paper investigates whether the Equal

Employment Opportunity Act (EEOA), which was passed in 1985, affected women's marriage decisions either directly or via their decisions to pursue a university education. This paper estimates a model that treats education and marriage decisions as jointly determined using longitudinal data for Japanese women. There is strong support for the proposition that the passage of the EEOA increased the deterrent effect of university education on marriage, but only inconclusive evidence that the Act increased the proportion of women with a university education.

WP 347

Heterogeneity in Japanese TFP, Part 2: Regulation, Capital Allocation, and TFP in Japan

Naomi Fink, CEO, Europacifica Consulting

May 2016

In the first essay of the examination of Japanese total factor productivity, "Why Overcoming Deflation Alone Will Not Solve Japan's Structural Problems," Ms. Fink examines the role of relative deflation of capital goods in an exogenous model of productivity. In this second study, she gathers empirical evidence on sector-specific characteristics of total factor productivity, with the latter as an endogenous variable. Using panel regressions of industry-specific total factor productivity (both adjusted and unadjusted for labor and capital utilization) segmented by sector, she discovers a positive relationship between industry-wide measures of deregulation and total factor productivity in the services sector. However, the coefficient reverses in the manufacturing sector—a drop in already-deregulated manufacturing—are consistent with a decline in total factor productivity. Although the direction of causality is indeterminate, an optimal level of regulation across industries in terms of total factor productivity growth appears to lie somewhere between

the manufacturing and nonmanufacturing sectors. Separately, she finds strong evidence that the share of innovative capital scaled by firms' output correlates positively with TFP growth across most industry sectors. The sum of her findings provide a specific policy argument: to prioritize deregulation in services over manufacturing, moreover, that the target of such policy adjustments should be at once to incentivize innovation in not only IT-relevant but also non-IT sectors and to dispose of "dead weight" capital in non-IT related services industries in particular. She supplements the latter claim with empirical evidence of stagnation in the aggregate quality of capital in non-IT versus IT-related industries and, to a lesser extent, in services versus manufacturing.

WP 348

Good Jobs and Bad Jobs in Japan: 1982–2007

Ryo Kambayashi, W. S. Schupf Professor of Economics and Far Eastern Studies, Colgate University; Faculty Fellow and Mentor, School of Management and Labor Relations, Rutgers University; Research Associate, CJEB

Takao Kato, Professor, Institute of Economic Research, Hitotsubashi University

June 2016

Governments around the world are increasingly aware of the need to promote the creation of not just more jobs, but better jobs. This paper provides new evidence and insights on changes (and lack thereof) in Japan's labor market segmentation between the primary (good job) segment and the secondary (bad job) segment over the last 25 years. During this time, the Japanese economy transitioned from a high-growth era to the Lost Decade to a quiet recovery. Specifically, Professors Kambayashi and Kato take advantage of the Japanese

government's recent relaxation of its data release policy, and analyze micro data from the Employment Status Survey (ESS) from 1982 to 2007. First, the literature often defines the primary secondary segments, using information on whether or not a worker is on a fixed-term contract or on an indefinite contract. They provide new evidence that such a *de jure* definition of labor market segmentation is less useful than an alternative *de facto* definition—whether a worker is termed a standard employee (*seishain*) in the place of his or her employment. Second, using their preferred *de facto* definition, they confirm that the size of the good job segment relative to the bad job segment has been indeed falling steadily over the last three decades. However, when they take into consideration transition from self-employment to employment, the most significant compositional shift of the Japanese labor market over the last decades is found to be a steady and substantive shift from self-employment to the bad job segment. Such a shift is found to be particularly notable for women, dwarfing any transition from the good job segment to the bad job segment. They further find evidence that such a compositional change from self-employment to the bad job segment is likely to be a shift from one type of bad job to another type of bad job rather than from good jobs to bad jobs. As such, their findings cast doubt on the popular narrative of the steady deterioration of job quality. However, for one particular group of Japanese workers—youth—they find compelling evidence in support of the popular narrative. This is especially true for the progress that young women made in enhancing their share of standard employment during Japan's high growth decade in the 1980s; they were found to be entirely undone during the Lost Decade. Lastly, the professors provide evidence pointing to globalization as a possible underlying force behind the changes in the compositional shift of the Japanese labor market.

WP 349

Growth Convergence and the Middle-Income Trap

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

June 2016

Asian emerging market countries have followed growth convergence from a low-income, high-growth state to a middle-income, middle-growth state through industrialization. The economic development of Japan was first followed by the “four tigers” in the 1970s, by the ASEAN countries in the 1980s, and by China in the 1990s to the 2000s. Asian economies were severely affected by the Asian currency crisis of 1997–1998, and again by the global financial crisis of 2008–2009, but much more so by the former. The growth rates of Asian countries are slowing over time. The growth rate may fall to the advanced countries’ level before the income level catches up fully, which is defined as the middle-income trap in the paper. This paper proposes a hypothesis that there exist three convergence paths in Asia: low-income, middle-income, and high-income. Countries need to shift from one convergence path to a higher one by implementing economic and political reforms that would generate innovations. Without reform, countries may fall into a low-income trap or a middle-income trap. The findings in the paper have important implications for the literature on middle-income traps. Providing an interpretation of the middle-income trap in the growth convergence framework is unique. Empirical investigations using panel data are also new. Some Asian countries are transforming successfully to a high-income convergence path, but others have failed thus far to make that transition. However, these results are more in the form of suggestive evidence than a hypothesis testing due to the limited sample size.

WP 350

The Regional Spillover Effects of the Tohoku Earthquake

Robert Dekle, Professor of Economics, University of Southern California; Research Associate, CJEB

Eunpyo Hong, Department of Economics, University of Southern California

Wei Xie, Job Market Candidate, University of Southern California

June 2016

This paper traces out how a decline in industrial production in one region can be propagated throughout a country. The authors use a model to measure how a shock to industrial production in Tohoku—due to the earthquake and tsunami of 2011—can be propagated throughout Japan. In their econometric model, regions and industries within regions are linked by specific structures, and these structures discipline how the shocks are spatially propagated.

WP 351

Four Types of Attitudes Towards Foreign Workers: Evidence from a Survey in Japan

Rieko Kage, Associate Professor, University of Tokyo

Frances Rosenbluth, Damon Wells Professor of Political Science, Yale University

Seiki Tanaka, Assistant Professor of Political Science, University of Amsterdam

June 2016

Employing a survey method to explore attitudes towards foreign workers in Japan, we uncover evidence that upends the conventional wisdom that “socio-tropic values” are anchored in perceptions of threat. Building a new typology that differentiates among

native-born citizens who value or fear foreigners for their expected effects on the economic and cultural dimensions, we find that Japanese corporate managers, especially in labor-scarce sectors, appreciate the positive effects of foreign labor more than they dread the dilution of cultural beliefs and practices that underpinned the fabled Japanese labor force. This finding is significant because, even without becoming whole-hearted multiculturalists, a positive disposition of Japanese corporate management towards foreign workers could signal a shift in policy. Although ethnocentrists remain in Japan (as elsewhere), the views of the business community are likely to have more bearing on government policy than those of other groups.

WP 352

Puzzles in the Forex Tokyo “Fixing”: Order Imbalances and Biased Pricing by Banks

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

Masahiro Yamada, Assistant Professor, Hitotsubashi University

June 2016

“Fixing” in the foreign exchange market is a market practice that determines the bid-ask-mid-point exchange rate at a scheduled time, 10:00 a.m. in Tokyo and 4:00 p.m. in London. The fixing exchange rate is then applied to the settlement of foreign exchange transactions between banks and retail customers including broker dealers, institutional investors, insurance companies, exporters, and importers, with varying bid-ask spreads. Our findings for the Tokyo fixing are summarized as follows: (1) Price spikes in the Tokyo fixing are more frequent than in the London fixing. (2) The customer orders are biased toward buying foreign currencies, which is predictable. (3) Before

2008, the fixing prices set by banks were biased upward, and higher than the highest transaction price during the fixing time window. (4) Even after 2008, the fixing prices announced by banks were still above the median transaction price during the fixing window, suggesting that banks make predictable profits. (5) The calendar effects also matter for determination of the fixing rate and the price fluctuation around fixing time.

2015-2016 Occasional Papers

OP 73

Hiroshima Kosoku Kotsu Corporation

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

September 2015

Hiroshima Rapid Transit (HRT) provides mass transit service on an automated guideway (AGT) system in Hiroshima, Japan. The company is a case study of a public-private (third sector) firm that provides a service with substantial external benefits. HRT also has an extraordinarily weak financial base, with a negative net worth and huge financial debts. Nonetheless, it has begun to make profits and has been an ultimately successful undertaking by Hiroshima City, supported by the Development Bank of Japan (DBJ). This study suggests the ongoing usefulness of government banks such as DBJ, despite bad financials.

OP 74

Japan's Abenomics Bumps Along

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

January 2016

Japan again seems to be breaking out of the doldrums it has been in since the early 1990s. In this paper, Professor Patrick begins by assessing the past year ending in summer 2015. He first considers the economic situation; Japanese trade policy, specifically its involvement in the TPP and AII; and the latest political developments, particularly the results of Abe's snap election of December 2014. He then examines the international and regional financial context, with China and India leading regional economic growth. Following this overview, he delves into the goals and progress of Abenomics: ending deflation and achieving 2 percent inflation, achieving 2 percent growth by increasing productivity, dealing with Japan's huge debt with flexible fiscal policy, and addressing Japan's low birth rate by increasing fertility and promoting women's rights. He focuses especially on the third arrow of Abenomics—achieving sustained growth—by making difficult structural changes, notably opening up markets in historically-protected sectors such as agriculture and health care, as well as more modest initiatives in corporate management and governance, promoting information technology, opening Japan to 60,000 foreign skilled workers a year, and strengthening the university system by creating distinguished graduate schools and special research institutions. He then considers further specifics about corporate governance, which Abe has made a focus of his efforts. Finally, he examines the vast changes occurring in Japan's energy sector, which holds much promise with the development of renewable technologies and possible restarting of its nuclear plants—idled since the Great East Japan Earthquake in 2011—but which also faces many challenges, considering Japan's dearth of natural resources and subsequent vulnerability to the vagaries of global markets.

OP 75

The Current Situation in the Japanese Economy and its Financial Markets—What is the Effect of the Negative Interest Rate?

Yasushi Kinoshita, Deputy President, Development Bank of Japan Inc.

May 2016

In order to understand the effect of negative interest rates on the Japanese economy and its financial system, it is essential to analyze Abenomics—the economic policies of Prime Minister Shinzo Abe's administration—within the context of the global economy. The author gives an overview of the introduction of the negative interest rate, the current state of the Japanese economy and financial markets, challenges confronting Japan, actions the Development Bank of Japan has taken, the necessity of reforms, and prospects for growth.

OP 76

Interview with Hugh Patrick

Anna Balderston, Student, Claremont McKenna College '18

May 2016

This interview with Professor Hugh Patrick, conducted by Anna Balderston on March 31, 2016, covers a range of issues concerning the Japanese economy: the present macroeconomic situation; the state of "Abenomics"; international interrelationships, particularly with China; the recent policy of negative interest rates; and long-term demographic challenges, particularly Japan's aging population.

Program on Public Pension and Sovereign Funds

With imposed stress on public pension systems across advanced economies due to the growth in aging populations, many countries have created or reformed public pension funds to finance future shortfalls in pension contributions. Under the guidance of Professor Takatoshi Ito, associate director of research at CJEB, this program was

established in order to examine and conduct extensive research on how public pension funds and sovereign wealth funds should be structured, both in portfolio and governance. The program evaluates public pension fund reforms across Japan and other global economies with an aim toward deriving lessons for Japan to enhance its Government Pension

and Investment Fund (GPIF). Similarly, the GPIF can serve as a model for structuring other public and quasi-public pension funds in Japan and other emerging market economies with the intention of setting up or reforming its own funds.

Corporate Governance and Stewardship Program

As a major policy to promote structural reforms, Prime Minister Abe introduced the Corporate Governance Code (CGC) and the Stewardship Code (SC) in order to encourage Japanese firms to innovate and invest, and for shareholders to actively monitor and promote those efforts. The CGC is designed to increase transparency and accountability in Japanese corporate management, while the

SC seeks to encourage investors to engage in active discussions with their invested companies in order to guide and accelerate the evolution of Japan's corporate culture. Through a series of public programs and papers, this program will initially focus on an analysis of the governance structures of the most innovative Japanese companies, and how these structures have contributed

to their success in the global market. The program's mission is to inspire best practices among firms in Japan as they consider new approaches to governance. This initiative is led by Alicia Ogawa, senior advisor to CJEB.

The New Global Financial Architecture

Building on 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 a major emphasis on Japan.

The program brings together distinguished finance and economics professors at Columbia Business School (CBS) 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 six at Columbia University: "Abenomics: Politics and Policy" in October

2015 (p.53); "Abenomics: Skepticism and Hope" in November 2015 (p. 54); "From Japan's Leading Securities Company to Asia's Global Investment Bank: History, Challenges, and Ambitions" (p. 55) and "The Latest Landscape of International Finance (p. 55) in February 2016; and "The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience" (p. 52) and "Japan's Prewar and Postwar Economic Development" (p. 56) in April 2016. Finally, "U.S.-Japan Economic Relations" (pp. 45-46) was held as part of the NGFA program in Tokyo in May 2016.

EVENTS

Each year, CJEB organizes and hosts numerous major conferences, symposia, lectures, seminars, and workshops that feature distinguished speakers. These programs provide an important educational platform for students, academics, members of the private sector, and policymakers from Japan and the United States. The 2015–2016 events are listed below and split into the following sections: Conferences, Symposia, Roundtable, 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: Shinichi Kitaoka, Gerald Curtis, and Merit E. Janow; right: Hugh Patrick, Glenn Hubbard, Hiroko Ota, and David E. Weinstein

U.S.-Japan Economic Relations

CJEB 30th-Anniversary Tokyo Conference

May 13, 2016; Hotel New Otani, Tokyo, Japan

In celebration of its 30th anniversary, CJEB presented its annual Tokyo half-day conference featuring leading scholars from Japan and the United States and business leaders from Japan. His Excellency Shinzo Abe, Prime Minister of Japan, made a special appearance and greeting at the conference. Gerald Curtis, Burgess Professor Emeritus of Political Science at Columbia University, delivered the keynote address, in which he discussed the major geopolitical challenges between the United States, Japan, and in the East Asian region. He then suggested strategies and policies both countries should adopt in order to maintain relations with Japan's neighboring countries. Glenn Hubbard, dean at CBS, presented welcoming remarks and spoke at one of the panels in special celebration of CBS's centennial. The speakers, many of whom are distinguished business professionals and Columbia faculty, discussed

topics relating to Japan's macroeconomic issues, the governance structure of Japan's most innovative companies, and the current progress of Abenomics.

Welcoming Remarks

Glenn Hubbard, Dean and Russell L. Carson Professor of Finance and Economics, CBS

Keynote: The U.S.-Japan Alliance in a Turbulent East Asia

Speaker: Gerald Curtis, Burgess Professor Emeritus of Political Science, Department of Political Science, Columbia University

Discussant: Shinichi Kitaoka, President, Japan International Cooperation Agency (JICA)

Discussant and Moderator: Merit E. Janow, Dean, Columbia University School of International and Public Affairs (SIPA)

Panel I: Japanese and U.S. Economies in Global Perspective

Panelists:

Glenn Hubbard

Hiroko Ota, Professor, The National Graduate Institute for Policy Studies

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

Moderator: Hugh Patrick, Director, CJEB

Panel II: Corporate Culture and Governance as a Recipe for Innovation

Panelists:

Taisuke Sasanuma, Representative Partner and Cofounder, Advantage Partners, Inc.

Hiroshi Suzuki, President and CEO, HOYA Corporation

Shigeru Yamashita, President and COO, Pigeon Corporation

Moderator: Alicia Ogawa, Senior Advisor, CJEB; Adjunct Associate Professor, SIPA



From left: Alicia Ogawa, Taisuke Sasanuma, Hiroshi Suzuki, and Shigeru Yamashita; right: Takatoshi Ito and Takeshi Niinami

Abenomics Stage II: Progress and Challenges

Speakers:

Takeshi Niinami, President and CEO, Member of the Board, Representative Director, Suntory Holdings Ltd.; Private-Sector Member of the Council on Economic and Fiscal Policy

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

Greeting

His Excellency Shinzo Abe, Prime Minister of Japan

Closing Remarks

David E. Weinstein

The Japan Project Meeting with Joint ESRI International Conference

August 1-2, 2016; 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 and the Shorenstein Asia-Pacific Research Center at Stanford University 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 "Aging in Japan: The Impact of the Retirement of Japan's Baby Boomers."

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

The Japan Project Meeting

Welcoming Remarks by

Naoyuki Yoshino, Dean, Asian Development Bank Institute

Product Dynamics and Aggregate Shocks: Evidence from Japanese Product and Firm Level Data

Authors: Robert Dekle, University of Southern California; Atsushi Kawakami, Teikyo University; Nobuhiro Kiyotaki, Princeton University and NBER; Tsutomu Miyagawa, Gakushuin University

Discussant: Kosuke Aoki, University of Tokyo

The Impact of a Permanent Income Shock on Consumption: Evidence from Japan's 2014 VAT Increase

Authors: David Cashin, Federal Reserve Board; Takashi Unayama, Hitotsubashi University

Discussant: Joseph Vavra, University of Chicago and NBER

The Formation of Consumer Inflation Expectations: Evidence from Japan's Deflation Experience

Authors: Jess Diamond, Hitotsubashi University; Kota Watanabe, Meiji University; Tsutomu Watanabe, University of Tokyo

Discussant: Stephen Redding, Princeton University and NBER

Geopolitics and Asia's Little Divergence: State Building in China and Japan after 1850

Authors: Mark Koyama, George Mason University; Chiaki Moriguchi, Hitotsubashi University; Tuan-Hwee Sng, National University of Singapore

Discussant: Noam Yuchtman, University of California at Berkeley and NBER

A Contagious Malady? Open Economy Dimensions of Secular Stagnation

Authors: Gauti Eggertsson, Brown University and NBER; Neil Mehrotra, Brown University; Sanjay Singh, Brown University; Lawrence Summers, Harvard University and NBER

Discussant: Nobuhiro Kiyotaki, Princeton University and NBER

Fiscal Cost to Exit Quantitative Easing: The Case of Japan

Authors: Hiroshi Fujiki, Chuo University; Hajime Tomura, Waseda University

Discussant: Bruce Preston, University of Melbourne

Keynote

Minister Taro Kono

ESRI International Conference: "Aging in Japan: The Impact of the Retirement of Japan's Baby Boomers"

Special Session: The Long-Run Challenges of Productivity and Labor Force Participation: The United States and Japan

Jason Furman, the Chairman of the CEA

First Session: Economic Effects of Retiring Baby Boomers

Chair: Kenji Umetani, ESRI

Presenter: Hiroshi Tsubouchi, ESRI

Second Session: The Impact on Labor Market When Japan's Baby Boomers Retire and Need Long-term Care

Chair: Kenji Umetani, ESRI

Presenter: Ayako Kondo, University of Tokyo

Discussant: Olivia Mitchell, Wharton School of the University of Pennsylvania

Third Session: Impact of Population Aging on Household Savings and Portfolio Choice in Japan

Chair: Anil Kashyap, University of Chicago

Presenter: Tokuo Iwaisako, Hitotsubashi University

Discussant: James Poterba, Massachusetts Institute of Technology

Fourth Session: How the U.S. Experience Informs the Japanese Case of Aging with Low Fertility

Chair: Anil Kashyap, University of Chicago

Presenter: Claudia Goldin, Harvard University

Discussant: Dr. Takayuki Tsuruga, ESRI

Fifth Session

Coordinator: Kenji Umetani

Panel Discussion: Motoshige Ito, University of Tokyo; Edward Lazear, Stanford University; James Poterba, Massachusetts Institute of Technology; Atsushi Seike, Keio University

Symposia



From left to right: George Rose '00, Hugh Patrick, Hideki Matsui, Roger Kahlon, and Jean Afterman

Invest Japan Seminar 2015 in New York

September 28, 2015; New York Athletic Club, New York, NY

This seminar featured Prime Minister Shinzo Abe and other high-level officials making direct appeals to U.S. companies to consider investing in Japan. Prime Minister Abe sent a strong message, stating, "Japan is committed to doing reforms to make itself the most business-friendly country in the world." He also noted that "Japan has a hidden treasure trove sitting dormant, called 'manufacturing technology.' To that end, Japan is going to establish a dedicated section within the government-affiliated financial institution, which has transactions with Japanese SMEs to support collaboration between foreign companies and these SMEs. Japan is no longer a country closed to foreign people. Foreign workers belonging to the category of highly skilled personnel are allowed to stay in Japan indefinitely after an initial three-year residence."

Jamie Dimon, Chairman and CEO of JP Morgan Chase, delivered the keynote speech. He stated that there are many industries with the potential to function as a driving force for the Japanese economy such as automobiles, finance, nanotechnology, and

robotics. Mr. Dimon proposed that reforms such as improvement in transparency of companies and flexibility in the labor force will bring Japan back on course toward sustainable economic growth in the future. Eikei Suzuki, Governor of Mie Prefecture, the host prefecture for the next G7 Ise-Shima summit slated for 2016, promoted the prefecture's advantages such as high competitiveness in the areas of electronics and their components and transport equipment, high GDP per capita, and cost effectiveness of investment found in monthly office rent and wages. Fumiko Hayashi, Mayor of Yokohama City, described the city's leading edge commitment in the fields of environment and life innovation. She also emphasized that many global companies have already established research and development centers in the city, including Apple, demonstrating Yokohama's high potential in this area. Douglas Beck, Vice President of North America and Northeast Asia of Apple Inc., referred to the company's strong 30-year-long relationship with Japan. He mentioned that Apple employs over 2,100 people in Japan directly, and has been seeing robust expansion of sales in recent years. He expressed Apple's continuous commitment to invest in Japan for many years to come. Eran Westman, CEO and Board Member of Vidyo, Inc., a developer and supplier of video conference technology, said the Japanese market

is the second-largest market for his company after the United States. He mentioned the significance of making goals clear and having good business partners in order to become successful in Japan.

At the reception held after the seminar, local governments conducted PR activities by setting up booths, displaying local specialties and networking with participants. The seminar received 280 participants from U.S. companies, indicating a high level of interest in investing in Japan. This seminar was organized by JETRO, and CJEB was one of the supporting organizations.

Hideki Matsui in the Footsteps of Ruth and Gehrig: Coming to the New York Yankees from Japan—The View from the Player and the Front Office

November 18, 2015; Columbia University, New York, NY

CJEB hosted this special symposium featuring remarks by Hideki Matsui, retired Major League Baseball (MLB) All-Star, the 2009 World Series Most Valuable Player, and currently special advisor to the general manager of the New York Yankees; Jean Afterman,



From left to right: Gerald L. Curtis, Barbara Ruch, and Hugh Patrick at "Is Japan Really Back?" symposium.



From left to right: Hugh Patrick, Paul Ingram, Matthew Feely, and David E. Weinstein

senior vice president and assistant general manager of the New York Yankees; and George Rose '00, advisor for the Yankees' Pacific Rim Operations. They presented their views on the cultural, business, legal, clubhouse, and on-field challenges encountered during their careers in the baseball industry. The session was moderated by Hugh Patrick, director of CJEB, who noted that this symposium was part of a public program series honoring CJEB's 30th anniversary and CBS's centennial anniversary. See p. 15 for more details.

Is Japan Really Back?

December 17, 2015; Columbia University, New York, NY

This event was conducted in honor of the retirement of Gerald L. Curtis, the Burgess Professor of Political Science at Columbia University. It featured a panel of wide ranging specialists, all of whom were Professor Curtis's former PhD students, including Victor Cha, Georgetown University; Bill Heinrich, U.S. Department of State; Takako Hikotani, National Defense Academy of Japan; Yongho Kim, Yonsei University; Peng Er Lam, National University of Singapore; Akitoshi Miyashita, Tokyo International University; Megumi Naoi, University of California, San Diego; Andrew Oros, Washington College; Frances

Rosenbluth, Yale University; Sheila Smith, Council on Foreign Relations; Takaaki Suzuki, Ohio University. Robert Uriu, of the University of California, Irvine, moderated a lively discussion. The event, which included presentations by each panelist followed by questions from the audience, was cosponsored by the Columbia University Provost's Office, the Weatherhead East Asian Institute, the Columbia University School of International and Public Affairs, and the Political Science Department of Columbia University.

Operation Tomodachi: What Is the Appropriate Response of a Leader in a Crisis Situation?

The 17th Annual Mitsui USA Symposium

March 1, 2016; Columbia University, New York, NY

In observance of the fifth anniversary of the Great East Japan Earthquake, tsunami, and nuclear accident triple disaster that took more than 15,000 lives, CJEB, in coordination with the Mitsui USA Foundation, hosted an event on the general subject of leadership, with a specific focus on "Operation Tomodachi," the U.S. humanitarian assistance and disaster relief operation conducted in cooperation with the Government of Japan

following the disaster. Paul Ingram, Kravis Professor of Business at CBS, and Matthew Feely, adjunct assistant professor at CBS, presented their case study on Operation Tomodachi. Professor Ingram first gave an overview of the case, saying it considers three distinct issues: the role of planning and preparation; how to "do the right thing" from an ethical standpoint; and managing "the invisible structure of the organization." Professor Feely then shared his remarkable experience as the then-commanding officer of the U.S. Navy's Fleet Logistics Center in Yokosuka. Before assuming command, Captain Feely spent five months conducting research on East Asia, expanding and cultivating his network in the region, and studying the culture and language of Japan. This preparation became essential when disaster struck on March 11. With communications being very difficult, he faced a dilemma: he needed to order supplies immediately in order to save lives, but he didn't have authorization; and under the terms of the Anti-Deficiency Act, he was forbidden from committing U.S. taxpayer monies for a relief mission without having the express permission to do so. So he was left with a decision to either break the law in order to save lives or to follow the law and risk losing lives. He chose to save lives, asserting that one's values should be the guiding principle in such situations.

Roundtable



Bruce Kogut and Maiko Katadae

The Investment Environment for Venture Capital and Life Sciences in Japan

November 6, 2015; Columbia University, New York, NY

Dr. Maiko Katadae, partner at the University of Tokyo Edge Capital, led a discussion about the great potential for entrepreneurship and investment in the life sciences in Japan.

She described how Japan was one of the leading countries in R&D, expenditures, university-initiated start-ups, and even Nobel Prize Laureates in the life sciences. She also noted that regenerative medicine was highlighted in the growth strategy of Abenomics. She described the 10 stages of a start-up, from basic research to an IPO. Bruce Kogut, Sanford C. Bernstein & Co. Professor of Leadership and Ethics at CBS, moderated the discussion. CBS students and other University students also participated in this event.

Lectures



From left to right: Takatoshi Ito, Akihiko Tanaka

What Now? Abenomics Stage II?

September 23, 2015; Columbia University, New York, NY

Takatoshi Ito, professor at SIPA and associate director of research at CJEB, gave a review of the state of the Japanese economy. Professor Ito looked back at the trajectory of Abenomics and laid out his vision for economic growth in the coming years. Given Prime Minister Abe's plunging approval ratings following the passage of a national security law, Professor Ito predicted that Mr. Abe would once again focus on economic issues, of which Japan has a number to confront, including stagflation and a widening fiscal deficit. Professor Ito then divided his thoughts for a growth strategy into labor, capital, and innovation. He said the declining workforce is a major issue that will require attention, with solutions such as encouraging women to stay working during childbearing years and welcoming foreign workers regardless of their skill level. Professor Ito closed his talk with a call to reform capital with regard to the agricultural sector; when demand for a commodity lessens, instead of establishing blanket production quotas, the

sector should be open to international trade. Professor Hugh Patrick, director of CJEB, moderated the session.

How Japanese Cars Changed the World: An Insider's Look

March 22, 2016; Japan Society, New York, NY

Japan brought us the hybrid car, the Gran Turismo driving game, drifting, Speed Racer, and now the world's first production fuel-cell car. Japanese innovations inspired high-end European automakers to realize more reliable, better handling cars. Peter Lyon, Tokyo-based motor journalist, World Car Awards' chairman, and host of the international car show "Samurai Wheels," examined the highlights of Japan's car industry, its successes, failures, and the latest technologies, including artificial intelligence, pedestrian safety, and autonomous driving. Tim Stevens, editor-in-chief of the Roadshow, moderated the discussion. This lecture was organized by Japan Society. The Center was an Outreach Partner for this event.

Japan in Search of Foreign Policy Equilibrium: Post-Cold War Dynamics

March 29, 2016; Columbia University, New York, NY

Akihiko Tanaka, professor of international relations at the University of Tokyo and former president of the Japan International Cooperation Agency, gave a wide-ranging talk encompassing the security, economic, and historical dimensions of the post-Cold War era in Japan. He observed that post-Cold War Japan has faced radically different political dynamics from that of the Cold War. East Asia has transformed itself from a poor region to one of growth; democratization in many countries transformed the dynamics of their domestic politics and foreign policy; and symbolic issues concerning the history of World War II also emerged. Japan's alliance with the United States, though consistent throughout, was in a state of flux as American hegemony started to decline and Japan emerged as a rising economic power in the 1970s. Japan increased its military spending and began to bear more responsibility for defense, and arguments against strengthening the alliance emerged.



Haruhiko Kuroda and Takatoshi Ito

U.S.-Japan security relations reached their nadir under the administration of Prime Minister Hatoyama but are now strong again; its importance became apparent following skirmishes with China around the Senkaku Islands. Regarding international trade, Japan has historically been relatively protective, especially with rice; but recently, Prime Minister Abe, believing that the success of Abenomics depends upon Japan's integration into this system, has set Japan on a course to join the Trans-Pacific Partnership. Historical analysis, particularly of Japan's actions before and during World War II, became more important in the 1980s, when China and South Korea began stridently condemning Japan for "watering down" its analysis of its actions during World War II, and for a visit by Prime Minister Nakasone to the Yasukuni Shrine. These debates between Japan and its neighbors have been amplified by the domestic debate among three groups: condemnationists, who believe Japan's imperialist policies from the time of the Meiji government until World War II should be condemned; adaptationists, who believe Japan was trying to adapt to a new world but acted contrary to international norms and should apologize; and justificationists, who believe Japan was trying to maintain its independence within a

system of near anarchy caused by Western imperialism, so its actions were justified. When Prime Minister Abe returned to power in 2012, many suspected he tended toward justificationist beliefs; however, his statement commemorating the 70th anniversary of the end of World War II essentially affirmed the adaptationist positions previously put forward by Prime Ministers Murayama and Kono. Therefore, as of 2016, Japan's foreign policy has reached a fairly stable equilibrium: it has a strong alliance with the United States; it has progressed toward the joining the TPP; and it has enshrined an adaptationist view of Japan's modern history. This lecture was cosponsored by the School of International and Public Affairs and the Weatherhead East Asian Institute at Columbia University.

The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience

April 13, 2016; Columbia University, New York, NY

Haruhiko Kuroda, governor of the BOJ, began by describing Japan's decades-long fight against deflation and noting the similar

challenges the global economy has faced since the 2008 financial crisis. According to Governor Kuroda, the BOJ's quantitative and qualitative monetary easing (QQE) policy is the solution to ending Japan's deflationary problem and to reaching Japan's 2 percent inflation target. He then discussed the "QQE with a Negative Interest Rate" policy, which was enacted in January 2016; many fear that the negative interest rate may cause a decline in the profitability of the banking sector. Governor Kuroda asserted that this would not occur in Japan, since its financial institutions have a sufficient capital buffer and were not affected as much as other countries during the financial crisis. He closed his remarks by observing that Japan's experience of fighting persistent deflation can be used as a case study by other central banks so that they can fulfill their mission of ensuring price stability in an ever-changing and challenging global economy. More details can be found on p. 14.

Lunchtime “Zadankai” Seminars



From left to right: Nobuko Nagase, Robert A. Feldman, Masahiro Ogawa and Michael Knapik

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 in 2015–2016 included:

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

September 18, 2015; Columbia University, New York, NY

Nobuko Nagase PhD, Professor of Labor Economics and Social Policy, Ochanomizu University

Moderated by Takatoshi Ito

Professor Nagase opened by discussing the causes of low fertility and marriage decline in Japan, including marriage postponement, intensive roles associated with Japanese

mothers, increased liberty and opportunities for nonmarried females, the general decline of full-time employment, and non-family-friendly work culture. Policy responses have included protecting family leave, increasing leave allowances, subsidizing child care, reforming firm culture, and implementing a short hours option mandate. Professor Nagase stressed that a change in organization culture, together with implemented leave law, will be necessary to enable Japanese women to better balance career and family. The principal results of Professor Nagase's natural experiments demonstrate that policies aimed at changing organizational norms do have effects and should be explored further. Moreover, policies that increase male domestic work involvement as well as long-term prospects for household income will have a significant impact.

Abenomics: Politics and Policy

October 1, 2015; Columbia University, New York, NY

Robert A. Feldman, Managing Director and Chief Economist, Morgan Stanley MUFG Securities Co., Ltd.

Moderated by Hugh Patrick

Dr. Feldman began the lecture by reviewing Japan's consumer price data and predicting the unlikelihood of further monetary easing. Next, he alluded to how Japan's aging demographics are depressing unemployment and accelerating inflation. By analyzing changes in public support of the Cabinet and political parties, Dr. Feldman argued that Japanese politics remains stable for the continued implementation of Abenomics. The government should harness sources of future productivity growth, including capital stock, labor quality, technology, and the use of resources. Dr. Feldman then identified control of social security costs as key to Japan's fiscal reform, and overviewed possible combinations of consumption tax rates and social security cuts. Finally, Dr. Feldman encouraged the Abe administration to do more in the area of energy as it relates to public livelihood. In light of serious controversy surrounding nuclear power, the government should pay more attention to oil, energy efficiency gains, and new technologies.



From left to right: Akinari Horii and Steve Cummings '79

For Yaskawa, the Future Is Now

October 29, 2015; Columbia University, New York, NY

Masahiro Ogawa, Corporate Vice President, Yaskawa Electric Corporation; Chairman and CEO, Yaskawa America, Inc.

Michael Knappek, Corporate Vice President, Yaskawa Electric Corporation; President and COO, Yaskawa America, Inc.

Moderated by Hugh Patrick

Mr. Knappek opened by providing a detailed explanation of some of Yaskawa's new products that serve a range of business sectors, from various types of innovative industrial robots to information technology components and systems. Mr. Ogawa then gave an overview of future products and areas of emphasis for Yaskawa, including Human Assist Robots to support physical rehabilitation, collaborative industrial robots that work alongside humans in factories, and other settings and singular control industrial systems in which different system components can be controlled through one medium. The talk was followed by a lively Q&A session with

insightful questions from the audience, predominantly students from Columbia Business School and Columbia's Fu Foundation School of Engineering.

Abenomics: Skepticism and Hope

November 10, 2015; Columbia University, New York, NY

Akinari Horii, Special Advisor, The Canon Institute for Global Studies; Former Assistant Governor, Bank of Japan

Moderated by Hugh Patrick

Mr. Horii discussed how the labor market and corporate profits in Japan have improved since the initiation of Abenomics. He acknowledged, however, that many remain skeptical of Abenomics, particularly regarding Bank of Japan's monetary policy—the Quantitative and Qualitative Easing Program ("QQE"). Despite this public skepticism, Mr. Horii believes that the QQE is essential to economic growth, since aggressive monetary policy can influence financial asset prices, which in turn affects other assets, such as commodities. Mr. Horii concluded his lecture with an optimistic note about the third arrow,

structural reform; he believes the reforms that are being implemented will have a positive and long-lasting effect on Japan's economic growth.

Two Cultures, One Team: Leading a Major Japanese-Owned Bank in the Americas as the First American CEO

December 1, 2015; Columbia University, New York, NY

Steve Cummings '79, President and CEO, MUFG Union Bank, N.A.

Moderated by Alicia Ogawa, Senior Advisor, CJEB

Mr. Cummings began the seminar by describing his background in banking and how he became the first American to serve as president and CEO of MUFG Union Bank, N.A. He then discussed the history of MUFG and how it evolved to become one of the few megabanks in Japan. Mr. Cummings noted that MUFG is a unique Japanese bank in that it places a core focus on diversifying and expanding its services and resources across



From left to right: Shigesuke Kashiwagi, Gillian Tett, Tatsuo Yamasaki

the world in order to become a more globalized bank. Mr. Cummings concluded his lecture by comparing the differences between the work culture of American and Japanese companies, specifically regarding the execution of projects and major decisions.

From Japan's Leading Securities Company to Asia's Global Investment Bank: History, Challenges, and Ambitions

February 9, 2016; Columbia University, New York, NY

Shigesuke Kashiwagi, Chief Financial Officer, Nomura Holdings, Inc.

Moderated by Hugh Patrick

Mr. Kashiwagi described his long career at Nomura and shared his experiences in building global business. By acquiring Lehman Brothers after its collapse, Nomura gained new product and business opportunities, and its global capability and wholesale revenue increased significantly as a result. He discussed challenges Nomura faced

postacquisition, including substantial labor costs and a downgrade of its credit rating. He also described strategies that Nomura must implement in order to stay competitive globally. Mr. Kashiwagi shared his perspective on Japan's globalization and how the country will need to change its mindset on risk-taking and incorporate more diversity in order to achieve its long-term social and structural goals.

The Silo Effect on Japanese Companies and Elsewhere

February 11, 2016; Columbia University, New York, NY

Gillian Tett, U.S. Managing Editor, Financial Times

Moderated by Hugh Patrick

Using examples from her book, *The Silo Effect: The Peril of Expertise and the Promise of Breakdown Barriers*, Ms. Tett discussed a variety of case studies, including the missed Sony Digital Walkman opportunity, which demonstrated the tendency in many companies to work in silos, making employees blind to risks and opportunities. The Japanese mindset and cultural tendencies toward

collective loyalty and duty cause employees to work in silos within traditional Japanese companies. Humans naturally classify and organize information, and companies create divisions and specialization in employees for efficiency purposes. As a result, this leads to "tunnel vision," preventing workers from thinking in more innovative ways and seeing a more holistic picture. While silos are inevitable, Ms. Tett advised managers to perform more comparative analysis and lateral thinking in order to contribute to more innovation and creative thinking.

The Latest Landscape of International Finance

February 18, 2016; Columbia University, New York, NY

Tatsuo Yamasaki, Former Vice Minister of Finance for International Affairs, Ministry of Finance, Japan

Moderated by Hugh Patrick

Mr. Yamasaki summarized the current global outlook of the advanced economies. He highlighted recent financial events in the global economy, focusing specifically on the United



From left to right: Yukari Fujimoto, John Ferguson, Fumio Hayashi

States, Japan, and China. He then shared his perspectives on the market for oil production and the exchange market for Japanese yen and Chinese renminbi.

The Structure and Characteristics of the Japanese Manga Market

April 6, 2016; Columbia University, New York, NY

Yukari Fujimoto, Professor, School of Global Japanese Studies, Meiji University

Moderated by Hugh Patrick

Professor Fujimoto discussed the popularity and diversity of the international manga market. The Japanese manga market is much larger than the American comics market, and the Japanese manga industry is worth more than the combined markets of America, Europe, Asia (excluding Japan), and other countries. Professor Fujimoto then compared manga with its American counterpart, noting that Japanese manga is often split into weekly magazines—allowing flexibility and the development of story complexity—whereas American comics are concluded in one volume. Professor Fujimoto then ended

the seminar by discussing the challenges the manga industry faces regarding piracy, particularly in America.

Lessons in Entrepreneurship: Building a Global Business

April 21, 2016; Columbia University, New York, NY

John Ferguson, Executive Chairman, Howco Group

Moderated by Hugh Patrick

Mr. Ferguson first gave an overview of Howco's history, mission, and culture. He emphasized how the company's core values set the path to its success while remaining competitive in the oil and gas industry, specifically providing special material solutions for downhole, subsea, and surface segments. While Howco started from humble beginnings, it has grown into a global business with rising revenue and increasing human capital, particularly after establishing its partnership with Sumitomo Corporation in 2007. Mr. Ferguson concluded the lecture by providing some takeaways for aspiring global entrepreneurs.

Japan's Prewar and Postwar Economic Development

April 26, 2016; Columbia University, New York, NY

Fumio Hayashi, Professor, National Graduate Institute of Policy Studies

Moderated by David E. Weinstein

Professor Hayashi explained that one factor leading to Japan's stagnation during the prewar period was the large quantity of human capital located in rural areas, since, at that time, there was low labor mobility due to social and economic barriers. Professor Hayashi presented his two-sector growth model, stating that prewar Japan's GDP and growth would have been higher without these barriers. Then he used a one-sector growth model to explain Japan's lost decade, which was caused by fewer work hours and a decline in total factor productivity (TFP). Professor Hayashi concluded by demonstrating how Japan's rapid postwar growth was caused by the lifting of social and economic barriers and an increase in innovative technology.

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 key to furthering CJEB's mission of serving as a comprehensive forum for collaboration and reflection on Japan, the United States, and the global economy. On February 24, 2016, the Committee met to discuss CJEB's ongoing initiatives. CJEB directors received valuable advice and recommendations on potential opportunities to expand and develop the Center. In addition to Hugh Patrick and David E. Weinstein, the members of the Committee are:

Charles W. Calomiris

Henry Kaufman Professor of Financial

Institutions

Faculty Director, Program for Financial Studies

Columbia Business School

Fangruo Chen

MUTB Professor of International Business

Columbia Business School

Wouter H. Dessein

Eli Ginzberg Professor of Finance and Economics

Professor, Heilbrunn Center for Graham and Dodd Investing

Columbia Business School

Robert J. Hodrick

Nomura Professor of International Finance

Academic Advisory Board Member, Program for Financial Studies

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

Director, Sanford C. Bernstein & Co. Center for Leadership and Ethics
Columbia Business School

2015-2016 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 2015-2016 visiting fellows were:



Yasushi Hamao
University of Southern California
September 2015-October 2015



Fumio Hayashi
National Graduate Institute for Policy Studies (GRIPS)
February 2016-May 2016



Hiroshi Hoshino
Kyushu University
August 2015-September 2015



Satoshi Inoue
Sumitomo Mitsui Trust Bank, Limited
June 2016-May 2017



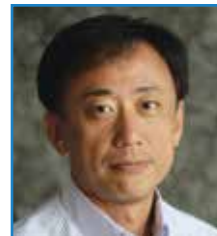
Naoto Isaka
Sophia University
August 2015-July 2016



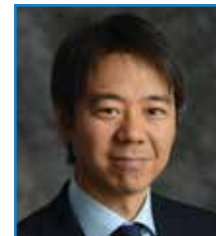
Tomohiro Jitsui
Tokai Tokyo Securities Co., Ltd.
October 2015-August 2016



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



Hiroyuki Kanno
Bank of Japan
June 2016-June 2017



Takeshi Kawanami
Nikkei Inc.
April 2015-September 2015



Satoru Komiya
Tokio Marine Holdings, Inc.
April 2016-March 2017



Takafumi Korenaga
Senshu University
April 2016-March 2017



Tomokazu Kubo
Chuo University
September 2013-August 2015



Masako Kurosawa
National Graduate Institute for Policy Studies (GRIPS)
August 2015-March 2017



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



Kuniyoshi Sato
Minebea Co., Ltd.
August 2015 - June 2016



Yoshiya Sato
Nikkei Inc.
August 2015-December 2015



Haruhiko Takahashi
Tokyo Metropolitan University
July 2015-September 2015



Katsumi Tanabe
Keio University
April 2014-March 2016



Hirotatsu Teraoka
Mitsui Sumitomo Insurance Co., Ltd.
July 2015-June 2016



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



Takamasa Nakajima
National Tax Agency of Japan
September 2015-June 2016

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

Columbia Business School Tokyo Centennial Showcase

CJEB's Visiting Fellows (VF) program continues to expand each year, and has hosted more than 250 visiting fellows from the academic, government, and private sectors since the Center's founding. As part of CJEB's 30th anniversary and the Columbia Business School's (CBS's) centennial, CJEB and CBS External Relations worked together to host the Tokyo Centennial Showcase. More than 140 CBS alumni and CJEB visiting fellows attended the showcase on May 12, 2016. **Yuzaburo Mogi '61**, chairman and CEO of Kikkoman and CBS alumni, introduced **Glenn Hubbard**, dean and Russell L. Carson Professor of Finance and Economics at CBS, who gave a presentation about the remarkable history of CBS as well as its future initiatives. Professor **Hugh Patrick** gave brief remarks, reflecting on CJEB's history and the Visiting Fellows Program.



Dean Glenn Hubbard speaks at CBS Tokyo Centennial Showcase

2016 Annual Visiting Fellow Business Field Trip

On March 11, 2016, CJEB Visiting Fellows toured Bloomberg's unique New York office in the morning, followed by a trip to the Fifth Avenue Apple Store, where they attended the "iOS in Business" workshop. Afterward, our Visiting Fellows visited the Columbia Startup Lab, where they had the opportunity to have lunch and listen to presentations from three CBS alumni about their respective ventures: Visit.org, Thursday Boots, and Cartful Solutions. CJEB is grateful to the Eugene Lang Entrepreneurship Center for arranging this unique experience at Columbia Startup Lab.



CJEB directors, staff, Visiting Fellows, and CBS alumni entrepreneurs at Columbia Startup Lab

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

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, 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
Emeritus Professor 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 Emeritus
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

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

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

Professional Fellows

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
University of Tokyo

Eleanor Westney

Scotiabank Professor of International Business
*Schulich School of Business
York University*

Jiro Yoshida

Associate Professor of Business
Department of Risk Management
*Smeal College of Business
The Pennsylvania State 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 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.

International Advisory Board

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.

Richard Folsom

Representative Partner, Advantage Partners, Inc.

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

Yasushi Kinoshita

Deputy President, Development Bank of Japan Inc.

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

Atsushi Saito

Chairman, KKR Japan Limited

Taisuke Sasanuma

Representative Partner, Advantage Partners, Inc.

Joseph G. Tompkins '67

President, Saga Investment Co., Inc.



From left to right: David Weinstein, Haruhiko Kuroda, and Takatoshi Ito at "The Battle Against Deflation" lecture on April 13, 2016.

CJEB in the News

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

Hugh Patrick

Seize the Chance to Take the Offensive by Taking Risks

Yomiuri Tokyo Shimbun, July 25, 2015

Japan's post-Fukushima Energy Challenge

East Asian Forum, November 23, 2015

Japan's Abenomics Bumps Along

East Asian Forum, December 21, 2015

David E. Weinstein

Turbulent Market

Yomiuri Shimbun, March 20, 2016

Takatoshi Ito

Someone Needed to Speak Truth to Europe

Financial Times, July 7, 2015

Panel discussion on the forecast of the rise in U.S. interest rates at the Morning Satellite Symposium

TV Tokyo, September 15, 2015

Detailed Commentary on FOMC

TV Tokyo, September 18, 2015

Kuroda's Former Deputy Ito Says Japan Can Endure Stronger Yen

Bloomberg, January 12, 2016

Global Growth and Markets: An Emerging Mismatch

The Wall Street Journal, January 20, 2016

Weighing the Impact of the Bank of Japan's Move

Bloomberg, January 29, 2016

The forecast of global financial policy

TV Tokyo, February 4, 2016

Why Buy Bonds with a Negative Yield?

Marketplace, March 1, 2016

Wild U.S. Presidential Election Is Driven by Popular Resentment Against Establishment

Nikkei, March 3, 2016

Kuroda Ally Says BOJ Should Use Easing Now Rather than Later

The Japan Times, April 15, 2016

Former Kuroda Deputy Is Surprised by Lack of BOJ Action

Bloomberg, April 28, 2016

Former Kuroda Colleague Says BOJ to Ease in June or July

Reuters, May 12, 2016

CJEB/CBS-Related News

The following CJEB events and CJEB-related initiatives were featured by leading news outlets. Some of the titles have been translated from Japanese to English.

"The Battle Against Deflation: The Evolution of Monetary Policy and Japan's Experience" lecture featuring Governor Haruhiko Kuroda, Bank of Japan

Kyodo News, April 13, 2016

NHK, April 13, 2016

Reuters, April 13, 2016

Sankei, April 13, 2016

TBS News, April 13, 2016

Bloomberg, April 14, 2016

Jiji Press, April 14, 2016

Nikkei, April 14, 2016

His Excellency Shinzo Abe, Prime Minister of Japan's greeting at CJEB's 30th-Anniversary Tokyo Conference

Cabinet Office, Government of Japan, May 13, 2016

Jiji Press, May 13, 2016

Ministry of Foreign Affairs of Japan, May 13, 2016

Sankei, May 13, 2016

Top U.S. Business School Deans See Similar Trends in Diversity, Interest in Start-ups

Nikkei, May 23, 2016

Start-ups in New York Have Something Different and Stylish from Those on West Coast

Nikkei, May 31, 2016

Enhancing the MBA Experience



Left: Chazen International Study Tour participants touring Toyota; right: Hideki Matsui with JBA copresidents

CJEB is a key contributor to the Columbia Business School (CBS) international community and pursues opportunities to enhance the MBA student experience. In this endeavor, CJEB's major collaborative partner is the CBS Japan Business Association (JBA), a student-led organization that promotes Japanese business and culture to the CBS community. The Center regularly meets with JBA officers to exchange ideas on ways to promote Japanese economy and business-related issues within CBS.

As an annual initiative, CJEB assists the JBA in organizing the Chazen International Study Tour to Japan. Led by the Jerome A. Chazen Institute for Global Business, the Japan Study Tour sends a group of students on a weeklong trip to Japan, providing a unique opportunity for the students to experience cultural excursions and visits to Japanese corporations. Since the tour's initiation in 1989, CJEB has helped fund the program and contributed to its agenda. Before each 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 2016 Chazen International Study Tour to Japan took place from March 13 to 20,

with 40 MBA students visiting Tokyo, Kyoto, and Aichi. Joined by CBS assistant professor Dan Wang, 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, ANA, and SCREEN. In Kyoto, they visited Taizo-in to experience Zen and historical sites, including the Golden Pavilion and the Fushimi-Inari Shrine. They enjoyed a night in an *onsen*, 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 Yoshiyuki Sankai, CEO of Cyberdyne, and learned about the latest development of his robotics technology. While in Tokyo, the participants also visited Asakusa and participated in an Urasenke tea ceremony.

JBA also cohosted an "International Happy Hour—Festival of Nations" night on April 28, 2016, with 10 other regional/affinity clubs. At this event, which CJEB cosponsored, the JBA officers prepared Japanese food and drinks for the CBS community, shared their Japan experience, and demonstrated Japanese traditional clothing. This event gave CBS students an opportunity to learn about

various cultures as well as appreciate and celebrate the diversity in the CBS community.

The CJEB annual welcome reception for students and other CBS community members was held on September 30, 2015. Center officers and staff welcomed the CBS community to the new academic year, allowing an opportunity to network with CJEB visiting fellows and CBS faculty and staff from other departments.

This year, CJEB also hosted a lecture featuring one of CJEB's visiting fellows, Yoshiya Sato, general manager of the Customer Relations Group at Nikkei Inc., on October 9, 2015. Both JBA and Japan Study Student Association (JASSA) students were invited to listen and connect with this high-profile executive from one of Japan's leading media companies. Mr. Sato discussed Nikkei's strategy and intention for acquiring the *Financial Times*.

JBA copresidents were also invited for a rare opportunity to meet and have conversations with Hideki Matsui, retired Major League Baseball All-Star, the 2009 World Series Most Valuable Player, and currently special advisor to the general manager of the New York Yankees, on November 18, 2015.

Enhancing the Columbia Experience

Columbia University offers many resources and opportunities for students, faculty, and alumni interested in learning more about Japan. CJEB contributes to 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 is actively committed to promoting Japan-related activities at Columbia through the support of JASSA and its initiatives. The CJEB-funded JASSA activities include biweekly language tables, which promote understanding of and interest in Japan and provide opportunities to network between native Japanese people and those who have interest in living or working in Japan. During 2015–2016, other CJEB-affiliated student activities included a panel discussion on April 21, 2016, in which Genichi Osawa, deputy consul general of the Consulate General of Japan in New York, made a presentation about Japanese financial and monetary policy. JASSA also held its annual United Nations Job Orientation Session on April 14, 2016, which provided guidance to people who were interested in careers in international organizations. They also held “Dialogues with Students from Japan,” in which club members met with high school students from the Gifu prefecture and shared their experiences studying at Columbia University.

JASSA organizes an annual student-led trip to Japan that is partially funded by CJEB and similar to the Chazen International Study Tour to Japan. This year was the 10th anniversary of JASSA’s Japan Trip, and 45 students from 18 countries participated and traveled to Kyoto, Takayama, and Tokyo. The students started in Kyoto, where they were dressed



JASSA Japan Study Tour participants visit Fushimi Inari Temple in Kyoto.

in Japanese traditional *kimono* and taken on a tour of the Arashiyama district, Fushimi Inari Shrine, and Kiyomizu Temple. In Toyota City, the students visited the Toyota factory, enjoying the opportunity to watch the company’s cutting-edge manufacturing assembly line process. They stayed in an *onsen ryokan* (traditional Japanese-style hotel with hot springs) in Gero, one of the best hot spring spots in Japan. After enjoying a traditional *enkai* (banquet)-style dinner, they explored Takayama’s old town, where the historic black-walled street is preserved. At their final destination, Tokyo, the students had many opportunities to talk with leaders in both the public and private sector. As one of the highlights on this trip, they visited the office of the Prime Minister and met with Hiroshige Seko, deputy chief Cabinet secretary. They took a photo with Mr. Seko in front of the famous stairs located in the Prime Minister’s office, where cabinet members usually take photos at the start of their administrations. The students also spoke with other high-level politicians and policymakers such as Ms. Masako Mori, former minister of state; Masatsugu Asakawa, vice minister of finance; and Hiroshi Ooe, TPP ambassador. In addition, they visited the *Shinkansen* (Bullet Train) Control Center, where they learned how the JR Central manages one of the most punctual

and safe train systems in the world. They arose at 4:00 a.m. to visit the *Tsukiji* fish market, while staying up until midnight singing *karaoke*. The trip impressed many of the participants and informed their perspectives about Japan.

On April 29, 2016, Professor Hugh Patrick and Ryoko Ogino organized a lunch to engage the Japanese female graduate student population from a cross-section of Columbia schools, including CBS, SIPA, Columbia Law School, Teachers College, and the School of Arts. This was part of an ongoing CJEB initiative to promote career and leadership development among women in the international community.

CJEB also provides opportunities for Columbia students to work at the Center as student casuals. They are selected from a number of applicants, and their contribution to the CJEB team is invaluable. They are deeply involved in the day-to-day operations of the Center. The Center is committed to developing our student workers professionally while providing a unique learning opportunity. Our internship program is open to high-performing and proactive students with relevant backgrounds and interests from across the University.

Visits from Japan to Columbia



Groups of Japanese undergraduate and graduate students often visit CJEB during their tours of the East Coast. In 2015–2016, student groups from Bunkyo University, 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, Japan's energy policies, TPP negotiations, the consumption tax hike, women's workplace challenges and related policies, challenges presented by Japan's aging population, and attitudes toward foreign study and employment.



In spring 2016, the New York office of one of CJEB's longtime lead corporate sponsors, Sumitomo Corporation of Americas, brought five 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 Patrick and Ryoko Ogino welcomed Tomoko Oyama, Natsumi Komatsu, Takane Hosoyama, Kaito Manabe, and Takaaki Minamii, as well as executives from Sumitomo, to engage in a lively discussion on Japan and the world economy, and the students' future prospects.



Hugh Patrick meets with Japanese university students

Fellowship and Scholarship Programs



Takatoshi Ito's lecture on the Japanese economy

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. Further information on these opportunities is available at www.gsb.columbia.edu/cjeb/resources/fellowships.

The **CJEB Doctoral Fellowship** was established in 2013 to support PhD students at CBS and/or Columbia's Department of Economics who intend 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. This year, CJEB granted another fellowship to a PhD student from the Department of Economics. 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. This year the Center awarded a Doctoral Research Grant to Cameron LaPoint of the Economics Department. CJEB also partially funded Misaki Matsumura's research trip to Kyoto University, where she presented her research findings on the constrained efficiency of competitive entrepreneurship to her academic colleagues.

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 engage in their own research as well as participate in CJEB programs. Misaki Matsumura, PhD candidate in the Economics Department, was this year's recipient.

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. The award was granted to Deanna Nardy of Columbia University for 2016-2018.

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.

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 inter-university 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 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. CJEB thanks the James Nakamura Fund and the Sasakawa Peace Foundation for their support of this seminar.

This year, on the 50th anniversary of its founding, the JES was held on March 4, 2016, and expanded to four sessions. These sessions were moderated by Professors Ito, Patrick, and Weinstein, as well as Professor Tokuo Iwaisako of Hitotsubashi University. The following papers were discussed:

Exiting from QE

Presenter: Fumio Hayashi, Professor, National Graduate Institute for Policy Studies (GRIPS); Visiting Fellow, CJEB (coauthor: Junko Koeda, Associate Professor, Waseda University)

Discussants: Gauti Eggertsson, Associate Professor, Brown University; Stephanie Schmitt-Grohé, Professor of Economics, Columbia University

Are Japanese Men of Pensionable Age Underemployed or Overemployed?

Presenter: Emiko Usui, Associate Professor,



Japan Economic Seminar participants and CJEB Visiting Fellows

Hitotsubashi University (coauthors: Satoshi Shimizutani, Consulting Fellow, Research Institute of Economy, Trade & Industry; Takashi Oshio, Professor, Institute of Economic Research)

Discussants: Hiroaki Miyamoto, Project Associate Professor, Graduate School of Public Policy, (GraSPP), University of Tokyo; Masako Kurosawa, Professor of Economics, National Graduate Institute for Policy Studies (GRIPS); Visiting Fellow, CJEB

Structure Depreciation and Returns to Scale of Real Estate

Presenter: Jiro Yoshida, Assistant Professor of Business, The Pennsylvania State University

Discussants: Iichiro Uesugi, Professor, Hitotsubashi University; Chris Mayer, Paul Milstein Professor of Real Estate; Research Director, The Paul Milstein Center for Real Estate, CBS

Was the Forex Fixing Fixed?

Presenter: Masahiro Yamada, Assistant Professor, Hitotsubashi University (coauthor: Professor Ito)

Discussants: Richard Levich, Professor of Finance and International Business; Deputy Chair, Department of Finance, New York University; Martin Evans, Professor of Economics, Georgetown University

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); Tetsuya Sakamoto and Norio Hida (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 Report); 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 to

organize, 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. The discussions naturally focus on the wide-ranging political economy and how Japanese and American corporations operate domestically, abroad, and with each other. Topics discussed in 2015–2016 included the implementation of Abenomics, TPP, political stability with Abe in Japan, and the upcoming U.S. presidential election and the candidates.

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 its 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.

On Tuesday, May 10, 2016, CJEB was delighted to hold a special luncheon at the Hotel New Otani Tokyo for our corporate sponsors to demonstrate our deep appreciation for their continued support.

Corporate Sponsorship Program

Sponsors for the year 2015-2016 are as follows:



CJEB directors and staff with corporate sponsors at a luncheon in Tokyo

Lead Corporate Sponsor

(\$100,000+ annually)

Sumitomo Corporation of Americas

Senior Corporate Sponsors

(\$50,000+ annually)

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Miyoko Davey

Hiroko and Satoru Murase

Tsunao Nakamura

Hugh Patrick

Takayuki Tamura

Sadao Taura

* Regularly sends visiting fellows

日本経済 緩やかな回復と難問の持続

ヒュー・パトリック著

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翻訳

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日本経済は常に難しい問題を突きつける。例えば、失業率が極めて低いにもかかわらず、賃金の上昇率が低いのはなぜか？異例な金融緩和と低金利が継続されているにもかかわらず、消費者物価は上昇せずデフレ懸念が払拭されないのはなぜか？研究開発投資が比較的高水準で実行されているにもかかわらず、国内の投資機会が少ないように思われるのはなぜか？日本人は、どうしてリスク回避的なのか？他の先進国でも見られる現象だが、生産性上昇率が低下した理由は何か？これらの疑問に対して全面的に回答することはできないが、本稿ではその回答への手掛かりを述べてみたい。

日本は、経済発展と成長の主要な成功モデルであった。しかし、過去 25 年における成長率は低迷し、2015 年の成長率はわずか 0.5%にとどまっている。例年のレポートにおいて、日本の足元の経済状況は常に主要なテーマであり、本質的にはポジティブなものであった。加えて本年のレポートでは、日本において重要なトピックとなっている貧困問題についても取り上げることとしたい。

2016 年経済を振り返って

2016 年は、超緩和的なマクロ経済政策が実施された年であった。日本銀行は、積極的に革新的な手法を導入して、金融緩和政策をさらに強化した。2016 年 1 月に、史上初めてマイナス金利を導入し、9 月には 10 年物国債の市場金利の上限をゼロとし、期待インフレ率が物価目標に達するまでの間はインフレ率が 2%を上回ることを許容する政策を公表した。安倍首相は 5 月下旬に、消費税率の 8%から 10%への引上げを 2017 年 4 月から 2019 年 10 月へ延期することを発表した。さらに 8 月上旬には、比較的大規模な補正予算を策定した。

失業率は 3.1%と低いものの、2008~2009 年の世界金融危機からの回復速度は低下している。成長の源泉である労働生産性は、この数年間減速している。デフレは克服したとはもはや言えないように見える。8 月の CPI(消費者物価指数)は前年比マイナス 0.5%で、日本銀行が指標として重視しているコア CPI でさえ 0.4%に落ち込み、2%目標を遥かに下回った。

筆者は、今後 1~2 年の経済成長率は低水準にとどまるが、長期的にみると一人当たり GDP 成長率は、高成長でないにせよ一定の成長を実現すると予想する。

エコノミストは、政府が公表する四半期別の GDP 推計値は、暫定値でありその後大きく改訂されうる

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ことを理解しているが、市場参加者は反対に粗い数値であっても速報性を要求する。残念なことに、政府全体の一律な予算削減によって、内閣府の GDP と消費者物価の推計に必要なデータ収集の担当人員が削減されている。

日本銀行が 7 月に発表したワーキングペーパーにおいて、2014 年度の GDP 成長率が 2.4%と推計されたことは驚きであった。政府の発表ではマイナス 0.9%である。政府の GDP 推計は国連方式の消費支出方式、日本銀行は所得方式をそれぞれ利用しており、所得方式はアメリカの GDP 推計でも一部利用されている。日本銀行の方式は、より長期の期間をカバーしている点で説得力がある。これによれば、日本は 2014 年には景気後退になく、GDP 成長率は政府推計を 3.3%上回っていたことになる。日本経済は、実際には予想以上に高い成長率を実現していたといえよう。

政策担当者とエコノミストにとっての問題は、日本銀行が上記のワーキングペーパーで利用した税務データなどは、入手できるまでに 1 年のタイムラグが発生することである。政府は、現在 GDP や消費者物価指数の推計作業を、今年末までに改善する予定で取り組んでいる。適切な経済政策の策定には、正確な経済統計が不可欠である。

日本経済は、OECD 加盟 35 か国の中では平均より良好である。特に、極めて低い失業率が目立っている。日本の GDP 規模は世界第 3 位で、2015 年には世界の GDP の 6.5%を占めている。

一人当たり GDP は購買力平価ベースで 37,322 ドルであり、ハイテクや洗練された極めて効率的な労働資源の利用、豊富な資本等に支えられ、1 億 2700 万人の人口は高い生活水準と健康状態を享受している。

日本を取り巻く国際環境

グローバル経済システムは変化への大きな圧力にさらされているが、基調は力強い。金融市場と国際商品市場の価格変動の高まりは市場の不安定をもたらし、政治的レトリックは保護主義を煽っている。しかし、グローバル経済システムはオープンで、市場経済が機能している。

2015 年の世界全体の GDP 成長率は 2.4%という残念な結果で、2016 年もほぼ同じ成長率にとどまろう。世界貿易総額は、2015 年に前年比 13%の減少となった。これは、原油を中心とするコモディティ価格の下落によるもので、金額ベースでは減少したが数量ベースでは増加している。9 月に IMF は、世界貿易の成長率(数量ベース)は過去 5 年間の 3%の水準から 2016 年は 1.7%に失速することを予想している。また、IMF は、世界的なデフレのリスクを警告している。

グローバル経済システムは、循環的要因と外部的なショックの二つに影響される。外部的なショックは典型的にはまず金融市場を直撃し、その後実体経済に徐々に影響を及ぼす。6 月の EU 離脱(Brexit)の可否を問うたイギリスの国民投票の結果は、特筆すべきショックだった。Brexit はグローバル政治システムについての不確実性を高めており、イギリスと EU の経済に直接的な悪影響をもたらし、間接的に他の地域にも悪影響を及ぼすだろう。日本の貿易にも、世界経済の減退を通じて影響を及ぼすだろう。また、ヨーロッパに投資している日本企業は、イギリスがヨーロッパの主要拠点であるべきか検討を迫られることになるだろう。

アメリカ経済は、年率 2.0~2.5%のスピードで成長している。これは、長期のトレンドの 2%弱の成長率よりは少し高い。アメリカの失業率は、景気後退期に問題となった高失業率から 5%にまで低下した。しかし、より広い失業率概念である U-6(不完全就業を含む概念)は 9.7%と高い水準に止まっている。

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労働力の非効率な配分と不完全就業は、日米共通の問題である。

世界の他地域の経済状況は多様である。中国、日本、インドネシアを中心とするアジアは、最も高い成長率を維持している。アフリカは、高成長国と低成長から脱出できない国が混在している。ラテンアメリカでは、ブラジルが過去2年間で一人当たりGDPが9.7%も低下して経済不況が続いている。インド経済は好調を維持しており、中近東諸国は国内の困難な諸問題に悩まされている。

グローバル経済システムに繰り返して起きている2つのショックが、日本経済に特別のインパクトを与えている。第1は、コモディティと原油価格に代表されるエネルギー価格の変動である。日本は、輸送、暖房、電力向けエネルギーの94%を輸入に依存している。第2は、中国の興隆と、中国国内のリバランスである。経済と政治が相互に影響することなく、経済的な利益が政治的な対立・緊張を緩和しているのは印象的だ。

中国は、その経済発展の成功と高成長により、政治的にも軍事的にも大国となった。中国のGDPの規模はアメリカに次ぐ世界第2位となったが、一人当たりGDP(購買力平価ベース)でみれば13,400ドルで、アメリカの55,837ドル、日本の37,322ドルと比較すれば、まだ低い水準にある。中国のGDP成長率は、10%台の高成長から6~7%の中成長軌道への修正過程にあり、輸出主導経済から国内消費主導経済へ、産業構造においてはサービス産業を中心とした経済への転換期にある。このプロセスは、銀行貸出やシャドウバンキングも含んだ破壊的で困難なものであり、引き続き不透明だ。経済成長率はさらに低下するだろうが、中国が金融ないし経済危機に陥ることはないともみている。

日本は、経済面では中国と関係が深いが、政治・安全保障面では懐疑的な関係にある。ここ数年間で、日中経済関係の深まりの進展速度は弱まってきているが、これは政治的な理由よりも経済的な理由によるものである。両国間の貿易取引は、2015年には前年比12%減少した。中国は日本に1,606億ドル輸出したが、これは中国の輸出総額の7%にあたる。日本の対中輸出は1,427億ドルで、日本の輸出の19%に当たる。日本企業が中国の労働コストの上昇により、賃金コストが低い国に投資先を多様化したため、日本の対中国直接投資は30%減少した。経済的に重要なだけでなく、多様な意義を有するのは、中国から日本への観光客の急増である。中国から日本への観光客は、2014年~2015年の2年間で倍増して499万人となり、これは日本を訪れる外国人観光客の4分の1を占めている。これまでのところ、日中の政府間の政治関係は良好ではないが、経済的に緊密な関係は維持されている。

アジアの経済統合は着実に進展しており、市場経済をベースとするグローバル経済システムにおいて主要な地位を占めている。経済的な牽引力は、地域的にもグローバルにも経済統合を進展させるであろう。しかし、急速に台頭した中国は、南シナ海等における領土問題を起こし、アメリカ中心の安全保障のアーキテクチャに挑戦しており、安全保障面が最大の課題となっている。新たな安全保障の枠組みがアメリカ、日本、中国、ロシア、韓国、アセアンの関連諸国にとって受け入れ可能なのか、その枠組みに台湾や北朝鮮をどのように組み入れるかが課題だ。アメリカ、中国双方にとって、お互いに受け入れることのできる役割を探ることが鍵となる。日本の安全保障の将来は、アメリカとの深い政治的・軍事的同盟にかかっている。このような政治的緊張の高まりにもかかわらず、アジアの経済的統合は、摩擦を乗り越えて進展していくだろう。

TPP(環太平洋経済連携協定)は、アベノミクスにおける成長戦略の国際面での重要政策である。アメリカ、日本および参加10か国の政府代表は5年間かけて綿密な交渉を重ね、2016年2月に包括的な合意文書に署名した。この合意は、参加国の政府によって批准されなければならない。日本政府は、

2016年の春の国会でのTPP関連法案の提出は見送り、秋の国会での提出を予定している。TPPに対応するための日本の農業部門の改革は、経済的意義よりも、構造改革に対する日本政府のコミットとしての象徴的な意義がある。日本の国会によりTPPが承認されれば、アメリカ議会の承認に対する圧力となろう。

オバマ政権は、TPPをアジアにおけるアメリカのリーダーシップのコミットメントのシンボルとしてきた。しかし、TPPはアメリカ大統領選における政治的な争点となってしまった。民主党の大統領候補指名戦で、バーニー・サンダース議員は、エリザベス・ウォーレン上院議員など他の候補と一緒にTPP反対を主張した。この結果、ヒラリー・クリントン候補までがTPP反対の立場を取るようになった。共和党のドナルド・トランプ候補は、TPPと自由貿易政策に対して、強力にかつ一貫して反対している。

誰が大統領に選ばれても、TPPが大統領選挙後の政治的空白の時期に議会で審議されるかどうかすら不透明だ。TPPの重要な問題の1つは、民間企業と投資先国との間での紛争仲裁制度(ISDS)をどう扱うかである。TPPは政府からの補償金を得ることを目的として、民間企業がアメリカの政策に介入する力を与えることとなるかもしれない。もう1つの問題は、アメリカの製薬会社が開発している、バイオロジクスと呼ばれる新薬の独占的地位を保護する期間である。議会の指導者たちは、TPPが議会で可決はされないと判断している。ヒラリー・クリントンが大統領に就任してTPPを支持するように態度を変えても、議会の承認を得る可能性は近い将来にはないと考える。

ドナルド・トランプが共和党の大統領候補まで登りつめたのは、筆者にとって大きなショックであった。アメリカ人、日本人、さらに世界の多くの人々も同様な感じを抱いたと思う。筆者は、トランプの保護主義的な主張や、その他の政策提言にくみしない。アメリカの雇用減少は、貿易ではなく、国内の技術的イノベーションによって生じたものだが、貿易は政治的に攻撃されやすい。トランプとバーニー・サンダースは、経済システムと政府の失敗が生活苦をもたらしたと感じ、変化を求めている多くのアメリカ人のポピュリスト的感情に訴えた。

日本の国内問題

日本は、すべての先進国が直面しているマクロ経済問題を抱えている。それは、民間投資需要の不足、生産性上昇の停滞、異常な低金利、目標よりも低いインフレ率などである。諸外国との違いは、1974年以来の低出生率と平均寿命の伸びにより、日本では人口構造の変化が相当程度進行していることだ。生産年齢人口(15歳～64歳)は、1995年にピークとなり、現在は60%である。65歳以上の人口は増加を続け、26%に達している。総人口は、2008年にピークの1億2800万人となったが、2015年には1億2708万人に減少した。この人口動態を鑑みれば、GDP成長率は重要であるものの、一人当たりGDP、特に労働者一人当たりGDPが経済の成果を測定するときにより重要であることが理解できる。

国際的な環境は重要ではあるが、日本経済は基本的には国内要因によって決定されている。日本銀行の成長率推計によると、2008～2009年のグローバル金融危機からの回復は、政府公式統計より良好で安定していた。政府統計は、四半期別のGDP成長率が、強い回復の後に低下し、2015年にはマイナスになった。短期見通しと市場の期待は、政府のGDP推計の大幅改定によって振り回されてきた。本年9月8日の発表では、GDP成長率は2016年1～3月期に年率2.1%、4～6月期に0.7%となっている。これは、前回発表の4～6月期の成長率0.2%と比較すれば、驚くほど大幅な上向き改定

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である。筆者は、日本経済が現在の停滞した経済から脱して、持続的な安定成長軌道に乗ると予想する。この実現は期待にかかっているが、日本人の期待は現在特に不確実であるように見える。

標準的な完全雇用目標値は、インフレを加速させないものとされる。日本のインフレ中立的失業率は3.5%と4.5%の間にあると考えられてきたが、近年のデータからは、この推定より実際はやや低い可能性があると考えられる。8月の失業率は3.1%で、有効求人倍率は1.37倍と、直近25年で最高であった。労働市場の需給関係の先行指標である新規有効求人倍率は2.02倍であった。これらの指標から、賃金上昇圧力が期待されるかもしれないが、縁辺労働者（現在は職を探していないが以前就職活動し働く用意のある人）やパートタイマーの状況は、それほど楽観視できるものではない。日本は、アメリカのU6と同じ広義の労働指標を2013年から利用しはじめた。当該指標は、2013年では15.4%であったが、2016年の第1四半期には6.2%に低下した。

労働者の現金給与総額は、名目ベースで2014年以降わずかに上昇している。2015年夏以降は、実質ベースでもプラスになっているが、その上昇率はきわめて低い。2016年3月に1.6%増と上昇率は一時的に高まったが、8月には0.6%増に下落している。

日本の労働市場は、複雑で差別化されている。労働市場は、2つの意味で二重構造になっている。つまり、正規雇用労働者と非正規雇用労働者、男性労働者と女性労働者の二重構造である。日本の労働力人口6,660万人（2016年夏現在）のうち57%が男性、43%が女性であり、63%が正規労働者、37%が非正規労働者であった。非正規労働者は、パートタイマー、派遣労働者、契約社員が中心になっている。労働力の85.7%は被雇用者であり、10.5%が自営業者または農林漁業従事者である。6割程度の男性労働者は正規労働者であるが、女性労働者は43%にとどまっている。

賃金格差は大きい。2015年の女性正規労働者の賃金は、男性正規労働者の72%であった。しかし、1989年には60%もの格差があったことから考えれば、緩やかであるが大幅な改善といえる。正規労働者と非正規労働者（短期）の賃金格差はさらに大きく、2015年の男性非正規労働者の時間当たり賃金は男性正規労働者の56%、女性非正規労働者は女性正規労働者の51%にとどまっている。このような格差を是正することがアベノミクスの焦点となっている。

日本は台風などの自然災害が多い国であり、特に地震が頻発する。4月14日に九州の熊本県で震度7の地震が発生し、2日後にはマグニチュード7.3の地震があり余震も続いた。約18万人が避難し、72名の死者が出るなど、熊本県の地域経済と住民は大きな被害を被った。しかし、マクロ経済全体に対する影響は小さく、地震に巻き込まれた日本人は落ち着いて、柔軟に辛抱強く対応している。

2006年から2012年にかけて、日本は首相が毎年交代し、また、民主党が2009年～2012年の短期間ではあったが、長年続いた自民党に代わって政権与党となった。しかし、日本は基本的に政治的に安定した国だ。日本の政治の問題点は、自民党の政策に対する代替案を提示する強い野党が存在しないことである。民主党は、民進党と党名を変更したが崩壊状態にある。カリスマ的な蓮舫新党首は通称しか使用していないが、民進党を再生させることができるかは今後の課題である。

安倍首相は、2012年末から首相の座にある。自民党総裁の2期目の任期である2018年9月まで首相を続けることは確実視されている。これは、7月10日の盛り上がらなかった参議院選挙で自民・公明の連立与党が勝利したため一層確実になった。安倍首相の政策に対する強い批判はあるものの、高い支持率を維持している。この高支持率は、安倍首相に代わる適任者がいないという消極的な理由によることが世論調査で示されている。筆者は、安倍首相が自民党の総裁任期に係る党則を改正して、2020年8月の東京オリンピックまで首相に留まると予想している。

安倍首相は、自信を深め強力なリーダーとなってきた。安倍首相は、国家再生戦略を策定した時に、日本が世界の主要国としての地位を維持することを確約した。安倍首相は、国民の支持が経済状況に依存することをよく認識しており、経済が最優先課題であることを明言している。これは、アベノミクスの第3の矢である構造改革を実施するための多くの施策を国会で論議する時に試されることになる。構造改革は、日本が良好な経済成長を持続するために必要である。安倍首相の憲法改正への動きは、アベノミクスが成功するまで引き延ばされるであろう。

金融政策

日本経済は総需要不足、異常な低金利、金融緩和といったグローバルなマクロ経済環境の縮図である。アベノミクスは、このような問題に原則として3本の矢で取り組んできた。第1の矢である金融政策は物価の安定を目指し、第2の矢の財政政策は財政支出と巨額な政府債務を受け持ち、第3の矢の構造改革は潜在成長率と実際の成長率を高めることを目的にしている。経済成長は、民間部門の新しいインセンティブとビジネス機会に対する反応に大きく依存する。

日本は、デフレが長期化しているユニークなケースである。消費者物価の2%上昇を目指すという物価安定の目標は、予想以上に難しいことが判明しつつある。

拡張的でも緊縮的でもない中立的な金利水準が過去20年間にわたって低下を続け、現在ではゼロ近傍という歴史的な低水準にあることで、金融政策は複雑化している。このような状況下で、日本銀行は、黒田東彦総裁が2013年3月に就任以来、創造的で積極的な金融政策を展開してきた。日銀は、指標となる金利を引き下げ、主に国債を年間80兆円買い入れることとし、巨額の量的緩和にコミットした。企業が借入れ意欲を高めて投資を増加させ、個人が住宅と耐久消費財を購入するようにするため、超低金利を実現した。

しかし、日本の基本的な問題は、収益が見込める企業投資の機会が不足していることである。銀行の預貸率は、貸出が伸びず預金が増加を続けているため60%台と低水準である。これまで金融機関は、預貸ギャップを国債の購入で埋めてきた。日銀が民間金融機関から大量の国債を市場で買い入れているため、金融機関は過剰な準備預金を日銀に置くことになっている。

1月29日に日銀は、マイナス金利を初めて導入することを発表し、金融市場に大きなショックを与えた。これは、TIER3と呼ばれる余剰準備に付される金利をマイナス0.1%に引き下げるものであった。民間銀行の日銀準備預金は3つに区分されており、一番少額の区分が日銀によって短期市場金利操作に利用されている。

マイナス金利政策は、市場の期待に沿った効果を上げることが出来ず、逆に混乱と議論を巻き起こした。銀行がマイナス金利を預金顧客に転嫁することが大変難しいため、銀行はこれまでの金融緩和期のような収益をあげることが出来なかった。もし、銀行が金利を預金顧客から徴求したら、顧客は銀行から現金を引き出すだろう。日銀が長期国債の購入を増やすにつれて、イールドカーブは非常にフラットになり、10年物国債の利回りはマイナスになった。

国債のイールドカーブがフラットになり過ぎたことを受け、9月21日に日銀は、2つの新たな政策を発表した。第1に購入する国債の平均残存期間を短縮して金利の期間構造を拡大し、10年物国債の利回りのマイナスを止めてゼロを下限とすると発表した。日銀は、政策金利として、伝統的な短期金利に加えて長期金利も採用した。日銀は、クレジットの価格と量の2つを完全にコントロールできないので、

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量的緩和より金利水準(国債利回り)を優先しているように見える。筆者は、日銀が量的緩和をしばらく継続するが、10 年物国債の利回りをゼロに維持するために、80 兆円という国債購入量については弾力的になると考えている。この政策変更によって、金融機関は短期で借りて長期で運用する期間転換による利益を上げることが出来るようになる。

第 2 に、日銀は、日本人のデフレ期待が払しょくされて物価目標である 2%に達するように、消費者物価が十分な期間を通じて安定的に 2%を超えるまで量的緩和を継続するというコミットメントをした。このコミットメントは正しいが、現実にはこれまでのインフレターゲットの目標が全く達成されていないので、日銀に対する信頼感を高めることにはならないであろう。景気が徐々に改善するとともに、デフレは終息し、消費者物価は 1%ほどの前年比上昇率となると予想する。しかし、2%のインフレターゲットの実現は、短期間には難しい。

筆者は、マイナス金利政策を支持する。低金利政策の強化であるのみならず、そのショック効果を評価するからである。マイナス金利政策は、金融政策の適切な役割と限界、短期的な財政政策による景気刺激の必要性、政治的な困難を伴うがより強力で広汎な構造改革の実行といった議論を巻き起こした。マイナス金利と柔軟な量的緩和は、ともにデフレとデフレ心理が払拭されるまで不可欠である。

財政政策

2014 年に実施された 5%から 8%への消費税率引上げは、予想されていた以上に国内総需要に長期間にわたり深刻な影響を与えた。したがって、安倍総理の、消費税率 10%への引上げを、2017 年 4 月から 2019 年 10 月まで延期した 2016 年 5 月の決断は正しかった。

政府は、8 月 2 日に 28.1 兆円の補正予算を発表した。しかし、補正予算の中身は財政投融资など金融措置で、真水である政府支出は少なく、補正予算を組まなくても実行されたであろう内容であった。新規の政府支出は 6.2 兆円であり、今年度中に 4.6 兆円支出される。これは、減少する民間需要を補って 0.9%の成長効果をもたらすだろう。

この中で最も重要なのは、低所得者に対する一人当たり 15,000 円の現金給付、保育士・介護士の給与引き上げ、関連する社会保障支出である。これにより、かなりの短期的な景気刺激効果が期待される。しかし、成長のために総需要を増加させるのに、どの程度の更なる財政刺激が今後必要となるかは明らかでない。政府の債務管理は、日銀の超低金利政策によって恩恵を受けている。政府は、新規国債を 0.1%で発行しており、政府債務の金利負担が大幅に軽減されている。日銀が 10 年物国債の金利を政策指標金利としているので、10 年物の新規国債の利回りはゼロに近づきうる。

日本のグロスの政府債務残高は、1,105 兆円と巨額だが、日銀が保有量を伸ばしており、この内 36%を保有している(2016 年 6 月末時点)。2015 年 12 月には 32%であった。国内銀行は国債保有を減らしているが、生命保険会社と外国人が保有を増やしている。

日銀によるヘリコプターマネーは、政策論議の対象となっている。ヘリコプターマネーとは、日銀が直接国債を引き受けて永久に保有し、政府はお金を全国民に配するという、非常に単純な形の財政政策である。納税者は返済する義務がない。筆者は、日本国民がこのような仕組みを信用するかについては懐疑的だ。将来、強烈的なインフレ圧力に見舞われ、日銀がインフレ対策として、政策金利引上げに加え、日本国債を大量に市場に売り出す事態が発生する可能性は常にある。その時に、日銀は国債を永久に保有するという義務に縛られることはないだろうし、縛られてはならない。

さらにヘリコプターマネーは、日本国民に限定されるのか？富裕層も対象にするのか？マネーは、現金か預金のどちらで支給されるのか？どのように管理されるのか？といった実施に際しての重要な問題がある。ヘリコプターマネーが導入されることはないだろうが、その考え方は、現在も続いている日本の金融・財政政策の議論に貢献することだろう。

構造改革

経済成長の維持と促進を目的として、アベノミクスの第3の矢は、市場をより競争的にして生産性を引き上げるための多様な構造改革に焦点を当てている。5月下旬に、安倍首相が議長を務める産業競争力会議は、10分野での活性化策に官民協調して取り組むことを発表した。電力、コーポレートガバナンスとスチュワードシップ・コード、医療といった分野で改革が進展している。農業分野の改革は、TPPと直接に関係しており、今国会において成立する予定である。規制緩和は、ビジネスコストを引き下げるであろう。

日本の電力産業は、化石燃料から太陽光、風力、地熱などの再生可能エネルギーへの大きな転換点に立っている。これは、新技術、コスト、安全などの問題が絡んだ複雑なプロセスである。それはまた、石炭、原子力の利用が今後50年でどうなるかという問題でもある。

2016年9月に国際エネルギー機関(IEA)が発表した報告書は、2011年の福島原子力発電所の事故により、日本の原発が稼働停止した影響を分析している。報告書によると、原発停止で日本の電力供給は30%減少した。この減少は、液化天然ガス、原油、石炭の輸入により補われた。その結果、エネルギーの輸入依存度(一次エネルギー総供給量に占める化石燃料のウェイト)は、2010年の80%から2013年には94%に上昇した。また、発電による温暖化ガスの排出量は25%増加し、電力料金は家庭用で16%、産業用で25%上昇した。

石炭は、世界的に豊富で安価な資源であるが、温暖化ガスや汚染物質を排出する最悪のエネルギー資源である。しかし、石炭火力発電所の直接コストは最も低い。日本は、国内に81箇所の石炭火力発電所を有し、40,500メガワットの発電能力があるが、その多くは老朽化しており、非効率で環境負荷が大きい。政府は、高効率の石炭発電の技術を開発しており、二酸化炭素貯留技術の開発も進んでいる。政府は、今後10年間で老朽化した発電所を閉鎖して、低汚染、高効率の新たな発電所を20,888メガワット分建設する予定である。環境省は、43の新規発電所の建設を認めた。政府は、石炭火力発電の新技术開発を支援しているが、日本は、今後数十年間にわたって石炭、天然ガス、石油に依存せざるを得ないであろう。

日本のエネルギー政策の一番の難題は、原子力にどれだけ依存するかである。これは、今後の新エネルギー政策の最大の課題である。原子力は、安価で温暖化ガスを排出しない。しかし、福島原発事故によって、国民は原子力発電所の安全性について深刻な疑問を持つようになった。喫緊の課題として、稼働停止した原子力発電所の取り扱いがある。政府は、運転再開のための新安全基準を設定した。福島原発事故以前は、日本には54の原子力発電所(福島の地震と津波で損傷したものを含む)があり、電力供給の30%を占めていたが、福島原発事故の後に、原子力発電所はすべて稼働を停止した。その内、22の原子力発電所が再稼働申請をしていない。7発電所が再稼働を認可され、22発電所が再稼働を申請して審査を受けている。既に再稼働したのは3発電所に過ぎず、運転中なのは2発電所のみである。認可手続きには時間がかかっており、政治的にも難しい問題がある。

「日本経済 緩やかな回復と難問の持続」

日本原子力研究開発機構は、長年日本の原子力開発に取り組んできた。その中心は、もんじゅ高速増殖炉における核燃料サイクル技術の開発であった。しかしもんじゅは、技術問題と人災事故が多く、おそらく閉鎖に追い込まれるであろう。

さらに長期的な課題は、新規に原子力発電所を建設するかどうかである。国際エネルギー機関(IEA)は、脱炭素とエネルギーの多様化を進めるうえで、コストを低減させる効果的な方法は、原子力と再生エネルギーのベストミックスであるとしている。政府の政策は、最終的に安価な再生エネルギーで代替されるまで、原子力発電産業を再建、維持することである。しかし、新規の原子力発電所の建設を行うかの判断ははるか将来のことであろう。

労働市場改革は、アベノミクス最優先課題である。2015年の労働市場参加率(15~64歳)は76%で、2000年より3.7%上昇している。女性の労働市場参加率は66.7%で、2000年の59.6%から上昇している。男性のそれは85.0%で、2000年の85.2%とほぼ同水準である。2014年の労働力に占める女性の比率は42.7%で、1990年、2000年の40.7%から上昇している。

労働市場の中心課題は、安定した職が保障されている正規労働者と、パートタイマー、契約社員、期間労働者など非正規労働者との格差の解消であり、非正規労働者を取り巻く問題は近年深刻化している。1989年には、非正規労働者は817万人で、労働者全体の19%であった。2015年には1,980万人となり、全体の37%を占めるまでその比率が上昇した。1,015万人の労働力増加が非正規労働者であった。非正規労働者の賃金は、平均して正規労働者の56.6%であった(2015年実績)。これには、有給休暇などの福利厚生費は含まれていない。日本は、他の先進国と比較して賃金格差が大きい。

安倍首相は、9月21日にニューヨークで行った講演で、正規労働者と非正規労働者の格差縮小に努力すると述べた。しかし、正規労働者と非正規労働者格差、男女格差を大きく縮小させるのは難しいだろう。格差縮小のためには、企業経営、政府組織、労働市場の改革が必要になるからである。

今秋、安倍首相が新しく発足させた専門家会議がどのような提言をするのか、また提言を受けて政府と企業がどのように実行するのが注目される。年功賃金カーブは、長期的には平準化されるであろう。しかし、年功賃金や定年までの雇用保障は、簡単には消滅しないだろう。経営者、正社員、労働組合の既得権が大きいからである。改革の焦点は、非正規労働者の雇用環境の改善に当てられよう。非正規労働者の地位改善は、経済成長が持続し、労働需要が増加するかどうかにかかっている。

外国労働者の流入を厳しく規制し、難民や移民の受け入れを最小限にとどめるのが、日本政府の基本方針である。在日外国人は約220万人であり、その多数が日本国籍を持たない韓国、台湾人である。3年~5年間教育訓練する技能研修制度による外国人労働者は、アベノミクスがスタートして以来増加している。しかし、総数192,665名に対して、増加数はわずか41,173名である。研修生の多くは、製造業、サービス業、農業部門での未熟練・低賃金労働者である。外国人留学生数は246,679名で、アベノミクスのもとで65,760名増加した。留学生は、パートタイムで就労が認められており、留学ビザが終了した後には日本に残留するケースもみられるが、日本の労働供給全般からみれば、外国人労働者は極めて小さな割合しか占めていない。

ウーマノミクス(労働力における女性の役割の拡大)は、日本の経済成長にとって重要な課題である。ウーマノミクスは、安倍首相の2013年の国連総会演説で国際公約となり、内閣には女性雇用問題の担当大臣までが置かれている。女性のほとんどが非正規就業者であるが、単身女性はほとんど就労しており、シングルマザーも84.5%が就労している。しかし、第1子が誕生すると44%の女性が労働市場から退出する。増加しているとはいえ、3歳以下の幼児を抱えた女性の30%しか通常の就労をして

いない。

ウーマノミクスの主要な課題は 2 つある。第 1 は、女性の労働市場参加率の引上げである。日本女性の労働市場参加率は、ドイツ、イギリス、アメリカと比較して低い水準にある。第 2 は、女性管理者・経営者の比率の引上げである。政策の重点は、子育て中の既婚女性が職場に復帰しやすい環境整備、すなわち、保育所の増設、子育て支援の充実である。勿論、女性の復職は家計所得と家庭環境にも依存する。

アベノミクスで女性労働力は 100 万人増加した。これは、労働市場の需給が逼迫したことによる。長期的には、女性雇用推進策が効果を上げることが期待される。

管理職や幹部職にある女性の数は徐々に増加している。しかし、これは時間がかかるプロセスである。政府は、公共部門における女性の雇用と昇進を進めている。民間企業も大学卒女性の総合職採用を進めている。これは、企業の社会的評価を高めることを狙っている側面もある。昇進は企業の内部からのみ行われるが、中堅以上の年齢では総合職採用の女性がそもそも少ないので、経営トップ階層で女性が目立って増加するのは 10～15 年将来のことになるであろう。

日本における貧困問題

過去 25 年間の日本経済は停滞してきたが、歴史的に見れば経済発展の輝かしいモデルであった。日本人の多くは、比較的高い生活水準を享受して、健康状態もよく、平均寿命も高い。しかし、すべての日本人が勝ち組ではない。所得分配はより不平等になってきており、相対貧困率は OECD 加盟国の中では高い方である。所得分配と社会保障による調整後のジニ係数は 0.336 で、OECD 加盟国 35 カ国の中では 8 番目に高い。ジニ係数が一番低いのはデンマークで 0.238、アメリカは 4 位で 0.379、最高はチリで 0.510 である。日本の相対貧困率は 16%で、OECD 加盟国中 5 位である。OECD 加盟国と比較すると、デンマークは 6.4%と 2 番目に低い。参考までに、アメリカは 16.5%で 4 位、最高のイスラエルは 20.9%である。

日本の貧困問題は、これまで統計的によく分析されてこなかった。これは、政府の調査が十分でなかったことを反映している。しかし、最近 35 年間の労働市場と社会の変化によって、貧困問題がメディアで取り上げられようになり、学問的研究も進んだ。文化人類学者は、「生存危機状態」という用語を使う。これは、無防備で孤独な人々を意味する。これらの人々は、ホームレス、身体障害、社会的不適応、ドロップアウト、若者のひきこもり、在宅老人に限らず、未就業の若者、シングルマザーも含まれる。これらの人々の生活状態についての新聞報道等には、胸を痛めるものがある。

貧困の定義と測定は簡単ではない。貧困は、絶対的であると同時に相対的な問題でもある。国連は、極貧の定義を「人間の生存に最低限必要な条件(食料、飲料水、トイレ、健康、住居、教育、情報)の欠如」と定めている。このような生存にかかわる極端な絶対的貧困は、日本の大きな問題ではない。

相対的貧困は、社会的に定義されるものであり、日本やアメリカ、他の先進国の貧困問題の専門家は、国の所得の中央値の半分以上の所得階層に属する個人を貧困層とする OECD の定義を利用している。しかし、貧困の範囲は広く、政府の生活保護対象の最貧困層と、貧困ではあるが何とか生計を立てている階層との格差は非常に大きい。したがって、各国は、生活保護を通じて、許容できない貧困をもっと狭く定義していることが多い。貧困問題に注目が集まるようになったのは、2007～2008 年で、生活保護を打ち切られた老人の餓死が相次ぎ、新聞に大きく報道されたのがきっかけであった。その

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後、リーマンショックによるグローバルな景気後退で失業者とホームレスの派遣労働者が増加し、都心の日比谷公園のテント村に集まっていることをメディアが大きく報道し、注目を集めた。

日本の貧困推計は、2つの政府統計から得られる。第1は、厚生労働省の国民生活基礎調査(CSLC)である。OECDは、国際比較にこのデータを利用している。第2は、総務省の全国消費実態調査(FIE)である。その他の貧困関連データは、内閣府の国民経済計算における中央政府・地方府県の予算・財務状況から得られるデータ(2年のタイムラグがある)、厚生労働省の福祉月報で得られる。

国民生活基礎調査は1986年から開始された。大規模調査は3年おきに、小規模調査は2年おきに実施されている。全国消費実態調査は、1994年から5年おきに実施されている。国民生活基礎調査は、データ収集と発表の間に大きな時間差がある。全国消費実態調査はデータが収集され次第発表されており、時間差は少ない。2015年の国民生活基礎調査と2014年の全国消費実態調査は、貧困問題分析のための最新の基本データになる。

広く利用されているOECDの所得の中央値の半分という相対貧困基準とは別に、日本では、厚生労働省による最低生活費(生活保護費)基準が貧困指標として定義されている。これは、家計の人数、年齢、居住地域に基づいて計算されており、政府が福祉政策を立案する際に利用されている。2つの定義による貧困率は重複しており、2009年データでは、相対貧困基準以下の家庭の86%が生活保護費基準以下の家庭である。

2012年の所得の中央値の半分(122万円)以下の相対貧困率は16.0%であるが、2009年の全国消費実態調査による貧困率は10.1%と大きな差がある。しかし、全体的な貧困の傾向は変わらない。内閣府の2015年報告によると、これらの貧困率の差は、調査手法によるものと考えられる。全国消費実態調査の方が、単純な家計の規模以上を考慮している点でより精密である。国民生活基礎調査と比較すると、全国消費実態調査は、単身学生世帯は除外しているものの、40歳以下の年齢層の比率が高い。国民生活基礎調査は、より多くの高齢層、地方都市居住者、単身学生世帯を含んでいる。

それでは、日本では誰が貧しいのか？貧困は、すべての世代、家庭でみられ、多くの人が助けを必要としている。政府が特別に政策的に懸念している2つのグループは、増加しつつある高齢貧困層(特に独居者)と極貧家庭の子どもである。貧困層は、30歳以上が96.5%を占めている。若者は、働くことで貧困を脱出すると一般的には想定されているが、貧困は年齢層を超えて広がっている。2012年の国民生活基礎調査によると、貧困層は、30~49歳では14.4%、50~64歳では14.2%、65歳以上では18%であった。2010年のデータでは、60歳以上の女性の相対貧困率は男性よりかなり高く、80歳以上の女性の貧困率が27.1%なのに対して、男性は16.6%と低い。日本では、高齢者と子供の貧困リスクが高い。

2つの調査は、所得分布のデータも提供している。2009年の全国消費実態調査の推計では、7.2%の世帯が年間収入150万円以下で、その内30%の世帯が65歳以上の単身世帯、2.6%が65歳以下の単身世帯であった。また、18.9%の世帯が年間収入150万円~300万円、28.6%の世帯が300万円~500万円であった。

貧困の地域格差も大きい。九州・沖縄では、25.1%の世帯が貧困層である。これに対して、名古屋を中心とする東海地方は、わずかに11.3%である。

貧困の国際比較は、調査手法、データの質と量、判断基準、価値観の違いがあるため難しい。特に、アンケートや世論調査の解釈は困難であるが、全体の傾向を読むことは出来る。例えば、15歳以上を対象にした2015年調査では、健康状態が良いと回答した人の割合は、アメリカ人で90%、日本人で

30%であった。日本には国民保険制度が完備しているため健康状態が良く、平均寿命がアメリカ人よりも4年長いというのにである。

アメリカの統計局は、年齢、世帯人数、18歳以下の子供の有無などのデータを分析し、米国の世帯の13.5%が貧困水準にあると推定している(2015年)。この統計では、4人世帯で年収24,257ドル以下を貧困世帯としている。両親と子ども一人の世帯は月収1,590ドル、65歳以上のカップル世帯では1,194ドル、65歳以上の単身者は947ドルが貧困とされる。

OECDは、「より良い暮らし指標」を作成している。日本は、「個人の安全」ではトップであり、「平均所得と資産」、「教育と技能」、「雇用と収入」、「社会とのつながり」と多くの項目で高い水準にある。しかし、「住宅」、「市民生活とガバナンス」、「主観的幸福」、「ワークライフバランス」、「健康状態」では平均を下回っている。一般的に日本人は、OECD平均と比較して自分の生活に満足度が低いといえる。自分の生活についての満足度を0〜10で評価した場合、日本人の平均は5.9ポイントであったが、OECD平均は6.5ポイントであった。

貧困問題に対して何をするか、どのように貧困を減らすのかというのは、各国の基本的な社会的、政治的な決断である。ヨーロッパと比較すると、日本とアメリカは、相対的貧困を受け入れやすい国といえよう。日本人は、中央、地方政府から給付金を含めた多種多様な社会保障を受けている。日本における「社会保障」は、英語における公的な補助の全てを包括した概念であり、米国において「social security」と呼ばれるものに加えて、健康保険や政府の年金制度も含んでいる。

2015年、厚労省は、社会保障給付費は377兆円の国民所得の31.0%に相当すると推計している。政府管掌の国民年金がこのうち48.1%(国民所得の14.9%)、医療サービスが32.1%(国民所得の10.0%)、生活保護などが19.8%(国民所得の6.1%)という内訳となっている。

国家予算に占める社会保障関連支出は、厚生労働省の示す社会保障給付費とは経費分類が多少異なり、金額も少なくなるが、傾向は似ている。2015年の中央政府の総支出は、国民所得の15.2%で社会保障費は8.4%であった。社会保障費の4分の3は年金、医療サービスが占めている。生活保護、公的扶助、雇用・傷害保険は、国民所得の2.2%を占めている。

国民の25%が年金または生活保護を受けている。2010年では、受給者の42.3%が高齢者世帯であった。これらの世帯への社会保障給付のほとんどが年金給付であることを意味している。33.1%が障害年金の受給者で、障害者、病人を抱える世帯であり、7.7%が母子家庭である。

生活保護受給世帯は、2016年3月に過去最高の163万5,393世帯となった。この世帯の家族人数は、216万4,154人、日本の総人口の1.71%に当たる。2014年8月では216万3,117人であった。生活保護の受給者は、社会保障全体の受給者と異なり、高齢者が45.5%、身体障害者が29.3%、母子家庭が7.1%となっている。

生活保護費は、住居がなければ受給することができない。これが意味するところは、人数は多くはないにせよ、ホームレスはとても弱い立場に置かれるということだ。また、生活保護受給要件として、持ち家、自家用車、個人資産の保有が認められておらず、就労が不可能である必要がある。年金受給があれば、生活保護費から差し引かれる。生活保護費は、年齢、世帯人数、居住地域によって給付額が決定される。生活保護受給者は、親族からの支援を受けることが出来ないことを証明しなければならない。問題が起きるのは、貧困状態にあることを認めたがらない場合や、受給資格者が家族と疎遠になっている場合である。

生活保護支給額は、世帯人数、年齢、生活費の地域格差を反映して決定される。例えば、2015年の

世帯主 33 歳、妻 29 歳、子供 4 歳のモデル世帯の受給額は、1 か月 131,640～160,110 円となっている。68 歳以上の女性の単身世帯には 65,560～80,870 円、男性 68 歳、女性 65 歳の高齢夫婦には 97,860～120,730 円、4 歳と 2 歳の子供のいる 30 歳のシングルマザーには 159,900～189,870 円である。この支給額は、OECD の定義による相対貧困ラインをかなり下回っている。

高齢者の貧困は、国民年金、健康保険などの社会保障が無ければもっと深刻であろう。2016 年 4 月の新聞報道によれば、生活保護受給世帯の半分以上の 826,656 世帯が高齢者世帯となっている。これは、6%以上の高齢者世帯が生活保護をうけていることを意味する。その内、90%が単身世帯で身寄りがなく、年金も受給していない。

日本人は、定年退職するまで、国に税金を支払い、年金掛け金を拠出する。退職すると、国から年金を受け取る。退職年齢は、以前の 60 歳から延長している企業が増加している。結果として、政府の所得再分配による調整以前の高齢者の所得不平等は高く、ジニ係数は 0.8 にもなるが、政府の再分配策の実施後は 0.4 と平準化している。しかし、高齢者貧困問題は深刻である。

日本は、UNICEF が 2016 年 4 月に発表した児童貧困指数では、先進 41 か国の内 34 位である。日本政府のデータによると、2012 年に 18 歳以下の児童の 16.3%が貧困家庭に属していた。2 人以上の大人がいる貧困家庭は 38%であり、全児童の 12.3%がここに含まれる。単身の貧困世帯はほぼ母子家庭で、全国消費実態調査では全家庭の 1.7%であるが、その内 54.6%が貧困家庭である。シングルマザーのほとんどが結婚を経験しているが、離婚した父親から養育費を受け取っているのは 20%しかない。貧困状態にあるシングルマザーは、50.4%しか就業していないが、おそらく子供が幼くて、育児支援が受けられないからである。

子供にとって、貧困からの脱出の一番の方法は教育である。義務教育は 15 歳までであるが、生活保護受給家庭の子供の内 92.8%は高校に進学している(2014 年実績)。しかし、普通高校に進学しているのは 67.4%で、その他は、夜間高校(11.7%)、職業訓練学校に進学している。退学率は 4.5%と低い。公立高校の授業料は年間 40 万円で、一部を政府の無利子の奨学金がカバーしている。

児童貧困防止法が 2013 年の国会で成立し、政府は、2014 年に児童貧困を減らすためのガイドラインを発表した。それによると、高校教育費への補助として、貧困家庭へ月額 42,000 円の現金支給を行うこととなっており、この支給額は、子供の人数により増額されることとなっている。政府は、これらの児童貧困に対する政策措置を強化する予定である。

相対貧困率は、日本と他の先進国を比較するのに便利な方法であるものの、筆者には、相対貧困率は政府の担当者や貧困問題の専門家にとっての概念で、一般人に馴染まないと思える。日本の社会保障は、貧困を緩和することを目標にしており、相対貧困率を低めることを目指していない。これは、日本の貧困問題の政策専門家たちが、社会保障施策を増加させるため、政治家と政策担当者を説得する材料に国際的に高い相対貧困率を利用しているからではなかろうか。

結論

経済成長は、長期的には労働生産性(労働者時間当たり GDP)と全要素生産性(TFP)の増加に依存する。グローバルな生産性の上昇は、近年鈍化している。イノベーション、技術進歩、研究開発投資は増加しているが、以前に比べると GDP の増加をもたらしていない。科学、技術の進歩の予測によれば、人間の生活を大幅に改善する進歩が今後 25 年にわたって期待される。これらの進歩は、以下に

紹介するように広汎な分野に想定されている。遺伝子工学、バイオテクノロジー、健康医学、材料科学、ナノテクノロジー、3D プリンター、ロボット、自動運転、ドローン、自動化技術、サイバー技術、ビッグデータ、インターネット情報技術であり、後世の歴史家は現代を、世界を変える素晴らしい無数のイノベーションに牽引されたダイナミックな時代と呼ぶことになるだろう。そして、日本はその時代の主役の 1 人となるだろう。

日本人の多くは、現状に満足しているが、国の将来はあまり楽観していない。これは、日本経済が 1 年前に比べて基本的な改善を示していないことを反映している。加えて、アベノミクスの野心的な経済目標である 2 年以内に GDP 成長率 2% 上昇、5 年以内に消費者物価指数 2% 上昇という目標の実現はいずれも困難である。アベノミクスを失敗と評価するのは正しくないが、成功とするのはまだ早い。安倍首相が強力な既得権益の壁を崩して、構造改革を遂行するかどうかが問題である。参議院選挙の勝利で政治権力基盤を手にした安倍首相は、構造改革をやり遂げるコミットメントと意思があるのだろうか？

日本は、安全、健全、快適な安定した民主主義国家であり、また、発達した経済、高所得の成熟国家でもある。人口減少、労働力減少が続くため、将来の評価においては、GDP 総額よりも人口一人当たり、労働者一人当たりの GDP に焦点を当てるべきであろう。1% の GDP 成長率でもよいものであり、労働力が 0.8% 減少していくことを考慮に入れば、長期停滞の指標と考えるべきではない。日本は、当面、世界の 5 大経済大国の 1 国でありつづけるだろう。

日本は、極めて有能で勤勉で高い目標を達成し、強い経済力を有する国家である。また、国民は、強い国家意識、社会の安定性、結束感をもっており、深い文化的伝統も有している。個人的に交流のある日本の若者には感心させられる。

多くの日本人は将来に楽観的でないが、筆者は日本の将来についてとりわけ楽観視している。

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