

CIRJE Newsletter

Center for International Research on the Japanese Economy

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

Greeting from the New Director

From April 1, 2015, Professor Katsumi Shimotsu has taken office as Director of the Center for International Research on the Japanese Economy. Professor Shimotsu's specializations are econometrics and statistics. Since 2012, he has served in Graduate School of Economics, Faculty of Economics, the University of Tokyo. When Professor Shimotsu takes office, he will present his greetings.



Katsumi Shimotsu

The Center for International Research on the Japanese Economy (CIRJE) was established in 1998 as a venue for international joint research into the Japanese economy and related fields. CIRJE belongs to the Graduate School of Economics, Faculty of Economics, The University of Tokyo, and many faculty members from the School also participate in our research activities in addition to the CIRJE members.

As an international joint research center, CIRJE holds various workshops periodically such as Microeconomics and Macroeconomics workshops, where the latest research is presented and discussed. Last year 33 speakers visited and presented their papers. In addition, CIRJE supported 44 visits by foreign/Japanese researchers who conducted joint research with our faculty members. Their research findings are released as discussion papers on our website. The center also undertakes many research projects concurrently. This includes the housing policy study group sponsored by the Japan Federation of Housing Organizations. This study group analyzes various issues related to Japanese and foreign urban housing, conducting multifaceted discussion of desirable housing policy.

CIRJE holds international academic conferences, as well as many academic exchanges with overseas universities and research institutions. Besides a special seminar featuring Professor James J. Heckman of Chicago University, a Nobel Laureate in Economics in 2000 and a joint conference with the Institute of Economic Research of Seoul National University addressing the issues facing East Asian economies (see the next page for details), we held two other international conferences in 2014: the first one was the Asia-Pacific Economic Association (APEA) Conference 2014 in Bangkok, held jointly with Thammasat University of Thailand, in July. Economists from the Asia-Pacific region gathered to discuss the important political issues facing East Asian countries from an economic standpoint. Although the East Asian economy has largely recovered from the global financial crisis of 2008, analysis directed towards preventing future crises and the design of related systems still remain as important research themes. The second international conference was the Workshop on Advances in Microeconometrics 2014 in Hakone in June. Fourteen leading Japanese econometricians from universities in Japan and overseas presented their research findings at the conference. As an opportunity for Japanese econometricians from around the world to meet, this conference was marked by lively discussion and information exchange.

CIRJE keeps on conducting international comparative studies more and more actively, providing a venue for joint research by intra and extramural researchers. I look forward to your continuous support.

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In the last academic year, CIRJE held many research meetings and international conferences. Among them, two organizers report their seminar/conference.

Seminar

CIRJE Special Seminar by Professor James J. Heckman

Date : October 6, 2014

Venue : Kojima Conference Room, the Economics Research Annex (Kojima Hall)

Hidehiko Ichimura



The seminar was held on October 6, 10:00 to 18:00, featuring Professor James J. Heckman of Chicago University, a Nobel Laureate in Economics in 2000.

First, five young researchers presented their current research in 45 minutes each on empirical micro research and econometrics, which are Professor Heckman's research fields. They received comments from him, and the participants' discussion ensued. The format borrowed a musical master class, and I think it was an invaluable experience for everyone.

From 16:00 to 18:00, Professor Heckman gave a presentation on his current research, "The Market and Nonmarket Returns to Education". With nearly 100 enthusiastic participants from within and outside the university, the capacity of the venue was exceeded by about 20%. Professor Heckman talked about his research towards creating a new framework for measuring the returns to education, using a new model that aims to incorporate non-structural modeling in a partially structural model.



Conference



Professor James J. Heckman



Seminar by a young researcher

Conference

The 11th joint conference of Seoul National University and University of Tokyo Labor Market and Consumer Issues in East Asia

Date : November 14, 2014

Venue : Seminar Room 16-312, College of Social Science, Seoul National University

Shin-ichi Fukuda



Every year, CIRJE holds a conference with the Institute of Economic Research of Seoul National University concerning economic policy, and the eleventh conference was held in November 2014. This international exchange conference has covered a wide range of themes such as macroeconomics, micro-econometric analysis, economic development, finance, international economics, urban economics and so on. In 2014, the conference was supported by the Japan Society for the Promotion of Science Core-to-Core Program "Research on Financial Economics and Promotion of Young Economists in East Asia". Taking the labor market and various consumer issues in East Asia as its theme, the conference considered the East Asian region where populations are aging rapidly, and the appropriate design of system and policies for labor and financial markets in Japan, Korea, and the other relevant countries.

From the side of the University of Tokyo, five speakers and discussants took part; Shin-ichi Fukuda, Ryuichi Tanaka (National Graduate Institute for Policy Studies), Andrew S. Griffen, Seung-Gyu (Andrew) Sim, and Daniel Marszalec. From Seoul National University, Keun Lee, Director of the Institute of Economic Research, Biung-Ghi Ju, Chulhee Lee, Chul-In Lee, Keunkwan Ryu, and Young Sik Kim took part as speakers and discussants. Recently both Japan and Korea have been experiencing seriously declining birth rates, and both countries are expected to face rapidly aging societies in the near future. Consequently, discussing the structural problems facing East Asian economies such as Japan and Korea, not only from the short term but from the mid to long-term perspective, is a very important policy issue. We had active discussions about economic policy issues in Japan, Korea and other East Asian countries, which was a valuable academic exchange. The conference ended successfully with the recognition that CIRJE and the Institute of Economic Research of Seoul National University will continue to deepen their ties in future.

CIRJE Visitors

CIRJE accepts many visitors with a wide range of research interests to facilitate interaction with our faculty members. Visitors also have opportunities to communicate with other visiting scholars while they are here, in addition to conducting joint research with our faculty members and holding a seminar. Here are two reports from the researchers who visited CIRJE last academic year, about the research activities during their stay.

Visiting Professor

Department of Economics
University of Illinois

In-Koo Cho
(2015.1.6 - 2.27)



Together with Akihiko Matsui, I have been investigating the microeconomic foundation of the competitive market under various informational and institutional assumptions. I visited Otaru and Kyoto to present our work.

We have shown that adverse selection can be a fundamental source of the co-existence of involuntary unemployment and vacancy in the labor market in which workers and firms can meet frequently to trade. We initiated a new project on the labor market with retreat, which has been an important feature of the labor market during the recovery from the major recession following the financial crisis of 2007. We aim to understand the economic mechanism that can explain a puzzling feature of the recent recovery: while the economy is improving and the unemployment rate becomes lower, more workers choose not to search for a new job.

I also delivered a special lecture on the US inflation in CIRJE on February 19, 2015. The lecture is based upon a series of papers on the recursive learning models in macroeconomics, which I have been working on with Thomas J. Sargent (New York University), Noah Williams (University of Wisconsin-Madison) and Ken Kasa (Simon Fraser University). We examined the behavior of the monetary authority endowed with simple, yet misspecified, models but is updating the model continuously to fit the data. The goal of the research is to understand the economic implications of the interaction between the misspecified models and the actual data generating process, to demonstrate that we can explain an important feature of US inflation.

Visiting Associate Professor

Faculty of Policy Management
Keio University

Makiko Nakamuro
(2014.4.1 - 2015.3.31)



In 2014, I had the opportunity to undertake research activities at CIRJE. I am very grateful to the faculty members and staff who assisted me. I conducted various research activities at CIRJE, but one of them was writing a paper empirically identifying the causal effects of bearing additional children on the maternal labor supply, using micro-data from the Long-term Survey on Children Born in the 21st Century by the Ministry of Health, Labour and Welfare. The paper analyzed how the mother's decision to participate in the labor market changes based on the age of her children when an unforeseen additional child is born in the case of twins. I discovered that in Japan, the causal effects of additional births affecting the mother's labor participation follow an S-shaped pattern (on the minus side from birth to age 3, then starting to switch to the plus side), whereas in the U.S., it is different (consistently on the minus side until school age). The result was released as a discussion paper of the Research Institute of Economy, Trade and Industry. I also worked to measure the effects of the change in perceived returns to education on the cognitive and non-cognitive skills of children from low-income households. In past research carried out in developing countries, when parents and children underestimate the rate of return to education, simply giving them correct information about it is shown to increase the number of years of education and academic achievements of the children. Therefore using a design based on randomized controlled trials, we periodically distributed leaflets explaining the economic value of education to children in disaster areas after the Tohoku earthquake in order to estimate its impact on children's motivation towards further education and academic achievements. Lastly, I am very grateful for all of the valuable comments and feedback I received about my research during my time at the center.

Donation to CIRJE

CIRJE thanks all its contributors—Japan Federation of Housing Organizations, Mr. Ryojiro Kojima, Tokio Marine Nichido and Tokyo Electric Power Company—or their continuous support and welcomes new donations from public and private institutions, companies and individuals. For further details, please feel free to contact CIRJE Office :

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CIRJE Discussion Paper Series

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

As a part of our research activities, we regularly circulate two series of Discussion Papers, in Japanese (J-series) and foreign languages (F-series), which are available for download at the CIRJE website. From April 2014 to March 2015, 12 papers in J-series and 53 papers in F-series are published.

Visitors

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

Visiting Professor

- In-Koo Cho (2015.1.26 - 2.27)
Department of Economics, University of Illinois, USA

Visiting Associate Professors

- Makiko Nakamuro (2014.4.1 - 2015.3.31)
Faculty of Policy Management, Keio University, Japan

Short Term Visitors

- Hiroyuki Kasahara (2014.1.29 - 4.28, 6.2 - 6.30)
Vancouver School of Economics, The University of British Columbia, Canada
- Marcus Berliant (2014.3.12 - 4.7)
Department of Economics, Washington University in St Louis, USA
- Gil Shapira (2014.5.19 - 5.28)
Short-term visitor supported by Nomura Foundation
Development Research Group, The World Bank, USA

- Chamna Yoon (2014.5.30 - 6.4)
Short-term visitor supported by Nomura Foundation
Zicklin School of Business, Baruch College, City University of New York, USA
- Malay Ghosh (2014.6.5 - 6.14)
Short-term visitor supported by Nomura Foundation
Department of Statistics, University of Florida, USA
- Gee Hee Hong (2014.6.29 - 7.4)
Short-term visitor supported by Nomura Foundation
Canadian Economic Analysis Department, Bank of Canada, Canada
- Yasutora Watanabe (2014.10.30 - 11.4, 12.4 - 12.9)
HKUST Business School, Hong Kong University of Science and Technology, Hong Kong
- Botond Köszegi (2014.12.1 - 12.5)
Short-term visitor supported by Nomura Foundation
Department of Economics, Central European University, Hungary
- Éric Marchand (2015.1.7 - 1.17)
Short-term visitor supported by Nomura Foundation
Department of Mathematics, University of Sherbrooke, Canada

Staff

Professors



Shin-ichi Fukuda



Naoto Kunitomo



Takatoshi Tabuchi

Katsumi Shimotsu (Director)



Hidehiko Ichimura



Yasuyuki Sawada



Advisors

Koichi Hamada (Tuntex Professor Emeritus of Economics, Department of Economics, Yale University, Special Advisor to the Cabinet, Cabinet of Japan)

Hideki Kanda (Professor, Graduate Schools for Law and Politics, The University of Tokyo)

Kazuo Nishimura (Specially Appointed Professor, Interfaculty Initiatives in Social Sciences, Kobe University)

Kunio Okina (Professor, School of Government, Kyoto University)

Hajime Takata (Managing Executive Officer/Chief Economist, Mizuho Research Institute Ltd.)

The Steering Committee

Chair

Katsumi Shimotsu (Director)

Members

Shin-ichi Fukuda • Motoshige Itoh • Akihiko Matsui
Masayuki Tanimoto • Ttsutomu Watanabe

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