

CIRJE Newsletter

Center for International Research on the Japanese Economy

No.19

April 2018

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

Conferences

The CIRJE has promoted and continued to support conferences and workshops. Among them, an international conference during fiscal 2017 is introduced by the organizer.

June 22, 2017

The 26th NBER-TCER-CEPR Conference on "Corporate Governance"



Shin-ichi Fukuda

In modern society, it is important that companies operate themselves with the full recognition of responsibilities to a range of stakeholders, starting with fiduciary responsibility to shareholders who have entrusted the management. Corporate governance is the system by which a company is directed and controlled to achieve such a goal. It includes the rules, practices and processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Interest in the corporate governance practices of modern corporations, particularly in relation to accountability, increased following the high-profile collapses of a number of large corporations during the last decades. In recent years, initiatives for the corporate governance system have significantly accelerated in many advanced economies. The papers at the TRIO conference 2017, sponsored jointly by the Tokyo Center for Economic Research (TCER), the National Bureau of Economic Research (NBER), and the Centre for Economic Policy Research (CEPR), addressed some of these questions and provide the most recent answers. We invited six papers to the Conference. A special issue of the Journal of the Japanese and International Economies (JJIE) on the conference theme was published under the Guest Editorship. The papers had gone through the regular refereeing process of the journal and had been revised on the basis of comments and discussion at the conference, as well as comments from anonymous referees.



Discussion

CIRJE Newsletter Contents

Conferences

The 26th NBER-TCER-
CEPR Conference on
"Corporate Governance"

CIRJE Visitors

CIRJE Discussion Paper Series

Visitors

Staff

CIRJE Visitors

CIRJE accepts many visitors with a wide range of research interests to facilitate interaction with our faculty members. Here are four reports from the researchers who visited CIRJE last academic year.

Visiting Professors

During my visit I worked on a problem of characterizing the following type of dialogues. Think of Alice and Bob who are evaluating the chances that the black horse wins a race. Alice thinks it is 30% while Bob thinks it is 60%. Each one of them does not know for sure what the other thinks. Suppose now that they tell each other what they think about these chances. Alice, on hearing what Bob thinks learns something she did know and as a result she may update her belief. Now she thinks the chances are 25%. Likewise, Bob updates his belief and it is now 70%. They tell each other their new beliefs about the chances of the black horse, update again their beliefs and so on. Is it possible that the beliefs of Alice and Bob diverge rather than converge after their dialogue? We show that indeed, any two sequences of chances, one for Alice and one for Bob are possible, if we allow Alice and Bob to have wrong beliefs, namely thinking that the state of affairs as it is, has zero chance. However, if they are not wrong then the possible sequences that constitute the dialogue must have the property that they cannot "oscillate" too much.

Faculty of Management,
Tel Aviv University

Dov Eliahu Samet
(2017.4.25 - 6.4)



School of Economics, Yonsei University

Doowon Lee
(2017.10.1 - 11.15)



During my stay at CIRJE, my academic activities included lectures, research, and seminar. In terms of lectures, I have delivered a special lecture on the Korean economic development to The University of Tokyo students. Those students paid keen attention to my lecture, and I have enjoyed accommodating questions raised by students. In fact, students have raised more questions than I expected, and I could finish the lecture 15 to 20 minutes after the scheduled time. Another special lecture I delivered was in a forum organized by the Japanese Keidanren. I have delivered the economic policy of the South Korean President, Jae-In Moon, and compared these policies to Abenomics. The economic policy of President Moon is often called as "Income-led economic growth strategy", and I analyzed its main contents and potential problems. As I prepare for this special lecture, I had to do research on contemporary economic issues of Korea and Japan. I have enjoyed not only academic activities but also cultural and personal relations with professors, staffs, students, and my Japanese friends.

During my visit at CIRJE, being slightly removed from my usual school, and other, obligations, I had a wonderful time. This meant that I could concentrate on finishing my papers; start a new research project with my host, Professor Hirano; and return to my roots as a researcher. I hope to take back

School of Economics, Nagoya University

Noritaka Kudoh
(2017.11.1 - 2018.3.31)



to Nagoya some of the atmosphere of the University of Tokyo and its surroundings, where everyone at nearby cafes is either studying or researching. The research paper that I was working on concerned how companies differentiate the volume of employment and working hours when there are fluctuations in the economy by using a model that introduces the concept of corporate scale into search and matching theory. I was able to reproduce changes in Japan's labor market, particularly the extent of movements in the volume of labor and working hours, with a considerable degree of accuracy by setting parameters for the model that match those of the Japanese labor market. I exchanged opinions with Professor Hirano about building a new model concerning the path of an asset price bubble and discussed a theoretical framework that would help us gain an understanding of the recent movement in prices in Japan, in particular, the reason behind the supply of money not necessarily causing prices to rise.

Visiting Associate Professor

Institute of Economic Research
Hitotsubashi University

Ryo Jinnai
(2017.4.1 - 9.30.)



During my visit at CIRJE, I was able to enjoy positive interactions with The University of Tokyo researchers, graduate students, and undergraduates. The center provides a facilitative environment with a constant stream of talented researchers visiting from both within and outside of Japan throughout the year. I was blessed with the opportunity to deepen my interactions with them as a CIRJE associate professor. The research study at CIRJE can be summarized in general terms as the investigation of macroeconomic performance in an environment that has as its aim endogenous decisions on productivity. First, I built a model that unites economic growth theory and business cycle theory, and then, I used that knowledge for theoretical and empirical investigation. I am concurrently working on multiple manuscripts. I was also able to start a new project on the relationship between the asset price bubble and economic growth. This is a joint research project with Professor Hirano at The University and has made a significant contribution to the smooth progress of this joint

Short Term Visitors

Department of Economics,
University of Warwick

Mingli Chen
(2017.4.1 - 5.8)

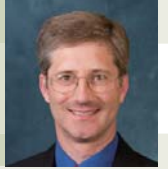


I would like to thank all the faculty and staff members at CIRJE for providing such a good environment doing research at the Center. During my visit, I delivered an econometrics seminar and got a lot of good comments from professors at the economics department; I also attended high quality econometrics seminars given by outside econometricians. During the stay: I am able to further my own research on quantile graphical models which are to characterize prediction and conditional independence relationships within a set of random variables of interest (the finished paper is sent to a top journal in economics); I also benefit a lot from talking with Professor Kengo Kato and Professor Hidehiko Ichimura, Kengo and I are continue talking and working on high dimensional quantile regressions.

I visited CIRJE during the week of June 19-23, 2017 to work with Professor Toshiaki Iizuka about research on pay-for-performance. We are both conducting research on in health economics on financial incentives for health care providers to improve quality of care and reduce total spending. I also gave a seminar about my research on a pay-for-performance program in the United States. In that paper we measure the financial incentives at the patient level for improvement, and show that year-over-year improvements in hospital performance often improves when the incentives are larger.

Department of Health
Management and Policy,
University of Michigan

Edward C. Norton
(2017.6.15 - 7.5)



Department of Economics
and Management, University
of Florence

Alessandro Cigno
(2017.7.2 - 7.17)



I was invited to visit CIRJE from the 2nd to the 17th of July, 2017 by Professor Hikaru Ogawa, whom I knew since his visit to my department in Florence. It was a memorable period, that gave me the opportunity to have fruitful exchanges with several academics from both CIRJE and the Economics Department. I was also able to interact with Professor Mizuki Komura of Musashi University, who co-financed my visit, and Professor Akira Yakita, who came expressly to see me from Nagoya. During my stay, I brought to completion three research projects, all of which are now either published or about to be published in scholarly journals. The two papers were presented in seminars during my stay at The University of Tokyo, and benefitted from insightful comments by seminar participants.

I first wish to cordially thank Professor Seung-Gyu Sim and all faculty and staff members of CIRJE for their hospitality. During this visit, I pursued research collaboration with Professor Seung-Gyu Sim to study whether and how team-based incentives differ from individual incentives in the workplace. Moreover, I had the opportunity to present an ongoing research on workplace peer effects and receive valuable inputs and comments from colleagues of Faculty of Economics. I greatly benefited from visiting CIRJE.

School of Economics and
Finance, The University of
Hong Kong

Sangyoon Park
(2017.10.30 - 11.3)



Desautels Faculty of
Management, McGill University

Jiro Edouard Kondo
(2017.12.1 - 12.8)



During his visit at CIRJE, Professor Kondo presented empirical work on self-regulation in the US securities brokerage market ("Spillover Effects in Regulatory Capture") at the microeconometrics workshop. In particular, he provided evidence that capturing one division of a regulatory organization can help firms also capture other divisions of the regulator- especially when these divisions are under common authority and control. He also began work on asset pricing with Professor Hirano (tentatively called "On Researching Cashflows vs. Discount Rates in a Noisy Rational Expectations Model"). This project is building on Grossman-Stiglitz (1980) to explain equilibrium differences in the amount of investor research on firms cashflows vs. firm discount rates and provides a novel explanation for the anecdotal fact that practitioners devote most of their time on cashflow research. Professor Kondo enjoyed interacting with numerous other faculty and students during his stay and is very grateful for the opportunity to visit CIRJE and The University of Tokyo.

I would like to thank Professor Shin-ichi Fukuda, the faculty and staff members at CIRJE for giving me the opportunity to spend some quality time at The University of Tokyo. During my stay, I could improve my research on the special topic of the internationalization of the Chinese renminbi (RMB), within the OBOR initiative. I delivered a seminar on this topic. The valuable comments from Professor Fukuda and the discussions with other distinguished Researchers were an occasion to get constructive inputs on my future paper. One direction is to learn lessons from the past and, particularly the experience of yen internationalization, as far as we cannot predict the future RMB.

University of Rouen Normandy

Nathalie Aminian
(2017.12.10 - 12.16)



I visited CIRJE, The University of Tokyo for two weeks. During my stay, I gave a short course on “The Dirichlet Process and DP Mixture Models” to current masters and PhD students at The University. I also gave a seminar “Dirichlet Process Mixture Models for Nested Unordered Categorical Data”, introducing the importance of survey microdata disclosure risks protection through the synthetic data approach. Professor Irie and I took a 3-day trip to Kanazawa University to attend a workshop on Statistical Disclosure Control, during which I gave a seminar “The Synthetic Data Approach to Data Confidentiality”. In addition, Professor Irie and I started a joint project together on synthetic time series data.

Mathematics and Statistics
Department, Vassar College

Jingchen (Monika) Hu
(2018.1.9 to 1.23)



CIRJE Discussion Paper Series

http://www.cirje.e.u-tokyo.ac.jp/research/03research02dp_j.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 2017 to March 2018, 11 papers in J-series and 36 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 Professors

- Dov Eliahu Samet (2017.4.25 - 6.4)
Faculty of Management, Tel Aviv University, Israel
- Doowon Lee (2017.10.1 - 11.15)
School of Economics, Yonsei University, Korea
- Noritaka Kudoh (2017.11.1 - 2018.3.31)
School of Economics, Nagoya University, Japan
- Michael Pflüger (2017.5.16 - 5.22, 2017.5.28 - 6.10)
Department of Economics, University of Würzburg, Germany
- Marc Henry (2017.6.19 - 6.23)
Department of Economics, The Pennsylvania State University, USA
- Craig Smith (2017.7.15 - 7.31)
School of Social and Political Sciences, The University of Glasgow, UK

Visiting Associate Professor

- Ryo Jinnai (2017.4.1 - 9.30)
Institute of Economic Research, Hitotsubashi University

Short Term Visitors

- Mike So (2017.4.4 - 4.24)
Department of Information Systems, Business, Statistics and Operations Management, The Hong Kong University of Science & Technology, Hong Kong
- Bruno Strulovici (2017.7.25 - 7.28)
Department of Economics, Northwestern University, USA
- Kota Saito (2017.7.27 - 8.31)
Division of the Humanities and Social Sciences, California Institute of Technology, USA
- Yi-Ling Cheng (2017.7.31 - 8.5)
Institute of Economics, National Sun Yat-sen University, Taiwan
- Ulrich K. Müller (2017.10.24 - 10.27)
Department of Economics, Princeton University, USA
- In-Koo Cho (2017.12.9 - 12.13)
Department of Economics, University of Illinois, USA

Staff

Professors

Katsumi Shimotsu
(Director)



Kosuke
Aoki



Hidehiko
Ichimura



Yoshito
Takasaki



Takatoshi
Tabuchi



Shin-ichi
Fukuda

The Steering Committee Chair

Katsumi Shimotsu (Director)

Members

Kosuke Aoki • Shin-ichi Fukuda • Yasuyuki Sawada
Masayuki Tanimoto • Tsutomu Watanabe

Advisors

Junko Kato (Professor, Graduate Schools for Law and Politics,
The University of Tokyo)

Nobuhiro Kiyotaki (Professor, Department of Economics,
Princeton University)

Kazuo Nishimura (Specially Appointed Professor, Kobe University
Center for Social Systems Innovation)

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

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

CIRJE Newsletter No. 19

Center for International Research on the Japanese Economy

Graduate School of Economics, Faculty of Economics

The University of Tokyo

7-3-1 Hongo, Bunkyo-ku, Tokyo 113-0033, JAPAN

Tel: 81-3-5841-5644 Fax: 81-3-5841-8294

<http://www.cirje.e.u-tokyo.ac.jp/index.html>