Columbia Business School

Center on Japanese Economy and Business

Program on the New Financial Architecture: Japan and the United States

日本経済経営研究所

Coping with Change in Japan and the U.S.

April 20, 2010, in Tokyo, Japan

Cosponsored by Academyhills

Symposium Summary Report

Yishane Lee, Writer
Andy Wanning, Editor
Office of University Publications

邦訳付

Japanese translation inside

Columbia Business School academyhills

Coping with Change in Japan and the U.S.

Presented by the Center on Japanese Economy and Business, Columbia Business School and its program on The New Financial Architecture: Japan and the United States

Co-sponsored by Academyhills

Keynote Speeches: **Toshihiko Fukui**, President, The Canon Institute for Global Studies; Former Governor, Bank of Japan
Motohisa Furukawa, Member of the House of Representatives, Secretary General, National Policy Unit; Senior Vice Minister, Cabinet Office (Government Revitalization, and Economic and Fiscal Policy)

Tuesday, April 20, 2010 1:15 p.m. - 6:15 p.m. (with a reception to follow)
Roppongi Academyhills 40 Tokyo, Japan (simultaneous translation provided)
Roppongi Hills Mori Tower 40F, 6-10-1, Roppongi, Minato-ku, Tokyo 106-6149

1:15 – 1:45 p.m. **Registration**

1:45 – 2:00 p.m. **Welcoming Remarks**:
Hugh Patrick, Director, Center on Japanese Economy and Business; R.D. Calkins Professor of International Business Emeritus, Columbia Business School

2:00 – 2:45 p.m. **Keynote Speaker**:
Toshihiko Fukui

2:45 – 3:45 p.m. **Panel I: Financial Market Challenges and Opportunities**
Moderator: **Hugh Patrick**
Speakers: **Takafumi Sato**, Senior Adviser, Promontory Financial Group, LLC; Former Commissioner, Financial Services Agency, Japan
Tsutomu Horiuchi, Chief Financial Officer and Senior Managing Director, Mori Building Co., Ltd.
Alicia Ogawa, Senior Advisor, Center on Japanese Economy and Business, Columbia Business School; Adjunct Associate Professor, School of International and Public Affairs, Columbia University

3:45 – 4:05 p.m. **Coffee Break**

4:05 – 5:05 p.m. **Panel II: Political Change and Economic Consequences**
Moderator: **David Weinstein**, Associate Director for Research, Center on Japanese Economy and Business, Columbia Business School; Carl S. Shoup Professor of Japanese Economy, Columbia University

Keynote Speaker:
Motohisa Furukawa

5:05 – 6:05 p.m. **Panel III: Realities of Economic Recovery and Growth**
Moderator: **Heizo Takenaka**, Director, Academyhills; Professor and Director, Global Security Research Institute, Keio University
Speakers: **Robert A. Feldman**, Managing Director, Morgan Stanley Japan, Ltd.
Takehiko Nakao, Director-General, International Bureau, Ministry of Finance, Japan
David Weinstein

6:05 – 6:15 p.m. **Closing Remarks**
David Weinstein

6:15 – 8:00 p.m. **Reception**

Center on Japanese Economy and Business Sponsors

Lead Corporate Sponsors
Sumitomo Corporation of America
Senior Corporate Sponsors
Advantage Partners, LLP / Daiwa Securities America Inc.
Major Corporate Sponsors
Kikkoman Corporation / RISA Partners, Inc. / Saga Investment Co., Inc. / Takata Corporation / Tsuchiya Co., Ltd.
Corporate Sponsors
Aflac Japan / Japanese Chamber of Commerce & Industry of New York, Inc. / Mitsubishi International Corporation / Mitsubishi UFJ Trust and Banking Corporation / Mitsui Sumitomo Insurance Company, Ltd. / The Mitsui USA Foundation / Mori Building Co., Ltd. / Pacific Investment Management Company (PIMCO) / The Tokyo Electric Power Company, Inc. / Yaskawa Electric Corporation
Individual Sponsors
Dr. Robert Alan Feldman / Mr. Shigeru Masuda, M.B.A. '74, CEO, ZERON Group
Friends of the Center
Mr. and Mrs. John Davey / Itoh Shokai Co., Ltd. / Mr. Satoru Murase / Sumitomo Chemical Corporation / Mr. Sadao Taura

Center on Japanese Economy and Business
Columbia Business School, Tokyo Conference Office
Tel: 03-5280-0825 Fax: 03-5280-0822
Email: cjeb@cpinc.co.jp
www.gsb.columbia.edu/cjeb/

Coping with Change in Japan and the U.S.

April 20, 2010, in Tokyo, Japan

INTRODUCTION

Hugh Patrick

In his introductory remarks, Hugh Patrick, director of the Center on Japanese Economy and Business (CJEB) and R. D. Calkins Professor of International Business Emeritus at the Columbia Business School, provided context for the conference, which was organized as part of CJEB's program on "The New Financial Architecture: Japan and the United States." With new governments in the United States and Japan, both economies are still recovering from their worst recessions and the worst global recession since World War II. As two of the biggest economies in the world, their recovery paths affect each other as well as economies worldwide.

There are fundamental, structural differences between the two economies. The United States has yet to resolve the problem of financial institutions deemed too big and systemically important to fail, as well as the issue of developing a better financial and regulatory system. Japan's financial crisis of more than a decade ago finally ended in 2003, when nonperforming loans were resolved.

A second difference is that the United States has run far too large trade and current account deficits. Japan, in contrast, has maintained a current account surplus in its balance of payments for 30 years and is the world's largest creditor and second largest holder of foreign exchange reserves.

Changes in price levels—inflation or deflation—are the third major difference. The United States has maintained price stability even with the Federal Reserve's huge monetary stimulus and the government's fiscal stimulus because the output gap is so large. This raises the specter of inflation. Timing the exit strategy for stimulus programs and the inevitable tightening is key; it should not be premature.

Japan also has a huge output gap and is in a mild deflation, which Professor Patrick is concerned is a structural problem, now embedded in Japan's mediocre overall economic performance for the last 20 years. Japan's experience shows how difficult it can be to end deflation in a major economy, especially under conditions where the output gap is significant and the net government debt is extraordinarily large.

These major imbalances—globally in trade and balance of payments; domestically in imbalances among consumption, business investment, housing, and the government sector—are structural phenomena that take time to change. They require not only the correct assessment of macroeconomic, structural, and specific industry and market realities and policy options, but also the correct government policies, and especially the political will and leadership to boldly implement them.

KEYNOTE ADDRESS

Toshihiko Fukui

Toshihiko Fukui, the president of the Canon Institute for Global Studies and former governor of the Bank of Japan, spoke about next steps in the aftermath of the global financial crisis, and his outlook for Japan and other developed economies.

The global economy is recovering very, very gradually, and its outlook remains uncertain. This is due to the large gap in output between developed and emerging economies. As a result, this year should be the time to lay groundwork for improved financial practices. Japan's experience can be instructive, especially with regard to resolving nonperforming loans. The challenges for the global economy are how to ensure market economies can be free yet orderly, and how corporations can conduct business yet be properly regulated.

Work is being done to reestablish global economic governance, such as through the G20. The November 2009 meeting of G20 finance ministers and central bank governors at St. Andrews in Scotland launched a new regulatory framework, the Framework for Strong, Sustainable, and Balanced Growth. Among the issues to cover is how to detect and then issue warnings about excessive leverage.

Toshihiko Fukui

Concurrently, national leaders are moving toward new financial supervision frameworks. Last June, President Obama announced the creation of the Financial Services Oversight Council, composed of the Treasury Secretary and heads of seven other agencies, whose purpose is to identify firms that could pose systemic risks. Obama's proposal this January of the so-called Volcker Rule also aims to protect the consumer by warning banks to avoid risky, potential-conflict-of-interest bets that taxpayers in effect subsidize. Similarly in Europe, the EU created the European Systemic Risk Council and the European System of Financial Supervisors. The main point is that central banks need to be able to identify systemic risks at an early stage in order to take action quickly.

Another challenge is how advanced and emerging economies can work together. Emerging economies are now the lead runners in the global arena, and mature economies must seek new growth models. The fact that the G7 has expanded to become the G20 illustrates the importance of the emerging economies on the world stage, and of the role of emerging economies on the global economy.

A related issue is that of the environment. Advanced as well as emerging economies alike must work together to rein in greenhouse gas emissions. The challenge, as set out by last December's Copenhagen Accord, will be to do so without stifling economic growth, and with a view toward long-term effects.

Mr. Fukui said global economic management must balance supply and demand on a global scale and prevent systemic risk. It must take a scientific approach to global sustainability issues, providing both scientific and economic rationales for changes. Emerging economies must share the burden for the future of the world economy, while advanced economies must make sure the credibility of the global economy remains intact.

The second part of Mr. Fukui's presentation was his outlook for the Japanese economy. Projected numbers from the International Monetary Fund point toward a gradual recovery, but the expectation for growth overall is quite low. This is because Japan's economy has reached a very mature stage and is carrying a massive public debt.

According to an IMF staff paper, Japan's percentage of public debt against GDP is estimated to be 245.6 percent in 2014. Since the public sector isn't generating cash, the private sector must generate a cash flow to pay off the debt; but the more the debt is paid off, the more funds are diverted from future growth. There are also the problems of an aging population and deflation, with Japan's wages and its cost of production being higher than elsewhere in Asia.

But not all conditions are adverse. Besides being located in Asia, where some of the strongest emerging economies are located, Japan has the capability to develop state-of-the-art technologies that can become standardized, so long as it opens up the technologies to the market.

Another consideration is the geopolitical risk specific to Japan. Globalization and the spread of information with regard to the global economy have to be considered from the standpoint of Japan's security factors.

Japan must also strengthen its capacity for future growth by gathering intellectual human resources from within and outside Japan, and improve corporate competitiveness, including green technologies. Its social foundation must be stabilized. It needs a sustainable social security system and a way to handle issues of income gap—the intergenerational imbalance between beneficiaries of social security and the generation bearing the burden of support.

Japan has the opportunity to clarify its role within Asia. Japan and China each have high savings rates, and an Asian capital market has not yet taken root. Japan has a responsibility to establish a sound capital market in Asia.

An "optimal currency area" scheme can further economic interdependency and improve capital market functions as preconditions.

Panel 1

Takafumi Sato

The former commissioner of Japan's Financial Services Agency, Takafumi Sato was a member of the international Financial Stability Forum and is currently a professor at Hitotsubashi University. He identified five types of financial re-regulation in the aftermath of the global financial crisis.

The first is to strengthen risk management at financial firms. This means strengthening risk capture and building a sufficient level of capital proportionate to the risks the firms' business models entail. To this end, the Basel Committee is set to introduce the enhanced capital framework for trading book, securitization, and off-balance sheet activities. It is also working on enhancing the quality of bank capital and on minimum capital adequacy standards.

The second category addresses misaligned incentives in business models. Lack of transparency and conflicts of interest in the "originate-to-distribute" business model led to moral hazard in the securitization market. It took the form of poor underwriting standards by originators, insufficient risk information provided by arrangers or distributors, poor performance of credit rating agencies, and poor due diligence and blind reliance on credit ratings by investors. Among the measures to address these problems, the Pittsburgh G20 Statement last September declared that "securitization sponsors and originators should retain a part of the risk of the underlying assets."

Another example of misaligned incentives is financial firms' compensation schemes. Compensation practices at financial firms gave excessive incentives that favored maximization of short-term profitability while not explicitly recognizing the potential huge risks. As an effort to promote more risk-adjusted compensation schemes, the Financial Stability Forum and the Financial Stability Board issued relevant principles and standards for sound compensation practices.

The third regulatory drive is to enhance the transparency and resilience of the markets. Due to the lack of transparency, tremendous uncertainty was built up in the market as to toxic exposures and future losses that, in turn, increased the level of counterparty risk. New measures call for improving the transparency of securitized

Takafumi Sato

products, strengthening disclosures by financial institutions, enhancing the quality of accounting standards, improving a regulatory framework for credit rating agencies, and encouraging more rigorous due diligence.

The fourth category seeks to broaden the regulatory scope with a view to systemic risk. The recent market turmoil has highlighted the fact that the behavior of nonbank financial firms, such as large investment banks and global insurance groups, can have a significant impact on overall financial stability. Previously unregulated firms and markets are exerting increasing influence over the global financial system. In view of these developments, the G20 leaders declared in London last April that the scope of regulation and supervision would be broadened to cover all systemically important products, markets, and institutions, including hedge funds.

The fifth category is macro-prudential perspectives for supervision. Historically low interest rates, abundant liquidity, and the favorable macroeconomic environment made financial firms eager to search for higher returns, which led to excessive leverage and reckless behavior. In addition, as financial transactions become increasingly market-based, serious risks latent in the markets have become common risk factors to many financial firms, which materialize once an individual firm runs into trouble. This can spread through the entire financial system via increased counterparty risk, leading to market liquidity drying up and the markets' pricing function becoming impaired. The crisis has demonstrated that macroeconomic and market developments are as important as idiosyncratic risk at individual firms.

Mr. Sato's advice for regulators looking to advance these regulatory changes was foremost to strike a balance among sometimes conflicting requirements. A balance must be struck between assuring the effectiveness of regulation and avoiding its excessiveness, he said. Regulation and supervision to shed light on the root causes of the recent crisis are needed, but regulators must avoid impeding the vigor of financial markets and financial sectors by excessive regulation.

Secondly, regulators and supervisors need to implement both short-term crisis management measures and medium-term regulatory reforms in a balanced manner. On the one hand, if the policies lean too much toward crisis management with extraordinary public support, it could cause moral hazard in the marketplace or distort the financial system in the longer run. Crisis management measures should not remain in place over a prolonged period, but too hasty an exit from these measures and too hasty an implementation of medium-term reforms could impede market normalization and economic recovery.

Thirdly, regulators and supervisors should give sufficient consideration to the balance between the international consistency of regulation and the respect for circumstances specific to each country or market. Given the strong cross-border character of financial transactions and financial markets, international consistency is indispensable to assure the global effectiveness of regulation. The existence of many loopholes in different jurisdictions would undermine the effectiveness of regulation and could distort the global financial system. Still, an excessively uniform framework of regulation would overlook valuable, distinct characteristics each market has and place unnecessary burdens on its financial sector. Respect should be paid for the different conditions and situations of each market, so that the implementation of redesigned regulations does not impede the strength of individual financial systems.

Tsutomu Horiuchi

Tsutomu Horiuchi, chief financial officer of Mori Building Company, said he spoke from the perspective of real estate financing in the Japanese market. Mori Building specializes in long-term, large-scale, multi-use developments in the center of Tokyo. The Hills series including Roppongi Hills, the location of the conference, are its signature projects. To create Roppongi Hills meant consolidating land from 600 small landowners for 12 hectares of land. The project took 17 years to complete. Roughly speaking 400 billion yen in investments were made, and the yearly economic impact is 2.6 trillion yen.

Real estate financing in Japan has changed dramatically over the past decade. Government involvement has decreased since 2001 in line with some of then-Prime Minister Koizumi's reforms, Mr. Horiuchi said. Private financing was expected to compensate for the reduced role of the Development Bank of Japan (DBJ) and other public players, such as the Urban Renaissance Agency (UR) and the Organization for Promoting Urban Development (Minto). Commercial mortgage-backed securities, REITs (Real Estate Investment Trusts), mezzanine loans from foreign financial institutions, and other private investors were expected to take up the slack. But the 2008 Lehman Brothers shock and global financial crisis created a drastic shortage in liquidity in real estate markets as private financial players withdrew from the market.

As a result, the biggest challenge today is the lack of adequate long-term, large-risk money, with public and private players' roles having both diminished. Pension funds, whose investment styles are by nature a good match for long-term investment, continue to invest conservatively. The majority of long-term capital is being invested in Japanese government bonds. In addition, to meet stricter Basel II capital requirements, Japanese banks have withdrawn from large-lot, long-term, large-risk financing and shifted toward smaller-lot, short-term, lower-risk financing, causing a drastic contraction of the real estate financing market.

In the meantime, Japan has a huge public debt of about 200 percent of GDP. In order to repay this debt, Japan needs a strong engine for growth. Tokyo remains important for Japan to achieve that goal. Tokyo now completes with other Asian international cities such as Shanghai, Seoul, Hong Kong, and Singapore. It is crucial to create a city that attracts capital—people and goods—from all over the world. A new public finance framework will trigger private finance, which will lead to growth that, in turn,

Tsutomu Horiuchi

promotes the inflow of overseas capital. And this capital will lead to further growth, promoting the inflow of people and goods from overseas, which will promote still further growth. It creates a virtuous cycle for sustainable economic growth.

Mr. Horiuchi emphasized that public spending should be efficient and effective, not spent on nonurgent roads and dams merely to create employment. His view is to allocate 10 percent of the 200 trillion yen saved in Postal Savings accounts in Japan for this kind of public financing to kick-start Japanese economic growth. This financing can be exercised in two ways—via public lending vehicles such as the DBJ and the Japanese Bank for International Cooperation, or via a newly created Sovereign Wealth Fund.

Alicia Ogawa

Alicia Ogawa, CJEB's senior advisor, is a specialist on Japanese financial markets. She spoke about how the global financial meltdown left the United States and Japan facing some of the same key issues, despite the values underlying their financial markets being at opposite extremes.

Ms. Ogawa listed the following issues: the need to rethink capitalism in the two societies; the problems posed by the rise of mega banks; the role of risk management in financial institutions; the role and the independence of central banks; and the role of government bond markets as the deficits of both countries reach historic proportions.

For the sake of discussion, Ms. Ogawa provided simplified descriptions of the capital markets of the United States and Japan. In the United States, they are freewheeling with aggressive seeking of risk and return. Japan favors more regulation in order to achieve overall societal parity for the sake of social and political cohesion. These two very different models have served each country extremely well for a long time, but the global recession has made it clear that these models must be readjusted.

In the United States, income disparity has never been greater, economic mobility rarely lower, and the cost of the current crisis in terms of money spent and jobs lost unprecedented. In Japan, the cozy relationship between the government and financial sector did in fact deliver income equality, lifetime employment, and a rising standard of living; but keen competition from elsewhere in Asia has meant the breakdown of permanent employment.

In response, the United States—with its vast number of bailouts and the unprivatization of Fannie Mae and Freddie Mac—seems to be employing policies that were ineffective in Japan, while Japan seems to be imitating some of the harsher characteristics of U.S. corporate behavior with the emergence of two social classes: permanent workers and permanent temporary workers.

The consolidation of American banks echoes Japan's experience of the 1990s. In both countries, a handful of banks now controls the major share of financial assets. History has shown in Japan and in the United States that these megabanks are impossible to manage well, given their size, scope, and global range. They inhibit competition, and the implicit government guarantee, because they are too big to fail, distorts the market, leading to an unfair cost of capital advantage that in turn leads to unfair compensation bonuses.

In talking about risk management, Ms. Ogawa said she deferred to Mr. Sato's presentation, but she did want to note that in the United States, the Federal Reserve's stress tests do not seem to have influenced bank risk management. Even though risk management can be elevated to a very high science, what is needed is a change in culture and incentives.

Tensions between politicians and central banks are another shared issue between the United States and Japan. The Federal Reserve has implemented aggressive, original measures mostly with success, but because of these measures, some in Congress are calling for curbs on the Fed's independence. In Japan, the central bank seems to feel that its independence is so threatened that it is afraid to act in any way that appears to be cooperating with the government. Both countries face the challenge of maintaining the central bank's independence—including the independence to act in concert with the government.

Ms. Ogawa concluded her remarks with a discussion about the bond markets. In the United States, it is often said that the large percentage of foreign ownership of its bonds means it is held hostage by China, Japan, and others. In Japan, nearly 95 percent of its market is domestically owned, but she argued that this is also a problem, as it has perverted the entire credit risk market in Japan. Given recent turmoil in Europe, she added, it would be prudent for both countries to control the use of so-called naked credit default swaps that allow investors to make one-way bets against government bond markets.

Question and Answer Session

Q: Regulators are now proposing that systemically important firms, the ones that have been merged, be allowed to accumulate more capital; but this creates moral hazards and a vicious cycle of being too big to fail. How can we minimize this unintended effect of regulatory proposals?

A: Mr. Sato said regulators and supervisors want to assure that the probability of failure for systemically important financial institutions is very low through additional requirements regarding capital, liquidity, and contingency plans, such as through so-called living wills. This could help mitigate the "too big to fail" problem and address the relevant "externality" issues.

Ms. Ogawa said in the United States there are proposals to limit leverage, which in itself would be a limit on size. The tax that the Obama administration is placing on megabanks in order to create their own deposit insurance fund is another limiting influence. And the Volcker Rule—which states that retail deposit-taking banks should not be allowed to own hedge firms, private equity firms, or do proprietary trading—would also rein in the size of banks.

Panel II: Political Change and Economic Consequences

KEYNOTE ADDRESS

Motohisa Furukawa

Motohisa Furukawa, the secretary general for the Democratic Party of Japan's National Policy Unit and senior vice minister of the Cabinet Office for Economic and Fiscal Policy, spoke about the change of administration in Japan, its new economic and fiscal policies, and U.S.-Japan cooperation with regard to economic policy.

Mr. Furukawa compared the historic replacement of the Liberal Democratic Party's 60 years of rule with the Democratic Party of Japan, led by Prime Minister Hatoyama, to that of new leaders in charge of rebuilding a failed, bankrupt enterprise. In its first six months, the new administration has focused its efforts on three areas: fundamentally changing how the administration is managed; conducting due diligence regarding assets and budgets; and devising a rebuilding plan.

The administration has moved away from a bureaucrat-centered system to one led by politicians. The DPJ's aim is to execute policies promised in its campaign via its "manifesto." Unlike in the United States, it is not expected that campaign promises are implemented after winning an election. Mainichi newspaper estimated that the government has embarked on 85 percent of its manifesto, with 20 percent completed.

While in the past the government and ruling party worked together to establish a government administration—a dual power structure between government and ruling party—the DPJ now wants to create a unified system. Instead of bottom-up decision-making led by ministries, Mr. Furukawa said they want a top-down system in which politicians associated with each policy make decisions.

The Government Revitalization Unit is conducting a thorough evaluation of assets through its budget screening process. A strict evaluation of assets has meant opening up closed-door budget sessions, leading to greater transparency. The government is evaluating its own progress through PDCA—Plan, Do, Check, and Action—now built into the political process. At its core is a screening of independent administrative institutions and public-interest corporations.

From the year 2000 up to the previous LDP administration, there have been more than 10 growth strategies announced—more than one per year. Before each strat-

Motohisa Furukawa

egy was finished, another was announced. Mr. Furukawa said his party is trying to learn from past failures for its growth strategy, to be announced in June, and its fiscal soundness plan.

Mr. Furukawa identified three major challenges for the Japanese economy: exiting deflation; boosting the economy's growth rate; and keeping public confidence.

To exit deflation, the government must cooperate and coordinate with the Bank of Japan (BoJ). It must listen to market participants, in part via weekly "market eye (face-to-face) meetings," in which feedback can be given regarding government financial policies.

Mr. Furukawa said they are trying to change budget allocation from "concrete to people," meaning away from huge construction projects toward social security. For the fiscal year 2010-2011 they are cutting spending on public projects by 20 percent while increasing social security spending. They are also looking at the budget from a multiyear perspective of three years, instead of the usual one year, and with greater overall transparency.

To encourage the economy to grow, the government hopes to encourage "Green Innovation" to benefit society, the environment, and the economy. Related to this is creating a context in which people feel more comfortable taking risks to start new businesses. To track success, the government will not only examine macroeconomic indicators such as GDP but also per capita GDP, employment rates, business startup rates, and other various environmental indicators.

Reducing the outstanding public debt is another goal. Setting a target for expenditure reduction is part of the long-term fiscal plan.

Mr. Furukawa pointed out how the Obama administration has its "Green New Deal" to tackle climate change, the financial crisis, and peak oil, and how the United States is trying to double its exports, mainly to Asia. The Hatoyama administration has its "Green Innovation" and efforts to grow together with Asia. He saw synchronicities between the two countries' goals, such as in the field of nuclear power cooperation. By working together, the two countries can establish international standards in the environmental and energy fields.

Question and Answer Session

Q: How can the equity market in Japan be made more attractive to non-Japanese investors?

A: Mr. Furukawa said the reliability of the Japanese economy and its future prospects must be improved. In Japan's favor are its bullet train and water infrastructures, both technologies that Japan can better export. These are examples of potential elements that can become new frontiers for Japan, once restrictions and regulations are loosened, and which can help encourage confidence in Japan and its equity market.

Q: Given the diverse platforms of support for farmers, highway building, and child allowance, what is the Hatoyama administration promoting, exactly, in economic terms?

A: Mr. Furukawa said there were philosophical underpinnings to their policies, citing the child allowance as the implementation of their belief that all of society should help parents raise their children. He reiterated that the party's adherence to its campaign promises represented a step forward in the political culture in Japan. An openness to varying opinions and to change is also a significant change in the political arena.

Left to right: Robert Feldman, Takehiko Nakao, David E. Weinstein, Hugh Patrick, Heizo Takenaka

Panel III: Realities of Economic Recovery and Growth

Professor Heizo Takenaka, director of Academyhills and professor and director of the Global Security Research Institute at Keio University, moderated the next session.

Robert Feldman

Robert Feldman, managing director of Morgan Stanley Japan Securities, said there is good news and bad news when it comes to the outlook for the global and Japan's economy. The global economy is steadily recovering, with a 4.4 percent growth rate estimated for 2010; but the advanced economies are recovering more slowly than emerging economies, so investors are likely to continue to focus on the latter as the target for incremental investment allocations.

Japan's growth is roughly 2 percent, based mostly on net foreign demand for exports. The United States is growing at about 3 percent, with Europe slightly lower. Among emerging economies, China is expected to grow by 11 percent. Inflation is expected to remain under control in all regions.

Energy is both a concern and opportunity for Japan. Japan's strong public transportation infrastructure reduces its energy vulnerability. Higher grain prices increase pressure on Japan to reform agriculture. Supply cannot meet surging global demand. Growth in Asia remains an opportunity for Japan. Raising per capita income in Asian developing countries to even half of the current Japanese level will require immense capital and technology. Japanese factories can be busy for years helping neighbors raise living standards, even if industrial growth stagnates. Japan has abundant and good technologies in the environment and energy sectors. Its agriculture know-how, if sold overseas, can lead to Japan's economic growth and development.

Japan's trade balance is back up, as exports rise faster than imports. Its GDP will rise, but weak capital expenditure and public works cuts will offset the positive demand impact from fiscal spending reallocation.

This is where monetary policy can falter, because when business improves, industry leaders say they will establish factories overseas, but policies that restrict the employment market for temporary workers as well as full-time employees will hamper this effort. The child allowance

Robert Feldman

David E. Weinstein

may bring only a slight upside in consumption, as it does not dramatically increase household income.

Dr. Feldman said deflation remains an ongoing problem with continued pressure on the Bank of Japan to handle the issue. The consensus is that the BoJ will use the April 30 Outlook Report to justify changes in monetary stance. But it is unlikely to change its monetary regime, such as reverting to the quantitative easing (QE) policies of then BoJ governor Hayami and then BOJ governor Fukui, or to a base money or reserves targeting regime.

But the formation of the Anti-Deflation Group within the DPJ, with more than 100 Diet members, suggests that the consensus may be too complacent. The group is pushing for the inclusion of a more aggressive monetary policy in the DPJ manifesto. This is needed to break the deadlock between the BoJ and the government.

Dr. Feldman said a return to QE is required to end deflation. In 2001–2003, the rise of the ratio of base money to GDP from 13 percent to 22 percent helped bring core inflation from minus 1 percent to 0 percent. Now, a similar rise in base money will be needed, perhaps to a greater extent. A rise of 9 percentage points of GDP would imply a base money increase of about 45 trillion yen—or about 50 percent of 2009 base money. The BoJ would have to expand its balance sheet significantly, through increased Japanese Government Bond purchases or through intervention in the foreign exchange market.

How does Japan compare with Greece? Based on five indices—deficit to GDP; government debt to GDP; current account deficit to GDP; real long-term yield; and tax revenue to GDP—except for the debt to GDP ratio, Greece had a worse situation than Japan. Japan is also not necessarily worse off than the United States or the United Kingdom.

Dr. Feldman said that the JGB market, while not good, will not be the next explosive market; but Japan's fiscal deficit is still a big concern. The real challenge for Japan is that productivity must rise or else living standards will fall. The DPJ's policies must be evaluated by whether they raise or lower productivity; so far, the news is mixed. It hopes to cut enough government waste over the next four years so that it can use the 2013 election as a referendum on a consumption tax hike, which most acknowledge is necessary.

A new growth strategy must not be all about demand. The supply side requires attention, too. A crucial assumption of Keynesian economics is that output is demand-determined. Whenever consumption, investment, or government spending rises, production increases. In contrast, growth economics focuses on factors of production—capital and labor—and the technology of how they interact. Whether demand exists to absorb the supply is ignored.

David E. Weinstein

David E. Weinstein, Carl S. Shoup Professor of the Japanese Economy, director of Columbia's Program for Economic Research, and CJEB's associate director for research, began by noting that for much of the last century there have been fairly frequent, large banking crises, such as the Panic of 1907, World War I, and the Great Depression. During these crises, it was common to see substantial movements in property prices. On average, housing prices fell about 36 percent during these times, and the typical decline in housing prices was about six years from peak to trough. What is unique about Japan is not the severity of the crash in the housing market, but the fact that this crisis went on for more than 15 years.

There are three main lessons from the Japanese experience. The first is that one must restructure banks and financial institutions in a major way, and rapidly. Second, fiscal policy is important in terms of stimulating demand. Third, monetary policy has to be aggressive in order to prevent deflation.

Between 1980 and 1991, Japan's real GDP was trending upward at a fairly constant rate. However, this trend changed during Japan's "lost decade" from 1991 to 2001. A fiscal stimulus in 1995 lent a boost, but that was cut short with a tax increase and then a banking crisis. Not until about 2001, with banking sector reforms and a more flexible monetary policy, did Japan return to long-run growth.

The most recent global crisis has again turned attention to Japan's reactions. The question is whether its fiscal policy was big, strong, and sustained enough. Professor Weinstein compared Japan's stock market, which peaked in December 1989, with the U.S. stock market, which peaked in October 2007.

In both countries one saw tightening leading up to the bursting of the bubbles, but in the United States there was a very rapid drop in interest rates, to zero or close to zero, within 15 months. In Japan, however, a similar drop took more than five years.

Looking at real interest rates, which fuel a substantial amount of investment, the picture is even starker. Real rates in the United States went negative within seven months after the bursting of the bubble. Real rates in Japan never went negative. As a result, a big lesson for U.S. policymakers from Japan was the need for aggressive monetary policy in response to a bubble to get the economy back toward growth.

Regarding the current crisis, in all countries there was a decline in real GDP in 2008, but on average real GDP was within one percent of its 2007 level by 2009. Canada is an outlier in the sense that its banking sector was highly regulated and avoided riskier investments; it performed well. Interestingly, the GDP of the United States—which was the epicenter of the crisis—has now recovered to its 2007 level.

Japan, uniquely, has been one of the worst performers within the G7. Private expenditures, a major component of GDP, have declined by 5 to 6 percent. Public expenditures, which lead to higher aggregate demand, have basically been flat. This means the magnitudes of the fiscal stimulus in Japan were quite modest.

Central bank interventions are also revealing. The assets of the Bank of England tripled over the time of the crisis. The Federal Reserve was also quite interventionist, and the European Central Bank was fairly interventionist. But the BoJ's response was much, much smaller. The British pound, which had the biggest intervention, saw the biggest depreciation; the United States and Euro zone had modest to no depreciations; and Japan saw massive appreciation of the yen, which exacerbated the decline in demand for its exports, caused deflation to intensify, and so on.

Japan's poor performance in the past decade and also in 2009 is associated with relatively small fiscal and monetary interventions compared with other countries' actions—Japan's bank restructuring didn't occur until about 10 years after the crisis in 1989. Governments in other countries appear to intervene much more rapidly and forcefully, and perhaps this explains why international shocks hit Japan so hard.

Takehiko Nakao

Takehiko Nakao, director-general of the Ministry of Finance (MOF)'s International Bureau, spoke about efforts to recover from the global financial crisis and avoid a future one. At discussions among the G7 nations on October 10, 2008, just after the Lehman Brothers shock, there were five major topics: the need to inject capital; the need to dispose of nonperforming loans; the insurance issue; the issue of guarantees; and the various types of intervention by regulatory authorities to stop a future collapse. At the G7 held in February 2009 in Rome, the declining growth of

Takehiko Nakao

the real economy and the credit issue were clear and they were the focus of the discussion.

In Japan, the dependence on high-end exports such as cars and machines, like Germany, invited a large downfall. But unlike the United States, Japan's growth was not damaged from risky investments made by financial institutions in the business of collateralized debt obligations, such as subprime loans. And even at its highest level, exports only accounted for 17 percent of Japan's GDP. Now consumption, while not contributing greatly, is slightly rising based on trends from the third and fourth quarter of 2009 into the first quarter of this year. Exports declined partly as inventory was adjusted, but with recovery a higher level of inventory can work in Japan's favor. Japan is also, with the IMF and the World Bank, working with emerging nations, such as supporting the issue of a bond in Indonesia, in order to overcome its own lack of capital flow.

Another international agenda is how to prevent another crisis from happening. Since taxpayer money was used to solve the crisis, naturally policymakers are calling for greater regulation.

All G7 nations had negative growth in 2009, but there will be better numbers for 2011. Still, unemployment remains high, and while it may not be a credit crunch per se, in some sectors there is a lack of flow of capital.

Other challenges for the future include the need for a global current account rebalancing. One of the causes of the crisis is the financial sector's high-risk, high-leverage behavior. At the same time, from the macroeconomic perspective, in China there was a huge surplus and a huge accumulation of its foreign reserve that kept flowing to the United States. The United States needs to suppress its domestic demand while other countries must increase it. But if they aim for too much intentional rebalancing, that will mean a return to a consideration of structural issues such as the one discussed in the past between the United States and Japan and a return to the locomotive theory, with surplus countries as the engine driving world economic growth. Mr. Nakao cited Professor Weinstein, who said Japanese fiscal policy measures were minimal. But Mr. Nakao said he was involved in economic policy in the 1990s, when public investment was increased but was not productive, resulting in public debt that has become 180 percent of GDP.

Mr. Nakao said current account rebalancing should happen organically as a result of basic measures. The old thinking was that it was good to have a balanced current account deficit or a surplus. However, the capital liquidity is very high, and in this situation some countries borrow more and spend, while others invest and save. Some variation is fine, but excesses on both sides should be avoided.

Absorbing risk is another aspect, as Greece and Dubai have demonstrated. Sovereign risk and the effect of stimulus measures will be a topic this year and next. The IMF has said in 2010 that economic stimulus measures should continue because financial markets still need to stabilize and recovery needs to gather momentum. Mr. Nakao said this instability and the fact that the recovery has not yet taken root will affect the approach Japan's government takes toward fiscal consolidation, but a mid-term framework will soon be required.

Asian growth, including that of China, overall has been said to be dependent on consumption in the United States. But China, having grown last year by nine percent, has proven that, even with a decline in U.S. consumption, it can keep expanding. Intraregional trade between the "ASEAN +3" countries is about 50 percent of the total. In addition to China, Indonesia, Vietnam, and the Philippines also had strong growth. Japan can take advantage of its location in Asia so that various industry clusters are linked organically, creating an integrated regional network.

Question and Answer Session

Q: Will deflation in Japan continue, and how can it be better addressed?

A: Dr. Feldman said deflation will continue because wages—as former Governor Fukui mentioned in his keynote speech—will remain the same. There is no increase in the money supply and, as a result, no increase in nominal wages. He said the current BoJ law is defective and will not help end deflation. Even if the BoJ prints money, it will not be circulated unless deregulation occurs. Employment stability is another way deflation can be corrected, he added.

Professor Weinstein said Japan seems to be unique among developed nations in not being able to avoid deflation. The first step is to say you want to eliminate deflation by having your central bank set a goal of positive inflation rates.

Committing to price stability is another way. Japan's decline in prices—as measured by the GDP deflator—of around 15 percent over a 10-year period has not led to price stability. In addition, price level and inflation targets can be backed up by intervention in the exchange rate. It may be impossible to keep an exchange rate strong, but it can certainly be weakened.

Assets can be purchased and interventions implemented in the credit markets, especially since there is essentially a credit crunch occurring. Some of the major interventions in Europe and the United States are in these asset markets. The Federal Reserve bought one third of all the commercial paper in the United States through one of the Maiden Lane funds. These included purchases of asset-backed securities. So Japan, too, could intervene in markets that would facilitate investments, which would then drive demand for products.

Professor Weinstein added there is one last, foolproof method of ending deflation, which Japan is on track to implement: deficit and debt. By running up debt, it is possible to default, but that almost never happens in cases where the debt is in the local currency. If Japan does get into a situation where it becomes very hard for the MOF to pay for government bonds, the likely scenario is not that it will stop paying, but that it would essentially force the BoJ to monetize that debt. Corporations can't print money, but governments can.

A situation where debt produces inflation is not ideal. But if Japan can't get on a growth path, if there is no fiscal consolidation and deflation continues, if the already nominal government revenues fall and the debt level stays the same, then ultimately debt will force inflation. And it will not be sustainable or controlled, but brought about through crisis.

Professor Takenaka asked if the stated goal of Finance Minister Naoto Kan of 3 percent nominal inflation and 2 percent real growth can be achieved. This growth would require, as Dr. Feldman said, a significant increase in consumer prices.

Mr. Nakao said monetary policy is the BoJ's responsibility, and inflation target numbers cannot be forced on the BoJ. That being said, deflation is causing consumption to be postponed. Companies are not borrowing. Mr. Nakao referred to Dr. Feldman's presentation that discussed the ratio of base money to GDP in the 1990s. Due to quantitative easing by the BoJ, the ratio increased substantially in Japan by the early 2000s. Credit easing is an unconventional approach—a last resort since the central bank takes on great credit risk. The U.S. government took this risk, but whether Japan follows suit is arguable. The MOF, along with the DBJ, the JBIC, and other public banks under its control are taking measures such as shoring up dollar capital shortages for Japanese companies instead of the BoJ. Within its authority, the MOF is taking as many possible measures as it can.

Mr. Nakao said Japan's fiscal deficit has several sources, including 1990s public expenditures and tax cuts. Despite trying to readjust the balance sheets, it still has a huge amount of debt—180 percent of GDP, about double that of Greece. But unlike Greece, Japan's current account in its balance of payments remains in the black—a surplus. The long-term methods to tackle this issue include increasing revenue and cutting expenditures, and hence increasing growth, by reducing debt to enhance confidence, and making people more confident about the public pension system.

Mr. Nakao declined to make any further official comments except to say a roadmap and framework are being devised for fiscal consolidation.

Dr. Feldman said for fiscal consolidation to succeed, cost cutting and tax increases alone are not enough. Only growth can bring it. Cost-cutting companies cannot fully

turn businesses around. They need to develop new products for new growth. The same is true for countries. He reiterated the DPJ's slogan of "from concrete to people," saying that, for example, building roads is of marginal productivity, while encouraging young people to study science is more productive.

Dr. Feldman said his back-of-the-envelope calculation is that Japan's GDP is about 500 trillion yen. Government expenditures in 2007 were 180 trillion yen. The tax revenue, including the burden of social security, is 130 trillion yen. The deficit is 45 trillion yen. This means eliminating 45 trillion yen. The DPJ is trying to cut 10 percent of revenue expenditures and then increase taxes. This would mean government expenditures would decrease from 180 trillion to 162 trillion yen, and the tax rate would increase from 27 to 36 percent. This is very difficult to do, he said. The GDP will decrease 11 percent, which means the standard of living will decrease.

China and other Asian nations say increasing 30 trillion yen of the trade imbalance will be impossible. That will be another challenge of deregulation reform, he said.

Q: What are ways to raise revenue? How can the BoJ be encouraged to intervene more?

A: Professor Weinstein said there have been a number of proposals to raise taxes. Taxes for social security in Japan have been increasing, since Japan executed a major pension reform in 2004 to decrease payouts. Unlike in the United States, the Japanese have been successful at essentially cutting benefits to pension recipients.

He said the selection process for the BoJ governor puzzled him. The DPJ rejected candidates who supported inflation targeting, but then later it came out in support of inflation targeting.

Dr. Feldman referred to game theory in talking about the dialogue between the BoJ and government. The government cannot do fiscal consolidation on its own. But with or without the BoJ, it must reform regulations. The incentives—the payoff metrics—for the BoJ must be changed so it works in concert with the government.

Professor Weinstein said the BoJ law does stipulate price stability as a target. Dr. Feldman elaborated and said price stability is a tool, not a goal, according to the law, which he said called for "the healthy development of the national economy through price stability."

In contrast, Professor Weinstein observed that the Federal Reserve law is about both inflation and unemployment, which has been interpreted as about output gaps. Potentially, one important mechanism is to change the BoJ law and make some sort of output gap as an explicit part of its target.

Mr. Nakao disagreed that changing the BoJ law would fix the situation, as it is not a simple fix. When asked again about the idea to increase the money supply by purchasing foreign assets, he declined to comment since this area is precisely the one he is responsible for as a government official.

Q: Since Asian currencies are growing, would it not be best to be able to purchase those currencies on the market, as you can the U.S. dollar, euro, and Japanese yen?

A: Professor Weinstein said Japan is unusual for acting neither like a large country nor a small one on this issue. The United Kingdom, a small country, generally intervenes. The United States, a large country, is engaged in intense negotiations with China because it is trying to encourage China to appreciate its currency. But Japan acts like neither country and ends up doing nothing. The cost of doing nothing is visible in terms of its declining GDP in current price terms.

Closing Remarks

Professor Weinstein said the conference revealed two important themes. One is the economic issues facing Japan—the country's financial architecture, inflation, and the deficit and debt levels. The second is the real political challenges facing Japan, in terms of the bureaucrats' relationship with politicians, intergovernmental policies, Bank of Japan policies, and restructuring policies.

Columbia Business School　　academyhills

変動する日米経済環境とその対策

共催：コロンビア大学日本経済経営研究所　日米新金融構造プログラム
特別協力：アカデミーヒルズ

基調講演： **福井 俊彦**　キヤノングローバル戦略研究所理事長 前日本銀行総裁
古川 元久　衆議院議員 内閣官房国家戦略室長 内閣府副大臣（行政刷新担当・経済財政担当等）

2010年4月20日（火）　1:15 p.m. ～ 6:15 p.m.
六本木アカデミーヒルズ 40（日英同時通訳付き）
〒106-6149 東京都港区六本木6-10-1 六本木ヒルズ森タワー40階

1:15 p.m.～	**受付**		
1:45～2:00 p.m.	**開会の辞**		
		ヒュー・パトリック	コロンビア大学ビジネス・スクール日本経済経営研究所 所長
2:00～2:45 p.m.	**基調講演**		
		福井俊彦	キヤノングローバル戦略研究所理事長 前日本銀行総裁
2:45～3:45 p.m.	**パネルI：金融市場における課題と可能性**		
司会：		ヒュー・パトリック	
パネリスト：		佐藤隆文	プロモントリー・フィナンシャル・グループ LLC上級顧問 前金融庁長官
		堀内勉	森ビル株式会社 専務取締役 CFO
		小川アリシア	コロンビア大学ビジネス・スクール日本経済経営研究所 シニアアドバイザー コロンビア大学国際関係・公共政策大学院（SIPA） 非常勤准教授
3:45～4:05 p.m.	**休憩**		
4:05～5:05 p.m.	**パネルII：政治改革とその経済的影響**		
司会：		デイビッド・ワインスタイン	コロンビア大学ビジネス・スクール日本経済経営研究所 研究副所長 コロンビア大学経済学部カール・S・シャウプ 日本経済学教授
	基調講演		
		古川元久	衆議院議員 内閣官房国家戦略室長 内閣府副大臣（行政刷新担当・経済財政担当等）
5:05～6:05 p.m.	**パネルIII：景気回復と経済成長の現状**		
司会：		竹中平蔵	アカデミーヒルズ理事長 慶應義塾大学教授 グローバルセキュリティ研究所 所長
パネリスト：		ロバート・フェルドマン	モルガン・スタンレー証券株式会社 マネージング・ディレクター
		中尾武彦	財務省国際局長
		デイビッド・ワインスタイン	
6:05～6:15 p.m.	**閉会の辞**		
		デイビッド・ワインスタイン	
6:15～8:00 p.m.	**懇親会**		

日本経済経営研究所　スポンサー

リード・コーポレート・スポンサー
米国住友商事会社
シニア・コーポレート・スポンサー
アドバンテッジパートナーズLLP／アメリカ大和証券株式会社
メジャー・コーポレート・スポンサー
キッコーマン株式会社／Saga Investment Co., Inc.／タカタ株式会社／株式会社槌屋／株式会社リサ・パートナーズ
コーポレート・スポンサー
Aflac Japan（アメリカンファミリー生命保険会社）／東京電力株式会社／ニューヨーク日本商工会議所／
Pacific Investment Management Company LLC (PIMCO)／米国三井物産財団／米国三菱商事会社／三井住友海上火災保険株式会社
三菱UFJ信託銀行株式会社／森ビル株式会社／株式会社安川電機
個人スポンサー
ロバート・アラン・フェルドマン氏／増田茂氏　ゼロン・グループ 代表取締役社長（1974年コロンビア大学ビジネス・スクール卒）
フレンド
株式会社伊東商会／住友化学工業株式会社／ジョン・デイヴィご夫妻／田浦節男氏／村瀬悟氏

コロンビア大学ビジネス・スクール日本経済経営研究所
東京カンファレンス事務局
Tel: 03-5280-0825　Fax: 03-5280-0822
E-mail: cjeb@cpinc.co.jp
www.gsb.columbia.edu/cjeb/

変動する日米経済環境とその対策

2010 年 4 月 20 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（CJEB）は、2010年4月20日、「変動する日米経済環境とその対策」と題する東京カンファレンスを、アカデミーヒルズの特別協力を得て、六本木アカデミーヒルズにおいて開催した。同カンファレンスは、CJEBの日米新金融構造プログラムの一環として開催された。元日本銀行総裁の福井俊彦氏が世界経済危機後の次の段階および日本・他先進諸国の今後の展望について、内閣官房国家戦略室長の古川元久議員が日本の政治変革とその金融・経済政策について、それぞれ基調講演を行った。本文はカンファレンスの概要を邦訳したものである。

日米の経済環境は、それぞれ新政権が発足したものの、両国とも戦後最悪といわれる不景気および世界的景気後退からいまだに回復しきれずにいる。世界の二大経済大国である日本と米国の景気回復は、双方のみならず全世界の経済圏にも影響を与える。両国の経済環境には、原理的・構造的な相違がいくつか見られる。例えば、米国はいずれインフレに転ずるリスクがある一方、日本はここ数年緩やかなデフレが続いている。

しかし、両国が抱える主要課題には共通点もある。これには、メガバンクの台頭による問題、金融機関におけるリスクマネジメントの役割、中央銀行と政府間の緊張、財政赤字が日米とも史上最高レベルに達しつつある中での国債市場の役割、が含まれる。

新たな金融危機を回避するために、日米両国のみならず全世界的にも金融改革への動きが強まってきている。金融機関のリスクマネジメントの強化、ビジネスモデルに内在する不適切なインセンティブの排除、市場の透明性と回復力の向上などといった方向性を持つ法規制の導入が提案されている。システミック・リスクを鑑みて規制の枠を拡大する動きや、マクロ経済および市場動向のモニタリングを強化する動きなどもある。

日本では、半世紀に及んだ自民党政権が倒れ、鳩山首相率いる民主党政権が発足したが、新政権は、既に深刻な状況に陥っている政治の再建を課されていると言える。新政権は、行政運営プロセスの見直しを行い、政府資産および予算のデューデリジェンスを進め、改革案をまとめている。実際に民主党がどれほどの実績を残せるかは、今後の経過を待つ必要がある。

これらの改革の背景には、過去10年間、そして2009年を通じても精彩を欠いたままの日本の経済成長がある。これは、日本政府の財政出動および金融支援策が、他国と比べて小規模だったことが要因であると見られる。例えば、日本の銀行再編は、1989年に危機が始まった後10年を経て、ようやく実施された。他国の政府はより迅速および強力な介入を行い、成果を上げている。

特に懸念されるのは、日本の信用収縮とデフレの2点である。例をあげると、不動産建設において、公共、民間を問わず融資側の役割が減少し、長期的で高リスクな資金の調達が難しくなっている。

日本の巨額な国債は、GDPの約200%にものぼる。国債返済のためには、経済成長を促す強いエンジンが必要である。そのためにも東京の役割は依然として重要だが、上海、ソウル、香港、シンガポールといったアジアの国際都市の追い上げもある。

技術力、特にエネルギー、環境、水関連インフラ、農業といった分野で技術的専門知識があることは、日本にとって有利である。発展途上国の生活水準向上を支援し、同時に自国経済の発展も促進し、アジアの資本市場や最適通貨システムの一翼を担うためには、日本がアジアに位置するという地理的好条件もそろっている。このような支援策は、日本経済自身の発展にもつながる。持続可能な成長戦略は、日本経済の回復に不可欠である。

緩やかだが慢性的なデフレは、日本が抱える大きな問題であり、その解決を余儀なくされている。この問題は、政府と日銀が一丸となってどのように対処するべきなのかを浮き彫りにしている。価格安定を目指す積極的な金融政策が提案されたが、その一つは、インフレターゲットを設定し、インフレターゲットを支持する人材を日銀の要職に配置すること。第二点目として、マネタリーベースを拡大するために、大幅な量的緩和を実施することが提案された。また、非常に巨額の一時的な介入策で経済に刺激を与える「ショック療法」も提案されている。しかし、多大な政府債務で不用意にインフレを生み出さないようにすることも肝要だ。

他国では、危機後に大幅にバランスシートが拡大している。これは運が良かったからではなく、単に日本とは非常に異なる経済政策を実施したからにすぎない。世界金融危機を経た現在、日本も自らの誤りから学び、他国の事例から多くを得ることは可能であろう。

翻訳：小作尚美（日本経済経営研究所）
邦訳監修：高橋かほり（日本経済経営研究所）

Sponsors of the Center on Japanese Economy and Business

Lead Corporate Sponsors
Sumitomo Corporation of America

Senior Corporate Sponsors
Advantage Partners, LLP

Major Corporate Sponsors
Daiwa Securities America Inc.
Kikkoman Corporation
RISA Partners, Inc.
Saga Investment Co., Inc.
Takata Corporation
Tsuchiya Co., Ltd.

Corporate Sponsors
Aflac Japan
Fuji Xerox Co., Ltd.
Japanese Chamber of Commerce & Industry of New York, Inc.
Mitsubishi International Corporation
Mitsubishi UFJ Trust and Banking Corporation
Mitsui Sumitomo Insurance Company, Ltd.
The Mitsui USA Foundation
Mori Building Co., Ltd.
The Tokyo Electric Power Company, Inc.

Individual Sponsors
Robert Alan Feldman
Shigeru Masuda, CEO, ZERON Group, M.B.A. '74

Friends of the Center
John and Miyoko Davey
Itoh Shokai Co., Ltd.
Satoru Murase
Sumitomo Chemical Corporation
Sadao Taura
Yaskawa Electric Corporation

Center on Japanese Economy and Business
Columbia Business School
321 Uris Hall, 3022 Broadway
New York, NY 10027
Phone: 212-854-3976
Fax: 212-678-6958
E-mail: cjeb@columbia.edu
http://www.gsb.columbia.edu/cjeb