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1 Message from the Director |



Director

Tamotsu Nishizawa

As a research center affiliated to Hitotsubashi University, the Institute of Economic Research (IER) has been actively producing research, and serves as a hub for collaborative research between domestic and international communities of researchers that is both original and leading-edge. The Institute's predecessor, the Institute of Research in East Asian Economy at Tokyo University of Commerce, dates back to 1940. It later became the Institute of Economic Research at Hitotsubashi University in 1949. The following year, 1950, marked the launch of *The Economic Review*, and *The Economic Research Series* has been published annually since 1953.

The institute has a history of successful collaborative research, guided by the founding purpose of conducting "comprehensive research on the Japanese and world economies". Of particular note is the 14-volume *Long-Term Economic Statistics of Japan*. Following on from this, during the 1995-1999 period, the institute undertook the "Asian Historical Statistics Project" to build a long-term economic statistical database for Asia, as one of the Center-of-Excellence (COE) projects of the Ministry of Education. Publications from the project are forthcoming. Also, from 2000 to 2004 the institute organized the "Project on Intergenerational Equity", which was supported by a Grant-in-Aid for Scientific Research in Priority Areas by the Ministry of Education, Culture, Sports, Science and Technology, and promoted international joint research on pension, healthcare, population, labor and environmental issues.

Currently, the institute is engaged in two 21st Century COE programs that started in 2003: the "Research Unit for

Statistical Analysis in the Social Sciences" project and the project on "Normative Evaluation and Social Choice in Contemporary Economic Systems." Furthermore, the institute initiated two additional large-scale projects in 2006: "Understanding Inflation Dynamics of the Japanese Economy" financially supported by a Grant-in-Aid for Creative Scientific Research and "Economic Analysis of Intergenerational Issues" supported by a Grant-in-Aid for Specially Promoted Research.

Currently, the institute is focused on running these four major research projects and promoting internationally the institute's collaborative facilities. The driving force behind these goals are the five research departments—Japanese and Asian Economies, U.S., European and Russian Economies, Contemporary Economies, Comparative Economic Systems, and Economic Systems Analysis—and two affiliated research centers, as well as the Center for Intergenerational Studies which opened April 2007. The Research Centre for Information and Statistics of Social Science is extending the tentative offering of the government statistics microdata for academic research in cooperation with the Statistics Bureau of the Ministry of Internal Affairs and Communications. The Center for Economic Institutions is promoting international joint research involving databases on industry and firm productivity. Also, in order to encourage leading-edge research on intergenerational issues, the Center for Intergenerational Studies has begun functioning as a center of international collaborative research, cooperating with four central government ministries and agencies. Moreover, on November 1st, 2007, the Russian Research Center was established. This is an academic-industrial alliance research project on the Russian economy.

Support and dissemination of research is provided by the IER library and other offices. The library serves the wider research community both as a library specialized in statistical information and as a data archive.

By engaging in fundamental and empirical research projects that are original and leading-edge, the institute, while maintaining its public nature, is constantly

growing as a hub for the collaboration of domestic and international researchers.

東亞經濟研究所南見取圖



21st Century COE Program “Research Unit for Statistical Analysis in Social Sciences (Hi-Stat)”

<http://hi-stat.ier.hit-u.ac.jp/english/index.html>

Focusing on the compilation and use of statistics, this 21st Century COE Program is a unique project that fuses the three fields of empirical research, econometric theory, and the estimation of historical statistics. The first consists of advanced statistics-based empirical research in the field of economics and related social sciences such as demography. This empirical research includes both macroeconomic analyses focusing on aggregate data and microeconomic analyses for the study of behavioral patterns using micro data. The second field consists of theoretical research in statistics and econometrics to underpin the empirical analyses of such data. The third field, finally, consists of the collection and estimation of historical statistics (population statistics, macroeconomic statistics, etc.) and quantitative research in economic history using these statistics.

■ Project Leader

Osamu Saito (Institute of Economic Research, Hitotsubashi University)

■ Members

Naohito Abe (Institute of Economic Research, Hitotsubashi University)

Kyoji Fukao (Institute of Economic Research, Hitotsubashi University)

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Eiji Kurozumi (Graduate School of Economics, Hitotsubashi University)

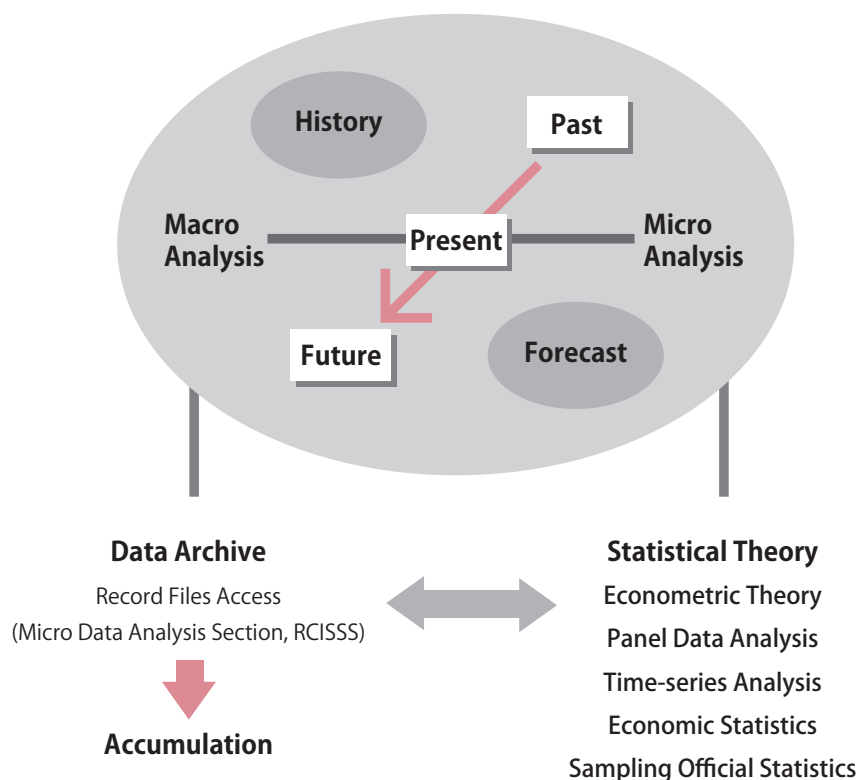
Isao Ohashi (Graduate School of Economics, Hitotsubashi University)

Toshiaki Watanabe (Institute of Economic Research, Hitotsubashi University)

Taku Yamamoto (Graduate School of Economics, Hitotsubashi University)

As a social sciences university, Hitotsubashi has a strong tradition in empirical research which this program continues, linking in an innovative manner leading-edge research for the construction of a data archive, work in statistical theory, and empirical research supported by the other two pillars. Even within the social sciences, economics and population studies stand

out as disciplines with an exceptional focus on quantifiable variables. Consequently, for these disciplines to flourish, the preparation and estimation of accurate quantitative data and the analysis of these quantitative data using advanced techniques are essential. The aim of this research program is to address these issues.



The core of the data archive is managed by the Research Centre for Information and Statistics of Social Science (RCISS) attached to the Institute of Economic Research. Focusing in particular on government statistics both past and present, the RCISS already is a data archive with a collection of social science-related statistical information unrivalled in Japan. Apart from economic statistics, the Centre has accumulated a wide range of statistical resources ranging from population statistics to education, police, and health statistics, as well as a wealth of Japanese and Asian long-term economic statistics. In addition, in FY2002, a micro data analysis section of government statistics was newly established and the foundation was laid for the public use of such micro data and for a research center using these statistical materials. As a result, the RCISS could be called Japan's first micro data center for researchers. Yet another project that has been started at the RCISS is the construction of a database from farm household surveys since the introduction of the Statistics Law, opening up the possibility of micro analyses from a historical perspective.

The significance of empirical research in the social sciences can be compared to experiments in the natural sciences. From this perspective, what is important for empirical research is the construction of data that cover a sufficiently long period of time and the possibility to use unaggregated, individual-level data. Against this background, the aim of this COE Program is to conduct leading-edge empirical research on Japan and Asian countries supported by research in statistical theory. The Institute of Economic Research already possesses a wealth of experience in the compilation of historical statistics for Japan and research using such statistics for historical analyses. Building on this experience, the present COE Program expands this research thrust to the rest of Asia, compiling, publishing, and using historical data for a number of countries to gain a better understanding of economic and social patterns that cannot be explained simply by looking at short-term economic phenomena. But the Program also addresses contemporary economic issues, including fundamental research on industrial productivity, economic growth, and the business cycle. Furthermore, because with the establishment of the micro data analysis section, it is now possible to conduct more detailed research on corporate activity and labor markets, the Program also seeks to illuminate behavioral patterns in an aging society focusing on household behavior while paying attention to demographic factors. Another pillar of this project is to set up arrangements to provide the statistical tools to support the empirical research using these various kinds of data. This consists

of fundamental theoretical research to make it possible to employ the database in a variety of ways, the development of analytical tools for the practical use of the database, and research and education in the application of appropriate statistical techniques for individual datasets. Examples of major research foci are the protection of personal information used in statistical analyses and data acquisition as well as techniques for the analysis of panel and time-series data. In addition to the publication of the research results both in statistical theory and empirical research (in academic journals, monographs, conference proceedings, working papers, etc.), this project aims to achieve the following goals until its completion:

- (1) The commencement of the publication of the Asian Historical Statistics Series (12 volumes planned in total). This series is the fruit of an extensive estimation work started in a previous COE project (1995-99) and continues the tradition and style of the *Long-Term Economic Statistics* for Japan (14 volumes in total) hailed as a landmark in the field of historical statistics.
- (2) A series of statistics re-compiled from government micro data. Each of the series provides researchers with tabulations different from published government statistics. The re-compilation is made possible through a scheme for the exceptional use of the government micro data that the RCISS has been conducting at its micro data section.
- (3) The construction of various databases. In addition to existing databases such as the *Long-Term Economic Statistics* (LTES) for Japan already open to the public, time series related to business conditions and for the international comparison of income distributions in Asia, this includes the expansion of the Japan Industry Productivity (JIP) Database compiled in collaboration with the Economic and Social Research Institute of the Cabinet Office and the construction of a database based on pre-war farm household surveys.
- (4) The turning out in great numbers of doctorates that have a firm background in statistical theory and can conduct research on pertinent economic and social questions.

Combining an extensive data archive with the human resources available at the Institute, and further expanding domestic and international research networks, this 21st Century COE Program is laying the foundation for an unrivalled center for leading statistical empirical research that will continue to thrive even when the Program itself comes to an end.

21st Century COE Program "Normative Evaluation and Social Choice of Contemporary Economic Systems (COE/RES)"

<http://www.econ.hit-u.ac.jp/~coe-res/english/index.html>

The aim of the Research on Economic Systems COE Program (COE/RES for short) is to establish a global research and education center at Hitotsubashi University on the normative evaluation and social choice of contemporary economic systems. Based on systematic research using social choice theory and welfare economics, it seeks to elucidate the fractal structure of economic systems consisting of various interwoven multilayered partial systems and provide a comprehensive and rigorous theoretical and empirical analysis of the design and evaluation of the three sub-systems of international economics, industrial organization, and public economics. Moreover, the Program provides for the active participation of young scholars in this field and ensures that their research results are quickly disseminated at an international level.

■ Project Leader

Kotaro Suzumura (Institute of Economic Research, Hitotsubashi University)

■ Members

Taiji Furusawa (Graduate School of Economics, Hitotsubashi University)

Jota Ishikawa (Graduate School of Economics, Hitotsubashi University)

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Tsutomu Watanabe (Institute of Economic Research, Hitotsubashi University)

The COE/RES Program spans a period of five years and seeks to establish at Hitotsubashi University a leading research and education center that forms a global network hub for research and education on the normative evaluation and social choice of contemporary economic systems. The aims of this Program are as follows: (1) to understand the fractal structure of economic systems consistent of various interwoven multilayered partial systems; (2) to divide the most important components of this structure into the three subsystems of the international economic system, the industrial organization system, and the public economy system, and to theoretically and empirically examine the design and evaluation of each subsystem in three research groups; (3) to conduct systematic research on social choice theory and welfare analysis in order to provide a comprehensive perspective as well as a rigorous theoretical foundation for the analysis of the subsystems and, moreover, to explore the history of economic thought and the ideological background of existing work in this field; and (4) to involve young researchers and graduate students in this field and put in place a framework that allows them to disseminate internationally the fruits of their research through an international research network.

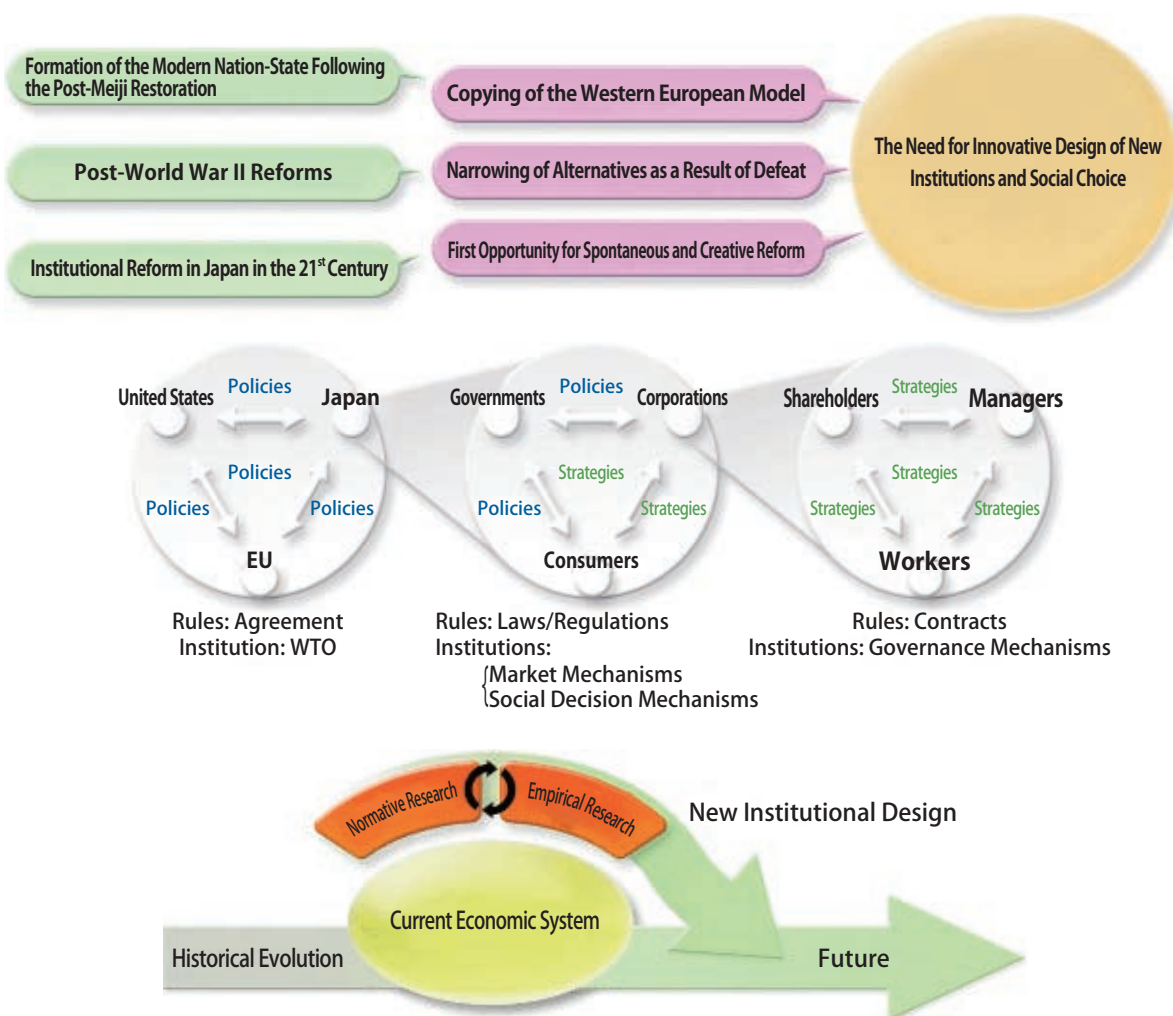
In order to meet these objectives, the COE/RES, since its inauguration, has held annual international conferences and symposia, been involved in an active exchange of research results with international scholars sharing an interest in this research, and has held an open lecture series for young researchers. Since it was first held in July 2004, the international conference on social choice theory has become a backbone of the COE/RES Program, gathering leading scholars in the field, including Amartya Sen, Peter Hammond, and Prasanta Pattanaik, and has come to play a crucial role in the promotion of the Program. On the occasion of this conference, Prof. Sen was awarded an honorary doctorate of Hitotsubashi University and the memorial lecture he delivered has left a deep impression especially on young researchers and graduate and undergraduate students of the university. In addition, we joint-sponsored the International Economic Association Roundtable Meeting on Intergenerational Equity held in Hakone in March 2005, which had a large global impact. The results have been published by Elsevier as a conference volume entitled *International Equity and Sustainability* and edited by John Roemer and Kotaro Suzumura. Complementing these activities, which serve mainly to advance theoretical research, each of the research groups engaged in applied research has also held numerous international

conferences and symposia, greatly contributing to the progress of the overall project of the COE/RES.

The formation of this kind of international research network has helped to bring about rapid advances in the research and education at Hitotsubashi University. The research results of the COE/RES have been widely publicized through publications in leading refereed journals such as *Econometrica*, *Economica*, the *Journal of Economic Theory*, the *Journal of International Economics*, *Social Choice and Welfare*, and the *European Journal of the History of Economic Thought*, in edited volumes such as the above-mentioned IEA Conference Volume, and in single- or joint-authored works by core members. For example, the Program leader, Kotaro Suzumura, has compiled a major work in the field of welfare economics and social choice theory to be published by Basil Blackwell under the title *Choice, Opportunities and Procedures: Selected Papers on Social Choice and Welfare*. Yet another planned publication, which is representative of the work of the

COE/RES in the field of pure theory, is a volume co-authored by Walter Bossert and Kotaro Suzumura entitled *Rationality, Consistency and Choice*. This provides a general theory on the rationalizability of choice functions that generalizes the theory of revealed preference first introduced in the 1930s by Paul Samuelson and considerably developed and extended by Henrik Houthakker, Kenneth Arrow and Marcel Richter in the 1950s and 1960s.

The COE/RES Program has also made large strides in providing graduate students with a fertile research environment and access to international networks. In addition, concrete results have been achieved in systematically strengthening the curriculum and Ph.D. program even further. Finally, the substantial collection of resources gathered by the COE/RES Library on Social Choice and Welfare since the launch of the Program provides ample materials for research and education in this field that will benefit the activities of future generations.



Economic Analysis of Intergenerational Issues (Grant-in-Aid for Specially Promoted Research)

<http://www.ier.hit-u.ac.jp/pie/English/index.html>

In recent years, intergenerational issues such as pensions have become a pressing social concern. In this context, this research project has three major aims: (1) to take an inventory of existing academic assets on intergenerational equity, to try to extract generalizations from this, and to systematically and comprehensively consider principles of the efficient intertemporal allocation of resources; (2) paying attention to the three issues of pensions, health care, and employment, and building on previous research results on intergenerational equity, to clarify intergenerational issues as comprehensively as possible from various angles based on economic approaches; and (3) to make specific proposals to address these issues.

■ Project Leader

Noriyuki Takayama (Institute of Economic Research, Hitotsubashi University)

■ Members

Reiko Aoki (Institute of Economic Research, Hitotsubashi University)

Chiaki Hara (Institute of Economic Research, Kyoto University)

Satoshi Shimizutani (Research Institute of Economy, Trade and Industry)

Yuji Genda (Institute of Social Science, University of Tokyo)

Seiritsu Ogura (Faculty of Economics, Hosei University)

Kotaro Suzumura (Institute of Economic Research, Hitotsubashi University)

Research motivation

Today, major intergenerational conflicts concerning issues such as global warming or pensions, health care, employment, etc., can be observed. Amid declining fertility and rapid population aging, there is a growing social need to scientifically investigate these intergenerational issues and to devise policies to address them. However, research to date regarding these issues remains insufficient, partly because these are relatively new problems, and partly because the compilation of necessary data to rigorously examine these issues is lagging behind.

Although there is now a growing global awareness of the need to examine pension-related issues as an intergenerational problem, how to address these challenges still remains a work in progress. Similarly, there is substantial need for academic study of the intergenerational distribution of employment opportunities and ideas to convert intergenerational conflict in this area into intergenerational cooperation. Moreover, although there have been panel surveys providing basic data necessary for the formulation of policies for the effective utilization of elderly human resources in Europe and the United States, the implementation of such surveys in Japan has been limited. Yet, there is considerable demand for the construction of panel data containing detailed economic, social, and health care information. In addition, in order to appropriately deal with the increase in health care expenditure for the elderly, it is necessary to create incentives for the prevention of lifestyle-related diseases and to guarantee the continued provision of satisfactory health care. To do so, it is necessary to

conduct comprehensive academic research into health and disease management throughout a person's lifetime. Needless to say, expectations of academics to study issues related to intergenerational equity are extremely high.

Research objectives

To extract generalizations from existing intellectual assets on intergenerational equity and, moreover, to systematically consider principles of the efficient intergenerational allocation of resources. Moreover, based on these considerations, to implement panel surveys, etc., to comprehensively clarify intergenerational problems in pensions, health care, long-term care, and employment from an economic perspective, and to make specific pragmatic policy proposals to address these issues.

Expected research outcome

The expected outcomes of this research are: (1) to explain intergenerational income differences in Japan and to make specific proposals to reduce these differences; (2) the derivation of new principles related to intergenerational equity and their application to individual problems; (3) concrete proposals to resolve intergenerational conflict regarding pensions and employment opportunities; (4) the development of an incentive system to prevent lifestyle-related diseases and guarantee the continued provision of satisfactory health care; and (5) to work toward the creation of a new academic field of "generational studies" (provisional name).

Meanwhile, the interim assessment of this research project for fiscal 2006 was A (meaning that the project can carry on in its present shape).



Understanding Inflation Dynamics of the Japanese Economy (Grants-in-Aid for Creative Scientific Research)

http://www.ier.hit-u.ac.jp/~ifd/index_e.html

Based on the recognition that changes in inflation dynamics are closely related with microeconomic changes such as firms' price setting behavior, this research project seeks to explain the interdependent relationship between the two. First, using high-frequency data such as point-of-sale data, the research aims to explain how changes at the micro-level in firms' price setting behavior with regard to various goods arise. Second, the research clarifies how these changes at the micro-level affect the relationships between macroeconomic variables and phenomena such as the Phillips curve relationship and, moreover, presents a theoretical hypothesis and structural model explaining changes in inflation processes since the mid-1980s. In addition, it seeks to make policy proposals for the conduct of monetary and fiscal policy to provide a stable price environment.

■ Project Leader

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■ Members

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Academic characteristics and significance

Macroeconomic research on inflation typically relies on empirical techniques using aggregate indicators (such as the consumer price index). For this reason, there is insufficient research on the structure of price determination or the impact of relative price changes on the price level. On the other hand, in the field of industrial organization, numerous studies are available on firms' price setting behavior at the micro-level, but the interest in this field stops at individual firms or industries, and the debate in this field has not addressed how this price-setting behavior is related to prices in the economy as a whole. Against this background, what distinguished this research project is that it focuses on the interdependent relationship between micro- and macroeconomic aspects, which to date has been insufficiently examined, and through this analysis seeks to clarify changes in the inflation process. This is not an entirely new approach and the so-called New Keynesian school, focusing mainly on the United States, since the late 1990s has been trying to integrate microeconomic theory and macroeconomic phenomena, but a research set-up such as the one for this project in which empirical researchers in microeconomics and macroeconomists work together in a unified manner on a research task is the only one of its kind in the world.

International significance

An accurate understanding of inflation dynamics forms the basis of monetary policy conduct without which economic

stability cannot be achieved. This is clearly recognized by policy makers in all advanced economies and there is growing interest in understanding how and why inflation dynamics have changed since the 1980s. In the Euro area, centering on the European Central Bank, there is now a substantial research network involving both researchers and central bankers engaged in large-scale research activities on this issue and similar efforts can be observed other regions.

Against this background, this project is building a broad network of scholars, government officials, and central bankers for collaborative research and plans to work together with overseas networks. Understanding inflation dynamics in Japan helps to meet international demand to gain the best possible understanding of deflation, of which there has been little experience outside Japan, and it could be said that Japan should play a leading role in the international research activities in this field.

Expected research outcomes

Based on a distinctive approach that integrates micro- and macroeconomic perspectives, the project seeks to gain new expertise with regard to changes in inflation processes. Moreover, it seeks to build an international network to collaborate with scholars and central bankers from the Euro area on research on inflation processes and, moreover, make new proposals from an academic perspective with regard to the construction of price statistics and the conduct of monetary policy.

Comprehensive Research on Business Cycles and Economic Growth – Construction of a Model for Assessing the State of the Economy and Empirical Analysis of the Japanese Economy (Grants-in-Aid for Scientific Research (S))

The aim of this research project is to set up a framework that makes it possible to grasp more quickly and more accurately the state of the Japanese economy, which should aid the conduct of economic policy. More precisely, the project seeks to assess the present state of the Japanese economy from a business cycle perspective, to examine the causes of the slowdown of economic and productivity growth since the 1990s by focusing on historical changes in the economic system such as corporate governance and incentive mechanisms, and to search for possibilities to raise the medium-term performance of the Japanese economy through the fostering of innovation and structural change.

■ Project Leader

Kazumi Asako (Institute of Economic Research, Hitotsubashi University)

■ Members

Hideshi Itoh (Graduate school of Commerce and Management, Hitotsubashi University) **Takatoshi Ito** (Graduate school of Economics, University of Tokyo)

Satoru Kanoh (Institute of Economic Research, Hitotsubashi University; the deceased) **Toshiaki Watanabe** (Institute of Economic Research, Hitotsubashi University)

Looking in greater detail at research activities since the launch of this project in fiscal 2006, the business cycle research group and the industry business conditions research group which form the pillars of this project, have been holding regular meetings and have conducted comprehensive theoretical and empirical analyses on the assessment of the Japan economy and especially the determination of turning points in business conditions. Concrete research accomplishments can be divided into the following three subgroups: (a) theoretical research on the business cycle; (b) data analysis on the Japanese economy; and (c) the construction of business indicators.

Quantitative research has also been conducted on the policy response to business cycles, especially on the conduct of fiscal and monetary policy and the response by the private sector, on inconsistencies between the economic efficiency and the significance of safety nets in financial and labor markets, and so on. As part of this, the performance of existing economic forecasting models was assessed, new models for the assessment of business conditions were developed, and indicators useful for the forecasting and assessment of business conditions were improved and developed through the refinement of measurement techniques.

Other research topics include an examination of whether aspects of Japan's business cycle, such as patterns observed in the adjustment of capital investment stocks and in business cycle charts of inventories and shipments, are related to Japan's financial and/or labor markets or the economic system more generally, such as Japan's economic or management system.

In addition, we are beginning a comparison of the characteristics of business cycles and economic growth in Japan with those in the United States and various European and Asian, and are examining the relationship between exchange rate fluctuations and the business cycle and especially the role of exchange rate interventions in

affecting economic stability.

With regard to research results up to now (however, confined only to those in which the project leader was directly involved), including results during 2002-05 prior to, but in preparation for this project, are:

- Kazumi Asako and Shin-ichi Fukuda, eds., *Business Cycles and Business Forecasts*, University of Tokyo Press, July 2003.
- Kazumi Asako and Nobuyuki Harada, "Business Sentiment and Business Surveys – Are Questions Based on Levels and on Changes Answered Consistently?" *The Economic Review*, Vol. 55, No. 2, pp. 171-184, 2004.
- Kazumi Asako, ed., "Microeconomic Non-homogeneity and the Japanese Macroeconomy," *Financial Review*, No. 78, Policy Research Institute, Ministry of Finance, August, 2005.
- Kazumi Asako and Tsutomu Miyagawa, eds., *Structural Changes in the Japanese Economy and the Business Cycle*, University of Tokyo Press, July 2007.
- Kazumi Asako and Yasuyuki Komaki, "Japanese Phillips Curves by Area and Their Industrial Structures," *Journal of Socio Economic Research*, No. 55, pp. 3-29, 2007.



Research Departments

The different research departments form the pillars of the research system at the Institute of Economic Research. Taking a historical perspective, in 1949, when the remit of the Institute became to conduct "Comprehensive Research on the Japanese and the Global Economy," five research departments were established, "The U.S. Economy," "The Economy of the Soviet Union," "National Income and Production," "Statistics," and "Classical Economics." to which a sixth – "Japanese Economy" – was added the following year. A further reorganization followed in 1964, when there were ten research departments decided by a Ministry of Education ordinance, which were further expanded to 14 in 1977. According to the partial revision of the ministerial ordinance in 1978-79, the research departments were subsequently reorganized into larger units and became five "mega" departments, "The Japanese and Asian Economies," "The U.S., European, and Soviet Economies" (later "The U.S., European, and Russian Economies"), "Contemporary Economies," "Comparison of Economic Systems," and "Economic Systems Research," which are still in existence today. Moreover, a "Comparative Economics (Visiting Researchers)" research department was added in 1986 with the aim of fostering research exchange (later renamed "Comparative Economic Reform (Visiting Researchers)" research department), and in 1990, the "International Economic Issues (Foreign Visiting Researchers)" research department was added.

Japanese and Asian Economies

Economic development based on industrialization in regions outside Europe and North America started in late 19th-century Japan and gradually spread to other regions in Asia in the second half of the 20th century. For that reason alone, Japan's experience has many implications for development policies in other Asian countries, and conversely, understanding current conditions in Asian countries and clarifying their historical experience helps the understanding of Japan's historical development process. Based on this perspective, this department is organized into four research units, respectively concentrating on the historical study of Japan's economy, the analysis of the Japanese economy from the beginning of the 20th century, the study of the Chinese and Southeast Asian economies, and the analysis of Asian economies from an interdisciplinary perspective.

U.S., European, and Russian Economies

This department integrates the former "U.S. Economy," "British Economy and British Commonwealth," and "Economy of the Soviet Union" research departments and, furthermore, subsumes the research unit on Western European economies. As so-called advanced economies, the U.S., British, Western European, and Russian Economies not only face many common issues, but are also closely linked through trade and foreign direct investment and these economic ties are likely to increase further. It is issues

such as these facing the advanced economies that the research of this department focuses on.

Contemporary Economies

The Contemporary Economies Research Department pursues both theoretical and empirical research on contemporary economic issues facing Japan and the world and aims to conceive economic policies and reforms of the economic system necessary to resolve these issues. The department is divided into four research units: a unit for the analysis of contemporary economic issues focusing on the analysis of various aspects since the collapse of the bubble economy in the early 1990s; a unit for monetary economics conducting research on monetary issues in Japan and related international comparative research; an international economics unit conducting research on international financial and foreign exchange issues; and a unit for public economics seeking to develop the foundations for non-welfaristic normative economic theory.

Comparative Economic Systems

This research department focuses on the institutional analysis of market, planned, and transition economies. In particular, the research concentrates on the comparative institutional analysis of the free-market economic system and the planned economic system, the qualitative and quantitative analysis of transition economies, the examination of the various forms of capitalisms focusing, for example, on corporate governance, employment systems, management-labor relations, etc., research on economic thought as a basis for differences between economic systems, and research on economic thought and policy formation.

Economic Systems Analysis

The Economic Systems Research Department unifies economic theory, statistical analysis and data management, and quantitative analysis. The underlying rationale is that by combining these different research areas in one department, they can cross-fertilize each other, thus leading to higher-order research results. The research units in this department conduct theoretical and empirical research on national income and wealth, fundamental theoretical research in statistics and the application of statistical methods in economic analysis, the development of econometric methods and their application, and the theoretical and quantitative analysis of economic systems.

Comparative Economic Reform

Established in 1986, this department conducts empirical and theoretical research on various contemporary issues in the Japanese and global economies from an international comparative perspective, working closely with the other five research departments of the Institute.

Faculty

Name

Research Themes



ABE, Naohito

1. Household consumption: Model building and structural estimation of Japanese household consumption and saving behavior
2. Price dynamics: Investigation of macro price dynamics based on large scanner data sets

<http://www.ier.hit-u.ac.jp/~nabe/>



AOKI, Reiko

1. Law and economics of intellectual property: Effects of IP on innovation, Design of mechanisms to promote access to IP, Standardization and IP, Law and economics network in Asia
2. Economics of low fertility and population decline: Economic analysis of super-low fertility, Economic policy in the face of declining fertility and population, Low Fertility Workshop

<http://www.ier.hit-u.ac.jp/~aokirei/>



ASAKO, Kazumi

1. Construction of business cycle forecast models
2. Business cycle analysis of regional economy
3. Analyses of environment and social capital



FUKAO, Kyoji

1. International trade and foreign direct investment in Asia
2. Innovation and total factor productivity: An empirical analysis based on industry- and firm-level data
3. International comparison of productivity
4. Real wage rates in Japan and Europe from 900 to 1700 AD

<http://www.ier.hit-u.ac.jp/~fukao/>



IKENAGA, Toshie

1. Polarization of the Japanese labor market, Measurement of labor skill
2. Changes in labor demand and supply in Japan in the face of computerization, globalization, trend towards service economy, aging of society, interregional labor mobility, etc.
3. Policy and institutional aspects of low-paid jobs and job insecurity



IWAISAKO, Tokuo

1. Cross-section of Japanese stock returns and macro economic variables as risk factors
 2. Dynamics of consumption and asset prices
 3. Household wealth and portfolio choice in Japan
- <http://www.ier.hit-u.ac.jp/~iwaisako/>



IWASAKI, Ichiro

1. Empirical institutional analysis of the Russian corporate system based on the results of a Japan-Russia large-scale enterprise survey in 2005
2. Study of the industrial linkages between multinational corporations and regional industrial resources in Hungary and Central European transition economies



KAMBAYASHI, Ryo

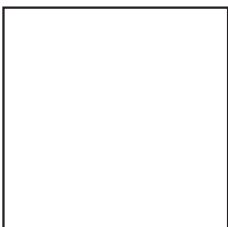
1. Empirics on the effect of employment protection in Japan
2. Empirics on the efficiency of matching in Japanese employment agencies
3. Empirics on the change in Japanese labor markets during the 1990s and 2000s



KITAMURA, Yukinobu

1. Microeconometrics: Official micro data analyses of consumption, firm behavior, public pension, employment, health, and opinion survey
2. Monetary and fiscal policy: Construction of individual consumer price index, Evaluation of inflation linked indexed bond, Estimation of consumption tax rate schedule, Impact of electronic money on monetary policy

<http://www.ier.hit-u.ac.jp/~kitamura/>



KONISHI, Yoko

1. Measurement of productivity: Development and application of econometric methodology in productivity measurement using micro data in Japan
2. Econometric analysis of lower fertility rate: Time series and cross regional analyses of declining fertility rates in Japan

<http://www.ier.hit-u.ac.jp/~konishi/>



KUBONIWA, Masaaki

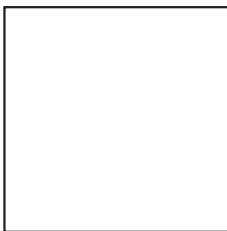
1. Studies on optimal growth paths, Industrial policy including auto-industry in Russia, and Compilation of BRICs international input-output tables
2. Estimation of historical long-run time series of GDP in Russia (1960s through 2020) and postwar China
3. Estimation of economic values of the environment including coral reefs and tundra



KUMO, Kazuhiro

1. Population studies for Russia and the Soviet Union
2. Regions in Russia and regional finance
3. Statistical studies of labor force and industrial location patterns in early Soviet industrialization
4. Globalization and its effects on the Russian/former Soviet Union economies

<http://www.ier.hit-u.ac.jp/~kumo/>



KURODA, Sachiko

1. Analysis of the behavior of labor supply: Estimating inter-temporal labor supply elasticities for Japan
2. Analysis of the allocation of time using time-use survey
3. Mechanisms of wage determination during economic recovery after a period of deflation



KUROSAKI, Takashi

Microeconomic and microeconometric analysis of economic development

1. Poverty, vulnerability, and human capital in South and Southeast Asia
2. Credit market, communities, and economic development in Pakistan
3. Long-term growth process of agriculture in South Asia

<http://www.ier.hit-u.ac.jp/~kurosaki/>



MATSUMOTO, Katsuaki

1. Japan's social security system: Research on the reform of medical care, pension, and nursing care insurance schemes in response to population aging
2. Comparative research on raising the quality and cost efficiency of medical care, securing and fostering the care workforce, and care-needs certification in Japan and Germany



MATSUURA, Toshiyuki

1. Relation between firms' internationalization of their business activities and productivity
2. Productivity in the retail sector: Clarifying through which channels exports and foreign direct investment affect firms' performance

<http://www.ier.hit-u.ac.jp/~matsuura/>



MIZUNO, Takayuki

1. Analyses of firms' high-resolution financial and wealth data
2. Research into consumer behavior and product price dynamics using very large scanner data sets
3. Research into buzz marketing using blogs and online bulletin boards

<http://hw001.gate01.com/xinn/>



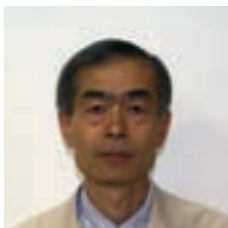
NISHIZAWA, Tamotsu

1. Welfare economics and the welfare state in a formative age, Marshall and Marshallians on industrial economics, Keynes and British economic policy, Thatcherism and the transformation of the British welfare state
2. Anglo-Japanese comparison of economic thought and business education



OGURA, Yoshiaki

1. Market structure and competition of financial markets: Theoretical and empirical analyses of the impacts of information processing and financial positions of financial institutions on corporate finance
2. Relationship between firm trading networks and managerial stability



SAITO, Osamu

1. Comparative studies in economic development: Level comparisons of real wages and household income in early modern and modern Eurasia (East Asia and the West), Historical patterns of long-term economic development
2. Historical anthropometrics: Height and BMI in modern Japan, and their economic and demographic correlates



SATO, Masahiro

1. History of statistical survey systems in Japan, Britain and the former colonies of Japan: The process of development
2. Social history of modern Japan: Focusing on the popular perception of institutions imported from Western countries



TAKAYAMA, Noriyuki

1. Economics of social security pensions in Japan: Theoretical and empirical analyses from an intergenerational viewpoint
2. Economic analysis of declining fertility: Investigating the causes of declining fertility and providing concrete countermeasures

<http://www.ier.hit-u.ac.jp/~takayama/>



TANAKA, Hideaki

1. Social welfare, intergenerational issues: Research on the integration of pension, assistance and taxation
2. Higher education financing and evaluation: Research on the allocation of operating grants for national universities, and teaching and research evaluation
3. Budgeting and public finance: Research on the international comparison of budgeting reforms and reform of Japan's budgeting institutions



TSURU, Tsuyoshi

1. Analysis of intrafirm incentive mechanisms: A comparative quantitative analysis of performance-based pay systems in Japanese and North American auto sales firms
2. Investigation of work practices and incentive mechanisms at the workplace level: Interview-based surveys and participatory observations
3. Analysis of long-term fluctuations in union wage effects using cross-sectional and time-series data



UESUGI, Iichiro

1. Corporate finance: SME financing, Evaluations of government financing policies
2. Transaction networks among firms: Dynamics, Effects on economic activities



WATANABE, Toshiaki

1. Estimation of financial volatility using high-frequency data with its application to risk management
2. MCMC Bayesian estimation of macroeconomic models such as dynamic stochastic general equilibrium models, time varying structural vector autoregressive models, and Markov switching models using Japanese data



WATANABE, Tsutomu

1. Research on inflation dynamics using micro price data
2. Research on optimal monetary and fiscal policy rules
3. Research on interfirm networks

<http://www.ier.hit-u.ac.jp/~ifd/>



WIWATTANAKANTANG, Yupana

Ownership and Control of Family Firms

1. Determinants of succession in family firms
2. Business group formation
3. Family firms and politics



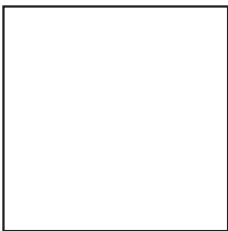
YAMAGUCHI, Kozo

1. Legal and social institutional issues of using micro data from government statistics, Technical procedures necessary to make use of such data consistent with statistical theory
2. Construction of a system to enable the use of micro data sets obtained from statistics surveys in social science empirical analysis



YASUDA, Satoshi

1. Study of statistical data base: Statistical database architecture of micro data
2. Study of computer language: Computer language for statistical analysis



YASUI, Kengo

1. Labor supply of the elderly: Re-employment for the elderly not in the labor force
2. Roles of preference parameters and financial planning in household wealth accumulation



YOSHIHARA, Naoki

1. Analytical foundation for non-welfarist normative economics: Social choice based on non-welfarist normative principles and mechanism design
2. Axiomatic approach to the exploitation of labor: Characterizing market economies in terms of labor exploitation and deprivation
3. Game theoretic analysis of political competition with multi-dimensional policy spaces
<http://www.ier.hit-u.ac.jp/~yosihara/>

Research Centre for Information and Statistics of Social Science

<http://rciss.ier.hit-u.ac.jp/English>

1. Objective

The Research Centre for Information and Statistics of Social Science (RCISS) attached to the Institute of Economic Research (IER) was established to gather and manage social sciences-related information and statistics and, by making these widely available to researchers, to contribute to the advancement of research in the humanities and social sciences. Starting out as the Documentation Centre for the Japanese Economy attached to the Institute of Economic Research, which was set up in 1964 as a national resource center for the humanities and social sciences, it was subsequently expanded and reorganized, becoming the Japanese Economic Statistics and Information Centre, before taking its current name in 2002.

2. The IER and the RCISS

At present, there are five full-time academic staff (three professors, one associate professor, and one assistant professor) that are attached to the RCISS and conduct research. Reflecting the division of the Institute itself into five major research departments (as well as a department for visiting researchers), the research and other activities of the RCISS are organized into five corresponding units, and the academic staff of the RCISS play an integral role in the large-scale research projects currently being undertaken by the Institute. The RCISS, moreover, employs four full-time support staff as well as a large number of part-time staff that provide a variety of support services for the research activities of the Institute. In addition to fulfilling its objective of providing statistical and other information to researchers nationwide, the Centre also provides vital research support to the Institute by collecting and supplying the academic staff of the Institute with materials necessary for their research. With the Institute currently engaged in a number of large-scale research projects that involve the compilation of various statistical materials and the construction of major databases, the importance of this support function is rapidly increasing.

3. Current activities

The compilation and management of materials focusing

on the Japanese economy and social sciences statistics are constantly ongoing and as of 2007, the holdings of the library amounted to 170,813 volumes as well as 266 journal titles. These materials are catalogued using an OPAC retrieval system based on the National Institute of Informatics cataloguing system (NACSIS-CAT), and are available to researchers nationwide for reference and photocopying.

As part of its expansion and reorganization in 2002, the RCISS took on a new role as the institution in charge of making available government micro data on a trial basis. Undertaken in collaboration with the Statistics Bureau of the Ministry of Internal Affairs and Communications, the provision of government statistical micro data on a trial basis reflects the fact that in recent years, demand for statistical data in the field of social sciences has shifted from macro to micro data. In addition, using such data, the RCISS has started to work on compiling and making publicly available original aggregate data that are of high academic interest but have not been constructed by the Statistics Bureau. With regard to research activities using the government statistical micro data, please refer to Section 4.2, "Microdata."

At the same time, the RCISS is continuing its services for researchers with regard to historical and macroeconomic data. The data of all 14 volumes of the highly regarded *Long-Term Economic Statistics*, the database of the companion volume, *Economic Statistics of Japan's Former Colonies*, and a statistical bibliography can all be accessed from the Centre's website. With regard to work on the collation and cataloguing of Japanese historical material on Japan such as Family Business Records and Town/Village Level Economic Performance, please refer to page 27 of this report. Finally, a major new task of the Centre is the compilation of a database from farm account and family budget surveys in pre-WWII Japan.

4. Assessment of the trial to offer statistical micro data collected by the Japanese government

The RCISS has gained wide praise for its activities with regard to the trial system to make statistical micro data collected by the Japanese government available for academic research, receiving an honourable mention for statistical activities from the Japan Statistical

Association in 2006 and winning the Annual Prize for Statistical Activities awarded by the Japan Statistical Society in September 2007.

The reason for the award of the Prize for Statistical Activities was given as follows: "Although the standard of statistical surveys in Japan reaches an international level, the use of micro data lags behind that in Europe and the United States. The activities of this year's prize winner greatly expand the opportunities for the use of government statistical micro data, which hitherto faced many limitations, for empirical research in the form of anonymous sample data. It is therefore appropriate to commend this contribution, which provides the basis for raising empirical statistical research in Japan to an international level and will continue to play a large role even after the revision of the Statistics Law in May 2007."

One of the reasons that the RCISSS came to host the trial, which received such great acclaim, is that the RCISSS has been continuously involved in large-scale collaborative research projects using government statistical micro data. One example is a ground-breaking large-scale project funded by a Grant-in-Aid for Scientific Research on Priority Areas which obtained approval for the "use other than the original intent" of 33 designated statistics collected by five different government ministries.

5. Compilation of a database from farm account and family budget surveys in pre-WWII Japan

One of the projects the RCISSS is engaged in at present is the compilation of a database from farm account and family budget surveys in pre-WWII Japan. Although an enormous collection of completed survey forms is



available at Kyoto University, these so far have hardly been used as statistical micro data. For this reason, the RCISSS has been putting these forms on microfilm and is in the process of compiling a database from them. To date, the entry of survey information into the database is almost complete for Hiroshima and Miyazaki prefectures for the period from 1913 to 1948. In addition, surveys for Hokkaido, Akita, Fukushima, Ibaraki, Gunma, Saitama, Kanagawa, Tokyo, Yamanashi, Nagano, Niigata, Toyama, Shizuoka, Aichi, Mie, Shiga, Kyoto, Osaka, Nara, Wakayama, Hyogo, Hiroshima, Shimane, Tokushima, Ehime, Fukuoka, Saga, Kumamoto, and Miyazaki have been put on microfilm, and entry into the database of materials for the period from 1931 to 1941 has now begun. For the remaining 18 prefectures, surveys are currently being put on microfilm, and entry into the database is planned for the future.

The survey forms contain detailed information on individual agricultural households' farming activities as well as their consumption, assets, work time, etc. Once it becomes possible to use detailed micro data on the period when Japan was still a developing country, this will open the door to historical and empirical research on Japan's economic development. It is to this end that we are continuing with our efforts to compile this database.



Center for Economic Institutions

<http://cei.ier.hit-u.ac.jp/English/index.html>

1. Objective

In the five years following its establishment in April 2000, the overarching theme of research at the Center for Economic Institutions (CEI) was "Financial Systems and Corporate Governance in Japan and Asia." Under this theme, the CEI conducted research in the specified areas of financial theory, new theories on economic institutions, and development theory. Within these areas, work concentrated on two research topics. The first of these was policy issues related to building an efficient and robust financial system, focusing especially on the institutional framework to ensure the supply of long-term funds. The second topic revolved around how to achieve governance systems for the sound development of the corporate sector in Asia. Concentrating on family enterprises, which are ubiquitous in Asia, specific research with regard to these questions has examined, for example, how to reconcile protection of the interest of investors with capital market development. Research on these topics yielded plentiful results and work on this theme was wound up in fiscal 2004.

Instead, since April 2006, the Center has set itself two new themes, the "Comparison of the Performance of East Asian Firms" and "Research on Family Enterprises," and has begun conducting research on them. In addition, the CEI stresses the importance of research continuity and is constantly updating databases and maintaining domestic and its international research network built up through its work so far.

2. The Institute and the CEI

The CEI started on April 1, 2000, as a center attached to the Institute in order to engage in leading research in what was a new area for the Institute. It pursues the following two objectives: (1) to conduct systematic basic research on policies on economic institutions, especially in Asian countries, including Japan; and (2) to become a leading center in Asia for research on economic institutions and to build and maintain a network for such research.

3. Outline of research themes

As mentioned above, the two major research themes the CEI is currently engaged in are the "Comparison of

the Performance of East Asian Firms" and "Research on Family Enterprises." The first of these, the comparison of the performance of East Asian firms, aims at conducting comparative research on rates of return and total factor productivity of all listed firms in Japan, Korea, and China. On the other hand, the second theme on family enterprises seeks to examine from a dynamic perspective how management control of firms should be distributed. It is expected that the results of this research will greatly advance the research frontier in the field of corporate governance and enterprise systems.

4. Major research activities in the current fiscal year

The major research topic for the current year is "The Governance and Performance of Japanese and East Asian Firms." So far, research has been conducted on subjects such as (1) corporate governance issues, which were one of the causes of the Asian financial crisis, and the relationship between corporate recovery from the crisis and governance; (2) the performance of firms from Japan and other Asian countries, focusing in particular on total factor productivity; (3) governance and the determinants of succession in family enterprises; and (4) the impact of the political clout of family enterprises on policy formation and economic development. With regard to the research on corporate performance, the CEI has won the collaboration of the Japan Center for Economic Research, the Center for China and Asian Studies of Nihon University, and the Seoul University Catch-up Research Center, jointly conducting an international comparison of the total factor productivity of all listed firms in Japan, China, and Korea. The database constructed for this purpose was made available on the internet and the results of this joint research will shortly be published as a special issue of the *Seoul Journal of Economics*. With respect to research on family firms, the target is listed firms in Thailand, Korea, and Japan, and one of the merits of this research is the construction of an original data set. So far, data on firms' and banks' ownership and board membership structures for Thai firms for the period 1994-2003 and for Japan for the period 1950-2005 have been compiled.

5. International network

The CEI aims to become an international hub for

research on corporate governance and productivity and to this end has been holding various conferences, workshops, and seminars, and has been inviting visiting researchers. Specifically, the CEI has collaborated, and continues to collaborate, with top-level domestic and overseas research institutions such as the IMF, the World Bank, the Asian Development Bank Institute, Yale University, New York University, the University of Groningen, Seoul National University, Australia National University, Korea University, Waseda University, Keio University, and the University of Tokyo. In addition, the Center is engaged in jointly compiling databases, co-sponsoring annual conferences, holding monthly seminars, inviting visiting researchers for 3-month periods, etc. Since the Center was established, it has held ten international conferences and workshops as well as 86 seminars. Leading scholars from the Asia-Pacific, Europe, and North America that have

contributed research at the CEI on corporate governance and productivity, including Yishay Yafeh (Hebrew University), Ghon Rhee (University of Hawaii), Jean Tirole (Toulouse University), Franklin Allen (University of Pennsylvania), Stijn Claessens (IMF), Randall Morck (University of Alberta), Tarun Khanna (Harvard Business School), Hugh Patrick (Columbia University), Joseph Fan (Chinese University of Hong Kong), Atif Mian (University of Chicago), Sung Wook Joh (Seoul National University), and Lee Kun (Seoul National University). In addition, the CEI has ties with various research institution that are active in the field of research on family enterprises, such as the Chinese University of Hong Kong (China), the University of Alberta (Canada), the Copenhagen Business School (Denmark), ESCP-EAP (France), and Harvard Business School (USA).



Center for Intergenerational Studies

<http://cis.ier.hit-u.ac.jp/English/>

1. Objective

The Center for Intergenerational Studies (CIS) funded by a Special Research-Partnership Program of the Ministry of Education, Japan, was founded in April 2007, with a research period of 5 years until March 2012.

Intergenerational issues with regard to pensions, health and long-term care, and employment, which in recent years have become pressing problems both inside and outside Japan, to a large extent present challenges that require economic analysis, and it was mainly for this purpose – to analyse intergenerational issues from an economic standpoint – that the CIS was set up. Its objective is to comprehensively and systemically clarify intergenerational issues and make concrete policy proposals.

To this end, the Center provides a setting for uninterrupted research, continuously hosting fixed-term academic staff from domestic and overseas partner institutions and sharing the financial burden of such research. That is, through partnerships that transcend national borders as well as demarcations between the public, private, and academic spheres, the Center seeks to conduct internationally leading research, directly connects research and the actual locus of policy making, and makes original policy proposals that overcome compartmentalized approaches.

Through these activities, the Center aims to form and maintain a first-class research hub of global standing on intergenerational issues.

2. Planned activities

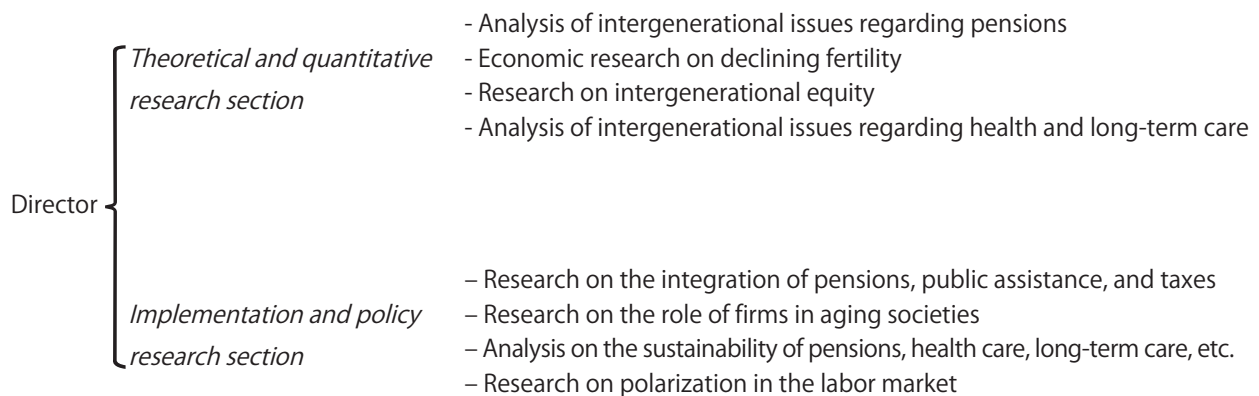
The Center is planning to build, maintain, and expand a network of domestic and overseas researchers working in the field of intergenerational issues in conjunction with other research institutions. Specific activities to promote research in this field are shown below. In addition, the Center will hold regular international conferences, publish its research results in academic journals, and disseminate its work internationally.

Medium-term objectives

- To design sustainable and intergenerationally equitable pension and health care systems and policies.
- To conduct quantitative analyses of intergenerational replacement effects with regard to employment in Japan and make proposals for an intergenerationally equitable employment system.
- To examine intergenerational income gaps and formulate solutions.

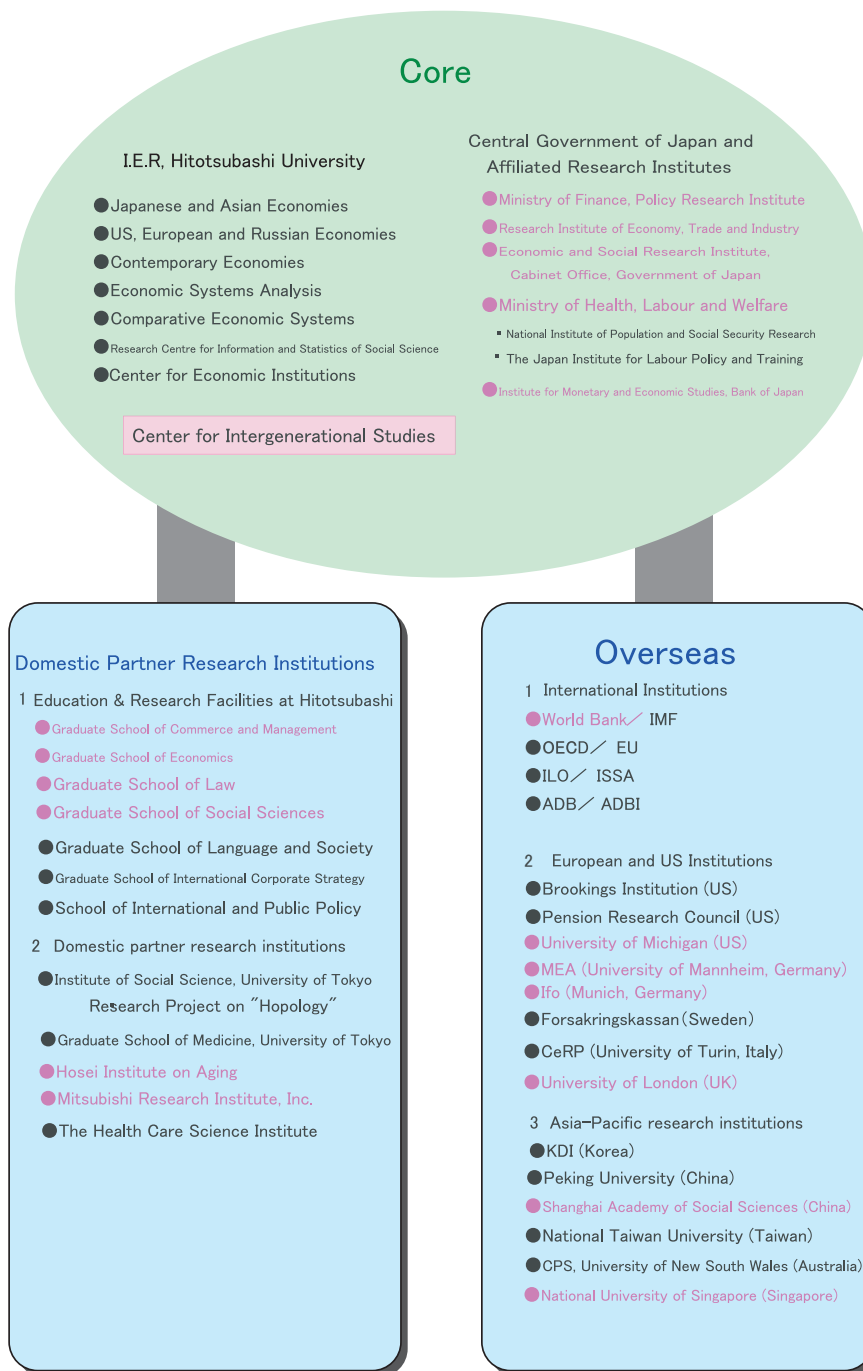
3. Organizational structure

The CIS is divided into two research sections. The current director is Professor Noriyuki Takayama, whose term of office is two years from April 1, 2007.



Setup and Operation of the Center for Intergenerational Studies

—Formation of a globally leading research center through partnerships with domestic and overseas research institutions—

**Cooperation with core members to:**

- Form of a virtuous cycle between theory and policy
- to connect theoretical and quantitative research results with policy planning and design
 - to promote theoretical and quantitative research that meets policy needs
- Exchange personnel between government and academia
- Promote research collaboration between government and academia
- Share research expenses

Cooperation with domestic research institutions to:

- Promote academic research
- Exchange personnel between government and academia
- Promote research collaboration between industry and academia
- Implement research results
- Share research expenses

Cooperation with overseas research institutions to:

- Learn from the experience and lessons of other countries
- Draw on internationally available expertise
- Ensure research of the highest global standard
- Implement joint research and joint surveys
- Hold international conferences
- Share research expenses

International Joint Research

Firm Organization and Corporate Governance in Russia: A Japan-Russia Joint Research Project

Ichiro IWASAKI

In the fifteen years that have passed since the Soviet Union collapsed in December 1991, the former Soviet republics, including the Russian Federation, have forced through reforms for systemic transformation toward a capitalist market economy. In this process the policy focus of enterprise reform in the former Soviet states shifted from the privatization policy itself to internal organization and corporate governance of the former socialist companies. Recognizing the significance of the latter problem for Russia's economic development, researchers at the Institute for Industrial and Market Studies of the State University – Higher School of Economics (Moscow), headed by Professor Andrei A. Yakovlev, continue with pioneering academic work on the firm-level reform processes. They are the Russian partners with whom I am now conducting an international joint research project entitled "Corporate Governance and Integration Processes in the Russian Economy." This project was launched in the autumn of 2003, and we have now embarked on the final stage to publish our research outcomes. From Japan, we are joined in our research by Professor Naohito Abe, my colleague at the institute, and Dr. Fumikazu Sugiura from Teikyo University.

The core of our joint project was a large-scale enterprise survey conducted in 2005, and we succeeded in obtaining detailed information concerning company management in 822 industrial and communications firms from across Russia. Because our survey was the largest interview survey of large and medium-scale

enterprises of its kind in Russia, it has attracted considerable attention from Russian and foreign researchers as well as policy makers.

Using the firm-level data derived from the survey results, we are now investigating several aspects of Russian joint-stock companies, including their ownership structure, legal company organs (e.g. board of directors), strategic decision-making, governance practices, business alliances with partner companies and business groups, and relationships with the State and financial institutions. We have already submitted and had published several research papers in *Voprosy Ekonomiki*, a leading economic journal in Russia, and other international journals. We published a book in Russian in 2006, and have organized panel presentations at international academic conferences such as those of the European Association for Comparative Economic Studies and the Japan Association for Comparative Economic Studies. Most of our final research outcomes will appear in an English book to be published by Palgrave Macmillan (UK) in spring 2009 tentatively entitled "Organization and Development of Russian Business: A Firm-level Analysis."

Thanks to the selfless dedication of my research partners, the joint project has progressed well beyond my initial expectations. I deeply appreciate their sincere collaboration.



The Theoretical Foundations of Non-Welfaristic Normative Economic Approaches

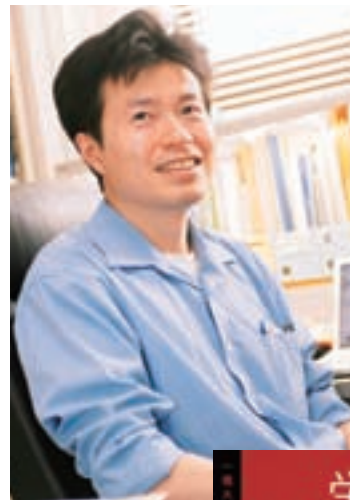
Naoki Yoshihara

Against the background of economic globalization and market deregulation, wide-ranging changes can be observed in the employment environment, such as the introduction of performance-related pay and the increase in the share of irregular workers. Other related phenomena that have recently attracted attention are increasing social stratification and poverty manifesting themselves in growing income gaps that cannot be explained by population aging alone, an increase in the proportion of people receiving welfare benefits, the rise of “net café refugees” and the problem of the working poor. In this context, it has often been suggested that in the Japanese economy, ex-post income distribution is relatively weak when compared with other OECD countries. Yet, if there is indeed a trend toward greater disparity in ex-ante income distribution, then the role of the ex-post income redistribution system becomes all the more important.

In this context, this research project on the “Theoretical Foundations of Non-Welfaristic Normative Economic Approaches” aims to build the theoretical foundation for an economic assessment of practical policy issues such as the ones mentioned above. That is, first, the project seeks to go beyond the limited traditional theoretical framework of welfaristic welfare economics which evaluates social welfare based on the level of subjective utility, and instead aims to conduct research to build a normative theoretical framework for a comprehensive social welfare analysis that incorporates aspects such as equality of rights, liberty, etc. Another project currently in progress together with Professor Kotaro Suzumura (Hitotsubashi University and Waseda University) that is closely related to this topic is theoretical research on social choice and a libertarian rights system. International collaborative work is also ongoing with Professor Yongsheng Xu of Georgia State University on axiomatic resource distribution mechanisms from the perspective of “equality of opportunity.” The second major goal of the project is to conduct research on how to evaluate the allocation of resources in a market economy using a non-welfaristic welfare index. As for research along this line, a concrete project pursued at present is “Axiomatic Research on Labor Exploitation” conducted in

collaboration with Dr. Robert Veneziani of the University of London. The aim of this research is to assess the resource allocation mechanism of markets from the perspective of distributive justice in terms of “free hours,” which are the hours that remain after working to earn an income that provides for a regular standard of living in a given society. The third research theme, finally, concerns whether – once desirably income redistribution policies from the viewpoint of normative economics have been identified – it is politically feasible to implement these. This theme essentially deals with the political economy of income

redistribution policies. The internationally leading scholar on this subject is Professor John E. Roemer of Yale University and my research along these lines is taking place under the continuing guidance of Professor Roemer.



International Conferences

The IER frequently hosts or co-hosts major conferences as part of its collaborative research projects. The following are a small representative selection of conferences held in the past financial year.

21st Century COE Program: Research Unit for Statistical Analysis in Social Sciences

Title: Hi-Stat Workshop Week on Historical Statistics

Period: September 24-28, 2007

Venue: Sano Shoin Hall, Hitotsubashi University

The international "Hi-Stat Workshop Week," which was attended by 168 people, including Professor Angus Maddison (who has been awarded an honorary doctorate by Hitotsubashi University), was a major workshop at which research on the full range of topics covered by this project was presented and keenly debated. As such, it was a fitting occasion for the closing financial year of this 21st Century COE Program.

Center for Intergenerational Studies

Title: World Bank-MOF-Hitotsubashi Workshop on Closing the Coverage Gap: The Role of Social Pensions

Period: February 20, 21 and 22, 2008

Venue: MITA Kaigisho, Tokyo

This international conference of globally unparalleled scope brought together more than 30 experts from abroad and a large number of Japanese experts to focus on pension issues in countries around the world.

Understanding Inflation Dynamics of the Japanese Economy (Grants-in-Aid for Creative Scientific Research)

Title: Inflation Dynamics in Japan, US, and EU

Period: June 28, 2007

Venue: Asian Development Bank Institute

44 participants in total, including the Governor of the Bank of Japan as well as scholars and central bankers from Japan and abroad, presented leading-edge research papers on prices and monetary policy at this conference and engaged in a lively debate. For more information, please refer to the website of the Grant-in-Aid for Creative Scientific Research Project "Understanding Inflation Dynamics of the Japanese Economy."

http://www.ier.hit-u.ac.jp/~ifd/doc/2007_IFDconfer_0530.htm



Foreign Visitors

Visiting Professors/ Visiting Associate Professors in FY 2007

Name	Position	Affiliation	Period
Lloyd Paul Steier	Visiting Professor	University of Alberta	2008. 1.15--2008.4.14
Vicas Chandra Mehrotra	Visiting Associate Professor	University of Alberta	2008. 1.7--2008. 7.4
Pramuan Bunkanwanicha	Visiting Associate Professor	ESCP-EAP European School of Management	2007. 9.5--2007.12.21
Ishtiaq Pasha Mahmood	Visiting Associate Professor	University of Singapore Business School	2007. 9.3--2007. 12.21
Martin Werding	Visiting Professor	Ifo Institute for Economic Research	2007. 7.17--2007. 10.16
Sea-Jin Chang	Visiting Professor	Korea University	2007. 6.1--2007. 8.31
Edward Vytlačil	Visiting Professor	Columbia University	2007. 5.24--2007. 8.23

Foreign Visiting Scholar in FY 2007

Name	Affiliation	Period
Chia Ngee Choon	National University of Singapore	2008.2.23--2008.3.5
Albert Ka-Cheng Tsui	National University of Singapore	2008.1.4-2008.3.5
Chia Ngee Choon	National University of Singapore	2007.10.16--2007.11.22
Lijian Sun	Fudan University	2007.10.10--2008.1.31
Eugene K. Choi	JSPS	2007.9.10--2009.9.9
Albert Ka-Cheng Tsui	National University of Singapore	2007.5.24--2007.7.1
Tangjun Yuan	JSPS	2007.4.1--2009.3.31
Sebastien Lechevalier	Maison Franco-Japonaise/ Ecole des Hautes Etudes en Sciences Sociales	2007.2.1--2008.9.15
Aaron Schiff	JSPS/ The University of Auckland	2006.11.30--2008.5.27
Prema-Chandra Athukorala	Australian National University	2006.10.1--2007.7.31
Yi Taek Park	Sungkyunkwan University	2006.6.1--2007.6.30
Tika Ram Aryal	Tribhuvan University	2005.11.16--2007.11.15

The Economic Review



Keizai Kenkyu (The Economic Review) is a quarterly academic journal by the Institute of Economic Research publishing articles both in Japanese and in English. Each issue consists

of submitted and requested articles, survey articles, and book reviews. Survey articles are comprehensive major articles proposed by members of the Institute not seen anywhere else. The following is a selection of recent survey articles:

- ❖ Daiji Kawaguchi, Ryo Kambayashi, Young Gak Kim, Hyeog Ug Kwon, Satoshi Shimizutani, Kyoji Fukao, Tatsuji Makino and Izumi Yokoyama, "Are Wage-tenure Profiles Steeper than Productivity-tenure Profiles? – Evidence from Japanese Establishment Data from the *Census of Manufactures* and the *Basic Survey Wage Structure*," Vol. 58, No. 1, 2007.
- ❖ Kazumi Asako, Yasuyuki Komaki, Yosuke Takeda, Toshiki Jinushi and Yasushi Hayashi, "Comparative Statistical Analyses of the Foreign Exchange Rate Survey Data – JCIF and WEIS," Vol. 58, No. 2, 2007.
- ❖ Reiko Aoki and Yoshihito Yasaki, "Law and Economics of Patents," Vol. 58, No. 3, 2007.
- ❖ Toshiaki Watanabe, "Realized Volatility: A Survey with Application to the Japanese Stock Market," Vol. 58, No. 4, 2007.
- ❖ Tamon Takamura and Tsutomu Watanabe, "Optimal Monetary Policy in a Liquidity Trap: A Survey," Vol. 57, No. 4, 2006.
- ❖ Ichiro Iwasaki, "A Quantitative Survey of Corporate Governance in Russia," (in Japanese) Vol. 56, No. 2, 2005.
- ❖ Jean-Pascal Bassino, Debin Ma and Osamu Saito, "Levels of Real Wages in Historic China, Japan and Southern Europe, 1700-1920: A Review of Evidence," (in Japanese) Vol. 56, No. 4, 2005.
- ❖ Kotaro Suzumura and Tomoichi Shinotsuka, "Axiomatic Approaches to Intergenerational Equity: An Overview," (in Japanese) Vol. 55, No. 1, 2004.
- ❖ Yukinobu Kitamura, "A Survey of Panel Data Analysis

--Recent Development and Its Application--," (in Japanese) Vol. 54, No. 1, 2003.

- ❖ Takashi Kurosaki, "Dynamic Analysis of Poverty: Review and Application to Pakistan," (in Japanese) Vol. 54, No. 4, 2003.
- ❖ Tsuyoshi Tsuru, Masahiro Abe and Katsuyuki Kubo, "Pay Structures and the Transformation of Japanese Firms: An Empirical Analysis of Performance and Pay Using Personnel Data," (in Japanese) Vol. 54, No. 3, 2003.
- ❖ Noriyuki Takayama "Recent Pension Debates and Worldwide Pension Trends," (in Japanese) Vol. 53, No. 3, 2002.
- ❖ Yukihiro Kiyokawa, "Marketization with Serious Increase of Unemployment and Changes in Job-consciousness: An Analysis of Panel Survey Data in China," (in Japanese) Vol. 52, No. 1, 2001.
- ❖ Masayo Tomiyama, Kyoji Fukao, Qing-yuan Sui and Kiyohiko G. Nishimura, "Banks' Monitoring and Profitability of Borrowing Firms," (in Japanese) Vol. 52, No. 2, 2001.
- ❖ Tamotsu Nishizawa, "From the Poor Law to the Welfare State: Economists on the Poverty and Unemployment Problems around the Turn of the Century," (in Japanese) Vol. 51, No. 1, 2000.

On the occasion of the launch of *The Economic Review* in 1950, Shigeto Tsuru, the director of the Institute at the time, observed:

"The aim *The Economic Review* is to address real economic issues and to provide a space in this quarterly journal for the global academic community to publish works that deliberately fall outside the established research arena."

(Vol. 1, No. 1, 1950)

This mission continues today and *The Economic Review* serves as a forum for the publication of economic papers by scholars from Japan and abroad on "measurement with theory" and "theory with measurement" as well as for the assessment and proposal of economic policies.

Economic Research Series/ Statistical Data and Documentation Series

Economic Research Series (in Japanese)

The Economic Research Series presents the research results of members of the Institute, with typically one volume published a year.



Economic Research Series

First published in 1953. As of the end of 2007, 54 regular volumes and 7 special volumes have been published. Publisher: Iwanami Shoten.

Awards: Japan Academy Prize, Nikkei Prize for Excellent Books in Economic



Science, Annual Award for Research Monographs on Labour, Okita Memorial Prize for International Development Research, etc.

Economic Research Series (in English)

First published in 1957. As of the end of 2007, 40 volumes have been published.
Publisher: Kinokuniya Shoten, Maruzen.

Awards: Prix Chaptal de la Recherche, La Société d'Encouragement pour l'Industrie Nationale (France), 2002.

Statistical Data and Documentation Series (in Japanese)



This publication series makes available the results of the activities of the Research Centre for Information and Statistics of Social Science (such as the compilation, processing, and systemization of statistical data) for the convenience of a wide range of data users.

Publications by the Research Centre for Information and Statistics of Social Science



Publications to make available the results of the activities of the Research Centre for Information and Statistics of Social Science (such as the compilation, processing and systemization of statistical data) for the convenience of a wide range of data users include the following.

- (1) Special bibliographies, indexes, and classification tables
"Economic Performance at the County, Town, and Village Level," etc.; since 1964; 6 volumes published.
- (2) Statistical Data Series
"Catalog of Statistical Materials on Imperial Japan and Overseas Territories," etc.; since 1973; 58 volumes published.

Discussion Paper Series

Discussion Paper Series

The Institute of Economic Research publishes the Discussion Paper Series listed below. Shown in parentheses is number of papers published in a particular series as of the end of 2007. The Discussion Paper Series are fully searchable in the Hitotsubashi University Repository (HERMES-IR) managed by the university library.



IER Discussion Paper Series

(1990--present: A Series: 499 papers; B Series: 37 papers)

CEI Working Paper Series (2000--present: 148 papers)

PIE/CIS Discussion Paper Series (2000--present: 345 papers)

Understanding Inflation Dynamics of the Japanese Economy Working Papers
(2006--present: 17 papers)

Hi-Stat Discussion Paper Series (2003--present: 229 papers)

COE/RES Discussion Paper Series (2003--present: 223 papers)

Library

<http://www.ier.hit-u.ac.jp/library/English>

Library

The IER Library started out as a reading room attached to the university library set up when in March 1949 the Institute of Research in East Asian Economy became the Institute of Economic Research. Since then, in order to support the Institute's theoretical and empirical research activities under the remit of conducting "Comprehensive Research on the Japanese and the Global Economy," the Library has been engaged in the systematic and comprehensive collection and provision of economic and statistical materials. Above all, the Library has been engaged in accumulating statistical publications and related materials from around the world which are indispensable for the empirical research activities at the Institute. In addition, the Library has been placing emphasis on the collection of statistical materials on the Asian area as a whole, including Russia and the Middle East. Moreover, the Library has been building up a rich collection of materials on the Soviet Union/Russia, which was identified as one of the key objectives by Professor Emeritus Shigeto Tsuru, who was elected as the first director of the Institute.

The Library's holdings are searchable in the online catalog of the Library's homepage and are made available for reference to non-university members, provided that this does not interfere with the Institute's education and research activities. Moreover, the IER Library is registered in the National Diet Library's "Directory of Asian Resources Institutions" and is collaborating in making its collection of materials related to Asia available to the public.

The duties of the Library are at present carried out by five full-time and four part-time staff. In fiscal 2006, the library acquired 1,308 new Japanese-language volumes and 2,502 volumes in Western languages (including those on microfilm), for a total of 3,810 new volumes. As a result, as of the end of fiscal 2006, the library held 147,951 Japanese language volumes and 243,312 Western-language volumes for a total of 391,263 volumes. In addition, again as of fiscal 2006, the library was keeping up-to-date its holding of 442 East Asian language periodicals (primarily Japanese, but also Korean and Chinese) as well as 448 Western language periodicals for a total of 890 current titles, and holds 3,386 East Asian language and 2,404 Western language journal titles (for a total of 5,790) overall. The number of electronic journals purchased separately from the university library is 37. Moreover, in fiscal 2006, the library was open on 238 days and had 1,897 users (of which 279 were non-university members), the number of loans was 4,258 volumes, the number of reference requests was 291 (of which 135 were from non-university members), the number of photocopying requests as part of the inter-library loan service was 450, and the number of other photocopying requests was 106.

Library Collection

- *Teiseiki Roshia no Kokka Toukei* (National Statistics of

- Imperial Russia) (Call No. VLc.78-39, AMF-L-35)
- *Amur Chousatai no Gyouseki Series* (Amur Survey Group Result Series) (Call No. VRc.42-5)
- *Marxshugi no Hata no Motoni* (Collection of Academic Research Works titled "Under the Marxist Banner") (Call No. ZVK-1, AMF-Z-10)
- *Vietnam Shijo Keizaika Shien Kihatsu Seisaku Chousa* (Investigation for Organizing the Best Official Development Aid to Promote Marketization in Vietnam) <http://www.ier.hit-u.ac.jp/library/Japanese/collections/colidx-j.html> etc.

In 2003, the IER Library received a substantial donation of material from Professor Emeritus Shigeto Tsuru including hand-written manuscripts and correspondence with leading economists, which are displayed as a permanent exhibition and made available to the public in a "Shigeto Tsuru Memorial Corner." http://www.ier.hit-u.ac.jp/library/Japanese/TSURU_shigeto/index.html



Databases

The Institute of Economic Research has compiled vast amounts of statistical and bibliographical information, such as the *Long-Term Economic Statistics*, which it makes available to the public. The following provides a short introduction of the major databases compiled within the Institute and as part of large-scale projects.

The Long-Term Economic Statistics (LTES) Database

The *Long-Term Economic Statistics* (Kazushi Okawa, Miyohei Shinohara, and Mataji Umemura, eds., Tokyo Keizai Shinposha 1965-1988) are a series of statistical compendia that provide a comprehensive systematic collection of carefully estimated and prepared historical statistics of modern Japan spanning a variety of economic activities. Conforming to the System of National Accounts, they present time-series economic statistics from the beginning of the Meiji period. The *LTES Database* contains the main economic statistics from the *Long-Term Economic Statistics* in a database format.

<http://rciss.ier.hit-u.ac.jp/Japanese/database/long.html>

Asian Historical Statistics Database

This database was compiled as part of a Ministry of Education COE Format Program called the "Asian Historical Statistics Project" (project leaders: Konosuke Odaka and Yukihiro Kiyokawa; FY1995-1999). Work on this database is continuing.

<http://www.ier.hit-u.ac.jp/COE/English/index.html>

Statistical Information Systems (STATIONS)

Created by the Research Centre for Information and Statistics of Social Science attached to the Institute, this is a retrieval system providing bibliographical information on statistical tables and reports published in current Japanese statistical compendia as well as catalogs on statistical materials on former overseas territories.

<http://rciss.ier.hit-u.ac.jp/Japanese/database/statistics.html>

JIP Database 2008

This is the latest version of the Japan Industrial Productivity Database compiled in collaboration between the Macroeconomic Research Group of the 21st Century COE Program "Research Unit for Statistical

Analysis in Social Sciences" and the Research Institute of Economy, Trade and Industry's project "Study on Industry-Level and Firm-Level Productivity in Japan."

http://21coe.ier.hit-u.ac.jp/research/database/JIP_EN/index.html

Catalog of Documents and Materials Related to Statistics Administration

This is a catalog created by the Research Centre for Information and Statistics of Social Science.

<http://rciss.ier.hit-u.ac.jp/Japanese/database/admin/index.html>

Asia Income Distribution Database (AIDA)

This is a database managed by the Research Centre for Information and Statistics of Social Science.

<http://rciss.ier.hit-u.ac.jp/Japanese/database/asia.html>

EALC Database 2007

The East Asian Listed Companies (EALC) Database 2007 contains both the underlying data for, and the results of, the measurement and comparison of the total factor productivity of all listed companies in Japan, China, and South Korea. The database is compiled by Hitotsubashi University's Center for Economic Institutions in collaboration with the "Construction of a Productivity Database of Japanese, Chinese and Korean Firm" research group of the Japan Center for Economic Research, the Center for China and Asian Studies of the College of Economics of Nihon University (project leader: Tomohiko Inui) and the Center for National Competitiveness of Seoul National University (project leader: Professor Keun Lee)

<http://www.jcer.or.jp/eng/research/database070528.html>

EU KLEMS Database, March 2007

Compiled mainly by researchers from the European Union, this is a database for the international comparison of industrial productivity covering Japan, the EU countries, and the United States for the period 1970-2004. The Macroeconomic Research Group of the 21st Century COE Program "Research Unit for Statistical Analysis in Social Sciences" has joined the EU KLEMS Project representing Japan.

<http://www.euklems.net/>

Microdata Analysis

In response to a report by the Science Council of Japan, the Research Centre for Information and Statistics of Social Science (RCISSL) attached to the IER set up a "Microdata Analysis Section" in 2002 to provide support for the use of government microdata. The objective of this section is to establish both the mechanisms and the facilities to allow researchers from all over Japan greater access to a wider range of unaggregated, individual-level data of government statistics in order to raise the level of empirical research in Japan. These activities formed part of the research of the 21st Century COE Program "Research Unit for Statistical Analysis in Social Sciences."

At the same time, the Statistics Bureau of the Ministry of Internal Affairs and Communications, based on the Official Agreement "New Directions in the Development of Government Statistical Services" (Meeting of the Heads of the Statistical Departments of the Cabinet Office and Ministries), has been examining ways to provide access to government microdata. Because the best way to make such data available for academic purposes can only be determined together with the academic community, the RCISSL – already conducting related research under the 21st Century COE Program "Research Unit for Statistical Analysis in Social Sciences" – was asked to collaborate in establishing a trial system to provide access to government microdata. Given that this request was in line with the objectives of the "Microdata Analysis Section," the RCISSL responded to this request and set up a trial system for the provision of anonymized government microdata for academic research by university researchers nationwide.

The experiences and results of this trial system were incorporated in deliberations on the guidelines for the actual provision of anonymous data based on the 2007 revision of the Statistics Act. The fully-fledged system for the provision of government microdata is expected to commence in spring 2009.

The trial at present allows the use of following four surveys: the *Employment Status Survey*, the *National*

Survey of Family Income and Expenditure, the *Survey on Time Use and Leisure Activities*, and the *Housing and Land Survey*. Applications for use have been accepted since November 2004 and so far 76 applications have been accepted.

Based on these activities, the RCISSL received an honorable mention for statistical activities from the Japan Statistical Association in 2006 and won the Third Annual Prize for Statistical Activities awarded by the Japan Statistical Society in September 2007.



**学術研究のための
政府統計マイクロデータの試行的提供**

— 第 九 号
作成事務局

「独立行政法人経済産業研究所」及び「独立行政法人科学技術振興センター」は、本センター（以下、本センター）において、政府統計局
統計調査資料提供部を通じて、匿名化処理された政府統計マイクロデータ（以下、匿名化マイクロデータ）を、全国
から研究のために学術研究の目的で利用する試行的システムを構築しました。

**匿名化マイクロデータを、大学研究者に、学術研究のために、簡便する
試行的システムを構築・運営します。**

試行的提供の目的

匿名化マイクロデータの提供が急務としてお求めとなりますが、適切な活用制度である匿名化マイクロデータシステム
を構築するための準備がまだ進んでおらず、その活用を急務とする上での試行的な運営を行っています。本試行的提供
制度は、そのために匿名化マイクロデータ提供の試行的な運用を行うことにより、全国から研究のために学術研究の
目的で、匿名化マイクロデータを利用する試行的システムを構築することにより、適切な活用制度の構築を促進する
ことを目指しています。

匿名化マイクロデータ提供の試行的な運用を行うための試行的な運用です。

提供の条件

マイクロデータの提供においては、調査を実施した機関を尊重することが必要となります。このため、無
名化マイクロデータには匿名化処理を行います。匿名化処理されたマイクロデータは、匿名化マイクロデータ提供の
目的で利用するものであり、他の目的での利用は、禁止されています。また、匿名化マイクロデータは、匿名化マイクロデータ提供の
目的で利用するものであり、他の目的での利用は、禁止されています。匿名化マイクロデータ提供の目的で利用する
マイクロデータは、匿名化マイクロデータ提供の目的で利用するものであり、他の目的での利用は、禁止されています。
匿名化マイクロデータ提供の目的で利用するマイクロデータは、匿名化マイクロデータ提供の目的で利用するものであり、
他の目的での利用は、禁止されています。

調査を実施した方の機関を尊重するため、匿名化処理されたマイクロデータを提供します。

1 Message from the Director

2 Research Activities

3 International Network

4 Publications and Other Contributions to Society

5 About the Institute

Extension Lectures

Hitotsubashi University Extension Lectures

Hitotsubashi University organizes a series of extension lectures that aim to contribute to the local community by making available the learning of its scholars to a wider audience. These extension lectures are held on the university campus and enjoy the backing of the Boards of Education of the cities of Kunitachi, Kodaira, Tachikawa, Fuchu, Musashimurayama, and Kokubunji.

Autumn 2007 Extension Lectures

Lecture title: The Japanese Economy – Past and Present
Dates: September 29 to October 27, 2007 (five lectures in total)

Lecturers: Masahiro Sato, Kyoji Fukao, Yoko Konishi, Naohito Abe, Osamu Saito

Autumn 2005 Extension Lectures

Lecture title: The Russian Economy Today
Dates: October 8 to October 29, 2005 (four lectures)
Lecturers: Yoshiaki Nishimura, Kazuhiro Kumo, Ichiro Iwasaki, Fumikazu Sugiura

Four University Alliance Lectures

In March 2001, Tokyo Medical and Dental University, Tokyo University of Foreign Studies, Tokyo Institute of Technology, and Hitotsubashi University entered a "Four University Alliance." The Four University Alliance Lectures form part of this.

The 2nd Four University Alliance Lectures

Topic: "Building a safe society – Exploring ways to achieve environmental, social, and personal security and peace of mind"

Date and time: December 4, 2007 (Tue.), 12:45-16:00

Place: Hitotsubashi Kinen Hall

Lecturers: Michikazu Hara (Tokyo Institute of Technology), Tsutomu Watanabe (Hitotsubashi University), Yoshihiro Ogawa (Tokyo Medical and Dental University), Hidemitsu Kuroki (Tokyo University of Foreign Studies)

The 1st Four University Alliance Lectures

Topic: "Exploring ways to achieve a safe and secure future"

Date and time: October 30, 2006 (Mon.), 13:00-17:00

Place: Hitotsubashi Kinen Hall

Lecturers: Noriyuki Takayama (Hitotsubashi University), Kenji Yasuda (Tokyo Medical and Dental University), Ichiro Majima (Tokyo University of Foreign Studies), Shizuo Hayashi (Tokyo Institute of Technology)



History

The Institute of Economic Research was officially founded as a research organ of Hitotsubashi University under the National Universities Foundation Law, Article 4, in 1949, with a mission to “conduct comprehensive research on the economies of Japan and the rest of the world. This section briefly outlines the history of the Institute.

The forerunner of the Institute originated in the president of Tokyo College of Commerce, Doctor of Law Ueda Teijiro’s plans to set up a research institute within the College to “conduct theoretical and empirical research on the economies of various East Asian countries”. By chance, when Tokyo Fire and Marine Insurance Co., president Kagami Kanekichi, passed away in 1939, his will included a request to donate 500,000 yen to the Tokyo College of Commerce. On March 22, 1940, permission was granted to establish the “Tokyo College of Commerce Kagami Scholarship Foundation”. Subsequently, a “Research Institute of East Asian Economies” was set up within the College library; it was decided that for the next 10 years, 50,000 yen per year would be provided from the Kagami fund as the operating budget for the Institute. Prof. Ueda was appointed the first Institute Director, while three professors of the College, Akamatsu Kaname, Sugimoto Eiichi, Yamanaka Atsutaro, and assistant professor Odabashi Teiju formed the four-person board of directors to help steer the Institute.

During the period, it was extremely difficult to operate an institute of social sciences, and the Institute was no exception. Especially since the budget was small but the results expected were great, the difficulties faced by the Institute were particularly formidable.

The two major guiding research principles were, “research must be empirically-grounded” and “the topics covered should not overlap with those of the departmental curricula”. In consequence, research areas divided by area and industry were chosen, and the following research sections were established: 1. Statistics; 2. Population; 3. Primitive industry; 4. Light industry; 5. Chemicals industry; 6. Heavy industry

(including mining); 7. Transportation; 8. Commerce (including finance, and trade).

To integrate the above research sections, a separate General Research Group was set up, and the Research Division director was appointed the chair of the Group. The Institute structure comprised of one Institute Director, and under him, four divisions--the Research Division, the Documents Division, the Statistics Division, and the Administrative Division. A director and members were appointed to each Division. Prof. Akamatsu was appointed director of the Research Division, while Prof. Sugimoto headed the Statistics Division, and Prof. Odabashi assumed the directorship of the Documents Division. The post of Administrative Division director was left vacant. Each director was responsible for guiding the technical aspects of division projects.

The centerpiece of research activities was of course the Research Division, but after three researchers were selected, no more appointments were made. To support the Division, two faculty members from the main College (a professor and an assistant professor) were given joint appointments. Amid these plans, Institute Director Ueda suddenly passed away in May 1940, and the president of Tokyo College of Commerce Prof. Takase Sotaro succeeded him as the Director of the Institute. During these years, Director Takase initiated a fundraising drive to collect operating capital from the Tokyo College of Commerce and the private sector, and in June 1942, 6 million yen collected in endowments. This money was used to establish the Tokyo College of Commerce Scholarship Foundation, with Prof. Takase serving as Foundation director. The Foundation’s principal objective was the “financial support of the activities of research institutes” and to this day, it has functioned in this capacity.

The main research projects conducted in 1941-42 were, “Characteristics of Chinese Agriculture” (Abe Genichi); “History of Japanese Flour Milling” (Izumi Mitsuyoshi); “Survey of Chinese in Japan” (Uchida Naosaku);

“Research on Agricultural Production Indices for Japan, Korea, Taiwan” (Yamada Isamu), among others. Of these, Prof. Yamada’s research on agricultural production index was published as the first issue of the Institute’s research bulletin published in March 1942 (Toa Keizai Kenkyujo soshu, No.1).

Director Takase had planned for the Institute’s recognition by the government for some time, and his efforts bore fruition on February 5, 1942, when under Imperial Ordinance No.70, and governmental colleges of commerce regulations were partially revised. In the revision, the government recognized the Institute as a research organ within the Tokyo College of Commerce (i.e., a government organ), and formally defined the research objective as conducting “comprehensive research on the economies of East Asia”. Under the government school system, full-time faculty included five appointments at each of the three ranks of professor, assistant professor, and researcher associate. Prof. Takase retained his post as Institute Director under the new constitution. Additionally, the Institute hired several contract Researchers using the Scholarship Foundation funds, and listed a number of faculty from College departments as joint appointments. In December 1942, the first Research Annual of the Research Institute of East Asian Economies was published.

In the postwar period, the Institute started anew along with the dramatic changes in the larger environment and revisions in various governmental regulations. On March 20, 1946, under Imperial Ordinance No.155, the Regulations for government economics universities were revised, and the “Research Institute of East Asian Economies” renamed the “Institute of Economic Research”. Article 22, Clause 2 of the Regulations, defined the research objective of the Institute as “comprehensive research on the economies of the nations of the world”. In August of the same year, when Director Takase retired, the president of Tokyo College of Commerce, Prof. Uehara Senroku was appointed temporary caretaker of the Institute. In March 1947, Prof. Otsuka Kinnosuke became Institute Director. One year later, in March 1948, the basic research platform was revised from the previous “industry-specific research on Asian economies” to “area-specific research

on economies of the world”. Under the same reforms, the existing research sections were completely reorganized into the following eight sections: 1. Classics; 2. American Economy; 3. European Economy; 4. Soviet Economy; 5. Chinese Economy; 6. Japanese Economy; 7. Statistics; and 8. Special Issues (national income, economic legislation).

In February 1949, Director Otsuka resigned, and Tokyo College of Commerce president Nakayama Ichiro was given a joint appointment as the Institute Director. In May of the same year, the government promulgated Law No. 150, a new National Universities Foundation Law, and under it, the “Institute of Economic Research, Tokyo College of Commerce” was renamed the “Institute of Economic Research, Hitotsubashi University”. Its purpose was redefined as, conducting “comprehensive research on the economies of Japan and the world”. In November 1949, professor of the Institute Tsuru Shigeto became the first Director selected from within the Institute.

From 1949 on, the Institute research sections have continued to grow, so that by 1977, the Institute contained 14 research sections.

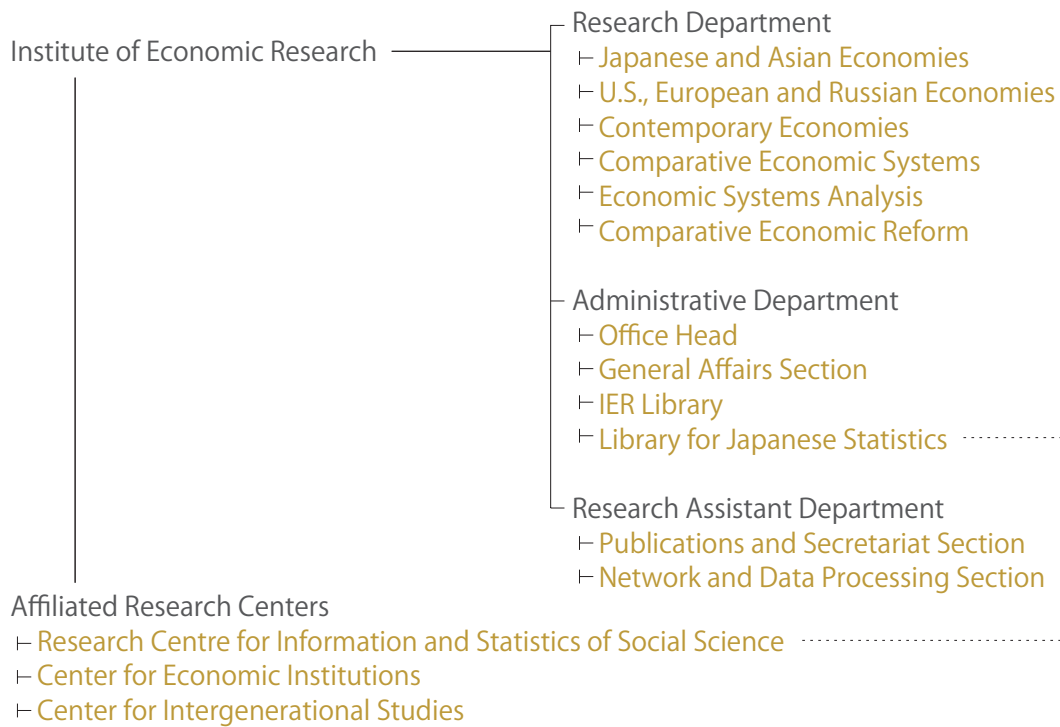
As part of a two-year plan decided in 1978 aiming at the expansion and reorganization of research activities, research sections were organized into five major research sections. The plan was completed in FY 1979.

In FY2000, the Center for Economic Institutions was newly established, so that the Institute now has two affiliated research centers.

In April 2004, as part of the incorporation of national universities in Japan, the Institute was reorganized as the Institute of Economic Research affiliated with Hitotsubashi University National University Corporation.

In FY2006, the Center for Intergenerational Studies was newly established. At present, the Institute has five research sections, one visiting researcher sections, and three affiliated research centers.

Organization



Personnel; as of 1st April, 2007

Title	Professor	Associate Professor	Assistant Professor	Research Associate/Assistant	Foreign Visiting Professors/ Associate Professor	Part time Researchers	Foreign Visiting Scholars	Fellows*	Total
Member	16	11	2	5	2	37	5	9	87

* Including Postdoctoral Fellowship for Foreign Researchers of Japan Society for the Promotion of Science.

Building

	Building Area	Gross Floor Area
Institute of Economic Research	1,541m ²	5,261m ²
Institute of Economic Research Annex	155m ²	155m ²
Research Centre for Information and Statistics of Social Science	329m ²	1,000m ²
Total	2,025m ²	6,416m ²

Budget

Operational Budget from the Ministry of Education, Culture, Sports, Science and Technology	Miscellaneous		¥87,271,000
	Special Grants of Education and Research	Center for Intergenerational Studies	¥40,000,000
		Project on Advanced Theoretical and Empirical Studies in Japan and the World Economy.	¥20,000,000
	Selected Projects by the University	Project on Intergenerational Equity	¥5,000,000
		Project on Declining Population and Japanese Economy	¥3,000,000
Supporting Grants of Operational Expenditures (Share of IER)			¥42,370,000
Total			¥197,641,000

FY 2007

21 st Century COE Program	
Research Unit for Statistical Analysis in Social Sciences (Hi-Stat)	¥98,000,000 / 1 project
Grants-in-Aid for Scientific Research	
Grant-in-Aid for Specially Promoted Research	¥76,500,000 / 1 project
Grants-in-Aid for Creative Scientific Research	¥67,600,000 / 1 project
Grant-in-Aid for Scientific Research (S)	¥17,000,000 / 1 project
Grant-in-Aid for Scientific Research (A)	¥72,900,000 / 7 projects
Grant-in-Aid for Scientific Research (B)	¥8,900,000 / 2 projects
Grant-in-Aid for Scientific Research (C)	¥2,300,000 / 2 projects
Grant-in-Aid for Young Scientists (A)	¥3,500,000 / 1 project
Grant-in-Aid for Young Scientists (B)	¥7,700,000 / 7 projects
Grant-in-Aid for JSPS Fellows	¥4,024,000 / 6 projects
Health and Labour Sciences Research Grants	¥16,354,000 / 3 projects
NEDO	¥1,100,000 / 1 project
CHORUS	¥2,000,000 / 1 project
Joint Research Projects/ Sponsored Research Projects	
	¥15,000,000 / 2 projects
Donations	
	¥6,000,000 / 6 projects
Total	¥398,878,000 / 42 projects

External Evaluation

	Publication of report:	Main areas of assessment:	Evaluation committee members:
1st	June 1997	(1) Research activities of the Institute overall and state of research in individual departments. (2) Budgeting directly related to research, and procedure of budget allocation.	Tsuneaki Sato (Professor Emeritus at Yokohama City University) Takafusa Nakamura (Professor Emeritus at University of Tokyo) Shozaburo Fujino (Professor Emeritus at Hitotsubashi University)
2nd	March 1999	(1) The coordination of the use of computer equipment between the research departments of the IER, the RCISSS, etc., and the administration. (2) Evaluation in terms of personnel and organization. (3) Evaluation in terms of facilities and infrastructures. (4) Evaluation of sufficiency of services and staff support. (5) Network and databases (including the publication of information).	Masaaki Shibuya (Takachiho University) Hiroshi Sadamichi (Kyoto University) Tomoyuki Tarumi (Okayama University) Yasumasa Baba (Institute of Statistical Mathematics)
3rd	March 2001	(1) Examination of research activities and output of the Institute overall and individual research departments. (2) Evaluation of contribution to national and international conferences and contribution to society. (3) Overall evaluation of the IER as a research institute affiliated with a national university.	Hiroyuki Okada (Professor Emeritus at Hosei University) Yoshiyasu Ono (Institute of Social and Economic Research) Yonosuke Hara (Institute of Oriental Culture) Akiyoshi Horiuchi (University of Tokyo)
4th	October 2003	(1) Examination of the operations of the RCISSS such as the compilation, management, and use of statistical information. (2) Examination of the activities of the academic staff of the RCISSS. (3) Overall evaluation of the RCISSS as an information center in terms of its contribution to academia and society.	Kazuhiro Igawa (Kobe University) Sadanori Nagayama (Japan Statistical Association) Konosuke Odaka (Hosei University) Yuzo Yamamoto (Kyoto University)
5th	September 2006	(1) Research system and research activities from an overall organizational perspective. (2) Research level and output of large-scale research projects and the Center for Economic Institutions. (3) The research support structure.	Kazuhiro Ikeo (Keio University) Masayuki Iwata (Tokyo International University) Makoto Ohta (Waseda University) Charles Yuji Horioka (Osaka University)

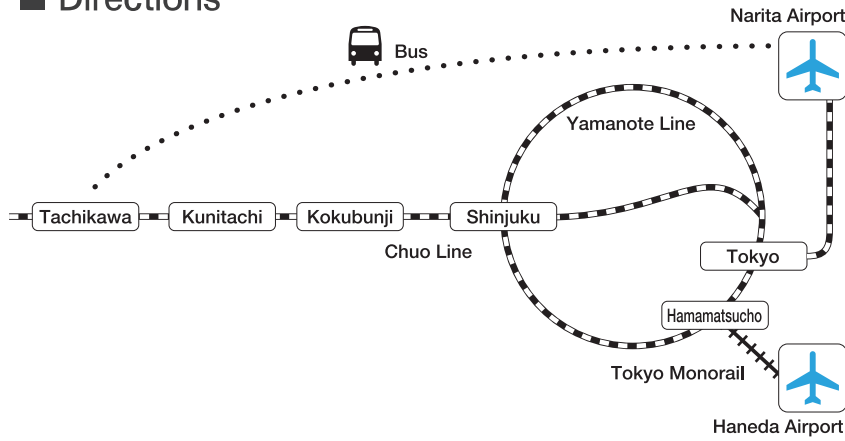
Graduate Training Activities

	FY 2007		FY 2006			FY 2005		
	Masters	Ph. D	Masters	Ph. D	Research Students	Masters	Ph. D	Research Students
1. No. of students whose main advisor for their doctoral thesis was a staff member of the IER	20	15	26	6		18	9	
2. No. of students whose main academic supervisor is an academic staff member of the IER	30	35	26	42	3	28	47	2
3. No. of students attending seminars offered by an academic staff member of the IER.	12	9	6	27	1	17	23	

As of 4 November, 2007

Access

Directions



● From Narita International Airport

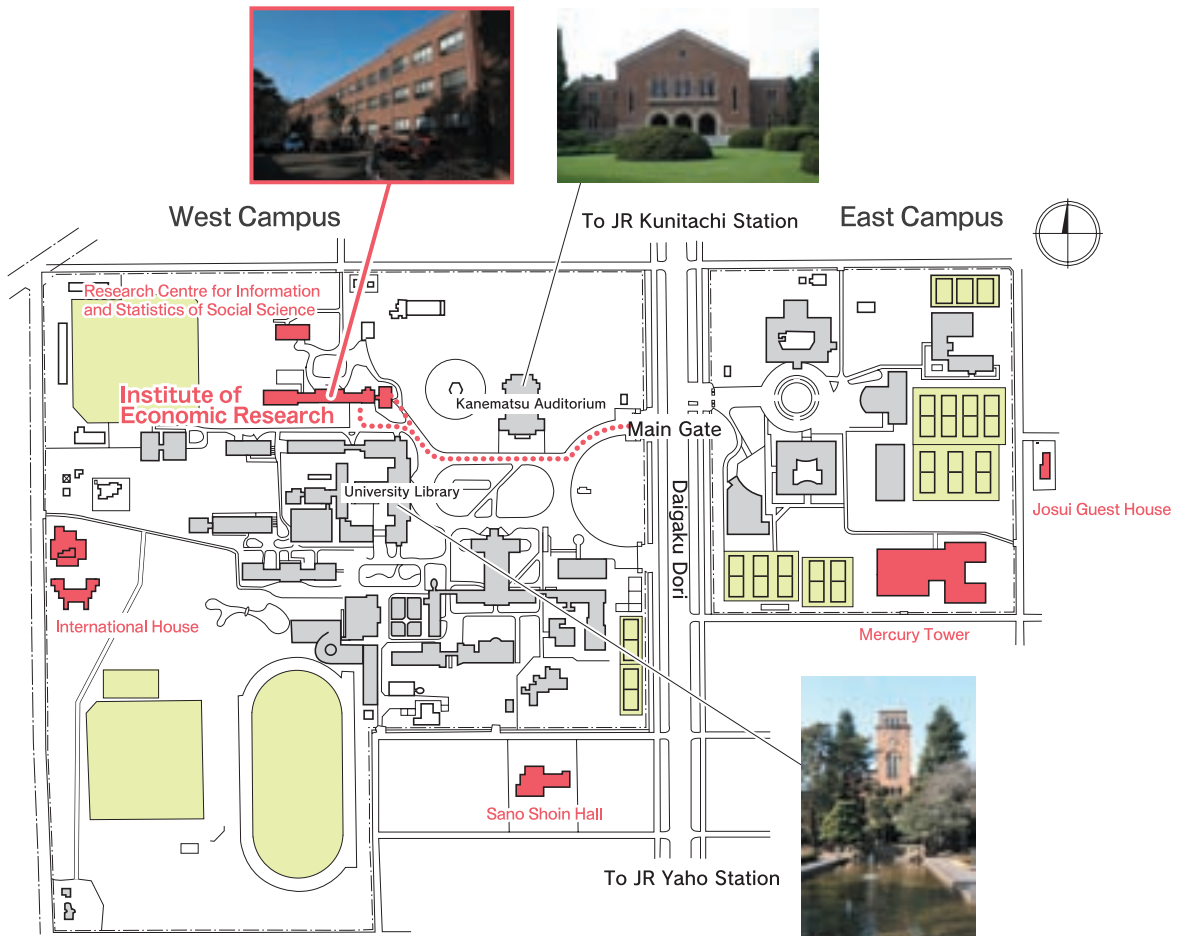
Take the Narita Express to Tokyo Station (approximately 60 minutes) or Shinjuku Station (approx. 80 minutes), then change to Chuo Line. Take the Chuo Line train to Kunitachi Station. Hitotsubashi University is approximately a 10-minute walk from the South Exit.

Alternatively, take the Airport Limousine bus from the airport to Tachikawa Station (approx. 170 minutes). Take the Chuo Line from Tachikawa Station to Kunitachi Station, it takes approximately 3 minutes.

● From Haneda Airport

Take the Monorail to Hamamatsucho Station (approx. 25 minutes), then change to Yamanote Line. Take the Yamanote Line train to Tokyo Station (approx. 6 minutes), then change to Chuo Line. Take the Chuo Line train to Kunitachi Station (approx. 60 minutes).

Campus Map



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