



RESEARCH



THEMES

Nine Research Clusters

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RIETI aims to stimulate policy dialogue and improve policy formulation. This is achieved by conducting policy research and making policy proposals that stress analysis of policies and institutions. Research is chiefly conducted on mid- to long-term issues concerning economic system reform, while one eye remains trained on matters requiring immediate solution. In recognition of the current economic and social climate, research has been divided among nine “clusters” to ensure that all policy research and policy proposals are objective and underpinned by sound theoretical and analytical frameworks. These clusters map out the research fields covered by RIETI, while actual research activities conducted under these clusters materialize in the form of research projects. In some cases, a research project straddles more than one research cluster.

* The titles of fellows are applicable in the fiscal year ended March 31, 2003



Left: "Corporate Governance from an International Perspective: Diversity or Convergence" (January 10, 2003)

Right: Fellow Gregory Jackson



1

Corporate Governance, Organization and Strategy

Amidst rapid changes in the business environment including the developments in IT and economic globalization, Japanese firms that had achieved enormous successes in the postwar era with "Japanese-style management" now find themselves in challenging times and are searching for new management models. Researchers in this cluster analyze the current environmental changes and attempt to identify future models for Japanese firms. With a view to building up a body of policymaking case studies, they also research past developments in Japanese industrial policy and industrial organization.

Research on Japanese Firms

The "Japanese Firms Project," led by **Faculty Fellow Hideshi Itoh** and other researchers since 1999, compiled and published its research results as *The Japanese Firm in Transition*, as part of the Economic Policy Analysis Series. The book aims to fill the gap in evaluation of Japanese firms between the 80s and 90s and to clarify the options that face Japanese firms through rigorous analyses conducted by researchers from diverse backgrounds including economics, management science and law. It also focuses on aspects of Japanese firms that have hitherto not been elucidated under descriptions of the ideal type of "Japanese firm," including capacity for strategic decision making, governance of group companies, the link between manufacturing capability and innovation, and the role of leadership.

Corporate Governance

Based on internationally comparable data including those regarding legal and political systems, **Fellow Gregory Jackson** conducted empirical analyses on the determining factors in types of corporate governance. Aiming to encourage discussion on corporate governance issues, he also launched the "Corporate Governance Japan" page on the RIETI web site, both in Japanese and English, which

offers up-to-date information on the state of Japanese firms and their corporate governance.

In January 2003, RIETI held a policy symposium on international trends in corporate governance, where leading researchers and policymakers from across the globe discussed current changes in corporate governance. It was agreed that the participants should press forward with the comparative institutional analysis of corporate governance across countries including East Asia, and strengthen international partnership for transdisciplinary exchange of opinion and information.

International Competitiveness

RIETI conducted a quantitative reexamination of the international competitiveness of Japanese Industries. The result of this project was serialized in Nikkei Shimbun's "Economics Classroom" as "Competitiveness Research" and later published as a book by **Senior Fellow Kazuyuki Motohashi** and **Consulting Fellow Haruhiko Ando**. They identify the reasons behind Japan's reduced international competitiveness in the 1990s as being the result of rigid systems for and management of organization as well as retarded efforts for the introduction of modularization, venture business, technology marketing and knowledge management.



Consulting Fellow Haruhiko Andoh

Publication	"The Japanese Firm in Transition" →p29
Symposium	"Corporate Governance from an International Perspective" →p21
Web site	"Corporate Governance Japan" http://www.rieti.go.jp/cgj/en/index.htm



Left: Faculty Fellow Ikujiro Nonaka
Right: Consulting Fellow Hirohiko Izumida



2

Regulation, Deregulation and Competitiveness

Based on the analysis of recent theoretical developments in regulation policy in Europe and North America and the progress of reforms in those regions, researchers in this cluster conducted theoretical and empirical studies on issues such as future models for regulatory structures and competition policies for the electric power market, telecommunications and other markets in Japan. They also conducted research useful for policy evaluation, developing models for quantitative analysis of the effects that various policy options have on social welfare.

Regulatory Reform of Telecommunications Market

Senior Fellow Nobuo Ikeda compiled his research results along with those by other researchers, which were presented at a policy symposium in 2001, and published them as *Designing Institutions in the Broadband Era*, as part of the Economic Policy Review Series. The book analyzes how emergence of the Internet necessitates the shift in the structure of the telecommunications industry from vertical integration to lateral disintegration, and proposes a need for a policy response to this new industrial architecture. Ikeda also conducted a field survey on the current use of spectrum in Japan and found that a substantial portion has still been used inefficiently with old technologies due to the discretionary allocation by the government, although a lack of sufficient room is being felt as mobile phones continue to diffuse. The detailed results of this survey can be found on the “IT@RIETI” page at the RIETI web site.

Public Service in the IT Era

The “e-Japan project” of the government aimed to “realize an electronic government in 2003.” In February 2003, RIETI held a policy symposium titled “Electronic Government for Whom?” to discuss issues such as the purpose for the digitization of public administration and how to make it meaningful to people. Heads in active service, consultants and policymakers were invited to exchange opinions on such issues as privacy in a network society and appropriate procurement systems for information technology.

The “Knowledge Management Using IT” project, led by **Faculty Fellow Ikujiro Nonaka** and **Consulting Fellow Hirohiko Izumida**, published its research results as *Toward the Theory of Knowledge-based Country: A New Paradigm of the Policy Process*. The book presents an emerging paradigm for the policy formulation process and the role of government in the new century based on the premise that theory and method of knowledge management can be applied to the solution of nationwide problems.



Left: Senior Fellow Nobuo Ikeda
Right: “Electric Government for Whom?”
(February 5, 2003)





BBL Seminar
 “Intellectual Property Rights of Software and Open Source”
 (October 25, 2002)

Deregulation of Electricity Market

Governments in most countries admitted regional monopoly of electric power companies while regulating their pricing, because the electricity industry was long supposed to have economies of scale, however, this premise is changing. “The Electric Power Study Group,” led by **Faculty Fellow Tatsuo Hatta**, conducted research on the state-of-the-art theory and policy of regulation in advanced countries from the viewpoint that a less expensive supply of electricity by means of liberalization is necessary to strengthen the international competitiveness of Japanese industries. The research results of this project are scheduled for publication in fiscal year 2004.

Quantitative Method of Policy Evaluation

Fellow Kazunari Kaino is developing a multisectoral general equilibrium model that enables quantitative evaluation of the effects of policy options. This model is supposed to be useful not only for policy planners to evaluate new policies ex ante, but also for the ex post evaluation and/or analysis of policies already in operation. The research results of this project are planned for publication as part of the Economic Policy Analysis Series.

Publications	“Designing Institutions in the Broadband Era” → p28
	“Toward the Theory of Knowledge-based Country” → p28
Symposium	“Electric Government for Whom ?” → p20



BBL Seminar
 “Intellectual Property Rights of Software and Open Source”
 (October 25, 2002)

Left: Senior Fellow Toshihiro Kodama
 Right: “Changes in the Corporate Management Environment and Safety Nets” (November 19, 2002)



3

Employment and Safety Nets

Amidst a major transformation in conventional Japanese-style corporate governance, and diversification of social values and working styles, traditional rigid employment systems are being modified to provide more flexibility and openness. As technological innovation accelerates, employment mismatching is also becoming an issue. In view of these circumstances, theoretical and empirical research was conducted on issues such as what labor market systems and structures are required, what labor laws and structures are needed and what kind of safety net should be provided in reforming the health and social security systems.

Safety Net System

The Japanese economy is now facing rapid aging of the population amid extremely low birthrates, while the business environment is changing in response to the international situation. These factors have considerable implications for the traditional employment system. Since 2001, **Faculty Fellow Toshiaki Tachibanaki** and **Visiting Fellow Yoshihiro Kaneko** have led the “Safety Net Study Group” to conduct research on the emerging diversification of employment patterns and appropriate systems for safety nets concerning life security after retirement, in line with the aforementioned environmental change. In November 2002, together with **Fellow Koichiro Akaishi**, they held a policy symposium titled “Changes in the Corporate Management Environment and Safety Nets.” Taking account of the comments expressed at this symposium, the research results of this project were published as *Institutional Reforms for Enterprise-based Welfare Provisions* as part of the Economic Policy Analysis Series in September 2003.

Research on Labor Mobility

Senior Fellow Toshihiro Kodama, along with **Faculty Fellows Yoshio Higuchi** and **Masahiro Abe**, analyzed current trends in job creation and unemployment as well as the relationship between methods for job-hunting and successfully changing jobs. This study was

conducted with the understanding that smooth transfer of labor from stagnant sectors to growth sectors is essential for the structural reform that faces Japan today. The research results of this study will be publicized in fiscal 2003. Kodama’s case study of coal mine closures conducted in fiscal 2001, which has considerable implications for the possibility of changing jobs across different sectors and occupations, continues to be cited by policymakers such as the Information Economy Subcommittee of the Industrial Structure Council.

Designing Balanced Scorecard for Health Care Industry

Faculty Fellow Koichi Kawabuchi conducted research on the design of a balanced scorecard for the health care industry and proposes that hospitals use it to enhance their managerial efficiency. Together with indices for financial status and customer satisfaction, it can also be used for ranking medical institutions. He held a workshop on “Research Toward Developing Balanced Scorecard for Health Care Industry” at RIETI, which attracted more than one hundred health care professionals.

Publication	“Institutional Reforms for Enterprise-based Welfare Provisions” →p29
Symposium	“Changes in the Corporate Management Environment and Safety Nets” →p22



Left: Faculty Fellow Toshiaki Tachibanaki
 Right: Visiting Fellow Yoshihiro Kaneko



Left: “How to Evaluate a University and What For?: Seeking a model for University Evaluations—The European Experiment—” (March 22, 2003)
 Right: Fellow Schumpeter Tamada



4

Innovation and University-Industry Cooperation

A feature of today’s business environment is that as technological innovation is increasing in speed, possessing the organizational capacity to create innovative products is becoming more important than ever. Researchers in this cluster conducted theoretical and empirical studies on issues including the elucidation of creative R&D mechanisms, technology propagation methods, organic industry-academia-government cooperation, human resources development aimed at producing groundbreaking innovators, and systems and structures for creating a competitive and flexible R&D environment.

University-industry Cooperation

The results from the policy symposium held in December 2001 were published by **Faculty Fellow Yuko Harayama** as *Industry-Academia Cooperation: Toward Institutional Design to Cultivate Innovative Power* as part of the Economic Policy Review Series in April 2003. Also, a Policy Symposium entitled “How to Evaluate a University and What For?: Seeking a Model for University Evaluations—The European Experiment—” was held in February 2003. After hearing a presentation on the university evaluation program undertaken by the European University Association, panelist—including representatives from the Ministry of Education, Culture, Sports, Science and Technology as well as from the National Institute for Academic Degrees—exchanged views on the creation of Japan’s university evaluation system.

Regional Clusters

Senior Fellow Toshihiro Kodama conducted research on the development of university-industry cooperation and regional clusters in the Technology Advanced Metropolitan Area (TAMA) located in the western part of the greater Tokyo metropolitan area, focusing on the intermediary function played by TAMA Industrial Activation Association Inc., an entity promoting university-industry cooperation in the region. His discussion paper entitled “University-industry

Cooperation and Intercorporate Collaboration in TAMA,” a product of his research, was announced to the press.

STI Network and Creation of New Industries

Fellow Schumpeter Tamada and other researchers developed a database containing an enormous volume of patent information, with the aim of looking into ways to best utilize the nation’s industrial and technological capacity. In promoting university-industry cooperation, they are calling for the concentration of resources in areas where science and technologies are closely linked with one another, for instance, in the fields of biotechnology and nanotechnology.

Fellow Ichiro Nakayama raised questions regarding the widespread perception that the pro-patent policy of the U.S. government contributed to the improvement of the competitiveness of U.S. industries. Noting that empirical studies have not found a clear relationship between the adoption of such a policy and the industrial competitiveness in the United States, he holds that the positive effect of pro-patent policy on competitiveness should not be taken for granted when discussing institutional reform in Japan. The results of his research were published as a discussion paper.

Publication	“Industry-Academia Cooperation” →p28
Symposia	“How to Evaluate a University and What For?” →p20 “System Design of University-Industry Cooperation” http://www.rieti.go.jp/en/events/01121101/doc.html



Faculty Fellow Yuko Harayama



Left: Faculty Fellow Akira Kotera
Right: Senior Fellow Ichiro Araki



5

International Economic Relations

Today's economic globalization entails many complex facets that go beyond merely developing closer links between countries through trade and investment. Furthermore, changes are occurring in the international economic status of various countries, as illustrated by the rise of China. Researchers in this cluster conduct multifaceted and interdisciplinary studies into the new international politico-economic regimes demanded by this environment, from the perspectives of law, economics and politics. At the same time, they research the international politico-economic strategies Japan requires to achieve sustainable economic growth in the context of a global economy.

WTO in Transition

Faculty Fellow Akira Kotera, who had been organizing an internal workshop called the “Study Group on Trade Laws in the New Era” since 2000, compiled and published the output of the workshops as *WTO at the Crossroads—An Analysis of Non-Trade Issue Linkage*, as part of the Economic Policy Analysis Series. The book cut into the question of how to handle “non-trade concerts” (NTCS), such as labor, culture, environment, intellectual property rights and domestic rules and laws on economy, analyzing the issue not only from viewpoint of jurisprudence but also from those specialized in political science and economics. **Senior Fellow Ichiro Araki** provided analysis based on his own experience as practitioner, thus enabling this book to offer multiple viewpoints with which to see the WTO regime.

Diversification of Free Trade Agreements (FTAs)

There has been a significant growth in the number of regional trade agreements in recent years. Against the proliferation of such regional schemes, complementing the multilateral free trade framework centering on WTO, **Fellow Nozomi Sagara** conducted research on the rules of regional trade agreements, focusing on anti-dumping measures, countervailing duties as a means to alleviate the negative im-

pact of foreign government subsidization, and safeguard measures. While clarifying the current state of regional FTAs, she comprehensively examined the debates at the WTO's Committee on Regional Trade Agreements (CRTA) and the points of argument in the relevant trade disputes.

Economic Cooperation

Senior Fellow Naoko Munakata moved the base of her research activities in the United States to the George Washington University's Sigur Center for Asian Studies. In fiscal 2002, she focused on the problem of poverty stemming from the intensification of international terrorism, making recommendations as to what steps Japan should take in the light of the international debate on development issues. She also noted that Japan, when promoting economic integration with developing countries, needed to give due consideration to ensuring consistency with the development strategies of these countries.

Publication “WTO at the Crossroads—An Analysis of Non-Trade Issue Linkages” → p29



Left: Fellow Nozomi Sagara
Right: BBL Seminar “Shock therapy: How closer US-Japan ties can help the Japanese economy” (September 25, 2002)



Left: “ANEPR” (April 22-23, 2002)
Right: Senior Fellow C.H. Kwan



6

Asian Economies and Regional Integration

Amid the rise of China and other such changes in relative international superiority, one of Japan’s important policy concerns is how to structure and build relationships with other Asian countries. In finding these answers, this research cluster focuses on economic trends and economic relationships within Asia, and the effect that security issues have on such matters. Dialogue and cooperation among Asian nations is essential for the formation of a new order to cope with the increasing movement of human, information and natural resources, and to this end we strive in shaping a network of researchers and administrative officers throughout Asia.

Research into the Chinese Economy

Senior Fellow C.H. Kwan, through his “China in Transition” column on the RIETI web site, endeavors in showing that the concept of the “Chinese economic threat” which has formed amid the Japanese economy’s already prolonged recession, is an emotional and unanalytical view. The essence of his opinions was published as *A Re-introduction to the Chinese Economy*, part of the RIETI Economic Policy Review Series. In this book, he concludes that the economies of Japan and China are in a complementary relationship and that correct apprehension of the fact that China’s progress is of benefit to Japan will contribute to cultivation of Japan-China relations. “China in Transition” is published in English, Japanese and Chinese to high acclaim by readers at home and abroad and Dr. Kwan’s recent proposals for resolving the yuan appreciation problem have been widely influential.

Faculty Fellow Jianjun Meng is engaged in empirical research on interregional migration by taking a national census. He analyzes large-scale population inflow from the country to the city in the three great economic blocs—Kanto, Shanghai and Beijing/Tianjin—as the driving force behind China’s high economic growth rate.

Japan-China Industry Exchange

Senior Fellow Toshiya Tsugami describes the theory of the “Chinese economic threat” as flight from reality, a state of seeing only what you want to see and ignoring the rest. With this in mind, he organized the “Japan-China Economic Conference” which is co-sponsored by the Ministry of Economy, Trade and Industry and the Japan External Trade Organization. Based on time spent in Beijing and practical experience as an administrative officer, he emphasizes that it is critical to realize a win-win relationship between Japan and China resulting in mutual economic gain by stimulating the flow of human resources and money in the private sector. The November 2002 conference was held in Osaka and attended by approximately 690 people (out of which 100 were Chinese) including private entrepreneurs, administrative officers and scholars from both China and Japan.

Publication	“A Re-introduction to the Chinese Economy” →p28
Symposia	“Asian Security Environment after the 9.11 Terrorism” → p21 ANEPR “Asian Economic Integration? Current Status and Future Prospects” →p23



Left: Faculty Fellow Yoshihide Soeya
Right: Faculty Fellow Jianjun Meng

Northeast Asian Security

Faculty Fellow Yoshihide Soeya hosted the Policy Symposium “Asian Security Environment after the 9.11 Terrorism.” In this policy symposium, five experts on Asian security presented their views on recent security developments from the perspective of their respective regions and/or sub-regions (i.e. Northeast Asia, Central Asia, the South Pacific, South Asia, and Southeast Asia). They stated that each region has, with its own momentum, come to show new developments under the influence of renewed U.S. participation in regional security. While it was acknowledged that the re-involvement of the United States would play a decisively important role in security, the fact of whether or not it would continue to do so in the long run still remained to be seen.

The fact was also acknowledged that independent dynamism within the region is unstable, as was the view that the future policy developments of China and Russia are uncertain. Nevertheless, lively debate took place on a broad range of topics from points of U.S.-China conflict in Southeast Asia to the possibility of security cooperation. Approximately 100 people participated, including many who hold influence over the Japanese policymaking process.

Asian Network of Economic Policy Research (ANEPR)

RIETI holds an international symposium, dating back to the days when the institute was part of the former Ministry of International Trade and Industry, which is based on a network of economic policy researchers from Japan, China, Korea and other Asian countries, including regional specialists from outside Asia, called Asian Network of Economic Policy Research (ANEPR). In April 2002, Professor Joseph Stiglitz from Columbia University and Mr. Qingtai Chen from the Development Research Center of the State Council of PRC were invited to the “Asian Economic Integration—Current Status and Future Prospects” symposium. Discussion spanning two days took place on the current state of communications networks and economic integration in Asia, along with outlook for the future from a politico-economic stance and a European perspective. The next ANEPR conference will take place in January, 2004.



Left: Senior Fellow Toshiya Tsugami
Right: “Asian Security Environment after the 9.11 Terrorism”
(December 18, 2002)





Left: “Business Support Libraries Getting into Motion”
(September 23, 2002)
Right: Senior Fellow Ichiro Hirose



7 Political Economy and Public Policy Process

Past economic theories have neglected the fact that a government organization is a place where manifold interests meet. But without analysis of the assorted interests involved in the policymaking process, it is impossible to realize effective and feasible institutional reform. In this research cluster, analysis of political and economic interrelations is performed along with theoretical and empirical research into the strategic approaches needed for institutional reform and the role of the civilian sector, in particular NPOs and NGOs.

Politico-economic System

Faculty Fellow Michio Muramatsu published the results of RIETI’s “Local Governance New Public Management Reform” seminars in *Local Governance Reform in An Era of Change* as part of the RIETI Economic Policy Analysis Series. Out of the stream of reforms that took place during the 1990s, taking three governance reforms as an axis—decentralization, new public management and civilian governance—he analyzes, with several experts, how reforms propagated further reforms and what initiated others.

Senior Fellow Ichiro Hirose conducted surveys on the local governments that had hosted football matches during the 2002 FIFA World Cup and interviewed the prefectural governors in charge. The results were published on the RIETI website under the title “Ex Post Evaluation of 2002 FIFA World Cup Korea/Japan.”

The late **Consulting Fellow Tetsuro Toya** published *The Political Economy of the Japanese Financial Big Bang: Institutional Change in Finance and Public Policy Making* as part of the RIETI Economic Policy Analysis Series. By apprehending with a broad perspective the consequences of the financial “big bang” that occurred during the financial and politico-economic climate of Japan in the 1990s, he constructs a new framework to explain the significance of what the big bang was and the environment that caused it. By taking up institutional change as its opening analysis, this work has attracted public attention and been reprinted several times.

Senior Fellow Yoshinori Yokoyama launched the “Social System Design Workshop” which aims to establish a clear vision for the future of Japan founded on the basic philosophy that the improve-

ment of labor and capital productivity together with a new social system design are vital for the reconstruction of Japan.

Civil Society and NPO/NGO Activities

Fellow Motoko Mekata focuses on NGO networks and civil society—their supporting base—and how they transgress national borders to cooperate in acting as a transnational civil society for building global standards in fields such as disarmament, human rights and environmental conservation. Her analysis of this current condition is reported in the book *Transnational Civil Society* as part of the RIETI Economic Policy Analysis Series.

Fellow Akiko Sugaya is conducting research on the role of libraries in civilian empowerment. In September 2002, RIETI held a policy symposium entitled “Business Support Libraries Getting into Motion.” There was a tremendous turnout and participants from libraries all throughout Japan expressed views on public libraries as new strategic bases for promoting businesses and supporting small- and medium-sized enterprises.

Consulting Fellow Akihiro Sawa, along with fellow researchers Dr. Mekata and Ms. Sugaya, launched a research group focusing on the civil sector in its role of taking control of the public sector, and held workshops with experts involved in NPO/NGO activities. The fruits of this research were published as *Civil Mind Civil Power? NPO/NGOs as the lead actor in the public sector* in RIETI’s Economic Policy Review Series (May 2003), and by alluding to specific cases it shows how the “civil sector” in Japan is related to the “public sector,” and given this fact, how the frame of the state can be changed.



Left: Fellow Motoko Mekata
Middle: Fellow Akiko Sugaya
Right: Senior Fellow Yoshinori Yokoyama

Left: Fellow Mieko Nakabayashi
Middle: Fellow Iichiro Uesugi
Right: Fellow Keiichiro Kobayashi



8

Macroeconomic Policy and Performance

Japan has now reached the point where it must reconfigure traditional relations between its government and citizens into a new, more productive relationship. For example, the harmful effects of an administrative and fiscal system that adopts a “bureau-pluralistic” approach to coordinating the interests of various industry groups are becoming increasingly evident. There is also a need to review the roles of fiscal and financial policy to change the administration’s relationship with industries and regions whose very existence depends on government support in the form of public works. Researchers in this cluster conducted theoretical and empirical analyses on these issues.

Macroeconomic Policy

Senior Fellow Kotaro Tsuru actively addressed current policy issues such as financial system reform and industrial revitalization and expounded his views, based on the relevant economic theories, on the web site; in particular, through his “Economic Review” column. His arguments struck a chord among those in the nation’s legislative center, and he was summoned as a witness before the Research Committee on National Life and Economy of the House of Councilors.

Japan is not alone in having gone through a banking crisis.

Fellow Keiichiro Kobayashi examined a series of case studies and empirical studies undertaken by international institutions—the World Bank, the International Monetary Fund, amongst others - on this phenomenon as it had occurred in many countries. Based on the findings of this research, he derived lessons for Japan in terms of policy prescription and compiled them into a discussion paper. He actively presented his views and policy ideas through the media, calling for the introduction of stricter criteria for asset assessment to truly solve the problem of nonperforming loans, which he says is indispensable for reconstructing the Japanese economy.

Fellow Iichiro Uesugi, in his proposal published on the RIETI web site, called for a policy accord between the fiscal authorities and the monetary authorities to make concerted efforts to end deflation. Also, in fiscal 2003, he plans to launch a new project by setting up the “Study Group on Corporate Social Responsibility and New Financial Flows.”

Budget Formulation Process in the United States

Fellow Mieko Nakabayashi conducted research on various problems in Japan’s fiscal system by assimilating her experience as a staff member of the U.S. Senate Budget Committee. She pointed to the need for Japan to change its budget process, noting that Japan’s fiscal reform tended to focus solely on the setting of numerical targets whereas the United States had been implementing various reforms on the budgetary process through trial and error. In December 2002, she served as a moderator at a roundtable workshop on “Japan-U.S. Relations and Budget Formulation,” jointly organized by RIETI and the Reischauer Center of Johns Hopkins University. The workshop took up familiar bilateral issues such as security, diplomacy and trade from a budgetary perspective.

Fiscal Reform

Fiscal reform is one of the most urgent issues that need to be addressed in Japan’s structural reform initiatives. Based on this recognition, RIETI launched a “Fiscal Reform Project” led by **President Masahiko Aoki**. The project, joined by members from various research clusters or fields in a cross-cutting fashion, organized a series of workshops to deepen discussion. The results of this project are to be presented in the form of a symposium and publications.



Senior Fellow Kotaro Tsuru



9

Quantitative Analysis and Databases

Researchers in this cluster carry out quantitative empirical analysis using original databases (based on corporate data, etc), and conduct simulations of policy effects employing general equilibrium models to feed objective, high added-value analysis into the policymaking process. In conducting their research activities, they constantly seek to produce data in forms that can be taken up and employed by the public at large. For example, in cases where time-series data used in government systems has become inconsistent, they create original RIETI databases to restore consistency.

International Comparison of the Productivity among Asian Countries (ICPA)

For the purpose of comparing the growth factors of East Asian countries and precisely measuring the international competitiveness of Japanese manufacturers, a group of researchers led by **Senior Fellow Kazuyuki Motohashi** have been developing a database containing resources derived from input-output tables, as well as those concerning capital stock, labor and so forth, utilizing a network of researchers including those from the United States, China, South Korea and Taiwan. In fiscal 2002, an international workshop was organized whereby researchers exchanged views and discussed ways to make necessary data adjustments for consistency and comparability. As an occasion to present the interim results of this project, RIETI and Keio University jointly held a symposium in fiscal 2003, inviting Professor Dale W. Jorgenson of Harvard University and many others.



Faculty Fellow Kazushige Shimpo

Survey on University-industry Cooperation Concerning Innovation Systems in Japan

Amidst concerns over Japan's decline in international competitiveness, scientific knowledge and expertise accumulated in universities and other academic institutions are of increasing importance for the innovation of Japanese companies. The details of the survey results are available on the RIETI web site. In fiscal 2002, RIETI conducted a survey on Japanese companies' collaborations with external organizations in research and development, especially those between private-sector companies and universities. The survey revealed the current state of university-industry cooperation, as seen from the viewpoint of Japanese companies, of which roughly 70% are engaged in collaborations with external organizations and 40% with universities.

Designing and Development of a Database for Analyzing Industrial Structure

In an attempt to solve the problem that government statistics, as they stand today, lack sufficient time-series continuity, a team led by **Faculty Fellow Kazushige Shimpo** developed a database that can facilitate extensive analysis on industrial structure, using the input-output tables as a basic foundation with other government statistics—such as a census of manufacturers and a basic survey of Japanese business structure and activities—incorporated in a consistent manner. It is intended that the database be utilized for various policy simulations to develop new economic models.