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# Establishing a Public Policy School in Japan: An Economist's Perspective

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# Economics in Public Policy

- Increasing importance and sophistication of economic analysis in public policy making
- Larry Summer's Invited Lecture at AEA
  - Economic concepts (“superlative price indices”, “multiple equilibrium”, etc.) discussed with the President
  - Increasing number and quality of career government economists
  - Serious economic analysis in wider policy areas (labor, environment, etc.)
- Increasing needs in Japan
  - Introduction of policy evaluation
    - Cost-Benefit Analysis of a Public Investment Project introduced since 1997
    - Public policy evaluation institutionalized in 2001
  - Needs for sophisticated market design
    - Restructuring the electric power market, etc.
  - Inadequate supply of good economists
    - Very few career government economists
      - Close to nothing in microeconomics areas (e.g., No Ph.D. economist in JFTC)
    - Theory oriented university economists

# Institutional Backgrounds in Japan

- Practical training inside an organization
    - Universities are not expected to offer training that is directly useful for a job
    - Costly in-service training institutes and OJT
    - Sending employees to professional schools overseas for English skills and personal contacts (but not for useful skills)
  - No hiring of Ph.D. economists by the government
    - Few in the government have enough knowledge of economics to use them
    - In the U.S., a shift from MPP's to Ph.D. economists in the area of economic analysis?
  - Small and theory oriented Ph.D. programs
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# Economic Policy Division of the Public Policy School

- Emphasis on areas that require full time education
    - Less emphasis on management and leadership training where in-service training institutes have comparative advantage
  - Case-based education of analytic skills
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# Curriculum Structure

