

# RIETI Special BBL Seminar Handout

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# JAPAN'S NEW GROWTH STRATEGY AND THE WORLD ECONOMY

by  
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Research Institute of Economy, Trade & Industry, IAA

# **JAPAN'S NEW GROWTH STRATEGY AND THE WORLD ECONOMY**

Reconstruction to Overcome the Great East Japan  
Earthquake and Nuclear Power Plant Accident

Economic and Fiscal Management: Overcoming  
Deflation and Depreciation of the Yen

Strategy for the Rebirth of Japan to Deal with  
Emerging Challenges from Rapid Aging and  
Constraints on Energy

# **ECONOMIC AND FISCAL MANAGEMENT**

Overcoming Deflation  
and Depreciation of the Yen

Nominal Growth Target, 2010-2020:  
Three Percent per Year

Real Growth Target, 2010-2020:  
Two Percent per Year

# REFORM PROPOSALS FROM THE IMF

Raise Labor Force Participation Rates of  
Women and the Aged

Reform Labor Market Contracts

Raise the Level of Immigration

Open Protected Sectors and Ease Regulation

# **POLICY PACKAGES FOR THE REBIRTH OF JAPAN**

Energy and the Environment (GREEN)

Health and Life Sciences (LIFE)

Agriculture, Forestry, and Fisheries  
(AGRICULTURE)

Small and Medium-Sized Enterprises (SME's)

# **GROWTH POTENTIAL FROM THE PROTECTED SECTORS**

Industry Sources of Economic Growth in  
Japan and the U.S.

The Japan-U.S. Productivity Gap

Industry Sources of the Productivity Gap

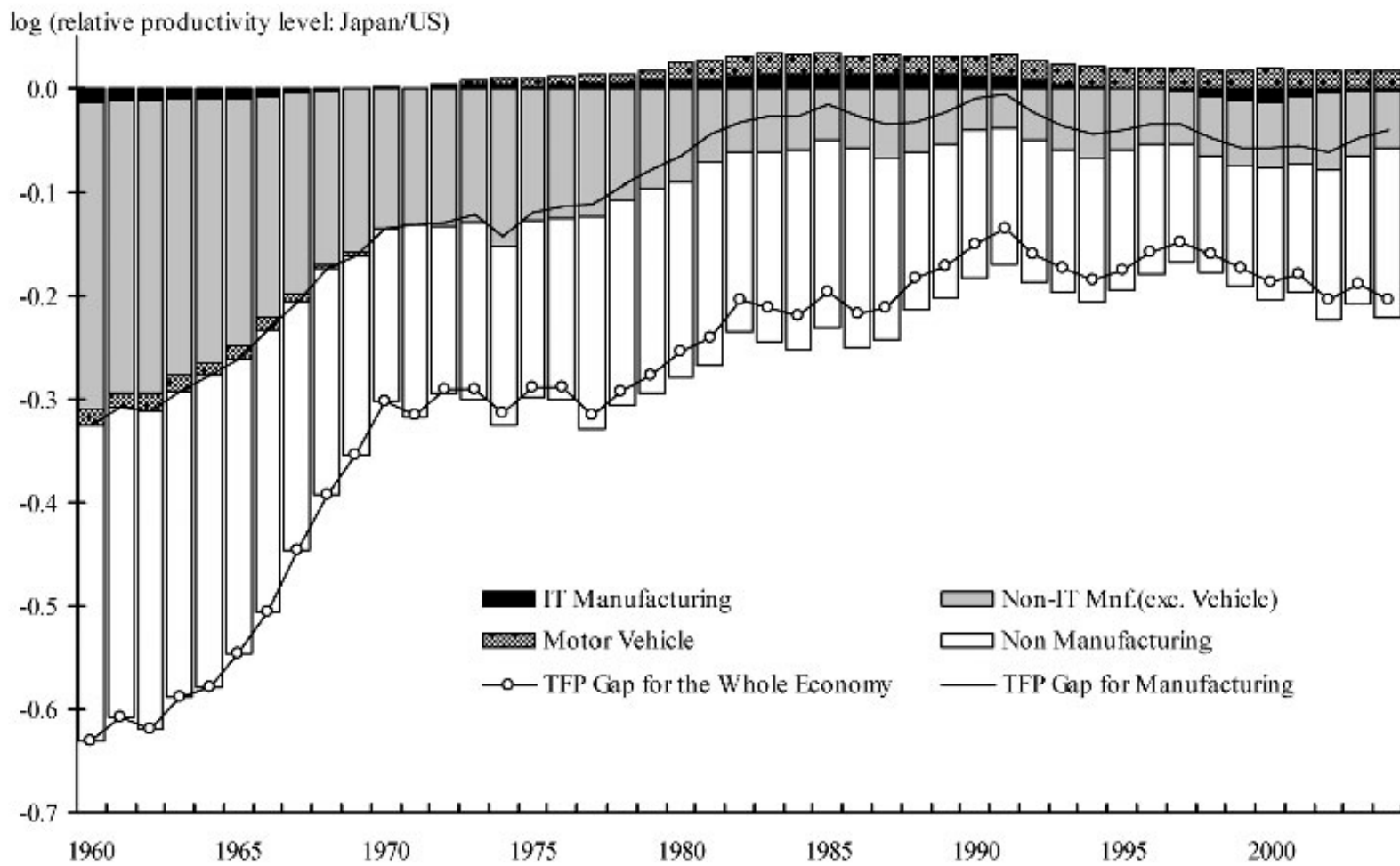
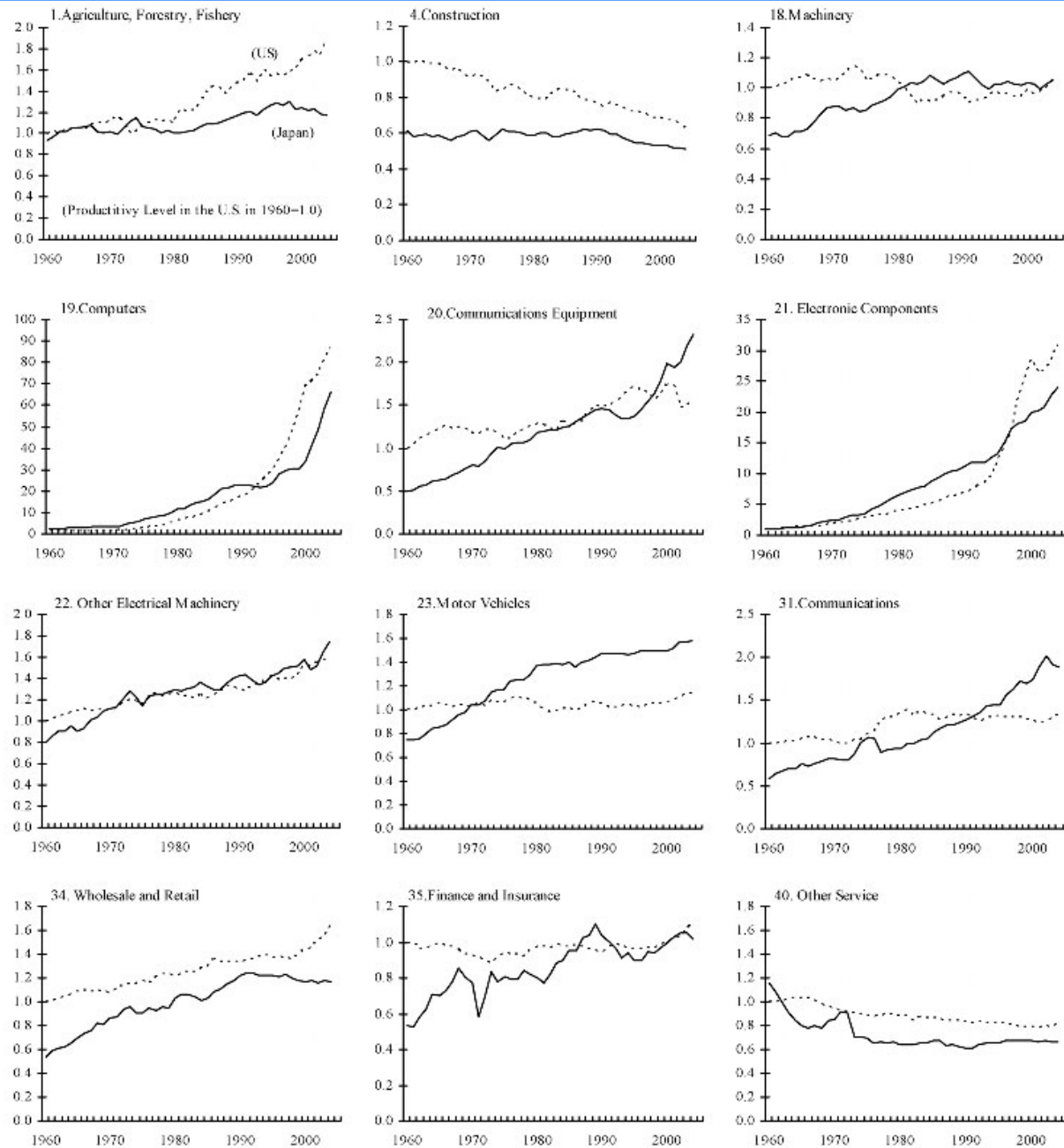


Figure 6. TFP Gap in manufacturing and non-manufacturing during 1960–2004

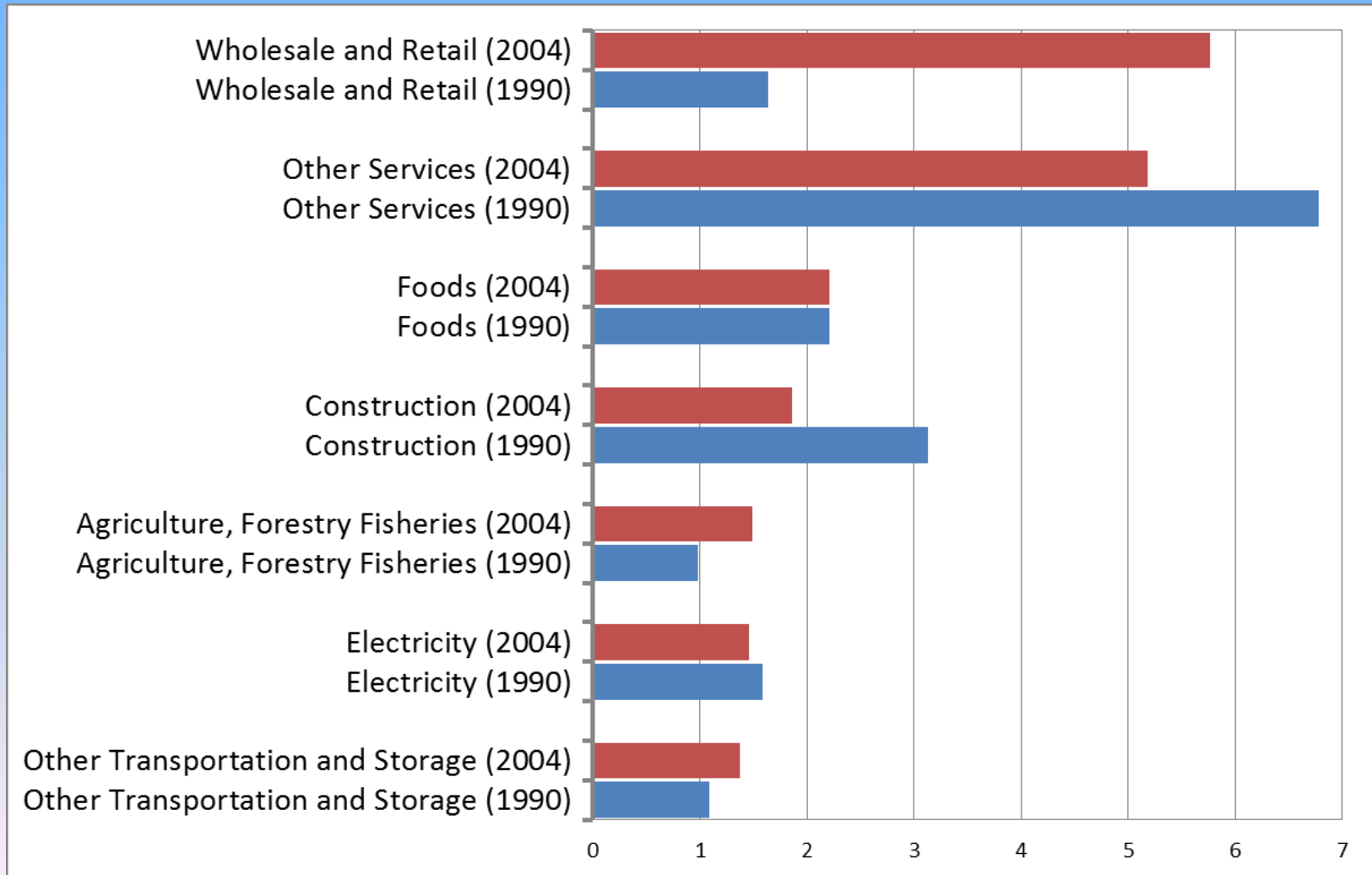




**Figure 9.** TFP level comparison in selected industries during 1960–2004

# SEVEN LAGGING INDUSTRIES AND THE JAPAN-U.S. PRODUCTIVITY GAP:

Industry Contributions to the Productivity Gap  
in 2004 (21.5) versus 1990 (13.9)





## **DOES EUROPE HAVE A SIMILAR PROBLEM?**

“The services sectors are crucially important for our economies. They account for 70% of GDP, they are the most important source of foreign direct investment, and they are the only sector of net job creation in the EU. Nevertheless, services markets remain strongly fragmented with only 20% of the services provided in the EU having a cross-border dimension. As a result, the productivity gap between the US and the Euro area remains much wider than acceptable (about 30%).”

**Mario Monti, A NEW STRATEGY FOR THE SINGLE MARKET, 2010**

# **FINAL APPRAISAL OF THE NEW GROWTH STRATEGY**

Economic and Fiscal Management to  
Overcome Deflation

Dealing with Demographic Decline

Policy Packages for Stimulating Growth

Raising Japan's Potential Growth Rate

