
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

