

CONFERENCE DE LA FONDATION FRANCE-JAPON DE L'EHESS

Abenomics and Modern Macroeconomics

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13th February, 2014 (16h30-17h30),
Banque de France (31 rue Croix des Petits Champs, 75049 Paris,
Auditorium, Room No. 5)
Free entry but mandatory registration at: 1374-UT@banque-france.fr

□ SUMMARY

Japan has suffered from deflation for fifteen years. Many economists regard deflation as a threat to the macroeconomy. Some even argue that the major cause of long stagnation of the Japanese economy is deflation, and that it is, in turn, caused by insufficient supply of money for which the Bank of Japan is responsible. They argue that even if the interest rate is zero, quantitative easing if it is done boldly enough, can overcome deflation by way of generating inflationary expectations.

I take issue with this standard view. Inflationary expectations cannot be simply generated by quantitative easing. I explain that the problem actually pertains to modern micro-founded macroeconomics. I argue that Japan's deflation is closely related to wage determination which had fundamentally changed during the 1990's. I also stress the importance of innovations.

PRESENTATION OF THE SPEAKER



Hiroshi Yoshikawa is professor of Economics at the University of Tokyo. During his career, he held different prestigious positions, he was a member of the Council on the Tax and the Social Security Reform for the Cabinet Office, Chairman of the Council on Fiscal Policy (MoF) as well as a member of the Council on Economic and Fiscal Policy (Cabinet Office). He published many articles and books, among many «Japan's Lost Decade, Revised and Expanded Edition», I-House Press, 2008 ; «Reconstructing Macroeconomics: A Perspective from Statistical Physics and Combinatorial Stochastic Processes », Cambridge University Press, 2007 (with Masanao Aoki).

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