

## **Economic Policy Challenges in the US and Japan**

Japan Economic Foundation (JEF) – Asia Pacific Research Center (APARC) Forum

Bechtel Conference Center, Encina Hall, Stanford University, June 2, 2017

Abenomics in Japan has entered its fifth year. Although it has not succeeded in getting Japan completely out of the stagnation of two decades, it seems to have stopped deflation (for now), closed the output gap, and started several structural reforms to restore the economic growth. In the U.S., the recovery from the global financial crisis of 2007-2009 has been painfully slow, although compared to many European countries, the U.S. economy has been doing much better. The gap between the rich and the poor, which was already a serious problem before the crisis, did not close and if anything grew wider after the crisis. Many blame globalization as the culprit for job losses, decline of middle-income class, and enhanced income inequality in the U.S., and there are signs of increasing domestic orientation in various aspects of the U.S. policy making. In the Presidential Election of 2016, the U.S. voters wished a change and elected Donald Trump. President Trump plans to restore the economic growth in the U.S. through new economic policy initiatives including economic deregulation, infrastructure investment, tougher trade negotiations with trade partners, tax policy to discourage imports and the US direct investment abroad, and policies to protect incumbent US companies and existing jobs for US citizens.

This US-Japan dialogue organized jointly by the Japan Economic Foundation (JEF) and the Japan Program of Asia Pacific Research Center at Stanford University examines important economic policy challenges that the US and Japan face. By the time of the dialogue, Donald Trump will have been the President for more than 150 days, and we will have a better idea about the economic policies of the Trump administration. Will those raise the US growth rate successfully? Will Abenomics eventually work? Or is it already dead as some critics claim? How much will the anti-globalization sentiment (continue to) influence the economic policies of advanced countries and how should the US and Japan respond? These are the questions that we will be asking in the dialogue.

The dialogue will take place at the center of Silicon Valley, which seems to lead the world economy by rapid pace of technological innovations. How much will these (and future) new technology help growth of the advanced economies? Are we witnessing the new industrial revolution that is comparable to the one that happened 100 years ago? Or, as the techno-pessimists argue, are these new technologies mostly unrelated to economic growth? We will be asking these questions as well.

Each discussion session starts with four brief presentations (10 minutes each) to set the stage for the discussion.

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9:30-10:00 Registration and Coffee

10:00-10:15 Welcome Remarks

Kazumasa Kusaka (Japan Economic Foundation)

Takeo Hoshi (Stanford University)

10:15-12:00 Session 1: Growth Strategies of the US and Japan

Moderator: Takeo Hoshi (Stanford University)

Presenters: Nick Bloom (Stanford University)

Takatoshi Ito (Columbia University)

Keiichiro Kobayashi (Keio University)

Kathryn Shaw (Stanford University)

12:00-13:00 Lunch

13:00-14:45 Session 2: Globalization and Inequality

Moderator: Naoyuki Haraoka (Japan Economic Foundation)

Presenters: Brad DeLong (UC, Berkeley)

Francis Fukuyama (Stanford University)

Hideichi Okada (Japan Petroleum Exploration Co., Ltd)

14:45-15:15 Break

15:15-17:00 Session 3: Is Technology the Answer? (or Will Silicon Valley Save the World?)

Moderator: Ken Singleton (Stanford University)

Presenters: Shai Bernstein (Stanford University)

Kenji Kushida (Stanford University)

Masaaki Tanaka (PricewaterhouseCoopers International Limited)

Tsunehiko Yanagihara (Mitsubishi Corporation)

17:00-17:15 Closing Remarks

Kazumasa Kusaka (Japan Economic Foundation)

Takeo Hoshi (Stanford University)

17:15-18:00 Cocktail Reception