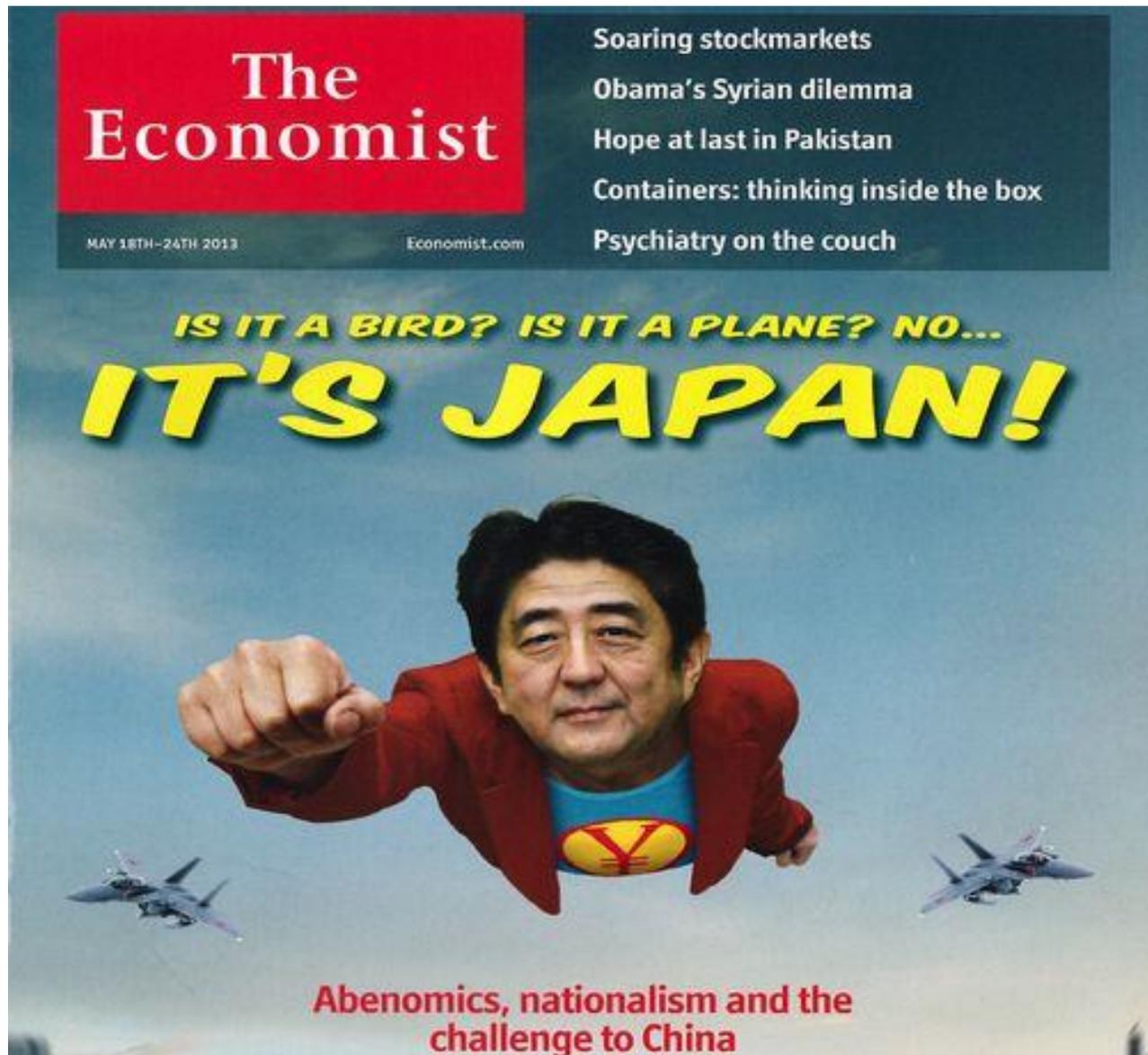




JEF-DGAP
2nd International Symposium
The Japanese Economy
Today and Tomorrow

3, June 2014

Hiroshi Yoshikawa
University of Tokyo



Abenomics' 3 Arrows

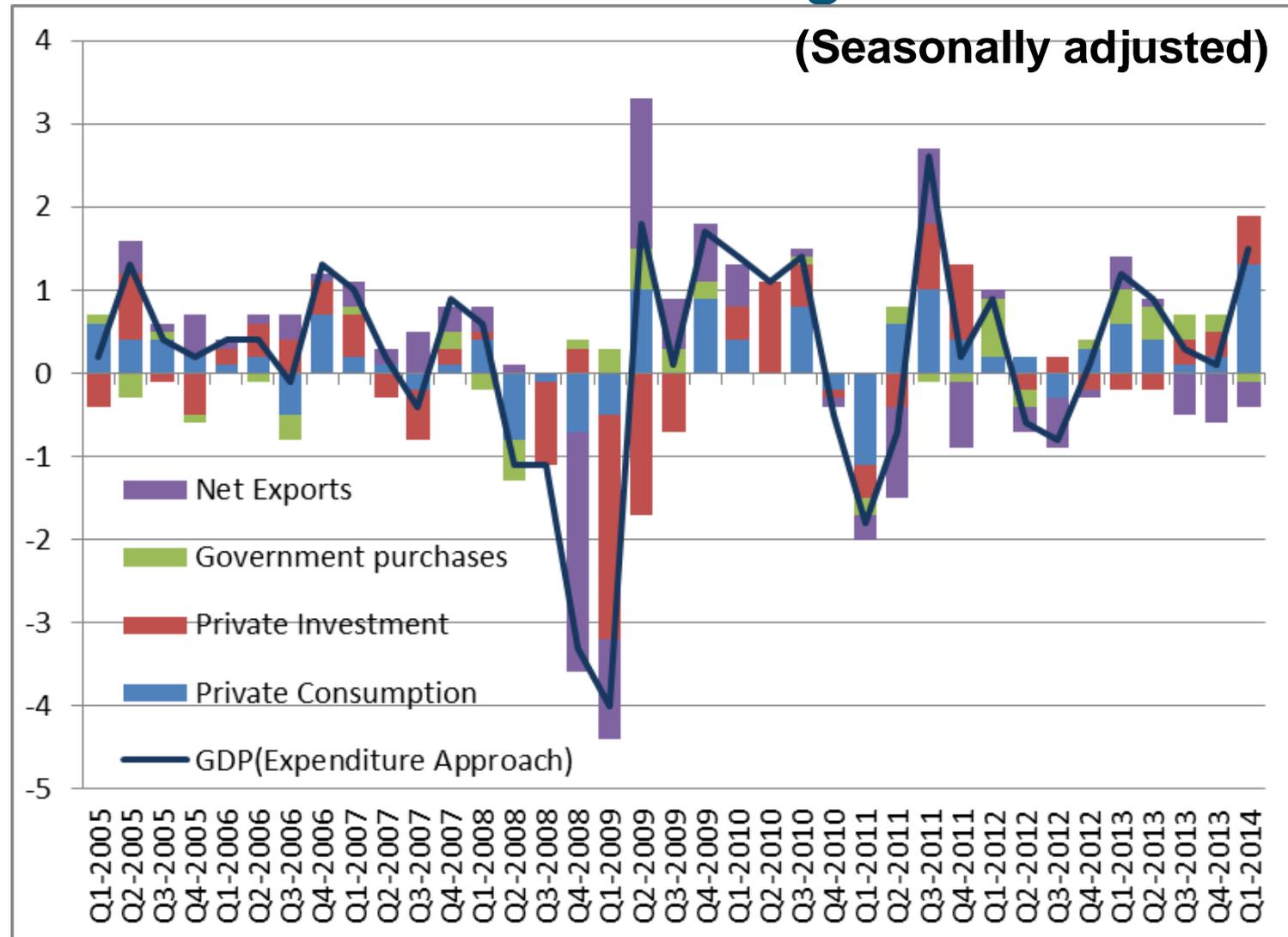
1. Quantitative Easing
2. Fiscal Expansion
3. Growth Policy

日経平均株価(日次, 2012.01 - 2014.05)



Source: Nikkei Inc.

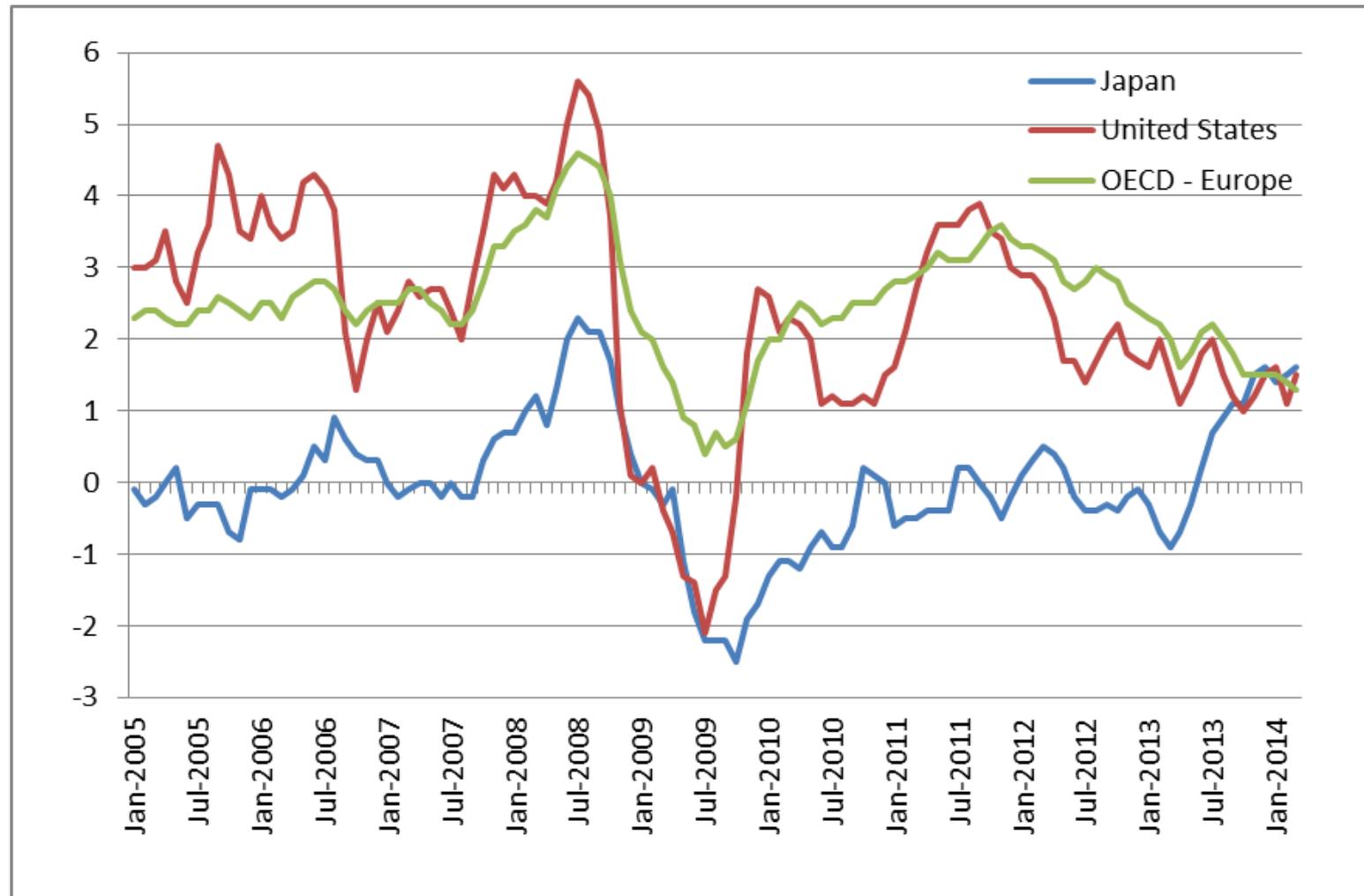
Contributions to Changes Real GDP



Source: Cabinet Office

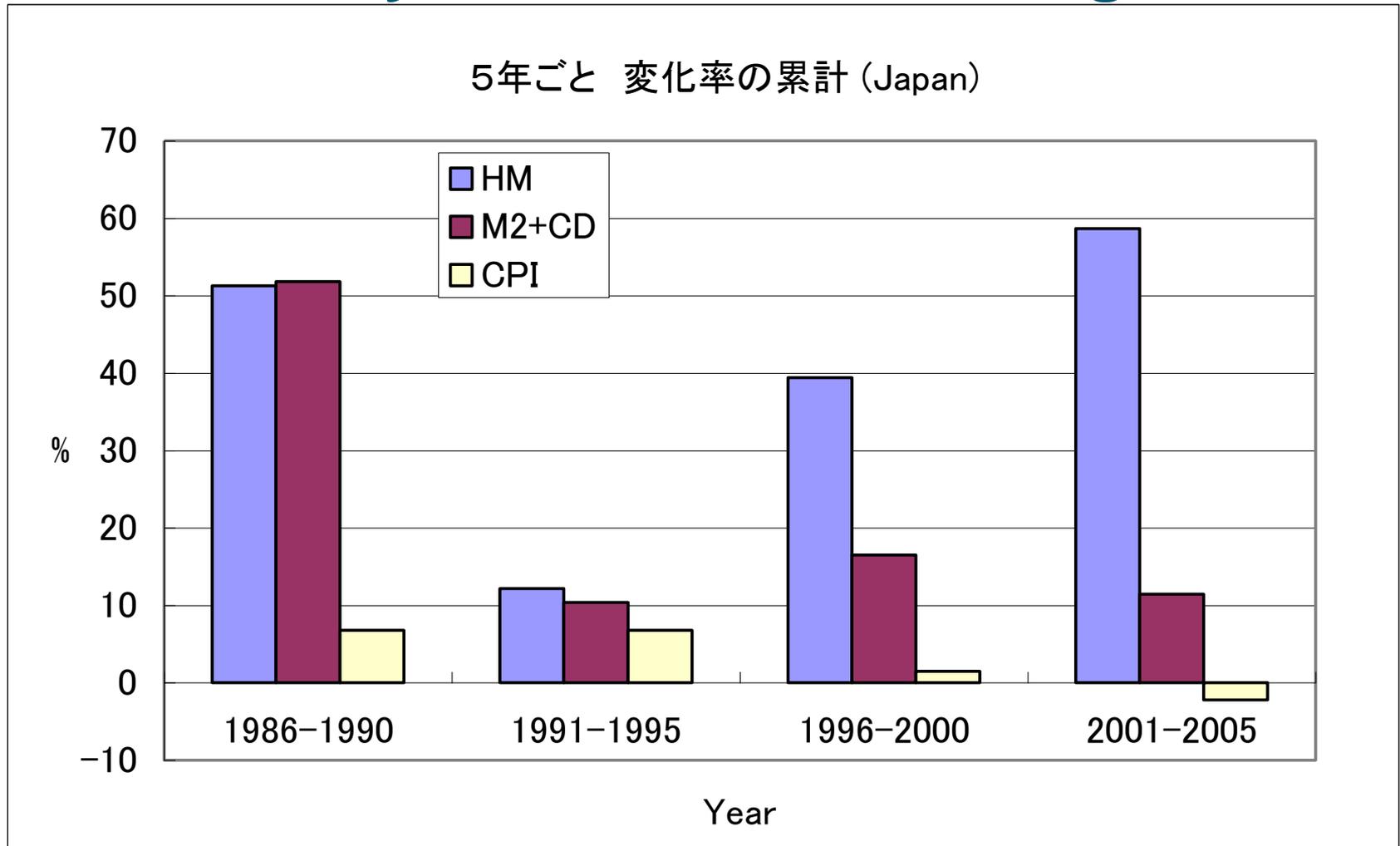
Monetary Policy and Deflation

Consumer Price Index (YOY%, 2005-2014Mar.)



Source: OECD, Statistics Bureau of Japan

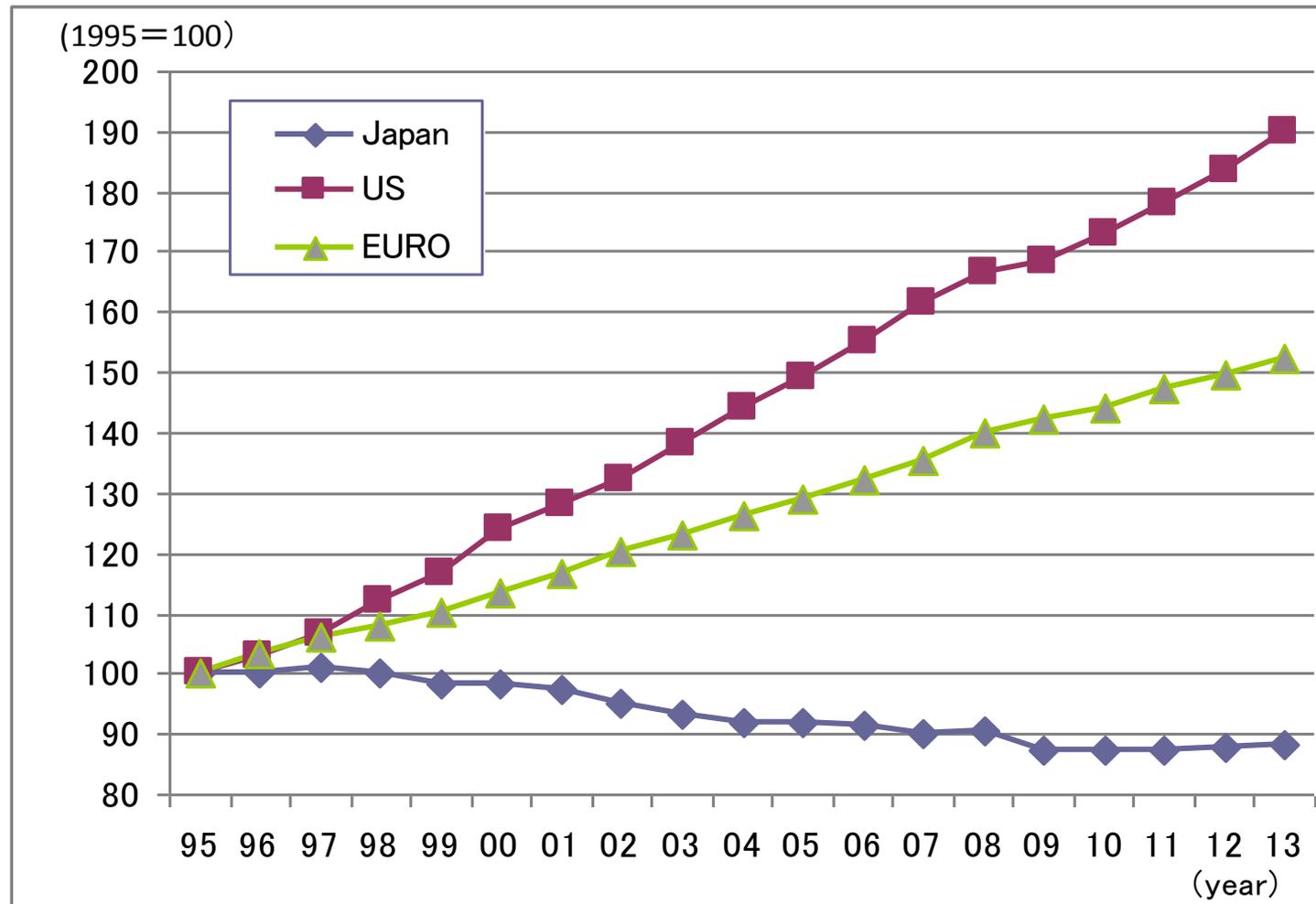
Five-year Cumulative Changes



Source: Bank of Japan

The Key of Japan's Deflation Is Wages

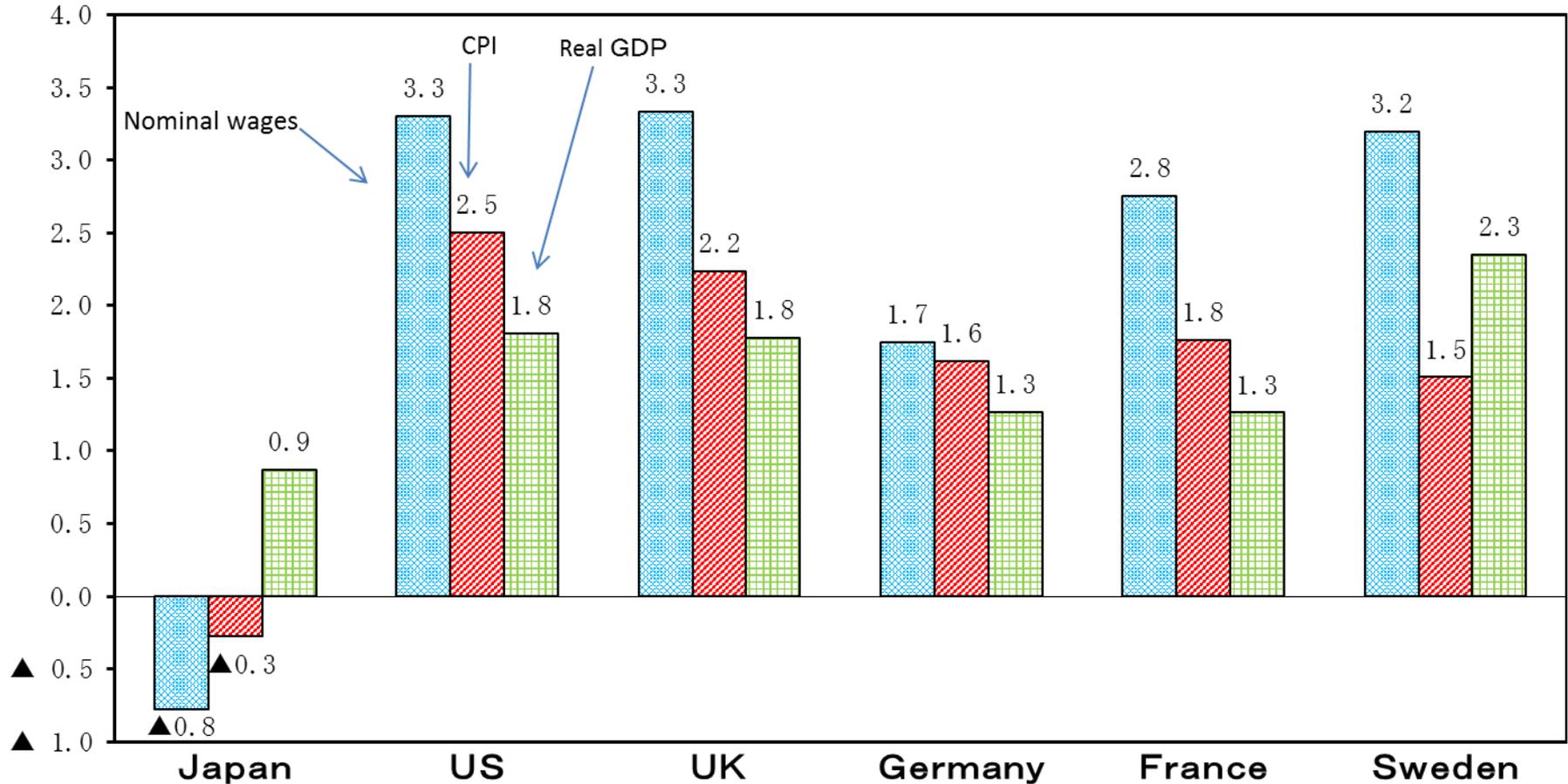
Nominal Wages of Japan, US, and EURO Area



Source: OECD "Economic Outlook"2012

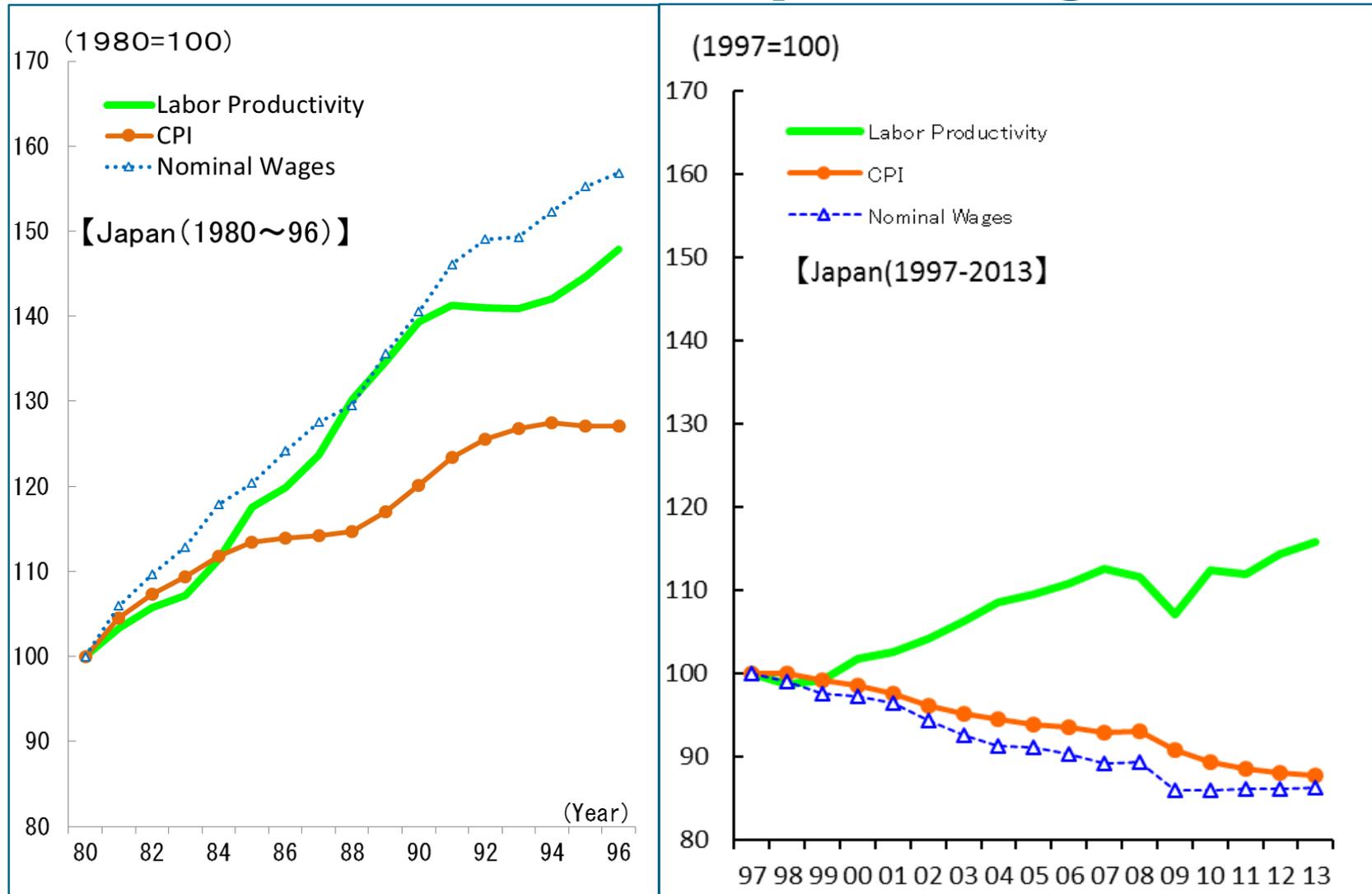
Consumer Price Index and Wages

(YOY Growth Rate after Year 2000)



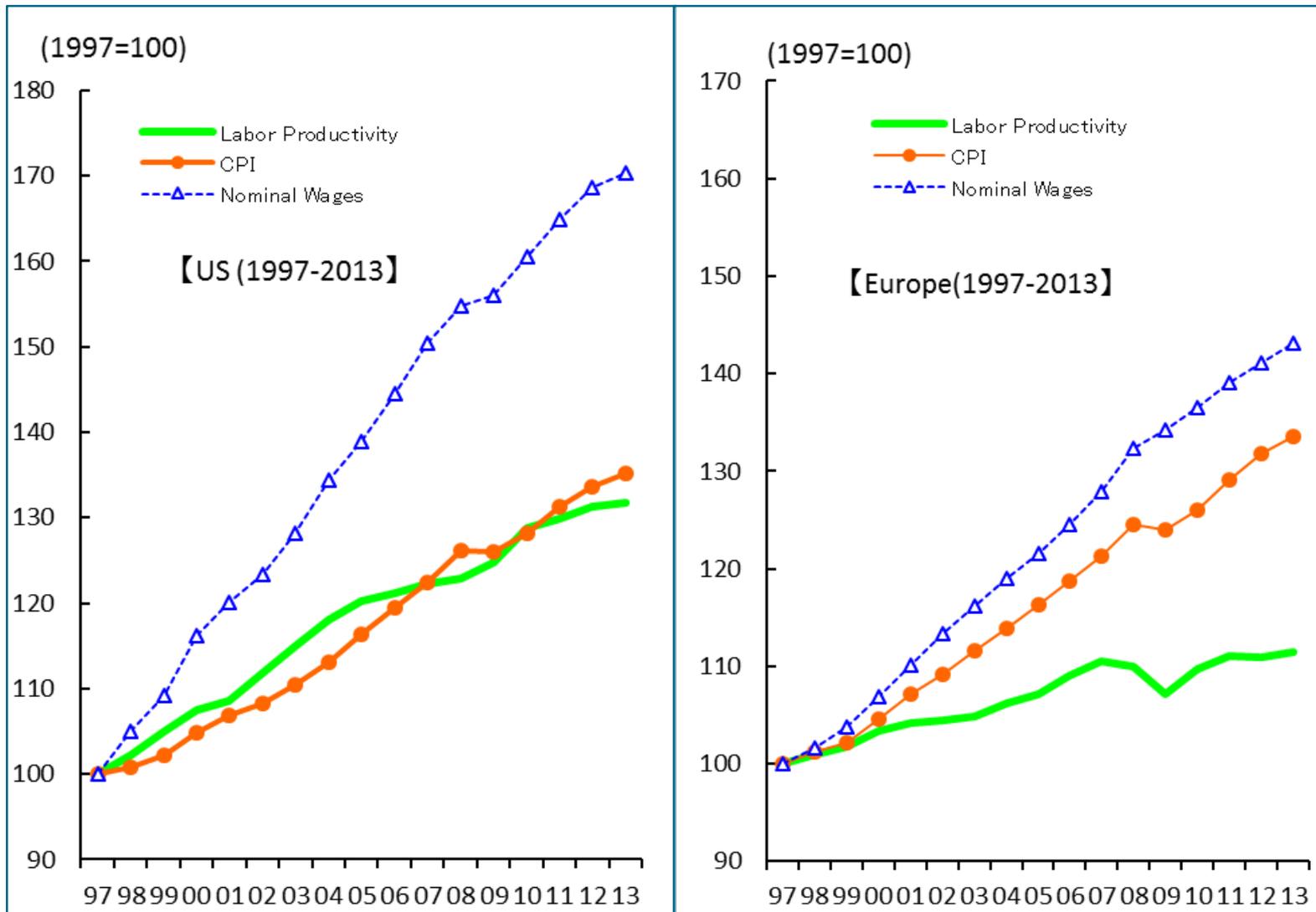
Source: OECD, Cabinet Office

Labor Productivity and Wages



Source: OECD, Cabinet Office

Labor Productivity and Wages



Source: OECD, Cabinet Office

Exchange Rates

JPY/USD Rate (2001- May 2014, Monthly)



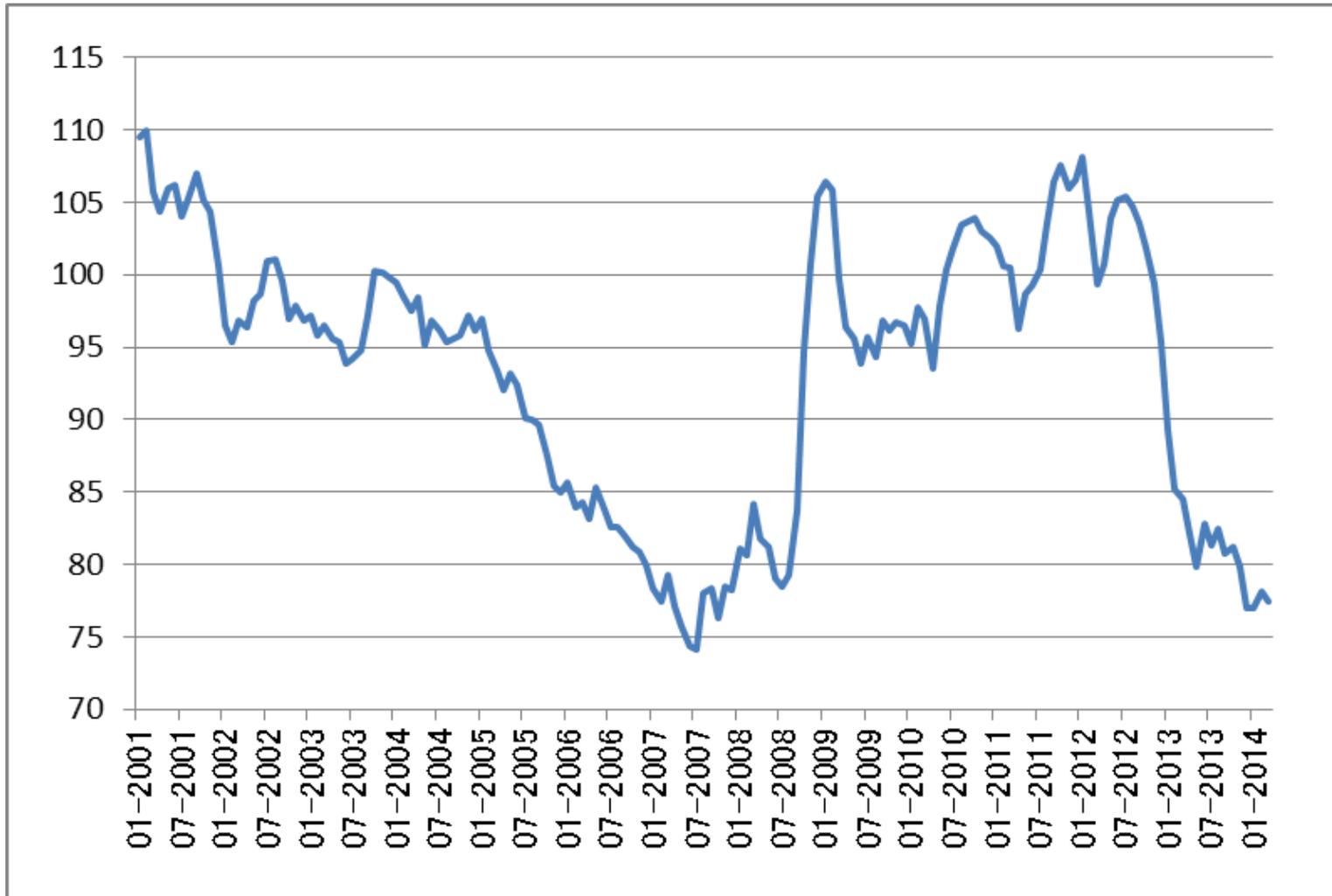
Source: PACIFIC Exchange Rate Service

JPY/EUR Rate (2001- May 2014, Monthly)



Source: PACIFIC Exchange Rate Service

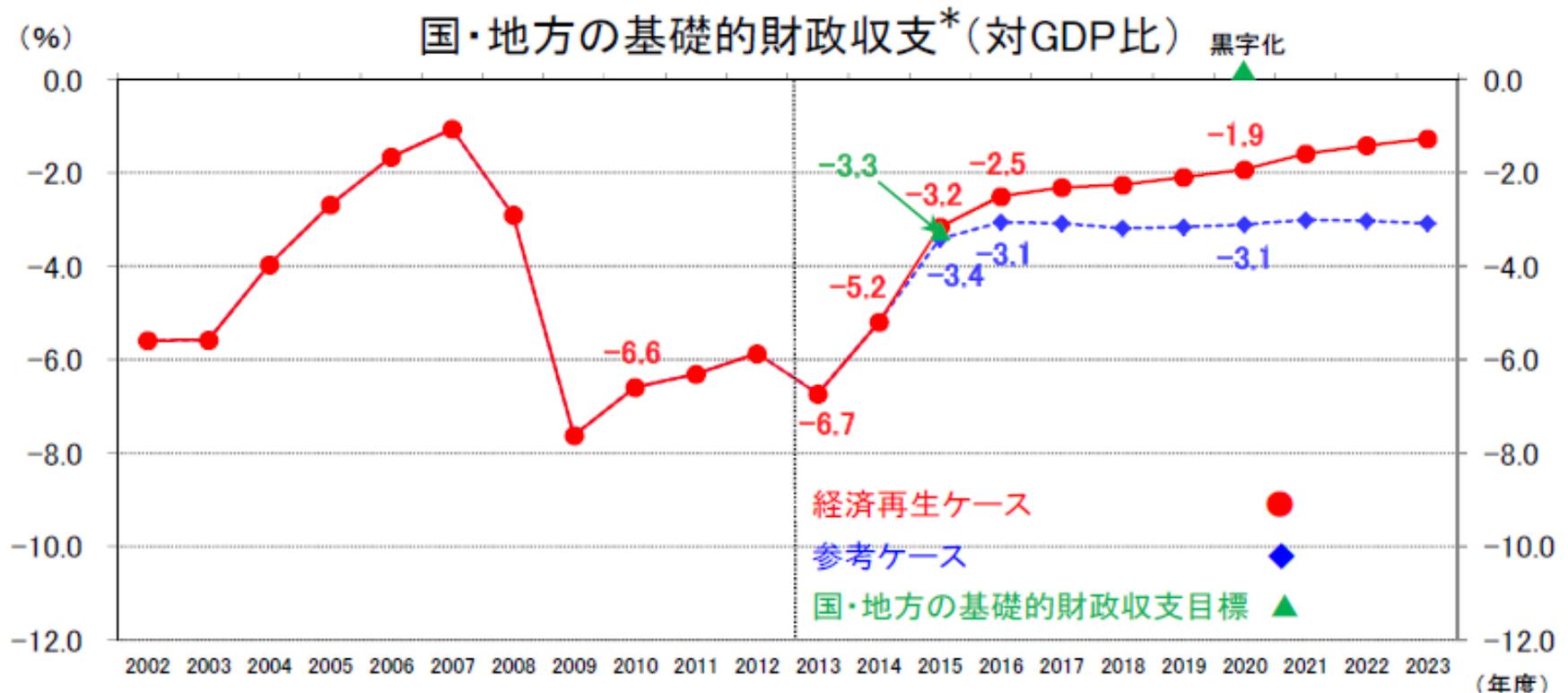
Yen Effective Real Exchange Rate (2001-Mar.2014)



Source: BIS

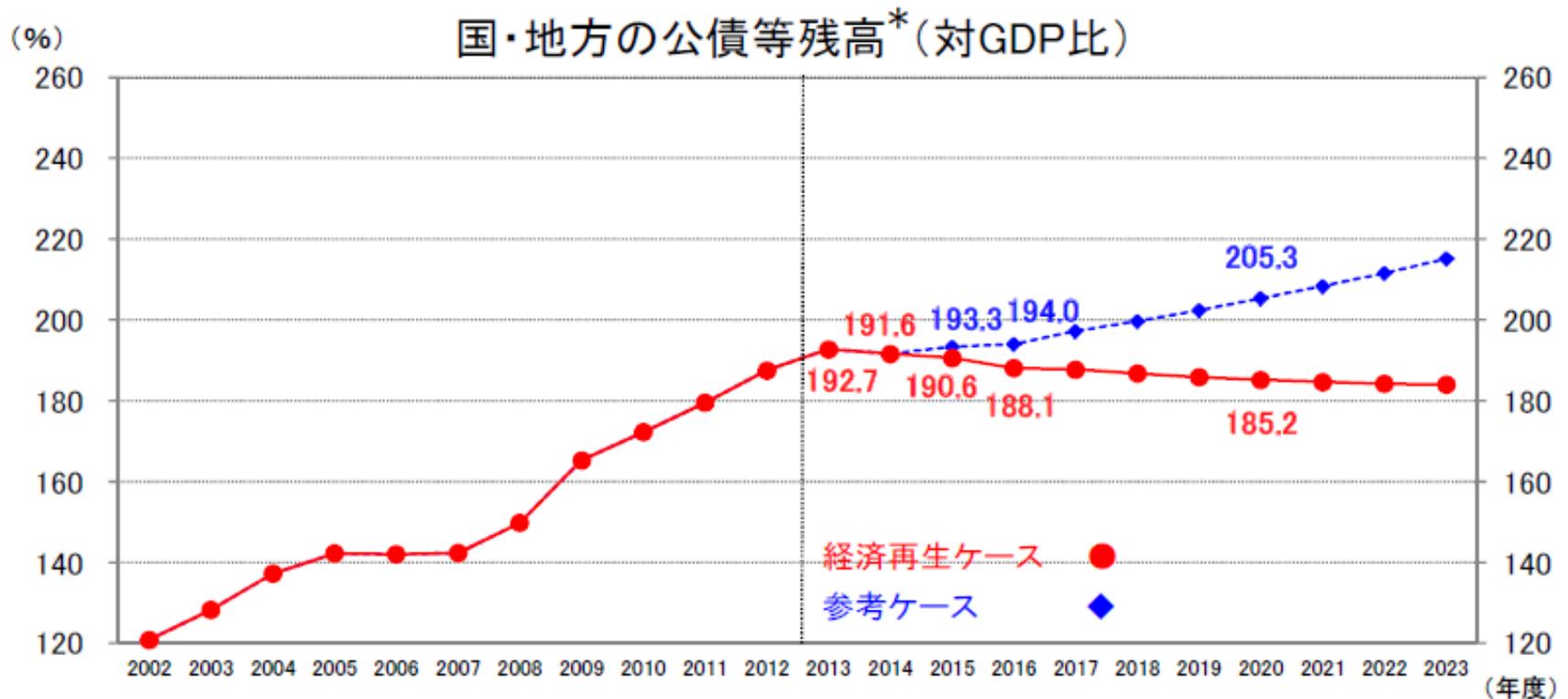
Fiscal Deficits

Primary Balance (relative to GDP)



Source: Cabinet Office January, 2014

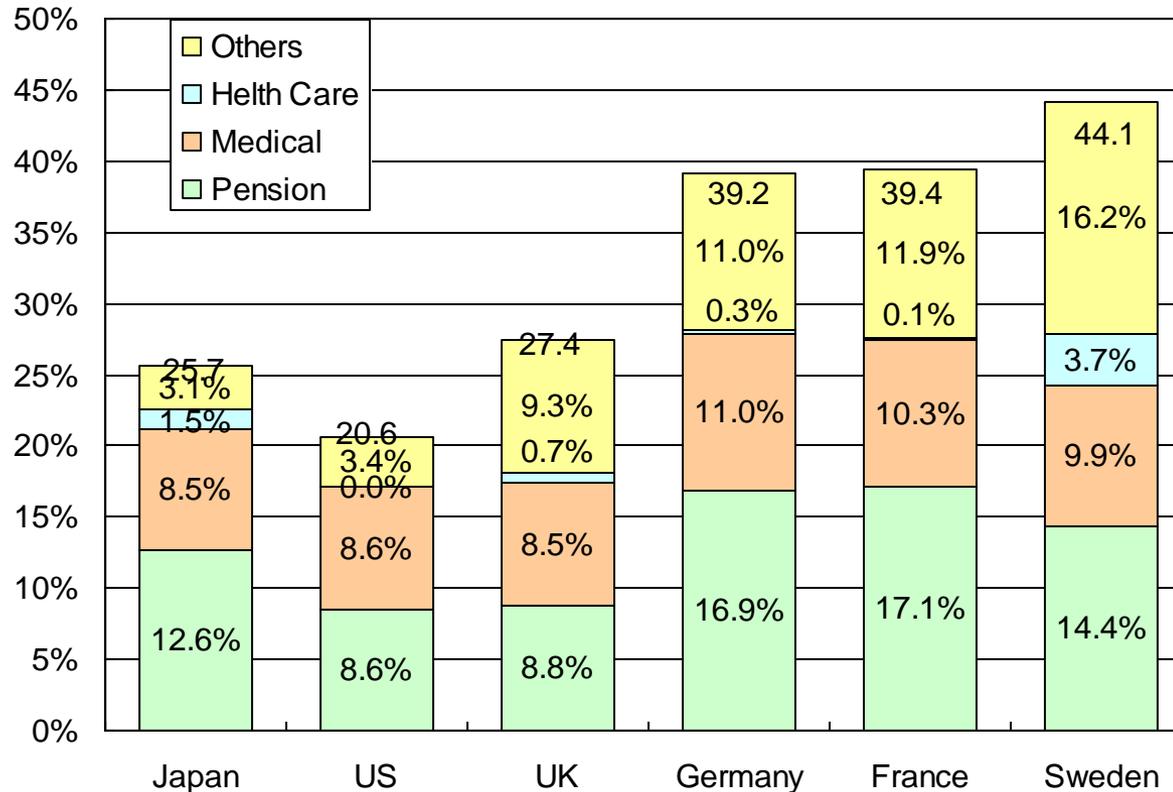
Public Debt / GDP Ratio



* 復旧・復興対策の経費及び財源の金額を除いたベース。

Source: Cabinet Office January, 2014

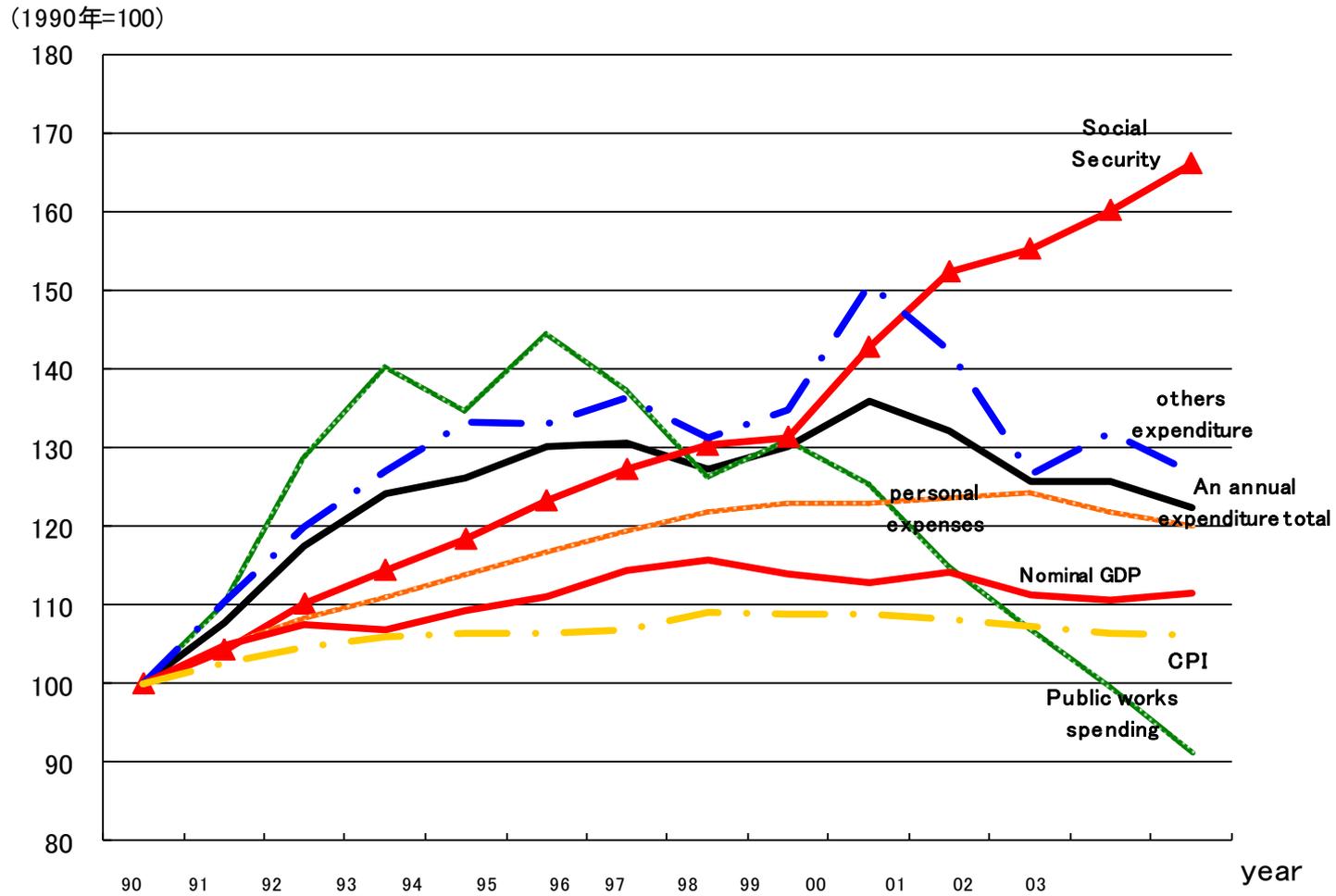
Social Security / GDP



Birth Rate (2010)	1.4	2.1	1.9	1.4	2.0	1.9
Aging Rate (2005)	20.1	12.4	16.1	19.2	16.4	17.2
Burden Rate (2005)	38.3	34.5	48.3	51.7	62.2	70.7

Source: OECD, WHO, MOF, MHLW

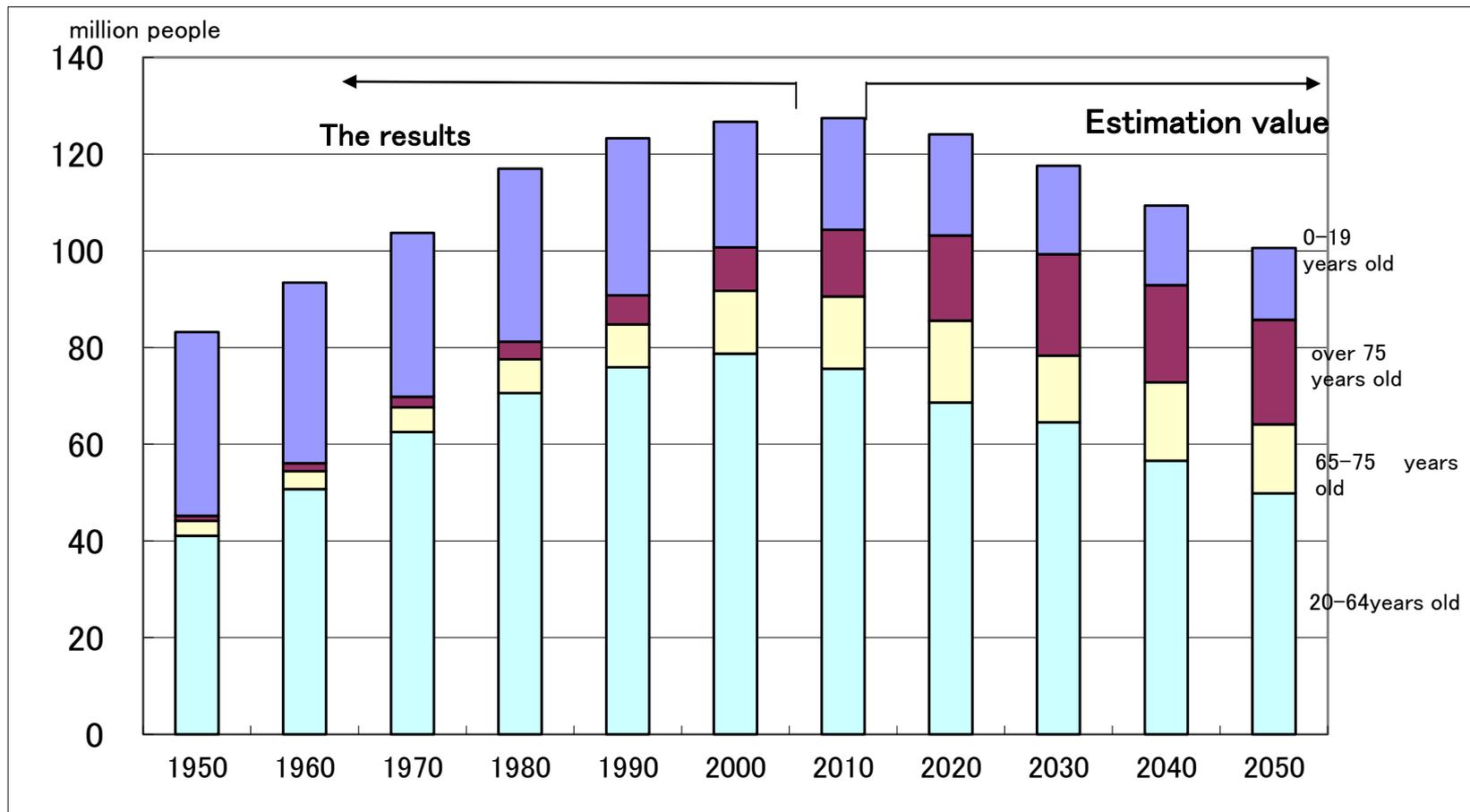
Public Spending on Social Security



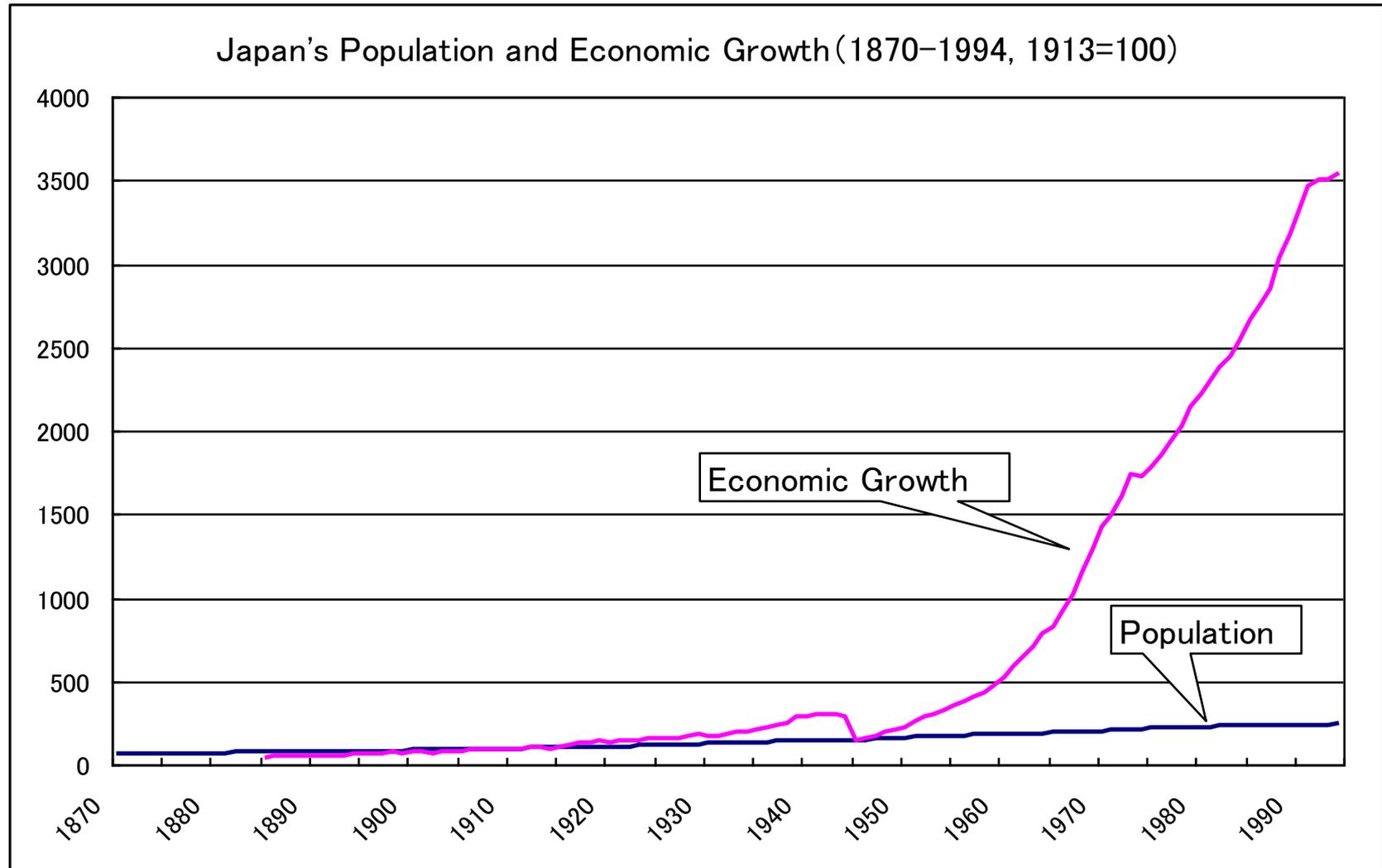
Source: MOF

**Innovations
Not Demography
The Ultimate
Driving Force of
Economic Growth**

Demography



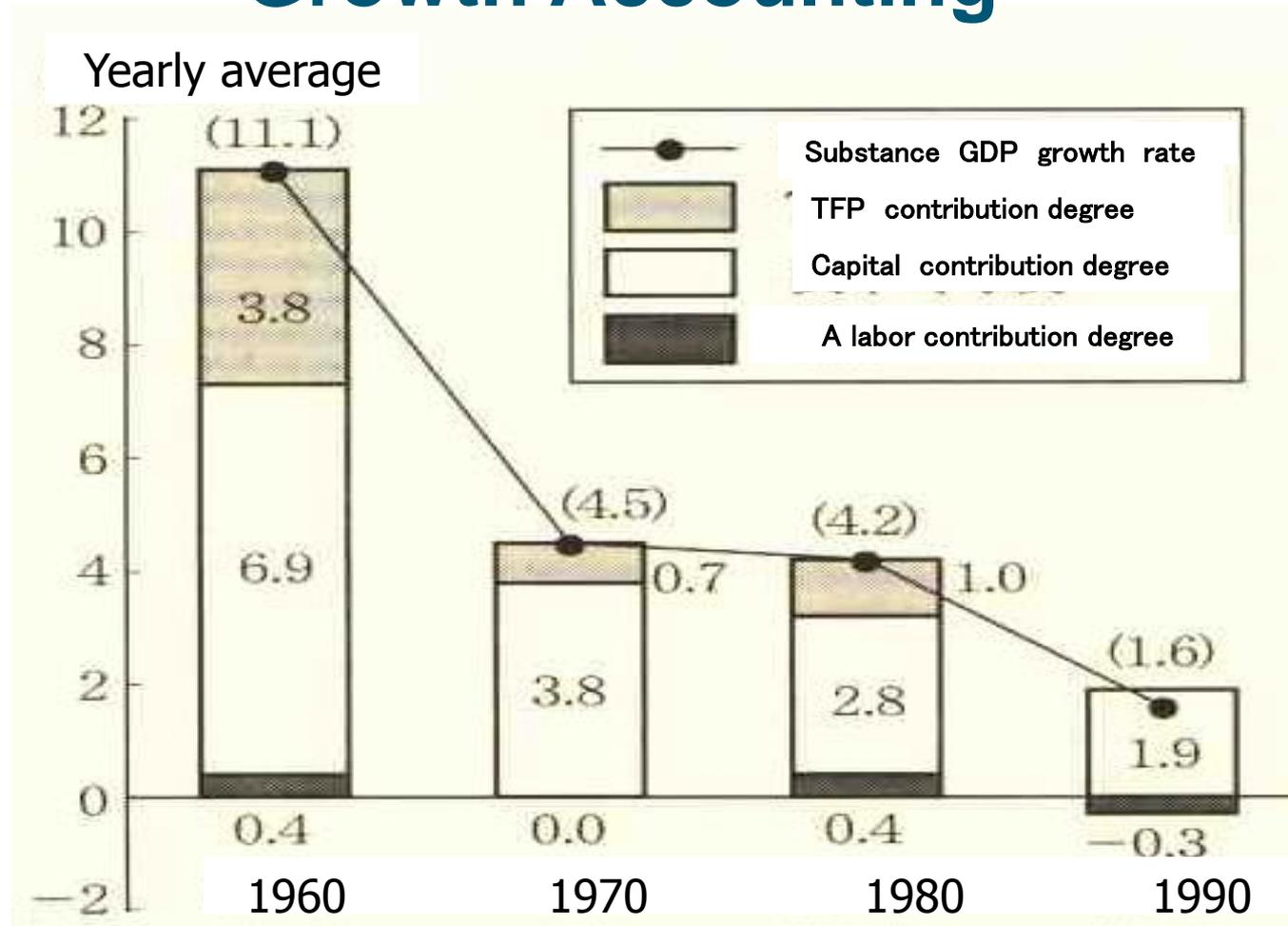
Population and GDP 1870-1994: Japan



Slowest Growing Populations (Average Annual % Change, 2010-15)

1	Moldova	-0.68	16	Estonia	-0.07
2	Bulgaria	-0.66		Japan	-0.07
3	Georgia	-0.59	18	Cuba	-0.05
4	Ukraine	-0.55	19	Puerto Rico	-0.04
5	Lithuania	-0.44	20	Greenland	-0.01
6	Latvia	-0.38	21	Poland	0.04
7	Belarus	-0.32	22	Portugal	0.05
8	Virgin Islands (US)	-0.25	23	Montenegro	0.08
9	Bosnia	-0.24	24	Macedonia	0.12
10	Romania	-0.23	25	Haiti	0.13
11	Germany	-0.20	26	Taiwan	0.15
12	Croatia	-0.19	27	Austria	0.16
13	Hungary	-0.16		Slovakia	0.16
14	Russia	-0.10	29	Bermuda	0.19
	Serbia	-0.10		Channel Islands	0.19

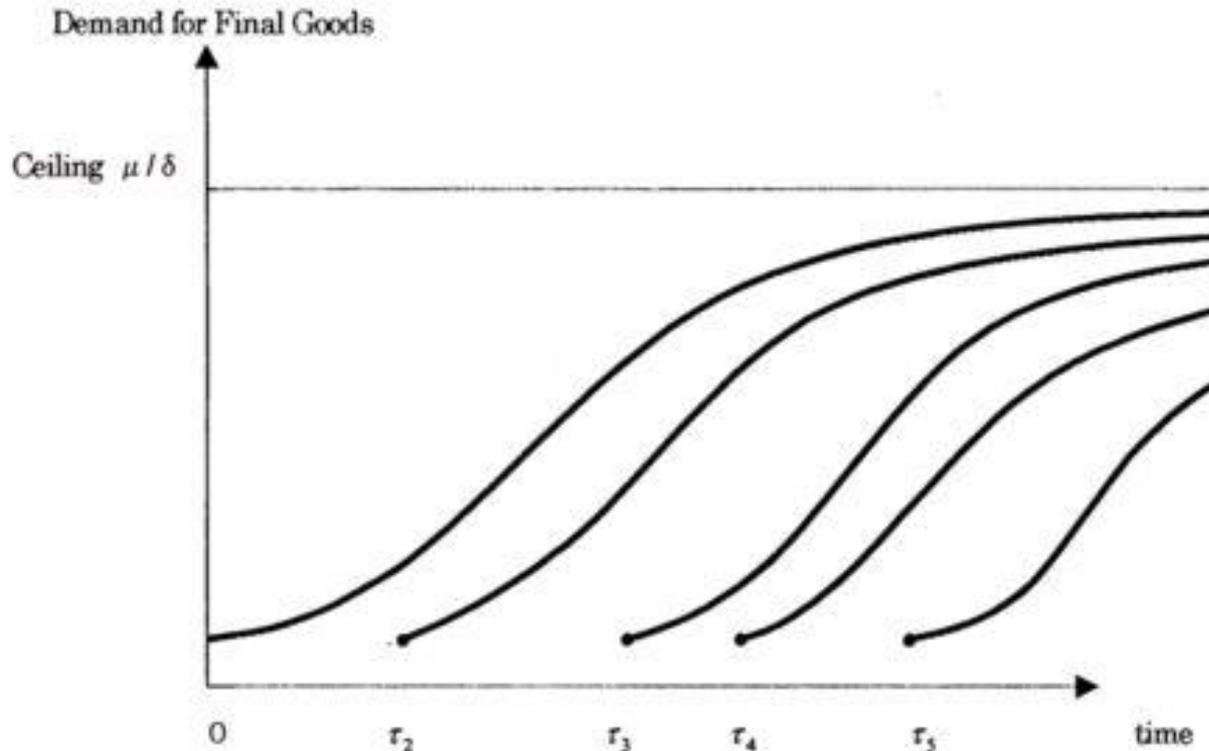
Growth Accounting



Source : Ministry of International Trade and Industry

“White Paper on International Trade, 1998 ”

Demand Creating Innovations and Economic Growth



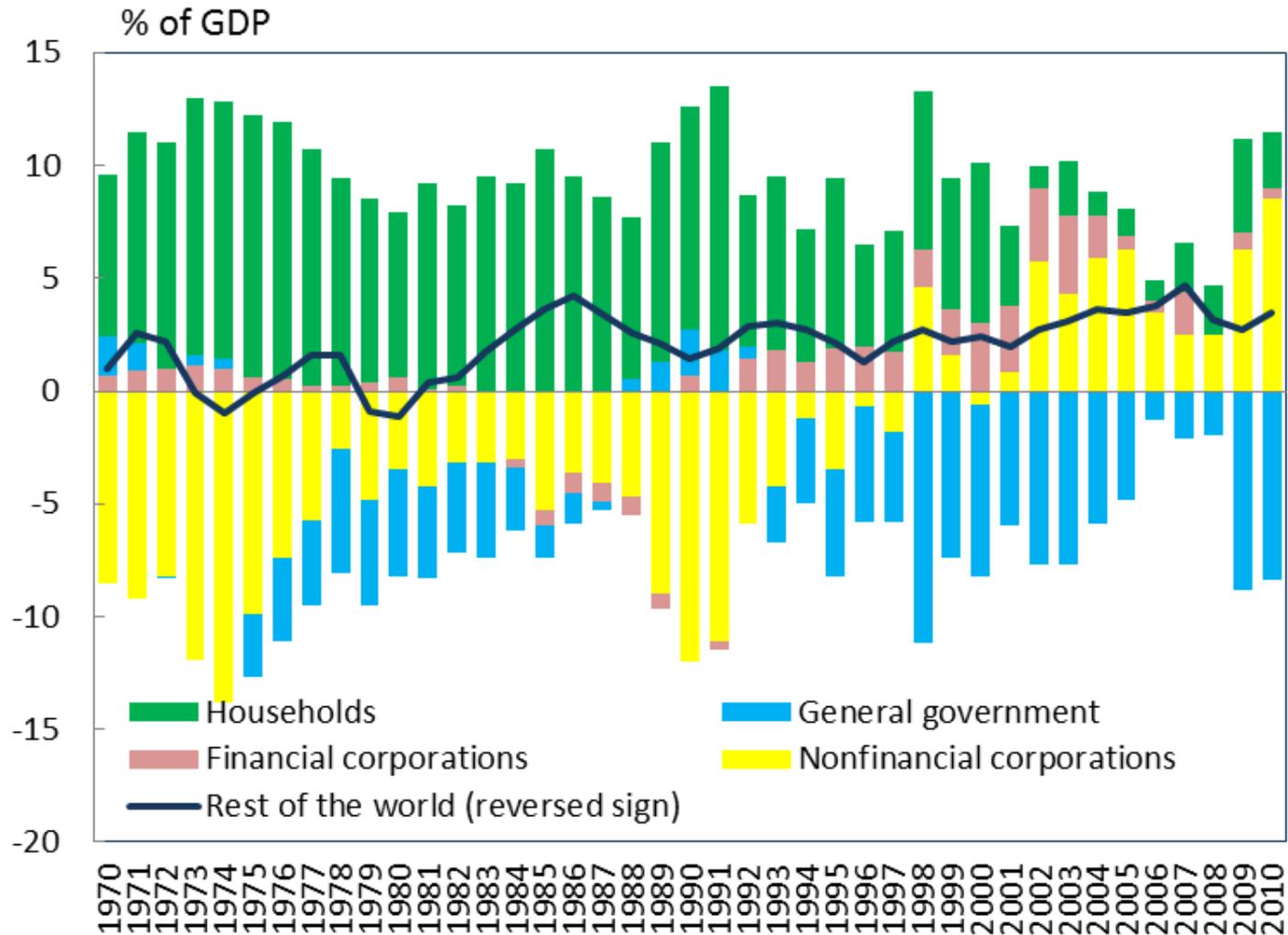
Note: τ_i is the date of birth of the i -th Good/Industry.



Third Industrial Revolution

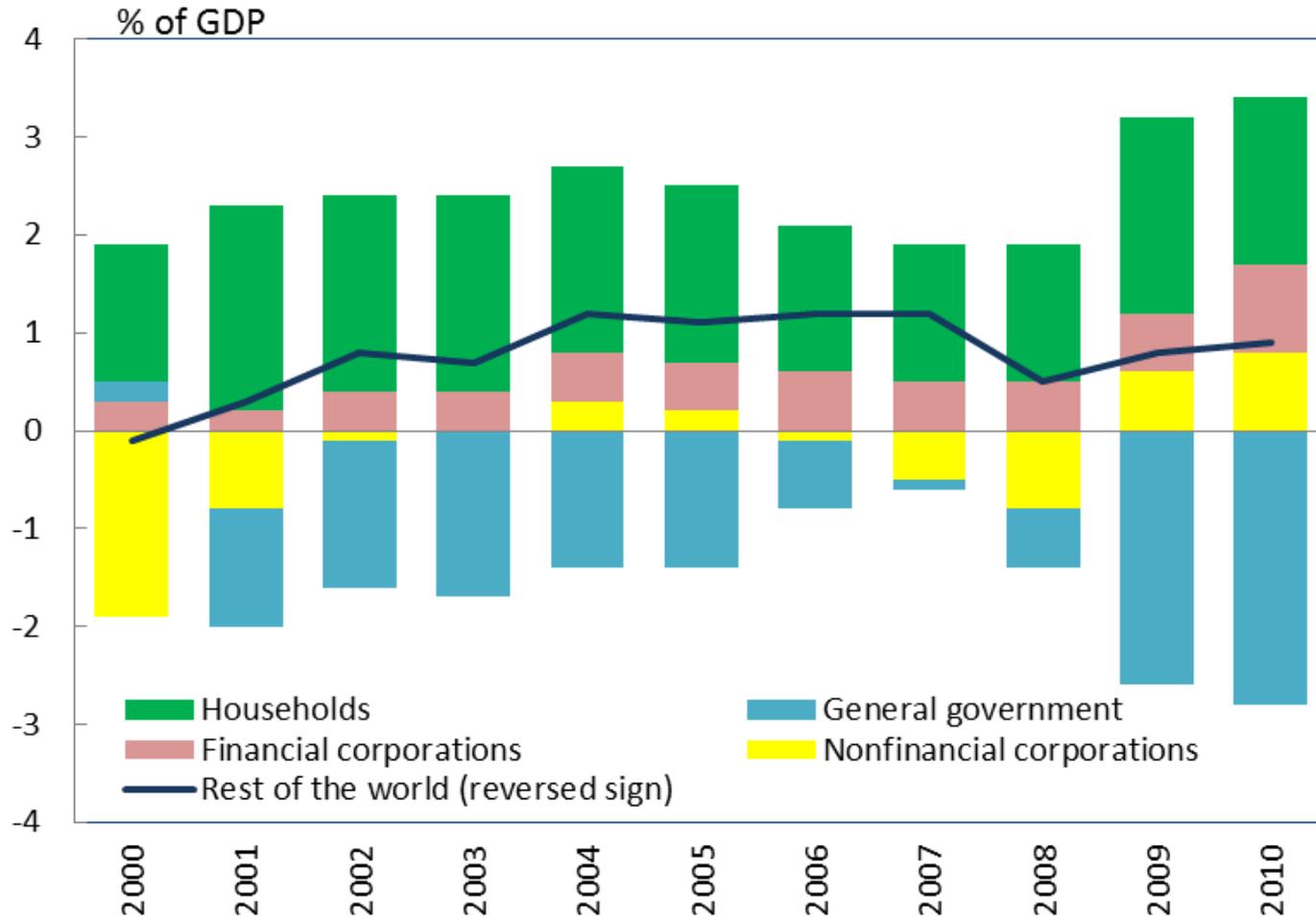
Offshore production is increasingly moving back to rich countries not because Chinese wages are rising, but because companies now want to be closet to their customers so that they can respond more quickly to changes in demand.

Net Saving in Japan



Source: Cabinet Office.

Net Saving in European Union



Source: Eurostat.