

Globalization and the Japanese Economy
- People, Goods, Money, and Social Overhead Capital -

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【Outline of survey】

Various views exist on globalization, which has become a major keyword for studying the current world economy. This research project aims to cast new light on globalization and its effects on economic activities and economic welfare. Various methods will be employed that encompasses theoretical, empirical and calibration analyses.

The project is built on two main themes. The first main theme is concerned with the effect of globalization on the growth and development of the world economy. In their 1993 paper, Nishimura and Yano initiated a study on the international interlinkage of business cycles. While that study abstracted from externalities, a large number of recent papers have been concerned with the dynamic effects of externalities. The present project intends to introduce cross border externalities and examine their effects on the interlinkage of business cycles, which has not yet been treated in the existing literature.

The second main theme is concerned with the effect of globalization on income distribution. It has been pointed out in the existing literature that lower income class people tend to be affected more severely by business cycles for their weaker access to risk sharing devices such as insurances. The present project intends to relate this effect to globalization and investigate the role of international finance markets as a risk sharing device for different income classes. This analysis is hoped to produce new insights on the design of international financial agreements and institutions.

【Expected results】

This research project is concerned with a new and exciting research theme on the effect of globalization on business cycles and income distributions. The members have in the past published a large number of important papers, and the studies conducted under this project are expected to be published in various important academic journals. By hosting international conferences and symposiums, the project is expected to contribute to the formation of an international core for dynamic economic analysis and of the international network of researchers.

【References by the principal investigator】

- “Interlinkage in the Endogenous Real Business Cycles of International Economies,” Economic Theory 3 (1993), 151-168 (with K. Nishimura).
- “Endogenous Real Business Cycles and International Specialization,” Theory, Policy and Dynamics in International Trade: In Honor of Ronald W. Jones, W. Ethier, E. Helpman, and P. Neary, eds., Cambridge University Press, 1993, 213-236 (with K. Nishimura).

【Term of project】 FY2007—2011

【Budget allocation】 12,000,000 yen

(2007 direct cost)

【Homepage address】

None