

Deutsches Institut für Japanstudien
German Institute for Japanese Studies



DIJ Workshop

Tuesday, 16 June 2015, 16.00 h – 19.00 h

Gunther Schnabl, Leipzig University

Monetary Policy, Structural Decline and Income Inequality in Europe and Japan

Comment by

Shumpei Takemori, Keio University

The presentation explores based on Austrian business cycle theory the role of monetary policy for the emergence of financial market exuberance and persistent crisis in Japan and Europe. Both Japan and (parts of) Europe have gone through boom and bust cycles in financial markets. The bursting of the bubbles have put the stage for a lasting stagnation, which persists in Japan for more than 25 years and in parts of Europe for about eight years. It is argued that the monetary policy response to crisis has contributed to the persistence of crisis and an gradual increase of hidden redistribution. The reason for growing income inequality is that very low interest rates and extensive asset purchases by the central banks lead to asset price inflation which is at the benefit of high income classes. The costs of crisis tend to be shifted to other income classes in form of wage repression.

Gunther Schnabl is professor for international economics and economic policy at Leipzig University. He earned his Ph.D. at The University of Tübingen and was a visiting researcher at Bank of Japan, Stanford University, The University of Tokyo, Catholic University Leuven, Deutsche Bundesbank, Federal Reserve Bank of New York, Université Paris 1 Panthéon-Sorbonne, and European Central Bank. His research focus is on exchange rate economics and international monetary systems with a regional focus on Japan, East Asia and Europe. He published his policy-oriented research in a wide range of refereed international journals such as *Journal of Comparative Economics*, *Kyklos*, *Review of International Economics*, *World Economy*, and *Journal of Policy Modeling*. He is ranked in the IDEAS research ranking in the top 3% of Germany and Europe.

Shumpei Takemori is Professor of Economics at Keio University since 1997 and Senior Research Fellow at the Ministry of Finance and the Policy Research Institute. He obtained his BA in Economics in 1981 from Keio University and PhD from the University of Rochester in 1989. In January 2004, Takemori became Guest Research Fellow of Yomiuri Research Institute. This title is given by Yomiuri Shinbun to 18 Japanese scholars in all fields, including the natural sciences and literature. In 2003 and 2008, his publications were awarded the title of 'The Best Business Book of the Year' by *Toyo-Keizai*, the major Japanese business magazine.

Franz Waldenberger, Director of DIJ, will moderate the discussion.

The event will take place at the DIJ. Admission is free; registration is necessary: forum@dijtokyo.org.

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