

## Preface

This book is a collection of macroeconometric models and analyses of the Japanese economy in the broad sense. Macroeconometric models are interpreted to include not only the standard econometric models developed by L. R. Klein and his followers but also other simpler social accounting approaches, Leontief's Input-Output analyses, CGE models or various types of quantitative analyses. They are not mutually exclusive methods but may be used appropriately in combination for various problems. This book purports to be a useful guide for the quantitative studies of the development of the Japanese economy from her emergence as a modern state up to the present time, as well as the policy implications associated with extrapolation of the course of the contemporary Japanese economy into the future.

The progress of econometric methods, the cumulating experiences of model-building, and the technical progress in computers and software have been so remarkable since the post-World War II years that one may be amazed not only by the past achievements of macroeconometric studies in Japan and other countries but also by the future expectation of great contributions to human welfare.

In recent years, however, trust in macroeconometric studies seems to have declined in the private and the public sectors. This worrisome issue may have been due to the careless formality in the applications of routine methods to complicated real economic issues on the part of many econometricians. Simple applications of routine or established models and methods cannot substitute the careful observations of reality and efforts to find new approaches to achieve better analyses. But failures are the start of successes. This critical time of the world crisis in 2008 to 2009 may be a good time to reflect upon the macroeconometric models and analyses of the Japanese or the US as well as the European economies.

In selecting the models in this book, we have relied first of all on several excellent surveys and readings of Japanese econometric models that have been published. They are all carefully surveyed in the Introduction of this

book: A Historic Survey of Macroeconometric Models in Japan. In particular, Kazuo Sato's survey: "Econometric Models of the Japanese Economy" in *A History of Macroeconometric Model-Building*, edited by Ronald G. Bodkin, L. R. Klein, and Kanta Marwah, 1991 covers ordinary econometric models up to 1988 very well. Secondly, as for the models missed by Sato and the works after 1988, we relied heavily on the advices of many old and young friends. Though it is impossible to list them all, we must express our deep gratitude for the generous help given by Professors Takahiro Akita, Akihiro Amano, Kanemi Ban, Hidekazu Eguchi, Michio Hatanaka, Yoshihisa Inada, Satoshi Inomata, Masahiro Kuroda, Chikashi Moriguchi, Etsuo Oizumi, Hiroshi Sadamichi, Mitsuo Saito, Shuntaro Shishido, and many others.

We dedicate this volume to Sonia and Yukiko as a token of our gratitude with nice memories from over half a century.

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*Lawrence R. Klein  
Professor Emeritus  
University of Pennsylvania*

*Shinichi Ichimura  
Professor Emeritus  
Kyoto University  
Honorary Counselor  
ICSEAD*