

Reflections from Bank of Japan Governor Haruhiko Kuroda

Personal Interactions with Academics at Ivy League Universities

Since the dramatic unveiling of his ambitious plan for a massive asset-purchasing program on April 4, 2013, Bank of Japan Governor Haruhiko Kuroda has impressed the world with his performance, sparking expectations for Japan's economic recovery. Is Japan indeed back, as Prime Minister Shinzo Abe has proclaimed? Has the Bank of Japan's quantitative and qualitative easing effectively countered the longstanding deflationary trend of the Japanese economy?

These are matters of heated debate.

The new regime of central banking, as exemplified by Governor Kuroda's policies and communication style, was the subject of a recent conference, "[The Changing Politics of Central Banking](#)," held at Cornell University on April 18-19, 2016. The conference was co-sponsored by the Global Finance Initiative of the Mario Einaudi Center for International Studies and the [Meridian 180 Project](#) of Cornell Law School.

A graduate of the University of Tokyo's law department, Haruhiko Kuroda joined the Japanese government's Ministry of Finance in 1967. He was director-general of its International Finance Bureau from 1997 to 1999, and vice minister for finance for international affairs from 1999 to 2003. Before being appointed to the Bank of Japan governorship, Mr. Kuroda led the Asian Development Bank from 2005 to 2013, dedicating himself to the goal of further economic integration in the region.

In the summer of 2015, Governor Kuroda published a three-part essay, "The Real Faces of Economists: Encounters with Ivy League Scholars," in [Chuo Koron](#), a major Japanese opinion magazine. In it, he observes that "Cornell University is well known for its School of Hotel Administration, but it also has a renowned Asian Studies program."

In his conclusion, Governor Kuroda highlights two lessons he learned from his interactions with academics:

1. "Approach economic problems in theoretical terms" (p. 127); and
2. Approach economic policy debate "with a cool mind and a warm heart" (p. 128).

Below is an excerpt of the essay, in which Governor Kuroda reflects on the impact of the Einaudi Center's [Southeast Asia Program](#).

Excerpt from the Essay "The Real Faces of Economists: Encounters with Ivy League Scholars"

by Bank of Japan Governor Haruhiko Kuroda

Translated by Hirokazu Miyazaki, director of the Mario Einaudi Center for International Studies, Cornell



University

Translator's Note: In his essay Governor Kuroda focuses on the work of two previously Cornell-affiliated scholars, Professors Iwan Azis and Takashi Shiraishi. The translator assumes full responsibility for errors in the translated text and parenthetical notes.

Supporting the Economic Integration of ASEAN: Professor Azis's Significant Role

Professor Iwan Azis (1954-) is an economist with a deep knowledge of the Southeast Asian economies, including the Indonesian economy. He served as the chair of the Department of Economics at the University of Indonesia and then taught at Cornell University for nearly 20 years before becoming the director of the Office of Regional Economic Integration at the Asia Development Bank. I created this post [in 2005] as part of the first institutional reform I initiated as the president of the Asian Development Bank. The post was given an important mandate to support economic integration in various parts of Asia, including in ASEAN and ASEAN PlusThree (Japan, China, and Korea) countries. The first director of the office was from Japan—Masahiro Kawai, a professor [at the Institute of Social Science] at the University of Tokyo. The second director was from Korea—Jong-Wha Lee, a professor at Korea University. Professor Azis was the third director of that office.

As is evident from a long list of distinguished students Professor Azis has trained [at the University of Indonesia]—such as Dr. Sri Mulyani Indrawati, managing director and chief operating officer of the World Bank (who is a former finance minister of Indonesia) and Bank of Indonesia Governor Agus Martowardojo (who is also a former finance minister of Indonesia)—Professor Azis maintains a broad network among Indonesian academics and public officials. Indonesia is the core country among the 10 countries of ASEAN—given its size (comprising 40 percent of the total population and total GDP of ASEAN). Professor Azis made an enormous contribution to the operation of the Asian Development Bank's Office of Regional Economic Integration. He has now left the Asian Development Bank and has returned to the university, but he is an economist whose analysis of Southeast Asian economies continues to demand our close attention.

A Broad Insight into the Indonesian Economy: Professor Shiraishi's Valuable Advice

When it comes to Indonesia, I also would like to mention Professor Takashi Shiraishi, who taught at Cornell University for nearly 10 years. Professor Shiraishi specializes in international politics and is a world authority on Indonesian politics, but he also has a broad knowledge of the Indonesian economy. Professor Shiraishi left Cornell University for Kyoto University, and he is currently the president of the National Graduate Institute for Policy Studies [in Tokyo]. I was serving as director-general of the Ministry of Finance's International Finance Bureau at the time of the Asian currency crisis of 1997–1998, and Professor Shiraishi gave me valuable advice regarding what type of support Japan should provide for Indonesia during its grave crisis. We since have had numerous opportunities to exchange ideas about Indonesian and other Southeast Asian affairs.

Biographical Notes

Iwan Azis began teaching economics at the University of Indonesia in 1977, and he has been a professor at Cornell University since 1992. From 2005–2010, he was the director of graduate study in Cornell's Regional Science Program. From 2010–2014, he served as the head of the Office of Regional Economic Integration at the Asian Development Bank. In 1998 Azis spoke before the Joint Economic Committee of

the U.S. Congress on the Asian crisis, and in 2006 he received the Distinguished Scholar in Regional Science, Financial Economics, and Economic Modeling award. Professor Azis has conducted research and consulting work for various international organizations, governments, and universities, and published numerous articles and books, the latest of which are: **Managing Elevated Risk** (Springer, 2015) and “ASEAN’s Need to Rebalance: More Regional than Global?” in **Transpacific Rebalancing** (Brookings Institution Press, 2015).

Takashi Shiraishi has had a distinguished career in Asian Studies. Shiraishi earned a PhD in History from Cornell University and taught at the University of Tokyo from 1979 to 1987, at Cornell from 1987 to 1998, and at Kyoto University from 1996 to 2005. He has served as president of the National Graduate Institute for Policy Studies since 2011, and as president of the Institute of Developing Economies of the Japan External Trade Organization since 2007. Shiraishi’s award-winning book, **An Age in Motion: Popular Radicalism in Java 1912–1926**, was published by Cornell University Press in 1990. Shiraishi also co-edited two volumes with Professor Peter Katzenstein: **Network Power: Japan and Asia** in 1997 and **Beyond Japan: The Dynamics of East Asian Regionalism** in 2006.

Photographs: Governor Haruhiko Kuroda (top, courtesy of Bank of Japan); Iwan Azis (below left); Takashi Shiraishi (below right)



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