Last Lecture
My Association with Economics

Introduction
I would like to thank Waseda University and its colleagues for letting me have the opportunity to have academic life at GSAPS, Waseda. The 13 years I stayed were truly enjoyable and I learned a lot about how important the students were for the school and for me personally. In this Last Lecture, I would like to explain my association with economics and to offer suggestions on how to study economics to the student.

At Keio, my memory of economics starts with the one that the textbook of economics for freshman was in English written by Paul Samuelson. Our professor was Mr. Fukuoka who had been a returnee from Harvard. This implied that we had to learn English and economics at the same time. For any freshman there in 1958, it was an exciting experience. When I became a junior, I chose Professor Yanaihara’s Economic Development as my Zemi subject. As I remember, one of the books we read was Japanese version of Ragnar Nurkse’s “Problems of Capital Formation in Underdeveloped Countries” published in 1953. I did not know then that this Nurkse’s model was the basis for the models later developed by Professors W. A. Lewis and Fei/Ranis.

At Cornell, I learned a lot: the way one lives in a foreign country as well as the way one nourishes one’s academism including economics. After having normal period of initial adjustment problems being in US and at Cornell, I enjoyed totally the five years, from 1962 to 1967, of my stay in Ithaca. I found good friends and tough but supportive academic advisors. They were Prof. Vanek, Prof. Liu and Prof. Golay: Prof. Golay, a specialist on Philippines’ economy, taught me economic development via W. A. Lewis’ “The Theory of Economic Growth”; Prof. Vanek taught me international economics via his own text book on international economics; and Prof Liu taught me the basic econometrics via Thail’s test books and let me help him building a monthly econometric model of USA. Under Professor Golay’s guidance, I wrote my MA thesis entitled “The Analysis of the Philippines’ Terms of Trade, 1903–1960”. The thesis was a result of labor-intensive work of calculating terms of trade over more than 50 years with a calculator without computer. One of the key conclusions was that in the case of Philippines the terms of trade between her exporting primary products and importing manufactured goods did not shift to the disadvantage of exporting primary products. Under Professor Vanek’s and Professor Liu’s guidance, I wrote my Ph.D. thesis on the balance of payments and economic policy in Japan during 1953–1965: a simple policy analysis, on the basis of a quarterly econometric model, was made on the Japanese economy and considered the issue of the proper pairing of policy instruments (fiscal and monetary policies) and goals (economic growth and the balance of payments position) and effectiveness of those policies. In addition, I had a rare opportunity to work as a research assistant for two years under Professor Liu on his pioneering study on
development of a monthly recursive econometric model of US. The experience I had on model building of monthly econometric model and the use of IBM computer system, then a rare/new large computer installed in the campus, was truly unforgettable. Not only I had to punch monthly economic data on cards but also I had to learn to adjust the statistical computer program as part of efforts by Cornell to develop a so-called timesharing system. Eventually after I left Cornell, Professor Liu published a paper on the monthly econometric model in the Review of Economics and Statistics in 1969. Other professors who gave me intellectual stimulus were Professor Kahn who taught the students the need to deregulate industrial policies of the Government to enhance productivity and Professor Fei who gave us all on neoclassical growth theory. There were also many other impressive Professors in the field outside of economics who were supportive of my student life. All gave me hints and encouragements, clearly going beyond academic advices, on how to think creatively and independently and keep high moral standard.

Essentially I was interested in economic facts in the real world, history of economic thoughts on international economics as well as economic development and the use of mathematics in economics. At best I was a confused but curious student of economics.


At the World Bank, I worked all the time in lending operations dealing with the Government of the developing country. I lived in luxury for 29 years of going back and forth between the real and theoretical world in the field of economic development. During the period, I saw dramatic changes in public pronouncement of development strategies of the Bretton Woods institutions on the developing countries starting from the need of economic planning and import substitution, and leading to the promotion of exports and smaller Government/privatization. The main line of my career was in the field of policy development and lending operations in the transport sector including the preparation, appraisal and implementation of infrastructure projects. I could use macro- and micro-economics both as staff and manager. After initial assignments of learning how the World Bank works, I worked for 13 years as a transport economist for Asian countries including Bangladesh, Burma, India, Ceylon, Korea, Nepal, Pakistan and South Vietnam. During this period, those countries were my teachers on economic facts on development. I participated in World Bank’s efforts to strengthen the relationships among various economic works such as macroeconomic analysis, transport sector strategy and specific project activities in the assigned countries. The main theme was to design minimum cost investment program in the transport sector in such a way that the transport investment program was consistent with the macroeconomic framework and that the transport operators in the public sector could realize improved operational efficiency in their operations. The most difficult job in the field was to forecast accurately traffic demand, be it passenger or freight, given fragile macroeconomic condition and to advise as well as agree with the Government a set of pricing policy to lessen fiscal burden of the public sector and income disparity of users of infrastructure services. The other challenge was to convince officials of developing countries to actually improve operational efficiency of the provision of infrastructure services. Somehow it was easier for them to construct new assets rather than to improve
operational efficiency of the existing assets. Perhaps it was cultural and connected with human nature. In addition, we had to face all the time the issue of dichotomy between efficiency and equity. These key operational issues continued when I worked as a manager going beyond transport related works in the organization.

Looking back my World Bank experiences, I would like to mention the experience of the preparation of a project financing second-hand equipment as a new experiment in the World Bank operations and of the first guarantee operation in the World Bank for an electric generation project. I even tried to prepare a guarantee operation for issuing a city bond to support local Government’s fiscal restructuring. Learning from varying economic situations in the developing countries, there were obvious needs in the World Bank to improve its quality of policy dialogue and lending. Naturally I made a lot of mistakes here and there. I feel I was lucky to have these experiences.

Teaching Experiences: 1997-2010

At Waseda, the most valuable experience was to be associated with the Japanese and international students. They were my energy source for finding interesting economic development subjects and new materials on development, for letting international students to learn about Japanese experiences in development efforts and for Japanese students to learn about developing countries’ efforts to achieve development. As I remember, I enjoyed most when I took GSAPS students to Yonezawa City in 1999 for a 5 days stay with a view to learning part of Japanese history of 16th Century. Though unsuccessful in the end, I will not forget our experiences in 2006/7 for almost successfully getting external funding through the use of project preparation facility of JBIC for the preparation of a rural poverty reduction project in Pakistan.

My main theme at GSAPS “Economic Development and Infrastructure” was how to provide infrastructure services at minimum cost in developing countries. The basic idea comes from my experiences at the World Bank. I used four adjectives to express my view succinctly: “small” implying that the role of the public sector in the provision of infrastructure services should be smaller than what they now have; “efficient” implying that operational efficiency of infrastructure service provision should be efficient; “strong” implying that with smaller government, the regulatory arrangements would have to be strong; and “effective” implying that all responsible agencies, be it in the public and/or private sector, should act responsibly to satisfy the need of the final user. I thought theses principles certainly help achieve development in developing countries that suffer from lack of domestic savings. In other words, depending on the way the country manages for infrastructure service provision, she has to enhance domestic savings ratio. I also taught other subjects such as ‘The Principle of ODA’ and ‘Economic Development Theory’. My emphatic points have been to have strong strategy for developing country’s economy minimizing getting ODA even grant funds, making smaller income disparity in the society and understanding /assisting women/babies in the rural communities.

Suggestions to Past and Current Students

I support interdisciplinary approaches for graduate studies but one should have his fundamental theoretical framework in one field at his early academic life. For example,
to analyze development potential of a rural community in developing countries, you can have analytical tools of economics or anthropology, or any other social science. Please make sure that you establish your analytical tool in one field in such a way that you would develop a consistent story from the beginning to the end. I also support any research using primary data collected through one’s fieldwork. This approach would enhance the quality of studies itself as the primary data collection tends for students to become more creative than otherwise in analyzing important issues on economic development.