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Specialty: Public Finance, Public Economics
Political Economy
(Interviewer: 迫本・小野)

『My current research focus is on the taxation system, specifically the consumption tax! 』

What is your research specialty?

I am currently researching corporate tax. I am also planning to research consumption tax again in the future. With the recent national policy trend of integrated reform of the social security and taxation systems, the taxation system must also be changed in accordance with the changes in the social structure of our country. In particular, the government has decided to increase the consumption tax under the integrated reform of social security and taxation, and the consumption tax will rise to 8% this year. At the same time, there is talk of cutting corporate taxes.

Economics does not believe that corporate taxes are borne by a monster called a "corporation" and that consumers and others are exempt from any burden. Those who are not familiar with the economics of the world may have the impression that consumers do not bear the burden of corporate taxes, and that someone called a "corporation" bears the burden. However, this is not true at all. In the end, corporate tax is a tax on the profits made by a company. If there had been no corporate tax, perhaps the employees would have received a larger salary. Shareholders might have received more dividends. The products sold to consumers could have been sold at a lower price. However, because of the corporate tax burden, the company has to pay money to the government for that amount, so the stakeholders surrounding the company are implicitly burdened in such a way that they say, "Sorry, but we can't raise salaries for that amount," "We can't increase dividends," or "We will raise prices for consumers". In this way, the stakeholders surrounding the company are implicitly forced to bear the burden. This is how economics sees it.

So what proportion of the burden is borne by employees and shareholders? There are various analyses, but there are still some unresolved issues. We are analyzing what the impact would be with all the talk of lowering corporate taxes. To add one more point, the consumption tax will be increased, while the corporate tax will be reduced. This may seem like a cold treatment of consumers or a preferential treatment of corporations, but I am logically convinced that economics can make it clear that this is not the case.

In the future, when the consumption tax is raised, we would like to add a new analysis of how the tax is applied at the distribution stage. For example, recently there has been a lot of talk that when the consumption tax is increased, small and medium-sized micro businesses will be forced to lower their prices by their prime contractors and will not be able to pass on the burden. The government is supporting them by saying that they will be able to pass on the burden, but are they really unable to pass on the burden, or to what extent are they passing it on? To take it to the extreme, what is now 100 yen is now 105 yen. This price is to rise to 108 yen. However, if sales will not decrease much even if the price is raised to 110 yen, the price may be raised to 110 yen. On the other hand, if the price is raised to 110 yen and demand drops dramatically, then the price will have to be kept at 105 yen. There may be such a product. How price changes, like the cases I just mentioned, is also of interest to me.

I mentioned that I am interested in corporate taxation, but I have also done research on other areas of public finance, such as local government finance, social security, and other areas of public finance, and while it is not the subject I still devote the most time to, I continue to do so on an ongoing basis. I will actively support my students in my seminar by following their interests, including topics that I have studied or continue to study. Then, I ask the seminar students to choose a topic for their paper that is of interest to them, well arranged at a level that they can understand at the undergraduate level. Indeed, so far we have had students in the seminar who are interested in "taxation," "local government finance," and "social security" every year. Some years we had students who were interested in other topics, such as government bonds, infrastructure development, and so on.

『Student initiative is important! 』

Please tell us about your educational philosophy.

What we value most is the spontaneity of the seminar students. I want them to value their own motivation. I know that there are a lot of doubts about what they want to do, but I want to encourage their spontaneity on a day-to-day basis. My seminar holds training camps in both spring and summer, but I have never told them to do it in both spring and summer. We also participate in essay contests in which other universities also participate, but I do not tell them to participate because I have decided to do so; rather, I take a stance of respecting their independence, saying that if they want to participate, I will support them, and if they do not want to participate, I let them think of something else. Of course, the final decision on a thesis topic, etc., is also narrowed down, since a topic on which a thesis could be written is not lying around anywhere at any time. We present several options and ask students to choose the one that best suits their interests. We encourage students to be proactive and make their own decisions.

『I became interested in economics because of the consumption tax. 』

Please tell us about your student days.

Consumption tax is still one of my specialties, and it was the reason why I chose the economics department when I was a student. The year before I entered college, there was a debate about whether to introduce a consumption tax, and as a senior in high school, I knew that something big was going on, even though I had no idea about economic issues. I had always hoped to be involved in some kind of policy making, but there was a tendency back then, more so than now, that if you wanted to become a bureaucrat, you had to have a law degree. Of course, now we need to have knowledge of economics to have an idea of what kind of policy we should make. Law alone is not enough to determine the right or wrong policy. We need to be able to deal with sophisticated economic issues. The most symbolic example of this was the economic crisis of 1997. Nowadays, it is taken for granted that it is impossible to formulate policies without knowledge of economics, but even before that, I had been thinking about how economics could be used to formulate some kind of policy. I became interested in what kind of economic effects a consumption tax would have, and that is when I decided to study economics. It was during my student days that I eagerly attended classes in the economics department on taxation and public finance.

『I want people to pay attention to economic policy. 』

What are you looking for in a second-year student who is interested in the Doi Seminar?

In terms of the field, we welcome those who have some interest in how to make better fiscal and other economic policies. Furthermore, if you don't like economics, I'm not sure it's for you. You don't have to like it, though. In the end, we welcome anyone interested in how to analyze economic policy using economics as an analytical tool.

『Part of a scholar's professional life.』

What about Twitter?

Basically, we don't talk about our personal lives. The professional life of a scholar is not just being involved in teaching and research on campus. It may be a bit of an exaggeration to call it a social contribution, but I also have the opportunity to attend and speak at government policy meetings. Therefore, I would like to inform you as much as possible about what I did yesterday, and what I am going to do today, tomorrow, and so on in a short time span. However, because of my personality, I tend to take the brunt of policy issues where opinions tend to be at odds with each other, and I am sometimes subjected to harsh comments. However, we will try to clear up any misunderstandings, and there are various opinions out there. As with the corporate tax mentioned earlier, in order to avoid unnecessary burdens on the people, we are asking them to bear the burden in other ways. I am trying to clear up misconceptions about such policies. I just want to ask you to say one thing, and that is to stop just attacking me personally on the internet (laugh). There are other economists who have received some heartless comments and have said that they won't do it anymore or reduce the number of times they speak out. However, if we stop doing that, it is often the case that policies that should be regarded as good are misunderstood as bad, including misunderstandings about the nature of the policy, so I try to explain those areas in a steady manner to clear up misunderstandings.

『Heizo Takenaka Seminar and Motoshige Ito Seminar』

About in-seminars

In seminar, I work with the Heizo Takenaka Seminar at SFC and the Motoshige Ito Seminar at the University of Tokyo. The research specialties of these two seminars are different, and the students rather enjoy the differences. Of course, the presentations we provide to these seminars are often on fiscal matters, since we provide what we are doing. On the other hand, the Takenaka Seminar focuses on economic policies that are not limited to public finance, and the Ito Seminar specializes in international economics, so we often talk about trade issues with other countries. We tend to make presentations where there are such differences, and we think that it is an attractive thing to have the other seminars make a presentation and learn from each other.

『Immerse Yourself Into Economics!'' 』

☆Finally, please give a message to the second-year students. ☆

If you have the opportunity to study economics, we would like you to be imbued with the economics way of thinking about things at least once. Of course, it's okay to not accept everything that economics says... In this sense, I believe that you should immerse yourself in economics at least once, and if you can keep the concept of economics in your mind after graduation when you think about what to do with your life, then you are well worth graduating

from the economics department. In that sense, I would like you to immerse yourself in economics at least once.