

Professor Keiichiro Kobayashi
Specialty: Macroeconomics, Finance
(Interviewer: 菊井, 古郡)

『The seminar's field is finance, and the teacher's research field is.....!?!』

Please tell us about your research specialty

My main research interests are theoretical macroeconomics. I am engaged in four major areas of research. The first is a study to create a model that includes financial constraints for DSGE-type models. Second, I am conducting research on models of banking crises. Third, I am studying monetary theory, which has been popular since around 2005. The fourth and final research project, which has not yet reached the level of academic research, is a study of fiscal models.

『I want to do something about the post-bubble recession. 』

When did you become interested in economics, Mr. Kobayashi?

I was not interested in economics from the beginning. I wanted to work for the benefit of society at large, so after completing graduate school in the Department of Mathematical Engineering, I joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) and worked in public administration for seven or eight years. At that time, it was just after the bursting of the bubble economy, and I was involved in economic stimulus measures. As I gained more experience in economic policy, I became seriously interested in economics, wondering how Japan could get out of the post-bubble recession. After studying abroad, I joined the Research Institute of Economy, Trade and Industry (RIETI), where I conducted research for 10 years. I have been thinking about what kind of theory would be useful for actual policy making.

『Finding the Problem 』

Tell us about your educational philosophy!

I want students to have a broad perspective, not just a corner view. To be more specific, I want you to do your research with an eye to its connection to real-world policy. We want you to be interested in public policy, and be highly motivated and proactive in finding problems. It is not an easy task, but if you can successfully formulate a problem, you can say that your research is 90% complete. It is more important to find a problem than to solve it.

『Balancing Textbooks and the Field. 』

How can I get closer to reality?

Including myself, I think we need to create opportunities to get in touch with people who are in real financial institutions or who work for policy authorities. Students do not have many opportunities to interact with working people, so if they study only textbooks, they will not be able to get a sense of reality. I think the only way to make up for this gap is, simply put, to go out and do interviews. This is something we haven't been able to do much of in the seminar., but it is actually better to consciously have opportunities to listen to the Bank of Japan, government economic agencies, and people in the private sector. I would like to create such opportunities in the seminar, and last year we had a visit from a person from a financial institution. I would like to create such opportunities this year as well.

『Looking back on my own student days』

Tell us about your student days, Dr. Kobayashi!

I was originally a student in the Department of Mathematical Engineering in the Faculty of Engineering. I think I spent more time studying than liberal arts students because I had to do experiments (laughs). Especially in my 3rd and 4th years, I was mainly focused on studying. In my first and second years, I was active in a club called ESS. I think it was a good thing that I was able to interact with friends from other faculties in that club, because it influenced my choice of career when I became an adult. Looking back now, I see that my goals and career path changed from time to time. First I thought about becoming a physicist, then I thought about becoming a researcher in the field of mathematical engineering, and then I thought about going out into the world and joining a government agency. If I had become an economist in a straight line at the beginning, I think I would have been more efficient, but if you ask me if all the things I have done have been in vain, well, maybe they were not (laughs). I believe that studying various fields has broadened my way of thinking in a sense. I think it is good that I can think about things from a slightly different point of view from ordinary economists. I think it was a good experience for me. In that sense, I think everyone worries about various career paths when they are students, but I think it is good to worry seriously about it each time because it will be good to look back on it later.

『Reflecting on my own employment』

What was the deciding factor in your decision to join the Ministry of Economy, Trade and Industry?

I wanted to be involved in a wide range of government fields. I thought that METI was in charge of Japanese industry and the economy as a whole, so it was relatively close to my first choice. I was also interested in the welfare and ministry, but the deciding factors in my decision to join METI were the broad scope of its administrative responsibilities and the positive atmosphere of the people I met at the interviews. Depending on the company, it may be quiet or aggressive, and you can naturally get a sense of the overall atmosphere of the company through the people you meet during your job search. At that time, I felt that the overall atmosphere at METI was more active than at other workplaces, and that I could do many interesting things. But then there was a lot of bureaucracy bashing and so on, so I don't know how it is now.(laugh)

Did anyone else from the engineering department have an interest in the economy?

They are relatively common. Nowadays, among those who take the national civil service exam and enter the economic office, every year one or two people with a science background take the civil service exam and enter the office for economic positions and so on. Recently, there are many people who have undergraduate degrees or master's degrees. Of course, there are many people with science backgrounds who enter the civil service as technicians, but there were people in the administrative field, especially those with an interest in economics, in my time, and even now there are more and more of them. I think probably more than a few people a year are joining the government as a whole. In the Ministry of Economy, Trade and Industry, I think there are one or two a year.

『Seminar is a place where you train to think on your own』

What are you looking for in a second-year student who wants to apply for the seminar?

I hope you study properly in Hiyoshi and don't leave any Hiyoshi subjects behind (laughs). Also, as I said before, you have to discover problems by yourself. I want them to enter the seminar with that kind of spirit. And if possible, I would like them to think about issues with an interest in public policy. Those who want to become economists are also welcome, or rather, it is more worthwhile for me to teach them. Of course, the majority of students will find a job after two years, but if they do, they will not be able to do research in economics. I would like them to enter the program thinking that it is a place where they can train to think for themselves. If you are a person who may become an economist in the future, I think I can give you appropriate guidance to a certain extent through textbooks and papers, so I would like you to join us if you are interested in a theoretical field such as the one I am working on now.

『Both Research and Circular Readings. 』

What kind of activities do you do as a seminar?

When the third-year students enter the program, they are divided into groups of about five according to their interests, and three to five students are asked to study with the goal of writing their own papers for the Mita Festival and the end of the school year. As part of this process, this year we are doing a circular reading of an English textbook called "Modeling Monetary Economies. In other words, I do both spontaneous research and reading in rotation. I also sometimes have someone from outside come in as an extracurricular activity, or when I participate in some symposium outside the university, I have them attend as an audience. Grading is based on the presentations on the circular readings and papers.

『On writing our own papers.... 』

Do you have any tips for setting up a qualified problem?

Hmmm, it would be best if there was such a methodology, but unfortunately there isn't. We have to do it by trial and error. I think it would be good to have them proactively express their opinions about what they think is the problem. It is not easy for current seminar students to do so, but I would like them to discover problems by themselves and tell me that they think this is a problem. In most cases, it is not a very interesting problem, but I think that by accumulating the experience of failure, they will be able to create the right kind of problem within themselves. If you come up with a theme that you think is worth researching, I would like you to propose it at the seminar. I will probably give them a lot of criticism, and other people may criticize them as well. My impression from my two years at Keio is that Japanese students, or Keio students in general, tend to avoid such discussions in which they engage in full-frontal criticism, and are rather reserved. I think it would be a good idea to have more discussions without being afraid of being criticized or criticizing each other.

『Thinking back on my time as a student and my time as an adult』

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

Many people might say this, but you should read the classics. When you become an adult, you will become older and older when you don't read the books you planned on reading. When you have time, such as in Hiyoshi, you should read Japanese literature, world literature, or even more difficult books. If you read something that is considered a world classic, it will become your intellectual foundation even after you become a member of society. This is something I have reflected on myself. When you are 18 to 20 years old, it is difficult to read things that adults say you must read in the 2000-year history of humankind (laugh). But I think it would be good later

on if you try to read some of the books without saying so. When you go out into the world and work for a company or government office and have to make decisions at work, it is good to know how the famous and clever people of the past thought and made decisions. It would give you some confidence. So, you should read literary works, or even something about Caesar (laughs). I think that reading such things can be a source of confidence when you take action.

What are some of the classics that have helped you gain confidence in yourself?

I wonder what it is. When I was younger, I was a bit dismissive of classical books, so I didn't read many of them. I learned about the history of Rome from the book "Res gestae populi romani" and read Gibbon's "The History of the Decline and Fall of the Roman Empire" on my own. That was after I entered the workforce, but I really think you should read this book when you are a student. I think everyone needs to worry about what kind of decisions to make and how to negotiate with others in a company or organization on the job. When I began to actually experience what it was like for people to interact with each other and for history to move forward, I became interested in things that I had not been interested in when I was a student. This is what made me want to learn about history. I could only understand this kind of thing after I had experienced it as a working adult. I might forget them quickly even if I read the classics when I was a student (laughs). If so, it could be a waste of time, but if it interests you, you should read it.

Editorial Postscript:

I feel that Prof. Kobayashi has a very calm atmosphere and was very attentive. As mentioned in the interview, he seems to expect his students to be proactive, so second-year students who aspire to become economists or want to discuss economics with him should definitely consider enrolling in the seminar. We would like to express our sincere gratitude to Prof. Kobayashi for taking time out of his busy schedule to agree to this interview. Thank you very much.

Written by 古郡.