Since its establishment, GRIPS has nurtured both domestic and international students. The international students ask me why those issues cannot be resolved. They seem to feel that, in comparison with their own countries, which face problems of underdeveloped infrastructure, huge income disparity, and insufficient education, Japan’s problems should be relatively easy to solve. That is true, but I would like them to understand that Japan needs not only to shape economic policy during periods of fast-paced growth but also to craft reform policy after such periods. Many Asian countries are going to face population aging in the coming years, so I would particularly like them to observe how Japan, whose population aging more advanced, is trying to find solutions.

I would like the students to think together with us about this issue.

Early 2017 saw the publication of a book titled, *Ordinary Durians*, which examines four global trends. The first is the shift of the center of economic activity from developed countries to emerging ones. The data show that ten years ago the share of the world’s combined GDP occupied by developed countries was 3.8 times that of emerging countries. However, that factor contracted to 3.5 times in 2016. The second is the global problem of population aging. The third is technical innovation centered around accelerating digitization. The fourth is the globalization of human resources, things, money, information, and services. Those four trends are interconnected, and will probably accelerate simultaneously in emerging countries. While Japan is confronting many related issues ahead of other countries, it is experiencing considerable difficulty in its efforts to resolve those issues. I would like our international students to observe over time how Japan is grappling with those issues as it continues on the course of its democratization, which began after World War II.

—What are your wishes for the Japanese students?

Unfortunately, the international students are much more spirited than the Japanese. The Japanese students tend to pay too much attention to minor things. They are blessed with the opportunity to study at GRIPS, which attracts students from almost 50 countries in every corner of the world, and I hope they will be able to really feel the energy that comes with diversity, and thoroughly absorb it. In addition, I would like them to speak out freely and express their views fully.

I have been learning from other countries for quite some time now, but mainly from Western countries. From this point onward, however, Japan is undoubtedly going to get many important insights from the youth of emerging countries, and learn a lot from them.

I think so, too. It is important to learn about each other through direct contact. I hope that our Japanese students will take full advantage of the precious environment at GRIPS, actively communicating with others and building human networks.

**Assistant Professor Yasuaki Takagi’s book, *Central Banking as State Building: Policymakers and Their Nationalism in the Philippines, 1933-1964*** has been awarded the 34th Masayoshi Ohira Memorial Prize.** Established in 1985, at the time of the foundation of the Masayoshi Ohira Memorial Foundation, the Memorial Prize is awarded to persons who publish excellent books or research reports that contribute to the advancement of the Pacific Basin community concept, originally an aspiration of former Prime Minister Ohira.

Dr. Takagi commented: “This book is a historical study, based on primary sources, tracing the process leading up to the establishment of the Central Bank of the Philippines. Many scholars have said, in the Philippines, and in developing and emerging countries in general, even if laws are made, they must not be effectively enforced, and even if enforced, their enforcement may be denied by corruption and legitimation. They have accused such developments to weak institutions or weak state. Nevertheless, almost all developing countries have a history of transplanting political regimes and administrative institutions that were for the most part imported from Western Europe. In that light, I think it would be unreasonable to expect that these transplantated institutions would function as anticipated throughout the world. In addition, if countries have enshrined institutions (arrangements such as customs and laws that restrict individual action or attach a certain meaning to it), whether they are weak or not, I thought it best to begin my research on those institutions with some fundamental questions: Why were they established? For what purpose? By whom? In my book, I took up the Central Bank as a topic because, even in the case of the Philippine state, whose institutions are regarded as weak, the Bank has been rated as an island of strong state. Examination of the history of the actors who actually established the Central Bank and how it is in the initial phase reveals that those people had been involved in the management of the colonial apparatus in their positions as colonial legislators and bureaucrats. The book also sheds light on the educational roots that fostered these people, and on the nature of the colonial state as a governance structure.

The ultimate conclusion is that the establishment of the Central Bank was part of the larger story of the state building in the Philippines. I would like to take this opportunity to say being selected for the Ohira Memorial Prize is an unexpected joy. I can only feel humbled when I consider the work of the preceding recipients. I am determined to forge ahead and continue publishing research results to achieve the future.”

Assistant Professor Yasuke Takagi’s book, *Central Banking as State Building: Policymakers and Their Nationalism in the Philippines, 1933-1964* has been awarded the 34th Masayoshi Ohira Memorial Prize.** Established in 1985, at the time of the foundation of the Masayoshi Ohira Memorial Foundation, the Memorial Prize is awarded to persons who publish excellent books or research reports that contribute to the advancement of the Pacific Basin community concept, originally an aspiration of former Prime Minister Ohira.

Mr. Masayuki Oku, Honorary Advisor of the Sumitomo Financial Group, to exchange views with Dr. Hiroko Ota regarding the influence of new technologies, specifically FinTech and AI, on the financial industry, and the responses required of Japanese industry as a whole in this changing world economic scene.

**Support GRIPS**

Since its establishment, GRIPS has nurtured both domestic and international policy professionals and leaders—people who will take the lead in democratic governance. Our graduates are spread around the world, particularly in Asia, with approximately 4,700 alumni currently working in government administration or similar organizations. With your kind support, GRIPS will be able to continue making real contributions to the world as an international hub for international policy research and education.

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Economic transformation: from the age of volume to the age of quality and innovation

—Various changes in the financial sector have had huge repercussions worldwide. What is your view of the Japanese economy—Various changes in the financial sector have had huge repercussions worldwide. What is your view of the Japanese economy.

Oku
The financial and banking industries have a history of adopting new technologies. Around the time of the Tokyo Olympics they introduced mainframe computers to serve clerical labor in office processes that had until then been done by hand, which not only lightened the load but also helped the companies make better risk management. Today, they are attempting to utilize technologies for intelligent operations including judgments. In that sense the aim is to develop technology in the financial industry. What is your view of the Japanese economy?

Oku
The outlook depends on the standards by which we view Japan’s current situation. Personally, I do not think that we are no longer in an age for the conventional period of volume. Meanings the notion that the GDP has grown by a certain percent or reach so many trillion yen. However, I believe we will be looking at the economy more on a per-capita basis, at issues such as the rise in individual income and improvement of the living environment—but even from that perspective, there will be a need for some kind of solution to the problem of widening income disparity.

Oku
I would like to focus on the question of whether or not the current economy is conducive to the birth of new things. The unprecedented penetration of everyday life by digital technology can certainly be seen as one of the major changes since around 2010. Today, about one-third of the world’s entire population is connected to the Internet, and the number of devices using ICT are on the increase. Not only is new technologies and business models being born at a rapid rate, but also these innovations are spreading very quickly. My area of expertise is regulatory reform, and personally I feel a sense of crisis about the future of Japan is not good at renovating, more and making statesmen in response to changes as such as we’re seeing today.

With regulations and systemic arrangements already in place, how much innovation is possible? This is a big challenge for Japan.

The influence of FinTech: One facet of overall financial business development

—Speaking of technical innovation, the spread of cloud technology in China has led to a number of new business opportunities by emerging companies. What are your views on the influence of AI and IoT technology in the financial industry?

Oku
The financial and banking industries have a history of adopting new technologies. Around the time of the Tokyo Olympics they introduced mainframe computers to serve clerical labor in office processes that had until then been done by hand, which not only lightened the load but also helped the companies make better risk management. Today, they are attempting to utilize technologies for intelligent operations including judgments. In that sense the aim is to develop technology in the financial industry.

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