

## *JAPAN NOW Lecture Series*



# Three Seismic Shifts in the Global Economy and Japan as a Spearhead of the Change

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#### **CHAired BY**

### **Stephen Toope**

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Affairs

**Tuesday,  
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2:00 PM – 4:00 PM

### **Main Activity Hall**

Multi-Faith Centre, Koffler House  
569 Spadina Avenue, 2nd Floor

*With assistance from CASSU  
(Contemporary Asian Studies  
Student Union)*

The three "seismic" shifts in the global economy are identified as follows: (1) there is a persistent dampening fallout from the property bubbles, busts, and the ensuing financial crises, (2) information communication technology becomes ubiquitous and unfortunately employment-unfriendly, and (3) many economies have shifted or are close to shift from the demographic bonus phase of young and growing population to the demographic onus phase of aging population.

Japan has been a spearhead of these changes and many economies seem to follow suit. These seismic shifts carry both short- and long-run effects, with strong policy implications. In the short run, they have generally weakened aggregate demand, and rendered it less responsive to traditional macroeconomic stimulus. In the long run, many economies are losing flexibility, such that their capacity to adjust is declining. Finally, and most importantly, the novelty of these conditions has heightened uncertainty. This heightened uncertainty poses a serious challenge to policy makers.



**Kiyohiko G. Nishimura** is Professor of Economics at the University of Tokyo and National Graduate Institute for Public Policy. He was Deputy Governor of the Bank of Japan for five years until March 19, 2013, one of the most turbulent periods in the history of the world economy and central banking. He was awarded Emperor's Medal of Honor with Purple Ribbon in 2015, for his outstanding contribution to theoretical economics.