Introduction to JIDEA Base Line and Japanese Economy
- Recent Simulation in JIDEA7.8 -

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New Features of JIDEA7.8

- I-O Table (2001 - 2004) revised to extend
- Intermediate Coefficient re-calculated
- PSeidel revised
- All functions re-estimated
The JIDEA model simulation is done. Use Vam or Compare to view results.

Total execution time: 21 seconds
New Base Line

• Subprime loan shock reflected
• Low economic performance assumed
• Population decrease
• Labor productivity trends to continue
• Yen exchange rate fixed to 117.8 at 2007
• Government investment fixed at 2006
GDP Components by Expenditure Category
(Trillions Yen of year 2000)

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Predicted</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>456.518 489.182 518.893 516.916</td>
<td>504.969 520.773 537.82</td>
</tr>
<tr>
<td>Consumption</td>
<td>310.029 360.22 385.883 384.207</td>
<td>363.515 375.173 388.69</td>
</tr>
<tr>
<td>Household Cons.</td>
<td>228.128 265.906 280.99 287.169</td>
<td>269.265 277.785 288.028</td>
</tr>
<tr>
<td>Government Cons.</td>
<td>63.019 74.834 85.722 78.349</td>
<td>75.001 78.169 81.411</td>
</tr>
<tr>
<td>Investment</td>
<td>143.084 134.068 129.684 128.071</td>
<td>127.535 131.847 133.403</td>
</tr>
<tr>
<td>Private Inv.</td>
<td>107.798 93.295 93.639 97.262</td>
<td>96.231 100.543 102.099</td>
</tr>
<tr>
<td>Government Inv.</td>
<td>32.641 38.639 35.768 29.022</td>
<td>28.458 28.458 28.458</td>
</tr>
<tr>
<td>Inventory Chg.</td>
<td>2.645 2.133 0.277 1.787</td>
<td>2.846 2.846 2.846</td>
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<tr>
<td>Foreign Demand</td>
<td>3.405 -5.106 3.326 4.638</td>
<td>13.919 13.753 15.726</td>
</tr>
</tbody>
</table>

GDP Components Graph

- GDP real
- GDP nominal
# Population & Labor Force

(10 thousand of person)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1236.1</td>
<td>1255.7</td>
<td>1269.3</td>
<td>1278.1</td>
<td>1270</td>
<td>1249.8</td>
<td>1219.3</td>
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<tr>
<td>Over 15 years</td>
<td>1008.9</td>
<td>1051</td>
<td>1083.6</td>
<td>1100.7</td>
<td>1106.7</td>
<td>1105.6</td>
<td>1095.1</td>
</tr>
<tr>
<td>Over 65 Years</td>
<td>149</td>
<td>182.6</td>
<td>220</td>
<td>257.7</td>
<td>293.7</td>
<td>336.6</td>
<td>360.1</td>
</tr>
<tr>
<td>Labor Force</td>
<td>638.4</td>
<td>666.6</td>
<td>676.6</td>
<td>665</td>
<td>667.1</td>
<td>663</td>
<td>655.4</td>
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<tr>
<td>Employed</td>
<td>624.9</td>
<td>645.7</td>
<td>644.6</td>
<td>635.6</td>
<td>597.6</td>
<td>592.4</td>
<td>586.7</td>
</tr>
<tr>
<td>Not Employed</td>
<td>13.4</td>
<td>21</td>
<td>32</td>
<td>29.4</td>
<td>69.5</td>
<td>70.6</td>
<td>68.7</td>
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<tr>
<td>Unemp. rate(%)</td>
<td>2.1</td>
<td>3.2</td>
<td>4.7</td>
<td>4.4</td>
<td>10.41</td>
<td>10.65</td>
<td>10.49</td>
</tr>
<tr>
<td>Lab. Particip. Rate(%)</td>
<td>63.28</td>
<td>63.43</td>
<td>62.44</td>
<td>60.42</td>
<td>60.28</td>
<td>59.96</td>
<td>59.85</td>
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<tr>
<td>Over 65 Years rate(%)</td>
<td>12.05</td>
<td>14.54</td>
<td>17.34</td>
<td>20.16</td>
<td>23.13</td>
<td>26.93</td>
<td>29.54</td>
</tr>
<tr>
<td>Labor Productivity</td>
<td>1364.88</td>
<td>1391.885</td>
<td>1470.466</td>
<td>1510.261</td>
<td>1567.798</td>
<td>1633.686</td>
<td>1704.601</td>
</tr>
<tr>
<td>Hours worked</td>
<td>1840.8</td>
<td>1757.4</td>
<td>1668.2</td>
<td>1649.4</td>
<td>1669.6</td>
<td>1676.1</td>
<td>1680.8</td>
</tr>
</tbody>
</table>

**Population & Labor Force**

- Total Population
- Population over 15 years old
- Population over 65 years
- Labor force
- Over 65 years

**Labor Productivity**

- Total industry
GDP Components by Expenditure (Trillion of 2000 Yen)

- Foreign Demand
- Inventory Chg.
- Government Inv.
- Private Inv.
- Government Cons.
- Household Cons.
- Business Cons.
Production & Productivity Growth (2020/2005): Deviation

Output

Productivity

-10.00 -8.00 -6.00 -4.00 -2.00 0.00 2.00 4.00 6.00

-1.00 -0.50 0.00 0.50 1.00 1.50 2.00

Iron&Steel
Agri/Fishe/For
Mining
Computer
Public Adm.
Other Mfg.
Textile
Precision
Information
Wood/pulp
Coal/Oil
Food
Personal Serv.
Trade
Health/Educ
Electro Dev.
Transp. Eq.
Elec&Gas
Metal Prod.
Engineering
Communication
Transp Serv.
No-Ferrous Machines
Chemicals
Iron&Steel

-10.00 -8.00 -6.00 -4.00 -2.00 0.00 2.00 4.00 6.00

-1.00 -0.50 0.00 0.50 1.00 1.50 2.00

Output

Productivity
Labor share and productivity in Japan

\[ \sigma_{85} = 0.037 + 0.095 \log \pi_{85} \quad \text{Adj } R^2 = 0.344 \]
\[ (0.47) \quad (5.87) \]

\[ \sigma_{95} = 0.054 + 0.101 \log \pi_{95} \quad \text{Adj } R^2 = 0.453 \]
\[ (0.87) \quad (7.34) \]

\[ \sigma_{05} = 0.049 + 0.107 \log \pi_{05} \quad \text{Adj } R^2 = 0.504 \]
\[ (0.87) \quad (8.13) \]
Productivity and labor share in 1985
Productivity and labor share in 1995
Productivity and labor share in 2005