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Discussion on
Eberly:
“Investment and Productivity:
returns and rents to intangible capital”



Etsuro Shioji
(Hitotsubashi)



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Summary (1) What explains investment gaps?

Intangibles

When they become
more important...

Feature 1: Hard to
measure



Measured
Investment ↓

Previous paper

Feature 2: Non-rival
but excludable



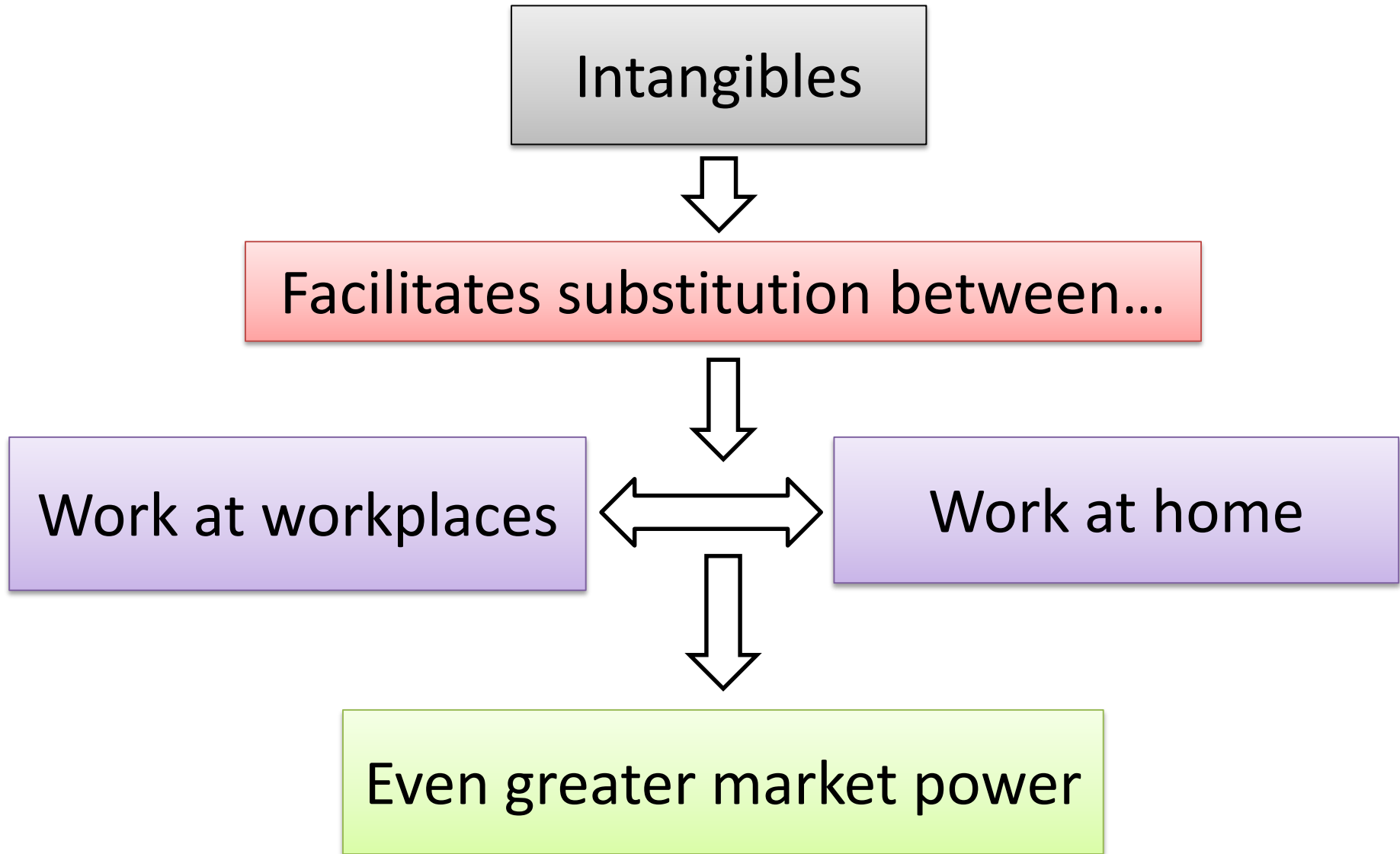
Market
Power



Profits ↑

Today's presentation

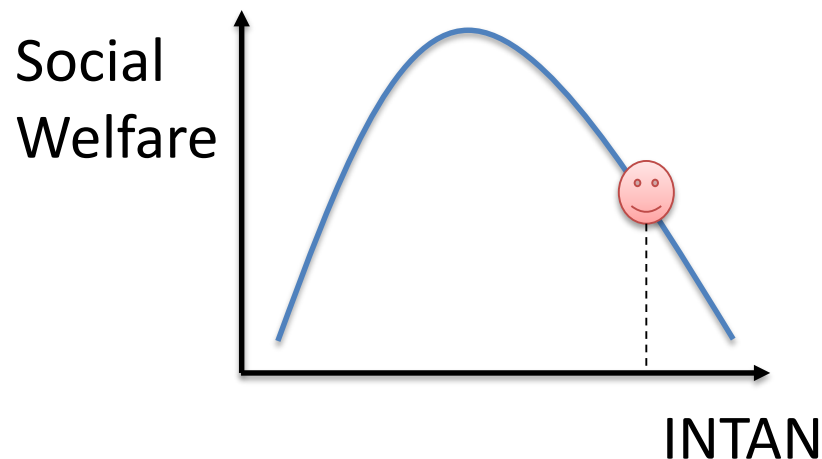
Summary (2) Pandemic



Question (1)
Can we have “too much”
intangibles?

If intangibles are a source of market power...

- Firms may over-invest.



- Should the gov discourage them?

Question (2): **JAPAN**

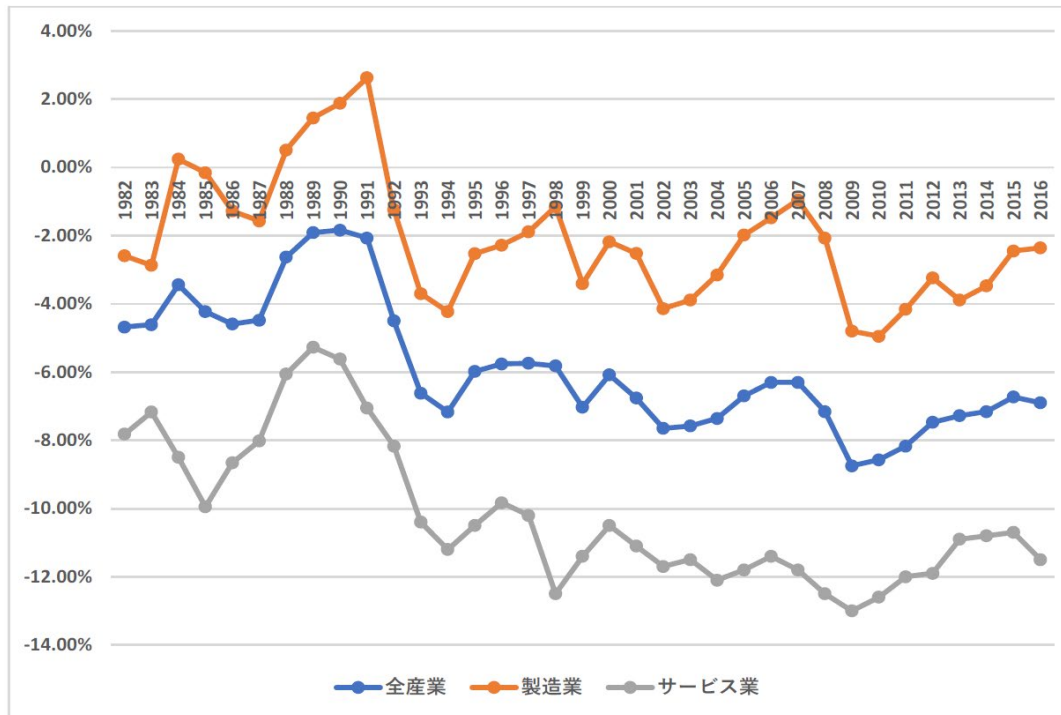
This country suffers from
weak intangibles investment.

Any policy advice?

Miyagawa and Ishikawa (2021, in Japanese)

- INTAN/GDP: 10.02% for JPN vs 15.98% for US
- Large R&D; Weak organizational structure.
- Estimate investment gaps.

Evident
downward
trend



Manufacturing

All industries

Services

Any advice?

- My hunch: Japanese regulations are thought to favor incumbents.
 - Could this be a cause for stagnation?

Question (3)

This study clearly documents enhanced roles of intangibles.

Is it a permanent or transitory phenomenon?

- Griliches' story of "Hybrid corn"
 - Introducing new tech requires human capital.
 - Once tech is standardized, human capital is no longer crucial.



- Will the same thing happen with intangibles?

Comment (1)

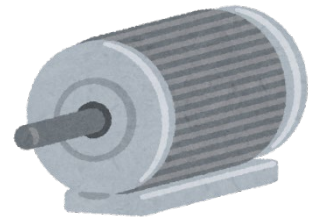
COVID-induced workstyle revolution
and productivity gains:

will they be reversed in the post-pandemic era?

- P.A. David's Dynamo story:

New technologies take time to show up in productivity statistics.

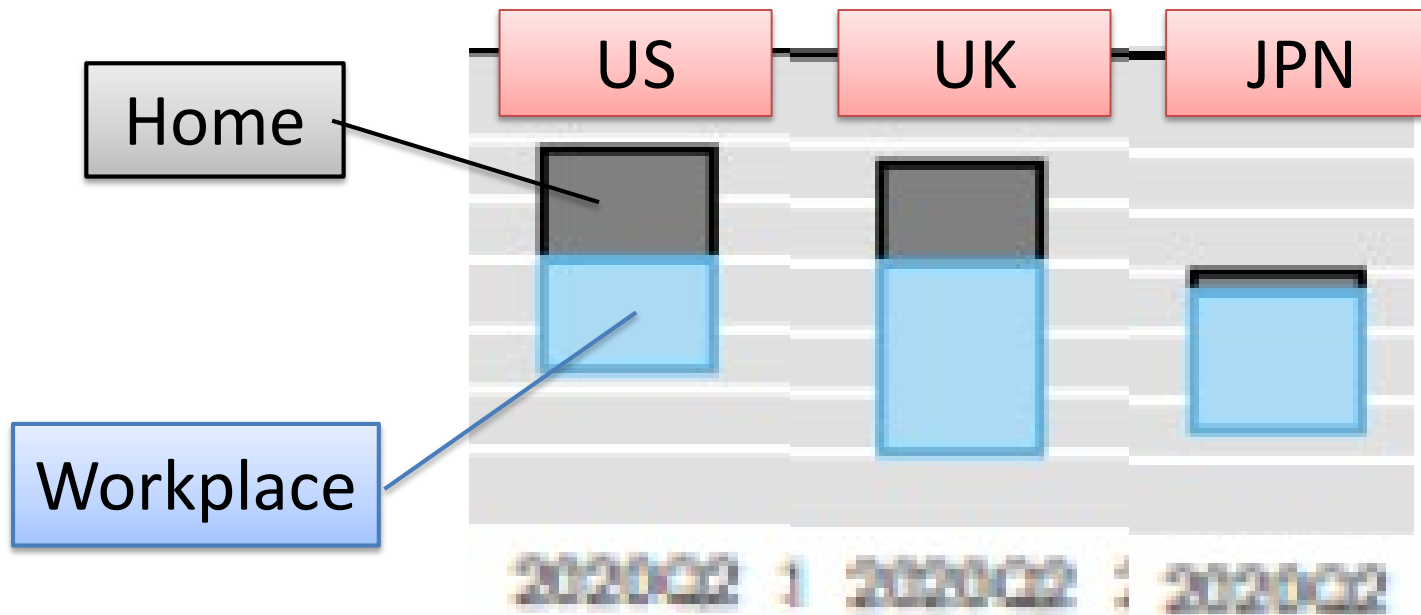
– Reason: Requires simultaneous investments in many parts of the economy.



- A “big push” would help.
- I believe that, once the gains materialize, they are here to stay! ... with one big caveat (next slide).

Comment (2)

COVID, the Japanese economy, and the “Luddites”



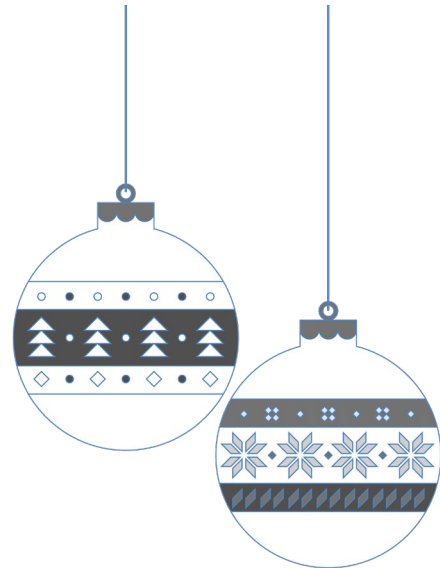
Decomposition
of input growth,
slide 16.

- Evidence for Japan in the slides is broadly in line with past findings (see Appendix).
- WFH reduces productivity by 30-40%.
- WFH share down: 30%→20% in 1 year.
- Why? One possible reason: corporate culture and resistance to change.



My own takeaway from the Japanese experiences

- Benefits from new technology are here to stay... if our mind is sufficiently open!
 - Resistance is futile!



Appendix: COVID and WFH in Japan

- Source: Japanese Economic Association's [comprehensive list of papers on the COVID and the Japanese Economy](#).
- [Productivity of Working from Home during the COVID-19 Pandemic: Evidence from an Employee Survey](#)
 - Masayuki Morikawa, Covid Economics: Vetted and Real-Time Papers, 49, 123–147, 2020–09.
- [Productivity of Working from Home during the COVID-19 Pandemic: Evidence from a Firm Survey](#)
 - Masayuki Morikawa, RIETI Discussion Paper Series, 21-E-002, 2021–01.
- [Productivity of Working from Home during the COVID-19 Pandemic: Panel Data Analysis](#)
 - Masayuki Morikawa, RIETI Discussion Paper Series, 21-E-078, 2021–09.

- [Telework in the spread of COVID-19](#)
 - Toshihiro Okubo, Keio-IES Discussion Paper Series, DP2021-015, 2021-08.
- [COVID-19 and Telework: An International Comparison](#)
 - Hiroshi Ono, Takeshi Mori, Journal of Quantitative Description: Digital Media, 1, 2021-04.
- [Working from home: its effects on productivity and mental health](#)
 - Ritsu Kitagawa, Sachiko Kuroda, Hiroko Okudaira, Hideo Owan, Covid Economics: Vetted and Real-Time Papers, 74, 142-171, 2021-03
- [Who can work from home? The roles of job tasks and HRM practices](#)
 - Daiji Kawaguchi, Hiroyuki Motegi, Journal of the Japanese and International Economies, 62, 101162, 2021-12.
- [The Impact of COVID-19 on Japanese Firms: Mobility and Resilience via Remote Work](#)
 - Daiji Kawaguchi, Sagiri Kitao, Manabu Nose, RIETI Discussion Paper Series, 21-E-063, 2021-07.
- Also of interest:
 - Japanese Economic Review, Special Issues, issues [3](#) and [4](#).
 - [Asian Economic Policy Review](#) (forthcoming issue on the pandemic).