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I am keenly looking forward to seeing the Japanese economy getting back on track, but I remain concerned that such a bright outlook will be inevitably accompanied by an excessive reaction by interest rates. It cannot be ruled out that such upward pressure on interest rates may be portrayed from the start, apart from a change in the financial markets.

I hope we can keep a close eye on how the F and G issues will evolve.

(Koji Nagae is a professor at the Faculty of International Social Sciences at Dokkyo University. He is a professor of economics at the University of Tokyo and March 2016.)

The government is expanding fiscal expenditures in an effort to end the ongoing crisis while the Bank of Japan is backing fiscal expansion with a bold monetary easing policy. These initiatives help spook prices stay high. We need to ask if the three-low environment, which emerged following the Lehman shock and is now gathering pace with the coronavirus crisis, will stay in place in the years ahead.

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