

## Stanford Japan Program at Shorenstein APARC

The Stanford Japan Program was formally established in November 2011, renewing the Walter H. Shorenstein Asia-Pacific Research Center's commitment to this important field. As an integral component of the Center, SJP facilitates multidisciplinary, social science-oriented research on contemporary Japan, emphasizing both academic scholarship and policy-relevant research. The program aims to become a central platform for Stanford students and the broader community for understanding and engaging with Japan.

## Research and Program Activities

Program activities include the Japan Colloquium Series, conferences to further cutting-edge research and address critical contemporary policy issues, and public seminars. The goal of Japan Program is to become an eminent platform to foster intellectual exchange among scholars, experts, top-tier professionals, politicians, and students.

## Message from the Director



The new academic year has started. The Japan Program has added a couple of new researchers in the Stanford Silicon Valley-New Japan Project. Kei Ashizawa, who participated in the “New Channels” dialogues that we organized for the last two years, has moved from Houston, TX to join our research group this summer. In the last week of September, Kanetaka Maki, who has just received his Ph.D. in management from UCSD, has moved from San Diego, CA to join us. Their profiles are introduced in this newsletter and we will feature their expanded research projects at the Stanford Silicon Valley New Japan Project in future newsletters.

On September 25, I was in Washington D.C. to attend the US-Japan Forum at Brookings Institution sponsored by the Japan Economic Foundation. I made a short presentation on economic policy of Japan in a panel titled “Challenges to the global economy.” My

PowerPoint presentation is available on our website (<http://aparc.fsi.stanford.edu/japan/multimedia/abenomics-where-are-we-now>). My comment mainly focused on the revised growth strategy (aka the third arrow) that was revised for the second time in June 2015.

The revised growth strategy claims “Abenomics has shifted from the stage where the focus was primarily placed on solving the lack of demand with the aim of overcoming deflation to a new ‘second stage’ where steadfast policies are required to overcome the yoke of supply constraints due to the decreasing population.” I agree with this overall assessment. Japan needs to pay more attention to the policies to enhance productivity and the potential growth rate. In other words, the third arrow becomes more important than ever.

The most serious problem of the original growth strategy announced in June 2013 was the lack of focus. It

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# APARC

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## Japan Program

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was a list of more than 100 policies/reforms that include both potentially growth enhancing reforms and the policies that would not have positive impacts on growth. The 2014 revision of the growth strategy improved somewhat by listing ten focus areas, although the list still included some policies that are not likely to be growth-enhancing. The 2015 version, unfortunately, slipped back and blurred the focus by introducing a long list of policies to prop up local economies, called “local Abenomics.” So I am not convinced that Abenomics really entered the “second stage” to focus on growth-enhancing reforms.

My doubt on the future of Abenomics economic reforms grows when I see the “New Three Arrows,” which has just been announced. Now the Abe Administration targets (1) Nominal GDP of 600 trillion yen (achieved in fiscal 2021), (2) 1.8% fertility rate (by around 2020 from 1.42% in 2014), and (3) no person leaving his/her job to care the elderly parents (enhanced social security and elderly care system). The policies that will achieve these goals are not clear. More importantly, none of these goals are directly tied to improvement of growth potential of Japan. It is possible for nominal GDP of Japan to grow to 600 trillion yen with no real growth (3% inflation every year will get us there). Higher fertility rate may eventually contribute to growth through higher (or less negative) population growth but it will take a long time. The impact of enhanced social security system on the labor supply is not clear: it may or may not increase the number of people who are willing to work. Worse, focusing on the “new three arrows” could divert the government’s attention from truly growth enhancing economic reforms.

When Prime Minister Abe visited New York in the last week of September to make a speech at the United Nations General Assembly, he also spoke at Bloomberg’s New York headquarters to investors. There he reiterated his commitment to important economic reforms such as corporate governance reform. This was followed in October by the news of progress in a very important part of Abenomics reforms. The twelve countries including Japan and the U.S. that have been negotiating TPP (Trans-Pacific Partnership) have finally reached an agreement. The trade agreement that is more comprehensive than numerous trade agreements that exist today still has to be ratified by the member countries, but this is favorable news to Abenomics that places TPP as an essential measure to open up the Japanese economy to the rest of the world.

The reshuffling of the Abe Cabinet that was announced in the same week, however, added to my worry about the future of Abenomics reform. The newly created Minister for 100 Million People Playing Active Role is especially problematic. The mandate for the position is not clear and it at least blurs the focus of Abenomics reform, which is already lacking.

The first Japan colloquium of this academic year timely addressed an aspect of Abenomics economic reform. On October 13th, Mr. Toru Hashimoto, who was the president of Development Bank of Japan and has been leading Japan’s financial industry for a long time, gave a talk titled “DBJ Initiatives for Japan’s Growth Strategy.” A full write up on the colloquium will be included in our next newsletter.

## Events: Highlights

On September 14 the Silicon-Valley New Japan Project (SV-NJ) held a joint seminar with Keio University Media Design School entitled “Why Silicon Valley Cannot be Created in Japan.”

The seminar had over 30 attendees with 15 participating via Skype from Keio University in Japan. The seminar, led by **Kenji Kushida**, Stanford Japan Program Research Associate, discussed university-industry relations in Silicon-Valley and Stanford as well as challenges facing Japanese universities and the start-up ecosystem.

Find information about the SV-NJ Project here:  
[www.stanford-svnj.org/](http://www.stanford-svnj.org/)



On September 22 a group of corporate executives from Kagawa Prefecture in Japan visited the Japan Program.

**Takeo Hoshi**, Director of the Japan Program, delivered a lecture on the new growth strategy of Abenomics. The focus was on “Local Abenomics,” which refers to a set of policies aiming at promoting growth of local economies.

The members of Kagawa Doyukai found the topic very relevant for businesses in Kagawa Prefecture, which is located in Shikoku Island. They asked pointed questions engaged in active discussion following the lecture.



On September 29 **Kenji Kushida** opened the fall series of the Stanford SV-NJ Public Forum series with a talk entitled “The IT-Enabled Services Transformation, Cloud Computing, and New Production Paradigms: Implications for Dynamics of Competition in the US and Asia.”

In the talk, based on recent research papers and current research underway, he gave a broad outline about how ICT-enabled services is transforming economic activity. While some tasks are fully automated, much of activity becomes hybrid, while a smaller area of activities remains relatively irreducible.

In the second part of the talk, Kushida then provided an overview of Cloud Computing, and how it is transforming computing resources from a scarce to an abundant resource, which is accelerating the services transformation and bringing about a new production paradigm.

A full video of the Public Forum is available for viewing here:

<https://www.youtube.com/watch?v=msCbtrb-Ud4&feature=youtu.be>



## Events: Upcoming

### **Taming the Watchdogs: Political Pressue and Media Self-Censorship in Abe's Japan**

#### **Speaker**

Martin Fackler, Journalist-in-Residence at the Re-build Japan Initiative Foundation

#### **Date and Time**

October 28, 2015 12:00pm-1:30pm

#### **Location**

Philippines Conference Room  
Encina Hall, 3rd Floor

For more information please visit:

<http://aparc.fsi.stanford.edu/events/taming-watchdogs-political-pressure-and-media-self-censorship-abe's-japan>

### **US-Japan Venture Capitalist Conference Moment 2015**

Annual forum connecting leaders of venture capital communities in the US and Japan to enhance support for global entrepreneurs and drive cross-regional innovation.

#### **Date**

October 30 & 31, 2015

#### **Location**

Arrillaga Alumni Center  
326 Galvez Street  
Stanford University

For more information please go to the official event website:

<http://moment2015.com>

### **Book Event: Ballots, Bullets, and Bargains: American Foreign Policy and Presidential Elections**

#### **Speaker**

Michael Armacost, Shorenstein APARC  
Distinguished Fellow

#### **Date and Time**

October 13, 2015 12:00pm-1:00pm

#### **Location**

Philippines Conference Room  
Encina Hall, 3rd Floor

For more information please visit:

<http://aparc.fsi.stanford.edu/events/book-event-ballots-bullets-and-bargains-american-foreign-policy-and-presidential-elections>

### **Masahiko Aoki Memorial Conference**

#### **Friday December 4, 2015**

Memorial Conference on Economics  
8:30am-8:00pm

#### **Saturday, December 5, 2015**

Memorial Service  
10:30am-1:30pm

#### **Location**

Bechtel Conference Center  
Encina Hall, 616 Serra Street  
Stanford University

For more information please visit:

<http://aparc.fsi.stanford.edu/events/masahiko-aoki-memorial-conference>



## Introducing Kanetaka Maki

**Kanetaka M. Maki** is a Japan Program Research Associate at the Walter H. Shorenstein Asia-Pacific Research Center and an International Affiliated Fellow at National Institute of Science and Technology Policy (NISTEP).

Maki's research interests are in the fields of socio-economics of innovation & entrepreneurship, science policy, and university-industry technology transfer. He has three streams of research contribution: (1) the institutional design of entrepreneurship in connection with research universities; (2) startup success rates; and (3) comparative quantitative research, in particular innovation streams in Japan.



Prior to coming to the US, Maki served as a Founding Chief Officer of SIV Entrepreneur Laboratory at Keio University in Japan. He has designed and overseen courses and programs on entrepreneurship at Keio University. Additionally, he actively involved as committee member of "Basic Research for Academic Entrepreneurship" hosted by Minister of Economy, Trading and Industry and several others to create effective academic entrepreneurship model in Japan.

Maki holds a Ph.D. in management from the University of California, San Diego.

## Introducing Kei Ashizawa

**Kei M. Ashizawa** is a Researcher for the Stanford Silicon Valley - New Japan Project, a co-production of the Shorenstein Asia-Pacific Research Center Japan Program and US-Asia Technology Management Center.

Ashizawa's research interests are in the fields of socio-economics, law, and policy of innovation and entrepreneurship between the US and Japan. Her main research agenda for the Project includes creating case studies of startups and other contributors to the Silicon Valley - Japan entrepreneurship ecosystem.

Ashizawa received her B.A. in East Asian Studies from the University of Texas at Austin, and her J.D. from the University of Houston Law Center. As an attorney (TX, CO, HI, & MT), and as a co-founder of US-Japan advising firm, Nichibei Handshake, LLC, Ashizawa counsels and advises various American and Japanese businesses on harnessing the regions of Silicon Valley and Texas.

Ashizawa was a 2014-15 Center for International Studies Fellow at the University of St. Thomas' US-Japan Initiative, and is an active member of the US-Japan Council.



On September 28, Minister Daishiro Yamagiwa, who is the State Minister of Economy, Trade, and Industry of Japan, visited the Japan Program with several METI officials.

The Japan Program organized a lunch for the group with several researchers at the Stanford Faculty Club. The participants from the Stanford were **Takeo Hoshi** (Senior Fellow at FSI, and Director of the Japan Program, APARC), **Russ Altman** (Professor of Bioengineering, Genetics, and Medicine, and Director of One Hundred Year Study of Artificial Intelligence (AI100)), **Francis Fukuyama** (Senior Fellow of FSI, and Director of Center for Development, Democracy, and Rule of Law), **Ken Singleton** (Professor of Finance at Graduate School of Business), **Richard Dasher** (Director of the US-Asia Technology Management Center), and **Kenji Kushida** (Research Associate at APARC).

The discussion topics ranged from innovation environment in Japan in contrast to Silicon Valley to global governance issues on new technologies such as bio-medicine and artificial intelligence and the role of Japan in contributing to the establishment of the system of governance.

Writing for the Natinal Bureau of Asia Research, **Dan Sneider**, Associate Director for Research at the Shorenstein Asia-Pacific Research Center, examines Prime Minister Shinzo Abe's recent attempts to revise Japan's defence guidelines in the policy brief "Shinzo Abe and the Reality of Japanese Democracy." He considers how these attempts may affect the Japanese domestic political landscape and the implications that Abe's actions may have for key issues in the US-Japan alliance, including the Trans-Pacific Partnership and the US military interest in Okinawa.



Full text available for download here: <http://aparc.fsi.stanford.edu/publication/shinzo-abe-and-reality-japanese-democracy>

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