

## 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



It has been a while since the last newsletter, but the last couple of months have been very busy and exciting for the Stanford Japan Program. The biggest event at Stanford for people interested in Japan was of course the visit of Prime Minister Shinzo Abe to Stanford University. Although the Japan Program has played only a limited role in running the event, working with many other units on Stanford campus, it was exciting to be there when the sitting prime minister of Japan visited Stanford University for the first time.

In the speech at Stanford, Prime Minister Abe delivered a succinct but clear message that the Japanese economy is changing into one where innovation plays the dominant role in economic growth. He confirmed his commitment for economic structural reforms in the third arrow of

Abenomics, which would liberate energy inside the Japanese economy and make it as dynamic as the Silicon Valley economy. This was exactly the right message that the prime minister of Japan should deliver at Stanford.

I was glad to hear that, as I have been pointing out that the only way that a mature economy like Japan to continue growing is through productivity growth based on innovations. The Japanese economy lacked the dynamism or creative destruction that is an important source of productivity growth in high-income economies. To restore growth in Japan, the impediments to economic dynamism such as policies to protect “zombie firms” and regulations to protect incumbent firms should be removed. Prime Minister Abe announced that he would remove the

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## Stanford Japan Program

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“rock-solid regulations” that have been stifling Japan’s economic dynamism. I look forward to seeing more actions in the near future.

Another policy that Prime Minister Abe emphasized in his speech to joint session of US Congress and again at Stanford was women’s empowerment in Japan. As many economists including myself have been pointing out, this is a very important policy to raise the potential economic growth by utilizing underused resources in Japan: talented women. Just four days after the visit of Prime Minister Abe, we welcomed Senator Masako Mori, former Minister of Women’s Empowerment in the Abe Administration (December 2012 to September 2014). Senator Mori talked about the progress of Japan’s efforts to promote women in business, public administration and politics in Japan to a large audience gathered in Bechtel Conference Center at Encina Hall (see more on page 3).

We have also been active in putting together events on Japan’s foreign policy. On April 6, we held a panel discussion on international terrorism and Japan, featuring Professor Martha Crenshaw at FSI, Deputy Consul Nobuhiro Watanabe at Consulate General of Japan at San Francisco, and our own Dan Sneider as the panelists (see page 3 for more).

We have also completed a project in which Dan and I challenged our colleagues at Stanford (mainly FSI) to write the statement reflecting the end of the World War II seventy years ago that they would deliver if they were the prime minister of Japan. As you probably have heard, Prime Minister Abe will publish a short statement on August 15 this year, commemorating the 70th anniversary of the end of the war. Many Japan experts have been giving unsolicited advices for Prime Minister Abe on what to say and what not to say. Rather than adding to the accumulating advices that are out

there, we asked our colleagues to come up with an actual statement with comparable length to similar statements by the past prime ministers (Murayama statement on the 50th anniversary and Koizumi statement on the 60th anniversary). Six colleagues (in addition to Dan and I) ended up writing our own versions of the statement and those have been published on our website on May 15 both in English and in Japanese (see page 5).



Last but not least, we sponsored a talk by Professor Chiaki Moriguchi, who has been our visiting scholar from Hitotsubashi University, on April 14. She talked about the important issue of income inequality in Japan, partly based on her famous work on estimating the proportion of income that goes to super-rich using income tax data (see page 3 for more on her talk). She pointed out that the growing income inequality in Japan is not a result of the rich getting richer (as in the U.S.) but a result of the poor getting poorer.

Chiaki’s talk was not quite a month ago but it feels like a long time ago. Our program has been extremely busy. And we are not done, yet. On June 4, we will have a panel discussion on corporate governance reform in Japan, another important area in the Abenomics economic reform, featuring Mr. Kazuhiko Toyama (CEO of Industrial Growth Platform, Inc.) and Mr. Masaaki Tanaka (Deputy President of Mitsubishi-UFJ Financial Group). I hope to see many of you at the panel.

- Takeo Hoshi

## Income Inequality in Japan: Comparative and Historical Perspectives



On April 14, **Chiaki Moriguchi**, Fulbright Visiting Professor at the Shorenstein APARC, presented recent trends in income disparity in Japan, using top income shares and other measures, and evaluate their significance from both historical and international perspectives.

Publication of the Japanese translation of French economist Thomas Piketty's *Capital in the 21st Century* and his visit to Tokyo in January has rekindled a national debate over a growing economic disparity in Japan. In her talk, Moriguchi asked, "does Piketty's thesis apply to Japan?" She argued that it does not apply in Japan because contrary to what Piketty predicts, there is little evidence for the rise of rich or concentration of wealth in Japan. Another question was, "does Japan follow the footsteps of the United States?" Her answer is again no, because compared to U.S., Japan places higher value on income equality in the postwar period. According to Moriguchi, Japanese people feel comfortable in having a low economic disparity, which may be the key for social solidarity, but it also means the lack of dynamic incentives. She continued to explain that all countries face "tradeoffs" between equality and efficiency. Japan was able to attain the both during the high growth period because "Japan was in the catch-up period" where innovations mostly came from abroad. Moriguchi listed two major issues that may impede Japan from continuing to grow without increasing inequality. She argued that Japan has transitioned to a mature economy where the Japanese need to innovate from scratch. Another issue is the change in the pattern of migration of talents. In globalized labor market, egalitarianism in Japan has been encouraging top talents in Japan to migrate to the United States.

## International Terrorism and Japan

In late January this year, the news that two Japanese hostages were killed by ISIL (Islamic State of Iraq and the Levant) sent a shock wave all over Japan. Some argue that this would mark a turning point for Japan's approach against political terrorism abroad. In the statement following confirmation of the killings, Prime Minister Abe stated, "We will never forgive the terrorists. We will collaborate with the world community to make them pay the price." The Japanese public also started to pay more attention to the issue of international terrorism. On April 6, experts in the Freeman Spogli Institute for International Studies discussed the recent development in international terrorism and the implications for Japan.

**Nobuhiro Watanabe**, Deputy Consul General at Consulate General of Japan in San Francisco, has been in foreign services for Japanese government for over 30 years. Watanabe introduced three main pillars of Japanese foreign policy in response to the terrorist incident, which was announced by Foreign Minister Kishida in February 2015: 1) Strengthening Counter-Terrorism Measure; 2) Enhancing Diplomacy Towards

Stability and Prosperity in the Middle East; 3) Assistance in Creating Societies Resilient to Radicalization. As of today, under the current self-defense law, Japanese Self-Defense Force (JSDF) is only

able to transfer Japanese nationals but unable to rescue them who are involved in emergency incident including terrorism. According to Watanabe, government of Japan is now working towards improving laws and regulations, enabling JSDF to rescue Japanese overseas nationals with some safeguards against the risk for JSDF to be involved in active military combats.



**Daniel Sneider**, Associate Director for Research at Shorenstein APARC, is an expert on U.S. foreign and national security policy in Asia and on the foreign policy of Japan and Korea. Sneider explained Japan's experience with domestic and global terrorism and what the Japan's response has been and how it intersected with the defense debate in Japan. Sneider reemphasizes DCG





Watanabe's argument on the JSDF that Japan has no police or military anti-terror operational capacity beyond its borders. However, he points out that Abe administration tied this hostage incident

to need for collective self-defense and reinforced the need for more active role of JSDF in protecting lives of Japanese citizens abroad. It certainly prompted discussion in Japan about terrorist operation within Japanese boundaries including issues of recruitment, but Sneider argued that priorities of Japanese foreign policy remains in East Asia particularly China and North Korea. Japanese public opinion is still divided over expanded role of JSDF, with majority opposed to operations outside Japan.

**Martha Crenshaw**, Senior Fellow at FSI and Professor of Political Science, has written extensively on the issue

of political terrorism in her career. Crenshaw put the issue in a broader perspective in terms of terrorism and ISIL, and how governments respond to terrorism. Crenshaw agreed that Japan is not a major target of Islamic State, however, any country that are friend of the United States is considered as part of the West and the U.S. coalition, and because of Japan's participation in anti-terrorist efforts, it is advantageous for ISIL to attack Japanese. Crenshaw pointed out that in early days, Islamic State was able to create a stock pile of hostages from different countries because nothing was done to stop people from entering Syria, however, we are now discouraging people strongly from going there and asking Turkey to seal off the borders to limit the number of people getting into their territory.



## Womenomics: How Women's Empowerment Will Save Japan



In Japan, 60% of women leave the workplace after having their first child. And the World Economic Forum's Gender Gap Index ranks Japan at 104th out of 142 countries. "There were many glass pebbles in my way as a woman pursuing a career in Japan," said **Senator Masako Mori**, a member of House of Councillors of Japan's Diet and former Minister for Women's Empowerment. "I decided then to make it my duty...to create a clean path for the advancement of women to professional prominence in Japanese society." On May 4, Senator Mori shared the progress on women's empowerment in Japan at a seminar sponsored by the Japan Program at the Shorenstein APARC.

At the United Nations General Assembly in September, Prime Minister Shinzo Abe expressed his commitment to make Japan "a society in which women shine". His statement has now become a guiding principle in the domestic and overseas policies of the Government of Japan. Mori emphasized that women's empowerment plays a key role in Japan's strategies for economic growth and "the twin phenomena of stay-at-home women and our decreasing population were two of the major drivers of the deflationary economy Japan experienced in the last two decades." She introduced the 2020/30 goals -- by the time of the 2020 Tokyo Olympics, Japan is determined to be a role model for other countries as a society where at least 30% of managers in Japanese companies are women.

Mori then discussed nine obstacles that Japanese women have faced: 1) Business Leaders' Mindset; 2) Childcare Leave Benefits; 3) Childcare Waiting Lists; 4) Support for Working Parents; 5) Transparency of Women in the Workforce; 6) Systemic Disincentives; 7) The Public Sector; 8) The Environment in Japan; 9) Disaster Planning and Recovery. She passionately described how the current administration has been successful in starting to eliminate every one of these obstacles.

Mori is responsible for the women's empowerment part of the new growth strategy that the Liberal Democratic Party is drafting. "We are determined to put the deflationary past behind us, and ensure that Japan's women, and our economy, both shine," Mori concluded.

# Japan Program News

On April 30, Prime Minister Shinzo Abe spoke about his innovation initiatives and ideas of promoting exchanges between Japan and Silicon Valley in a speech at Bing Concert Hall at Stanford University.

The article is available at:

<http://aparc.fsi.stanford.edu/japan/news/shinzo-abe-stanford-innovation-will-spur-japans-future>



In *Foreign Affairs* (May 7, 2015), **Phillip Lipsky**, the Thomas Rohlen Center Fellow with the Japan Program at the Shorenstein APARC and Assistant Professor of Political Science, examines China's Asian Infrastructure Investment Bank.

The article is available at:

<http://aparc.fsi.stanford.edu/japan/news/stanford-philip-lipsky-chinas-asian-infrastructure-investment-bank>

On May 8, **Kenji Kushida**, Research Associate at Stanford Japan Program at Shorenstein Asia-Pacific Research Center, participated in the New Economy Summit in Tokyo as a panelist examining Silicon Valley and the role of Stanford. He joined panelists Ann Miura Ko, co-founder of venture capital firm Floodgate, and Harpinder Singh, co-founder of Slice, both graduates of Stanford, moderated by founder and CEO of SourceNext, Noriyuki Matsuda. Kushida introduced the efforts of the [Stanford Silicon Valley-New Japan project](#), giving it some more visibility to a large audience of over 1000 guests. The New Economy Summit is an annual event put on by the Japan Association of New Economy, headed by Hiroshi Mikitani of Rakuten.



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GoodWay Online - [http://goodway.co.jp/fip/htdocs/jogfima50-3242/#\\_3242](http://goodway.co.jp/fip/htdocs/jogfima50-3242/#_3242)

YouTube - [https://www.youtube.com/watch?t=2489&v=CL\\_EePK4zTE](https://www.youtube.com/watch?t=2489&v=CL_EePK4zTE)



**Takeo Hoshi**, Director of Stanford Japan Program at Shorenstein Asia-Pacific Research Center, received this year's [Japanese Bankers Academic Research Promotion Foundation Award](#), which is given to a Japanese economist who has made a significant academic contribution in the field of finance and economics every other year.

## *Reflections on the Seventieth Anniversary of the End of the Pacific War: Eight Stanford Scholars Write Their Own August Statement*



A new publication from Shorenstein Asia-Pacific Research Center is now available.

On August 15, Prime Minister Shinzo Abe will publish a short statement to commemorate the seventieth anniversary of the end of World War II. This follows similar practices of his predecessors. Prime Minister Tomiichi Murayama started by delivering a short statement on the fiftieth anniversary in 1995. Prime Minister Junichiro Koizumi followed in 2005 with the statement on the sixtieth anniversary.

Eight scholars at Shorenstein Asia-Pacific Research Center (APARC) and Freeman Spogli Institute for International Studies (FSI) wrote their own version of the statement -- what speech they would deliver if they were the Prime Minister of Japan. *Reflections on the Seventieth Anniversary of the End of the Pacific War: Eight Stanford Scholars Write Their Own August Statement* is a compilation of those statements. The publication is available in both English and Japanese.

### Article:

<http://aparc.fsi.stanford.edu/news/stanford-scholars-offer-views-japans-forthcoming-statement-world-war-ii>

### Publications:

[\*Reflections on the Seventieth Anniversary of the End of the Pacific War: Eight Stanford Scholars Write Their Own Statement\*](#) (English)

[\*太平洋戦争終結 70 周年に考える：8 人のスタンフォード研究者による終戦の日の談話\*](#) (Japanese)

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## Upcoming Events

**June 4, 2015, 12:00pm - 1:30pm**

### **Changing Corporate Governance in Japan**

#### **Panel Discussion**

#### Panelists:

**Takeo Hoshi** - Director of Stanford Japan Program, Shorenstein APARC  
**Masaaki Tanaka** - Representative Director and Deputy President,  
Mitsubishi UFJ Financial Group, Inc. (MUFG)  
**Kazuhiko Toyama** - CEO, Industrial Growth Platform, Inc. (IPG)

**Bechtel Conference Center, Encina Hall, 1st Floor**

**[RSVP](#)**