

**Towards a Resilient  
and Collaborative Society**

**The Keys to Revitalizing Japan**

**FORUM21**

**Baika-son Juku Class of 2011**



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and Collaborative Society**

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US Bldg. 4F., 52-9, Sendagaya 3-chome, Shibuya-ku, Tokyo 151-0051, Japan

TEL +81-3-3401-0021

FAX +81-3-3408-6060

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## Foreword

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March 11, 2011 was the day of the Great East Japan Earthquake. Day and night following the disaster, Japan Self-Defense forces, police, firefighters and other government workers, and volunteers could be seen at work aimed at support and recovery. The world admired and was profoundly moved by the way people at disaster sites were patient, considerate, and how they worked to help each other. It filled us with emotion and made us proud. Through it all, Japanese were Japanese. It was too early to give up on the country. Japanese have recalled that nothing is impossible to a willing heart.

We are the FORUM21's class of 2011. FORUM21 is a one-year leadership-developing program aimed at nurturing the next-generation of Japanese leaders. Participants are chosen among executive candidates in major corporations and central government authorities. The 38 of us who make up the class of 2011 have begun our research activities with the goal of uncovering tasks faced by Japan and creating a picture of how Japan should look like in the near future.

First, we looked back the history of Japan since the Meiji era and realized that we had lived up to this point unconscious of our own country. Not only that, we also found that we rarely even thought about the current issues which Japan was facing. We were thoroughly ashamed of ourselves. Ever since then, we have devoted every spare minute we can find, even ignoring our work, to study and debate about these issues. The result of our efforts draws a clear outline: the form of current Japan, paralyzed at the edge of the abyss.

In our hesitation to hold sufficient military force for the safety of our nation, we have been exposed to the menace of surrounding countries. At the same time, Japan has failed to ride the wave of globalization, and is stuck

in a spiral of decline. Politics are also essential to the country, but Prime ministers change each year and they are unable to head the country in the proper direction. A pall has fallen over Japan's economic power that had been one of the few available resources in our country. The pile of tasks in front of us is constantly on hold, and this has resulted in enormous debts that will be left to our children and grandchildren to pay.

In spite of all this, Japanese citizens refuse to recognize or fulfill their responsibilities, instead complaining about the rights they feel entitled to. As we look at this wretched situation in Japan, and being ashamed of ourselves, we felt a desire to rectify the situation. It was at this point that the enormous disaster hit the east part of Japan. In the midst of the crisis, we saw the opening of a bud—something that would help put Japan firmly back on its feet.

Looking back at history, Japan's existence as an independent country has been in danger ever since the arrival of the Western War Ships on our shores some 160 years ago. This country, however, refused to bend to adverse circumstances and, in the blink of an eye, grew to become a world power. Even after losing World War II, Japan was able to throw off the effects and showed miraculous economic growth. Over many long years, the country has protected its status as an economic superpower. Adversity has always served as a springboard of evolution, taking our country to new heights. This is our history. We believe in the infinite possibilities of the Japanese, born into a country that developed in this way.

There is no time to lose for this country. Now is the time to make decisions and start action. We as a member of FORUM21 will take the first step forward. We want to believe from the depths of our heart that we are happy to have been born in Japan.

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# Prologue

## Japan Stands in Daze at a Verge of a Cliff

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### **Japan stands in daze at a verge of a cliff**

The 2010 fishing boat collision incident near the Senkaku Islands questioned this nation's risk management capabilities. Next came a severe, unprecedented blow to our country: the Great East Japan Earthquake. It's almost as if history is testing us on what we should do next. While recovery and restoration from the great earthquake is our first priority, we should also not forget that we are still facing the same crisis that we had faced before the disaster.

First, let us start by understanding the present state of this country from various standpoints to fully recognize the difficult reality we are in.

### **The present state of Japan's diplomacy and national security**

Still hesitating to protect itself on its own, Japan has not established its diplomatic position in the global community, and has no clear focus on foreign and security policies.

Twenty years after the end of the Cold War and freed from the restrictions created by conflict between the two major world powers, we have had enough time to review our stances and more actively open up new relationships with other nations. Instead we, comfortable in the knowledge of protection by the US, have failed until today to perceive ourselves as an equal partner of the US. It is only natural in this fierce world of competition that, as our relationship with the US is being strained by the difficult political issue of the Futenma Air Station relocation, our neighboring countries

attempt to encroach on us at the Senkaku Islands and Northern Territories.

In order to reform our dependency on the Japan-US Security Treaty and shift toward active self-protection, it is necessary to retain defense capacity sufficient to serve as a “deterrent force” and to be mentally and practically prepared to use it. It is difficult to make such choices, however, as we are immobilized by our own policies of “exclusively defensive-oriented policies,” “non-use of the right of collective self-defense,” the “Three Non-nuclear Principles,” and the “Three Principles on Arms Exports.”

While we are in this state of stagnation, our neighbor China, along with its rapid economic growth, is surely expanding its military preparedness, becoming the country we will have to seriously consider in our international strategies: How should we position ourselves toward China? Should our relationship with the US stay as it is now? What about our relationships with other Asian nations? Our wisdom and ideas are being tested with regard to the principles and perspectives we are going to use to establish international relations.

### **The present state of Japan's politics**

The politicians who should be leading the country in overcoming this crisis are, as always, pathetic as they can't make decisions or take action, and often perform poorly with no regard for the citizens.

With the lead role in politics, prime ministers stay in office so briefly that it is impossible to implement long-term policies or lead in diplomatic negotiations. Since the third longest postwar administration, that of Prime Minister Junichiro Koizumi, we have had a series of short-lived governments of less than a year. Easily swayed by public opinion surveys, these governments only play up to the public opinion and are unable to carry out reforms that involve pain, and are stuck in the cycle of no action, procrastinating on issues.

It is also common that, under the name of “political leadership,” cabinet

members make individual decisions on a whim. Perhaps because they also lack know-how or experience in leading a large organization, they, instead of reflecting the people's opinions in leading bureaucratic organizations, repeatedly and aimlessly criticize bureaucrats and meddle in trivial issues, actually slowing down the process of policymaking.

Furthermore, the divided Diet adds to the indecisiveness of the government. Because bills need to be passed, in principle, by both houses, consent from the opposition parties is a must when the Diet is divided. If the opposition parties are determined to oppose no matter what, things can be quite unreasonable and all bills will be abandoned unless there is a prospect for a reapproval. Now that both the Democratic Party of Japan (DPJ) and the Liberal Democratic Party of Japan (LDP) have experienced being both the ruling and opposition parties, they need to create rules to facilitate decision-making even with a divided Diet.

However, it is important to remember that it is we who allow this indecisiveness. While capable of criticizing, we the voters do not fulfill our responsibilities, unaware of what it really means to be voters and easily swayed by the words "tax cuts." This attitude is exaggerated and turned into popular sentiments by the media, which in turn fluctuates policies. And this is all too familiar now.

To change the indecisive government to a decisive one, we must come to realize now what our responsibilities are.

### **The present state of Japan's national finances**

Deep in debt, our country is subsisting by leaving more debts to future generations.

After 20 years of a chronic depression, tax revenue is stagnate, while social security expenses such as pension, medical, and welfare costs increase each year, accounting now for 40% of the state expenses excluding government bond-related expenses. Paying back debts is also eating up a

huge part of the budget. In the 2011 budget, about 500 billion dollars in revenue is supposed to take care of expenses of more than 1.125 trillion dollars. With no signs of “painful reforms” being implemented on vested interests, the amount of money owed by the state and local governments totals nearly 11.25 trillion dollars. That’s 180% of the GDP, giving Japan by far the world’s top rate of debt in developed countries.

Without solving the problem of how to balance the social security budget, there can be no attempt at financial rehabilitation. The amount of what the people pay, including taxes, health insurance premiums, etc., is only as high as that in the US, which makes our contribution ratio much lower than in European countries. It would be just too good to be true if this social security system worked because it pays out as much as in EU where people contribute more, and charges fees as low as in the US where people receive less.

We need to come up with a way to get out of such an irresponsible system. To do so, we not only need to balance the books, but also need to be highly skillful to turn around the economy at the same time. We need to be prepared to turn around the economy quickly with highly selective and focused growth strategies, and to carefully time the solution of how much the system should charge and pay out.

We need to have the courage to stop procrastinating and solve the problems, taking full responsibility for handing down to our children and grandchildren a society that we can be proud of.

### **The present state of Japan’s economy**

In almost 20 years of a chronic depression since the economic “bubble” burst, Japan’s best card, economic strength, has been losing power.

In the same 20 years, China has achieved remarkable growth, taking Japan’s place as the country with the world’s second highest GDP. Unfortunately, the economic giant Japan that the world admired does not

exist anymore.

To regain competitiveness, we must evoke a wave of innovations that drives economic growth, and for that we must go through tough processes of competing in difficult situations. However, we are still hanging on to a system where desperate efforts are being made to keep alive unproductive sections protected by vested interests.

The winning formula for Japanese corporations used to be gambling in Western markets using competitiveness developed to survive the ever-expanding fierce domestic market. It is now inevitable, however, that the domestic market will continue to shrink because of the population decrease and low income growth. The same strategies will not work anymore for Japanese corporations to survive. There is no way left for us other than leaping straight into the global economy.

At the same time, we need the wisdom to make the best of our situation as the world's first aging population and to define and solve the issues ahead of everyone else. It is necessary to boldly choose the fields that we should bet our survival on and that are able to drive our future growth, decisively focusing our investment in them, and quickly carrying out tenacious strategies.

Lacking natural resources, Japan's best resource is its people. We should make the best of this asset, put ourselves out in the tough world, and regain the competitiveness we need to once again excel.

### **The present state of we the Japanese**

Many Japanese seem to have lost confidence and are unable to find hope for the future.

After World War II, remorseful Japan started to rebuild itself as a country that respects individual freedom. During the almost 70 years since, however, excessive respect for freedom and rights of the individual have led to disrespect for the responsibilities and obligations that should come with

freedom. It was at that moment that we were hit by the Great East Japan Earthquake. It gave us the chance to witness, everywhere in the areas affected by the disaster, the Japanese tradition of helping each other, bonding, and selfless contribution. This is exactly what we need to break out of the current sense of entrapment.

Of course, what we as individuals need most of all is to put ourselves out in the tough world, be strict on ourselves, and learn to be truly Independent. Japanese traditional virtues of unity and teamwork could, without Independence of individuals, lead to mere dependency. If we, as more Independent individuals, come together and rebuild the power of bonding, then we will surely be able to display the power of co-creativity (i.e. the power to work together to create new values) and show remarkable strength. By multiplying Independence by the power of co-creativity, and by fearlessly taking risks, a path will open for us.

Are we going to look straight into the global society and use Independence and the power of co-creativity to take action in the outside world for great opportunities? Our ability to make responsible decisions is being tested now.

# Chapter 1

## Japan, a Country with Resilient and Collaborative Society

*“Independence” and “co-creativity” are the keys for the revival of Japan*

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### Enhance “Independence” and “jungle-ness”

In the past, Japan had at least two historical turning points: the Meiji Restoration and the ending of the World War II, and at both times it was backed up by the power of the West. So there was always a clear goal — Catch up with and go ahead of the West — at the bottom of various policies introduced in those times of change, such as “enhancing national prosperity and military power,” “encouragement of new industry,” “postwar reconstruction”, and “light-armed and economy-oriented principle.” Today’s world, however, is diverse and transient. There are no precedents or models to follow, and our country has lost sight of its direction.

As mentioned in the prologue, no other country in the world is facing such a wide range of problems. Only Japan. Let’s think about which direction this country should go and how it should grow in order to take a step toward the future in this unprecedented time of hardship.

### **There’s no turning back to a society with no competition**

Twenty years have passed since the end of the Cold War when China headed towards reform and opening-up. The world market has broadened rapidly in the meantime. Formerly a billion-consumer market made up mostly of Westerners, it has tripled in scale and now includes three billion consumers. The development of IT (information technology) has made it possible for emerging countries to produce and export state-of-the-

art products easily. A movement called “offshoring,” in which companies (mainly IT) relocate all or part of their production from advanced countries to developing ones, is becoming more and more common.

Expansion in the market and waves of technological innovation have served to modify existing systems and rules to a remarkable extent. New business models, technologies, products, and services appear and disappear with great rapidity. The battle for survival is so intense that only the strongest survive. The world like this is so much like a jungle. On one hand, we find an example of rapid growth: a pharmaceutical company started by a few workers was able in a very short time to hire tens of thousands of people. On the other hand, we witness a leading global company fall in the blink of an eye. One way to survive in this jungle is to build high banks to prevent raging waves of the globalization from rushing in. The other way is to jump into the waves and overcome the competition.

We believe that it is time to pursue the latter so as to brighten the future of Japan.

If the government eases or abolishes existing regulations and protection systems, and leads the way to constructing a new system which can take on the competition, it will help increase the “jungle-ness” of the market. As a result, Japanese companies strong enough to survive the harsh competition will appear. The word “jungle-ness” may not sound familiar, but this is the term we use to refer to the competitive level of the market race for survival.

In a market where “jungle-ness” is low, even a company offering minimal added-value services can avoid bankruptcy because it is protected by regulations, protection systems, or traditional practices. At first glance, it might seem like a good thing when all companies are able to stay in business. But in reality, it is the reason why services with little added value prevail, and human resources, technologies, and funds go to waste. Consequently society becomes stagnant, which in turn affects consumers. As for companies, they lack the incentive to enhance the value of their services. Thus innovations are

rare, the market fails to be rejuvenated, and competitiveness is never boosted.

By contrast, in a high-“jungle-ness” market companies find the entry barrier low. Various players engage in ceaseless competition under open rules, which leads to a high incentive for making corporate efforts. The market enjoys all manner of benefits from competition. Now companies have stopped scratching each other’s backs and begun to see self-sufficiency as an important value. The same is true for individual workers. They learn that they need to stand on their own two feet and be more independent.

### **Competition that is uniquely Japanese**

The increase of jungle-ness, unfortunately, will bring not only good things but also painful side effects. When a corporation loses a race and is forced to withdraw from the market, it has to let go of its employees. Naturally, unemployment rate will rise. Up until now, we so much wanted to avoid our own pain, or pain for our generation, that we never dared to intensify competition for the sake of the next generation and the future of Japan. This country, however, is now at the edge of the cliff. We are no longer allowed to postpone the decision, using pain as an excuse.

We must, however, acknowledge that a society in which only the strong survive does not suit Japan. Once we mention the word “jungle,” vested interests and the mass media are most likely to bare their fangs, asking if the weak should always be the victims of the strong and if protecting the weak is something the strong should do.

We therefore must figure out a competitive society which is suitable for Japan and the Japanese, one based on “self-reliant” and “self-help.” The keys here are to play fair, to not envy the success of others, and to learn from each other even in an environment of unfettered competition. To do this, we will be required to have a sense of Independence: to think, judge, and take the consequences of our actions. In a society where we are limited by the concern of what others think, companies and managers are unable act freely.

On the premises of “self-reliant” and “self-help,” we need to turn next to the matter of how to endure “pain.” This leads us to the discussion of safety nets: by appropriately using safety nets for employment centered on “public support,” competition among corporations will be further intensified.

In Sweden, for example, the public sector provides former employees of bankrupt companies with career training and employment information. In the case of the United States, where offshoring takes many job opportunities to foreign nations and results in the decrease of domestic employment, new wealth is nonetheless created and new jobs are offered by start-up businesses. The country has a culture which gives unsuccessful entrepreneurs a second chance.

Currently in Japan, safety nets for employment appear to depend on either each individual or the former employer. It is often said that the only public support available is out-of-date job training. Since human resources are essentially the only resource Japan has, protecting that resource is an important task to maintain competitiveness. This can be achieved by establishing safety nets which meet the needs of a new era. Along with financial and moral support a system for encouraging new challenges and comebacks is necessary. Proper safety nets and fair rules of competition will allow people to have courage to join the fight, and when they get hurt, to rejoin it after healing the wounds and regathering strength.

But we have to remember that past regulation reform was in a sense responsible for the appearance of free riders and the government benefiting from “fortune sprung out of disaster” as it developed excessive safety nets. From now on, we need to discuss how to develop a safety net strongly promoting “self-help.” If the system approves of people being dependent on “public support,” namely safety nets, let alone people living on it, they will become reluctant to embody the spirit of “self-help.” They are bound to lose races, even one in which they should have an advantage.

Just like jungle-ness, safety nets carry some negative qualities. So if

we design a supplementary social system with sufficient knowledge of the flip side of the coin, it is possible, we believe, for Japan to achieve its own, original “society where individuals can be more independent and prepared for challenges.”

## **Polish/Improve “co-creativity” which makes $1 + 1 = 3$**

### **“This is the Japanese”**

This is a story of the day of the Great East Japan Earthquake. On the roof of a building, there were around eighty people who escaped from the tsunami. Among them was a Chinese woman who was so shocked by the disaster that she fainted. Then a Japanese woman who was holding a baby made baby formula for her to drink. Furthermore, only two cell phones were available at that time, but the Japanese people immediately handed one of the two to her so that she could call her parents in China to tell them she was all right. The rest of the people there made a line and waited for their turns to use the other cell phone. This story became widely known in China along with the story of a manager of a fish processing factory who died after rescuing more than twenty Chinese students. On that day, many people in many places showed selfless behavior in an effort to help others or maintain order. Although it had been said that today’s Japanese no longer had that spirit, we learned from March 11 that each of us still retained the spirit of compassion and an unselfish mind.

In July 2011, the Japanese national women’s soccer team, Nadeshiko Japan, achieved the glory of winning the championship at the 2011 FIFA Women’s World Cup. Compared to their competition, Nadeshiko Japan had a disadvantage in terms of physical size and stamina. These factors must have driven them into a corner more than once. But the players never gave up. Even after the US national team gained a lead in the final, Nadeshiko Japan

kept fighting and took it to a shoot-out, finally winning the title. In addition, the team was awarded the Fair Play Award for following the rules and receiving the fewest cautions and ejections. Nadeshiko Japan fought openly and squarely to win no matter how hard the game was and no matter how strong the opponent was. Why could they do that? Because, we assume, that each one of the players had faith in the team and contributed to enhancing its strengths. They demonstrated that the Japanese were capable of surviving in a “jungle” by adopting the Japanese style.

### World-class “Nippon Values”

Behind these episodes are traditional values rooted in the Japanese culture. They are something we should treasure forever.

- (1) First, there is “diligence” which is regarded by the rest of the world as a Japanese characteristic. Likewise, “perseverance” and “the attitude of not wanting to cause trouble for others” are also important Japanese virtues as they lead to “independence” — fending for ourselves without relying on others.
- (2) Inazo Nitobe named “sincerity” as one of the virtues of Bushido. The Chinese character for the word 誠 (*makoto*) stands for “carrying out one’s word,” an attitude essential for earning “credibility,” the basis of business relationships and diplomacy.
- (3) Japanese “*MONOTSUKURI*,” or craftsmanship is supported by sensitivity rooted in spirituality. Since ancient times, the Japanese have found various 道 (*do*: literally, “way”) in everyday activities, including 華道 (*kado*: the way of flowers, or flower arrangement), 茶道 (*sado*: the way of tea, or tea ceremony), and 書道 (*shodo*: the way of writing, or calligraphy). These “ways” have been the places to improve living-skills, as well as train morals and mind.
- (4) The ability to “Japanize” things, or “Japanization,” has made a great contribution to the development and modernization of the Japanese

culture. It has enabled people to transform imports from overseas, such as Chinese characters and Western technologies, into something distinctly Japanese.

- (5) “Courtesy” and “compassion” toward others have been keys for smoothing relationships and tightening the bonds of communities. They too are of the Japanese traditions we should be proud of.
- (6) The value of “co-existence” comes from the Japanese animism that sees gods everywhere in nature. It forms the basis of the Japanese culture supported by agriculture. Omi (current Shiga Prefecture) merchants in the Edo era used to say that their business motto was “three goods”: the good for the seller, the good for the buyer, and the good for the society. They thought that business had to bring happiness to the society as a whole, not just to the seller and the buyer. This is a good example of the spirit of unselfishness and “co-existence.”

As shown above, we can think of a number of traditional Japanese values. But is it enough just to aim to go back to the days of “good old Japan”? We don't think so, considering today's Japan and today's global jungle where old models for success no longer work. What we need to pursue is firstly toughness which allows us to assert our standpoints and fulfill our ideas while valuing courtesy and compassion. Secondly, perspective and energy needed to achieve reform and innovation while maintaining diligence and sensitivity. And thirdly, broadmindedness to facilitate building relationships of trust with different people from different countries with different values. By adding these newly required values to the traditional ones, the Japanese values will be flourished even in today's global society. We will hereafter call these values that the Japanese can be proud of “Nippon Values.”

### **The era of “co-creativity”— on the premise of “Independence”**

Although each member of Nadeshiko Japan was a skilled player, they

could not have won the title if they had individually fought against talented foreign players with stronger physiques. They surpassed their opponents because they embodied the synergy of co-creativity, or “1 + 1 = 3” with each one fulfilling their own role while paying attention to their teammates.

Achieving “1 + 1 = 3” is another key to the way out of the current stalemate in Japan. Enhancing competitiveness, in other words, enhancing “co-creativity” which gives rise to new values, using partnership with others or other countries as its base. According to the public and private attitude survey\* we conducted in June 2011, 84% of respondents said that “the teamwork of Japan or the Japanese is superior to that of other countries.” The result shows that the Japanese are well aware of how good their teamwork is. Just knowing it, however, does not help us survive in the competition of a global society. The real key is “co-creativity,” a consequence of collaboration with people, companies, and countries around the world that hold different values.

In order to achieve “1 + 1 = 3” with others with various values, it is important to understand and respect them. That is not an easy process for us Japanese since we are so used to a homogeneous society. But if we look back to the past, it is apparent that the Japanese have a history of respect for diversity, so it should, essentially, be our forte. Recently social media such as Facebook and Twitter have gained worldwide popularity, motivating people to come up with new ideas and take action. It is happening not only at the corporate level, but also at the individual level. Japanese people are affected by social media, too, and it may bring about new sorts of connections or “co-creative” actions in Japan.

And it will be the unselfish and co-existence-oriented mind, which is exemplified in the “three goods” mentioned above, that improves Japanese competitiveness and performance of companies. As a consequence, we may be able to find solutions to the problems this country has both inside and outside its borders. Japan could display its “co-creativity,” for instance,

by providing emerging countries with various forms of support: sending human resources, financial help including ODA, and technical assistance for infrastructure building such as transportation, water and sewerage systems, and electricity.

It also should be noted that behind “co-creativity” is the presence of “more independent” individuals. If we feel sorry for those who are defeated in a competition and treat them as pitiable, that is no different from labeling them as losers, and ourselves as winners. We shall never be able to break away from today’s Japan where we are overprotected by regulations until we develop and maintain fifty-fifty relationships. In the new Nippon Values, the spirit of mutual aid can only be realized in such relationships.

\* A public and private attitude survey: in June 2011, a questionnaire with 100 questions about Japan and the Japanese was conducted. The total number of respondents was 335 aged from 30s to 50s, of which 282 were company workers (209 males and 73 females) while 53 were national public servants (35 males and 15 females).

## **Aiming for a country with “Resilient and Collaborative Society”**

If the government eases or abolishes existing regulations and protection systems, and leads the construction of a new system which can meet competition, it will help increase the “jungle-ness” and the level of market competition. Companies and individuals will cultivate “Independence.” A society which is stronger and more efficient will be built. If, then, those more independent companies and people expand partnership with others globally and display “co-creativity” to give birth to new values, it will help bring more happiness to the country and society. This is the path we envision for the revival of Japan. Enhancement of “self-help” and “mutual-help,” a direction the society should head in, will be found on the path as well.

Similarly, considering today’s international community, our “Independence” needs to reach a global standard. As for “co-creativity,”

which is Japan's forte, the main issue is how to incorporate it into the socioeconomic system, diplomacy and so forth.

We described the state in which a balance between improved "Independence" and "co-creativity" are maintained as "Resilient and Collaborative." The Japanese word for it is 共鞆 (*kyojin*). The word 共 (*kyo*) stands for teamwork or partnership. The word 鞆 (*jin*) literally means "being tough and supple as tanned leather." If something has the quality of 鞆 (*jin*), it will be hard to tear or break. We used this word to represent "hard-to-defeat Independence." "Resilient and Collaborative" is nothing like American "hard power." It is the strength to take advantage of "co-creative" relationships with others, to be "Independent," to live like tough and supple bamboo. It is the strength of "soft power." We believe that the idea of "Resilient and Collaborative" shows us the direction in which Japan should go, and that a country embodying "Resilient and Collaborative" on the basis of "Independence" and "co-creativity" is the ideal for this country.

As described in the next chapter, there are several issues that we emphasize. In politics, it is anticipated that politicians will restore leadership and put an end to the nation's political apathy as well as to the habit of procrastination. A task for economy and industry is to make profit while making contributions to society and the world by solving problems inside and outside Japan. To make that happen, the complete opening-up of the country is essential. In diplomatic areas, Japan has to get involved proactively with the Japan-US Security Treaty and multilateral coalition so that it can achieve a self-dependent security framework.

Today not only GDP — an economic indicator— but also GNH (Gross National Happiness) — a well-being indicator — is attracting worldwide attention, and we could effectively apply GNH to our efforts of creating a country with "Resilient and Collaborative." GNH was first advocated in Bhutan. There are nine different measures to assess the level of national happiness: mental wellness, physical wellness, education, cultural vitality,

ecological vitality, community vitality, good governance, living standards, and time-balance. The potential of GNH has been in discussion: it can be utilized in addressing the increasing issues of environmental destruction, poverty, wealth disparity, suicide, depression, and so forth. Those are all consequences of pursuit of economic rationality. It may be high time to give serious consideration to making the increase of GNH one of our national goals.

## **Never let go of pride and ambition**

So far we have discussed the unfavorable situation surrounding today's Japan, showing why we need to make the decision to take action and aim for "a country with Resilient and Collaborative Society." Note that we are not just talking about temporary measures; this is a proactive step for securing the future of this country in 10 to 20 years' time.

The time frame, however, has to expand even further if we are seriously concerned about the future of Japan. We need to look forward to the nation in 50 or 100 years' time as well as look back on its past. Otherwise we will not be able to find the ideal model for the future of Japan. And the ideal model leads us to a discussion of the "national ideal," which represents lasting values the country and the people should pursue. The "national ideal" may be compared to a compass in that it always shows us which way to go.

In the case of Japan, it seems that the preamble of the Constitution of Japan serves as the "national ideal." The preamble conveys important principles of this country: the sovereignty of the people, democracy, liberalism, respect for fundamental human rights, pacifism, and principle of international cooperation. We feel that while following these principles, we should at the same time review the current preamble and add other values to it if needed. So let's take a look at the "national ideal" we suggest. It covers

three different areas, “the survival of nation,” “the prosperity of nation,” and “the status and honor of nation.”

First comes “the survival of nation.” It is quite natural for an independent state to protect the people and national interests. The current preamble of the Constitution of Japan says, “We have determined to preserve our security and existence, trusting in the justice and faith of the peace-loving peoples of the world.” However, considering past history or the state today’s international community, the assumption that there is no country hostile to Japan is too dangerous. The right of self-defense is recognized in the Charter of the United Nations made in 1945, and it will be very significant in terms of safety assurance to confirm that we have the inherent right to defend ourselves. Additionally, since we have experienced the Great East Japan Earthquake, we must see natural disasters as possible threats to guaranteed security.

### **The National Ideal (A proposal)**

We shall be devoted to pursuing the goals described below while we follow the basic principles of the sovereignty of the people, democracy, liberalism, respect for fundamental human rights, pacifism, and international cooperation.

#### **■ The survival of nation**

We shall protect the life and property of the people as well as national interests from external threats, including natural disasters.

#### **■ The prosperity of nation**

We shall realize the happiness of the people with respect to both their financial and mental states by continuous reform of culture, technologies, and services which are unique to Japan.

#### **■ The status and honor of nation**

We shall contribute to the development of the world economy in cooperation with other countries, and play a leading role in solving global Issues.

The next point to consider is “the prosperity of nation.” To ensure it, it is meaningful to set the pursuit of “innovation” as a national goal. In fact, it was the idea of “innovation” that motivated Japan to develop into a major economic power, starting from burnt ground after defeat in World War II. And now a different level of “innovation” is required for the future; along with the national-level approach, there should be individual-level efforts for making “innovations.” These innovations range from technologies and services to culture and living. The pursuit of “Japanization” mentioned above may be one form of such innovation.

Thirdly we have “the status and honor of nation.” We think that Japan has to take a role in solving global issues. Among numerous issues we have are, for instance, energy and environmental problems, population problems and food problems. The international community will have to tackle each of them in 50- or 100-year units, and Japan could make great contributions to it by continuously producing “innovations.” Japan is a country which achieved the world’s highest level of energy efficiency and environmental technology. There should be nothing to hinder the country from launching new challenges. Also, it must be committed to leading those challenges at

### **An ideal model of the Japanese (a proposal)**

#### **(1) Independence**

Be more Independent and sincere to others and ourselves, care for justice and fairness, and have the courage to act on our beliefs.

#### **(2) The spirit of public service**

Based on the spirit of public service and mutual aid, participate in society voluntarily and contribute to the creation of new values.

#### **(3) Pride and ambition**

Cherish Japanese tradition, Japanese culture, the country, the people, and the nature. Contribute to peace and the development of the international community.

a global level in alliance with other nations. This will further confirm its “honorable position” in the international community.

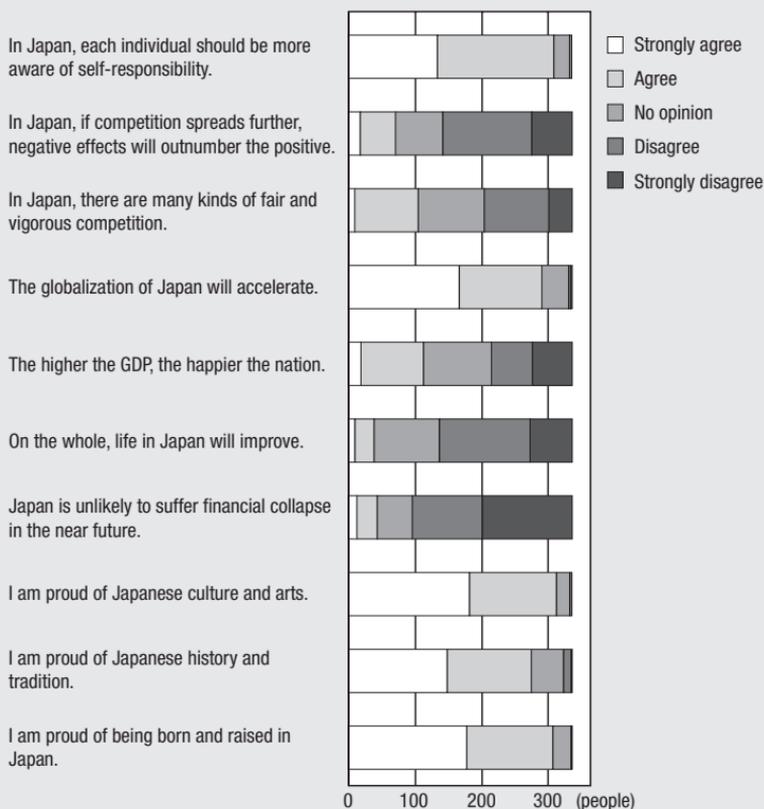
We Japanese need to hold more active discussions concerning the national ideal. And to that end, we need to be more conscious of the presence of the nation. We therefore would like to propose the “ideal model for the Japanese” people with a decent knowledge of the country and who are capable of accomplishing the national ideal described above.

First of all, “self-dependence” is something fundamental to human beings. Even if one’s peace of mind can be achieved by putting his life and future into the hands of others, it does not mean he is living his life as a human being. No matter how difficult it is, humans decide for themselves which way to go and carve out their own paths. We humans are also social animals, so co-existence with others is essential. But it should never be an interdependent relationship. The co-existence we aim for is of truly independent people; each individual voluntarily participating in society with public spirit, creating new values that will help build a fulfilling society. In addition, we will strive to be people who are respected in the international community. That is why we want to have solid identities as Japanese as well as flexibility in accepting a variety of foreign cultures. To realize Independence, to display public spirit to acquire respect in the international community—this must be a difficult path for today’s Japanese people. So we must first gain great “pride” and “ambition.”

Today our country is facing its third turning point since the Meiji Restoration and the end of the World War II. Living in an era of reconstruction like this as members of a socially responsible generation, we need to find the answer to the question which comes from both global and historic viewpoints — the question of what kind of conceptual and representational powers we should display. In other words, the direction Japan should go in is being questioned. We therefore believe that it will be meaningful to have nationwide discussion about which unchanging values to pursue.

## From the public and private attitude survey: Japan stands up to global competition using a sense of crisis as a springboard

In the survey conducted in June 2011, it is clear that there are public concern for the future of Japan, and a demand for a sense of determination to stand up to global competition in order to dispel the concern. Also, many of the respondents said that they were proud of Japanese culture and history. Making use of this pride and identity in facing up to the competition may become an important issue in Japan in the near future.





## Chapter 2

# Stop the Spiral of No Action

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### “Indecisive Japan”

#### The spiral of “No action” in Japanese Politics

The decision-making process in Japan is caught up in a “spiral of no action.”

There are plenty of proposals—good proposal—in Japan for improving its mountain of problems. Unfortunately, though, many of those proposals are never put into practice and the situation just gets worse. Though another good solution is proposed, and as expected, it also fails to be carried. This repetition of “proposal → no action → proposal → no action” and the consequent worsening situation can be said “The spiral of No Action in Japanese politics.”

Let us explain why this spiral is happening now in detail.

When a problem arises in society, it causes conflicts of interest and opinion among the citizens. No solutions, no matter how good they are, can satisfy all the people concerned. A solution may even prove harmful to some, which will naturally result in opposition to it. The essential role of politics is to build consensus and persuade people to carry out a policy which will benefit the future of Japan, even if it results in pain for some. Since there are no solutions that will satisfy everyone, politics is consistently required to make crucial decisions and to take heavy responsibility.

Japanese politicians today are unable to execute any painful policy for fear of public backlash. Instead, they take a short-term viewpoint, either

adopt policies that appear easy and favorable for citizens, or essentially “change nothing” to accommodate the national hesitation against changes. We lack leaders who never be afraid of public backlash, are able to make policy truly beneficial for the country, and have the capability to persuade people to carry out the policies. Lacking leaders with true leadership, current Japanese politics is to blame for the “spiral of no action.”

### **Japanese prime ministers find it impossible to stay in office**

In recent years, Japanese prime ministers cannot take time in office, with most lasting no more than a year. Indeed, we have seen six prime ministers come and go in the last five years.

It takes a long time and much effort to create significant solutions to problems in a country because so many adjustments are required. When the leader of the nation is replaced so frequently, we cannot tackle structural or other deep-rooted problems. When the leader is replaced repeatedly, time will be wasted and none of the problems will be resolved. A new prime minister means a new set of cabinet ministers. Their short time in office is insufficient to learn their job or gain any degree of competency in their assigned area. Nor do they learn to utilize the bureaucracy. They leave the position before they can adopt any effective policies. In addition, as a result of the rapid change in prime ministers, foreign leaders are having a hard time just remembering their faces. How can the country make itself heard in a global society in such a situation? We have many domestic matters for which we need to negotiate or collaborate with other countries. So if foreign nations do not listen to our messages, a delay in resolving such problems is inevitable. This is the reality we Japanese now we are facing.

The approval rating of the Japanese prime minister is usually quite high when they first take office, and then declines at a rapid pace. To be fair, they are not entirely responsible for the decline. The prime minister is always exposed to the press, which forces him to answer questions on the spot,

putting him at risk of making inappropriate remarks. Once the prime minister makes any gaffes the news is splashed across the country by the media and opposition parties start to accuse him immediately. Unfortunately, the authority of the office of prime minister suffers daily damage from excessive exposure to the press. As a leader, we are looking for someone who dares to make decisions about the structural problems we face, and then puts them into practice. And not someone who remains silent and does nothing in order to avoid something wrong.

There is another reason for the rapid downfall of the prime minister's authority. While the Diet is in session, the prime minister is required to attend almost every day. In 2010, the Diet convened on 222 days. This obviously occupies a great deal of time and makes it harder for the prime minister to deal with important national issues, to say nothing of developing spot-on and appropriate policies. There are also aspects of the Japanese Diet system that prevent the prime minister from demonstrating his leadership. The Diet consists of the House of Representatives and the House of Councilors and both houses possess nearly equal authority. For instance, a bill which is passed by a vote in the House of Representatives still must be approved by the House of Councilors. The ruling party usually maintains a majority in the House of Representatives because the majority force designates the prime minister. On the other hand, it is not always the case with the House of Councilors as the two houses hold elections in different seasons. When an opposition party becomes the majority in the House of Councilors, it is called a "divided Diet." It has happened frequently in recent years and the current Diet is no exception. With the "divided" power balance, the House of Councilors remains firm in its opposition to the Prime Minister's standpoint, rarely letting bills pass. Thus there is now an outrageous situation where "nothing is decided in the Diet."

### **Political parties and Diet members have problems too**

In Japan, political parties are not fulfilling their primary roles. Originally, a political party was a group of people who shared a certain political ideal and tried to realize it. But in reality, a party is not a monolithic organization. It includes individuals who are elected from different power bases with different political beliefs ranging from right to left. So even if we vote for a party because we support its ideal, direction ultimately depends on the elected member's own ideas. In order to prevent this, a political party should strengthen the control of the group and present its policy direction more clearly to citizens.

Likewise, Diet members are not fulfilling their expected role of putting priority on national interests and implementing policies. One of the reasons is that they are discouraged from making decisions that put their careers at risk, because losing an election means losing a source of personal income. An unpopular decision will make it more difficult to win the next election. Diet members are therefore not willing to agree on a policy which is, for instance, unfavorable for influential persons or organizations with which they have vested interests.

Election campaigns cost a fortune in Japan. It means a heavy burden with no assurance of winning. No matter how high a person's aspirations it is only natural that they would hesitate to run for election. This explains why a noticeable number of television personalities and hereditary candidates run for office. Unfortunately, some give us the impression that they are not seriously worried about the country, or they speak irresponsibly. Diet members do not give us very good impressions, either. When we watch their discussions on TV during Diet sessions, they seem to be more concerned about how to perform to gain popular support than what they are discussing. We believe their job is not to perform, but to deepen debate while clarifying the point in question. Such a decline in the quality of politicians makes "indecisive" politics even worse.

## **The financial situation of “indecisive” Japan**

As we have mentioned so far, Japan is caught up in a “spiral of no action” and continues to postpone solving problems. Now let’s see what is happening to Japan’s financial situation as a consequence. In fact, the national debt is growing steadily, and the accumulative long-term debt has reached 11.25 trillion dollars, with national and local bonds combined. The government has no choice but to issue more bonds to repay the bonds which are coming due, and even more bonds to cover revenue shortages each year. The total for deficit-covering bonds issued in fiscal 2010 amounted to 475 billion dollars, which means future generations got another debt of 475 billion dollars to repay.

At this point, the amount of Japan’s national wealth surpasses its debt, and the country has few foreign creditors. The yield rate of government bonds is as low as 1%, indicating a good credit reputation. However, we certainly need to change the situation in which we keep increasing debts and shifting the burdens to future generations. The first thing we should do is to stop making any more debt. According to the government’s calculation based on fiscal 2010, if the country can deal with a financial deficit of 312.5 billion dollars, the primary balance (balance between expenses excluding repayment and income excluding issuance of bonds) will be equalized and we will not have to go any deeper in debt. We thus come up with a proposal that the Japanese government should save 62.5 billion dollars of its annual expenditure by cutting down the budget for social security as well as that for administrative services. In addition, the government should gradually raise the consumption tax from the current 5% to 15%, which would add 312.5 billion dollars to annual revenue. Lastly, the government should invest 62.5 billion dollars for future growth.

These financial policies will most certainly bring pain to the people. But let us note that after repeated postponement of solving many problems, the only solutions left to us Japanese come with great pains. We have to have the

courage to willingly propose these solutions, and we have to be committed to accept the pains that come with them.

## **Responsibility of the citizen**

### **The level of politics reflects the level of the people**

It is often said that, “politics is a mirror of the people.” The lost and troubled politics of Japan these days is, indeed, a reflection of us Japanese. Deep in our hearts, many of us probably believe that “Not I but someone else will somehow take care of politics and the government.” There are an overwhelming number of people who are so unaware of, if not indifferent to, policies and regulations that they blindly accept one-dimensional criticism by the press against politics and policies.

Two attitudes epidemic in today’s Japan are a lack of independence and a tendency to shift one’s burden to others. We take it for granted that other people, the country or the government work for us and solve our problems. People are too concerned about their own benefits to have a sense of responsibility towards society. As a matter of fact, Japan has, after the US, the second lowest ratio of taxes to social benefits among major developed countries. If we look at Japanese tax rate alone, it is the lowest. How should we view the fact that people with a low rate of taxation receive a pension for so many years when the population ratio of people over 65 is the highest in the world? As members of a mature society, we should not claim for our rights without fulfilling our obligations, such as paying taxes and paying fees for social security.

We authors believe this problem is connected to the degree of maturity of democracy in Japan. The essence of democracy is not to incorporate everyone’s opinion, or to respect the majority decision. It is to seek a valid conclusion after thorough discussion. However, as Winston Churchill once

noted, “it has been said that democracy is the worst form of government except all those other forms that have been tried.” It is difficult to make democracy function. As Adolf Hitler became a dictator under the Weimar Constitution (*Weimarer Verfassung*), it is possible that the system can legally give birth to a dictatorial regime. The system is quite unstable and the outcome of adopting it depends on who uses it and how capable the person is. Especially in the case of indirect democracy, a noisy minority tends to be more influential than a silent majority. It is thus essential for each member of the country to become interested in politics and pay constant attention to it in order to make the system work properly.

Peoples with a history of bourgeois revolution understand the true sense of their sovereignty because they have actually fought for and won democracy for themselves. But how about the Japanese? It was after World War II that our country introduced its Constitution and democracy centered on the sovereignty of the people. This system of democracy, however, came from the US, then occupying Japan to reconstruct it as a peaceful nation that would never turn to militarism again. Later, during the Cold War, which lasted until the early 1990s, Japan underwent an incredible economic restoration upholding its light-armed and economy-oriented principles under the umbrella of the Japan-US alliance. This successful restoration robbed us of our chance to mature democracy in Japan; we did not need thorough discussions to make the system function because at that time both the public and the private had the same goals, postwar restoration and economic growth, and could work together to achieve them. As long as the cooperation went well, no one noticed the difference in individual sense of values. For the last decade or so, in contrast, the main goal of politics has shifted to adjusting the value differences since the country started running out of room for further growth. We were suddenly aware of the difficulty of the democratic system was.

We Japanese must not tolerate the dysfunctional democracy of today’s

Japan. In order to save the country from a state of political confusion, it is not enough merely to criticize politicians and bureaucrats. The important thing for each of us is to become citizens fully aware of our roles as sovereign citizens of the country. This is a requisite condition for achieving a mature democracy in Japan.

### **To become aware of our responsibilities as sovereign citizens**

First of all, we tax payers have to watch the use of our taxes. We need to have a sense of contributing to the society through taxes we pay. The self-assessment tax system adopted in the US and other countries is a good method of this point; it helps citizens cultivate their awareness of being taxpayers by requiring them to complete the tax forms themselves. On the other hand, the Japanese tax system obliges companies to collect their employees' taxes, deducting it from wages. Employees feel as though their taxes have been "taken from them," and this interferes with employees' paying close attention to the use of their taxes with taxpayer consciousness. We believe that the system should be revised. In addition, if we could choose the local government to which we pay local tax, or if we were able to receive income tax reductions for making donations to designated NPOs, it would encourage independent reallocation of wealth. On the occasion of the Great East Japan Earthquake, people across the country donated hundreds of millions of dollars out of good will. The accumulation of the will of citizens has the potential to create an amazing power of mutual support.

Secondly, we strongly remind government to introduce the Social Security and Tax Number (National ID) System. This would enable the government to get an accurate assessment of our income information, which would prevent non-declaration of income, illegal deductions, and illegal tax refunds. The National ID System would also be effective for building the groundwork for a new tax system which could sort out the problems stemming from the consumption tax: increasing burdens on those with low

incomes. Furthermore, it could help develop efficiency in administration of social security. The system would facilitate the payment of insurance and the confirmation of social security benefit records, such as medical, nursing, and welfare services. The government would be able to put in place social security benefits friendly to people who truly need it while maintaining a balance with individual income levels. The National ID reinforces the attitude of “pay to those who need to be paid” and makes sure that “those who are not entitled to be paid will not be paid.” Should the system be applied further and linked to the Basic Resident Register and tax rolls of municipal governments, it would prevent the fraud such as children’s receiving the pension of a deceased parent, unpaid school lunch fees, and so on. It would make a “fair and square society” so to speak. We believe that the National ID is suitable for independent sovereigns.

### **“Visualization” of politics**

In order to break the “spiral of no action” and achieve “decisive” politics, it is essential for us Japanese to fulfill our responsibilities as sovereign citizens. The key to achieving this is “visualization” of politics.

A local assembly in Japan succeeded in activating itself by means of “visualization.” In 2002, they started live broadcasting of assembly proceedings on the Internet. And in 2005, they set up an assembly debriefing session where subjects of discussion and the proceedings of votes were shown to the public. These approaches gave assembly members a sense of tension because they knew citizens were watching them. Similarly, in an effort to raise the level of debates, the mayor and local officials are entitled to ask back when answering questions from assembly members. As a consequence, the mayor and the assembly face off against each other, fair and square. This “visualization” benefits the residents as well because it reduces the distance between themselves and the local government. The residents are now more informed on the issues at hand and more familiar with politics.

They are no longer blinded by short-term benefits. Instead, they have learned to watch over politics, which, we believe, encourages politicians to be more serious about doing their jobs.

Is it not possible to make a similar system of “visualization” in national politics? For instance, just as a company holds an annual shareholders’ meeting, the Diet can held an annual “sovereign citizens meeting” where each party feedbacks on the progress of their manifesto and presents their midterm vision. Primetime live broadcasting of the meetings with the help of television networks such as NHK (Japan Broadcasting Corporation) and collaboration among major media to give extra-coverage to the meeting. We would do well to follow the footsteps of Germany and Korea to make this happen. Both of these countries have legislated requirements for making a manifesto and reporting them at meetings of sovereign citizens.

Not only political parties, but also Diet members should be “visualized.” We have to develop a system to enable “visualization” and assessment of their performance and achievements. A website “Recovery.gov” in the US shows a good example of “visualization” of the use of taxes. The American Recovery and Reinvestment Act of 2009 obliged the US government to set up the website for the purpose of ensuring transparency in finance.

In any case, we need a system that makes it possible for the public to understand politics and for politicians to be conscious of the public eye on their work.

## **Prescriptions for being decisive**

Assuming that we Japanese successfully increase our sovereign awareness and that we obtain a power to demand Japanese politics to make change, how we should modify Japanese politics?

## **Begin with revising the vote weight disparity**

The most direct way in which we citizens get involved with and take part in politics is voting in election. Through voting we choose policies from those presented by political parties as well as the Diet members who carry them out. In this system of representative democracy where Diet members reflect our will in politics on behalf of us, vote weight equivalence is essential.

The value of a vote is determined by the number of voters per seat in the electoral district. In Japan, the disparity between the vote weight of cities and that of rural areas has been left untouched: one vote in a rural area weighs five times as much as a vote in a big city, which is obviously unfair. Although this disparity of vote weight was ruled unconstitutional both by the High Court and the Supreme Court, the Diet has not done anything about it yet.

One of the reasons for the disparity comes from the idea that each of 47 prefectures should be allocated at least one seat. Thus, 47 of 300 seats in the Diet are first assigned to 47 prefectures, and the rest are allocated by the population ratio. Naturally one vote weighs more in a prefecture with a small population than one with more people. It is stated in Article 43 of the Constitution that elected members of the Diet represent all the people. In this regard, we should immediately abolish the current practice of vote allocation, which provides each prefecture with at least one vote. It will be the first step for narrowing vote weight disparity in politics.

## **In elections, we should place emphasis on manifestos**

In 2003, manifestos, systematic statement of campaign promises, made their first appearance in Japan. The manifesto of the Democratic Party of Japan (DPJ) issued during the campaign for the House of Representatives election in 2009, turned out to be impossible to uphold when the DPJ was in power due to revenue shortage. We believe that we citizens must learn a lesson from this and be sure to ask a party whether their manifesto is

financially practical or not. At the same time, we need to reflect on our own conduct, too. After all we can't deny the fact that we jumped at the DPJ's manifestos without giving a second thought to the 200 billion dollars they required.

At present, as is the case with most of the elections for Japanese Diet members, we vote for individual candidates by writing the name, not the party to which he or she belongs. So election campaigns are apt to use money to give publicity to a candidate's name and face, rather than creating manifestos and policies. We author Forum21 therefore suggests that we adopt a voting system where we vote for a party instead of its members. It will help clarify the idea that an election is an event for electing a party which leads to the government and the country.

### **Utilize IT in election activities to open the door to qualified candidates**

Running in an election is expensive. To begin with, a 37,500 dollars deposit is required to file for candidacy. It is reported that many candidates spend more than 250,000 dollars for their election campaigns, including office and personnel expenses, and posters with their name and face. In addition to money, candidates need a support organization to put up posters on every election bulletin board in the district.

By the way, according to a survey conducted by the Ministry of Internal Affairs and Communications in 2010, the Internet penetration rate was 78.2% for the Japanese population. Use of IT in election campaigns would surely reduce costs including public funds. The merits of using IT are not just about money. Getting rid of campaign vehicles could solve noise problems, too. And more importantly, it would narrow the distance between ourselves and the candidates. More qualified people would be encouraged to stand for election. Voters would also be encouraged to get to know more about parties and candidates, activities essential for electing a good leader.

## **Give the prime minister more time**

Political parties assume the role of fostering political leaders who are competent in not only domestic politics but also foreign diplomacy. In other words, they foster future candidates for prime minister. When a general election is held, these candidates are introduced to us voters and we indirectly choose our next Prime Minister by choosing the leading party. In recent years, however, the leading party has held presidential elections, not motivated by the will of the voters by their own, and replaced the prime minister frequently. This is not the way it is supposed to be.

For both a leader of a company and a leader of a nation, it is equally true that 1 or 2 years is not sufficient to achieve anything significant. Each party should ban presidential elections while the Prime Minister is still in his post to be guaranteed for a maximum of 4 years in office.

## **Leader support system and revolution of the Diet**

The DPJ mistook the meaning of the “political initiative” to mean “politicians decide everything.” Accordingly, they ended up biting off more than they could chew; they are stuck at decision-making and the administration is stagnant. The Kasumigaseki bureaucracy is the biggest think tank in Japan. There must be a better way to take advantage of it. What is needed here is, we think, to strengthen the policymaking functions of ministries by creating a “special support staff team” for each cabinet minister. This would enable the bureaucracy to support minister more closely and effectively on his policy making as professionals. And in order to enact a new law based on these ideas, it must be approved even in a “divided” Diet. We authors believe that if each of the two houses properly plays its own role following their original purpose, proceedings of the Diet would become deeper and more multifaceted. The House of Councilors is called the “House of Common Sense.” Among their tasks as the “House of Common Sense” should be backup of the Diet in the event of the dissolution of the

House of Representatives, audit for account settlement, prior consideration of diplomacy and security, and review of constitutionality. On the other hand, the House of Representatives should have priority over budgetary debates and legislative functions regarding the budget. This would soften the problem of a “divided” Diet. We assume this clarification of roles can be achieved without amending the Constitution provided that we take the time to establish them in the Diet.

We are confident that it is possible for us Japanese to grow out of “indecisive” politics if each of us develops sovereign awareness and both Diet members and voters follow the prescriptions for political reform mentioned so far. These can certainly break the “spiral of no action” to renew energy and vitality in our country.

# Chapter 3

## Opening Up the Country with the Japanese Spirit

*Strong economy, economy for the sake of society*

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### **Japan will become a model to the maturing world**

#### **A journey without a map**

The two lost decades. What has happened to the Japanese economy during that time? The following major five points may provide some insight:

- (1) For the last two decades, Japan has suffered from low economic growth and deflation.
- (2) Japan, which is not exactly a trading nation, has in fact been supported by strong domestic demand.
- (3) Rejuvenation of companies has been unsuccessful. Rates of both opening new businesses and closing failed ones have been low in Japan.
- (4) The trend of transferring operations overseas has accelerated, especially in the manufacturing industry.
- (5) The percentage of non-regular employees has been rising for two decades. The income gap between the young and the elderly, regular employees and non-regular has become a serious problem.

#### **Targeting for the highest level of GDP and GNH**

Economic power is the foundation for a safe and stable country; in every aspect from diplomacy and national defense to the working life of each citizen. However difficult it may be we hope that our country targets to achieve an economy along with countries having world's highest GDP levels.

Although we may inevitably fall behind China in total amount due mainly to its huge population, Japan's per capita GDP can surely be one of the highest in the world. Our desire is for Japan to achieve both high per capita GDP and the highest level of GNH (Gross National Happiness), so that citizens can enjoy a true sense of affluence.

### Japan faced with various challenges

Now let's talk about the direction we should take to tackle the problems we have to achieve these objectives.

First, some regulations should be further relaxed. In today's Japan, various regulations are hindering growth. Typical examples of such

#### Economic indicators

|  | Period | Score | Notes  |
|--|--------|-------|--|
| IMD World Competitiveness ranking  | 2010   | 27th  | 1990: 1st  |
| GDP per capita ranking (USD (\$) based Purchasing Power) From IMF Economic Outlook                                     | 2010   | 25th  | 1991: 9th  |
| Export ratio<br>IMF International Financial Statistics Yearbook 2010   | 2008   | 16.1% | USA 9.0, CHN 33.0, KOR 45.3, GBR 17.1, GER 37.5  |
| Import ratio<br>IMF International Financial Statistics Yearbook 2011   | 2008   | 15.6% | USA 15.0, CHN 26.2, KOR 46.7, GBR 23.5, GER 32.3 |
| Business opening rate<br>From 2007 White Paper on Small and Medium Enterprises   | 2004   | 5.1%  | USA 10.2, GBR 10.0, FRA 12.1                     |
| The ratio of the manufacturing sector employees f to all employed workers<br>From Labor Force Survey                   | 2009   | 17.1% | 1990: 24.1%<br>1970: 27.0%                       |
| The ratio of non-regular employees to all employed workers<br>(Male, 25 to 34 years of age)<br>From Labor Force Survey | 2011   | 16.0% | 1990: 3.2%                                       |

regulation are those affecting the agricultural and pharmaceutical industries. Also, limitations such as overall population decrease and aging society can be construed as opportunity for innovation. If we pursue a society where elderly people can lead a meaningful life with purpose, it will help create a new growing industry. We learned that there are some social-problem solving businesses, or “social businesses,” in which elderly and disabled people are participating in economic activities. These businesses should lead to lower social security spending because the people involved can maintain their health and earn an income.

Additionally, there is no doubt that, in the future, energy and natural resource problems will wield a huge influence on the competitiveness and living standards of Japan. We believe the country should pursue energy conservation efforts and an energy revolution, concentrating the talents and cutting-edge technology.

The technology, service, and system cultivated in the course of solving the problems of an aging society, energy and resources will become a model for many other developed countries on the same path. Solving these problems will not only enhance export competitiveness but also elevate Japan’s international presence.

## **Globalization of the domestic market**

Japan is located close to up-and-coming Asian nations with rapid growth rates. As we mentioned earlier, Japan is not exactly a trading nation and still tries to avoid import and foreign investment in Japan. Imports may do temporary damage to domestic industries, but importing competitive products and services will create a competition, which, in turn, will give birth to new business, improve productivity, and lead to new domestic demand.

In order to globalize the domestic market, it is essential to level the playing field by lowering corporate tax rates and so on. It would also prevent the industrialization of domestic markets and attract foreign companies.

Despite the fact that Western countries have in the past taken the initiative to establish these conditions in Japan, we have turned them into an exercise of mere formality, as Japan still adopts and continues to apply these protectionist measures squarely, allowing its international competitiveness to decline. We must not repeat the same mistake when discussing the participation in TPP (Trans-Pacific Strategic Economic Partnership). We have to actively take part in drawing up the rules and play tough when negotiating so that things are decided in Japan's favor. Simple trade liberalization is obviously not enough.

### **“Strong economy” and “economy for the sake of society”**

We must have the courage to deregulate the domestic market for the purpose of globalization. Less-competitive companies are likely to exit the market, but new corporations will emerge instead. In fact, some exported Japanese products and services overseas have contributed to the development of the importing countries. This is precisely the way to achieve the “strong economy” we strive for. At the same time, social businesses and other businesses will assume a role to support the Japanese society. Community efforts are also important in this respect: our society is supported by various activities conducted by different levels of community such as local festivals and currently-popular SNS. And it would be nice as well to bring back some old traditions, “sharing” with neighbors for instance, that were fairly common when we were children. This is what we mean by “economy for the sake of society.” Bolstering these—“strong economy” and “economy for the sake of society”—is indeed equivalent to the enhancement of GDP and GNH.

### **Multiple careers make a country with “co-toughness”**

We may well need to change the employment system to realize such a society.

In the period of high economic growth, the till-retirement lifelong employment system of regular employees, or “guaranteed lifetime regular employment with a mandatory retirement age” model so to speak, served as the driving force. In today’s Japan, however, the system is likely to pose an impediment that drags down the competitiveness of a company. Given that the number of management positions is limited in most major companies that hired many talented young people upon their graduating from university, we could not say that Japan’s human resources are utilized to their full potential because they are “buried in the company” by the employment system. But a fulfilling life does not necessarily require working for 40 years in the same company one chose in his/her 20s. Community development, education, primary industries including agriculture—there are many fields where people can flourish. Likewise, those who can work should work regardless of their age so that ever-increasing social security spending can be curtailed.

Companies and employees choose each other. And both of them choose Japan, making efforts to support each other. This is the way we figure out “a country with co-toughness” should be. Let’s try together to overcome the pain, break free of the lost two decades, and make Japan a country which people in the rest of the world envy and the one young Japanese in the next generation can be proud of.

## **Make innovations through regulation reform – (1) Agriculture**

### **Shift to “aggressive agriculture”**

Let’s position agriculture as an industry and think about it in the light of the traditional Japanese spirit of “Sanpo-yoshi” principle (“three goods” meaning that commerce should not only benefit the buyer and the seller but also society as a whole). Though the phrase conveys an ideal of “the good for the seller (i.e. farmers), the good for the buyer (i.e. consumers), and the

good for society,” the reality is just the opposite. Production adjustment is imposed on sellers, resulting in buyers purchasing expensive products and the government spending taxes known as subsidies.

Though some people are negative about opening up the Japanese agricultural market to foreign countries, we should trust Japanese consumers more. What we should really worry about is the Japanese farming industry losing competitiveness due to overly protective surroundings. If it stops making innovations, it will fall further into decline. Japanese agricultural products can boast of superb quality and taste. From “protected agriculture” to “aggressive agriculture”—now is the time to make the paradigm shift.

For areas suitable for large-scale farming, Kazunuki Ohizumi, the vice president of Miyagi University proposes a change in thinking: we could implement the policy of “reducing farmers by encouraging them to abandon farming,” instead of “increasing new entrants.” He suggests that a small number of agricultural managers run agricultural businesses while ensuring various job opportunities for elderly and part-time farmers, such as irrigation management and raising seedlings, in order to encourage farmers to retire from the business.

### **A different approach for the hilly and mountainous areas**

In the case of the hilly and mountainous areas, the aging of farmers has been a serious problem, and the preservation of *satoyama* (a semi-natural area near a populated area that is home to biodiversity) has become more and more difficult. In these areas we suggest that corporations lease farmland and lend it to their employees as a part of benefit programs. Alternatively, we could adopt a long-stay practical training program in the curriculum of elementary and secondary school so that children can learn the importance of labor through experience working on farms.

## **Reform of agricultural cooperatives and agricultural “independence”**

To change the whole concept of agriculture, we need to change agricultural cooperatives as well.

Active farmers who intend to seek overseas market by themselves are not looking for existing financial assistance or livelihood support but for the market development of sellable products (produce) and cultivation of customer base. We think it would be more beneficial for not only those farmers but also us consumers too, after improving management transparency of the cooperatives, leave all the functions of the cooperatives to private corporations except that of market expansion which seems essential to future agricultural cooperatives.

## **Make innovations through regulation reform – (2) Medical services**

### **The problem of regulations in the medical industry**

Let’s think about the issue of regulations. There are two expressions, “drug lag” and “device lag.” They refer to the time lag between the approval by the Ministry of Health, Labour and Welfare of newly developed foreign medicines, medical devices and treatments, and the actual application of them in domestic medical practice. In many cases, highly effective medication and medical devices which are common overseas are not domestically available for use since they are unapproved in Japan. Also, we will have to discuss the issue of “mixed treatment.” In the current system, if a patient combines medical treatment covered by health insurance with that which is uncovered, he or she must pay for both of the treatments. The argument for this is the protection of citizens from new and therefore risky treatments due to their lack of medical knowledge, and also not letting income disparity being a factor in who is saved and who is not. Even though

those reasons are understandable, the system is still problematic in that it constrains the patient's choice of treatment.

To change this situation, we should introduce the "medical license renewal system." This would require doctors to earn credits to renew their licenses by working at hospitals, joining in team medical care, conducting scholarly research, and so on. If we adopt this system as well as a regular performance evaluation by a third party, it will help improve the medical skills of doctors and restore the original functions of hospitals. Among other factors we have to deal with are the domestic pharmaceutical and medical equipment industries which have been hindering the import of new medicines and medical technologies, a government which is reluctant to take risks, and our excessive demands for safety as citizen.

### **Clear a path with industrialization and innovations**

Some innovations are being brought to the field of medical services too, born out of a change in thinking, and have come to terms with economic rationality.

The Kitahara Neurosurgical Institute (KNI) located in Hachioji, Tokyo, which consists of four medical organizations including Kitahara Rehabilitation Hospital, pursues thorough patient services. Shigemi Kitahara, director of KNI believes that the universal health insurance system will collapse. He has plans to "encourage Japanese medical services to be an export industry" and to "make a medical-oriented city."

Tokyo Women's Medical University and Waseda University have established a joint institution called TWIns (Tokyo Women's Medical University - Waseda University Joint Institution for Advanced Biomedical Sciences) as a center of excellence in biomedical engineering-based medicine. In this institution, not only doctors but also people specializing in various fields including pharmacy, engineering, and science do their research in cooperation under the supervision of Teruo Okano, the director of the

Institute of Advanced Biomedical Engineering and Science, Tokyo Women's Medical University.

## **The “Social challenge” transforms Japan**

### **Formulating “human linkage”**

Now let's take a look at some examples of social businesses. First up is Swan, an affiliated company of Yamato Transport Co., LTD. The late Masao Ogura, founder of Yamato set up Swan in 1998 in an effort to help the physically challenged lead more independent lives. He hoped to offer a workplace where they could enjoy working with fair pay, and opened the first outlet of Swan Bakery in Ginza, Tokyo. The company has grown to 27 stores, 300 physically challenged employees and 200 non-challenged employees, with annual sales of 1.125 billion dollars. Currently the three directly managed stores pay up to 1,250 dollars a month as the salary for employee. Ayumu Kaitsu, the Representative Director of Swan clearly states that he will dismiss a person, physically challenged or not, unless they can exchange greetings, be punctual, or refrain from speaking ill of people. He passionately talks about the importance of accepting employees' personalities, not treating them as special, and not underestimating their abilities.

The next example is an NPO, E-Elder, established by the middle-aged and seniors who have experience in IT industry. Its goal is to assist the elderly and physically challenged participate in the society and to enhance NPO activities. The chairman, Masataka Suzuki, former director of the Corporate Citizenship department of IBM Japan, saw numerous PCs disposed in the wake of Y2K, and came up with a plan to rescue them: he had old data and software deleted, new software installed, and then donated them to NPOs. Targeting for a Western-style non-profit organization, he tried to make a more business-oriented NPO which puts equal weight on

social and business aspects, and offers salaries equivalent to those paid at private companies. With reliance and support from more than 50 companies including IBM Japan, since its foundation, E-Elder has been independent in management, providing over 4,500 organizations with more than 15,000 reused PCs. Now in his 70s, Suzuki still takes pride in getting involved with and supporting society. “The difference between an NPO and a company is that the former can have a mission as its job,” he says. His attitude gives us a valuable insight on how to succeed in social business.

Japan is a country that has a long history of co-existence and abundant creativity. We thus believe in unlimited potential for social business in this country.

## How to deal with the energy problem

### Expectations for Japanese technology

In December 2010, Makoto Watanabe, a professor at the University of Tsukuba, and his group discovered Aurantiochytrium, an alga that generates

### Natural energy forecast

(Unit: PJ)

|   | Current | 2050  |
|---|---------|-------|
| Solar power   | 17      | 540   |
| Wind power  | 33      | 315   |
| Wave power  | 0       | 2     |
| Biomass   | 9       | 426   |
| Small water power   | 135     | 430   |
| Geothermal power  | 27      | 309   |
| Total   | 221     | 2,021 |
| The ratio of natural energy to total power generation in 2008 | 6%      | 58%   |

(Reference) *Japan Status Report 2010*

hydrocarbon very close to petroleum. The alga, which was found in Okinawa Prefecture, does not photosynthesize but generates hydrocarbon by feeding on organic substances. As a matter of fact, its productivity is 10 times higher than any other kinds of alga hitherto known as producing oil. Since it requires no light, it can produce oil in a tank containing organic substances as feed. There is another alga called Botryococcus, which also generates hydrocarbon through photosynthesis. In US, aviation fuel was made from Botryococcus and already test flight has been conducted. In Japan, on the other hand, an entrepreneurial venture called ALGY.inc has been working on setting up a business to commercialize those algae in 5 to 6 years. It would be ideal if they can create new alga which has features of both algae by utilizing generic recombination technology, however, it is virtually impossible to implement it in Japan because of too many legal constraints in the biotechnology area. To win in this global competition, sufficient funds together with easing regulation by all means are necessary.

Methane hydrate is the only homegrown energy resource that can satisfy domestic demand. According to Shoichi Tanaka, a professor emeritus, and Yoshihiro Masuda, an associate professor both at the University of Tokyo, the total amount of resources available in the sea surrounding Japan can support 100 years' worth of domestic energy demand. That is why the MH21 Research Consortium JAPAN is leading the rest of the world in developing mining technology at national expense with offshore production tests scheduled to start in 2012. Among the challenges MH21 Research Consortium JAPAN are facing are the high mining cost, the lack of technical experts and researchers, a budget that is much smaller than for outer-space and nuclear-energy researches, and tough negotiations with local communities regarding issues such as fishing rights.

### **Towards the energy revolution**

It takes a great deal of time to achieve practical use of natural energy

and safe nuclear energy. In the meantime, we believe there are two important things to achieve. One is to use natural gas as a primary energy source while partly depending on nuclear power generation and to realize “local production for local consumption” by providing not only electricity but also heat to local community. Second is to use the most appropriate natural energies which are accessible at each area with the assistance of advanced technologies available at that time. In order to do so, the government will have to consider transfer of capital functions and consolidation of farming villages or suburban cities, and initiate infrastructure development to prepare for decentralized city-state. Solid financial assistance should be offered to solar cells and a new type of nuclear energy with promising technological innovation. For small-scale hydroelectric generation, wind power generation, and biomass fuel already are technically in widespread use, the government should adopt a policy to encourage competition in the various industries. With ongoing energy revolution, it remains to be seen which technology will hold a leading position in the end. So it is important for us to make an environment where different technologies can bring out their full potential through competition. Likewise, “deregulation” allowing for each community to introduce technology suitable to its characteristics is essential for further spreading natural energy.

Now is the time to make an astute investment in technologies, human resources, and infrastructure.

## **Japan, a country co-creating with the rest of the world**

### **To be chosen by the world**

Now let’s think about what we should do to ensure sustained growth in Japan.

The first thing we have to do is open up the country. We need to create an

environment friendly to foreign companies by reducing the corporate tax rate so that we can attract global companies and stop deindustrialization of Japan. Though the topic of corporate tax reduction faded away after the Great East Japan Earthquake, it is high time for us to implement it now. In addition to foreign companies, attracting foreign tourists is as beneficial as exporting services. We also need to discuss facilitating the immigration of people who are taking active roles in the global society into Japan.

George Hara, the chairman of DEFTA Partners established the Alliance Forum Foundation in 1985 with lofty aspirations to “change the world with technology and let the world know that of all the countries, Japan is the most important one.” He states that Public Interest Capitalism means making contributions to society through business and using profits to make contributions to the parts of society to which the business cannot contribute.

Yamanashi Hitachi Construction Machinery Co., Ltd. engages in mine sweeping activities in eight different countries. The mine sweeping equipment they provide is designed to also serve as farming equipment by replacing the attachments, which enables the local residents to farm and support themselves once landmines are removed. The machine embodies the company’s mission “to help others” or in other words, “to bring happiness for the country and its people.”

### **“Joint-creativity” and competition to capture the market**

The globalized economic society is now showing a substantial structural change. Digitization and open standards have made it possible for many companies to join the market in a short period of time, and markets with an extremely low transaction cost have been appearing throughout the world at an incredibly fast pace. As a consequence, division of functions has becoming more and more common globally, and companies of various nationalities need to join the game, taking full advantage of the world’s wisdom and creativity. In the old days, the vertical integration system, which allowed a

company to manage many aspects of a business including commercialization of products, symbolized the superiority of Japanese corporations. However, the system has now become a bottleneck for Japanese corporations to adapt to the new requirements.

We need a strategy to link expanding markets to high profitability of individual companies while protecting superiority of their unique technology, keys to maintaining competitiveness. Business people will be expected to fully understand the true sense of international standards and incorporate them into their work by necessity.

In a global market, market rules play a very important role. The next economic growth will be brought out through innovation gained from competition of wisdom, ingenuity, and creativity. Thus, following the market condition and technical standards, how well we can design the rule to keep our competitiveness is very important for economic growth. Many Japanese companies, especially those in energy conservation, environmental preservation, and welfare industry have useful technology, business assets, and human resources. If we want to make full use of them, without being isolated from global movement, we need to compete with and be jointly-creative with the world's growing sectors so that we can benefit from their growth. For this purpose again, we have to fully comprehend the complex structure of the game so that we can fight in global competition. So for example, Japanese enterprises are expected to play a leading role in the rulemaking process of EU in terms of technological aspects, as the EU is globally influential. Both Japan's government and its private companies have to be determined enough to survive this mega-competition with toughness and flexibility. What's more, we have to bring out our creativity to enable us to create rules and systems that will enrich humanity.

### **Accelerate revitalization**

Renesas Electronics Corporation, an in-car microcomputer chip

manufacturer was one of the companies that suffered damage in the Great East Japan Earthquake. Renesas had about 40% of its industry's global share. There are many other companies in Japan which have the largest shares of their respective industries in the world. And in addition to those world-leading enterprises, we can find a number of smaller businesses which create unique products using their unique, world-leading technologies.

Unfortunately, smaller Japanese businesses are on the whole much less profitable than firms of the same size in the West. Partly due to excessive competition. Companies that should exit the market because of inefficiency tend to stay in business, preventing revitalization of the industry. While the rate of business closing in Japan is around 6%, lower than in Western countries by 3 to 4%, the business opening rate is only about 5%, less than half of what it is in the West. The closing rate being higher than the opening rate is also one of the characteristics in Japan and, it is clear that something is wrong with the way things are run here.

Though the government has enhanced policies assisting entrepreneurial ventures to the level of Western standards, a survey conducted by Global Entrepreneurship Monitor reveals that very few Japanese have the entrepreneurship shown in Western countries. Entrepreneurship is the

**From a public and private attitude survey —  
We need competition for the future of Japan**

According to the survey, more than 70% of respondents answered negatively to the question, "Do you think Japan can achieve a more affluent economy and gain a brighter economic outlook in the near future?" It indicates that they take a pessimistic view of the possibility of economic growth that the country once enjoyed. On the other hand, 60% answered affirmatively to the question, "The principle of competition should be given more weight." More than half of businesspeople feel that today's Japan lacks in competitiveness. These two results show that we need to create a more competitive environment in order to break free from the current economic slump.

strong determination to convert new ideas into a business and create new values while taking risks. In Japan, entrepreneurial education is promoted in universities and graduate schools, but not in primary and secondary schools. The cultivation of human resources with entrepreneurship is an important task for us.

# Chapter 4

## Saying It Is “the Unexpected” Is Not Tolerated!

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### The future envisioned on our “2030 global situation scenario”

#### Looking into “the unexpected” by scenario planning method

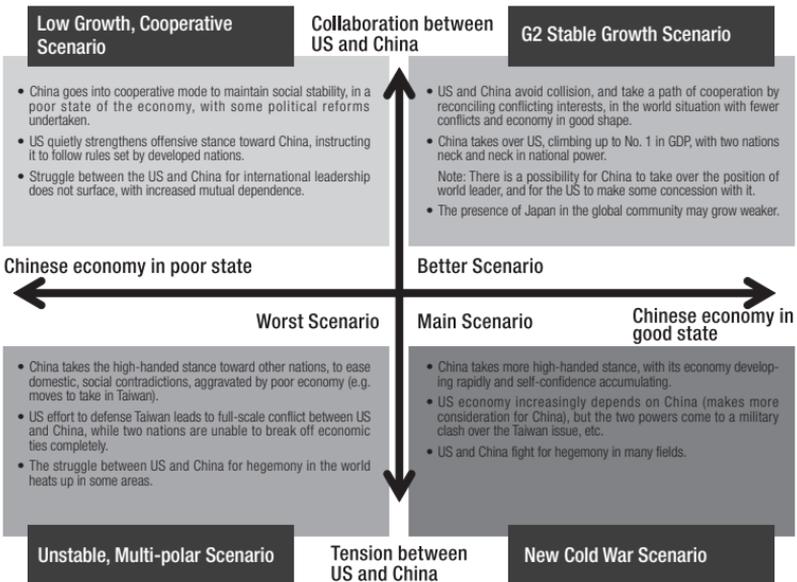
Building the grand strategies at a national government level that consider the future 10 to 20 years from now is the basic action when it comes to diplomacy and national security. It is useful to have a number of different cases (called “scenarios”). We developed those scenarios on the global situation in 2030. The specific theme was “In 2030, which countries will have increased their national power, and will have increased their presence in the global community, then, what will be the global situation centering on that country?” Analyzing basic data on major countries, we narrowed down the factors (scenario drivers) that would predetermine the future scenarios. As you see in the figure, we decided to draw up the scenarios using two major axes, “US-China relations” and “Chinese economy.”

For “Chinese economy,” we assume the one case in which the Chinese economy continues to grow at its current rate of 8% a year (right-hand side of horizontal axis), and the other case in which the economic growth of China falls to 3% due to domestic problems (left-hand side of horizontal axis). In terms of the “US-China relations,” we assume two cases, i.e. a closer relationship than at present (upper half of the vertical axis) and the deteriorated one (lower half of the vertical axis). As shown in the figure, these two axes create four future scenarios.

### Building a “grand strategy” and execute it on our own

Our analysis shows that there is a strong possibility for a “New Cold War Scenario,” and we set this as our Main Scenario. In this scenario, skillful management of the economy will keep the Chinese economy growing steadily, but because China will continue to have the high-handed stance toward the other countries, the relationship between the US and China will not become much closer. Japan has to deal properly with this scenario, with the highest priority. The central measure should be to reinforce the defense system.

“Unstable, Multi-polar Scenario” is the Worst Scenario for Japan, which needs to capture more of the opportunities in emerging markets, especially in China. The possibility of this scenario might be low, but failing to prepare for this scenario by calling it “the unexpected” would mean dropping the ball on national risk management.



For Japan to be able to strengthen its national power and increase its presence in the global community over the next 20 or 30 years, we cannot resort to an ad hoc approach, but have to deal with essential issues and develop a grand strategy. The issues we need to resolve include, as mentioned previously, reinforcing defense system, forming strategic alliances, contributing to solving global issues, enhancing public awareness of Japanese citizens, and, in particular, properly dealing with China. We should not expect the US or China to present this grand strategy for us, rather we have to develop it ourselves with determination, and put it into action ourselves.

## **Creating a country with safety and security**

### **Heightening public awareness of defending ourselves**

Ever since the end of World War II, under the “Peace Constitution,” we have abandoned military power as a way to invade other countries. On the other hand, we have gone about our lives without a thought about how to defend our country. It is said that the public awareness in a country is the best source of national power. We need to begin by nurturing customs that make it only natural to assume that we will defend our country by ourselves. This attitude has been what Japan lacks at this point.

### **Taking another look at the country of Japan**

#### (1) Correctly understand the geopolitical situation of Japan

The textbooks used in Japanese elementary schools correctly describe our territories, territorial waters, and Exclusive Economic Zones (EEZ). Japan became a member of the United Nations Convention on the Law of the Sea in 1996, which means that Japanese over the age of 30 did not learn about EEZ in school, and

they rarely have a chance to learn it. We need to take a close and careful look at our geopolitical position on maps.

One way to deepen understanding on these matters of territory would be to have weather reports, normally broadcast at least ten times daily, to cover the islands that make up the northern, southern, eastern and western boundaries of Japan, as well as the locations that are of great interest from the viewpoint of international politics.

(2) Relearn history, especially of modern era

Looking back at what we learned in school, most history lessons ended around World War II, and there was little that we learned about modern history. Now is the time to go back and learn modern history on our own.

(3) Learn about diplomacy and security issues

Many of us have been surprised to meet people from various countries in the world, who, especially in roles of leadership, have at least a decent knowledge of, not only the culture and customs of their countries, but also their security and diplomatic stances, as well as military and defense capabilities. We cannot avoid matters of diplomacy and security if we are to work with the rest of the world. We should begin by learning about even small bits of those issues that are associated with our daily lives.

### **Creating fresh opportunities to be part of our local communities**

(1) Become a volunteer firefighter or member of the local disaster prevention committee

After both of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, we learned that when the infrastructure was hit by a disaster, power of local community was what was the most reliable. We should check up on the actions to take in a local area right after a disaster, and additionally we can register with the local

community organizations, participate in annual disaster drills, and possibly become volunteer firefighters or members of local disaster prevention committees.

(2) Register as a JSDF Reserve Personnel Candidate

Even people with work experience in private corporations can participate in the JSDF Reserve Personnel System. We can participate in the rear-area support for JSDF by making use of our knowledge and experience in architecture, electrical engineering, data processing, foreign languages, and so on.

(3) Our country should show its will to protect its citizens by all means

If our country declares its intention to protect its citizens by all means, even those currently overseas, it gives citizens sense of safety, and builds trust for the country. People feel that, “the government is doing all of this for our sakes,” and gives them the opportunity to reconsider their country, which should lead to a question, “what can I do for my country?”

## **Establishing a system to defend the national territory and its citizens**

### **Correcting the warped framework on national security**

In this field, we should explore the way to revise the Constitution, but this appears impossible in the current political situation. If this cannot be done, the very least we need is to establish a “Basic Law on National Security” as soon as possible. This law provides a legal and conceptual framework for wartime contingencies, and the national security strategy that specifies the long-term vision as a country, under which the defense strategy should be developed. This law also strengthens the deterrent power and raises public awareness. In the process of establishing this law, the following

issues, which have been debated in Japan, will need to be addressed.

“Defense-only policy” must be linked to the establishment of defense system that never sacrifices the lives or property of the citizens. Policy of not attacking cannot be declared until it is first determined how each and every citizen will be protected. For example, to protect citizens without making preemptive strikes, we need to first largely improve the performance of the defense systems against trajectory missiles. We have reached the point in time where citizens must debate over and politicians must decide on the use of a pinpointing strike of the missile bases, after carefully reviewing the options over how and at what stage missiles will be warded off, and evaluating the quantitative and qualitative limitation of missile defense systems.

Relevant concepts must be specified so that the “right of collective self-defense” can be exercised. There are ranges of options, such as the limited exercise of the right only in case of defending Japan in the context of US-Japan relationship or expanded exercise of it in international operations, such as Peace Keeping Operations (PKO). The right of collective self-defense means that if a country with a close relationship with Japan, or the one with which an agreement or treaty has been signed, is attacked by a third country, we have the right to block or eliminate that attack with our own military forces even if our country is not directly attacked. The right of collective self-defense should be distinguished from the right of individual self-defense.

As for the “Three Anti-nuclear Principles,” if we want to keep the nuclear umbrella of the US effective in the long run, Japanese citizens should debate the concept of “shall not permit to bring into Japanese territory,” in particular. While “neither shall possess nor manufacture” is up to the discretion of Japan, policy of not letting nuclear weapons into Japan may make it difficult for the US to effectively exercise the power of nuclear weapons. In an emergency, for example, arrangements to deploy nuclear weapons on US military bases in Japan enhance the deterrent power.

The “Three Principles on Arms Exports” should be reconsidered at once. Japan must not become a weapons dealer only for money-making, but joint research and development on weapons would lead to lower defense costs. If the amount saved could be spent on defense ICT (Information and Communications technology), it would serve to improve the level of defense in general.

### **Establishing an independent diplomatic and security system**

- (1) Establish a Japanese version of the NSC (National Security Council) to serve as the control center

We have been told, “Japanese Government has not declared national vision, and the function of command control tower for diplomacy and security is not enough for coping with the emergency issues.” Even in Japan, the role of the prime minister and the cabinet has become more important. Japan should take a lesson from the US and establish an agency similar to the NSC that can give the prime minister advice in the field of security strategy in order to face the critical situation.

- (2) Establish an intelligence agency

Multiple information agencies in the government and ministries can be combined, reconstructed, and strengthened into one intelligence organization. It will also be important to create a consolidated system that will prevent leaks of confidential information.

- (3) Establish an integrated system that will have overall control of critical infrastructures (nuclear power plants, dams, railways, information systems, etc.)

In the near future, we will need provision against large-scale natural disasters and terrorist attacks. Today, there are strong demands for an advanced system that can deal seamlessly with

multiple disasters and incidents, cyber attacks and so on. To cope with such situations and protect critical infrastructures, we will need to consider ahead of time an organization that can act quickly and decisively. Learning from the sever Earthquake in 2011, it is of the utmost importance to plan ahead for emergencies, constantly considering a system that will make the best use of military power and to be able to deal promptly with situations for which Self-Defense Forces are needed, such as rescue and relief operations, as well as evacuation and initial recovery efforts.

### **Adding power to guard the territorial sea and islands**

Since around 2000, the coastlines of Japan and the rest of East Asia become unstable year by year. Along with the Senkaku Islands incident between China and Japan, there is a lot of struggle over maritime interests in the South China Sea, involving China, Vietnam, the Philippines, and other countries. China and South Korea are seizing each other’s fishing vessels, and tension is mounting. The background of the tension is China’s policy aimed at expanding its territorial waters.

In last year’s revised National Defense Program Guidelines (NDPG), dynamic defense power was described as being based on two important points: the swift deployment of troops and day-to-day vigilance and surveillance. It also called for strengthening of defense in southwest islands, but that is still under research. If, however, conflict broke out in the vicinity of Japan, it would most likely be in the waters extending from the East China Sea to the Taiwan Strait. Building up defense power in this region should be a top priority. The first steps should be to increase the number and scale of Patrol vessels and crafts of Japan Coast Guard. To swiftly deploy JSDF troops, fortified maritime transport capacity is a must. Increases in fleets of large transport ships will also be useful when assisting other countries in a disaster, PKO activities, and other international contributions.

To guard the islands and seas, economic activities on the part of Japan are essential. This is an issue that all the Japanese people should be considering. For example, building JSDF training facilities on or near national borders, such as on the Miyako Islands or the Yaeyama Islands, is one of the options. It would also be possible to greatly expand the JSDF Reserve Personnel System and conduct training in the same areas. Another factor that might add to economic activities would be the development of undersea resources including those of the East China Sea area.

### **Building deep trust with other countries from the perspective of the oceans**

Japan must deeply depend on other countries for energy, e.g. oil and natural gas, food, and natural resources. This critical situation makes us think of the importance of building connections with the countries that import Japanese-made products and where Japanese corporations make investments. Along with opening up Japanese market to the world for reform and to strengthen economic ties, being able to capitalize on global growth is a major point for revitalizing Japan's potential. Building close ties with other countries to which Japan has connections is also essential to national security. The marine area of the South China Sea, a crossing point of international contention, are sea-lanes linking the Middle East and Northeast Asia. These sea-lanes are lifelines for Japan, depending as it does on trade. If these sea-lanes become unstable and in danger, it would be a major crisis for Japan's energy and food supplies.

Japan should, while maintaining its fundamental alliance to the US, fortify its connections to countries with geopolitical importance, such as those with shared values and issues, participating in PKO, disaster assistance cooperation, maintaining sea-lanes, and building rules with regards to the oceans. This would help keep the region stable and establish Japan in a leadership role. When this happens, use of the sea linking Japan to the rest

of the world and building relationships of trust with other countries will be important points.

First of all, our neighbor South Korea bordering North Korea, is constantly at risk for instability. South Korea also has a military alliance with the US and strong economic ties. As is the case with Japan, this country is a democracy and our two countries are currently enjoying active exchange of pop culture, enjoying a much warmer relationship than ever before.

Australia, too, is in alliance with the US, and has an essential relationship of cooperation, including military troop dispatch. Australia maintains a close trade relationship with Japan, especially in natural resources. It works actively towards stabilizing and promoting prosperity in the Asia-Pacific region, including the founding of APEC.

India is on course to overtake China as the country with the largest population in the world. Predictions are that it will eventually have the third-largest GDP in the world. India is important from a geopolitical viewpoint, and has traditionally had friendly relationships with Japan. Now is the time for Japan to further strengthen its ties with India.

The developing nations of ASEAN—Indonesia, Vietnam, and the Philippines—labeled the “next-generation stars” of the region—are all actively seeking order among the many countries in the South China Sea area. Vietnam and the Philippines will soon both have populations of over 100 million. In recent public opinion surveys, citizens of these countries indicated a stronger desire to build relationships with Japan than with the US or China.

Japan should strengthen and search for improvements in all of the above relationships, including the “triangles” of US-South Korea-Japan and US-Australia-Japan, the “square” of US-South Korea-Australia-Japan, the “butterfly” created when India is added to extend to Europe, as well as ties with Indonesia, Vietnam, and the Philippines. Taiwan has a complicated position on the international scene, but it has a historically deep connection

to Japan, and we are sincerely appreciative of the assistance we received from that country in terms of recovery and restoration following the Great East Japan Earthquake. With an eye on both shores of the Taiwan Strait, Japan should further deepen its relationship of trust with Taiwan.

Specifically, cooperation with each country and region ought to proceed at a pace that best suits each relationship. Japan could participate as a third party in military exercises previously conducted between the US and another country. Participation of a third country in the exercises between Japan and another country would strengthen three-way ties of mutual trust. Cooperation in the field of disaster assistance promotes direct contact with the military of other countries, and bears as much importance as national security cooperation. Operation Tomodachi was a good example of strengthening ties between the defense and military organizations of the US and Japan.

Organic combinations of economics, security, and values are required to form ties with another country. We believe that the international support advocated by Japan in terms of disaster and poverty relief, “human security,” is a long-term form of global contribution that can make Japan into a country that is trusted and respected by global community.

## **Creating a country that wins respect**

### **Communicating “Nippon Values” as Japan’s value system**

We feel that the attention to the respectable aspects of Japanese character admired by foreigners after the Great East Japan Earthquake should not end with some new stories, but be continuously communicated to the entire world. This will lead to receiving appropriate evaluations of Japan and the Japanese in the global community. Japanese behavior is usually expressed as “patient, levelheaded, and orderly,” and these are all rooted in Japanese culture and values. We call these values “Nippon Values,” and would like to

propose communicating them directly to the world.

A global campaign for promoting Nippon Values should be conducted at the national government level. In addition to the efforts made up to the present to promote exchanges of traditions, traditional crafts and performing arts, martial arts, and cultural industry, in both public and private sectors, additional focus should be given to Japanese values, and then Japanese cultures, such as lifestyles, livelihoods, and behaviors, should be communicated to the world. In doing this, Nippon Values that could contribute to solving global issues should be strategically chosen and sent out. For example, the global community will most likely be interested in Nippon Values that serve as bases for Japanese behaviors towards the post-quake recovery.

### **Nippon Values that can Solve Global Issues**

Nippon Values can possibly solve global issues such as environmental problems. One of Japan’s strengths is its world-class energy efficiency, however, this is not something achieved with technology alone. Japanese values i.e., consciousness on energy conservation, plays a large part in this area. These days, the word MOTTAINAI is heard all over the world. MOTTAINAI, which is the notion of the 3Rs(reduce, reuse, recycle) to achieve efficient use of natural resources, combined with the sense of “respect” for things, has become a global keyword. Respect for things is rooted in the Japanese sense of nature that sees deities in everything. There are certainly possibilities for globally communicating Japanese environmental concepts based on our strength in this field.

An important point in communicating Nippon Values will be use of the mass media. The example of the UK can serve as reference. The British Foreign and Commonwealth Office has an agreement with BBC, and it shares the general diplomatic policy with international broadcasting section of BBC. We propose that the Ministry of Foreign Affairs of Japan have

a similar agreement with NHK international broadcasting and overseas division of news-wire service agencies as a way to strengthen outward communication to overseas countries.

## **Thinking about relationships with China**

One of Japan's most important security issues is building a relationship with China. Already, the economies of the two countries are inextricably connected. Many major Japanese corporations are making the majority of their profits in Asia, and especially in China. It is only common sense to assume that the Japanese economy will not recover without China as a market and as a location for production. The rise and growth of China can be profitable for both countries. It is the job of Japan and all countries who desire stability and prosperity in East Asia to ensure that China does not create a hegemonic military or diplomatic policy, nor that it acts in a way that causes global problems with behavior not in keeping with universal values.

### **Our ideas for dealing with China: Six Principles**

- (1) Throw away preconceptions, and consider the viewpoint of the other side

Japan tends to view China negatively as a fiercely distinctive entity. We should bear in mind that China has both positive and negative sides. To deal with China, we must act with respect from the constructive view and the Chinese who have recently awoken to their roles as a major country, which has a large influence, and while showing appreciation out of respect, we need to understand the distinctiveness of China, and try to look at things the way it does.

- (2) Use a Third Power

When Japan and China stand face to face, the mood is seriously

confrontational. By creating a triangle by adding a third party, balance can be achieved and things will go more smoothly.

- (3) Self-assertion is the key—thoroughly discuss issues that have opposing opinions

It is necessary to hold thorough discussions when it comes to relating to the Chinese. There is bound to be temporary resistance on most points, but a relationship of empathy and mutual respect can be achieved when both sides are able to make their points. This will be the start of inroads to solutions when the next issue is approached. If Japan makes concessions too easily, we will lose China’s respect because of a lack of assertiveness and fail to be treated as equals.

- (4) Be accomplished, achieve respect and become good partners

The foundation of policy concerning China is engagement. In terms of fields that are profitable for both sides, such as economy, environment, energy, marine resources, mutual cooperation and reliance should be built. Such a relationship will also serve as a barrier to unnecessary military costs. Activities could include joint natural disaster preparedness exercises, promotion of dialogues among the US, China, and Japan, joint development on next-generation energy, and China-Japan defense exchange.

- (5) Invitation to play a responsible role as a major nation

To promote a system of co-existence in which China is a stakeholder in the global community, Japan should be involved in the various issues China faces. For example, offering cutting-edge technology to control carbon dioxide emissions, to prevent acid rain, and to promote industrial waste processing. Japan should also take a sincere, disciplined role in bringing China into the international community, preventing its unorderly assistance to developing countries in an attempt to obtain their resources.

(6) Expand values that can be shared with China

To promote the stable development of China and maintain peace in East Asia, China and Japan should deepen their discussion in the media and among individuals, promoting the spread of democratic values—even if they are limited at first—all the while promoting understanding of Japan and extending the hand of friendship.



# Chapter 5

## We Japanese Citizens Also Have To Change

### *Globalizing Human Resources*

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#### **The key factor for developing human resources in the current situation is globalization**

What do we need to create a country with “Resilient and Collaborative Society”?

At the beginning of this book, we made proposals for the Japanese economy that called for some deregulation in order to keep up with the rest of the world. Of course, these decisions must be backed up by many citizens who are capable of understanding how a global society really should be. Although individual Japanese people can take care of and are responsible for themselves, they are not yet self-reliant on a global standard.

On the other hand, we must also be able to collaborate with other nations, especially when it comes to defense, food, and energy—matters of national security. To be self-reliant and competitive, Japanese will need to embrace diversity, bring out the best of Nippon Values, and be capable of collaborating with people from other countries. In other words, they must have established identities, high ambitions, and broadmindedness.

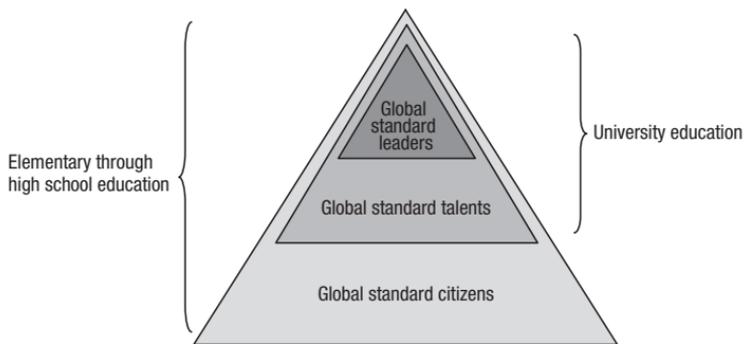
#### **What is the optimistic level of globalization for Japanese?**

The figure shows different levels of globalizing people. We, the general public of a modern, globalized society need to have at least some basic skills as global standard citizens to collaborate with other countries (i.e. understanding different cultures and diversity). Among these global standard

citizens, this chapter discusses specifically those who are closely connected with and actively involved in the international society: the “global standard talent” as we call them. And by creating a competitive environment among them, we can nurture global leaders. This requires a consistent and well-planned education system which starts from elementary, junior/senior high schools, to university level.

### What Japanese lack

Necessary skills for global standard talent have been thoroughly discussed in public forums, but here are our suggestions: (1) independence, (2) communication skills, (3) teambuilding, (4) critical thinking, (5) multicultural understanding, and (6) the fundamentals. First of all, global talents with the future of Japan in their hands require strong ambition and enthusiasm to serve the public. A good grasp of basic education, including the national history, will serve to strengthen identity. Traditional Japanese strengths, such as diligence and teamwork, can then be fully utilized in an international society. On the other hand, because Japanese have traditionally lived and worked in a highly homogeneous society, three of these points, (2) communication skills, (4) critical thinking, and (5) multicultural understanding are our major weaknesses.



## **Development of global standard talent**

Specific measures we suggest are (1) improved education in English, an essential communication tool, (2) training in debate to develop critical thinking, (3) cultural education to establish identity, (4) opportunities for overseas study to develop greater competence, (5) recruiting of foreign students to promote globalization within Japan, and (6) field study programs to stimulate ambition and enthusiasm. We have visited many schools and corporations to observe ambitious programs along these lines. Some noteworthy cases are introduced below along with our suggestions.

### **English education, an essential communication tool**

More and more Japanese corporations are using English for in-house communication, one of the objectives is to attract competent talents from all over the world. With the working population in Japan set to rapidly decrease in the near future, companies will inevitably begin to hire more non-Japanese workers from overseas, and this will require a working knowledge of English for daily communication.

Of course, one can still lead life in Japan without having to speak a foreign language. With our excellent quality industry goods and technology, we didn't necessarily have to directly deal with overseas customers in foreign markets, and this is why many Japanese can't speak English at a practical level: we have never had a dire necessity to learn it.

This mindset is reflected in the backward system of English education at all levels. Japanese students spend much less time learning English than their counterparts in other countries. Listening and speaking skills are neglected as university entrance examinations focus on grammar, translation and reading; and there are few English instructors who specialize in either speaking or teaching English since most were English literature majors in college. A typical English class, even now, is taught in Japanese and involves an hour of

translating a half page of an English textbook. This fails to give students the skills required for globalized higher education and research, such as being able to take classes in a college overseas, write papers in English, or read through a vast number of academic papers—most of which are in English.

To deal with this situation, we must first change the way university classes are taught. At Kanda University of International Studies and the School of International Liberal Studies at Waseda University, for example, very few classes are taught in huge lecture halls. Instead, native and non-native English speakers give lectures in English to a small group of 15-20 students, followed by discussions in English. Since this was not an easy task for a typical Japanese faculty to accomplish Waseda University has a program to send teachers to the US for month-long training sessions to encourage them to teach classes in English. As post-secondary institutions beef up their English education, both students and teachers in secondary schools will begin to change how they view language learning.

The main obstacle, however, is the need to pass an entrance exam to be admitted to a university in Japan, and it may be difficult for students and teachers to focus on skills not directly related to this goal. The solution, of course, is to drastically reform university entrance exams. There are many different approaches, but we recommend adopting methods to measure English comprehension and speaking abilities.

### **Debating skills for critical thinking**

Japanese often look isolated in a group of people of different nationalities. In an international society, the ability to express one's thoughts is essential. English skills may be a problem, although our non-English speaking neighbors in China and Korea seem to have no problem. Japanese have traditionally avoided speaking up in order to preserve harmony and consensus. In addition, it is easy to get emotional and lose control—something else Japanese avoid—without experience debating.

To participate in a meaningful debate, critical thinking is required. That is, not swallow whole what others say, but analyze it carefully, objectively, and from different viewpoints. So, we suggest that, as a way to learn to think critically, we Japanese should learn the art of debating. It can help us (1) identify and solve problems, make logical analysis, communicate better, and separate discussion from emotions, and (2), in a competitive debate, develop teamwork skills and a competitive spirit. The Japanese may associate the word “debate” with negative connotations, such as “overwhelming others with strong words” and “turning students into sly, smooth-talkers.” Debating in the true sense, however, means respecting one’s opponent and conducting discussion based on mutual understanding.

These days, more and more Japanese university classes and lectures are being conducted in debate format. At Urawa High School in Saitama Prefecture, debate is used in social studies for freshmen and political economics classes for seniors. Students do not sit and wait for their teachers to give them instructions. Many of the students at Urawa High struck us as being very self-reliant, and we think it has much to do with the debate-style classes.

### **Identity through cultural education**

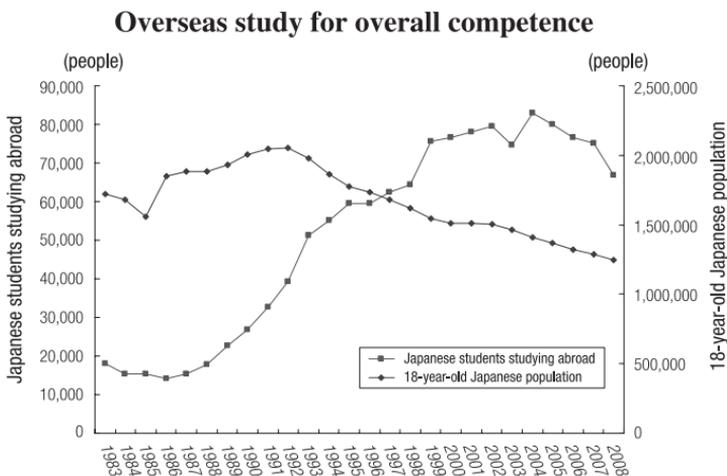
On trips overseas, has anyone ever asked you about your country’s history or culture—innate aspects of your identity? If so, you probably realized that being able to speak the language of the country was not enough to hold a meaningful conversation. But no amount of language training will help you out if you don’t have anything meaningful to say. Culture is a system of intellectual knowledge that is developed through various experiences, and is the basis of how you understand and create things. In a word, one must develop an identity.

Akita International University is training “pragmatic global talents who have excellent English communication skills and rich culture.” Upon entering the university, students are required to first take the English for

Academic Purposes course before moving on to General Education. This consists of wide range of academic fields, including social science, arts and humanities, mathematics and natural science, interdisciplinary studies, world languages and linguistics, and Japanese studies. This is how students build an intellectual foundation and develop the culture required in a global society.

### Overseas study for overall competence

According to the media, fewer Japanese students are studying overseas, saying that youth are becoming introverted and passive. In reality, however, we witnessed at the universities we visited many students who were studying hard to adapt to the age of international competition. During the late 1970s and 80s, only about one in every 30 students studied overseas. The percentage now is more like one in 10 students, making it far more common. We heard from many students and other people in schools and corporations that studying abroad is the most efficient way to acquire skills necessary to



Source: prepared by FORUM21 based on "Population Statistics" by the Ministry of Internal Affairs and Communications and "Number of Japanese Students Studying Abroad as of Dec. 22, 2010" by the Ministry of Education, Culture, Sports, Science and Technology

become global standard talent. Why is this?

Japan has a relatively homogeneous population with no other countries connected to it by land. First of all, young Japanese must have ambition to go the extra mile to learn how to understand different cultures, something counterparts in other countries may acquire naturally.

Studying abroad also provides an opportunity to experience in a short time a repeated cycle of encountering the unknown, failing, overcoming mistakes, and then maturing. This is what we were told by many students returning from overseas. Professor Norimasa Morita, Dean of School of International Liberal Studies at Waseda University, said something that made a strong impression: “I’m an educator and it’s very hard for me not to tell my students what to do, but I’m trying because now is the time for them to learn how to solve problems on their own.” In addition, we must keep in mind that Harvard University, one of the top schools in the world, also recognizes the value, and has been actively encouraging its students to visit other countries for many years.

As mentioned the number of students studying abroad is increasing, but not fast enough. The reasons are not yet clear, but some possibilities are monetary issues, a lack of exposure to possibilities during secondary education, and the attitudes of parents.

Many parents still faithfully believe in Japanese name-brand universities and corporations. We heard about cases where young people had the academic ability to go straight to a prestigious university in another country, but parents wanted them to be educated in Japan because it seemed safer based on their own experiences and concern of what others might think. Adults—as well as youth—need to become more outward oriented.

Some secondary schools, mainly private ones, are providing early-stage guidance counseling beyond the usual college choices based on *hensachi* academic deviation values, taking into consideration future career choices. Tetsuo Tamura, principal of Shibuya Junior & Senior High School, where

more and more students are admitted to top universities each year, said, “The educational achievement of a junior and senior high school should be made not only on how many students it brings to top colleges but also on how diverse its alumni are.”

### **Accepting foreign students**

One way to promote internationalization while staying at home is to recruit bright students from overseas to study in Japan. Their presence could promote international understanding, provide experiences in different cultures, and motivate language skill improvement. As the population of Japan ages, the youthful vitality of foreign students could invigorate this country in many ways. If they stay after graduation and work for Japanese companies, they will help us secure a competent work force and, even if they go back to their home countries, we will have won some sympathizers.

Although the number of foreign students has been on the rise in recent years, the percentage in higher education is low, 3.8%, compared to other countries: 33.4% in Australia, 27.0% in UK, 12.0% in Germany and France, and 6.1% in the US. Then there is the matter of the Great East Japan Earthquake. After the disaster, many students left Japan or decided not to come in the first place. What can we do to reverse the situation?

As we continued our research about this issue, we were able to find some institutions which were trying to find solutions to this. Ritsumeikan Asia Pacific University in Beppu, Oita Prefecture is accepting many foreign students. The campus is a portrait in diversity and is contributing to globalization and vitalization of the local community.

We also visited many other colleges that are promoting globalization: Akita International University, International Christian University, Waseda University, and Kyushu University, designated a core school for internationalization. Curriculums are offered in English, students are accepted both in the spring and fall, and without having to make extra trips

to Japan for entrance exams. The schools hire more non-Japanese instructors, and are attentive to the special needs of a diverse student body. Such efforts must be expanded throughout the country in order to attract more students to Japan.

### **Field study programs**

Our first priority in developing global standard talents is the “心の教育 (education of the mind),” i.e. respect for life, consideration for others, sociability, ethics, a sense of justice, and the appreciation of beauty and nature, in other words, moral and social education in a broad sense. Field studies are a practical method of education of the mind. The culture and values of Japan cannot all be learned in a classroom. Children must have hands-on experience to be able to hand them down to the next generation.

In Tokyo’s Shinagawa Ward, Junior Achievement Japan, a non-profit organization, is running a mock town called Student City inside a school and with the cooperation of businesses, where students learn how to be self-reliant in a society by experiencing as “residents” how the economy works, how to use money, what it means to work, and so on. Children in the program develop a sense of responsibility and pride by learning from mistakes. This is just one good example of private enterprise helping to foster ambition and enthusiasm in children.

## **Suggestions for the development of global standard talents —Japan as we would like to see it in 10 Years**

Lastly, we would like to make some suggestions regarding education and development of children and youths by way of short stories as told by themselves. The protagonists in these stories are children 10 years from now (202X) in the new Japan that you and people around you will have built.

### “Before college, obtaining English skills adequate to study abroad”

**Suggestion 1:** Introduce a new standard English skills test that will replace the Eiken (Test in Practical English Proficiency) and TOEIC tests. Strengthen the writing and speaking elements to measure global standard English skills.

**Suggestion 2:** Use this new test to measure English skills necessary to move up to the next grade, enter or graduate from school, especially college.

**Suggestion 3:** Use public funding for the improvement of the quality of English teachers. Specifically, a serious training every 10 years, sending teachers overseas for training (goal of 20%) and to earn qualifications as teachers’ instructors, long-term overseas trainings of about 3 months for 60% of teachers, short-term training for 20% of teachers.

**Suggestion 4:** A system to hire specialized English teachers, who have broad experience with both English and in life, and can only qualify based on the standard English test and a language-teaching skills test. No restrictions on nationality or age.

**Suggestion 5:** Utilize the standard English test in governments and corporations. The test should be mandatory for government employees who need English skills to propose and implement global policies.

#### Story 1: Minami

My name is Minami and I’m a high school sophomore. I’m studying English now because tomorrow I will take my third GLEAT (Global English Achievement Trial) test this year. GLEAT is a new standard English test that started a few years ago and which you can take up to 4 times a year. Almost all high school students take it, but you can be any age. The great thing about this test is that once you earn the passing score, it can be used for university entrance exams within the valid period, so you don’t have to study English for entrance exams any more. Also, passing the test before high school graduation is a good goal, and you have many opportunities to take it.

GLEAT, as the name suggests, is a global standard English test, so studying for it is a real challenge. At my high school, everyone had to take it as soon as they entered, and we were divided into English classes based on our scores. That was really surprising. The questions are in English, so some girls were already like, “I’m down.” But I guess you can’t be intimidated by that since all high school English classes except

for grammar are taught in English. I'm really good at speaking, but didn't get high enough scores in writing, so now I'm taking the Writing School online. Once a week you write something and have it corrected. I don't have spare time to hang around because I have to read Time magazine and things like that every day. The writing teacher said that writing skills depend on logic and vocabulary. Logic is very difficult for me. I'm kind of sorry that I didn't really take the debate class very seriously.

Before, we didn't have any teachers who could teach global standard English, so we had to go to a cram school to learn English to enter high school. But now, there are many really good English teachers who don't necessarily have to have a teaching certificate but only need to have a GLEAT certificate and pass the language-teaching skills test. Why do I keep talking about GLEAT so much? You know, because you'll eventually have to study overseas once you get into college. So you need enough English ability to keep up with classes in an overseas university. Of course, not everyone studies abroad, but it's a must if you want to work for the state government or in a public sector, and also in the business world. I hear that popular corporations use GLEAT as a qualification for applicants. It's still in the transition period, so there still are some high-rank officials who enter ministries and agencies without GLEAT scores, but now they need the scores to get promoted, so I see them taking the tests with us, taking time away from their jobs. That's why you should start learning English while you are still young.

### **“Form your own opinion and develop the ability to debate calmly”**

**Suggestion 6:** Promote small, interactive classes and debate education in schools. Because in Japan the phrase, “debate education,” is viewed negatively by some, it should be rephrased and promoted as “熱中教室” which means exciting classroom in Japanese just like the famous “Justice” course at Harvard, *Justice with Michael Sandel*.

**Suggestion 7:** Add the ability to actively state one's opinion, which is developed in the “exciting classrooms,” to performance evaluation and also to the Courses of Study (Education guidelines by the Ministry of Education, Culture, Sports, Science and Technology), encouraging both children and teachers to value this ability.

### **Story 2: Kenichi**

My name is Kenichi. I started junior high this spring. I'm a member of the school soccer club, and my dream is to play in a European league like the Japanese players Kawashima and Nagatomo. But I have a lot to do before that. Today, our classroom teacher explained to us about the "exciting classroom," which starts second semester, and then we went to see an actual class of our seniors.

First, the teacher wrote this on the white board:

"Form your own opinion without being swayed by others, and develop the ability to explain it so that others can understand."

"Respect others and continue trying to understand their opinions until you understand,"

Then the teacher said this:

"In this new class, I won't say which side is right. It's for you to decide. If I say one side is right, it will cause the first situation written here, 'being swayed by others.' You need to become able to think for yourselves and express your opinions. That's what this class is all about. There are times you can't decide which side is right, and then there are times both sides are right. The important thing is to express your own opinion and listen to the other side so that they can understand you and you can understand them. In this class, each one of you will say something about the theme of the day. You can say whatever you want, but there is one rule: you can't laugh at or make fun of others. Some people are good at presentation and others are not. And, the theme is not always something you like to talk about. Sometimes I'll ask you to argue against your own viewpoint in order to practice how to see things from the standpoint of others. It's not going to be easy. But let's give it the best we've got."

Dad said companies are also doing this "exciting classroom." I heard that there are world exciting classroom championships for high school and college students. Your exciting classroom grades will be on your school records, so everyone is working really hard. For me, though, I would be glad just to be able to win arguments with my know-it-all older sister, Minami.

## “Understand the international society and develop the sensibility to recognize the strengths of Japan”

**Suggestion 8:** Promote “retrospective history classes,” where Japanese history is taught using children’s current interests as the starting point. Identity should not be forced on children, but their natural interest in Japan and Japanese people encouraged and education conducted in a way that deepens their identity.

**Suggestion 9:** Actively promote international exchange between children of the same age. Help children naturally develop their identity as Japanese through first-hand experiences of how Japan and Japanese people are viewed from outside.

### Story 3: Kenichi

Kawashima, a soccer player I admire, played in the World Cup as a member of the Japanese national team before he went to Europe. It’s my dream to wear the team’s blue jersey someday. Before each game, the national anthems of both countries are sung. It’s usually an opera or pop singer, so the other day I was joking and impersonating one of those singers during practice for the school field day, and I got caught and scolded by the principal. He said, “Making jokes with the national anthem? You, of all people, who always says he is going to become a world-class soccer player? You will not get respect from the world when you do that. That’s common sense in a global society.” That made everyone quiet. I think he is right. I learned that I have to value my Japanese identity more because I’m going out into the world.

That day, I had a history class and learned about the time when, at the end of the Tokugawa shogunate, Japan lost a war and was about to lose an island somewhere to British colonization. Then this guy, Shinsaku Takasugi, prevented it by persuading the British after long hours of lecture on Japanese history. What a cool guy! If I had known about this, I could have answered the other day, when I was asked by a Malaysian junior high student I met at the Junior Youths soccer championship why only Japan was never colonized by a European country. I was kind of embarrassed because I couldn’t say anything. Next time, I want to take him not just to the Japan Football Museum, but also to Edo Tokyo Museum.

### “Studying abroad is a gateway to society”

**Suggestion 10:** Taking into consideration the fact that many students study abroad with private money as well as the correlation between children’s grades and family financial resources, improve scholarships to support students without sufficient financial resources to study overseas.

**Suggestion 11:** Promote English summer camps and summer schools for junior/senior high school students (also college students). Credits may be earned for attending effective summer schools.

**Suggestion 12:** Colleges should mandate its students to study abroad, and corporations provide support.

**Suggestion 13:** Currently yearlong job hunting starts in the summer of the junior year in college, preventing many students from studying abroad. Corporations should be more flexible in hiring timing so that they can accommodate students coming back from overseas study or provide a separate quota for them.

#### **Story 4: Minami**

Hi, it’s Minami. Today, I went to a college open campus event with a friend. The purpose was to see which countries and which universities this college has overseas study programs with. This wasn’t originally one of the colleges I planned to apply to, but I heard about it from someone I met at the English Summer Camp in Okinawa I went to. This camp was a little like going abroad to study for a short period because it is run by families of the US Forces in Japan and some of the organizers are actually licensed teachers. The level is quite high and it’s great that, if you produce results, you can get high school credits.

When I was about to leave the campus, I saw a career fair going on, so I sneaked in pretending I was a college student. The bottom line is you have to study abroad to get a job. And employers pay attention to whether you went for short or long periods of time. It’s practically mandatory to study overseas now, so more and more people do so just for short periods during school vacations. The company representatives at the fair said that they are looking for students who have experienced tough times overseas because they need employees who can make friends with and negotiate with people from other countries. Some companies even pay for prospective new hires to study abroad before they actually start working. Of course there are also opportunities to study overseas after you join a

company. That seems a little over the top to me, but I guess that now that, at some time in their career, almost everyone works with people from overseas, especially Asians who speak English, you need to be capable of working in different countries,

## **“Increase foreign students to 30% of all students in Japanese universities”**

**Suggestion 14:** Promote student exchange among universities by encouraging corporation to highly evaluate and publicize universities that make special efforts to send students abroad. Promote the globalization of Japanese universities by encouraging corporations to support colleges to participate in International Baccalaureate programs through financial support and active hiring of students from these programs.

**Suggestion 15:** Support, mainly by corporations, of the improvement of infrastructure for the globalization of Japanese universities.

**Suggestion 16:** Promote student exchange programs as part of state financial support for universities (including private institutions). This is not to entirely finance student exchange programs, but to promote and provide financial support for the programs (for shortfalls in tuition, dormitories, accommodations, insurance, etc. on the Japanese side)

### **Story 5: Minami**

At today's career fair, a student asked a question, how influential college brands are in job hunting. The answer was that things will gradually change because these days colleges are ranked according to their performance in sending students overseas. They also said that in the future they will more highly evaluate globalized universities, for example, colleges that accept more foreign students in International Baccalaureate and TOEFL programs. I guess if many foreign students come to Japan, it will make Japan more international, and we won't need to go overseas ourselves. I hear that it used to be very difficult and troublesome for foreign students to live in Japan because visas were short, they couldn't find places to live, they had to register as foreign residents, they needed a Japanese guarantor, and so on. But now things are much better thanks to help from corporations and universities mainly. Companies make available their employee dormitories and apartments to foreign students and offer homestays. Looking around the campus,

the government's goal of increasing international students to 30% of all college students will probably be reached before long. I still want to study abroad, though. I don't want to be one of those adults who say, "If only I could speak English..." Learning to speak English is not the most important goal of studying abroad. Working in a global society is. I'm going to become a representative of this country before my brother does. I'm a proud and capable Japanese woman!

### **“Provide systems that motivate children”**

**Suggestion 17:** Implement the Community School program in all junior high schools. Also promote support from corporations, such as paid school volunteer leave.

**Suggestion 18:** Provide high school students with career experience opportunities with stronger focus on the real world.

#### **Story 6: Shinichi Sugawara**

My name is Shinichi Sugawara, and I'm the father of Minami and Kenichi. I'm being transferred to the office of Weekend Junior City, which is co-organized by corporations and the city educational board. The Great East Japan Earthquake on March 11, 2011 made us all rethink education. What we were most concerned with was the risk of children losing their connection with the community and adults: how we should teach them to be motivated to receive education and grow up to have jobs and support the society.

We should all get together at school. Not just the kids, but their parents, too. If you can't make it, then let some other adults go study with the children. This is how the community school activities, mainly held on weekends, spread gradually into different areas. Weekend Junior City, which I will soon be sent to, is one of these activities. There, people of different occupations gather at school and help children experience the real world. Sometimes we take children out to workplaces, and other times we do volunteer work together. Last week, at Kenichi's school, a discussion was held with disaster victims and an ex-Japan Overseas Cooperation Volunteer who has now returned to the corporate world and recently volunteered in an area affected by the earthquake. At Minami's high school, there is a career experience program where students spend a whole day with people working in various corporations

and organizations. I hear that, after a day's experience, students' faces light up with enthusiasm. It's as if they've grown as much as a new hire after a whole year. I look forward to doing a great job, putting all my past experience into it, for the children at Weekend Junior City and help motivate as many of them as possible. We the Japanese will continue to work hard to revitalize this country with Resilient and Collaborative Society and live up to the expectations the world has for us.

### **Summary—“Make the investments that we adults can make now for our children”**

**Suggestion 19:** The development of global standard talent is an urgent mission for Japan, and it must be positioned as one that is strategically important and requires vigorous funding for the necessary educational infrastructure. Below are our suggestions, including estimated funding, that the national government should implement to develop global standard talents who will support Japan with Resilient and Collaborative Society.

## Project to Educate Young Japanese to Be the Global Talents

**Goal** Ensure that 10% of a generation (about 110,000 people) has overseas experience (including study abroad) by about college-graduation age.

Among the corporations participating in FORUM21, about half of all net sales come from overseas. The types of businesses are varied, but in the future, all workplaces will require employees who can work in global conditions. This is a short-term goal that should be achieved as soon as possible.

**Projects** Rather than having each industry undertake the job on its own, investment ought to be made into a common social infrastructure that will turn out large numbers of global talents. In the short term, the five types of projects illustrated in the figure below should be enacted as a part of national policy.

First of all, a scholarship program to promote the dispatch of Japanese youth overseas, support of universities that actively accept students from abroad, and a new system of tuition supplementation for exchange students are needed.

In the background of the decline of Japanese going overseas for study are, along with financial matters, weaknesses in and dislike of the study of languages, and a lack of leadership to foster the desire to go out of the country and develop abilities. With this in mind, junior and senior high school students should be compelled to take language ability tests. In addition, in order to learn to set and verify goals, and foster appetite for learning and growth, certain junior and senior high schools and universities should be assigned to serve as global education development schools. Mountain retreats for youth, school buildings that are out of service, and private facilities can be used for summer camps and other training opportunities. At the same time, research, leadership training, and development of educational materials should be promoted to decisively improve the quality of teachers.

|   | New employees   | University   | Jr./sr. high school       |
|---|---|--|---------------------------|
|   | Professional training and research  | Basic overseas experience  | Improve/evolve motivation |
| 1. Support for student                      | <b>Scholarships</b><br>\$2.2 billion<br>\$20,000 × 110,000 students   |  |                           |
|   | <b>Overseas exchange promotion projects</b><br>\$825 million<br>\$3,750 × 220,000 students  |  |                           |
| 2. Leadership development, teacher training | <b>Teacher training</b><br>Long-term training every 10 years<br>\$237.5 million   |  |                           |
|   | <ul style="list-style-type: none"> <li>•Overseas dispatch: 1,200 teachers (\$128.75 million)</li> <li>•Long-term training: 3,600 teachers (\$106.25 million)</li> <li>•Short-term training: 1,200 teachers (\$2.5 million)</li> </ul> |  |                           |
|   | <b>English ability test</b><br>\$256.25 million<br>Jr. high: \$31 × 110,000 students<br>Sr. high: \$200 × 110,000 students<br>English teachers: \$200 × 6,000 teachers a year<br>(i.e. Eiken test for jr. high, TOEFL for sr. high)   |  |                           |
| 3. Preparing schools and other facilities   | <b>Preparing locations for training</b>   |  |                           |
|   | <b>College/graduate school level</b><br><b>High-level professional global human resource training center</b><br>\$56.25 million<br>\$187,500 × 30 schools   | <b>Jr./Sr. high school level</b><br><b>Global education development school</b><br>\$125 million<br>\$250,000 × 500 schools |                           |
|   |   | <b>Summer camp project</b><br>\$21.25 million<br>\$125,000 × 170 locations   |                           |

**Grand total:** \$2.2 billion + \$825 million + \$237.5 million + \$256.25 million + \$202.5 million = **\$3.75 billion**

## Epilogue

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August 2010 was the time when we, the 38 members of the FORUM21's class of 2011, first met each other. A year has passed since then.

Each of us had worked with all our might to improve the business of our companies and to realize growth in our organizations. We had worked to fulfill our given roles, even when it meant toiling through the night. However, 30 of us who work for private corporations did not have sufficient knowledge of politics, government administration, diplomacy, and national security and were limited to what we got from mass-media reports. Needless to say we were not active participants in our community, limited as we were by the time and energy required by our jobs. In a word, we had devolved to the level of the historically well-known, typical Japanese “salary man.”

It was then when we were assigned to this program. We had our first overnight study session a year ago—on September 24, 2010—in Gotemba, a city located on the southeastern flank of Mt. Fuji. This was the real beginning of our activities. Baika-son Juku is an executive candidate leadership program, but there were no specific materials or assignment ready for us. So we started from setting up a common goal which we would like to see in Japan by 2030 through nightly intensive discussions. The outcome was clear, pile of fundamental issues, such as the declining birth rate, the aging society, financial crisis, economic stagnation which affected the economic social structure, as well as diplomacy, security, and the advance of globalization. We were not, of course, specialists in any of these fields, and we could not immediately figure out the root cause of any of these problems. We had, however, worked for more than 20 years as professionals in our chosen fields, and we had a vast combined knowledge and wealth of experience. When we put all of this together through our discussion, we got a point of view that we

never could have achieved from the passive information received from the media. Suddenly we had a much clearer picture of the crisis facing Japan and how this country was paralyzed in the face of it.

In all of our research activities, we adhered strictly to what was actually happening. Classroom learning, of course, was important, but we were convinced that we could only be convincing in our assertions if we actually saw what was happening and listen to what people were saying. Needless to say we still had our daily work, but we traveled all parts of Japan, from Hokkaido to Kyushu, and on to Okinawa. In addition, we visited neighboring countries such as Korea, Taiwan, and China. Most dedicated study group visited more than 50 locations and spent most of their waking hours on this program.

As we discussed about the vision of Japan and observed activities everywhere, we made many new discoveries. These were discoveries that we have to make something of. We want Japan to be a country with powerful growth, a country that we Japanese can be proud of. To do that, we must all believe in Japan's future and underlying vitality, and act accordingly. We wrote down all of our hopes and ideas in this book.

Finally, we acknowledge Mr. Umezu, Principal of Baika-son Juku, and all others who gave us much advice and cooperation through this program. And we would also like to take this opportunity to thank our families, who offered their understanding during this year when we had no time at all for them.

The Authors  
October 2011

## Upon publication

### *Turning misfortune into a blessing. Revitalizing Japan*

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In 1987, I started the FORUM21, (aka Baika-son Juku), and 24 years have already passed since then. This year, the class of 2011(twenty-fourth class), started it's program when a Japanese Coast Guard patrol ship was rammed by a Chinese fishing boat off the Japanese territory, Senkaku Islands. Ever since the end of World War II, Japan has lacked the mettle to defend itself, repeating a cycle of putting together slapdash measures whenever defensive action is required. Despite the fact that neighboring emerging nations are gaining global influence, Japan has been unable to take measures with diplomatic or economic foresight in mind. This ended up with weakening of Japan's presence in international society, a trend that is clearly undermining national interest.

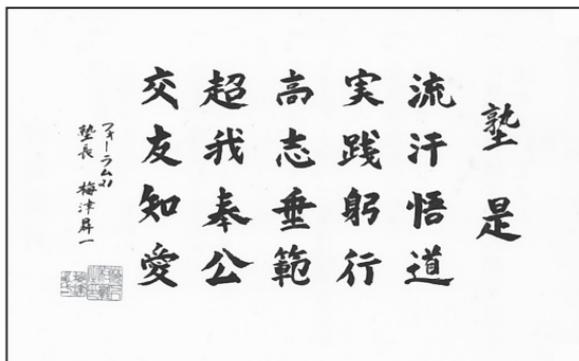
In addition, looking within Japan, there is another pile of problems, including budget deficit, social security, taxes, growth strategy, education, and more. Despite these, there is no serious debate going on in government as the administration occupies itself with changing hands every few months. And how about ourselves? We regret to say, but we Japanese citizens also fail to fulfill our responsibilities and obligations, and are only claiming our rights.

To paraphrase former US President John F. Kennedy, "we are citizens because there is a country." Japan cannot survive without citizens who cherish their families, the communities in which they were born and grew up, and the country as a whole.

The Class of 2011, 38 high-minded patriots, comprises an enormous range of talent. The class was divided into four study groups: Education and Human resources, Economics and Industry, Diplomacy and National Security, and Politics and Government. Class members followed the juku

motto of “striving one’s hardest to reach supreme wisdom.” While focusing on their day-to-day work, they managed to visit opinion leaders, read enormous documents, and seriously discussed about what advice they could offer for the future of Japan. In the aftermath of the March 11 disaster, many of our members took on the added load of recovery activities carried out at their workplaces, forcing them to temporarily take time off from FORUM21 activities. They managed to return, however, and I offer my respect and appreciation for their efforts in organizing the outcome of their studies into this book. Over the course of the year, the members of the class spent well over 100 days and nights together, forming strong bonds between them, something that pleases me enormously. I have great expectations that they will become part of a force that leads Japan, including more than 700 alumni of FORUM21 classes, and I invite readers of this book to join us as we continue to think on the future of Japan.

Shoichi Umezu, Principal of Baika-son Juku  
FORUM21 Baika-son Juku  
October 2011



FORUM21 Code of Conduct (Juku motto)

流  
汗  
悟  
道

**[Ryu-kan Go-do]**

Strive your hardest to obtain wisdom

实  
践  
躬  
行

**[Jits-sen Kyu-ko]**

Put knowledge into practice

高  
志  
垂  
範

**[Ko-shi Sui-han]**

Set good examples for others with your self-discipline

超  
我  
奉  
公

**[Cho-ga Ho-ko]**

Contribute to society

交  
友  
知  
愛

**[Ko-you Chi-ai]**

Strengthen friendships and deepen affection



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# Towards a Resilient and Collaborative Society

## The Keys to Revitalizing Japan

### FORUM21

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FORUM21, aka "Baika-son Juku," is an annual one-year program for developing leadership abilities, supported by leading companies and their executives in Japan. Members are selected among central government officials and executive candidates of leading corporations.

This program started in 1987 with the effort of Mr. Shoichi UMEZU, the founder and principal of the Juku.

There are more than 700 alumni in the past 24 years, and they are currently taking leadership roles in Japanese government and corporations.

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