

Japan Moves Forward:

Views from the U.S.-Japan Network for the Future



THE MAUREEN AND MIKE MANSFIELD FOUNDATION
Promoting Understanding and Cooperation in U.S.-Asia Relations since 1983

CGP
The Japan Foundation
Center for Global Partnership

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Message from the Organizers

The Japan Foundation Center for Global Partnership (CGP) and the Maureen and Mike Mansfield Foundation were delighted to have the opportunity to collaborate on the inaugural “U.S.-Japan Network for the Future” program. This two-year program offers Japan specialists in their early to mid-career stages an opportunity to build a network of contacts in policymaking fields in both the United States and Japan. It also allows them to deepen their understanding of the diverse issues common to our two countries while building a close network and strengthening collaboration amongst themselves.

Through an open competition, fifteen specialists from across the United States were selected for the 2010-2012 Network for the Future program. The participants in this inaugural group are exceptionally talented scholars and Japan specialists from non-governmental organizations, think-tanks, and the U.S. government. Brief biographies for the participants can be found at the end of this publication. Since January 2010, the participants have had two week-long sessions in Washington, D.C. and Tokyo and its environs, and a three-day retreat in Montana. In all of these meetings they engaged with government officials, practitioners, business leaders, scholars, and civil society leaders while further developing their own skills in writing and working with media.

As is always the case, a program of this nature involves myriad individuals. So at this time, we would like to take this opportunity to extend our heart-felt thanks and appreciation to our four-person advisory committee, all of whom have been committed to this program since its inception and without whose guidance, expertise, and contacts we would not have been able to get this program off the ground:

- Dr. Michael Green, Senior Adviser and Japan Chair, Center for Strategic and International Studies
- Dr. Susan Pharr, Edwin O. Reischauer Professor of Japanese Politics, Harvard University
- Dr. Leonard Schoppa, Professor, University of Virginia
- Dr. Ezra Vogel, Henry Ford II Research Professor of the Social Sciences Emeritus, Reischauer Institute of Japanese Studies, Harvard University

As one means of furthering the participants’ Japan expertise and encouraging dialogue on issues of importance to the bilateral relationship, participants were required to craft an original policy paper on an issue related to their own personal research. And so it is with great pleasure that the Japan Foundation Center for Global Partnership and the Maureen and Mike Mansfield Foundation present the fruits of their labor with this publication. We are confident you will learn from their diverse perspectives and from their exploration of ways the U.S. and Japan can learn from each other and build an even stronger relationship.

Akio Nomura
Executive Director
The Japan Foundation Center for Global Partnership

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FOREWORD

The year 2011 was surely Japan's *annus horribilis*. The March 11 triple disaster, in which a tsunami of staggering proportions followed on the heels of a 9.0 earthquake, devastating coastal farming and fishing communities in northeast Japan and flooding one of Japan's premier nuclear power facilities, resulted in the loss of over 20,000 lives. It also triggered a struggle that continues today to shut down the crippled plant and seal off the radiation-blighted zone surrounding it, and address the public's concerns about lingering effects, short term and long term, on plant, animal, marine, and human life. By the end of the year, the basic and immediate needs of almost all the dislocated had been met, but the exact future both of them and of the affected coastal areas in northeast Japan remained in doubt. And the near consensus, built up over half a century, on nuclear power as a central pillar of Japan's energy policy, had broken down.

The triple crises sorely tested the leadership of Prime Minister Naoto Kan, the Democratic Party of Japan, which swept into power in August 2009, and of the government. By August, Kan was out, and was replaced by Yoshihiko Noda, who at 54 became Japan's sixth prime minister in five years. But the Liberal Democrats, who had ruled Japan almost continuously from 1955 until the 2009 Lower House election, hardly escaped unscathed; it was they who had orchestrated Japan's heavy reliance on nuclear energy and who were culpable, in the view of many voters, for faulty oversight of Japan's nuclear power industry. It follows from all these developments that at least three immediate challenges stand out: first, to find viable solutions for affected individuals and communities in the Tohoku area and the resources to pay for reconstruction; second, to develop strategies to meet Japan's energy needs in a post-March 11 world; and finally, to revitalize Japanese leadership and restore public trust.

Natural disasters have a way of throwing other problems into bold relief, and clearly this phenomenon was in evidence in Japan. Rarely have the strains created by Japan's aging society problem been so visible, for example. As Kenneth Haig points out, *over two-thirds* of the 20,000 who lost their lives in the disaster were elderly, left behind in rural communities ravaged by demographic decline. The problems associated with the rapid aging of Japanese society are legion: declining tax revenues, future labor shortages, regional inequality, and a looming social welfare burden. The triple crises also revealed both the strengths and weaknesses of Japan's civil society. Hundreds of civil society organizations, many of them created over the past decade following the Kobe earthquake of 1995, sprang into action to aid the disaster recovery process and they have played a critical role; but small in budget and professional staff, they have struggled to handle the huge levels of aid that flowed into the country from other parts of Japan and abroad post-disaster.

Even as they wreak havoc, disasters create opportunity, and winners as well as losers. There is widespread agreement that the U.S.-Japan alliance was strengthened by the speed and effectiveness of the American military response to the crises. As Nicholas Szechenyi reports, Operation Tomodachi sent 16,000 U.S. military personnel, 190 aircraft, and 24 ships into action to help with the rescue and relief operations and with the harrowing ordeal of bringing the crippled nuclear reactors at the Fukushima Daiichi plant under control. This highly visible contribution helped offset some of the tensions in the bilateral security relationship over the still-unresolved Okinawa base relocation issue. According to Pew survey data released in June 2011, around three months after the triple disasters, 85% of the Japanese public reported having a favorable opinion of the U.S., an extraordinary figure. And there were many signs that the high regard was reciprocated. U.S. media coverage of the disasters

sparked an outpouring of sympathy for a people in a kindred democracy coping with catastrophe, and highlighted the importance of the U.S.-Japan relationship. Another survey in June 2011 revealed that 90 percent of American opinion leaders, and 84 percent of the American public, regarded Japan as a dependable ally.

Japan's Self-Defense Forces, which had not been deployed following the 1995 Kobe earthquake, similarly gained in significant ways. Over 100,000 Japanese military personnel labored under arduous and dangerous conditions in rescue, recovery, and clean-up operations and the SDF rose in the public's esteem as a result of their performance under duress.

In a broader sense, the disasters, even as they have eroded trust in public officials and heightened concerns over Japan's social and fiscal future, have been affirming in a surprising number of ways. The level of contributions flowing into Japan from the United States and other countries was staggering and deeply appreciated, bringing home to many Japanese people the solidity of their place in the international community. In a country that in recent years was thought to be mired in "inward-lookingness," marked by a decline, for example, in the number of Japanese studying abroad, the support of the global community in the nation's hour of need took on much meaning. Furthermore, the realization that but for decades of emergency preparedness training and other precautionary measures, the destruction--as terrible as it was--might have been far worse, was a reminder of what Japan has achieved in almost seven decades since the end of the war. The spirit of cooperation with which Tokyoites and others dealt with drastic power cutbacks and sweltering offices and homes over the summer following the disasters demonstrated resilience in the face of adversity that is clear evidence of the reservoirs of social capital that mark Japanese social life.

The challenges ahead are formidable. The opacity to foreign observers of the leadership transition now under way in North Korea is a reminder that Japan, leaving aside the disasters and their aftermath, lives in a very dangerous neighborhood in which regionalism in a meaningful sense is still in its early stages, and in which the surge of Chinese economic and military might creates great uncertainties. The essays in this brief report, prepared by some of the country's emerging experts and commentators on Japan, provide insights and policy perspectives on key issues that Japan and the U.S.-Japan relationship confront today.

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January 2012

Disaster Recovery and National Energy Policies: Japan at a Crossroads

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Introduction

Japan's 11 March 2011 earthquake created what experts refer to as a "compounded disaster," in that the natural disaster interacted with a variety of other factors to create serious negative consequences.¹ In Japan, while the 9.0 magnitude quake was very powerful, it directly caused few casualties, claiming fewer than 5 percent of the total victims in Japan. Instead, the quake triggered a tsunami as high as 45 feet in some areas which devastated coastal communities along Japan's northeast coast and then flooded the Fukushima Dai-ichi nuclear power complex in the towns of Ohkuma and Futaba. The wall of water took more than 20,500 lives and shut down the two levels of back up defenses at the atomic reactors run by Tokyo Electric Power Company (TEPCO). Japanese regulations allowed the building of residences, factories, and nuclear power plants in highly vulnerable coastal areas, and few authorities had planned for the possibility of a 15 meter tsunami. The large number of fatalities and the nuclear crisis were therefore outcomes of the interaction of the quake with sociotechnical factors.

With backup batteries drained and diesel generators no longer functioning, the three operating reactors at the site overheated and their fuel melted down; the highly radioactive pellets fell out of the zircalloy fuel tubes and burned holes in the 7 inch thick steel cladding of the nuclear reactor. Authorities tried to lower the temperatures in the reactors by pumping in millions of gallons of seawater. They also vented the reactors to the atmosphere in an attempt to reduce the building pressure inside. As a result both of the accident itself and the "feed and bleed" cooling measures, enough radiation was released into the atmosphere and ground water table that Japanese authorities classified the crisis as a level 7 on the International Nuclear and Radiological Event Scale (INES). This places the reactor in the same category as the 26 April 1986 Chernobyl meltdown, although most experts agree that the Fukushima crisis has had far fewer immediate casualties along with less radioactive release overall.

This short policy brief will investigate two themes which have emerged from these events: recovery efforts from the Tohoku disaster and the direction of Japan's nuclear energy policy. In addition, I will conclude the brief by illuminating the ways in which the *U.S.-Japan Network for the Future* has altered my career's trajectory, influencing me to move towards more policy-related scholarship, media contact, and government service.

Variation in Casualties

While the Tohoku crises claimed the lives of more than 20,000 people across northeastern coastal Japan, the actual fatality rates varied tremendously from city to city. For example, in the Koshi district of Kamaishi, only 13 out of roughly 6900 people perished, while in the Isobe district of Soma, 230 out of 1500 died. In one of the worst hit areas, more than 160 people died in the Kamaya district of Ishinomaki city which had only 460 residents to begin. Table 1 below illustrates this variation.

Table 1: Fatality Rates across Tsunami-Affected Localities

City/Town/Village	District	Deaths	Total population	Fatality rate
Kamaishi	Koshi cho	13	6904	0.2%
Kamaishi	Tōni cho	15	2003	0.7%
Kamaishi	Hakozaki cho	69	1274	5.4%
Ishinomaki	Mitsumata	97	1517	6.4%
Soma	Isobe	230	1511	15.2%
Ishinomaki	Kamaya	162	466	34.8%

The exact reasons for the variation in fatality rates remain unclear at this point, but they can be divided into technocratic and human factors. Technocratic factors include geography and topology and distance to shelter, while human factors include limited mobility, care giving, inaccurate conclusions drawn from past tsunami experiences, and the instinct to protect property. Under the technocratic factors, some villages had geographies which intensified the impact of the tsunami, channeling the wave up to higher points because of shallower coastal waters or more narrow inlets and ports. Some villages had a mile or more of flat plains from which residents had to evacuate, and this may have increased the fatality rates, while in other areas the livable downtown areas were already somewhat higher than sea level, and evacuation may have been easier.

From initial research, though, it seems as if the core reasons for the deaths can be traced to demographic, behavioral and attitudinal ones, namely human factors. For elderly or infirm individuals, evacuation in the 30 to 40 minutes between the tsunami warning and the arrival of the wave itself may have been impossible. Caregivers may have perished in large numbers as they returned to be with elderly parents or immobile family members. Past disasters may have created inaccurate expectations about the wave height of this new tsunami, as tsunami in the 1960s were far less powerful than this more recent one.

Understanding which of these explanations – if any – best account for the variation in deaths across localities is critical for creating more effective public policies. If, for example, technocratic reasons, such as gradient and distance to shelter, account for many deaths, decision-makers should work on creating more shelters in place. Alternatively, if human factors are responsible, decision-makers throughout Japan should create more mandatory evacuation drills, dissemination of information, and new procedures to better evacuate the elderly and infirm.

Furthermore, my research on recovery following the 1923 Tokyo earthquake, the 1995 Kobe earthquake, the 2004 Indian Ocean tsunami, and the 2005 Hurricane Katrina has underscored the critical nature of social capital in resilience. Communities in India, the United States, and Japan which had tighter connections to each other and to extralocal members were the ones which

“bounced back” quickest after catastrophe. Areas where individuals had less trust, fewer regular interactions, and less involvement in civic affairs were the ones which often had to wait for outside assistance before rebuilding could begin.

With this knowledge, policymakers in Japan and the United States should work to ensure that post-disaster policies at least avoid damaging existing social networks. In many localities in Tohoku, for example, evacuation to long term temporary housing was done at random through lotteries and name drawings. The consequence of this well-meaning policy is that individuals are often separated from family, friends, and neighbors. A more effective policy would be to move people in groups to new housing, preferably with neighbors and friends, but at least with some kin or acquaintances nearby to ensure that survivors do not suffer “lonely deaths” (the *kodokushi* we saw after Kobe). Other policies which can grow stocks of social capital include community currencies, regular neighborhood sports events and festivals, and weekly group meetings. All of these policies emphasize that social, not just physical, infrastructure is the basis for recovery.

Nuclear Energy Policy

Since the 1950s, the Japanese government has focused on achieving “energy security” or “energy independence” by pursuing an advanced commercial nuclear power program involving a closed fuel cycle, MOX fuel cycle, and even fuel recycling. While other advanced, industrial democracies have abandoned these experimental technologies, Japan – at least until March of 2011 – has pursued them rigorously.

Recently the media have focused intently on reports that both Kyushu Electric Power Company and the NISA have “manipulated” public opinion through often hidden attempts to alter the balance of opinion on the subject of nuclear power. But these recent events are only the tip of the iceberg. In the mid 1950s Nakasone Yasuhiro began pushing the American authorities and colleagues in the Diet to allow Japan to develop its own nuclear power program. Since that time the central government has actively sought to bring local opinions in line with central government goals. Rather than seeking to be swayed by public opinion, the Japanese government has sought to sway it.

Through a variety of formal and information institutions, and more than three bureaucratic agencies, the government has used a variety of incentives and soft social control mechanisms to influence Japanese opinion on nuclear power. The most expensive of these programs has been the Dengen Sanpō, or Three Power Source Development Laws, which pool money from a submerged tax on electricity and send it out to nuclear power host communities. The government has also written school curricula, set up essay contests on nuclear power for children, sent scientists to lecture on the safety and necessity of nuclear energy to rural communities, and rewarded local mayors and governors who worked to bring in nuclear power plants.

Rather than being an impartial observer of a debate on nuclear power, the central government has appropriated it. It has taken a catastrophic accident at Fukushima for the central authorities to even consider opening the issue up to broader discussion. While current Prime Minister Naoto Kan’s personal desire to move Japan away from its use of nuclear power plants has resonated with the population – 70 percent of those surveyed agree with his position – his own time in the government is limited. As a result, the next administration will have to balance movement away from nuclear

power with the creation of new renewable sources of energy, whether solar, wind turbine, geothermal, or sea-based. At the same time, businesses have publicly announced that, without a stable new plan for electricity production, they will begin moving their businesses offshore to India and China, further hollowing out an already ailing Japanese economy.

One compromise position for the next administration to adopt may involve continued use of existing reactors but the halting of plans to build any more in the future. This would provide time for a gradual transition away from nuclear power to alternative options. There are no easy answers or solutions to the current problems that Japan faces, but this horrible tragedy may at least be a starting point for a new, more open and democratic engagement with civil society on issues of Japan's energy policy.

Network Influence

The U.S.-Japan Network for the Future has brought me into contact not only with American and Japanese scholars interested in furthering the relationship between our two nations, but also with decision-makers, politicians, and other active participants in the relationship. We have been encouraged to step beyond our often isolating roles as professors in academia to think of ways that we can influence ongoing policymaking processes. We were provided with media training, a workshop on op-ed writing, and a number of concrete suggestions for participating in activities in the Beltway and Kasumigaseki.

In my own case, I have taken these suggestions to heart and changed the trajectory of my career. Since the Mansfield Foundation program began, I have participated in more than 60 newspaper interviews, live television interviews, and radio shows. Along with these media contacts and the publication of a number of new op-ed pieces and works for general audiences, I have applied for and been accepted as an American Association for the Advancement of Science (AAAS) fellow at USAID, where I began working this September 2011 in Washington D.C. In USAID I hope to put my knowledge of social capital, social networks, and recovery to work for our public policies abroad.

In short, the U.S.-Japan Network for the Future has provided me with an excellent opportunity to expand my own horizons. For this, I am very grateful.

Chapter Endnotes

¹ In August 2005 Hurricane Katrina served as a similar "complex emergency" in that the hurricane itself caused relatively little damage and claimed few lives. Instead, the hurricane interacted with poor quality construction (of the levees), mismanagement of resources, and a lack of bridging social capital to create a humanitarian disaster.

Forging U.S.-Japan Civil Society Cooperation Out of the 3/11 Disaster

James Gannon - Japan Center for International Exchange

As a people, Americans have never felt closer to Japan than while watching the tragic events of March 11 unfold online and on their television screens. The images of devastation after the tsunami and the suspense surrounding the lingering nuclear crisis provoked an extraordinary outpouring of support from people from all walks of life who wanted to help Japan in some way. The massive and well-coordinated response of the U.S. government, particularly the military's Operation Tomodachi, has rightly received considerable praise. Yet, while it has attracted less attention, the nongovernmental response has been similarly remarkable, both in terms of its scope and for what it says about how much closer our societies have grown in recent years.

In the United States, thousands of schools, community groups, and regular citizens found creative ways to demonstrate their sense of solidarity with the Japanese people. The country's large humanitarian relief organizations also sprang into action. Plus, there was a spontaneous groundswell of charitable giving for the disaster response. While there has not yet been any reliable tally of donations by U.S. organizations and individuals, it is likely that the total has exceeded half a billion dollars.

All together, this adds up to the most extensive attempt ever by American civil society organizations to work with and support Japanese groups. This extraordinary collective effort makes it worthwhile to review the lessons that American and Japanese groups have learned working together, and it points at things that can be done to improve their cooperation on future disasters.

The Importance of Civil Society is Growing

Civil society is playing an increasingly important role in disaster responses around the world, and not just by implementing programs on the ground. Its capacity to mobilize massive resources first became obvious with the 2004 Indian Ocean tsunami, when nongovernmental organizations (NGOs) raised \$5 billion worldwide. This time, the Internet, YouTube, and social media turbocharged the philanthropic response, encouraging people around the world to identify with the victims and empowering them to act immediately on their charitable impulses, giving rise to a rapid outpouring of concern and contributions that would have been unthinkable in the pre-Internet era.

Still, it bears noting that, compared with other parts of the world,¹ the nonprofit sector in Japan remains underdeveloped, hampering efforts to encourage collaboration between Japanese and overseas civil society organizations. Nonetheless, just as civil society gained impetus in Japan when many organizations sprouted up to respond to the 1995 Kobe earthquake, the 2011 disaster may go down in history as an equally significant turning point. This time, Japan's humanitarian relief organizations immediately swung into action and Japanese government agencies simply took these groups' involvement in the disaster response as a given instead of perceiving it as a challenge to their authority. In one notable move, the Diet even voted to make it easier for nonprofits to accept tax deductible contributions. And now that humanitarian relief organizations are starting to disengage

and return to their core missions of overseas emergency response, a second wave of small community-based nonprofits is being established to meet the more complex needs of the recovery.

In the long run, these developments are likely to lead to a stronger base for civil society in Japan, creating in the process more opportunities for collaboration among Japanese and American civil society organizations, particularly among humanitarian relief organizations.

But Japan Is Not Haiti....

Not everything has gone smoothly, however. International humanitarian relief organizations have become accustomed to responding to disasters in developing countries, such as Haiti, but the Tohoku disaster revealed that they still are grappling with the challenge of how to react to massive disasters in highly developed countries. A handful of U.S. NGOs immediately reached out to Japanese partners that they had worked with before and a few others took a wait-and-see approach. But many departed for Japan with virtually no knowledge of the local situation and well-intentioned but questionable strategies that implicitly assumed they could be more effective than Japanese organizations with local roots. These groups quickly floundered, in contrast to the ones that partnered with Japanese organizations and limited themselves to a supporting role.

In fact, the response to 3/11 showed just how much more complicated it can be for overseas organizations to provide disaster relief in rich countries than in poor countries. In developing countries, governments tend to be more accustomed to dealing with overseas aid organizations. Preexisting coordination mechanisms that are used for consultations among foreign aid groups can be quickly activated for the disaster, and there are typically established relationships between the major foreign humanitarian relief organizations and domestic NGOs. However, foreign organizations responding to the disaster in the Tohoku region had to think more seriously about whether they were meeting real needs or just displacing local groups that could be more effective. They have also had to work within established systems that are more resistant to external intervention. This revealed that the usual plans that U.S. humanitarian relief organizations take off the shelf when responding to emergencies in developing countries need to be rethought for contingencies in developed countries.

....And Tohoku Is Not Tokyo

Once again, the disaster demonstrated the importance of paying attention to regional and local differences. A natural first step for many U.S. organizations trying to provide disaster relief was to consult with some of Japan's better known internationally-oriented organizations—organizations that tended to be based in Tokyo. But what many came to realize only later is that the distance between Tokyo and Tohoku is more than geographic. The Tohoku region has its own unique local culture, with many people there demonstrating a certain polite wariness toward outsiders. The way that society functions in Tohoku is significantly different from Tokyo, and it has a very weak nonprofit sector, even by Japan's already low standards.

It should come as no surprise that, even early in the relief stage, a sense of resentment began to build up under the surface between organizations that considered themselves “true” Tohoku groups and those perceived as “big city” outsiders from Tokyo and elsewhere, which were collecting the lion’s share of funding and recognition. This has obligated the “Tokyo groups” to operate with an even higher degree of sensitivity to local conditions than they anticipated, and this has been doubly true for foreign organizations trying to assist the region.

This diversity extends to other aspects of the disaster, too, further complicating an already complex situation. The tsunami devastated a swath of coastline nearly 400 miles in length, and the impact has differed markedly from prefecture to prefecture and town to town. Some seaside hamlets were shielded from the full force of the tsunami wave, while the waters travelled miles inland in nearby areas. Even inside of hard hit towns, there are stark differences between the neighborhoods that were severely damaged and those on higher ground that were untouched by the wave but are suffering due to the impact on the broader community and economy. Meanwhile, the nuclear meltdown in Fukushima Prefecture has created an additional, entirely different crisis, emptying towns that visibly seemed to be unaffected by the disaster. These factors have combined to make it even more challenging to assess how to best utilize overseas assistance, especially in the recovery stage, presenting overseas donors and responders with the challenge of figuring out how to incorporate the hopes and desires of local residents whom they can usually only contact in a superficial manner.

Preexisting Relationships Are Critical

The attempts of U.S. organizations to navigate the complexities of the 3/11 disaster also highlight the importance of preexisting relationships between local and overseas organizations. A crisis is not the right time to learn about one another, but that is largely what happened for American and Japanese groups. Operating in a situation in which they did not have the expertise and local knowledge needed to be effective, U.S. NGOs and funders had to move quickly to link up with Japanese groups, whether as local partners in implementation or, more commonly, as funding recipients. Fortunately, there were a handful of established relationships that a few U.S. organizations could draw upon. For example, the American NGO coalition InterAction and its Japanese equivalent, JANIC, had worked together before; Peace Winds Japan had many connections in the United States; the United Way had forged a relationship with the Central Community Chest of Japan; and, of course, the Red Cross system bridged both countries.

In most cases, though, U.S. and Japanese organizations had to take a leap of faith in working with one another. This meant that, when faced with practices that were not intuitive in the U.S. system, American groups had no choice but to trust their Japanese counterparts, even though their relationships had been too brief to allow this trust to grow naturally. The end result has been much more work and worrying on both sides than perhaps is warranted. Another result has been that U.S. donations, which account for an outsized portion of all funds going to Japanese nonprofits, have tended to flow to a small number of Tokyo-based organizations, especially in the immediate relief stage. This has exacerbated imbalances between a handful of well known Japanese groups and other capable ones with less charismatic leadership, as well as between the large Tokyo-based organizations and smaller, local groups.

Capacity, Capacity, Capacity....

One of the biggest challenges for those trying to support the disaster response has been the limited capacity of Japan's nonprofit sector. Japanese nonprofits tend to have a weak financial base and a small number of staff, who typically are highly dedicated but overstretched. This has given rise to a mismatch in expectations between Japanese groups on the ground and American funders. Things that U.S. organizations take for granted—such as sufficient staff time to draft strategic plans and grant proposals, familiarity with accounting and budgets, and having the foreign language skills to create documents in English—often require a special effort for Japan's smaller nonprofits, many of which were newly created in response to the disaster.

However, Japanese nonprofits are not the only ones with capacity limitations. Three types of U.S. organizations have played roles in fundraising for the disaster: humanitarian relief organizations; organizations dedicated to U.S.-Japan relations, such as Japan-America societies; and ones that specialize in facilitating philanthropy. However, each of these groups lacks critical expertise in certain areas. The humanitarian relief organizations typically know little about Japan's nonprofit sector, most U.S.-Japan organizations have no experience in professional grant-making or disaster responses, and the philanthropic facilitation organizations have done little work in Japan. These gaps only started to be overcome half a year into the disaster response.

Coordination is Key

Coordination among nonprofit organizations—both on the funding and implementation sides—is critical in any humanitarian emergency and has proven to be especially important in the 3/11 disaster, where there are so many new actors involved. One reason it is needed is because the challenges that have to be overcome for a sustainable recovery are so deeply interconnected. For example, mental health problems, including suicide, have become a growing issue in Tohoku communities, but these are inevitably linked to the issue of unemployment. Meanwhile, it is difficult to restore jobs by reopening small stores and restaurants while aid groups are handing out food and supplies for free. This has made the success of organizations working on mental health issues dependent on the track record of groups engaged in economic revitalization, economic revitalization initiatives are dependent on food distribution strategies, and so on.

Another reason that coordination is crucial is that the nature of this disaster has led to imbalances in the response. Access to the disaster zone has varied greatly, particularly in the early days when a large city such as Sendai could be easily reached, yet remote areas where roads, trains, and ports were decimated were largely cut off from the outside world. There has also been a large variation in the extent of damage, both to the physical infrastructure and to human resources, leading, for instance, to gaps between towns where the local leadership survived intact and places where key local government officials and societal leaders were killed. This has made it tempting for NGOs from outside the region to set up in easily accessible locations or in places where strong local leadership gave their programs a greater chance of succeeding, making it important for them to discuss strategies for avoiding overconcentrations of activities.

While there have been various attempts to coordinate responses among domestic Japanese organizations, especially among the professional humanitarian relief organizations during the initial rescue and relief stages, there is still limited coordination between Japanese and overseas organizations, whether among groups working on particular issue areas or among those active in specific localities. This has continued to feed a degree of confusion over which organizations are doing what, and it has further fed imbalances in the response.

Strengthening U.S.-Japan Civil Society Cooperation

Stepping back to take a long-term perspective, it is clear that the 3/11 disaster marks a potentially transformative moment for Japanese civil society, and it is likely to open up new opportunities for cooperation among Japanese and American NGOs. The disaster has funneled an unprecedented amount of resources into Japanese nonprofits involved in the response, it seems to be inspiring a boom in the creation of new nonprofits, and it has heightened public awareness of their contributions.

Nonetheless, the capacity problems that have long bedeviled Japan's nonprofit sector leave two unanswered questions. One question is whether, considering the longstanding resistance in Japan to allowing donations to cover salaries and overhead, the Japanese humanitarian relief organizations that were flooded with money in the aftermath of the disaster will end up with stronger institutional bases once they withdraw from Tohoku or shrink back to the size they were beforehand. This has critical implications for their ability to collaborate effectively with their more fortunate American counterparts in future disaster responses elsewhere in Asia.

A second question involves the smaller, community-based nonprofits that are springing up around the Tohoku region and that should play a central role in the recovery stage. While they are likely to develop sufficient capacity to contribute to the recovery, it is unclear whether they will be able to handle the communications that are needed to maintain smooth relations with U.S. supporters and to prevent a sense of disenchantment with Japanese nonprofits in general. For example, will they be able to maintain basic functions such as providing adequate grant reports and demonstrating their programs' results in a way that is understandable to people outside of Japan?

Still, when all is said and done, it is likely that the new ties forged between American and Japanese organizations will provide a stronger foundation for joint work in the field of disaster relief, as well as on other issues. Making certain this happens, though, will require concerted efforts by nonprofit leaders on both sides of the Pacific to expand their coordination on the 3/11 response, strengthen the capacity of Japan's nonprofits, and overcome the gaps in mutual expectations. This means that there are a number of specific steps that should be considered:

1) Strengthen Japan's intermediary organizations

One step is for U.S. and Japanese funders to give a greater role to intermediary organizations in Japan in the process of facilitating and directing funding. It was challenging for U.S. organizations collecting donations for the disaster to identify who to fund in the relief stage, but this has become even more difficult in the recovery stage, which necessarily involves a wider range of new, smaller community-based organizations. American funders have been resistant to utilizing Japanese intermediaries, partly because intermediaries need to use a portion of the funds to cover the costs they accrue administering donations. However, channeling funds through intermediary organizations—both national outfits

and ones that operate on the local level such as community chests—is the only practical way to ensure that funding decisions are being based on sufficient knowledge of the local situation and that recovery projects will undergo sufficient monitoring and reporting. The capacity of Japan’s intermediary organizations also has to be upgraded for this purpose, but efforts to do this should eventually result in a stronger nonprofit sector.

2) Establish support mechanisms to bridge U.S. and Japanese responses to 3/11

A second immediate step that would greatly enhance U.S.-Japan cooperation is the creation of a facilitation mechanism by one NGO or a consortium of them to support some of the back office processes for U.S.-Japan funding and civil society cooperation. For example, this could include a network of translators who could turn out English language versions of funding proposals and grant reports. It also might involve support for proposal writing and budgeting for new Japanese nonprofits that have never done this before, especially for an overseas audience. In addition, it should include some sort of mapping and information exchange to track which Japanese nonprofits and U.S. funders are active in various geographic and issue areas.

3) Create an international coordination mechanism for disaster relief NGOs in Asia

Looking ahead to future disasters, the time is right to build a network of NGOs from different countries that are can contribute to disaster relief in Asia, with American and Japanese NGOs at the core. Humanitarian relief organizations in the United States share information through InterAction, and Japanese organizations have begun to do this through JANIC and Japan Platform, which links NGOs with businesses and the government. However, there is not yet any mechanism to link humanitarian relief organizations on the broader regional level. There have been a few initial moves to explore an “Asia Pacific Platform,” and the time is right to make this a reality. Such an initiative would lay the groundwork for a better coordinated response to future emergencies by familiarizing humanitarian relief organizations with one another, mapping out their capabilities for various contingencies, and establishing a consultative mechanism that would be fully activated for responses in the region.

Notably, these initiatives all focus on the nongovernmental side, acknowledging the growing role that civil society plays in disaster responses. Eventually, though, it will also be useful to explore ways of enabling governments, businesses, and NGOs in Japan, the United States and elsewhere around the region to share information and develop ties that can be activated in a crisis. For the time being, though, these three steps—strengthening intermediaries, facilitating communications between Japanese and American NGOs, and creating an Asia-wide consultative mechanism—should go a long way in helping to nurture stronger and more cooperative relationships between Japanese and U.S. NGOs, both in responding to the current tragedy as well as to future disasters.

Chapter Endnotes

¹ In Japan, there is a distinction between NGOs, which focus on overseas issues, and NPOs or nonprofit organizations, which are domestically oriented, but the terms “NGOs” and “nonprofit organizations” are used interchangeably in this essay following general American usage.

“Outside the Box” Policy Recommendations for U.S.-Japan Relations

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The foundation of U.S.-Japan relations is our alliance that now spans more than half a century. The events of March 11, 2011 in Northeastern Japan in which a 9.0 “once in a thousand-year earthquake” caused a tsunami that devastated the coastline and caused a level 7 nuclear crisis at the Fukushima nuclear facility made it clear that the alliance is the critical backbone that makes the relationship between the two countries so extraordinary. It built the groundwork for the high level interoperability of our militaries, which resulted in the spectacularly successful Operation Tomodachi, the American military’s large and rapid rescue and recovery effort in the immediate aftermath of the disaster. The alliance has nurtured the deep and broad connections that enabled hundreds of civilian experts to provide assistance to their counterparts in Japan who were dealing with the triple disasters simultaneously. The alliance helped create the personal ties that have been translated into the outpouring of assistance from individual Americans, who rushed to donate money, who sent thousands of letters and emails of support to their friends across the Pacific, and who have been volunteering by the thousands in the devastated regions.

The foundations of the U.S.-Japan alliance are traditional high-politics issues of defense and trade. Without a doubt policymakers in Washington, D.C., and in Tokyo should continue to work on tough issues like the Futenma Base relocation and the development of TPP (Trans-Pacific Partnership). However, the U.S.-Japan relationship is much bigger than these issues, and policymakers in both countries should not ignore the wide range of much easier policy activities that can yield positive results in the very short term.

This brief policy paper is intended to offer three sets of “outside the box” policy recommendations. I call them “outside the box” because they are all directed at actions undertaken by actors outside the center of political power in both countries. U.S. policymakers working inside the beltway and Japanese policymakers operating in Nagatacho must continue to focus on large, difficult issues such as trade and defense. However, there are a number of issue areas outside these traditional foci where closer cooperation between the United States and Japan could yield immediate positive results for many different stake holders in both countries.

Positive outcomes in these areas would not only offer tangible benefits to those involved in the initiatives, they could also serve as the building blocks for further cooperation on the more difficult issues of trade and security. The three areas of proposed policy initiatives are: sub-national governmental cooperation, business cooperation, and civil society cooperation. In each section I highlight two specific examples where policy initiatives can lead to significant and positive results for each country.

1. Sub-national Governmental Cooperation

2012 is an election year in the United States, making it very difficult for anyone involved in national politics to pursue new political initiatives. Similarly, national politics in Japan remains somewhat chaotic as it struggles to cope with its sixth prime minister in five years as well as the overwhelming tasks associated with the March 11 disasters. As a result, to the casual observer, politics in the two capitals for the next year will likely appear stymied and unable to generate any new, productive ideas for the future.

And yet, politics outside the capitals remains very dynamic. There is tremendous positive energy and innovation occurring at sub-national levels in both countries. With a little coordinating effort, central policymakers can help catalyze the creative energy of those at lower levels of government in ways that can be positively beneficial to citizens in both countries. The following are two examples where closer cooperation would be likely to yield positive results.

- a. **Eco-Cities:** U.S. cities and states should be learning from the City of Kitakyushu's successful efforts to develop a model for sustainable growth. Kitakyushu has an office in its city government that has been promoting its Eco City model to other countries. Their model includes green growth initiatives among big industry, small startups, agriculture, transportation, and other sectors. U.S. cities and states should take advantage of Kitakyushu's proven models of success.

How to do this? An eco-friendly U.S. city (e.g., Portland) should host a conference that invites leaders from Japanese eco-cities to discuss cutting-edge urban planning strategies that can be applied to improve economic development as well as sustainability in U.S. cities.

- b. **21st Century Agriculture:** Japanese prefectures and rural cities are struggling to reform their agriculture sector. U.S. states and rural areas have a wealth of information about how to reform agriculture to make it a profitable global industry, not only for larger agro-businesses, but also for boutique, organic, and other specialty products.

How to do this? The American Chamber of Commerce in Japan should invite to Japan several of the most successful leaders from the agriculture industry as well as state-level political leaders who have successfully transformed their agrarian economies to ones that are competitive in the twenty-first century. Japanese farmers and local political leaders would then have an opportunity to learn from the experience of successful Americans as well as, perhaps, facilitate technical cooperation among farmers and agricultural industry in both countries.

2. Business Cooperation

The tragedy of March 11 has left a wake of destruction in its path, but with destruction comes the opportunity to create something new. Furthermore, as the political climate in China cools following the Arab Spring, businesses are finding China more difficult to work in than it has been in the recent past. As a result, Japan has a renewed opportunity to become, once again, a major hub for Western, and especially American, business in Asia.

Both countries have built their global competitive advantages on innovative, high technology goods and services, and there are many areas where cooperation can lead to positive gains for everyone.

- a. **Tohoku Free Trade Zone:** Businesses from both countries should continue to discuss the emerging possibility of a Free Trade Zone in Tohoku to attract new business, young talent, and innovation to the currently devastated and depopulated region.

How to do this? Discussions on these ideas are already underway among policy-makers at all levels. Pilot projects related to economic revitalization of Tohoku should be fast-tracked for approval to allow as many innovative ideas to be implemented as soon as possible.

- b. **Green Technology:** There should be greater efforts for cooperative research and development in areas such as clean energy, biotechnology, green supply chains, etc. The two sides should also be working together to create new business models and financing mechanisms to support emerging and innovative businesses.

How to do this? Once again, entrepreneurs from both sides are already working on these types of cooperation. Easing the regulatory burden on small entrepreneurs working in this area and facilitating the formation of joint ventures and collaborative projects will help both countries increase their competitive edge in this fast-growing area of the global economy.

3. Civil Society Cooperation

The extraordinary response by civil society organizations to the events of March 11 highlighted how closely connected civil society groups in the two countries already are. As both countries look towards a future that promises many common social challenges, such as aging populations, immigration, child care, poverty, unemployment, and environmental degradation, there is considerably more that the civil society sectors can learn from one another.

- a. **Long-term Care:** American civil society has much to learn from Japan's sophisticated network of public, for-profit, non-profit, and volunteer services caring for the elderly. Not only do Japanese live longer than Americans, their elderly are much healthier. Much of this high quality of life among the elderly has to do with civil society activities that keep older Japanese physically active, psychologically supported, and socially engaged.

How to do this? A nonpartisan organization such as the Japan-U.S. Friendship Commission should sponsor a symposium in the United States that brings together policymakers, local leaders, and representatives from civil society dealing with long-term care issues in Japan to discuss how Japan is coping with its aging population issue and especially what strategies might be applicable to the United States.

- b. **Nonprofit Capacity Building:** Japanese civil society has significant difficulties with capacity, especially professional and managerial capabilities. Japanese civil society organizations can learn from American methods of nonprofit management including fundraising, professional development, and accounting skills.

How to do this? An umbrella nonprofit organization (NPO) such as the Japan NPO Center should host a series of regional meetings for Japanese nonprofit organizations in which successful American nonprofit leaders would lead capacity-building workshops that focus on issues such as fundraising, staff professionalization, and administrative accountability. Additionally, there should be separate workshops in Tokyo in which famous American philanthropists could meet and network with leading Japanese philanthropists and foundations to help impart the need for increased spending for administration costs and other issues related to building the capacity of Japanese NPOs.

The U.S.-Japan alliance is a cornerstone of U.S. foreign policy and is the foundation of the plethora of governmental and societal relationships that connect the two countries and their peoples together. As the alliance has matured, diplomatic discussions have moved away from areas of easy compromise to those that are significantly more difficult. Adding electoral pressure and partisan uncertainty to this already tense mix makes significant forward progress on core issues of trade and security very difficult in the near future.

The U.S.-Japan relationship is much broader than the alliance, however. This paper has offered three sets of “outside the box” proposals where small, low-cost initiatives could lead to rapid and significant positive outcomes for numerous stakeholders in both countries. Sub-national government, business, and civil society cooperation have the potential not only to offer concrete benefits to those directly involved in the initiatives, they could also create a positive foundation on which progress in trade and security negotiations could be built.

The result of pursuing these initiatives would significantly improve the two economies, enhance the quality of life in the two countries, and deepen the grassroots connections between the United States and Japan that make ours the “most important bilateral relationship in the world, bar none.”

Demographic Change and Immigration Policy in Japan

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Over two-thirds of the 20,000 people who perished on March 11, 2011, were senior citizens.¹ These human costs highlight the way demographic transformations had ravaged rural Japan long before the devastating earthquake and tsunami ever swept across Tohoku's shores. After decades of declining fertility and rural depopulation, many of the residents of those towns and villages in the path of the March 11 tsunami were older people, without the means or wherewithal to escape the coming waves even after the alarms sounded.

Japan's population began what seems likely to be a long, steady decline in 2007, when deaths began exceeding births for the first time.² Today, Japan has the most rapidly aging society and among the lowest fertility rates among the 34 developed countries monitored by the Organization of Economic Cooperation and Development (OECD).³ Facing record numbers of retirees with few younger people to replace them, Japanese policymakers increasingly worry about growing labor shortages and the effects of regional inequality. Even more pressing are the mounting fiscal concerns about shrinking tax revenues and Japan's ability to keep up with social spending commitments—especially with the cost of covering seniors' pensions and healthcare expected to take up an ever-increasing portion of public expenditures, even while Japan's national debt already hovers above 200% of GDP.⁴

Though the demographic crisis Japan confronts is national in scope, its impact is felt most acutely in rural areas. While seniors (individuals 65 years or older) make up a quarter of the national population, in rural areas they average over a third.⁵ For example, in Hokkaido (where I conducted fieldwork in the summer of 2011), more than two-thirds of all municipalities are shrinking, and one in ten are expected to vanish entirely by 2020 due to depopulation and municipal mergers.⁶ Even in still relatively healthy communities, the consolidation and/or closing of schools, public transportation, and healthcare facilities has meant a drastic reduction in the availability of public services.⁷ Doctors and hospitals are in particularly short supply, as are caregivers for the elderly, making seventy-year-old children caring for their ninety-year-old parents a regular occurrence. Tohoku shared many of these problems well before March 11, 2011, and the out-migration of many younger, more able-bodied residents in the wake of the disasters has only accelerated the demographic decline there.

A Dearth of Babies

Even as Japan's population ages more rapidly than ever, younger generations are delaying marriage and having fewer kids than ever. At 1.37 (after a slight uptick in the last two years), Japan's total fertility rate (the average number of children born to a woman over her lifetime) is well below the "replacement" rate of 2.1 births (the amount needed to ensure that enough children are born to at least replace their parents).⁸ So far, Japan's "pro-natal" policies meant to reverse this trend have amounted to little more than aspirational statements. Japanese employers are only encouraged (not required) to provide parental leave, and few provide leave to those who already have a spouse at home caring for their infant full-time, as is the case with most Japanese families. Especially in the urban areas where working families are most concentrated, both public and private childcare facilities

remain in short supply and the waitlists remain long (Schoppa 2006). As a result, mothers who work full-time typically have to rely on family members to provide childcare. Stipends for childcare—begun under the Liberal Democratic Party (LDP) in the 1990s as a part of their ‘Angel Plan’ and expanded under the Democratic Party of Japan (DPJ) in 2009 as one of the centerpieces of their approach to confronting low fertility—have led to a slow rise in privately-run childcare facilities, but regulation and accreditation of these facilities remains problematic. And the DPJ is already facing strong political pressure to abandon the child allowances that comprised a key feature of the party’s 2009 campaign manifesto, and to redirect these funds toward rebuilding those areas most affected by the recent Tohoku earthquake and tsunami instead (*Nikkei Shinbun*, March 16, 2011).

Women’s Employment

Recent policies intended to address barriers to working mothers’ employment have fared little better than pro-natal policies. In most industrialized countries, women’s employment follows an M-shaped pattern: one that rises as women work in large numbers in their early 20s, dips once they stop working after getting married and having kids, and then rises once again after their children are in school. Japan, however, is famous for a dip in employment for women with children that is not only steeper (meaning more women leave the labor force in total), but where the second “hump” is lower and “softer,” meaning that fewer women return to the workplace later in life (Brinton 1994).

Today, women increasingly play a key role in addressing Japan’s labor shortages. For example, women make up the majority of Japan’s growing legions of “irregular” (non-career track) workers.⁹ But, as a group, irregular workers already have fewer labor protections and less job security than “regular” (career-track) workers. And even women in regular employment still face fewer opportunities for career advancement or inter-firm transfer in both public and private sector jobs than their male counterparts than in most other OECD countries (Estevez-Abe 2008).

Immigration Policy to Date

Immigration to Japan currently remains too low to have any tangible effect on Japan’s population growth (or lack thereof). But changes in visa requirements since the 1990s have made it easier for some categories of de facto immigrants to live and work in Japan. The 1990 Immigration Control and Refugee Recognition Act (ICRRA) in particular kept Japan’s “front” door closed to low-skilled immigrants, but it also maintained certain “side” doors by expanding already existing programs, beginning with Japan’s post-WWII policies concerning the resettlement of the overseas descendants of Japanese citizens.

Ever since the 1980s, Japanese policymakers had discussed making it easier for ethnic Japanese beyond Japan’s former colonies to migrate—especially giving those in Latin America the chance to ride out the chronic financial crises plaguing that part of the world at the time by working for a few years in Japan’s booming economy (Kajita 2002). Employers in small and medium-sized enterprises (SMEs) and certain factions within the LDP jumped on this idea. Noting that there were 1.5 million people of Japanese descent in Brazil alone, more than any nation outside of Japan itself, they turned to Japanese Latinos as a partial solution to Japan’s labor shortages (Tsuda 2003). LDP policy proposals at the time even went so far as to argue that Japanese Latinos’ integration into Japanese society

would be relatively painless because of their ethnic Japanese heritage (Nojima 1989). The ICCRA's provisions consequently allowed up to third-generation descendants of Japanese citizens and their spouses and children to enter Japan on long-term renewable visas with no activity restrictions—essentially making them automatically eligible for permanent residency, and the closest thing that Japan has today to legally sanctioned immigrants.

The other major labor migration program that flowed from the 1990 ICRRA reforms was the creation of the Industrial Training (ITP) and Technical Internship (TIP) Programs. These reforms expanded what had previously been a small overseas development assistance (ODA) project born of talks between the Ministries of Foreign Affairs (MOFA), International Trade and Industry (MITI), and Labour (MOL) in the early 1970s.¹⁰ The stated objectives in both eras was the same: to expand opportunities for workers from neighboring Asian countries to migrate to Japan to learn technical skills that they could then take back with them to use to aid in their home countries' development. But in reality, the ITP and TIP programs provided employers a legal means of importing manual labor, and what many hoped would become a potential stepping stone for a formal temporary worker program like the American H2B visa program (Tsuda and Cornelius 2004). Though oversight of the industrial intern and trainee programs was supposed to be shared by five ministries—MOJ, MOFA, MOL, METI, and the Ministry of Land, Infrastructure and Transportation—via a specially created administrative entity, the Japan International Traineeship Cooperation Organization (JITCO), in reality the quality and content of training as well as the living and working conditions of interns and trainees was largely left up to individual firms, leaving much room for abuse (Nichibenren 2011).

Japanese Immigration and Immigrants Today

As a result of changes to Japanese immigration policy in the early 1990s, Japan's foreign-born population has more than doubled over the last two decades, from one million to nearly 2.25 million.¹¹ Since the late 1980s, the number of foreigners residing in Japan (both legally and not) rose every year—at least, until 2009, when the effects of the global economic downturn hampered migration worldwide.¹² At less than two percent of the overall population, Japan's immigrants still make up a smaller proportion of the population than in most other OECD countries (by comparison, the U.S.'s nearly 40 million immigrants comprise 12.5 percent of the population).¹³ But their total number today is greater than at any other time in Japanese history, higher even than in the pre-WWII era, when Japan actively recruited foreign workers from its overseas colonies. And what is striking about today's foreign residents is that two-thirds reside in Japan on long-term or permanent resident visas, meaning they are not likely to go anywhere soon.¹⁴ Ministry of Health, Labour and Welfare (MHLW) statistics show that while marriage in Japan is declining overall, marriages between Japanese and foreign nationals are increasing: currently one in twenty nation-wide, and one in ten in major cities like Tokyo—and even higher in some cases in rural areas where local governments and agricultural cooperatives have taken to recruiting foreign brides for unmarried farmers (Sellek 2000).

In 2010 the top five countries of origin for Japan's foreign residents were **China** (31.1 percent or 680,518), **Korea** (26.5 percent or 578,495), **Brazil** (12.2 percent or 267,456), the **Philippines** (9.7 percent or 211,716), and **Peru** (2.6 percent or 57,464); together, these countries account for 82 percent of the 2.2 million registered foreigners who live in Japan.¹⁵ Historically, *zainichi* Koreans (the descendants of former Korean colonial migrants) comprised the largest group of foreign residents in Japan, but they were surpassed by Chinese migrants in 2007. Chinese—most of whom reside

in Japan on student, work-related, or spousal visas—are the only group that has continued to grow despite the economic downturn. *Nikkei* Brazilians and their families have been particularly hard hit by the recession. From their peak at 317,000 in 2007, Brazilians had decreased to 230,500 in 2010¹⁶—and this was before the Tohoku earthquake and tsunami and subsequent shocks to supply lines and the manufacturing sector, where many Brazilians work.

Immigrants have settled disproportionately in some parts of Japan more than others. Numerically, most (nearly 40 percent of Japan's foreign residents) reside in the Kantō region (Tokyo, Kanagawa, Chiba, Saitama). But immigrants make up a much higher proportion of the population in Japan's industrial belt, in prefectures like Gunma, Shizuoka, and Aichi. For example, in Oizumi, Gunma Prefecture (which the Mansfield Foundation U.S.-Japan Network for the Future Fellows visited in the summer of 2011) foreign residents comprise nearly one in five residents.

The Future of Japanese Immigration Policy

A consensus is emerging on the need for more comprehensive immigration reform in Japan. Small and medium-sized employers have been pushing for deregulation of labor migration since the early 1970s, especially in the labor-intensive sectors that Japanese workers shun. And since 2004 Keidanren, Japan's big business federation, has lobbied for foreign workers in highly-skilled sectors like information technology, where continued innovation is needed to maintain Japan's global competitiveness.

Already, SMEs in some sectors in Japan—particularly manufacturing and construction, but also increasingly in the service sector, agriculture, and fishing—have shown a structural dependence on foreign workers (Tsuda and Cornelius 2004). With demand for low-skilled workers among Japanese employers still strong, policymakers have opted to revise Japan's Industrial Training and Technical Internship Programs rather than heed calls to abandon them altogether in the wake of widespread reports of abuses by employers. Groups representing small businesses like the Japan Chamber of Commerce and Industry (JCCI) have lobbied for the expansion of these programs to tourism, forestry, and the fisheries industries, and for industrial interns and trainees to be able to stay on and work as regular employees at the end of their internship. As it stands, the formerly separate trainee and internship programs have been merged into a simple three-year technical internship program with a one-time possible visa extension. In response to labor and human rights organizations' concerns about working conditions—and in contrast to the programs' previous incarnation, in which labor laws did not apply to trainees, only interns—the protections of the Minimum Wage Act and the Labor Standards Act now apply to all program participants throughout their time in Japan.

However, since Japanese immigration policy to date has largely been predicated on importing temporary foreign workers and not immigrants per se (despite evidence of their increasing permanence), little effort has been made to address problems with immigrant integration. Instead, this task is largely left up to local governments. For much of the 1990s, each locality came up with its own solution to the problem of integrating newcomer migrants into work, schools, and community life (Haig 2011). In 2001, then-Mayor Kitawaki of Hamamatsu, Shizuoka Prefecture, proposed that cities with large numbers of Japanese Latinos make collective appeals to the national government. The resultant *Gaikokujin Shūjūtoshi Kaigi*, or Council of Cities with High Concentrations of Foreign Residents (hereafter referred to as “the Council”) started out with 13 member cities and by 2010 had more than doubled to 28.¹⁷

Lobbying by the Council succeeded in drawing in many ministries that were previously only peripherally involved in immigration-related policymaking. For example, the Ministry of Education, Culture, Sports, Science and Technology (MEXT, formerly MOE) now not only tracks students needing language assistance in public schools, but it has also worked to develop a Japanese-as-a-second-language (JSL) curriculum.¹⁸ In response to Council requests for help during the recession that began in late 2008, the Cabinet Office provided funding for emergency employment and livelihood assistance for unemployed foreign workers.¹⁹ And a strategy room for coordinating national policies related to foreign residents begun within the Cabinet Office that was meant to be temporary under the Asō (LDP) administration was expanded and made permanent under the Hatoyama (DPJ) administration. The ‘Long-Term Foreign Resident Policy Promotion Office’ keeps track of different ministries’ policies and programs for foreigners, uses emergency funds to promote direct programs, and, since 2010, hosts a vice-minister level cross-ministerial working group that has proposed a new set of ‘basic principles’ for Japanese immigration policy.²⁰

These new basic principles call for relaxing restrictions on high-skilled workers in particular (something Keidanren has been openly pushing for since 2004), and making it easier for foreign students in Japanese universities to stay and work in Japan (*Yomiuri Shinbun* May 30, 2011).²¹ Plans to increase the number of foreign nurses and caregivers in Japan are proceeding despite resistance from the MHLW, labor groups, and the MOJ.²³ Although there are problems with recruiting, placement and retention, Japan has already begun importing thousands of nurses and caregivers from overseas to care for its growing legions of elderly citizens as part of bilateral Economic Partnership Agreements (EPAs) negotiated with the Philippines, Indonesia, and now most recently with Vietnam (*Asahi Shinbun*, October 20, 2011). Now there are even plans underway to recruit 6,000 trainees from Vietnam to work in Japanese nuclear power plants—the one job that Japanese workers least want to do in the wake of the March 11 nuclear disaster (*Sankei Shinbun* July 3, 2011).

However, the barriers to permanent settlement remain high for many would-be immigrants to Japan. Few visa categories allow family reunification or permit migrants to remain in Japan long enough to meet the long-term residency requirements for naturalization or legal permanent residence.²⁴ Whereas most OECD countries with traditional ancestry-based citizenship policies have changed their laws to allow the native-born children of qualified foreign residents to acquire citizenship as a matter of birthright, Japan has not (Chung 2010). Neither has Japan taken steps to make the process of naturalization more transparent, such as through the use of citizenship tests or a points system; instead, naturalization qualifications are still largely left to the discretion of MOJ caseworkers, without an appeals process (Asakawa 2003). Current immigration policy lets in greater numbers of foreign workers, but it does not make it easier for foreign residents to become citizens.

The March 11, 2011 disasters showed just how integral Japan’s immigrants have been within their adopted communities. Filipinas throughout Iwate, Miyagi, and Fukushima prefectures were some of the first to organize communications networks, charity drives, and a return to Catholic Mass services after the disasters (*Japan Times* June 11, 2011). Brazilians in nearby Gunma Prefecture gathered truckfuls of donated goods and drove them in a caravan to disaster sites up and down the coast within days of the tsunami (*Jōmo Shinbun* March 21, 2011). It is time for Japan to stop thinking of foreigners as temporary workers, as they have more than shown their potential as full-fledged Japanese citizens.

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Chapter Endnotes

- ¹ National Police Agency < <http://www.npa.go.jp/archive/keibi/biki/index.htm>>
- ² Detailed statistics can be found at the Ministry of Health, Labour and Welfare's website: <<http://www.mhlw.go.jp/toukei/saikin/hw/jinkou/suikai09/index.html>>
- ³ OECD <<http://stats.oecd.org/>>
- ⁴ In January 2011, Standard and Poor's cited Japan's significant demographic challenges as part of their reason for downgrading Japan's long-term sovereign debt rating (Financial Times, January 27, 2011).
- ⁵ Ministry of Health, Labour and Welfare: <<http://www.mhlw.go.jp/toukei/saikin/hw/jinkou/suikai09/index.html>>
- ⁶ Hokkaido Prefectural Government <<http://www.pref.hokkaido.lg.jp/ss/scs/gyousei/shityousondata.htm>>
- ⁷ One example of this is the fact that only three medical helicopters currently cover all of eastern Hokkaido, each responsible for over 100 square km (*Asahi Shinbun*, February 17, 2011). Prefectural officials have become increasingly aggressive in their attempts to recruit doctors to rural Hokkaido, but applicants for these positions have continued to decrease every year.
- ⁸ Ministry of Health, Labour and Welfare <<http://www.mhlw.go.jp/toukei/saikin/hw/jinkou/suikai09/index.html>>
- ⁹ A product of labor deregulation in the 1990s, which sanctioned the creation of a dual labor market, irregular workers have quickly come to comprise one-third of Japan's workforce today (Song 2010).
- ¹⁰ This early program—the result of negotiations between MOFA, the Japan Chamber of Commerce and Industry (JCCI), the Ministry of International Trade and Industry (MITI), and the Prime Minister's office—brought just 5,000 industrial trainees to Japan each year, most of whom were the employees of Japanese affiliates in nearby Asian countries; talks of expanding the 1971 trainee program faltered in the face of the 1973 oil crisis and subsequent recession (Ochiai 1974). By contrast, the much larger TIP and ITP programs later brought in over 100,000 participants per year.
- ¹¹ These numbers reflect registered foreign residents only, and do not include naturalized Japanese citizens (Ministry of Justice, Bureau of Immigration Control <<http://www.moj.go.jp/NYUKAN/nyukan42.html>>).
- ¹² In terms of unauthorized immigrants, the Immigration Bureau estimates that about 100,000 people have overstayed their visas, with another 13,000 to 22,000 estimated to have entered the country without authorization. Together, these represent only about 5% of foreign residents in Japan (by comparison, the U.S.'s estimated 11.5 million unauthorized immigrants accounted for 28% of the total immigrant population in 2010) <<http://www.moj.go.jp/NYUKAN/nyukan42.html>>.
- ¹³ OECD <<http://stats.oecd.org/>>
- ¹⁴ The most up-to-date numbers can be found at the Ministry of Justice, Bureau of Immigration Control's website: <<http://www.moj.go.jp/nyuukokukanri/kouhou/nyuukantourokusyatoukei110603.html>>
- ¹⁵ Ibid.
- ¹⁶ Ibid.
- ¹⁷ See the Council's website for more information: <<http://www.shujutoshi.jp/index.html>>
- ¹⁸ Ministry of Education, Culture, Sports, Science and Technology <http://www.mext.go.jp/b_menu/shingi/chousa/kokusai/008/toushin/1297513.htm>
- ¹⁹ The Asō administration also tried offering unemployed Japanese Latino workers the equivalent of up to \$3,000 in repatriation assistance in lieu of taking unemployment insurance—initially with the condition that applicants could never return to Japan—a policy that was later reversed in the face of domestic and international criticism that it amounted to treating Japanese Latinos as disposable labor (*New York Times*, 22 April 2009).
- ²⁰ Cabinet Office <<http://www8.cao.go.jp/teiju/index.html>>
- ²¹ Prime Minister's Office <<http://www.kantei.go.jp/jp/singi/jinzai/index.html>>
- ²² The Japanese Nursing Association adamantly opposed efforts to import Filipino/a and Indonesian nurses and caregivers. In other sectors, while there are a handful of smaller unions that support foreign workers, Japan's major unions have generally opposed immigration reforms out of concern that immigrants will depress wages for Japanese workers.
- ²³ So far, few recruits have been able to pass the Japanese nursing certification exam to stay on in Japan, which has prompted a debate about the practicality of an all-Japanese-language exam, and the possibility of at least translating medical technical terms on the exam into English.
- ²⁴ In fact, on paper Japan's five-year residency requirement for naturalization is the same as that of the U.S., and it is even shorter than most European Union countries' (Kondo 2001). For most would-be immigrants to Japan, the problem is securing a visa that would allow them to stay long enough to meet these residency requirements.

Exploring the Value of Alternative Forums for Climate Change Cooperation¹

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The defining problem of international cooperation in the 21st century lies in managing the growing global consumption of fossil fuels. This stems from two facts. First, the projected rate of increase in energy use worldwide raises questions about the capacity of the existing energy supplies and infrastructure to meet this growth at reasonable cost. The International Energy Agency, for example, notes that an additional 64 million barrels a day of crude oil needs to be added to global production between 2007 and 2030 in order to compensate for declines in existing fields and demand growth (International Energy Agency 2008b, 250).

Second, there are important environmental consequences associated with the increased consumption of fossil fuels. Scientific evidence supports the contention that global temperatures are increasing and that a significant cause of this increase in global temperatures can be attributed to the activities of mankind. While the effects of this change are uncertain, research suggests there is a heightened risk of catastrophic change. An authoritative study commissioned by the Chancellor of the Exchequer of the United Kingdom – the Stern Review – concluded there is a reasonable risk of serious and irreversible economic and social impacts due to climate change if GHG emissions growth maintains its existing path. Indeed, the Stern Review concluded that “climate change threatens the basic elements of life for people around the world -- access to water, food production, health, and use of land and the environment.” (Stern 2006, vi). The serious implications of these developments led the Stern Report to characterize the problem of global warming as the largest market failure yet identified.

The Role of International Institutions

Energy security and climate change are linked by their global character. The problem of climate change, in particular, is characterized by daunting *commons* and *public goods* problems. If we characterize stable atmospheric conditions as a public good, then the lack of property rights assigned to the consumption of this good leads to its overconsumption. Further, the benefits of implementing solutions to growing GHG emissions are dispersed among all countries in the form of reduced global warming, while the costs of implementing such policies, in the form of reduced national competitiveness, are concentrated.

Managing the challenges of mitigation and adaptation requires international cooperation. The most comprehensive international agreement governing the problem of GHG emissions is the United Nations Framework Convention on Climate Change (UNFCCC). The convention, which came into force in 1994 and has been ratified by 192 countries worldwide, committed member countries to implementing national policies designed to mitigate climate change and to share information on best practices and strategies for adapting to the effects of climate change. Following intensive international negotiations, the UNFCCC adopted the Kyoto Protocol in 1997 (it came into force in February 2005). The protocol establishes binding targets committing 37 industrialized countries to cut GHGs emissions an average of five percent below 1990 levels by 2012.

In addition to national measures, three mechanisms were adopted under the Kyoto Protocol in order to encourage international cooperation in reducing GHG emissions. These are emissions trading, the clean development mechanism, and joint implementation. The results of these programs have achieved greater reductions in GHG emissions than would have occurred under the base case. As of December 2008, for example, 185 projects were established under JI, equivalent to potential carbon emissions reductions of over 600 million tons of carbon dioxide over the first implementation period of 2008-2012. These included projects focused on renewable energies (wind, biomass, hydro), energy efficiency, fuel switching, and the upgrading of power stations. The vast majority have focused on the Russian Federation (90 projects). For CDM there are 4,252 projects in the pipeline, with a total expected emissions reduction of two billion tons of carbon equivalent. On the other hand, some analysts have noted that the total transfers under the CDM have not met expectations. In addition to total flows, questions have also been raised about the project-based approach to tackling climate change, which some analysts see as overly burdensome administratively (Sugiyama and Ohshita 2006).

Despite its emissions-reducing initiatives, the UNFCCC framework has not developed into an effective response to climate change (Victor 2011). This is for two reasons. First, while the United States remains the largest emitter of GHGs globally, incremental future demand is likely to come from a large number of countries at different stages of economic development, particularly in the Asia-Pacific region. Indeed, only 30 percent of GHG emissions over the next two decades will come from developed countries, with the other 70 percent driven by economic growth in developing countries, and particularly the Asia-Pacific region. The existing framework – which focuses on national targets for the existing industrialized countries only – does not recognize this problem.²

Second, fossil fuels are important in many industrial processes. Increasing the costs of carbon unilaterally therefore has implications for national competitiveness. This has led to reticence on behalf of governments in a number of the advanced industrialized states to agree to national targets for CO₂ emissions. The United States, for example, has signed but not ratified the Kyoto Protocol. Similarly Japan announced in 2010 that it would not take on commitments under the second implementation period of the Kyoto Protocol unless the protocol was transformed into a “fair and effective international framework with the participation of all major emitters.”

Exploring Alternative Forums for Cooperation

The differential rate of future emissions growth, and the problem of national competitiveness, has led governments to implement a series of embryonic efforts at building alternative institutions that can act as complements to, or partial substitutes for, the UNFCCC process. Institution building in alternative forums can help in two different ways: by reducing the number of countries--thus simplifying the process--and by adjusting the terms of cooperation.

Benefit One - Adjusting the Number of Negotiating Parties

Climate change is a global commons problem that requires a global response. Yet the complexity of negotiations in a multilateral forum including the majority of the world's states makes negotiating and implementing a global accord both time-consuming and resource intensive. Furthermore, many of the countries that are party to the UNFCCC negotiations process are unimportant in stabilizing future emissions.

Given this weakness, strategies have been developed to explore other institutional approaches to GHG emissions reductions, so long as they are in harmony with outcomes negotiated on a multilateral basis (Bodansky 2007). The Major Emitters Forum (MEF) represents one attempt to achieve greater levels of cooperation by reducing the number of parties to the negotiations process. The governments of the European Union have also created a number of initiatives, given the similar level of development of member countries and the greater degree of agreement about the risks climate change poses. The most important of these is the European Union Emissions Trading System (EU ETS).

Benefit Two – Adjusting the Terms of Engagement

A second benefit to seeking alternative forums of cooperation lies in the ability to adjust the terms of engagement. The UNFCCC process focuses on national governments and the establishment of national targets. It also operates according to the rule of unanimous consent. Together, this tends to promote race-to-the-bottom dynamics in terms of policy outcomes. Alternative institutions can ameliorate this problem in two ways. First, alternative institutions can be negotiated between governments that are more likely to reach agreement, decreasing the risk that an agreement will either not be reached, or will be reached but will be of a relatively poor quality, given the constraints of domestic politics. Second, alternative institutions can be negotiated between different groups of actors. This is especially important, given that privately-run companies are the key actors in the energy industry.

Existing Institutions within the Asia-Pacific Region

A number of embryonic attempts to pursue climate change cooperation within the Asia-Pacific region have been attempted. The Asia-Pacific Economic Partnership (APEC) adopted energy intensity targets across member countries in 2007 and has a number of working groups committed to promoting climate change policies in the region. ASEAN has also adopted a number of statements on climate change and has signed an agreement with Germany focused on the problem of climate change and forests.

A third joint effort initiated by the United States can be used to illustrate the potential benefits of exploring alternative institutions for cooperation in climate change. The Asia-Pacific Partnership on Clean Development and Climate (APP) is made up of seven countries representing over fifty percent of global GHG emissions, as well as a significant portion of future incremental emissions growth: Australia, Canada, China, India, Japan, Korea, and the United States. The organization was launched on January 12, 2006, aimed at facilitating the spread of more climate-friendly technologies, including engagement with the private sector. It also takes a sectoral approach to addressing climate change issues, in contrast to the comprehensive approach adopted by the Kyoto Protocol under which commitments are made to limit GHG emissions on a national basis. The institutional model represented by the APP represents an interesting contrast with the comprehensive and multilateral approach represented by the Kyoto Protocol.

Its public-private character means that it is focused on companies, which will be responsible for implementing the bulk of investments in the energy sector focused on GHG emissions reductions. The APP also has fewer actors than larger multilateral negotiating bodies, and it includes China and India, the major developing countries within the Asia-Pacific region responsible for future GHG

emissions growth. The APP partners currently account for 48 percent of global energy use and 50 percent of global GHG emissions (Australian Bureau of Agricultural and Resource Economics 2007).

Significantly, the APP model adjusts the terms of engagement by shifting to a sectoral focus, suggesting there may be less resistance to cooperation under the APP framework because it does not engender explicit trade-offs between the implementation of technologies and policies promoting GHG reductions and national competitiveness. The APP currently provides for cooperation across the following sectors: (1) fossil fuels; (2) renewable energy and distributed generation; (3) power generation and transmission; (4) steel; (5) aluminum; (6) cement; (7) coal mining; and (8) buildings and appliances. Projects undertaken through the APP framework also remain voluntary. As Bodansky and others have noted, there are a number of approaches focusing on sectors that can be taken to promote the reduction of GHG emissions, including sectoral targets for emissions reductions, the harmonization of standards, or others (Bodansky 2007; International Energy Agency 2008b).

Proposal – Taking Stock of Regional Solutions to Climate Change

The emergence of institutions that can act as complements to, or substitutes for, the global climate change agreement mirrors changes in the trade arena. The increasing difficulty in advancing cooperation in trade and investment has led numerous countries to pursue preferential trade agreements (PTA). The current Free Trade Area of the Asia-Pacific (FTAAP) proposal is one example of such an initiative. While the structure of the public policy problems differ, slow progress within multilateral negotiations on climate change is also likely to lead to an increase in institution building within more exclusive multilateral forums, as it has in trade.

There are two risks that have been identified with this approach, however. First, trade analysts have pointed out that the increasing complexity of rules embedded in PTAs can lead to a spaghetti-bowl effect, decreasing the utility of these agreements. Further, greater complexity can increase the danger of duplication and lead to bureaucratic overburden. Second, the quality of these agreements can be questioned, given that governments are able to negotiate opt-out clauses for domestically sensitive sectors.

Given the twin dynamics of failing multilateral negotiations and the emergence of regional institutions dealing with the problems of both mitigation and adaptation in climate change, it is useful for national governments to engage in a stock-taking exercise, assessing the performance and utility of existing institutional arrangements in responding to climate change.

The assessment could achieve two outcomes. First, it could enable governments, firms, and other stakeholders in the region to increase their awareness of the range of institutions that already play a role in climate change. Such an exercise would therefore contribute to avoiding the potential problem of duplication, identified above.

Second, regional institutions in the Asia-Pacific show variation not only in membership and issue-focus, but also in decision rules. In particular, institutions such as APEC and ASEAN place less emphasis on enforcement mechanisms such as legalization. A stock-taking exercise would enable stakeholders to learn about which forms of cooperation have proven particularly useful in which substantive areas, as well as which areas of potential cooperation remain relatively underdeveloped institutionally.

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Chapter Endnotes

¹ This paper is based on ongoing research with Jeffrey Lantis (College of Wooster) and Mireya Solis (American University).

² There are important normative questions associated with which countries should be responsible for taking the initial steps to combat climate change, given that countries in the developed world, including Japan and the United States, are largely responsible for the accumulation of greenhouse gases in the atmosphere to date.

Japan's Sputnik Moment: The Tohoku Crisis and the Rise of an Entrepreneurial Ecosystem

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On the morning of March 11, 2011, I was in Tokyo, in a meeting with American Ambassador to Japan John Roos, bemoaning the bureaucratic and cultural forces that have heretofore blocked Japan from developing an environment conducive to new entrepreneurial start-ups. Unfavorable tax laws are just one example of the many disincentives to entrepreneurs. An education system that produces individuals petrified of failure is another. We agreed that what Japan really needed was its own “Sputnik moment,” akin to the 1957 shock to the American government and to the national consciousness at witnessing the launch of the Soviet Sputnik satellite. Sputnik galvanized the United States, spurring the investment of billions of dollars to build the national capacity in science and technology, while encouraging young people to pursue careers in technology fields. Consequently, new technologies developed in the U.S. and eventually became the basis for numerous entrepreneurial start-ups, particularly in the field of communications and, on the Internet. The American transformation showed how entrepreneurial firms can be a major source of employment, innovation and growth, and how national policies that support new technology start-ups can play an important role in economic development and recovery.

Japan's Sputnik moment arrived at 2:46 p.m. on March 11th. The unprecedented environmental devastation wrought by earthquake, tsunami and nuclear meltdown has led to a shift in the national consciousness, not least of which concerned the so-called safety of nuclear energy. Bigger is no longer always better, as officials from the Tokyo Electric Power Co. (Tepco) and the government demonstrated on national TV when they seemed to struggle to comprehend just what was happening on the ground in Fukushima. On the other hand, a loose network of non-governmental organizations and social entrepreneurs, many having assisted in the rebuilding of Kobe after the Great Hanshin Earthquake of 1995, provided nimble and quick support to the victims. The owner of a Fukushima bus company, at the first tremors, rerouted his buses to the hills and saved his fleet, though he lost everything else. He immediately offered to lend a hand in the rescue effort, though when he asked the government for petrol, he was refused (in addition to being told by a central government official that his effort would be “voluntary” and if anything happened to his buses or drivers, the government would accept “no liability”). The persistent Good Samaritan, relying on his own social networks with other Japanese entrepreneurs, succeeded in trucking in petrol from other regions of Japan as well as from several other small businesses. His drivers ultimately rescued more than 5,000 people.

After the explosion at Fukushima Daiichi, a group of social entrepreneurs from Japan and the United States sprang into action and purchased Geiger counters and rushed to Tohoku, posting online real-time updates on the radiation dispersion and identifying dangerous “hot spots” far outside the government identified evacuation zone. Other volunteer groups introduced safe hydroponic (and “aquaponic”) farming methods¹ and proposed planting hardy wildflowers,² immune to radioactive and salt damaged soil. The wildflowers extract radiation from the soil, while producing a non-radioactive crop. What all of these individuals are doing is creating an extraordinary environment of innovation: new ideas are being tried on a trial-and-error basis, Japan has become more open to

ideas and people from the outside, and the perseverance and risk-taking on the part of the many young people helping to rebuild Tohoku is being noticed and celebrated in Japan. The seeds of an entrepreneurial ecosystem have been planted in the region, drawing comparisons with Kyoto, home to Nintendo, Kyocera, Horiba and many other entrepreneurial success stories deriving from that city's long-established entrepreneurial community.³ Incidentally, when this author arrived at Tokyo University in 1997 to begin work on a dissertation on Japanese entrepreneurs, it was only outside of Tokyo that a critical mass of support activity was to be found.

Ambassador Roos (who in October, 2011, was chosen as "Ambassador of the Year" by the State Department for his leadership after the earthquake) happens to be a Silicon Valley lawyer, with close ties to the entrepreneurial community there. One of his personal missions as ambassador has been to travel all over Japan and promote entrepreneurship. The ambassador's remarks are not merely grand speeches; the embassy has helped to connect networks of American entrepreneurs, venture capitalists, and non-profits to communities in Japan. How many other diplomats have made entrepreneurship a part of their mission?

Other examples of activities that promote the development of an entrepreneurial ecosystem include the Entrepreneurship Mentoring Initiative (EMI), sponsored by the American Chamber of Commerce Japan (ACCJ), the U.S. Embassy, Ernst and Young Japan, and others. There is also the Entrepreneurial Training for Innovative Communities (ETIC), Impact Japan and a new venture by the U.S. Japan Council: the Tomodachi Initiative on Entrepreneurship, inspired by Operation Tomodachi, the disaster relief joint-effort by Japan's Self-Defense Forces and the U.S. military. The United States, considered the world's leading entrepreneurial economy, has set the bar high for entrepreneurial innovation, with thousands of such new start-up competitions.

Japan ranks number two after the United States in the production of intellectual capacity (measured by patents), but heretofore has been unable to translate this into significant entrepreneurship. The 2009 Global Economic Development Index (GEDI) ranked Japan 29th in entrepreneurial performance, third from the bottom of all 31 economies with leading innovative capacity.⁴ The historically big-business oriented national government policies and business practices - like exploitative "exclusive subcontracting," slow payment to small businesses via the *tegata* payment system, "cost-down" monopsony unit pricing, "just-in-time" production that merely exported the cost of holding inventories onto subcontractors - had the net result of squeezing capital liquidity out of the majority of firms in the economy. The big-business approach has been shown to be ill-suited to stimulating high growth entrepreneurship. In 2000, the Japanese government, through the Ministry of Economy, Trade and Industry and the Ministry of Education, Culture, Sports, Science and Technology, began investing in new business incubation facilities, technology licensing organizations (TLOs) and other incentives to encourage university start-ups. Such efforts have been laudable, as civil servants have essentially stepped in to try to stimulate entrepreneurship, despite their lack of expertise and private sector networks.

But what is the most effective way forward for Japan, in its own Sputnik moment? Specifically, what policies can help to accelerate progress in developing an entrepreneurial ecosystem - a set of institutions and practices that support and encourage new business creation? There are three opportunities: tax reform, investment in human capital, and celebrating entrepreneurs -- and what it takes to become one. First, reward risk-taking by revising the Angel Investment Law. That is, allow the full amount of an investment to be credited against an individual's taxes in the event of a loss, as well as expanding the eligibility of firms and angel networks for tax credits. Second, jump-

start ecosystem cultivation by attracting the best-and-brightest young minds to Japan through open immigration policies.⁵ Qualified technologists and nascent entrepreneurs should be encouraged to study, work and become long-term residents, and (gasp!) even citizens. If the success stories of Japanese entrepreneurs make for riveting “against the odds” reading, those of foreign entrepreneurs in Japan would be of David and Goliath magnitude (in the late 1990s foreigners still couldn’t rent property without a Japanese “guarantor,” or obtain a bank loan). Lastly, Japan needs to embrace failure and celebrate entrepreneurs, recognizing that the most successful entrepreneurs have achieved success because of, and not despite, their failures. One American venture capitalist with investments in Japanese start-ups said recently, “I am looking for entrepreneurs who have already failed at least once, because I know they have already made, and learned from, their mistakes.”

How can Japan celebrate entrepreneurs? Japan is a country of rich tradition and ceremony, conferring “Orders” and “National Treasure” status on distinguished cultural and scientific leaders. Perhaps now is the time for the “Order of the Entrepreneur,” to be bestowed upon Japan’s most accomplished entrepreneurs, and also its rising stars.

Chapter Endnotes

¹ Fiveplanets, <http://fiveplanets.org/aquaponics>.

² J-Aid, <http://www.j-aid.org/home>.

³ The Kyoto Venture Forum (京都市ベンチャー企業目利き委員会) has been running annual business plan competitions since the mid-1990s and has a reputation for nurturing successful start-ups, <http://web.kyoto-inet.or.jp/org/venture/>.

⁴ Zoltan J. Acs, Laszlo Szerb, “Global Entrepreneurship and the United States”, Small Business Administration Office of Advocacy, September 2010.

⁵ Singapore has been very effective in this regard, through its “Guppies to Whales” scholarship and mentoring program, <http://www.nature.com/naturejobs/2007/070419/full/nj7138-948a.html>.

U.S.-Japan Security Relations

After the Storm

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In 2009, upon the historic election of the Democratic Party of Japan (DPJ), the United States and Japan entered into a period of confusion and crisis. Two significant events – the 2010 Diaoyu/Senkaku clash with China and Operation Tomodachi following Japan’s 3/11 tsunami—would restore faith in the alliance after this period of unease. However, the fundamental crisis between the allies –the stationing of U.S. Marines on Okinawa—has not been resolved.

After a half-century of Liberal Democratic Party (LDP) rule, the election of the DPJ—an opposition party with whom the United States had developed few ties—curve-balled relations between Tokyo and Washington. The DPJ’s prime minister, Yukio Hatoyama, had in his campaign vowed to create a “more equal alliance” with the United States. He began advocating the idea of an “East Asian Community,” telling Asian leaders that until recently Japan has been “too reliant” on the United States, and that he intended to steer Japanese foreign policy toward Asia. Foreign Minister Katsuya Okada similarly regretted that the LDP had been “excessively dependent on the U.S.”¹ Influential leader Ichiro Ozawa brought to Beijing a delegation of 146 Diet members. The DPJ appeared to be distancing Japan from its U.S. ally by withdrawing Japanese forces supporting the U.S. Navy in the Indian Ocean and by vowing an investigation of secret agreements in the 1950s and ‘60s between the U.S. and Japan regarding nuclear weapons. The Americans scratched their heads and tried to figure out who to talk to in Tokyo.

Confusion turned to crisis when Hatoyama announced that his government would reject a 2006 agreement about the relocation of Futenma Air Station on Okinawa. The agreement had been painstakingly negotiated between Washington and the LDP: they had agreed to close the base’s loud, dangerous runway and relocate the facility northward to a less densely populated area on the island. But, Hatoyama declared, why not move the base off Okinawa all together?

Okinawans rejoiced. Until Hatoyama, praised the mayor of Nago City (the proposed relocation site), “no politician had suggested moving the base out of Okinawa.”² Okinawans struggle with the demands of hosting fifty percent of American soldiers in Japan on less than one percent of Japan’s territory. The bases intrude into all aspects of daily life. Thundering helicopters crisscross over densely populated cities and turquoise coastlines. In 2004, a CH-53 helicopter smashed into Okinawa International University in Ginowan City (miraculously no one was killed). Ginowan’s city council passed a resolution lamenting that the base “threatens [the] safety of residents even when they are inside their homes.” The resolution stated, “Each time there was an accident, we protested. However, each time, both the U.S. and Japanese governments merely expressed their regret and promised to take preventive measures. Yet the accidents continue to happen.”³

Okinawans also resent the sex and crime that the bases bring. U.S. servicemen spill into the streets in front of bars and restaurants, cavorting with corrupted daughters. In 1995, the anti-base movement was galvanized by the savage rape of a schoolgirl by three U.S. servicemen. Local journalist Michi Yonamine argues, “Tokyo talks about possible threats from North Korea and China, but in Okinawa we live every day with the threat from the bases – accidents and crime such as rape.”⁴

Indeed, Tokyo has its wary eyes on regional threats. As Wikileaks revealed, U.S. Assistant Secretary of State Kurt Campbell told his Japanese interlocutors, “The United States and Japan face the most challenging security environment in the history of the alliance.”⁵ And many Japanese agree. Kazuyoshi Umemoto, the director general of North American affairs at the Foreign Ministry, told Campbell that his government needed to do more to make sure that “the public better understands threats to Japan.” Prominent journalist Yoichi Funabashi, in an open letter published in *Asahi Shinbun*, warned, quoting a U.S. official, “What do you think would happen to the Senkaku Islands if the Marines left Okinawa? From the very next day, a Chinese flag would be flying over those islands.”⁶ In a similar vein, Japanese conservative Yukio Okamoto, a former special advisor to the prime minister, wrote in *Bungei Shunju*, “upon the withdrawal of U.S. Marines from Japan, China would extend its hand to grab the Senkaku Islands,” after which, he argued, “the area around the Senkakus would become Chinese territorial waters, and the borders of China would in a flash be pulled up close to Okinawa.”⁷

With the U.S. ally and Japanese conservatives in an uproar, Hatoyama started back-pedaling. His pacifist Social Democratic Party (SDP) coalition partner was furious (“The SDP and I will not betray Okinawa,” proclaimed its leader, Mizuho Fukushima).⁸ The SDP pulled out of the governing coalition; in the sturm-und-drang, Hatoyama resigned in June 2010. Things began to calm down. Hatoyama’s successor, Naoto Kan, pledged to abide by the relocation plan (as has the new Prime Minister Yoshihiko Noda).

The chaos in U.S.-Japan relations was stilled not only by Hatoyama’s exit but by the onset of regional security crises. Japan already had a wary eye on China, because of its remarkable GDP growth (which recently sped past Japan to become the world’s second-largest economy). Moreover, China’s regime has relied upon anti-Japanese propaganda to create legitimacy for itself, and has been engaging in energetic military modernization. But in the autumn of 2010, a Chinese fishing trawler crashed into a Japanese Coast Guard vessel near the disputed Diaoyu/Senkaku Islands. Japan arrested the captain, sparking outrage in China. Beijing played hardball, issuing threats and embargoing rare earths exports to both Japan and the United States. Streets filled with aggrieved and nationalistic Chinese demonstrators shouting epithets at the Japanese. Then, later in the fall, North Korea shelled Yongpyeong Island (particularly alarming given Pyongyang’s brazen sinking of the South Korean frigate *Cheonan* the previous spring, which killed 48 sailors). Analysts argue that these acts were aimed at shoring up support for the transfer of power from Kim Jong-il to his successor. After these crises, China and North Korea appeared increasingly dangerous, and the United States an increasingly valuable ally.

Then came 3/11. Japan suffered its greatest calamity since World War II, with over 20,000 people dead or missing, lives and livelihoods shattered, and radiation spreading across Japanese territory. The alliance sprang into action with Operation Tomodachi (friend). The U.S. military provided a massive airlift that delivered supplies and transported thousands of troops from Japan’s own Self-Defense Forces. American servicemen and women rapidly restored airports and other infrastructure to permit the flow of more relief into the area. American aircraft and helicopters flew over the sodden region, hunting for survivors. American expatriates journeyed to Tohoku to provide humanitarian relief, clean up debris, and help rebuild.

Both 3/11 and the Senkaku dispute underscored to the Japanese the need for a strong U.S.-Japan alliance. The events softened skepticism about the U.S. military footprint in Japan and about the budget demands that accompany those bases. It was because of those bases, after all, that the American *tomodachi* were able to quickly reach the tsunami-devastated areas. It was those noisy, dangerous

helicopters that circled over the flooded landscape searching for survivors. It was those loud, over-sexed Marines who hoisted sacks of rice to the desperate people of Tohoku. U.S. Ambassador John Roos says he has been deluged with grateful letters, emails, and phone calls from the Japanese people. One letter, he noted, was from an Okinawan man who said that he has spent the past 60 years hating the United States. Operation Tomodachi, however, had changed his mind: the United States, he wrote gratefully, was truly Japan's friend.⁹ The alliance is thus stronger than it has been in a long time – and in their humanitarian relief efforts, the Japanese and Americans have shown the world an impressive example of military cooperation.

The post-3/11 ebullience in the alliance has, for the moment, sidestepped the uncomfortable reality that the crisis over Futenma remains unresolved. The deadline for relocation has been kicked to 2014, and observers anticipate further delays. The people of Okinawa remain loudly opposed to the plan to relocate the base to Henoko, and say they want the Marines off the island. Writes analyst Hitoshi Tanaka, "Given the heightened expectations of the people of Okinawa as a result of Hatoyama's flowery rhetoric, implementation has become more difficult, and we can expect strong opposition from affected localities."¹⁰ As Okinawan Governor Hirokazu Nakaima commented (in a reversal of his previous, more flexible position): "Moving [the Marine operations] within Okinawa is not an option."¹¹ "Henoko," comments Columbia University's Gerald Curtis, with characteristic New York bluntness, "is not going to happen."¹²

Relocation requires the approval of the Okinawan governor, who (according to Japan's land reclamation law) must approve any plan that involves reclaiming publicly owned coastline. The Okinawan people have elected in Governor Nakaima someone who would never grant such approval (indeed, all of the gubernatorial candidates in 2010 fell all over each other trying to prove who was the most anti-base). The next move would be Tokyo's: to go over the governor's head, the Diet would have to amend Japan's land reclamation law, which it probably would, given Tokyo's commitment to fulfilling the relocation deal. However, the passage of the bill would most likely unleash a new round of protests among Okinawans who would feel, once again, as if Tokyo were shoving the bases down their throats. And then, notes Packard, "standing by, there's the great democracy, the United States: ignoring the wishes of the people of Okinawa."¹³

On both sides of the Pacific, another increasingly divisive issue will be budgeting. On the U.S. side, former Defense Secretary Robert Gates' tongue-lashing of NATO, plus congressional struggles over budgets and debt reduction, suggest that Washington will be asking its allies to do more, not less, in the future. But Tokyo may be less and less amenable to this. As Eric Heginbotham, Ely Ratner, and Richard Samuels argue, the DPJ's reform of the defense budgeting process has created a new transparency in Japanese budgeting—which will require the Japanese government to make the case to the Japanese people for the large sums it reimburses the Americans for basing troops there. "The days in which bureaucratic decisions will translate directly into military budgets and policy," they note, "are long gone." They point out that in the post-tsunami Japan, "the need for reconstruction will surely diminish popular support for base realignments that will cost Japan billions of dollars."¹⁴ How Tokyo and Washington will square these circles has yet to be seen. But thanks to the wrath of nature, and the wrath of China and North Korea, their work will be that much easier.

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Are Financial Crises the Achilles Heel of Democratic Government?

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Over the past year, I have been researching the relationship between democracy and financial crises. Two striking observations provide the impetus for this project: 1. Financial crises over the past two centuries have tended to disproportionately afflict democratic states rather than autocratic states. 2. In both the Great Depression and the recent series of crises since 2008, the best performing major economies have been autocratic (principally Germany and Japan in the 1930s and China in the 2000s). Are democracies more prone to financial crises and less adept at managing them when they occur? If so, why?

Existing scholarship has generally attributed economic advantages to democratic governance. Democratic governments may be more capable of credible commitment, allowing for greater borrowing and government expenditure in times of need (Schultz and Weingast, 2003; North and Weingast, 1989; Conklin, 1998; Bulow and Rogoff, 1989; Eaton, Gersovitch, and Stiglitz, 1986). Democracies are less likely to engage in confiscatory policies, which in turn facilitates domestic investment (Olson, 1993; Lake, 1992). Leaders of autocracies may be less likely to provide public goods, as they are beholden to a narrow coalition of supporters rather than the general public (Bueno de Mesquita et al, 1999). Scholars have observed a broad correlation between economic development and democracy (Geddes, 1999; Przeworski and Limongi, 1993; Lipset, 1959). However, attempts to connect regime type to economic development are plagued with serious endogeneity problems – we cannot be certain whether democracy causes growth or vice versa (Robinson, 2006; Acemoglu, Johnson, and Robinson, 2005; O'Donnell, 1973). In addition, democracies have been criticized for various pathologies, including indecision, irresoluteness, and being excessively beholden to mercurial public sentiment (Kirpichevsky and Lipsky, 2010; Kennan, 1977; Morgenthau, 1973; Lowi, 1967; Lippmann, 1955).

There is a vast literature on the causes and consequences of financial crises. However, this scholarship has largely ignored political factors. Financial crises have been attributed to, among other things, financial liberalization (Reinhart and Rogoff, 2009), monetary policy mistakes (Grimes, 2001; Bernanke, 1985), weak international leadership or cooperation (Eichengreen, 2010; Kindleberger, 1986), and various psychological biases and irrationalities (Stix, 2009; Kindleberger, 2000; Keynes, 1935; Mackay, 1841). However, few studies have systematically investigated the relationship between democratic governance and the incidence of and response to financial crises, and those that have focus on only the very brief time period since the 1970s (e.g., Rosas, 2009).

My research has been considering two primary questions. First, are democratic governments more susceptible to financial crisis? A cursory overview of the historical record is suggestive. The most infamous examples of historical asset price bubbles are generally associated with democracies or quasi-democracies, – e.g., the Dutch Tulipomania, the British South Sea Bubble, the U.S. stock market mania of 1929, the Japanese and Nordic stock and real estate bubbles of the early 1990s, and real estate appreciation in several developed democracies leading up to the crisis of 2008.¹ Banking crises are not correlated with level of development (Reinhart and Rogoff, 2009, Ch. 10), which rules out a major, potentially confounding variable.

In fact, a systematic evaluation of data covering the past two hundred years reveals that democracies have been about three to five times more likely to encounter financial crises than autocratic regimes (Lipsky, 2011). This appears to be due to three main factors. First, democratic governments are more likely to liberalize their financial sectors, inviting excessive speculation and overleveraging. Second, because democratic countries tend to be more economically open to various economic flows, they are more susceptible to the effects of international contagion. Finally, democratic leaders may be more prone to ignore the long-term consequences of policies that create boom/bust cycles, since they may calculate that they will no longer be in office when the crash finally occurs.

The second question I seek to answer: once a financial crisis has occurred, are democracies less effective than autocracies at crisis response? One striking feature of the 1930s is how quickly autocratic regimes recovered from the global depression compared to their democratic counterparts. Germany, Italy, Japan, and the Soviet Union experienced more shallow recessions and recovered more quickly than France, the United Kingdom, and the U.S. During the 1930s, on average, these autocracies outperformed the democracies by about 3.5% in annualized GDP growth.² China's strong performance in the crisis of 2008 has received widespread attention, leading some popular writers to tout the superiority of the Chinese authoritarian model (e.g., Jacques, 2009; Halper, 2010). This contrasts to the seemingly ineffective response of democratic countries, exemplified by Japan's lost decade of the 1990s (Lipsky, 2011). Once a crisis has occurred, the checks and balances inherent in democratic governance may restrict the scope and effectiveness of interventionist policies such as financial sector bailouts and Keynesian fiscal stimulus.

To address this topic, I have been collecting data on government responses to all known financial crises over the past two hundred years. Although data collection is still ongoing, preliminary analysis suggests that democracies may not be as ineffective at financial crisis response as commonly assumed. Although autocratic governments may face fewer constraints in responding to crises, such regimes seem to fail spectacularly as often as they succeed. However, most of the data I have collected so far does not cover the most serious crisis episodes such as the Great Depression of the 1930s. It is possible that democratic governments have trouble responding to crises that call for particularly large-scale intervention or unorthodox measures.

Recent financial crises have affected advanced industrialized democracies – the United States, Japan, and Europe – which constitute the lion's share of world economic output. The world economy has not experienced crises of this breadth and magnitude since the depression years of the 1930s. If democratic governments prove particularly prone to and ineffective at responding to financial crises, the legitimacy and popular support for democratic governance may be gradually undermined. My research will therefore produce important insights about how to enact countermeasures and shore up democratic government against the adverse effects of future crises.

Chapter Endnotes

¹ For a historical overview, among others, see Mackay (1841), Galbraith (1994), Kindleberger (2000), Chancellor (2000), Reinhart and Rogoff (2009). There are, of course, notable exceptions such as the Mississippi Scheme, which occurred in monarchical France, and, more recently, Dubai.

² Author's calculations based on data compiled by Angus Maddison.

A Lost Opportunity? Recent Japan-South Korean Relations

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Cooperative relations between South Korea and Japan, both U.S. treaty allies, arguably is in the best interests of Tokyo, Seoul, and Washington, because it enhances regional stability, helps coordination over North Korea policy, and boosts each country's ability to deal with the strategic challenges posed by China's rise. Over the past few years, Japan and South Korea have had a golden opportunity to upgrade their relationship. In Seoul, President Lee Myung-bak entered office in 2008 seeking to improve relations with Tokyo, which had deteriorated markedly during his predecessor's term. In Tokyo, the Democratic Party of Japan (DPJ), which rose to power in 2009, gave indications that it was willing to do more to acknowledge and express regret for Imperial Japan's 35-year occupation of the Korean Peninsula in the first half of the 20th century. Moreover, after entering office, DPJ leaders seemed to place a priority on boosting Japan's relationship with South Korea to a new level.

Indeed, taking advantage of this coincidence of leadership, the two capitals have made significant progress over the past two years. Cemented for the first time in years by a common strategic outlook on North Korea, trilateral South Korea-Japan-U.S. coordination over North Korea policy has been particularly close. The South Korean and Japanese militaries also have stepped up their cooperation, including the unprecedented participation of Korean observers in U.S.-Japan military exercises in 2010. Moreover, until recently, Lee generally has given less public emphasis to flare-ups over history and the two countries' territorial dispute over the Dokdo/Takeshima islands, a group of rocky islets in the Sea of Japan. He also welcomed the most recent Japanese apology for its history of aggression, from Prime Minister Naoto Kan in August 2010, recognizing the 100th anniversary of Imperial Japan's annexation of the Korean Peninsula. Many observers said that the apology, along with Kan's move to return thousands of antiquities taken from Korea during the occupation, were major reasons South Korean protests marking the anniversary were much smaller and less virulent than had been expected.

People-to-people ties also have blossomed, with tens of thousands of Japanese and Koreans traveling to each other's countries every day. The South Korean pop culture wave – or *hallyu* – has swept through Japan, with millions of Japanese becoming fans of Korean soap operas and K-Pop music. Hundreds of thousands of South Koreans, including some victims of Japan's colonial period, donated record amounts of funds to Japan after the March 11 earthquake and tsunami off the coast of northeastern Japan.

However, despite these positive developments, the two governments have not yet been able to take the relationship to the next level. There are several reasons for this. The first is the weakness that Japan's domestic turmoil has produced. The constant churn of leadership – six prime ministers in five years, plus years of a divided, or “twisted,” parliament -- have sapped Japanese leaders of time and energy that they could have been devoting to proactive and strategic foreign policies, such as upgrading relations with South Korea. Also, criticisms of Japanese leaders' mishandling of territorial disputes with China and Russia have made the DPJ vulnerable to the charge that they are not doing enough to protect Japan's sovereignty. This has made it difficult for the DPJ to be seen as weak on the Dokdo/Takeshima disagreement with South Korea.

A second factor is South Korean domestic politics. South Koreans' mistrust of Japan on historical and territorial issues continues to linger. Many South Koreans believe Japan has escalated its claims to Dokdo/Takeshima since the mid-2000s, and there's a widespread complaint that Japan has not adequately acknowledged its history of aggression against Korea. Taking major, symbolic steps forward in relations with Tokyo is still politically risky for whomever occupies the Blue House in Seoul. Moreover, just as is the case with right-wing groups in Japan, some hard-line Korean nationalist groups have an interest in picking at these bilateral scabs to advance their political agendas. This has forced Lee to take measures to try to prevent historical and territorial disputes from significantly spilling over into other areas of the relationship, expending political capital that could have been used to carve out new areas of cooperation.

Third, although the two governments see eye-to-eye on North Korea, they tend to have different views of China. Unlike Japan, South Korea generally does not see China as an existential challenge and territorial threat. South Korea also needs Chinese cooperation on North Korea. Accordingly, Korean leaders tend to be much more wary of taking steps that will alarm China, particularly moves that Beijing could interpret as forming a new "alliance" with Tokyo. One contingency that could change this calculation is if China is seen as enabling North Korean aggression, as most South Korean leaders believe was the case after North Korea's shelling of a South Korean island in November 2011.

Two indicators to watch over the coming months in Japan-South Korea relations are (1) whether the two countries can restart and complete free trade agreement (FTA) negotiations that have been stalled since 2004, and (2) whether they can complete negotiations over an information sharing agreement and an Acquisition and Cross-Servicing Agreement (ACSA), both of which would facilitate greater cooperation and coordination between the two countries' militaries. Some had hoped that the military agreements could be completed by the end of 2011. However, a flare-up in the Dokdo/Takeshima dispute and a resurfacing of the "comfort women" controversy have led South Korea to slow down these talks. With Lee's term winding down – the next Korean president will be elected in December 2012 – it is possible that the two countries will run out of time.

Japan's Declining Street Homelessness: What It Obscures and What It Implies for the 2012 Expiration of the "Homeless Self-Reliance Support Act"

Matthew D. Marr - Florida International University

If one were to stroll down the concrete banks of the Sumida River in *shitamachi* Tokyo at both the beginning of the first decade of the new millennium and the end, one would notice two glaring differences. First, in 2000, the (in)famous Asahi Beer building would be the most distinctive within view. By 2010, that building would be dwarfed in the riverside panorama by the immense, nearly-completed 2,080 foot Sky Tree broadcast tower. The second difference would be more immediate. In 2000, there would be several hundred makeshift huts clustered in miniature villages, bubbling with activity and social interaction as its inhabitants eked out subsistence livings. The same route in 2010 would be much more tranquil, those same spaces cleared and blocked off with planters, leaving little visible evidence of the impoverished encampments that used to be there. This transformation of public space has occurred in many urban areas across Japan, as reflected in the decline of narrowly defined street homelessness from a peak of 25,296 in 2003 (MHLW 2003) to 10,890 in 2011 (MHLW 2011).

With the collapse of the bubble economy and rising unemployment in the early 1990s, Japan's urban landscape saw surges in the number of people living in blue-tarp covered tents, flopped out on cardboard around train stations, and lined up for free food in parks at *takidashi* (souplines). These people were overwhelmingly single, middle-aged men who had been employed in construction and manufacturing (Hagiwara 2001). Increases in street homelessness, which continued into the new millennium, prompted activism among persons with backgrounds in labor movements and Christian volunteerism, as well as eliciting a governmental response. The national "Homeless Self-Reliance Support Act," enacted in 2002, was a crystallization of this response and promised to expand targeted transitional shelters to help people search for employment and housing. Outside of these programs, new approaches also developed that placed people directly in subsidized housing and provided supplemental services for employment search, medical care, and the like. At the same time, access to welfare benefits, previously curbed by various "street-level bureaucracy" tactics at welfare offices, expanded and was used to provide housing for persons formerly living in parks, stations, and other public spaces. Thus, rising street homelessness in Japan began to reverse in 2003, with the trend continuing despite spiking unemployment and widening poverty amid the current global economic crisis. How does one explain this counter-cyclical decline in street homelessness in Japan? What does this narrow focus on street homelessness obscure? What are the major issues confronting policymakers, activists, and people experiencing homelessness as Japan's "Homeless Self-Reliance Support Act" is set to expire in the summer of 2012?

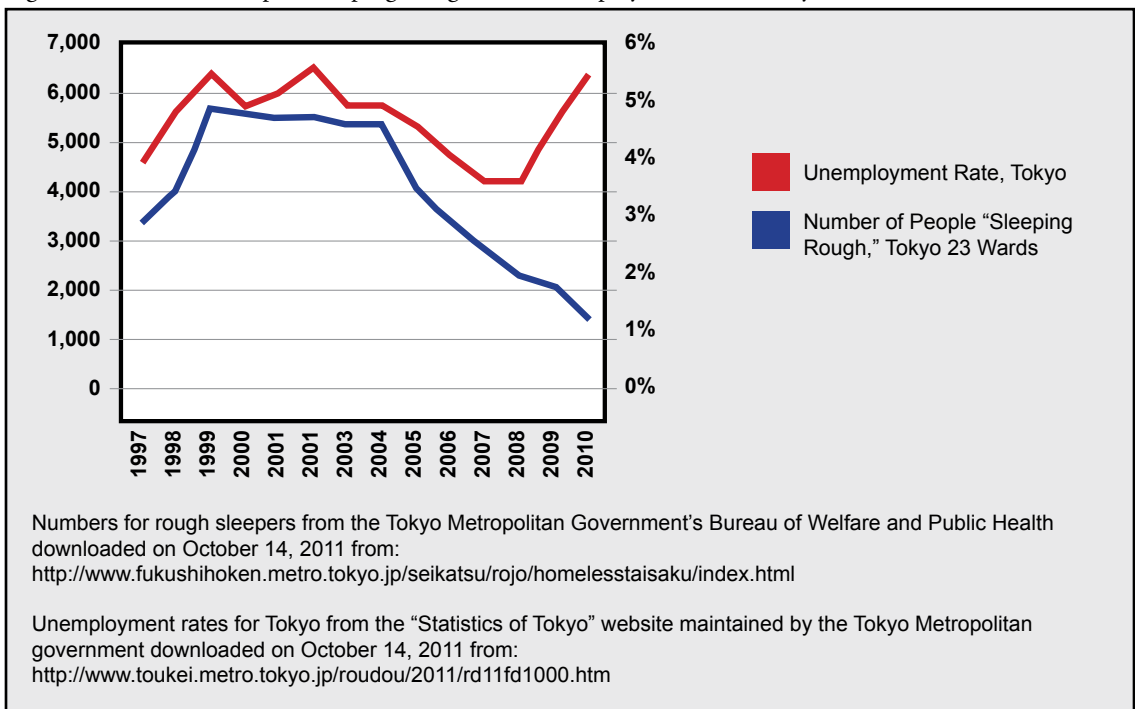
To address these questions, I draw on recent research by scholars and activists in Japan, interviews with activists and policymakers, and fieldwork primarily in community based organizations in Tokyo since the late 1990s. I argue that the decline in street homelessness partially reflects successful government-community organization collaboration to address a complex social problem. However, at the same

time it obscures a broader widening of employment, housing, and social precariousness for which Japan must find innovative responses, especially in the post-3/11 era of constrained resources.

Factors Driving the Decline in Street Homelessness

As in the United States, enumeration procedures for homelessness in Japan have suffered validity and reliability problems that make statements about long-term trends difficult. For example, Japan’s Ministry of Health, Labor, and Welfare (MHLW) uses a very narrow definition of literal, street homelessness that is limited to “persons having to live and carry out daily living in parks, riversides, streets, stations, and other buildings” (2011:1). This excludes people living in various forms of precarious housing, such as those in housing programs for the homeless, living in cars, or camping out in all-night commercial establishments like saunas and Internet and *manga* cafés. Also, early enumerations considered only certain major urban areas that were known to officials as having homeless populations, until scholars and activists demonstrated that the problem was substantial in suburban areas and regional cities. There are many other problems with these censuses, including the difficulties encountered when counting a mobile population that uses myriad survival strategies at varying hours of day and night and using police enumerators. Although still suffering from similar validity issues and retaining a focus on street homelessness, local level data from Tokyo has been collected in a generally consistent fashion, allowing for better comparisons over time. This data reflects the same fluctuations that have been documented nationally by the less consistent data of the MHLW. As one can see in Figure 1 below, street homelessness in Tokyo rose sharply in the late 1990s along with the local unemployment rate, as the economy struggled amid the Asian fiscal crisis, public works projects to prop up construction employment ran out, and firms continued restructuring prompted by stagnation (Tamaki and Yamaguchi 2000). Homelessness peaked in the early 2000s as the global economy took a downturn in the aftermath of 9/11.

Figure 1. Number of People “Sleeping Rough” and Unemployment Rate, Tokyo 1997-2010



But by 2004, cities across Japan began seeing substantial decreases in street homelessness for the first time in the post-bubble era (MHLW 2007a). Around this time, amid progressing labor market deregulation led by the administrations of Prime Minister Junichiro Koizumi and a recovering global economy, the Japanese economy saw its strongest revival in the post-bubble period and unemployment declined. At the same time, new interventions to address homelessness expanded beyond emergency and transitional programs to subsidized housing. While early responses to homelessness in Japan are characterized by a denial of both the specific problem and of basic human rights (Guzewicz 2000, Iwata 2000), in the late 1990s and early in the new millennium, national level politicians began to work with local governments and activists to develop a better response. This culminated in the 2002 passage of the *Hōmuresu no Jiritsu no Shien Nado ni Kan-suru Tokubetsu Sochi-hō* (“Special Law on Temporary Measures to Support the Self-Reliance of Homeless People,” hereafter the Homeless Self-reliance Support Act). This act bypassed many activists’ calls for providing sufficient access to *seikatsu hogo* (livelihood support), a cash benefit program for persons that are unable to maintain a culturally defined basic standard of living. Instead, as the name of the act reflects, the policy emphasized the self-reliance of people experiencing homelessness. The new approach primarily created *jiritsu shien sentā* (self-reliance support centers) in Tokyo, Yokohama, Nagoya and Osaka (Gill 2005). These centers were based on time-limited, dorm-like programs created in Tokyo in response to conflicts over access to public space in Shinjuku in the late 1990s. There was local variation in terms of the programs implemented and outcomes. The percentage of persons using the centers that left for employment and rental housing ranged from 30 percent to 50 percent (as was the case in Tokyo), though little was known about for how long the new jobs and housing lasted (Kitagawa 2005, Yamada 2010). The centers have been criticized for a narrow focus on standard employment for a vulnerable population in a deregulating labor market, rigid time limits (two months to find employment in Tokyo), living arrangements with little privacy, and lack of long-term aftercare (Marr forthcoming, Yamada 2009). Also, the centers failed to result in visible or measurable reductions of encampments in public spaces. Thus, local policymakers sought out new measures. Greatly influenced by a visit to observe efforts to reduce street homelessness in New York City, Tokyo Metropolitan Government officials, social service providers, and community organizations collaborated to implement post-bubble Japan’s first “housing-first” program targeted to reduce large street encampments.

Between 2004 and 2009, the *Chiiki Seikatsu Ikō Shien Jigyō* (“Moving to Community Life Support Program”) targeted large encampments near many of Tokyo’s prime commercial and residential spaces, such as Sumida Park, Ueno Park, Shinjuku Central Park, Yoyogi Park, Toyama Park, Miyashita Park and others. Staff of *shakai fukushi hōjin* (technically private “social welfare legal persons” but actually semi-governmental social service providers) and private, non-profit organizations set up temporary offices in parks, began patrols, and informed people living in the parks about the program—they would be placed for two years in subsidized apartments rented out by the TMG for 3,000 yen per month, and for the first three months the TMG provided temporary part-time jobs. There was some resistance and apprehension about the “3,000 yen apartment” program. Some Sumida Park residents I spoke to at the time were concerned about their inability to maintain jobs and social ties they relied on to support themselves while living in encampments. Some were unsure they could find and keep jobs in the labor market. Also, in information sessions in Sumida and Shinjuku Parks leading up to the program, TMG representatives sternly stated that people who did not find employment after that time would not receive any special access to *seikatsu hogo* welfare benefits. However, over time front-line workers quelled some of the apprehension about the program and built up trust. Take-up rates across the parks ranged from 93% to 35%, and the modal rate was 63% (Bando et al. 2008). Also, despite TMG’s initial stingy stance, there seemed to be few barriers in accessing *seikatsu hogo*,

with 91 percent remaining in housing after one year and 45 percent supported by the welfare benefit. Critics have argued that many of the apartments were of poor quality, people were left in isolation, and it has rendered life on the streets harsher for those not targeted by the program (Yamada 2005). Nonetheless, the TMG attributes much of the broader decline of street homelessness to the 3,000 yen apartment program as well as the self-reliance support centers (TMG 2007). However, clearly bolstering the effects of both programs was a broader, nation-wide trend of increased access to *seikatsu hogo*.

Despite data demonstrating an earlier beginning of the decline in street homelessness, many observers, media and activists alike, point to the highly visible “*haken mura*” (“dispatch village”) campaign of the winter of 2008-2009 as the key event triggering expanded access to *seikatsu hogo* and thus the decline. As the global economy spiraled downward in the early winter of 2008 and unemployment began to rise in Japan, the mass media roused mounting public concern about what the downturn meant for dispatch workers. These are the very workers that saw heightened demand as labor market reforms under Koizumi expanded the sectors of the economy in which sub-contracted dispatch workers, rather than full-time employees, could be used, most notably in manufacturing. With such a dramatic move away from core elements of “Japanese-style management” (lifetime employment, seniority-based promotion, and copious fringe benefits), with the *kaisha* or company as family, the public became concerned that the global economic downturn would throttle Japan’s manufacturing sector, dispatch workers would be fired, and, since many lived in company dorms, that they would become homeless en masse. Media savvy labor unionists and anti-poverty activists saw an opportunity in the swelling concern and took action. Leaders decided to bring the issue to the doorstep of the MHLW and in nearby Hibiya Park created a larger and more visible version of *ettō tousō* (the fight to survive winter), a long-time practice of day labor unions and homelessness activists, setting up encampments to help people survive the period of unemployment around the New Year holiday.

Haken mura provided food and makeshift lodging, as well as counseling on a variety of issues, including employment and welfare (Shimada 2009). Over the six days that the village was in operation more than 500 people that had lost jobs and housing came to the village to receive aid from approximately 1,700 volunteers. The MHLW responded by opening its doors to house village “residents” in the cold temperatures, and the TMG opened temporary shelters after the village efforts ended. In the spring of 2009, the MHLW issued communications encouraging local welfare offices to reduce barriers to *seikatsu hogo* to aid persons negatively affected by the global economic crisis. In the same year, Yuasa Makoto, one of the leaders of *haken mura*, was brought in as a consultant to the new Democratic Party of Japan cabinet on issues related to poverty. Yuasa’s participation has contributed to the development of programs that aim to prevent homelessness, such as short term loans to pay for housing and living costs and a “personal supporter” program that matches case workers to socially isolated and unemployed young persons in need of help navigating various public and private support systems.

Haken mura certainly served to focus public attention on the issues of poverty and homelessness and resulted in improvements in Japan’s welfare programs. However, MHLW data on welfare benefits¹ suggests that *haken mura* only may have contributed to a small jump in number of recipients, since there was already a continuous increase in *seikatsu hogo* outlays since 1993 due to aging and growing poverty. Also, my fieldwork in street outreach in Tokyo, Osaka, and Kyoto as well as interviews with welfare office case workers and activists in these cities suggest that the widened access to *seikatsu hogo* occurred much earlier than *haken mura*. Also, as I will discuss in the next section, this expanded access to *seikatsu hogo* involved some trends that were less than clearly benevolent. So, although *haken*

mura did not initiate the decrease in street homelessness, it likely played a significant role in allowing the decline to continue counter-cyclically despite increased unemployment after 2008.

The “Invisible” Homeless

While the ongoing decline of street homelessness is notable, such enumerations clearly miss the “invisible homeless”—persons inhabiting shelters and other facilities, all-night Internet cafés and saunas, and other places not meant for human habitation. Amid the expansion of access to *seikatsu hogo* and the decline of the encampments, concern has risen over manipulation of the tax-payer funded benefit by *hinkon bijinesu* (poverty businesses). Local ward welfare offices were long criticized for setting up obstacles to the receipt of welfare benefits to persons experiencing homelessness, such as requiring home addresses (Gill 2005, Iwata 2000). However, fieldwork spanning the late 1990s and early 2000s in Tokyo’s Taito and Sumida Wards showed that there was a notable increase in individuals being approached by representatives of what were putatively newly formed NPOs, largely outside the networks of established aid organizations. These new organizations placed people in simple housing, thus solving the address problem, and generally successfully linked them with *seikatsu hogo* benefits. The problem is that there is little oversight of these organizations and they are widely suspected of providing meager rations, cramped housing, and insufficient services, and pocketing much of the welfare benefits. Okuta Tomoshi, Director of the National Network of Homeless Support, estimated in 2010 that there were between 6,000 and 7,000 people living in such problematic facilities in Japan’s major urban areas (Terao and Okuta 2010:10). However, with such a rapid expansion of *seikatsu hogo* and different organizations providing housing for recipients, it is hard for local offices to effectively oversee programs and weed out abusers of the system from those that are providing crucial support. In a more positive light, concern about poverty businesses has forced national and local governments to reconsider how public and private sectors can work together to provide adequate aid to vulnerable populations. This has resulted in increased awareness in the public sector of a need to rely on and provide sufficient resources to private nonprofit organizations for adequate “aftercare” supportive services. Nonetheless, the proliferation of poverty businesses suggests that the decline of street homelessness could merely reflect the movement of people into less visible but similarly precarious situations.

At the prodding of activists and media focus on one segment of the invisible homeless population, “*netto kafe nanmin*” (Internet café refugees), the MHLW in 2007 sought to estimate how many people nationally were inhabiting these establishments. Their study found that nationwide approximately 5,400 persons were sleeping in Internet cafés because of a lack of abode on a single night (MHLW 2007b). This population was bimodal in its age distribution, with 27 percent in their 20s and 23 percent in their 50s (versus 66 percent between 50 and 64 among the street population in 2007), and it was 17 percent female (versus 3 percent of the street population in 2007), making it much younger and somewhat more gender balanced than the street population (MHLW 2007a). This study also suggested another connection between nonstandard employment and precarious housing—over half living in the cafes were working, mostly in dispatch and part-time work. This study demonstrated not only that the problem of homelessness was much larger than the narrow definition of street homelessness implies, but that homelessness was affecting a much broader expanse of the population. Many critics saw this as evidence that Koizumi’s reforms had expanded precarious work and an

extreme form of working poverty. Unfortunately, no follow-up studies of this population have been conducted, so there is no certainty about whether the ranks of this particular group amid the invisible homeless are expanding amid global economic turbulence. However, Japan's widening inequality and the increasing precariousness of employment, housing, and social ties suggest that such working poor and housing poor populations may be growing (Inaba 2009, Yuasa 2008).

Additionally, as encampments in public spaces decline and *seikatsu hogo* expands, there seems to be a sizable population churning through welfare facilities and various forms of precarious housing without exiting to more stable, independent, and socially inclusive arrangements in any durable fashion. These are facilities subcontracted by local governments (usually the semi-governmental *shakai fukushi houjin*) operated outside of the self-reliance support centers. These facilities are where welfare offices often place people experiencing homelessness who apply for and receive *seikatsu hogo*. In Tokyo, there were 2,100 households living in such facilities at one point in 2008 (Kitagawa 2011). An analysis of 10 years of data demonstrates that, compared to earlier years, recent users are younger, more physically and mentally ill (including depression, alcoholism, and schizophrenia), and more likely to be repeat recipients of *seikatsu hogo* and leave programs without notice or due to dismissal. Among those that left facilities for independent housing in local communities, many remained reliant on welfare benefits, others worked in low-wage unstable jobs, and most seemed to be socially isolated. Thus, these facilities appear to temporarily warehouse an increasingly disabled population as part of a cycle that includes hospitals, the streets, flophouses, live-in employment, and the like.

Implications for the 2012 Expiration of the Homeless Self-Reliance Support Act

With the various trends described above unfolding, Japan's "homeless law," the Homeless Self-Reliance Support Act, is set to hit its 10-year expiration date in 2012. What are some of the major issues for renewal facing activists and lawmakers who fought hard to have it passed? Many activists and public officials I met with in the summer of 2011 seemed focused on expanding the definition of homelessness beyond its narrow focus on street homelessness to include the invisible groups such as Internet café refugees. Many stated that an expanded definition in a re-enactment of the law would force the national government to step up its resources and focused programs to address homelessness more broadly defined as precarious housing. However, this approach could just expand the stigmatized label of homelessness, instead of bolstering the existing *seikatsu hogo* system to better address the unique situation of the precariously housed. Also, the question of re-enactment of the law comes just as debate about reform of the *seikatsu hogo* system is heating up. Amid the aging of the population and widening poverty, government outlays for the benefit are rising just as resources are declining. This, along with budget constraints posed by the need to support post-3/11 recovery, is pushing lawmakers to consider reducing the cash benefit amount, increasing work requirements, and placing lifetime limits on benefits. Many activists involved in the *haken mura* campaign have mobilized to oppose such retractions. However, should legislators reauthorize the homeless law with an expanded definition of homelessness and *seikatsu hogo* contracted, a universal safety net would in essence be forsaken for more narrow programs targeted to specific forms of precarious housing. This is what happened in the U.S. in the 1990s with the expansion of programs for homelessness and retreating welfare benefits, a development generally seen as a ratcheting down of the public safety net (Burt *et al.* 2001).

In conclusion, expansion of access to *seikatsu hogo* benefits, when coupled with sufficiently funded innovative work of private, nonprofit organizations should be acknowledged as effective public-private collaborative intervention to address street homelessness. In these times of negative attitudes toward nearly anything the government does, it should be recognized as an example of the effectiveness of government intervention to mitigate the risks of the market. However, this needs to be understood in a broader context of widening economic and social insecurity. Thus, although many of Japan's prime urban spaces have been cleared of encampments, like the Sumida riverbanks in the resurgent Asakusa-Sky Tree corridor, it hardly represents a dramatic amelioration of Japan's urban poverty problem. Much more work is needed to ensure that those who would have been swelling the blue-tarp encampments have moved into housing arrangements that promote engagement with and inclusion in broader urban society.

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¹ Viewable on the MHLW website at <http://www.mhlw.go.jp/toukei/list/38-1a.html>.

Popular Democracy and Disaster Recovery in Japan

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International media reports on the March 11 earthquake and the devastating tsunami and nuclear meltdown that followed contrast the strength and resilience of the Japanese people with a government immobilized by political infighting. Long-term disaster recovery requires a strong civil society *and* strong state, and coordination between the two. By all accounts, local communities are responding admirably in pulling together to provide ongoing disaster *relief*. Disaster *recovery*, however, requires coordinated efforts of the national government and state-society partnerships.

Below, I briefly argue that the recent rapid crisis response at the local level builds upon growing popular democracy movements evident in local politics across Japan prior to the “triple crisis.” These anti-establishment movements are a reaction to and critique of the growing distance between the national government and everyday Japanese voters. This distance, a product of intrinsic structural problems, is as much of a challenge to disaster recovery as the structural problems that produced it. Disaster recovery is contingent upon the Japanese government’s ability to generate a long-term vision for reconstruction while regaining the confidence of voters.

Grassroots Democrats and the Japanese State

In my book *Popular Democracy in Japan* (Cornell University Press 2011), I argue that everyday Japanese voters enjoy tremendous reserves of personal and community-based resources that they increasingly use to mobilize against the national government.

Participatory democracy has been thriving in local politics, in stark contrast to the stagnancy of national politics. While voters and activists complain that national politicians were out of touch with everyday voters, turnout for local elections remains high, as voters invest their energies in their local communities where they have the most immediate impact. From the mid-1990s onward, local activists in communities across Japan mobilized to elect anti-establishment politicians to local assemblies with hopes of changing national politics from the ground-up. There was an increase in the number of information disclosure campaigns, referenda and recall movements, local executives who declared their independence from political parties, and in the nonpartisan voters who supported them.

Local anti-establishment movements share much in common—ideologically and organizationally—with volunteers who gained traction in Japanese society after the 1995 Kobe earthquake. The wave of volunteerism in the aftermath of the 1995 Kobe earthquake led many grassroots activists and policymakers to promote state-society partnerships as a means of solving a host of social, economic, and political problems unique to advanced, post-industrial society. The aftermath of the March 11, 2011, crisis revealed a rift between state and society that must heal before the potential of successful state-society partnerships can be realized.

Disaster Relief Efforts

The sustained collective response

The world admired the way Japanese communities collectively responded to the “complex disaster” set in motion by the earthquake that struck Japan on March 11, 2011. The strength and resilience of the Japanese people again proved the nation’s greatest resource. For example:

- Tens of thousands of Japanese give up weekends and holidays to volunteer in quake struck communities.
- Over 140 NGOs are active throughout the Tohoku region.
- A “lost generation” of Japanese youth found purpose in volunteering to provide relief to this rapidly “graying” region of the country.
- Japanese compensated for the expected reduction in energy supply as a consequence of idle nuclear reactors by actively reducing household and business consumption. In July, electricity usage in the Tokyo area was 23% below peak consumption recorded the previous year. *Wall Street Journal* reporter Peter Landers called saving electricity “a sort of national religion.”

A fractured national administration

The national government was not as resilient in responding to the multiple demands of the complex crisis. The crisis presented opportunities for the ruling Democratic Party of Japan to demonstrate leadership and competency in governance. Instead, flaws in governance were exposed. Initial government disaster relief responses sowed suspicion and deepened discontent. And political infighting made it impossible for the government to pass reconstruction related bills. The Fukushima meltdown exposed direct connections between faulty oversight of the nuclear power industry and mutually beneficial relationships between politicians, bureaucrats, and the power industry. Collusion and conflicts of interests have been implicated in leading officials to keep plants operating despite safety precautions.

Among the post 3/11 developments:

- By early June 2011, two-thirds of the public polled believed Prime Minister Kan’s attempts to stay in office despite attempts to oust him was causing political stagnation. (*Yomuri Shimbun*, 4 July 2011)
- 85% said the Diet had failed in carrying out recovery and reconstruction in disaster-struck areas (*Mainichi Shimbun*, 6 June 2011).
- Noda is the DPJ’s third premier and the sixth prime minister in five years. In addition to internal struggles, the DPJ must also contend with a twisted Diet (divided government), opposition from the bureaucracy, and a critical media.

Political observers in Japan and abroad—such as Brookings Institution Fellow Daniel Kaufmann—worry about the implications of political infighting for good governance, a necessary ingredient to successfully responding to and mitigating the effects of disasters.¹

A Growing Gap in State-Society Relations

As everyday people responded collectively after March 11, inter- and intra-party squabbling showed a government out of touch with voters. While crises can bring nations together, the gap between national politicians and voters in Japan remains a distinctive feature of the political landscape. To wit:

- Distrust in government is high. According to a May 2011 *Asahi Shimbun* poll, 8 in 10 Japanese did not think the government had been providing information about the nuclear power accident in an appropriate manner. Nearly all said the government was very (60%) or somewhat (34%) responsible for the nuclear power plant accident at Fukushima.
- About half of the public said they do not support any political party.

Reconstructing Japan

Japan's triple crisis shows the importance of community—local, national, and global—in providing disaster relief, as well as the importance of national government to rapid recovery and long-term progress. Anthropologist Jennifer Robertson observed a large number of volunteers,² but coordination was a problem. In Japan, local social welfare councils at the prefectural, city, ward, and village levels set up disaster volunteer centers. Volunteers were available, but local disaster volunteer centers in quake-affected areas were dealing with too many contingencies that placed constraints on their capacity to organize. Though everyday people can innovate to sustain themselves, their families and communities for short-term disaster relief, government assistance is necessary for long-term disaster recovery. The crisis in Japan has exposed the strengths and weaknesses of both civil society and the state. Under optimal conditions, they sustain one another. More state-society partnerships serve the dual purpose of bridging this gap and furthering the recovery and reconstruction effort.

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² Daniel Kauffman. (March 16, 2011). Japan's Triple Crisis: Governance and the Earthquake, Tsunami and Nuclear Crises http://www.brookings.edu/opinions/2011/0316_japan_disaster_kaufmann.aspx (accessed October 13, 2011).

Why So Many Prime Ministers?

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To many Japanese and non-Japanese alike, contemporary politics seems dysfunctional and confusing. Recent insights from the discipline of political science can help us make sense of some of the most frustrating aspects of Japanese politics and point the way towards solutions. For example, the gridlock of divided government (*nejire kokkai*) can only be resolved with either a massive swing in votes or a restructuring of the relationship between the two houses. The perceived fickleness of the “floating voters” is driven by long term trends such as the increasing influence of television and new media, so any quick fix is unlikely to prove satisfactory. Another frequent complaint is that Japan changes prime ministers too often, resulting in unstable and inconsistent leadership.

Although the spectacle of six prime ministers in five years seems remarkable, Japan has long featured frequent changes in the Prime Minister’s office. The table below counts the number of postwar prime ministers for Japan, compared to other G-7 countries. Setting aside Italy (also famed for instability at the top), Japan has more than twice as many leaders as any other G-7 country.

Postwar G-7 Democratic Leaders [excludes Russia]	
Germany*-Chancellors	9
France**-Presidents	10
U.S. -Presidents	12
Canada-Prime Ministers	13
U.K.-Prime Ministers	14
Japan-Prime Ministers	30
Italy-Prime Ministers	41

Source: Ellis S. Krauss and Robert Pekkanen. Forthcoming. “Profiles in Discourage: Poor Leadership and Bad Governance in Japan.” In Ludger Helms, ed. *Poor Leadership and Bad Governance in the G-7*. New Horizons in Leadership Series. London: Edward Elgar.

*Since 1949 and includes both West Germany and a united Germany

**Since 1947

So, it may seem that the pattern of frequent leadership rotation is an old one. In fact, it is quite new. Japanese prime ministers used to serve for fairly regular periods, with remarkably predictable terms in office compared to other parliamentary democracies. There were two reasons for this. The first reason was that frequent rotation in the prime minister’s office was important to keep the party bigwigs content. All the top party leaders (and in pre-1994 Japan, that meant faction leaders of the Liberal Democratic Party) wanted a bite at the apple. If any one of them held the throne for too long, it seriously diminished the chances that the other (mostly elderly) leaders would get their

turn. The second—and seemingly contradictory reason—was that being prime minister wasn't all that important. Compared to other leaders, even other prime ministers in parliamentary systems, the Japanese prime minister had less power, being really more of a first among equals with some prerogatives in foreign policy.

Although we still see frequent rotation of prime ministers after the electoral reform of 1994, it is for different reasons—and this means that we can make different predictions and find different policy implications about the prime ministers. As Ellis S. Krauss and I argue in *The Rise and Fall of Japan's LDP: Political Party Organizations as Historical Institutions* (Cornell, 2011), there were two big changes affecting the status of the prime minister. The first was electoral reform in 1994, which established a new electoral system, known as mixed-member majoritarian, giving the prime minister outsized importance compared to the old system (single non-transferable vote, or SNTV). Broadly speaking, voters cast their ballots for one of two reasons: either they like the party, or they like the person. In SNTV, it was really the person who mattered. But in the new electoral system, the party matters more. And prime ministers (and other top party leaders) contribute disproportionately to the party's identity. Thus, the party label matters more in elections, and, since prime ministers are important for the party label, they matter more. The second change is the rising importance of television as a news source. Party leaders usually feature more in TV stories as the face of the party. Yasuhiro Nakasone (1982-87) was the first prime minister to really benefit from this, but Junichiro Koizumi (2001-06) is another spectacular example. The upshot of these changes is that backbenchers today *need* a popular PM to win elections. The past two elections (2005, 2009) demonstrate this beautifully.

Swinging for the Fences or Striking Out—Not Just Getting on Base

So why would these changes lead to rapid turnover in the PM's office? The simple answer is that now the stakes are higher. A popular PM gives the party a huge advantage in the election, and he will be able to stay in office longer (Koizumi). An unpopular PM will be quickly seen as an electoral albatross who has to be replaced. These dynamics mean that there will be more big-hit and big-miss prime ministers. Unpopular leaders will be likely to be rotated out quickly (2006-2011). But, popular PMs will be able to hold onto office for long periods (Koizumi clearly could have stayed as PM longer than he did).

Ellis S. Krauss, Ben Nyblade, and I have extended this argument to the entire cabinet. We demonstrate how policy-making expertise and popularity are more important factors for cabinet appointments these days. In another paper, Ellis S. Krauss, Daniel Markham Smith, and I examine how these factors have even influenced what kinds of people get chosen as candidates for national office. With the permission of my co-authors, I am introducing these arguments in brief here. We contend that candidate selection lies at the heart of democratic politics, often holding the key to electoral success, and parties are thus rightly concerned with choosing the "right" candidate. Just *who* is right depends on voter preferences. These are influenced by a variety of factors, some of which may be passing fads, while others exhibit systematic variation. Our findings indicate that the LDP did indeed change its candidate recruitment patterns in response to the various electoral environments present following the reform—with marked post-reform variation in candidates' personal vote-earning attributes, career backgrounds, and social demographics. However, we also find variation in the degree of electoral success of new types of candidates. Candidates at the top of party lists are almost assured election,

while those listed below the dual-listed (in districts and on the party list) candidates are only likely to find themselves seated in the Diet after large victories, as in 2005. Being a “quality candidate” is still a good predictor of selection and electoral success.

Because elections have become more party-centered since reform and the number of “floating (independent) voters” has increased, huge electoral swings have become common in single-member district contests, and even those near the top of the list or those who are dual-listed might lose if the party’s popularity drops drastically, as happened in the 2009 election. However, those who can survive such swings are primarily candidates with strong local vote-mobilization organizations, as well as those who still exhibit the traits that equaled electoral success under SNTV.

The continued existence of *kōenkai* organizations in SMD contests, combined with the increasing importance of party (and party leader) image and policy in elections since reform, leads to contrary incentives for the party in its nomination strategies. Thus, if the party downgrades the importance of local vote-mobilization organizations and appeal, and tries to rely exclusively on the growing importance of party image, party leader image, and policy positions, it risks losing more seats when the party, its leaders, and its policies are unpopular. If the party recruits and nominates more candidates with local ties and vote mobilization appeal, it can lose some of the legislative advantages of having a popular national leader and policies, and perhaps undermine central party leadership control. Similarly, from the perspective of the individual candidate, relying on party label, party leader image, and the party’s policy appeals makes sense when these are all popular with the voters, but when they are not, the candidate has a greater incentive to develop his or her own local vote mobilization organization and personal vote-earning attributes as a hedge against defeat.

Our findings indicate that since 1994 Japan has moved to a “mixed” electoral system beyond simply the mechanical aspects of the electoral rules. In terms of candidate recruitment strategies, the LDP has partially moved toward party-centered recruitment—recruiting and nominating fewer of the types of candidates who were privileged in candidate selection under the “hyper-personalistic” (Shugart, 2001) and local-oriented SNTV system. These new types of candidates should be expected to be more dependent on the party and thus more loyal agents in the legislature. Yet the legacies of electoral politics and campaigning under SNTV appear to remain powerful among individual candidates and influential among voters, as candidates with strong locally-based PVEA are still more likely to secure election post-reform, even when the party’s electoral fortunes on the whole have declined. The party’s most “loyal” candidates might therefore be the least enduring. Further research into the legislative behavior of different types of candidates under the new system will hopefully shed additional light on this puzzle.

Income Inequality and Economic Growth: Japan's Experience

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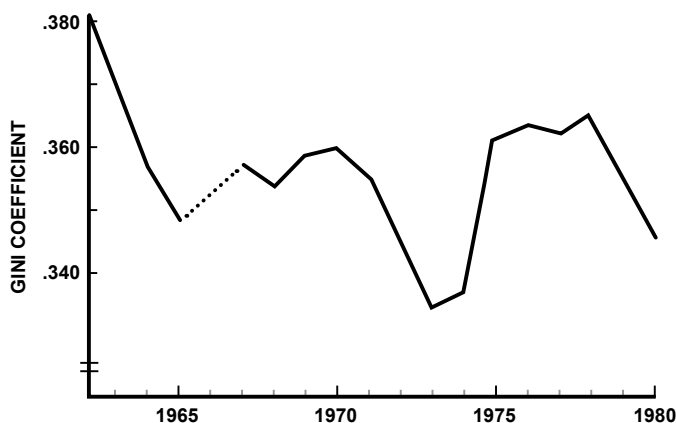
Introduction

The so-called economic miracle of Japan's rapid post-war recovery (1950s to early 1970s) tends to overshadow what is arguably an equally, if not more remarkable, achievement: low inequality and low rates of poverty.¹ Japanese often introduce their country as a small island nation, largely middle class. By the late 1970s, some scholars went so far as to dub Japan a "welfare super-power."² In recent years, however, there has been growing concern about signs of greater inequality, expressed most vividly in anecdotal stories on the cover of popular magazines and as front-page articles in some of Japan's leading newspapers. This paper first examines the post-war longitudinal data on Japan's distributional equality and inequality, comparing Japan's performance to other advanced economies. Next it discusses the sources of Japan's relatively low inequality during the immediate post-war period, and then explores how and why inequality has increased in recent years.

Japan's Post-War Experience

Comprehensive data on the distribution of income and wealth in Japan from the 1950s and 1960s are incomplete. Official Japanese data³ suggest that wage income was more evenly distributed than in the U.S., but comparable data for all income (including capital gains) are not available. Nonetheless, scholars have pieced together estimates of the Gini coefficient beginning in the mid-1960s (see Figure 1). Admittedly, the Gini coefficient is an imperfect measure of distributional inequality⁴, but remains one of the most commonly used measures and has the advantage of simple comprehensibility; the smaller the coefficient, the more equal the distribution. Figure 1 below shows the Gini coefficient for all Japanese households fluctuating between 0.382 and 0.334 between 1963 and 1980.

Figure 1. Gini Coefficients for all Japanese Households, 1963-1980



Source: Bronfenbrenner and Yasuba, p. 110

In comparison to other capitalist economies, Japan's income distribution at this time is among the most equal. The highest-income group⁵, with per-capita GDP above \$2,000 in 1965, had an average Gini coefficient of 0.365, significantly higher than Japan's at 0.350. An Organization for Economic Cooperation and Development study by Malcolm Sawyer confirms these results using both before and after personal income tax values (see Table 1).

Table 1. Gini Coefficients, Selected OECD Countries, Mid-1970s

Gini coefficient	Japan	Sweden	West Germany	United States	OECD average
Before taxes	0.335	0.346	0.396	0.404	0.366
After taxes	0.316	0.302	0.383	0.381	0.350

Sources: Malcolm Sawyer, *Income Distribution in OECD Countries* (Paris, 1976); and Yutaka Kosai and Yoshitaro Ogino, *The Contemporary Japanese Economy* (London: Macmillan, 1984), table 7.2.

In the years immediately following the end of the war, income equality was achieved by destroying the income sources of Japan's highest earners. Wartime destruction, U.S. occupation policies dismantling the prewar economic titans (including land reform), and steep, early postwar inflation (50%-365%⁶) all contributed to the leveling-off of higher incomes.⁷

During the following decades, as Japan experienced rapid economic growth, two key factors allowed a relatively equitable distribution of income. First, Japan had (and still has) a relatively small economic underclass.⁸ Rapid post-war expansion of the nonagricultural sector increased labor migration away from agriculture and raised the wages of unskilled workers.⁹ Unlike the U.S. and Western European nations, Japan did not open its doors to large-scale immigration of low-wage labor.¹⁰ Small scale family businesses and various unofficial forms of self-employment kept unemployment low by effectively circumventing minimum-wage restrictions, thereby helping to reduce the size of the permanent underclass.¹¹ The low inequality before personal income taxes seen in Table 1 above speaks to the relatively strong effects of such labor market characteristics as opposed to the effects of government redistribution policies.

Second, adherence to a seniority-based wage scale helped equalize the distribution of income, especially in the upper range. In Japan, education and skills contribute relatively little to income compared to age and experience. Education in particular has had a relatively small effect; the differential by education seldom exceeded 20 percent during the high-growth period, and narrowed in the later years.¹²

Income Distribution in Japan Today

Since the early 1980s, income distribution has become gradually less equal. In the years since the economic bubble burst in the early 1990s, income inequality and relative poverty among the working-age population in Japan have risen to levels above the OECD average. Labor market dualism – the increase in the proportion of non-regular workers – and an aging workforce explain a significant portion of this trend. However, compared to other developed nations, market income itself remains relatively equal; instead, greater relative inequality has emerged in disposable income and net wealth.

According to the Survey on the Redistribution of Income by the Japanese Ministry of Health, Labor and Welfare (MHLW), the Gini coefficient for disposable income increased by 11% between the mid-1980s and 2000. This report, based on the MHLW's Comprehensive Survey on Living Conditions, shows a 13% rise between the mid-1980s and 2000, compared to an OECD average of 7%.¹³ Measured this way, the level of income inequality in Japan (0.314) was slightly above the OECD average (0.307) by 2000 (see Table 2 below).

During the same period, inequality in the distribution of market income also increased; the Gini coefficient for the total population rose by 9.4%, much more than the OECD average gain of 4.3%. Still, the level of inequality of market income in Japan in 2000, at 0.410, remained below the OECD average of 0.443 (see Table 2 below).

Table 2. Trends in the Distribution of Disposable and Market Incomes in OECD Countries

	Gini-coefficient			% change
	Mid-1980s	Mid-1990s	Around 2000	Mid 1980s to 2000
A. Japan				
Total population - disposable	0.278	0.295	0.314	3.6
Total population - market	0.317	0.369	0.410	9.4
Working-age population ¹	0.309	0.338	0.362	5.2
Elderly population	0.473	0.575	0.629	15.6
B. OECD average				
Total population – disposable ²	0.286	0.305	0.307	2.1
Total population – market ³	0.401	0.442	0.443	4.3
Working-age population	0.354	0.392	0.393	3.9
Elderly population	0.639	0.655	0.651	1.2

Source: Förster and Mira d'Ercole (2005)

1. For ages 18-65.
2. For the following 23 countries: Australia, Austria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Sweden, Turkey, United Kingdom, and the United States.
3. For the following 14 countries: Australia, Canada, Denmark, Finland, France, Germany (old Lander only), Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, United Kingdom, and the United States.

Population aging helps explain a significant portion of the higher inequality in market income.¹⁴ First, the elderly who are often retired, have less income than the working-age population, raising the inter-age group income differences. Second, the level of inequality of market income among those over 65 years old is higher than for the working-age group, reflecting the smaller portion of the older group in the labor force. The Gini coefficient in the mid-1980s for those over 65 was 0.473 compared to 0.309 for the working-age population.¹⁵ Third, market income inequality among the elderly in Japan has increased since the mid-1980s, with a 15.6% increase in the Gini coefficient by 2000.¹⁶ However, higher market income inequality due to population aging does not necessarily imply higher inequality in disposable income or greater relative poverty. Pension benefits and the higher savings of the elderly help mitigate these trends.

Of greater concern is the significant rise in inequality among the working-age population. The Gini coefficient of market income for the 18 to 65 age group rose by 5.2 percentage points between the mid-1980s to 2000, much slower than the elderly population but faster than the OECD average. Labor market dualism and the growing proportion of non-regular workers, who were paid only 40% as much as full-time workers in 2003, explains much of this change: the share of non-regular workers has risen from 19% of employees in 1994 to 29% in 2004 to 38% in 2009.¹⁷ The wage differential between regular and non-regular workers has also continued to rise since the early 1990s.¹⁸

What Is Japan Doing About Rising Inequality?

Taxes are one way for the government to impose a top down approach to minimizing income inequality. In Japan, tax reforms in the 1990s aimed at increasing economic efficiency made the system less progressive. In 1986, the personal income tax had 15 different rates, with a top rate of 70%; in 1999, this system was reduced to just four different rates, with a top rate of 37%. As a result, the impact of the tax system on the Gini coefficient fell from 3% in the early 1990s to less than 1% by 2002.¹⁹

Social spending as a share of GDP has been increasing, in part as a natural response to an aging population, but this spending remains below the OECD average. Furthermore, the proportion received by low-income households is small. In 2000, the lowest income quintile received just 15.7% of government transfers compared to an OECD average of 22.8%. In contrast, the share of transfers received by high-income households in Japan is larger than the OECD average. Consequently, the impact of social spending on inequality and poverty is weak compared to other OECD countries.

Japan's large fiscal debt constrains the scope for increasing social spending. As such, one of the most urgent items on the agenda for the Noda cabinet is to address the issue of fiscal reform and social

welfare. Unfortunately, the debate on fiscal and social welfare reform circumvents the topic of labor market reform and targeted spending on low-income households, particularly single parents. Such modern family structures, especially those with single male parents, remain largely unrecognized by many of Japan's social programs.

Minimizing unemployment has helped maintain social and economic stability in Japan, despite years of economic downturn. While some may argue that policies such as those creating high hurdles for bankruptcy or allowing zombie firms to survive only serve to stifle economic revitalization and innovation²⁰, Japan has largely avoided political turmoil from high unemployment the likes of which can now be seen on the streets of Europe and the U.S. Where Japan has failed is in maintaining a tax and social spending system that would help mitigate a more volatile but vibrant labor market. Such a system does not necessitate high government spending; a more redistributive system targeting the neediest population may be just as effective in promoting a more equal distribution of income. Finding the right balance between stability and vitality remains an ongoing challenge.

Chapter Endnotes

- ¹ See, for example, Asia's New Giant, Chapter 1; *OECD Economic Outlook* (1976).
- ² Yatsuhito Nakagawa, "Japan, the Welfare Super-Power," *Journal of Japanese Studies* vol. 5, no. 1 (Winter 1979).
- ³ Economic Planning Agency, *Economic Survey of Japan, 1971-1972*, pp. 132-38.
- ⁴ In particular, the Gini coefficient provides a measure of inequality that is less sensitive to changes in the two extremes of the income distribution.
- ⁵ Income distribution becomes most unequal in countries in the middle range of economic development, and evens out as the economy develops. Felix Paukert, "Income Distribution at Different Levels of Development," *International Labor Review* 108, no. Aug-Sept 1973 (1973).
- ⁶ Based on price indexes from the Historical Statistics of Japan, Ministry of Internal Affairs and Communications, Statistics Bureau (<http://www.stat.go.jp/english/data/chouki/22.htm>) accessed Oct 10, 2011
- ⁷ Hugh Patrick and Henry Rosovsky in Hugh T. Patrick and Henry Rosovsky, *Asia's new giant : how the Japanese economy works* (Washington: Brookings Institution, 1976), p. 35.
- ⁸ Yutaka Kosai and Yoshitaro Ogino, *The contemporary Japanese economy* (Armonk, New York: M.E. Sharpe, 1984), p. 109.
- ⁹ Akira Ono and Tsunehiko Watanabe in Hugh T. Patrick, Larry Meissner, and Joint Committee on Japanese Studie., *Japanese industrialization and its social consequences* (Berkeley: University of California Press, 1976), p. 382.
- ¹⁰ (Bronfenbrenner, 1987), pp.110.
- ¹¹ Hugh T. Patrick and Thomas P. Rohlen, "Small-Scale Family Enterprises," in *The Political Economy of Japan: The Domestic Transformation*, ed. Kozo and Yasukichi Yasuba Yamamura (Stanford, CA: Stanford University Press, 1987); *ibid*.
- ¹² Japan Ministry of Labor, "Survey of basic statistics on the wage structure (*Chingin kozo kibon tokei chosa hokoku*)," ed. Japan Ministry of Labor (Tokyo 1965, 1970, 1975, 1980).
- ¹³ Average taken for the 23 countries for which data are available. The OECD report Michael Förster and Marco Mira d'Ercole, "Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s," in *OECD Social, Employment and Migration Working Papers No. 22*, ed. OECD (Paris: OECD, 2005); *ibid*. is based on data drawn from national sources on a standardized basis that adjusts household income by household size and uses common methodology and definitions to overcome many of the issues that limit cross-country and inter-temporal comparisons of income distribution and poverty.
- ¹⁴ OECD, "OECD Economic Surveys: Japan," ed. OECD (2006).
- ¹⁵ Japan Ministry of Labor, "Summary of Labor Statistics (Rodo Tokei Yoran)," in *Summary of Labor Statistics (Rodo Tokei Yoran)*, ed. Japan Ministry of Labor (Tokyo various years).
- ¹⁶ Changes in living arrangements explain part of this trend; the proportion of elderly living alone or with a spouse (as opposed to living with their children in an extended household) rose from 32% in 1985 to 47% in 2000, increasing the number of households with just elderly residents reporting low incomes. Since the unit of analysis for assessing income inequality is often the household, changes in the makeup of households can influence the analysis.
- ¹⁷ Ministry of Internal Affairs and communications
- ¹⁸ Yoshio Higuchi and Ministry of Finance Policy Research Institute, "Income Differentials and Social Class in Japan (in Japanese)," ed. Nihon Hyouronsya (Tokyo: Policy Research Institute, Ministry of Finance, 2003).
- ¹⁹ Japanese Trade Union Confederation (RENGO), (2006); OECD (2006).
- ²⁰ Ricardo J. Caballero, Takeo Hoshi, and Anil K. Kashyap, "Zombie Lending and Depressed Restructuring in Japan," *American Economic Review* 98, no. 5 (2008).

An Alliance for Trade: U.S.-Japan Cooperation in the TPP Project

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The High Stakes of the TPP

Among the scores of free trade agreements crisscrossing the world economy, the Trans-Pacific Partnership (TPP) agreement stands out. Currently under negotiation among nine members of APEC (the Asia-Pacific Economic Cooperation forum),¹ TPP promises to do what no other trade agreement has done: to rule out sectoral exclusions and to systematically tackle non-tariff barriers. Shielding sensitive sectors from market access commitments has long compromised the economic potential of other free trade agreements, though the so-called “P4” agreement (a TPP predecessor, involving Brunei, Chile, New Zealand and Singapore) achieved an unprecedented 99% liberalization target. TPP members vow to maintain that level of liberalization. Moreover, with the understanding that most barriers to trade go beyond simple tariff measures, the negotiation agenda of the TPP covers uncharted territory: regulatory coherence, disciplines on state-owned enterprises, competitiveness, etc. Finally, the TPP is the only one of the different blueprints for regionwide-integration currently under negotiation. China and Japan have not bridged their disagreement on whether an ASEAN+3 or ASEAN+6 is most appropriate. And the earlier American proposal for an APEC free trade agreement comprising more than twenty diverse members appeared unrealistic from the beginning. A minilateral group of like-minded APEC members – specifically TPP -- has, therefore, taken the lead in defining a platform for Asia-Pacific integration.

The TPP is at the core of the U.S. economic integration strategy vis-à-vis East Asia. In the past, it has proven difficult for the United States to go beyond vetoing initiatives that could have excluded it from the process of Asian regionalism, to devise proactive policies capable of bringing nations in the region on board with its vision of binding, high-standard trade deals. Deep disagreements as to whether APEC should abandon its voluntarism approach, and the meager results of attempts to negotiate a string of bilateral free trade agreements attest to the past inability of the United States to implement its trade strategy in the region. With TPP, the United States is betting that a critical mass of countries committed to high levels of liberalization can create a powerful incentive for other countries to join the budding trade grouping. Hence, for the United States a successful TPP negotiation holds the promise of redirecting integration efforts towards an Asia-Pacific track, devising new rules on trade and investment that could be useful in dealing with countries like China and India, and, if the TPP grows from its current membership, to boost American exports.²

For Japan, the TPP is of critical importance to avoid marginalization from current trends in international trade. While the Japanese government has been promoting the negotiation of preferential trade agreements for well over a decade, it has accomplished only modest results. Over a dozen free trade agreements to date cover only approximately 18% of Japanese exports, since Japan has negotiated mostly with small trading partners. The resistance from agricultural circles to open the market has clipped the wings of Japan’s new trade policy. Japanese negotiators have pushed for trade agreements that contain multiple “WTO-Plus” commitments (exceeding extant commitments at the multilateral level) and have relied on offers of economic cooperation to compensate for the lack of agricultural opening or concessions on the movement of people. However, the Japanese free trade

agreement model has not gained much traction in the region. ASEAN countries seem to be more in sync with China's formula of negotiating less legalistic trade agreements that do not go much further than established WTO rules (but with agricultural concessions through the early harvest program). And Korea has left Japan well behind by negotiating trade agreements with the European Union (already in force) and the United States (approved by Congress on October 2011). The Japanese business community is deeply worried that with the FTA advantage, Korean rivals will chip away the Japanese share in these important markets. The Triple Disaster of March 2011 has heightened the competitive pressures on Japan's industry. The uncertain energy supply and steep yen appreciation have generated strong concerns with eroding competitiveness and even de-industrialization. For Japan, too, the payoffs of TPP participation are very high: leveling the playing field for Japanese companies by achieving preferential access in key markets, pushing forward the host of deregulation measures that are considered essential to restore competitiveness, and coming from the margins to play a much more active role in drafting cutting-edge rules on trade and investment liberalization.

Credibility Problems across the Pacific

The strategic significance of the TPP for Japan and the United States is not in question. Yet, in both nations domestic politics stands as the largest obstacle to overcome in order to reap the benefits of TPP participation. Internal constraints have generated serious credibility problems on both sides of the Pacific. Japan's ability to sign ambitious trade deals has long been hampered by the clout of its agricultural lobby and by the diffuse policymaking system that allowed multiple veto players to block any policy change. Recent developments have further aggravated these limitations. The devastation suffered by the Tohoku region in the aftermath of the Triple Disaster effectively shelved the pending decision by the Kan administration on TPP participation, and it has strengthened the hand of those who argue that under the present crisis Japanese farmers cannot be asked to shoulder the additional burden of trade adjustment. Moreover, detractors of the TPP have broadened their line of attack by stating that their opposition to the TPP derives not only from a narrow concern with agriculture but with the possible erosion of key institutions of Japanese capitalism (for example, healthcare). The severe political instability at the top in the post-Koizumi era (with six prime ministers in five years) and the deep rift within the Democratic Party of Japan on the TPP have prevented the emergence of sustained executive leadership capable of cornering protectionist groups and galvanizing public opinion in favor of large scale market opening. These glaring domestic constraints create a credibility deficit in the eyes of Japan's potential trade partners, who are skeptical that Japan can implement the TPP agenda.

In the United States, the political imperative of negotiating trade agreements that can win domestic ratification in a climate of increasingly divisive congressional politics and public skepticism about the benefits of free trade has influenced the American position on three issues with profound implications for TPP negotiations. First, the United States has refused so far to reopen the market access schedules of existing free trade agreements with TPP countries, clouding the prospects that the mantle of no-exemptions will indeed be secured in the expanded trade agreement. Second, in order to enlist domestic support, U.S. trade officials have pushed for stiffer "WTO-Plus" rules, especially on the issue of intellectual protection. Hence, the price tag of negotiating with the United States has gone up, and, perhaps more significantly, the divide between what the U.S. wants to include in the agreement and what many East Asian countries are prepared to agree to may be growing. Finally,

the pattern of renegotiating agreements to placate domestic opponents, the long delays in ratifying signed agreements, and the lack of trade promotion authority all militate against the credibility of the U.S. as a negotiating partner.

Crafting an Alliance for Trade

Both countries need to address the root causes of these credibility issues if they want to ensure a successful TPP negotiation. For the United States it is important to restore faith in its free trade agreement ratification process, and clearly the recent approval of long pending agreements with South Korea, Panama, and Colombia is a major step in the right direction. But more needs to be done, especially considering that the current TPP talks are not covered by the expedited process of congressional approval, suggesting that an arduous ratification battle is looming on the horizon. The United States should also be aware that the balance of its defensive interests (such as shielding sugar and dairy) and offensive interests (pushing for stricter rules on intellectual property or labor standards) may dull the appeal of its free trade agreement standard and could doom the chances of expanding TPP membership.

For Japan, agricultural reform is an essential prerequisite to regaining credibility on any trade negotiation front. Long-term measures that improve agricultural competitiveness and facilitate the emergence of large-scale farming are clearly beneficial. But a political deal compensating farmers for short-term losses due to liberalization is crucial. Direct payments to farmers have not had the expected result of facilitating restructuring and liberalization, because they do not target full-time farmers, nor do they make state support contingent on acquiescence to market opening. Reform on both accounts is necessary. In addition, it is important to put back on track the campaign to centralize decision-making to pave the way for structural reforms.

But beyond these internal measures, it is clear that bilateral cooperation between the United States and Japan could help both countries achieve important policy goals through the TPP platform. In the past, trade was a source of bilateral friction over market access and numerical targets. Today, trade can be the foundation for a multi-dimensional alliance. Japan and the United States are in many ways natural allies in the TPP project: they share a commitment to high-standard economic integration and both want to avoid marginalization from an East Asian regional integration process dominated by China. It is in this commonality of interest that a fruitful alliance for trade can prosper.

Chapter Endnotes

¹ The current negotiating parties are: Singapore, Brunei, Chile, New Zealand, U.S., Malaysia Vietnam, Australia, and Peru.

² The United States already has agreements with half of the TPP members, so with the current membership the trade creation effects are expected to be small.

Reaffirming the Importance of the U.S.-Japan Alliance

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Recent developments suggest an encouraging trajectory for the U.S.-Japan alliance. Extensive cooperation by the U.S. military and Japanese Self Defense Forces in response to the disasters of March 11, 2011, demonstrated the underlying resilience and strength of the alliance. Joint statements released by the bilateral Security Consultative Committee outlining common strategic objectives for bilateral security cooperation offer a comprehensive framework for the future in the face of multiple security challenges. And public opinion polls in both countries suggest a common appreciation for the bilateral relationship as the alliance enters its second half-century. The importance of the alliance reaffirmed, attention will now center on how best to implement strategies for bilateral defense cooperation amid budgetary pressures in both capitals.

Operation Tomodachi

One of the most impressive aspects of the response to the disasters of March 11 was the performance of Japan's Self Defense Forces (SDF) and the degree of coordination with U.S. forces in conducting Humanitarian Assistance/Disaster Relief (HADR) operations. The government of Japan dispatched over 100,000 personnel to the stricken region to conduct search and rescue operations and provide humanitarian assistance. The SDF also conducted a series of rescue and relief operations with thousands of U.S. forces under the rubric of Operation Tomodachi, the largest bilateral mission in the fifty-year history of the U.S.-Japan alliance involving over 16,000 U.S. military personnel, 24 ships and 190 aircraft. Operation Tomodachi demonstrated the importance of the U.S.-Japan alliance at a time when the impasse over the relocation of Marine Corps Air Station Futenma on Okinawa, a thorny issue in the bilateral relationship, complicated agenda-setting and had contributed to negative perceptions of the bilateral relationship in Japan.¹ U.S.-Japan military cooperation in the area of humanitarian assistance and disaster relief also spoke to the importance of interoperability, a core issue going forward as the two governments prepare to build on a joint statement identifying promising areas for bilateral defense cooperation in response to changes in the international security environment.

Security Consultative Committee

The bilateral U.S.-Japan Security Consultative Committee (SCC) convened in Washington on June 21, 2011, and released a joint statement updating common strategic objectives from 2005 and 2007 and outlining ways to enhance bilateral defense cooperation. (Three additional documents were also released, focused on bilateral cooperation in response to 3-11, an agreement reached at the end of last year on host nation support, and progress on the realignment of U.S. forces in Japan.) The joint statement detailed the need for the alliance to address various regional and global challenges and meet them by modernizing forces, enhancing alliance interoperability and promoting cooperation in developing new technologies.

China was encouraged to play a constructive role in regional stability and prosperity, adhere to international norms of behavior, and improve transparency with respect to its military modernization. Among the numerous objectives documented, trilateral security and defense cooperation with South

Korea and Australia, as well as trilateral dialogue with India and outreach to the Association of Southeast Asian Nations (ASEAN) featured prominently, as did cooperation on nonproliferation, the safety and security of the maritime domain, and the protection of and access to space and cyberspace. The document also referenced bilateral strategic dialogues on space security, cyber-security issues, and extended deterrence, and it noted progress in ballistic missile defense cooperation. The SCC statement was significant in that, in 2010, the two governments were not able to pen a joint vision statement for the alliance to commemorate the 50th anniversary of the bilateral security treaty, but they could now build on successful cooperation in the aftermath of March 11 to develop a framework for broadening and deepening alliance cooperation into the future.

Public Opinion

Two public polls released in June 2011 indicated strong underpinnings of public support for the alliance. A survey by the Pew Research Center's Global Attitudes Project released on June 1, 2011, showed 85 percent of the Japanese public had a favorable opinion of the United States, the highest figure in nearly a decade, and 57 percent perceived the United States as having provided the most assistance to Japan since the earthquake and tsunami.² Japan's Ministry of Foreign Affairs released the results of a poll on the image of Japan in the United States on June 9, 2011, showing that 84 percent of the American public and 90 percent of opinion leaders consider Japan a dependable ally. Ninety-two percent of the American public and 91 percent of opinion leaders said the U.S.-Japan security treaty should be maintained, and 90 percent of opinion leaders and 86 percent of the public said the treaty contributes "a great extent" or "a moderate amount" to peace and stability in Japan and the United States.³ This is a solid foundation on which to build the future contours of alliance cooperation.

The Road Ahead

During a visit to Japan in October 2011 Defense Secretary Leon Panetta stated that the United States will maintain and strengthen its forward presence in the Asia-Pacific region and cited developing the capabilities of allies as one means toward that end. A comprehensive framework for U.S.-Japan defense cooperation is now in place, and questions of resourcing and implementation will likely center on furthering Japanese capabilities and enhancing interoperability between the SDF and U.S. forces. Debates in both countries over fiscal retrenchment and defense spending notwithstanding, the enduring importance of the U.S.-Japan alliance as the cornerstone of peace and stability in Asia will likely prevail and points to a future of close collaboration in what Secretary of State Hillary Clinton described as "America's Pacific Century."

Chapter Endnotes

¹ A joint survey on U.S.-Japan relations published by Gallup and Yomiuri Shimibun in December 2010 found the Japanese public much more negative about the state of the relationship than Americans with 40 percent of Japanese answering "poor" or "very poor" compared to just 10 percent in the United States, arguably due to exhaustive coverage of the Futenma issue in the Japanese media. <http://www.yomiuri.co.jp/dy/national/T101222005020.htm>

² <http://www.pewglobal.org/2011/06/01/japanese-resilient-but-see-economic-challenges-ahead/>

³ http://www.mofa.go.jp/announce/announce/2011/6/0609_02.html

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Institutions (Cornell University Press, 2010, co-authored with Ellis S. Krauss). This book departed from the theme of civil society and associational life to examine party organization and theories of institutional change and origin through the case of Japan's Liberal Democratic Party. Dr. Pekkanen is currently co-PI on a major research project funded by the National Science Foundation to investigate parties' nomination strategies and legislative organization in eight countries. Dr. Pekkanen has interviewed over fifty members of the Japanese Diet, and shadowed several in the past few elections. He has been interviewed by media including PBS's "The News Hour with Jim Lehrer," *The Christian Science Monitor*, *Asahi Shimbun* (Japan), *USA Today*, and radio programs in the U.S., China, Jamaica and Australia. He received his PhD in political science from Harvard University in 2002.



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