

## Stanford Japan Program at Shorenstein APARC

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

## Research and Program Activities

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

## Message from the Director



Stanford Japan Program has started Academic year 2014-15 very strongly. We kicked off with a panel discussion on Japan's defense policy, featuring Dan Sneider and Ryo Sahashi, both of whom are leading experts on the issue and happen to be in our program (Dan as the Associate Director of Research at APARC and Ryo as a Visiting Associate Professor). The panel was motivated by this summer's political discussions in Japan on the right of Collective Self-Defense (CSD). At the beginning of July, the cabinet of Prime Minister Abe approved the reinterpretation of Japan's Constitution to allow Japan's Self-Defense Force (SDF) to exercise the right of Collective Self-Defense. Some people argued this is a drastic change of Japan's defense policy and the first step toward remilitarization of Japan, which poses a great danger to the security of East Asia. Some other people argued that Japan has always had the right of CSD and it is consistent with Japan's Constitution (Article 9), and what the government is doing is really clarification

of how SDF can exercise the CSD right. As you can see from the report in this newsletter (page 3), the event was well attended and very informative.

We continue the "New Channels" dialogue that we started last year with the support from Sasakawa Peace Foundation. This year's theme is "innovation." Some of you may have attended the energy conference on February 13 that was associated with the dialogue. This year's public conference will be held on January 22, 2015, so please mark your calendar. Professor Kazuyuki Motohashi, whose research covers economics of innovation, entrepreneurship and productivity growth, came on board as this year's Sasakawa Peace Fellow to organize the dialogue with us. Professor Motohashi has arrived here in September and will be giving the first talk on November 6 here at S-APARC. You can find more about Professor Motohashi and other visiting scholars at our Japan Program on page 7.

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## Stanford Japan Program

Director

**Takeo Hoshi**

Faculty & Researchers

**Masahiko Aoki**

**Michael H. Armacost**

**Karl Eikenberry**

**Kenji E. Kushida**

**Phillip Lipsy**

**Daniel Sneider**

Fellows & Visiting Scholars

**Chiaki Moriguchi**

**Kazuyuki Motohashi**

**Ryo Sahashi**

Staff

**Meiko Kotani**

Innovation is indeed a key to the growth of advanced economies like Japan and the U.S. To understand how the innovation based economic growth system works, what a government can do to nurture such economic system, and how Japan and Silicon Valley can collaborate to play the central role in leading the innovation based growth all over the world, Stanford Japan Program started a new project "Silicon Valley New Japan Project." In collaboration with the U.S.-Asia Technology Management Center at Stanford Engineering School, the project will foster research and raise awareness of new relationships between Silicon Valley and Japan. The first of the project's speaker series was on October 2 and featured Mr. Gen Isayama, who has started a fund to help Japanese entrepreneurs and companies thrive in Silicon Valley eco system and to encourage Silicon Valley companies to tap Japanese talents and innovations. Mr. Isayama's company, WiL, is a sponsor of the Silicon Valley New Japan Project as well. You can find more on the project on page 6 of this newsletter, and how you can support the project if interested on the project web site linked from there.

Another large sponsor of the project is National Institute of Research Advancement (NIRA). Together we started a collaborative project that aims to examine the institutional foundations of innovation-based economic growth, to suggest government policies that encourage innovation-based growth in Japan, and to help implement such policies. For this project, we collaborate with Stanford International Policy Implementation Lab that I mention in the last month's newsletter.

This seems to be a very good time to start these projects focused on innovation because many policy makers and business leaders in Japan now realize the importance of innovations. For example, innovation policy is one of the key

focuses of the growth strategy (aka Third Arrow) of Abenomics. Many business leaders in Japan are also interested in strengthening the ties with Silicon Valley. This month, we have received two high ranked delegations of Japanese corporate executives at our program. On October 2, the Innovation Committee of the Dōyūkai (Association of Corporate Executives) visited Stanford University to learn more about how the Silicon Valley ecosystem, which includes Stanford and other universities as an important part, works. On the following week (October 8), we received the delegation from the Chubu Dōyūkai (Chubu Association of Corporate Executives), and I gave a talk on the role of university industry collaboration on innovations.



Our events with innovation theme continue. On November 6, Professor Kazuyuki Motohashi, this year's Sasakawa Peace Fellow, will give a seminar on Japan's "Science Based Economy." On November 11, we will have Ambassador John Roos, who was U.S. Ambassador to Japan from 2009 to 2013 and a long-term advocate (and a major player as well) of the innovation based economy. With our own Ambassador Michael Armacost, who was also U.S. Ambassador to Japan, Ambassador Roos will explore trends of entrepreneurship in Japan in comparison to those in Silicon Valley and discuss some key challenges and opportunities that both Japan and the United States face. You can sign up for these events by following the links on page 9 of this newsletter. I hope to see many of you at these events.

- Takeo Hoshi

## Japan's New Defense Role: the politics and strategy of Collective Self Defense

A panel discussion titled “Japan’s New Defense Role: the politics and strategy of Collective Self Defense” was held on September 30th at Shorenstein Asia-Pacific Research Center. The panelists at the meeting included: **Ryo Sahashi**, Visiting Associate Professor at Shorenstein APARC and Associate Professor of International Politics at Kanagawa University; and **Daniel Sneider**, Associate Director for Research at Shorenstein APARC. The discussion was moderated by **Takeo Hoshi**, Director of Japan Program at S-APARC.

The convening of this panel discussion reflected Japan’s shift in its defense policy under Prime Minister Shinzo Abe, which takes on a more active regional security role and re-interpreting the Japanese constitution to allow for the country to participate in acts that are no longer strictly defined as defense of Japan’s own territory.

Daniel Sneider argued that based upon the current reinterpretation of constitution, there is a clear limits to engaging in a larger Japanese defense role for the following reasons: lack of public support for more aggressive Japanese security role beyond self defense; massive Japanese fiscal deficits and demands for social spending due to aging population; highly inefficient Japanese defense spending; and shrinking population of manpower eligible for military service. Sneider further pointed out the biggest problem for US and other countries is the overlay of the change in collective security policy and other changes with Abe’s historical revisionism, a view of wartime history that evokes

images of prewar period.

Ryo Sahashi focused on the domestic legal and political debates on the Collective Self Defense. On July 1, 2014, Prime Minister Abe announced the constitutional reinterpretation, which according to Sahashi is a “unique interpretation” where it allows Japan to exercise the rights of Collective Self Defense when “an armed attack against a foreign country that is in a close relationship with Japan occurs and as a result threatens Japan’s own survival.” Although the cabinet has introduced this reinterpretation, Sahashi argues that Japan will not go back to militarism because many Japanese people believe that use of force is simply unjust and favor non-military solutions. Japanese society is in fact split on this issue, and many lawyers in Japan criticize this change from a constitutionalism perspective. Sahashi noted that in order to make this interpretation happen, Japan needs to change 15 domestic laws, which will most likely be discussed in the next regular diet session.



## Japan's Development Cooperation: 60 Years of History and its Prospects



60 years have passed since Japan started its development cooperation in 1954. Although Japan’s financial contribution to development cooperation once reached the highest among the OECD countries in the 1990s, it currently stays at 4th or 5th. On October 8, Shorenstein APARC welcomed **Mr. Akihiko Tanaka**, President of the Japan International Cooperation Agency (JICA) to speak on the 60 years history of the Japanese development cooperation and its prospect. JICA plays an important role in providing technical cooperation, concessional loans and investment, and grant aid. Its operations are based on the concept of providing cooperation appropriate to individual countries or regions, which ranges from peacebuilding to sustainable economic and social growth. Mr. Tanaka highlighted some significant factors in moving toward a new development cooperation charter such as non-military contribution to peace of the world, promotion of human security, quality growth to eradicate extreme poverty, and good governance, rule of law, peace and stability.

Before assuming the present post, Mr. Tanaka was Professor of International Politics at the Interfaculty Initiative in Information Studies and at the Institute for Advanced Studies on Asia, the University of Tokyo. Most recently he was Vice President of the University of Tokyo (2011-2012), Executive Vice President of the University of Tokyo (2009-2011), and Director of the Division of International Affairs of the University of Tokyo (2008-2010).

## Recreating Japan into a Startup Nation: New Forms of Innovation and Entrepreneurship

**Gen Isayama**, founder and CEO of World Innovation Lab (WiL), delivered the keynote address on October 2nd for a new a start-up focused seminar series hosted by the US-Asia Technology Management Center and Shorenstein APARC.

Mr. Isayama emphasized the growing need, on a global scale, for innovation from both large corporations and start-ups. He explained how an excessive focus on R&D by large firms, inflexible labor markets, insufficient venture capital (\$0.7B in Japan, \$39B in the U.S.) combined with a preference for quick IPO exits of start-up firms, has left Japan's innovation ecosystem severely weakened. Yet, recent indicators—increasing government support, new corporate venture capital funds, higher rates of M&A activities, and larger and longer funding rounds—suggest a shift toward a more positive innovation driven entrepreneurial landscape. Despite these gains, further education and outreach is needed. WiL, a \$350m venture fund, was created by Mr. Isayama to address the current and future issues surrounding innovation and entrepreneurship, while bridging the gap between Silicon Valley and Japan. Its focus is on driving open innovation in large corporations while promoting and empowering individual entrepreneurs through investment, business creation, and education.

### Japan Program Members in News

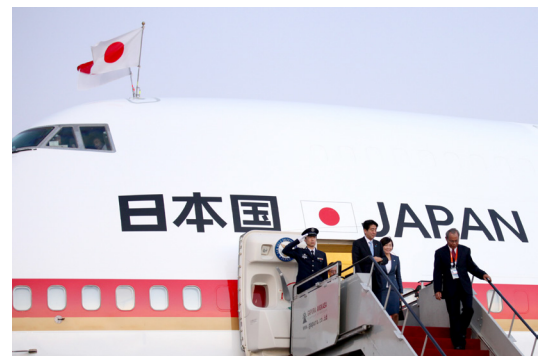
On Sept. 3, Japanese Prime Minister Shinzo Abe reshuffled his cabinet, bringing more than double the number of female ministers on board, in line with his pledge to revive the economy based in part on increased participation of women in business and politics.

Traditionally, Japan has provided tax and pension incentives for women to stay at home or work part-time; however, Mr. Abe seeks to change this and has laid out a plan in the “third arrow” of his administration's economic policy.

**Takeo Hoshi**, an economist and director of the Japan Program at the Shorenstein Asia-Pacific Research Center, spoke with Deutsche Welle about the administration's leadership shift and policy goals.

“Relying on women to work more is an excellent idea because the Japanese economy has underutilized women's talents in the past,” he says.

The full article is available on [Deutsche Welle online](#).



Flickr/Global Panorama



Japan is often cited for its innovative technologies and design aesthetics, but it fails to fully capitalize on gains from those areas, says **Kenji Kushida**, the research associate for the Japan Program at the Walter H. Shorenstein Asia-Pacific Research Center (APARC), in a new coauthored op-ed.

In *Nikkei Asian Review*, Kushida writes with Martin Kenney, a professor of community and regional development at the University of California, Davis, that Japan's market has a strong record of developing high-quality hardware and services, particularly in the consumer electronics and digital content industries, but a majority remains domestic.

And, for components that do make it abroad, gains from trade mostly stay in the end country, where the product is fully constructed.

Kushida, who heads the Silicon Valley - New Japan Project, and Kenney say cloud-computing offers an immense opportunity for Japan, and a way to escape the Galapagos syndrome and enhance its global competitiveness.

The full op-ed can be found on [Nikkei Asian Review online](#).

## **Strategies and Public Propositions in Games of Institutional Change, Comparative Historical Cases**

**Masahiko Aoki**

**Masahiko Aoki's** latest working paper argues that game-theoretic approach is incomplete for institutional studies, because comparative institutions as well as institutional changes involve a possibility of multiple equilibria. In order to solve the common knowledge problem, this paper proposes to unify game theoretic thought with an analysis of public representations/propositions to summarize salient features of the recursive/emergent states of play. From this perspective the paper tries to reconcile differences in three accounts of institutions, endogenous outcome, exogenous rules and constitutive rules accounts. Then, the unified approach is applied to comparative and historical cases of the Tokugawa Japan and the Qing China. Specifically it sheds new light into the coalitional nature of Tokugawa Baku-Han regime nesting the fundamental Samurai-village pact as well as the tendency toward decentralization of political violence and fiscal competence to the provincial level toward the end of the Qing China. From these new historical interpretations, endogenous strategic forces and associated public propositions leading to institutional changes through the Meiji Restoration and the Xinhai Revolution are identified and compared.

[Download Aoki's Working Paper](#)

## **Cloud Computing: From Scarcity to Abundance**

**Kenji Kushida**

Cloud Computing is a revolution in computing architecture, transforming not only the “where” (location) of computing, but also the “how” (the manner in which software is produced and the tools available for the automation of business processes). Cloud Computing emerged as we transitioned from an era in which underlying computing resources were both scarce and expensive to an era in which the same resources were cheap and abundant. There are many ways to implement Cloud architectures, and most people are familiar with public cloud services such as Gmail or Facebook.

[Download Kushida's Working Paper](#)

## **The Next Epoch in Cloud Computing: Implications for Integrated Research and Innovation Strategy**

**Kenji Kushida**

The advent of Cloud computing as the new underlying global infrastructure of computing presents distinctive new opportunities and challenges for Europe. Cloud computing is transforming computing resources from a scarce to an abundant resource, driving a wave of commoditization in previously high-end software and hardware. For Europe to gain independence from US-based global scale Cloud providers, our view is that it needs to move towards a distributed model of computing with federated governance.

[Download Kushida's Working Paper](#)

# Stanford Silicon Valley - New Japan Project (SV-NJ) Inauguration

We are happy to announce a new project, the **Stanford Silicon Valley - New Japan Project**, which is a collaboration between the Japan Program at Shorenstein APARC and the [US-Asia Technology Management Center](#).

As Japan moves toward an innovation-based economy, the Silicon Valley-Japan relationship is becoming more important. The project will foster research and raise awareness of new relationships between Silicon Valley and Japan and search for ways that the Silicon Valley-Japan relationship can play an even more valuable role. It will provide a platform for networking and exchanging ideas to help provide dynamism to the relationship.

## Motivation

There has been by a heightened interest in Silicon Valley as an innovation system. The interest is not only in Silicon Valley's entrepreneurship, but how entrepreneurship fits into the broader economic structure. Over the past few years, Silicon Valley has witnessed a new wave of Japanese startups (entrepreneurs, successful startups from Japan). This trend has occurred within the context of increased importance of innovation and entrepreneurship in Japan.

A key challenge is not simply to try to duplicate the ecosystem, but to figure out how large firms, fast-growing large startups, and emerging startups can "harness" the Silicon Valley ecosystem.

Silicon Valley is also seeing a greater maturing of interpersonal networks of Japanese, although they are not yet at the levels of some other prominent local network groups. The need for great university-business ties with Japanese businesses to U.S. universities is also clear.

## Current Project Components

The project will: 1) host public events with networking, 2) conduct research about Silicon Valley, Japan, and Silicon Valley-Japan relationship, 3) engage in policy activities, and 4) run study groups partnering with Japanese universities beginning with the Keio Media Design School.

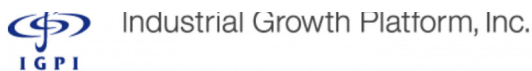
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## Contact

[Kenji Kushida](#) (Project Leader): [kkushida@stanford.edu](mailto:kkushida@stanford.edu)

For more information, please visit our website: [The Silicon Valley - New Japan Project Website](#)  
[provisional website, under construction]

## 2014 - 2015 Japan Program Visiting Scholars

### Chiaki Moriguchi

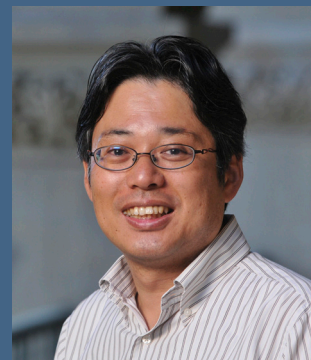


Chiaki Moriguchi is a Fulbright Visiting Professor at the Walter H. Shorenstein Asia-Pacific Research Center (Shorenstein APARC) during the 2014–15 academic year. She joins APARC from Hitotsubashi University's Institute of Economic Research in Tokyo, where she serves as a professor. She was an assistant professor at Harvard Business School and Northwestern University prior to joining Hitotsubashi University.

Her main research fields are economic history and comparative institutional analysis. Her research interests include comparative analysis of child adoption in the U.S. Japan, and Korea; comparative analysis of state capacity in Qing China and Tokugawa Japan; the long-run evolution of income inequality in Japan; and the economic impacts of the Great East Japan Earthquake. Her recent publications include: "Adopted Children and Stepchildren in Twentieth-Century America," *Economic Review* 65 (1), January 2014; "Japanese-style Human Resource Management and its Historical Origins," *Japan Labor Review* 11 (3), Summer 2014; and "Asia's Little Divergence: State Capacity in China and Japan Before 1850," *Journal of Economic Growth*, forthcoming in December 2014 (with Tuan-Hwee Sng).

### Kazuyuki Motohashi

Kazuyuki Motohashi joins the Walter H. Shorenstein Asia-Pacific Research Center (Shorenstein APARC) during the period of September 2014 to March 2015 as this year's Sasakawa Peace Fellow, from the the University of Tokyo, where he serves as a professor at the Department of Technology Management for Innovation, Graduate School of Engineering. Until this year, he had taken various positions at the Ministry of Economy, Trade and Industry of the Japanese Government, economist at OECD, and associate professor at Hitotsubashi University.



His research interest covers a broad range of issues in economic and statistical analysis of innovation, including economic impacts of information technology, international comparison of productivity, national innovation systems focusing on science and industry linkages, and SME innovation and entrepreneurship policy. He has published several papers and books on the above issues, including *Productivity in Asia: Economic Growth and Competitiveness* (2007). At Shorenstein APARC, he is conducting the research project, "New Channles: Reinventing US-Japan Relationship", particularly focusing on innovation in Silicon Valley and its linkage with the Japanese innovation system.

### Ryo Sahashi



Ryo Sahashi is a visiting associate professor of the Walter H. Shorenstein Asia-Pacific Research Center (Shorenstein APARC) from April 2014 to March 2015. He joins APARC from Kanagawa University, where he concurrently serves as an associate professor of international politics.

Sahashi is a specialist on the regional security architecture in East Asia and Japan's international relations. His articles are published in Chinese, English, and Japanese, including "Security Arrangements in the Asia-Pacific: a Three-Tier Approach," William T. Tow and Rikki Kerstain (eds.); *Bilateral Perspectives on Regional Security: Australia, Japan and the Asia-Pacific Region*, New York: Palgrave MacMillan, 2012, pp.214-240; "Security Partnership in Japanese Asia Strategy: Creating Order, Building Capacity, and Sharing Burden," *ifri Policy Papers*, February 2013; "The rise of China and the transformation of Asia-Pacific security architecture," William T. Tow and Brendan Taylor (eds.); *Contending Cooperation: Bilateralism, Multilateralism, and Asia-Pacific Security*, London and New York: Routledge, 2013, pp.135-156. During his visit at APARC, he will be writing a book on history of the U.S. strategy toward China and Taiwan since the Cold War.

# New Corporate Affiliates from Japan

## Corporate Affiliates Program welcomes 2014-15 fellows to Stanford

Established in 1982 to introduce Asia-based fellows to American life and institutions, the [Corporate Affiliates Visiting Fellows Program](#) is Shorenstein APARC's longest running program. It enables organizations that have joined the Center as corporate affiliates to nominate personnel to spend one academic year at Shorenstein APARC.

As the new academic year gets underway, S-APARC's Corporate Affiliates Program welcomed nine fellows from Japan to Stanford University:

- **Wataru Fukuda, Shizuoka Prefectural Government**
- **Yoshihiro Kaga, Ministry of Economy, Trade, and Industry**
- **Tsuyoshi Koshikawa, Ministry of Finance**
- **Yasunori Matsui, Mitsubishi Electric**
- **Tatsuru Nakajima, Sumitomo Corporation**
- **Shingo Nakano, Ministry of Economy, Trade, and Industry**
- **Ryuichi Ohta, Japan Patent Office**
- **Ryuichiro Takeshita, Asahi Shimbun**
- **Ryo Wakabayashi, Sumitomo Corporation**

During their stay at Stanford University, the fellows will conduct individual research projects under the guidance of Shorenstein APARC's scholars; at the end of the year they will make a formal presentation on the findings from their research.

## Contact Us

### Japan Program

The Walter H. Shorenstein  
Asia-Pacific Research Center  
Stanford University  
[Japan Program Website](#)

### GENERAL INQUIRIES

Meiko Kotani  
Email: [meiko@stanford.edu](mailto:meiko@stanford.edu)  
Phone: (650) 724-0051  
Fax: (650) 723-6530

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## Upcoming Events

### • November 6- S-APARC Japan Colloquium Series

“The Sun Rises Again? Regaining Industrial Competitiveness of Japan in Science Based Economy Era”

**Speaker: Kazuyuki Motohashi - Sasakawa Peace Fellow, S-APARC and Professor, University of Tokyo**

**12:00pm - 1:30pm** \*Lunch will be provided

Philippines Conference Room - Encina Hall 3rd Floor

[RSVP for this event](#)

### • November 6- US-Asia Technology Management Center & Silicon Valley-New Japan Project

“New Trends in Start-up Company Acceleration: Toward the Rise of the Global Start-up”

**Speaker: Ari Horie - Founder & CEO, Women's Startup Lab**

**4:15pm - 5:30pm**

Gates Computer Science, Building B01 - 353 Serra Mall, Stanford University

[More Information](#)

### • November 11- S-APARC Japan Colloquium Series

“Silicon Valley and Japan: A conversation with Ambassador John Roos”

**Speaker: Ambassador John Roos - Former U.S. Ambassador to Japan**

**12:00pm - 1:30pm** \*Lunch will be provided

Bechtel Conference Center - Encina Hall 1st Floor

[RSVP for this event](#)