

Welcome

to the inaugural lecture

Risk and opportunity – Japan confronting uncertain futures

by

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Introduction and moderation

by

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Welcoming words

by

**His Excellency
Dr. Hans Carl von Werthern**

Ambassador of the Federal Republic of Germany to Japan

Welcoming words

by

Dr. Harald Rosenbach

**Executive Director
Max Weber Foundation, Bonn**

Inaugural lecture

Risk and opportunity – Japan confronting uncertain futures

Franz Waldenberger

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Risk and opportunity – Japan confronting uncertain futures

Five main messages

- I am very grateful to be here.
- Japan is a great place to be and a fascinating object of research for the social sciences and humanities.
- The DIJ is uniquely positioned to conduct research on Japan.
- Our new research program addresses fundamental challenges that Japan and other societies face.
- To achieve our goals, we will need your support and collaboration.

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Japan is a great place to be ...

What makes Japan a fascinating object of research for the social sciences and humanities?

- Japan is confronting many of the vital challenges modern societies are facing.
- In the case of Japan these challenges often evolved faster and appear to be more severe.

What makes Japan a fascinating object of research for the social sciences and humanities?

The case of demographic change

Share of population 65+

	Japan	Germany
1960	6%	12%
1980	9%	16%
2010	23%	21%
2040	36%	32%
2060	40%	34%

Population in million

	Japan	Germany
1960	93,4	73,0
1980	117,1	78,4
2010	128,1	81,8
2040	107,3	75,3
2060	86,7	67,4

National Institute of Population and Social Security Research;
Bundesinstitut für Bevölkerungsforschung

Major social, political and economic challenges

- a rapidly aging and now also declining population,
- growing income inequalities and rising share of relative poor,
- a forced re-orientation in its energy policy,
- political tensions with close neighbours,
- a macro-economic environment characterised by long-term deflation, record high fiscal debt and an “aggressive” monetary policy,
- global competition and accelerating technological change.

Why is the DIJ uniquely positioned to conduct research on Japan?

- We are in Japan, but we bring in an outside perspective.
- We combine research from a wide range of disciplines.
- We thus provide a “natural” platform for comparative and interdisciplinary research.

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Why is the DIJ uniquely positioned to conduct research on Japan?

The team



Challenges imply risks and opportunities

- How does Japan control the risks and exploit the opportunities inherent in the challenges it faces?
- The answers are not only of relevance for Japan!

Economy – unexploited opportunities

- Japan, up to the 1990s a major driving force of structural change in the global is being driven by newly developing economies.
- How can Japan maintain its vitality? Its productivity and welfare?
- Japan needs to fully leverage its productive potential on a global scale.

Economy – unexploited opportunities

Japan's productive potential (1) - TECHNOLOGY

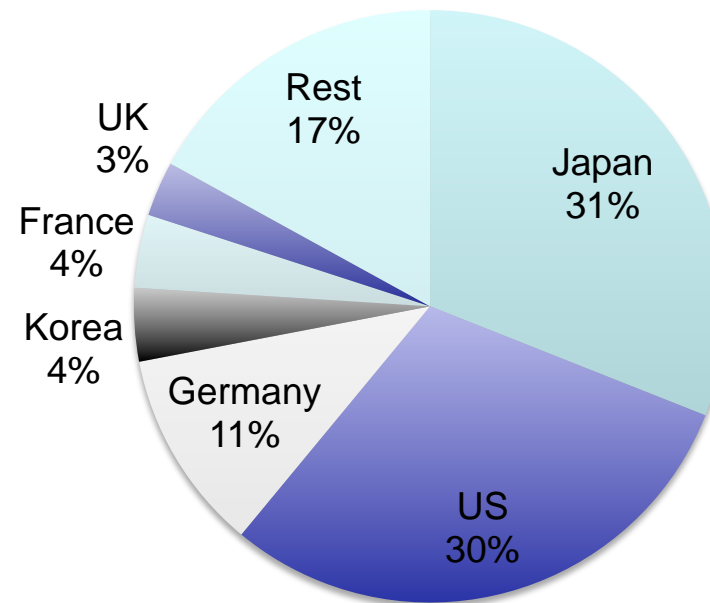
R&D expenditures to GDP ratio, 2012

3.4 % – Rank 5 behind
Korea, Israel, Finland and
Sweden among 34 OECD
countries

Germany 3.0%,

OECD total 2.4%

Share in Triade Patent Family application, 2012



OECD, Main Science and Technology Indicators, 2014

Economy – unexploited opportunities

Japan's productive potential (2) – HIGHLY SKILLED LABOUR

Share of persons with
tertiary education in the
age group 25 to 64 years, 2012

Japan second (47%) behind
Canada (51%) among 35
OECD countries.

Numeracy proficiency
and **literacy proficiency**
among 16 to 65 year old

Japan came clear first in
both categories among 20
OECD countries.

Economy – unexploited opportunities

Japan's productive potential (3) – ABUNDANT FINANCIAL CAPITAL



Record high liquidity

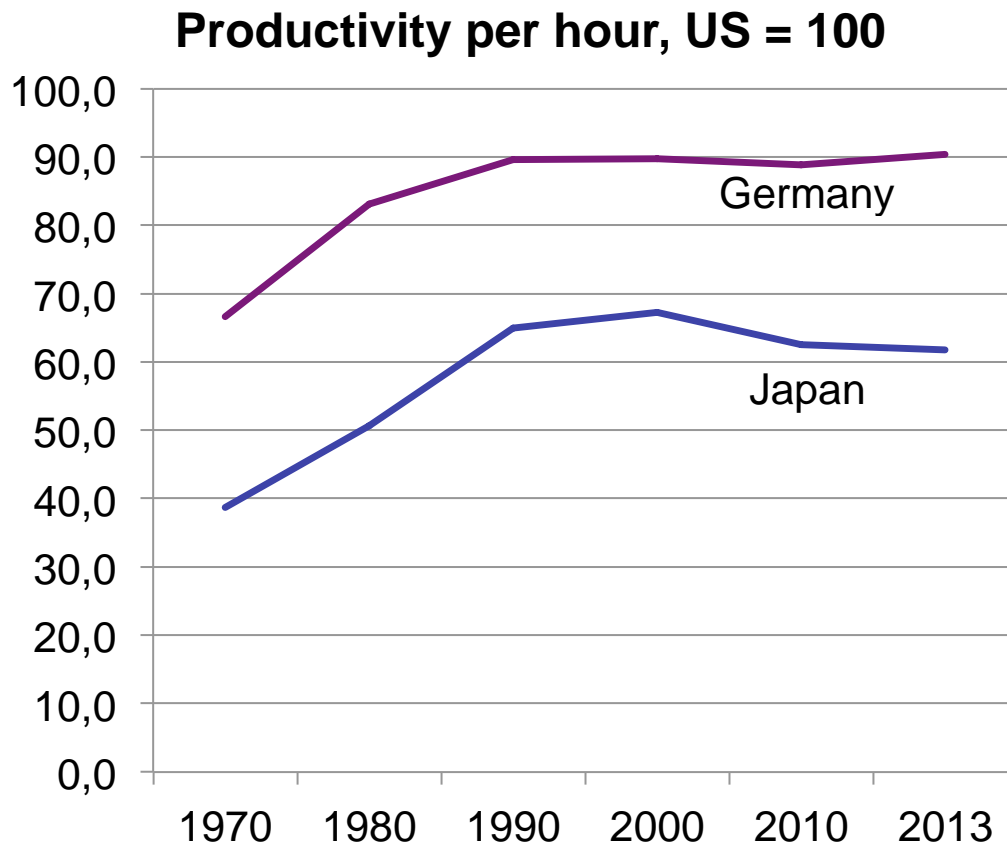
**Short term assets surpassed
short term liability by factor
1.35 end of 2012.**

Ministry of Finance, Corporate Financial Statements Statistic

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Economy – unexploited opportunities

Japan still lacking behind in productivity per hour



Japan productivity per hour
2013 in current prices and
current PPP 41.1\$ (OECD
total 47.1\$)

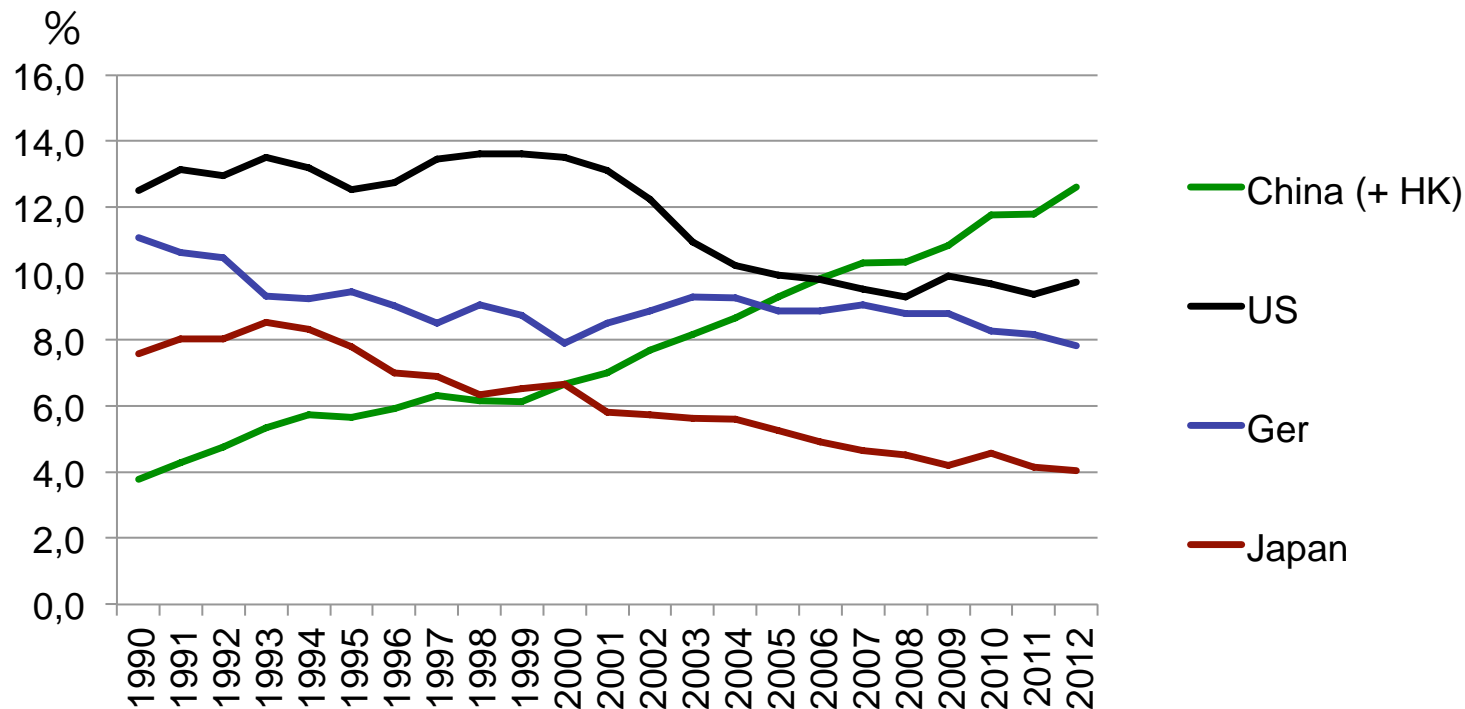
Rank 20 among 34 OECD
countries.

OECD Productivity Statistics

Economy – unexploited opportunities

Japan has not been able to leverage its potential on a global scale.

Share in world export declined from 8% to 4%



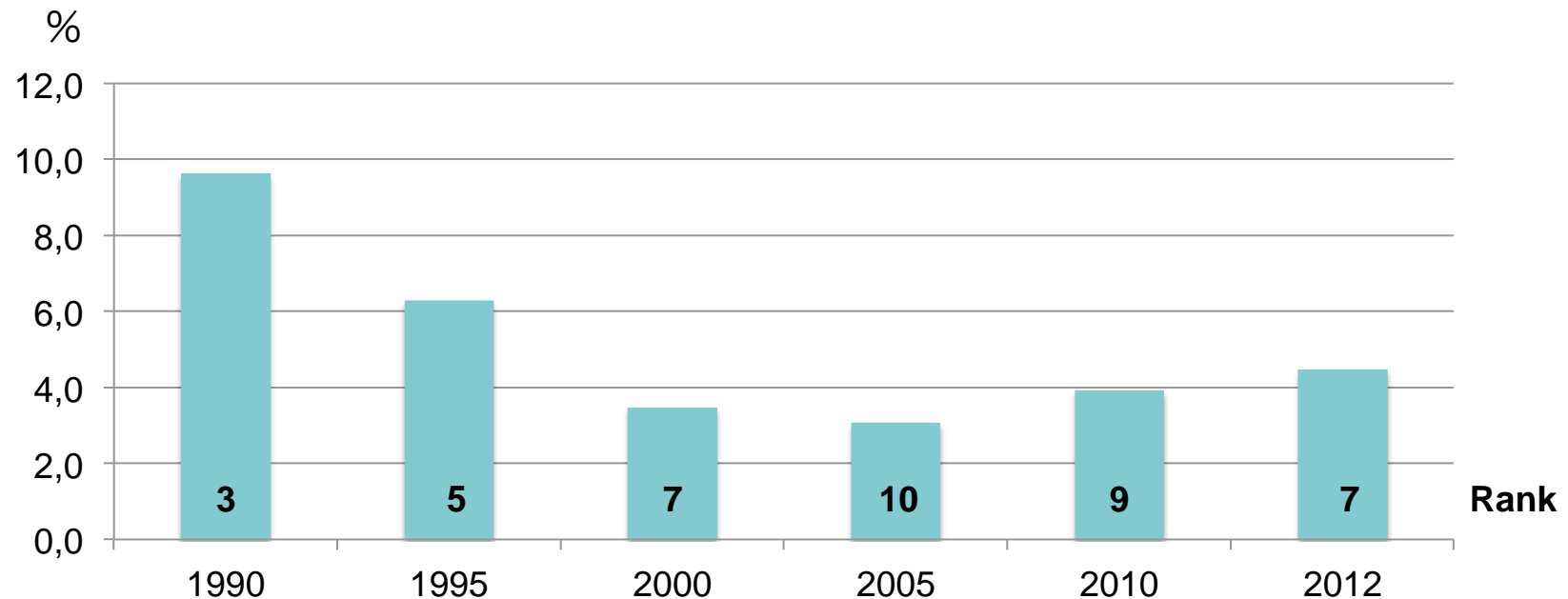
JETRO and UNCTAD Statistics

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Economy – unexploited opportunities

Japan has not been able to leverage its potential on a global scale.

Share in global outward FDI stock declined from 9% to 4%



JETRO and UNCTAD Statistics

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Economy – unexploited opportunities

Why? Plenty of possible explanations

Productivity barriers

- Regulation? High bureaucracy costs
- Lack of labour mobility among firms?
- Work organization?
- Focus on detail
- Focus on processes instead of outcomes
- Consensus oriented decision processes?
- Lack of leaders, entrepreneurs?
- Lack of globalization

Globalization barriers

- Culture: Strong preference for harmony
- Mind sets: Need or opportunity not understood
- Structural barriers (industry level):
Dominance of SME
- Structural barriers (firm level):
Internal labour markets
- Time consuming consensus oriented decision processes?
- Lack of leadership

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Economy – unexploited opportunities

Why? Plenty of possible explanations

Research design necessarily

- comparative – across companies, industries, countries
- multi-disciplinary – economics, law, business, psychology, ...
- multi-method – secondary statistics, surveys, case studies, ...

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Similar themes and approaches

Energy – how to exploit Japan's rich natural energy resources?

Agriculture – here also Japan has many opportunities.

General challenge of reform processes

How to negotiate the **risks and opportunities**
of the various **stakeholders** involved?

A wide range of possible topics

- genuine risk-research fields like the study of *individual risk attitudes, private and social insurance, corporate risk management and entrepreneurship*
- general topics such as *productivity and welfare, energy policy, health and food safety, employment and international relations*
- far-reaching transformation processes like *globalization and demographic change, rising social inequalities or the erosion of traditional social structures*

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A wide range of approaches

- Concepts and theoretical approaches rooted in different *disciplines of the social sciences and humanities*
- Wide range of methods from *large-scale surveys, in-depth interviews, case studies, ethnographies, to text and discourse analyses or laboratory experiments*
- *Interdisciplinary discussions* of findings gained through different discipline-based research methodologies
- *Comparative studies* through international collaborations

Beyond answering how Japan controls the risks and opportunities inherent in the challenges it confronts

- New insights into important aspects of Japanese culture, society, economy, and politics.
- The multi- and interdisciplinary approaches and comparative analyses can provide new grounds for theory building and ...
- advance our general understanding of the nature and implications of risks and opportunities in an increasingly complex and dynamic world.

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**To achieve our goals we will need
YOUR support and collaboration!**

In general

- Exchanging ideas
- Information about activities

Academic collaboration

- Mutual visiting - guest researcher program
- Joint events (workshops, conferences)
- Joint research projects

But also by other means

- Financial support
- Access “to the field”
- Outreach

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ご清聴ありがとうございました!

Vielen Dank für Ihre Aufmerksamkeit!

Thank you for your attention!