



On 8th December 2015, Japanese Civilization Institute held its second symposium at Japan University of Economics in Shibuya, Tokyo. Minister in charge of regional revitalization Shigeru Ishiba delivered a keynote speech on the topic, “Reconsidering Regional Revitalization and the future of Japan on the day Japan and the United States opened war.”

After the speech, Minister Ishiba was joined with analyst David Atkinson—author of the popular “*Shin-Kanko Rikkoku Ron*” (New Strategies for a Tourism-Oriented Country)—Hisao Harihara, former Executive Assistant to the Minister of the Ministry of Agriculture, Forestry and Fisheries, together with Naoki Inose, director of Japan Civilization Institute and MC of the event, to discuss the theme, “Japanese Civilization and Regional Revitalization—Strategies for Japan to survive through its strengths and weaknesses.”

The following is a passage extracted from the event:



Keynote Speech

Regional Revitalization and Japan's Future

by **Mr. Shigeru Ishiba**

(Minister of State for Special Missions (National Strategic Special Zones) and Minister in charge of Regional Revitalization)

Good evening. I'm Ishiba, Minister in charge of Regional Revitalization. It's 8th December today, and I think it's a day in which we ought to reconsider why we had to start such a war on the same day back in 1941. There's Mr. Inose's book; “*Showa 16 nen, Natsu-no Haisen*” (Defeated in War in the Summer of 1941), which I think is a book everybody should read no matter what else they don't read. At that time, Imperial Japan had an organization called “Total War Institute,” which was based in Nagata-cho, around where The Capitol Hotel Tokyu is today. Despite its grand name, the building was more like a base camp, they say. 30 elites, including Captain of the Imperial Army, Lieutenant Commander, and people from the Ministry of Commerce and Industry, Ministry of Foreign Affairs, Ministry of Finance, the Bank of Japan, Nippon Steel

Co., Nippon Yusen and Domei Tsushin were assembled there to make a simulation on what would happen if Japan declared war against the United States. In the summer of 1941, the team came up with a conclusion that no matter how hard they tried they would never be able to win this war. Japan must avoid the outbreak of this war, despite any reason there may be. The then Prime Minister Fumimaro Konoe, Minister of Army Hideki Tojo and members of the Cabinet, were present to hear this. Still, why did that war have to happen? Mr. Inose's book clearly answers to this question. I read this book during my last days of being appointed Director General of the Defense Agency. I think through this book, I formed my fundamental ideas on collective security.

Former Vice-Minister of Agriculture, Forestry and Fisheries Mr. Har-

ihara, is an old friend of mine. Our friendship goes back 30 years, and we have discussed Japan's current agricultural policy many times in the past.

Meanwhile, Japanese tourism cannot be discussed without reading David Atkinson's book “*Shin-Kanko Rikkoku Ron*” (New Strategies for a Tourism-Oriented Country).

Creating a sustainable, independent nation

Sometimes, I'm asked the question; “What kind of country do you want to build?” I reply; “I want to create a sustainable, independent nation that has the power to endure.” Then, most people reply, “this country is already an independent nation.” But is this really so?

State sovereignty I believe is built on three aspects; land, people and government structure. These three aspects must be protected from foreign countries no matter what. The Falkland Islands—also known as Islas Malvinas—is a British overseas territory off the coast of Argentina. When it was invaded by Argentina, Prime Minister Margaret Thatcher immediately dispatched fleets without a slightest hesitation. The Japanese people might know where the Northern Territories are, but most people would probably find it difficult to spot the Takeshima Islands. Even if they are able to spot them, there are very few people, most likely even in the Diet, that can explain why the Takeshima Islands belong to Japan from a historical and International law point of view. A country that is ignorant about its land like Japan is extremely rare. The abduction issue was brought up for the first time during the Koizumi Administration. The issue was never brought up until then. North Korea admits that they kidnapped many people including Megumi Yokota, but some of them still haven't returned, which is nothing but a violation of state sovereignty. A country that is unable to protect one citizen will lose all of its people and its country with it. Some heroic people might say they should dispatch the Self Defense Force and bring the people back. But the Self Defense Force cannot be put into action unless there's an imminent and unlawful infringement.

The third point I would like to make with all respect to foreign people, whether central or district, I think that a country should have a government structure, where people of its own nationality govern the country. These three aspects should never be invaded by people outside of Japan. A sovereign state I think needs to be like this. I wonder how many people are aware of this?

The notion of state sovereignty is weak in Japan

I might also add that unlike the United States and Europe, our democracy is not something we fought for. What used to be monarch sovereignty turned into a sovereignty of the people and then into a nation-state. Individual people started ruling the nation instead of sovereigns. Today when we vote, each person is required to think what they would do if they were administrators. However, the notion of state sovereignty is very weak in this country. Can we call such a country as independent?

The same people stressing the withdrawal of American military bases from Japan are against exercising the right to collective defense. They do not realize that what they are saying is logically inconsistent. That Japan is providing military bases to the Americans is a duty the country must owe instead of exercising the right to collective defense. Therefore, if the country claims the right for the American military base to withdraw from Japan, then it must perform its duty by exercising the right to collective defense. The Status of Forces Agreement is affiliated to the U.S.-Japan Security Treaty, so the Status of Forces Agreement cannot be altered on its own. Can you call this kind of U.S.-Japan Security Treaty, a truly sustainable treaty?

"We have no permanent allies, we have no permanent enemies. We only have permanent interests," are words left by British Prime Minister Palmerston (1784-1865). Under alliance, a nation always has to operate while facing the terrifying dilemma of getting involved in war and being abandoned by its allies. The fear of getting involved in war always seems to be the issue, but what about the

fear of being abandoned by your allies? How do you overcome that? People of this nation should understand this before talking about alliances.

This is a very delicate issue that should be carefully said, but Japan was destroyed to ashes with WWII and lost its state sovereignty on 15th August 1945. The Emperor system remained, so the fundamental structure of the state was protected. But I think it's not too much to say that by losing state sovereignty, Japan banished as a country altogether. How should we contemplate this? The book, "*Showa 16 nen, Natsu-no Haisen*" makes many interesting suggestions regarding this.

The preconditions for Japan to thrive have disappeared

If we had thought rationally, we never would have started that war. But public discourse at the time seemed to have lost its confidence, and all these notions about "Japan being a country of God," "Americans and English people being satanic animals" and "luxury is enemy" was at full force. Was there any other nation in the world that ordered its people to make suicidal attacks like "kamikaze" and "Battleship Yamato"? How many efficient men lost their lives in that war? We have to face this truth today.

Nobody wants to think for the worst, but what if one day North Korea suddenly announced, "Hey, you Japanese! Agents of Americans! We've got our missiles pointed at your nuclear power stations and we've started countdown!" How would we respond? We should think about such situations.

Of course we mustn't forget the magnificent effort the Japanese people showed, which led to the strenuous thriving of Japan accomplished

after the war. But Japan paved its way amid the structure of the Cold War, economic growth, increase in population and rise of land prices. Now, these four preconditions that were required for Japan to thrive have completely disappeared. Today, the way in which this country is trying to continue its old methods, while leaving debt for the next generation and putting burden on workers and subcontracting companies, is unreasonable.

Up until now, regional employment and economy was supported by public utilities and invitation of companies. But when we look at this country's current financial condition and decline in population, it's impossible to develop employment and income that regional prefectures used to have with only public utilities and invitation of companies. Instead, I think there might be power, which this country has yet to discover. For instance, there is no other country that is suitable for agriculture, fishery and forestry like Japan. Agriculture is an industry of land, light, water and temperature. Japan has the 6th longest coastline in the world, and the 4th capacity of sea in the world. Then why is it that the

catch and haul of fish is now below half of when it was at its peak? Similarly, 70% of our land is covered by trees.. But why is forestry facing a decline? Maybe we politicians have been too protective of our electoral support and less protective of our rice fields. I mention this with responsibility and awareness, but I think we deeply have to reexamine these kinds of issues.

What we can learn from the past

Tourism is founded by the four seasons, nature, art, culture and food. If so, is there a country that exceeds Japan? To say the least, have we made full effort to make the most of our environment? Last week, I traveled again to various parts of Japan. Hakui-shi of Ishikawa Prefecture is where the TV drama "*Napoleon-no Mura*" (Village of Napoleon) is based. Also noteworthy is Hamada-shi, Masuda-shi, Oonan-cho, Unnan district of Shimane Prefecture and Sapporo where I was up until now. Places where they don't wait for the local administration to do something, but rather work on

what they can do themselves are the places that are making a clear difference. It's not easy for this country to maintain sustainability, but it's not something that we can't do. I'm only saying let's think about what we can do, based not on intuition and experience but data.

Also, let's contemplate on what we can learn from the past. What is state sovereignty? What is an independent nation and what is nationalism? We need to unfold these theories as well. I dislike the term, "a politician of such level for a country of such level." Maybe Japanese people no longer believe in politics. Well, do politicians believe in their people and talk about the future? The people of Japan are intelligent enough to respond when they are told the truth. Therefore, when we talk we should believe in this. "Regional revitalization" is not about boring ways to please the regional people or scatter Tokyo's people and its wealth to the districts. It's about questioning how Japan should stand and rebuild its country. This is how I feel right now.

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<published on 22th January 2016>



Naoki Inose, *Showa 16nen, Natsu-no Haisen* (Defeated in War in the Summer of 1941), Chuko bunko, 2010.

Shigeru Ishiba

Member of the Liberal Democratic Party, House of Representatives. Born in 1957. Ishiba graduated from Keio University, Law Department and started working in Mitsui Bank (the now Mitsui Sumitomo Bank). Member of the Liberal Democratic Party, House of Representatives (Elected 10 times). Minister in charge of Overcoming Population Decline and Vitalizing Local Economy in Japan, Minister of State for the National Strategic Special Zones and Minister in charge of Regional Revitalization. Head of Sui-getsu-kai (Ishiba group). Minister of Agriculture, Forestry and Fisheries (49th), Minister of Defense (4th), Minister of State of Defense (68th and 69th), Policy Research Council chairman of the Liberal Democratic Party (52nd) and Secretary-General of the Liberal Democratic Party (46th).

Japanese Civilization and regional revitalization: Strategies for Japan to survive through its strengths and weaknesses

Shigeru Ishiba vs. David Atkinson vs. Hisao Harihara
Naoki Inose

(MC) Thank you for making the time to attend the second symposium of Japanese Civilization Institute Inc. I am Kayoko Ikushima and I will serve as MC today.

Today, Minister in charge of regional revitalization Shigeru Ishiba will give a keynote speech followed by a panel discussion by our three panelists. Before we begin the symposium, we would like to have a few words from chairperson of the Japanese Civilization Institute and chancellor of Tsuzuki Educational Institution Group, Ms. Kimiko Tsuzuki.



Kimiko Tsuzuki

Tsuzuki: Good evening everyone. Thank you very much for attending. I'm grateful to face a fully packed audience today. Japanese Civilization Institute kicked off on 28th August, and today we're happy to hold our second symposium. Today's symposium features three panelists; Minister Ishiba, Mr. David Atkinson and Mr. Hisao Harihara, discussing the theme, "Japanese Civilization and Regional Revitalization."

When we say "Regional Revitalization," it seems we refer to every regional district in Japan apart from Tokyo. I confirmed this, so there's no mistake. In other words, Japan is

mostly made up of regional districts. Therefore, the quickest way to revitalize them—and finding all the hidden treasures—is no doubt the travel and tourism industry.

Horyuji was the first Japanese architecture that ranked with Western civilization

I personally think that if we revitalize the tourism industry not only to foreigners but also to the Japanese

people, Tokyo and of course Japan itself will become more revitalized.

Also, there's the UNESCO World Heritage that's playing one or two roles in revitalizing the regional districts. World Heritage consists of two categories; Cultural Heritage and Natural Heritage and Japan presently has 19 registered sites. The first Cultural Heritage that was registered by UNESCO World Heritage was Horyuji back in 1993.

However at the time, it is said that there was a big debate inside UNESCO whether or not they should register Horyuji as a World Heritage site. This is because Western architecture is built of stone. Their culture is a culture of stone. In contrary, Horyuji is the world's most ancient wooden architecture. Also, it has suffered numerous fires up until now, so its authenticity was questioned. What remains now is not exactly the same as when it was initially built. Regarding this point, an argument rose as to whether they can still call it a world heritage or not.

However, Horyuji today is acknowledged to be an architecture that passes down all the details of when it was first built, including its

materials and architectural technique and is said to be an architecture that has the same authenticity and value of the Pyramids, which is a stone architecture. In other words, Horyuji was the first occasion that Japanese civilization and Japanese architecture ranked with Western civilization and Western architecture.

In that sense, in this debate regarding Japanese civilization, Japanese Civilization Institute would like to perceive once more, Japan's uniqueness in the world and the characteristics of Japanese civilization especially in this important moment of 70 years after the war. Where does Japan stand in the world? What are its characteristics? What kind of tradition and history does it have? These kinds of questions will be answered from a "civilization" point of view.

Also, this institute is working toward transmitting Japanese civilization to children and adults of the next generation who will be living the next 70 years to 100 years to come. The subtitle of the event is; "Japanese Civilization and regional revitalization: Strategies for Japan to survive through its strengths and weaknesses." I hope you will enjoy the event until the end.

MC: Thank you very much. Next, we would like a few comments from Mr. Toshio Goto, executive director



Toshi Goto

of Japanese Civilization Institute and dean of Business Administrations Faculty, at Japan University of Economics.

Goto: Good evening. Thank you for making the time to attend. Our chairperson just made a comment, but could you please have a look at the leaflet you have with you? It's in both Japanese and English, but if you look at the Japanese, you'll see a list of what Japanese Civilization Institute covers on the top right hand side. Today, there are a few people from universities attending the event, so let me explain a little.

The first in category, Ideology, Philosophy and Ethics is exactly the field of our chairperson. The second category is Economics/Business Field, Long-established Stores and the third is Industrial Art/Technological Field, Fashion, Pop Culture, Architecture and Technology. The fourth category is Medical Field, which covers Chinese medicine, Japanese food and healthy, balanced food and is supervised by a professor of Yokohama University of Pharmacy. The fifth category is Synthetic Field, which covers Politics and Religion.

I myself specialize in studies of long-established stores. Among the panelists today is Mr. Atkinson, whose company Konishi Decorative Arts and Crafts is one company I'm studying. I was looking forward to meeting Mr. Atkinson today. I'm sure some of you know Konishi Decorative Arts and Crafts. It's a company that is said to be founded in the first half of the Edo Period, during the Kanei Era(1624-1644). When counted from the oldest Japanese company, it comes at 916th place. You can see it's extremely old.

As to why there are so many long lasting companies in Japan, I'd like to explain in another occasion but actually there's one secret to answer this. Those companies that last more than 100 years are all run by family business. The owner of Konishi

Decorative Arts and Crafts is Mr. Konishi, whose family has ceaselessly run the company over the years. Long-established stores like Konishi Decorative Arts and Crafts is something that Japan can take pride and show to the world. I would like you to keep this in the back of your minds and enjoy today's event.

Panel Discussion

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Inose: How should we pursue this argument regarding the possibility of maintaining this country? With Japanese civilization at the basis, this symposium's goal is to consider a strategy for Japan to survive through its strengths and weaknesses.

The government is promoting the slogan for the policy, "Ichi-oku So-katsuyaku" (a society in which all 100 million take active parts) and is vowing to raise GDP (Gross Domestic Product) from 500 trillion yen to 600 trillion yen. Meanwhile, the population is continuously declining and there is no system to accept refugees.

In his book "Shin-Kanko Rikkoku Ron" (New Strategies for a Tourism-Oriented Country)—which was awarded Shichihei Yamamoto Award the other day—David Atkinson refers "tourists" to be "short-term refugees" and notes "tourism" to be a possible



David Atkinson

aspect that could contribute to raising Japan's GDP. Could you please talk a little about this, Mr. Atkinson?

Atkinson: There were 1.133 billion tourists in the world last year, and it is said that the number will increase up to 1.2 billion yen by 2030. Back in 1950 there were only 25 million. You can see that tourism is a growing industry. 9% of the world's GDP is covered by tourism and in major sightseeing countries like France and Spain tourism is a big industry that covers 9.5% to 10% of the country's GDP. Meanwhile, the number is just above 2% in Japan. Moreover, when the world's GDP is compared to the income of international tourists, the figure is 1.61%. In contrast, Japan is 0.41%, marking 126th place in a total of 129 countries. Japan comes last among the developed countries. This, in other words, means that there are limitless possibilities for Japan to expand. When we think about Prime Minister Abe's policy of 600 trillion yen, we can make an estimation of covering half of the 100 trillion yen we want to raise through tourism. Japan has the resources for developing tourism, but it has not yet tackled the genre actively. It's no doubt a developing industry, so there're chances for remarkable progress by the way it's tackled.

Inose: What is the current problem?

Atkinson: It's not a problem. The country just hasn't taken the tourist industry seriously, so almost nothing is equipped. There are only 10 countries that possess all four conditions required for tourism: climate, nature, history & culture, and food. Japan is one of them. But is there a resort in Japan that it can boast to the world? The answer is no. For example, Japanese ski sites are said to have the best snow in the world; however, by word of mouth, Japanese ski sites are known to be merely ski sites and not ski resorts. Sad music echoes the ski sites at 5 p.m. and everyone must go

home. The fun after that is not provided. Similarly, cultural heritages are only protected as architectures. There are no guides let alone events. There's a growth in economy and population has increased this year compared to last year, so there're able to gain profit even if they don't provide something special. They needn't worry about management or whether people are satisfied or not.

Inose: You're saying there are sightseeing sites in Japan but there is no sightseeing industry to manage it. Everything in Japan is compartmentalized vertically; tourism is managed by the Ministry of Land, Infrastructure, Transport and Tourism, small and medium-sized companies are managed by Ministry of Economy, Trade and Industry and agriculture is managed by the Ministry of Agriculture, Forestry and Fisheries. Mr. Harihara has played an active part in TPP, and has worked on Japan's agricultural reform. Even though there's industry resources in Japan's regional areas, the Ministry of Agriculture, Forestry and Fisheries is separated from corporations, tourism & service sectors, which is the reason why there hasn't been much merit. What can we do to change this situation?

Harihara: We just heard from the Minister that there is no other country that is more suitable to pursue agriculture and fishery than Japan. Japan is the only country that has succeeded in the Industrial Revolution which hasn't lost its forests. That 70% of the country's land is covered in forest is a huge advantage for Japan to pursue forestry. In addition Japan comes 6th in the world for longest coastline and 4th for quantity of water. There are not so many countries that have as much fishing resources as Japan. It just goes to show how much Japan is failing to make the most of its strengths. Similarly, agriculture in Japan is said to be a dying industry, raising just

about 9 trillion yen. But gross production including agriculture, food manufacturing, food service industry and retailing amounts to 100 trillion yen, the country's largest industry. If you consider Engel's coefficient of the Japanese people to be 25%, the Japanese are spending approximately 100 trillion yen on food, out of the national income of 400 trillion yen.

Inose: We are eating 100 trillion yen. You're saying there's a demand there.

Harihara: However, the producers are only raising 9 trillion yen. This leads to what we were talking about, that each industry is divided vertically. There is no connection between primary, secondary and tertiary industries, so for example, producers of rice just forward their rice to the agricultural cooperatives and that's it. Meanwhile, there are the people with determination who produce and process rice of their own kind and sell it on the Internet. Naraomi Imamura, a professor emeritus at the Tokyo University multiplies these primary, secondary and tertiary industries and calls them the "6th sector" industry. No matter how carefully the producers make their rice, when they forward it to the agricultural cooperative it gets mixed with other rice and sold at the same price. To avoid this, we need to arrange a structure so that the



Naoki Inose



Hisao Harihara

value of the primary industry reaches the consumers. This policy is now being worked on, as is TPP, which is trying to indicate a broad outline on this matter.

Inose: You're saying that the primary industry is the Ministry of Agriculture, Forestry and Fisheries, the secondary industry is the manufacturing industries, and the tertiary industries are comprised of distribution, service and the food service industries. The primary, secondary and tertiary industries are multiplied and called the "6th sector" industry. Then the question arises; what is blocking the "6th sector" industry?

Harihara: Indeed, I think the agricultural co-operatives are one problem. The control center and politically strong Central Union of Agricultural Co-operatives (Zen-chu) is putting them in order, restricting the agricultural co-operatives so that they are standardized. Perhaps there is a structure, where producers can only buy machinery and fertilizer that the agricultural co-operatives allow.

Inose: You're saying that because the Central Union of Agricultural Co-operatives holds the right to audit and guide, the regional agricultural co-operatives are unable to make the most of their original ideas.

Harihara: Yes. That's why we are en-

dorsing a reform that converts Central Union of Agricultural Co-operatives into a general incorporated association. We are also abolishing the right for compulsory auditing and making it an obligation to have a certified public accountant to audit agricultural co-operatives.

Inose: There's the National Federation of Agricultural Co-operative Associations etc. too. Federation of Economic Agricultural Co-operative Organization in each prefecture, are the ones undertaking the purchase of feedstuff. They're also in charge of finance. Maybe these kinds of organizations have binding powers too.

Harihara: We already have a legal framework to convert National Federation of Agricultural Co-operative Associations into a joint-stock corporation. But the National Federation of Agricultural Co-operative Associations itself needs to take control, or else it won't be carried out even if we make the law. Future agriculture greatly depends on how agricultural co-operatives are going to reform themselves.

Inose: The tourism industry of every district is financially examined by the National Federation of Agricultural Co-operative Associations. They are the ones in charge of the finance of agricultural co-operatives. But I don't think there are people there who have an eye to decide what's best.

Minister Ishiba, the simplest plan of "regional revitalization" is, I believe, the method in which the local government that comes up with the best idea is granted tax benefits. Can you talk about this in more detail, while referring to Japan, which has sightseeing sites but no sightseeing industry, which we have been talking about?

Ishiba: The number of tourists staying overnight differs greatly according to the prefecture; however, if there are no people wishing to stay,



Shigeru Ishiba

their accommodation is wasted. Surprisingly, Nara Prefecture has the least number of tourists staying overnight simply because it doesn't have enough hotels. There is something called a Tourist Association for each municipality, but there is no organization to think out the best way to develop tourism that suits their district. Taking this into consideration, there is a need to create a new organization called DMO and analyze the statistics in order to work out a sustainable regional strategy. We're saying that the government will finance the district, which can systemize this, and come up with a good idea to develop their tourism industry based on the data they gained.

Inose: About 25 years ago, there was something called "Furusato Sousei" (Hometown Creation) in which Takeshita Administration gave out 100 million yen to 3000 municipalities across the nation. Similarly, 20 years ago, through the Uruguya Round, the Howokawa Administration made an agricultural investment of 6 trillion yen. But the money was used for structure improvement projects and engineering work, and not for developing agriculture and the district altogether. This time, there's a hundred billion yen to be used for regional revitalization...

Ishiba: There's a need to calculate the target value of KPI (Key Perfor-



mance indicator) and verify its level of achievement not only by members of the municipal office and town office, but also by well-informed people from the outside and members of the assembly representing the taxpayers. If concepts of PD-CA (Plan, Do, Check, Act) are not included in the system, no money whatsoever should be paid.

But isn't this fun? Don't you think there could be treasures hidden in various parts of Japan? There's no development in tourism just conjecturing inside government offices. We're saying that we will finance the incentive of people from various fields—including people from the industrial world, students, credit union and television—to get together and exchange ideas. We want, for example, for them to think about how they could send out messages about their district to the world.

Inose: Mr. Atkinson, we have hotels sited in various parts of Japan. Why are we lacking the structure to take tourists in?

Atkinson: There are a lot of business hotels. But when traveling, nobody wants to stay in an environment lower than the one they're already in. If, for example, Bill Gates should come to Japan, apart from Tokyo, there's only one hotel in Osaka and another in Kyoto that's suitable for him to stay in.

Inose: Are you referring to Ritz Carlton? When was that built?

Atkinson: Osaka was first, at the end of the 1990s. When it opened, everyone said it was too expensive, that it was probably going to go bankrupt. Diversity is what's important for tourism. In Japan, there are several hotels that provide rooms for a few thousand yen up until 20,000 yen, but the reality is, hotels that offer more are scarce. Despite having numerous national treasures, important cultural assets and nature, Nara's tourism industry is poor simply because visitors cannot spend money even if they wanted to. Chinese people spend an average of 230,000 yen in Japan, but 660,000 yen in the United States. They're unable to spend 660,000 yen in Japan, you see. The most expensive hotel in the world costs 6 million yen for a night's stay. But because it targets 7.2 billion people of the world, there are people who are willing to pay 6 million yen every day of the year. Up until now, Japanese tourism has only focused on the 130 million population of their own country. Plus, taking into consideration that Japanese people only travel during Golden Week, Obon (festival of the dead in the summer) and the New Year, it's clear that a 6 million yen per night hotel is not going to make money. Is Japan going to seek customers abroad, or is it only going to focus on its own people? That is the question.



Inose: You're saying Japanese tourism shouldn't answer to just domestic demands, but rather do a market research and transmit information to the outside world so that more tourists from around the world come to Japan.

Atkinson: Another problem is that the overall Japanese concept is "product-out." It's not "market-in."

Inose: You're saying everything is presented from a producer side and a supplier point of view.

Atkinson: When you go to the top-page for Tourist Association on the Internet, you find the words, "Must do Top Ten." That's something someone from the outside evaluates, not something said by the provider. Until last year, Japanese people have been sending out the message, "*Omotenashi*" (hospitality). But tourism studies made by one of the world's top universities shows that there are no data for foreigners wanting hospitality and traveling to gain it. No matter how much Japan transmits the message; "Please come and experience our hospitality," the truth is, they're not reaching foreigners at all.

Ise-Shima Summit is scheduled to take place this year, and I'm often asked how many foreigners will come to Japan. They haven't made any investment and they haven't sent out any messages to the world, yet they think foreigners will come just because of the summit. I've made inspections in various parts of Japan, and what I find is that the regions that have made effort succeed, while regions that do not, deteriorate. This bipolarization is going to continue, I think.

Inose: Specifically, what kind of approach do you think is long-lasting?

Atkinson: Simply said, I think people who are listening to the customers and responding to them are raising profit. A large hot-spring hotel



in Beppu is undergoing a huge rehabilitation. The new manager got rid of all the banquet halls and made large rooms for families. The room is charged per night. It doesn't matter how many people stay in the room. This room is booked everyday, 100 % in occupancy. It's an example of a success that was achieved by reading the trends, and making investment that answer to the market's demands. There is no region that is inappropriate for tourism. Even under same circumstances, there are cases where they are making effort and changing and cases where they are not, therefore, deteriorating.

Inose: 30 million tourists visit the UK, a country with a population of 65 million. Moreover, 80 million tourists visit France, a country with a population of 65 million. Meanwhile, Japan—a country of 120 million—has something around 20 million tourists entering the country. This number goes to show how much competition of services, based on marketing research is necessary. If Japan succeeds in having more foreigners stay in their country on a long-term basis, they'll become short-term immigrants, ultimately influencing GDP to rise.

Harihara: The same kind of situation can be said about agriculture too. Food supply was poor after the war, so no matter how bad it was, if you produced food and you supplied

it, it got sold. But today, you can get your hands on high quality, cheap food from in and outside Japan. Also, the average stereotypical way of Japanese thinking—like a loaf of bread should absolutely be between 100 yen to 200 yen—is blocking progress. As a matter of fact, customers are searching for something more diverse; for example, a loaf of bread that costs 500 yen but is made of local wheat, a jar of jam that costs 2,000 yen but is produced from tangerines and grapes from a small island, or quality wine produced in a winery that uses grapes carefully raised in a local farm. There are people out there who are succeeding with new ideas and a strong belief that they're able to succeed.

Inose: Mr. Ishiba, maybe the government shouldn't barge in and give a useless hand.

Ishiba: That's exactly the point. The central government is a parliamentary cabinet system. The person taking responsibility is vague. On the other hand, a governor, or a mayor of a city/town/village is chosen by its residents like a presidential government, so the person taking responsibility is clear. I think it's better done by people who can take responsibility, who are actually on the scene and who have done business in the past. The central government just needs to sit back and handle foreign affairs, collective security and financial policy because that's something the regional government can't do. Also the central government should try and improve the standard of social security and decide the basic principles of education. The rest should be up to the regional districts to do. When the economy was soaring, members of the Diet served as spokesperson of regional benefits. They did the work of governors and mayors and tried to win votes by doing so. The local assemblymen only did the kind of work the chief of neighborhood associations did, and government officials did the work of

members of the Diet. Everyone thought it had to change, so a single-seat constituency system was adopted and we're at last able to talk about foreign affairs and collective security. Next, we have the question of how much we should loosen decentralization of power. You have to understand that if we were to ease regulations and decentralize the power, there will be of course the responsibility that comes with it.

Relating to what Mr. Atkinson just mentioned, I think the movement to make something of world class has already begun. One night at JR Kyushu Nanatsu-boshi costs 250,000 yen at the least. It can cost more than 1 million 500 thousand yen for or a three nights stay. There seems to be 30 applicants for each room chosen by lot. Of course "inbound" is important, but I think there are many things we Japanese have not yet experienced.

Inose: Up until now, we Japanese have ignored putting emphasis on technically developing things that we can't grasp such as the service sector. Western culture is advanced in making an industry out of culture and tourism. I think we must build an industry that answers to the various needs of tourists, including the rich, long-term visitors, shopping spree customers, and customers both in and outside Japan. Then perhaps the number of tourists in Japan might rise from 20 million today to 30 million and 40 million, ultimately influ-



encing a growth in the country's GDP.

Atkinson: Japan's GDP is huge, so there's a need for many tourists to visit Japan or it won't show in the numbers. The Japanese population is big too, which is the reason why its economy comes third place in the world. But when you look at the GDP rate per person, Japan comes at 28th place. The population of the UK is only 65 million, so they need to raise twice the productivity of the Japanese in order to win. However, there are many people who misunderstand that it's the technology of the Japanese people that's making the difference. Japan's GDP rate per person comes at 28th place, but in a list of developed nations, it comes at third from the bottom. Lower than Japan is Italy, a country with an unemployment rate of 11.5% followed by Spain with an unemployment rate of 21.6%. Then, how come their GDP rate per person is not so different to that of Japan? But in other words, by raising Japan's GDP to 600 trillion yen, Japan will merely come in 18th place in the world instead of 28th. There are many people who think it's impossible to achieve Prime Minister Abe's policy of 600 trillion yen, but I personally think it's an achievable number.

Trip Advisor's Tourist City Ranking states Kyoto as number one in the world. However, when you look at the ranking of tourist numbers visiting world tourist sites, Kyoto comes at 96th place. It's setting the goal to increase tourists visiting Kyoto to 3 million, they just need to set their goal to reaching 47th place.. The biggest problem of the Japanese economy today is that there's a huge gap between its potential capacity and its achievements. There's no need to conclude that it's impossible, just think logically. Blaming it all on population decline is just quibbling, I think.

Today we see a lot of tourists from China, but I think next we should



answer to the needs of Westerners, because they are the ones who come from far away. A tourist spends 26% of their travel fee on accommodation and 19% on food, so the ones that stay the most nights are the best customers. Tourists who travel far stay long. Also, people who come from far away have high income. But because they come from far away you have to satisfy them so that they want to come again. Are we going to aim for Nanatsu-boshi and receive high payment per customer, or are we going to stick to answering to the demands of low-paying customers? The answer I think is clear. It's better if we have customers from various parts of the world visit Japan. For that, you need to exclude fantasies and delusions and analyze service logically with data. You have to do business. It's impossible for the administration to supervise and provide attentive service to the customers. The private sectors have to come in and do a clear research. The government should just focus on indicating the right path and solving problems such as regulations etc.

Inose: You're referring to the technological development of the service sector. We have to bid farewell to the times when we didn't need market research. We must work toward building tourism into a major industry. I think it's the government's role to indicate some sort of goal or guideline.

Ishiba: Labor productivity differs depending on the prefecture. Tokyo comes at top, while Totori, my hometown, is at the bottom. If you compare the two, there's about a twice difference. Why is that? You have to analyze each district to understand why. GDP is, in short, how to raise labor productivity of each prefecture. It's an issue of number of workers, investment in equipment and labor skills. You need to make a simulation for each prefecture. Japan's labor productivity in the service sector is half of that in the United States. It's below Germany, France and England. The service sector is huge; electricity & gas & water supply, construction, wholesale & retail, food & accommodation, transportation & warehousing and finance & insurance. If you take it apart and look at the list individually, you notice that food & accommodation comes last, only a quarter of that of the United States. If you don't take it apart and analyze each one carefully by district and by industry, Ichi-oku So-katsuyaku" (a society in which all 100 million take active parts) will not be possible. It's the government's role to indicate a policy guideline, but if people in the private sectors remain silent and just rely on the government I don't think there will be any improvement at all.

Inose: I think the areas that are not industrialized are, in other words, areas that have the potential for growth.

Today, we began this discussion by looking back on how Japan declared war against the United States and went on to discuss how we can survive as a country. The initial aim of the Japan-U.S. War was to acquire

the oil resources of Netherlands Indonesia; however, the government at the time, declared war ignoring a simulation that pointed out that Japan would lose its merchant fleets and supply routes if they forced their

way to obtain oil. We would like to wrap up this discussion by pointing out that success is unlikely to be found unless things are carried out with statistics and logic.

The panelists

David Atkinson

CEO of Konishi Decorative Arts and Crafts. Born in 1965. After graduating Oxford University with an M.A. in Japanese studies Atkinson joined Goldman Sachs where he rose to fame as a banking analyst with his reports that uncovered the debt crisis of Japan. Atkinson served as Managing Director and Partner at Goldman Sachs before leaving the company in 2007. In 2009, Atkinson joined Konishi Decorative Arts and Crafts, a 300-year-old restoration company which restores national treasures and important cultural heritage. He serves as CEO from 2011. He has entered the Urasenke School of tea ceremony with the master name Soshin.

Hisao Harihara

Former Executive Assistant to the Minister of the Ministry of Agriculture, Forestry and Fisheries. Born in 1956. Harihara graduated Tokyo University and entered the Ministry of Agriculture, Forestry and Fisheries. Served as Director of International Economic Affairs Division, Director of Budget Division, and Director General for Policy Coordination. Served as Executive Assistant to the Minister of the Ministry of Agriculture, Forestry and Fisheries until August 2015. Harihara now serves as advisor for Sumitomo Corporation.

Naoki Inose

Author. Born in 1946. In 1986, he received Souichi Ooya Nonfiction Award for his book "Mikado-no Shozo (Portrait of Emperor)." In 1996, he received Bungeishunju Readers' Award for his book "Nipponkoku no Kenkyu (A Report on Japan)." From then on, he actively worked toward abolishing and privatizing government-affiliated corporations. In June 2002, Prime Minister Junichiro Koizumi appoints Inose as member of Promotion Committee for the Privatization of the Four Highway-Related Public Corporations. He included the story of the battle in his books, "Doro no Kenryoku (Authority of the Road, Bunshunbunko)" and "Doro no Ketchaku (Settlement of the Road, Bunshunbunko)." In October, 2006, Inose served as Research Professor at Tokyo Institute of Technology and in June, 2007, he served as Vice Governor of Tokyo. He served as Tokyo governor from December 2012 to December 2013.

Translation : Ayako Karino