

Invest More in Health & Education

Swedish Ambassador Advises Japan

Interviewer: Jillian YORKE

Stefan Noreen, Sweden's ambassador to Japan, believes that Japan and Sweden have many similarities in the basic fabric of their societies and attitudes towards social welfare. He offers some helpful suggestions for Japan to achieve both fiscal balance with full employment and an effective social welfare system, as Sweden has so successfully done.



Swedish Ambassador to Japan Stefan Noreen

Please briefly describe your relationship with Japan and your impressions of the current Japanese economy.

Noreen: I've served as a diplomat for some years, but this is my first posting in Asia. My only regret is that I didn't come to Japan much earlier – then I might have had a chance to come back. It's absolutely fantastic! I love Japanese people's friendliness, interest in new things from abroad, well-organized society and rich history. There is a lot of sympathy for Sweden in Japan, and vice-versa, so it's not an uphill struggle but a downhill ski. This makes the life of a diplomat extremely pleasant.

I am not pessimistic about Japan's future. With 10% of China's population, you produce as much as China, which means that the average Japanese person is 10 times as rich as the average Chinese. Japan is still a leading power, and in R&D, in fact, a superpower. You must continue to invest heavily in education, healthcare and research, and it will definitely pay off. Japan is a welfare society like Sweden, but with a smaller public sector.

What do you think are the significant social and economic differences between Japan and Sweden?

Noreen: The share of taxes of GDP in Sweden is 46-47%. Japan will have to raise its taxes, for example the consumption tax, but this takes time and cannot be done overnight. In Sweden, it took many years to raise our VAT to the current 25%, and it was done in stages. Also, social reforms have to be done in parallel so that people can clearly see the link between higher taxes and greater personal benefits. Change must be done in a way that combines social welfare and economic growth. Sweden, with its comprehensive welfare system, currently has one of the highest growth rates in Europe. This shows that it is possible to have both high growth and a strong public sector.

Sweden has a high-quality childcare system, which is extremely important. Japan is on the way to expansion in this area, including both greater allowances for childcare and improved facilities, which

would allow both men and women to not only be parents, but also share a career. Japan has a tremendous resource in women who do not work at all or who work only part-time. Japan must get more women into the labor market and invest even more in healthcare.

Although both Japan and Sweden have a basic respect for the role of the government in common, confidence in politicians and in the political process is higher in Sweden and other Nordic countries than in Japan. But, again, to create this kind of confidence in the government and change political tradition takes time.

A key element here is openness and transparency. If you want to raise taxes, you must be extremely open about what you are going to do with the extra money, so people can see that it contributes to their well-being. One way that Sweden achieves such transparency is by, in principle, making all documents open to both journalists and the general public. When Sweden joined the EU in 1995, we had to fight for more openness, and to a certain extent have achieved it. The first part of the Hatoyama administration featured a rather open budget discussion. It was probably good for building people's confidence and belief in the system, enabling them to see and hear all the arguments.

In the last election in Sweden, 82% of people voted (and sometimes this figure has been as high as 90%), whereas in Japan the average is more like 55% to 60%. But with Japan's high level of education, a voting rate of 75% to 80% should be achievable.

What is the history of Sweden's invaluable experience in resolving its economic difficulties and achieving such an excellent performance of social welfare? Do you think this Swedish success story can be applied to Japan today?

Noreen: Sweden has a long history of both peace and democracy, and has not been at war for over 200 years. Postwar Japan has moved decisively in this direction and can be proud of being a democracy in this part of the world.

A 60-year-old today is much healthier than 30 years ago, so we need to extend people's employment. Sweden no longer has an official



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retirement age (which used to be 65). The longer you work, the higher your pension will be. Today, many work till 67 or even 70. Although this might create a career bottleneck, it can be done. It is important to note, however, that Sweden's pension system does not include a guaranteed amount to be paid regardless of economic growth. Instead, pensions vary according to how the economy is doing.

At the same time, Japan should also stimulate the childbirth rate, which Sweden has been doing since the 1970s. If you take parental leave, you get paid 80% of your income, and now anywhere in Sweden you can get a place in a childcare facility for your child from the age of 1. Nowadays, about 20% of men stay home to look after their children, a welcome and growing trend.

We have to create sustainable growth that does not put a burden on future generations. Sweden has reduced carbon dioxide emissions by 12% in the last 20 years, and we aim for 40% by 2020. Yet, in the same period, the economy grew by 50%. Some in Japan believe that growth must inevitably suffer as a result of increased environmental measures. But if Sweden could do this, surely so can Japan, with its highly energy-efficient systems.

What do you think are the merits of the Swedish education system compared to the Japanese one, and could the Swedish education system be applied in Japan?

Noreen: Education plays a key role in all knowledge-based countries, which include Japan and Sweden. To improve its education system, Japan probably needs to invest more resources in these areas, and make it more attractive to be a teacher.

The content of education has to be long-term. In Sweden there are five- to 10-year curriculum plans. Of course the guidelines have to change over time, such as spending more time on science now than we did before – but not too often. As John F. Kennedy said, “Change is the law of life, and those who look to the past are certain to miss the present or future.” So we need to change, but in a wise manner.

Creativity, entrepreneurship, and passion for intelligence and knowledge are fundamental elements in achieving success in a knowledge-based economy. Do you think Swedish education has been successful in developing these elements?

Noreen: Sweden has a high standard of living. Alfred Nobel was one of the greatest industrialists of his time, and we have had others of the same caliber. We have a strong business and industrial tradition and at the same time a large public sector with welfare benefits such

as health, education and assistance for the elderly. That combination fits well into Japan, which has many similarities with Sweden in the basic fabric of its society.

Who do you think will be a good future leader of Asia, China or Japan or South Korea?

Noreen: Former Prime Minister Hatoyama launched the East Asian Community initiative. It is a very interesting concept, but is still rather vague and has not yet gained a concrete shape. It is important to somehow group together major countries in Asia such as Japan, China and South Korea. However, just as when the EU was established in Europe, this is a long process and historical tensions must be overcome. Regional integration has tremendous potential. But it has to be based on trust, which is not really there between China and Japan today. The concept is interesting, but it is not practical politics at present.

In the immediate future, APEC is probably Japan's best bet for addressing relations with China and contributing to global governance, though of course this organization covers a much wider context. It's good that Japan is active in APEC, which can play an important role in relation to China.



Finally, what are your observations as ambassador on the current and future bilateral relations between Sweden and Japan?

Noreen: I see so many possibilities for cooperation between Japan and Sweden, Japan and Europe. There are differences, but also many similarities. Both our societies are knowledge-based and both expect a certain social welfare standard. The levels of support for welfare may be different but we have basically the same attitude. Our current bilateral relations are excellent. Meanwhile, it is very important to expand our bilateral cooperation, especially in the research area. I am encouraging the study of the Swedish language at Japanese universities; if you take the trouble to learn another language, you tend to stay involved and interested in that country. **JS**

Jillian Yorke is a freelance translator, writer and editor who has lived in Japan for over 30 years. She also works for METI.