

An Interview with Bruce Stronach, Dean of Temple University, Japan Campus

How Can Japan Enable Non-Japanese to Be Part of Its Labor Force?

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Difference Between Japan in 1976 & Today

Q: You first came to Japan in 1976. What differences do you see between Japan then and Japan today?

Stronach: There are certainly many differences, but maybe fundamentally some things have not changed. And there's a difference between Tokyo and Japan, but just talking about Tokyo, I think that it is certainly a much more beautiful and livable city than it used to be. When I first came here in 1976, when Japan was just becoming an international economic power, I came to Tokyo and thought: "Oh, this is a Third World country." The Tokyo infrastructure at that time was poor: only 70% of Tokyo was on the sewer system, so 30% still had open sewers, and air pollution was very bad. People do not remember that. But Tokyo today is very different. Since the 1980s so many new buildings have been built, with less pollution, no littering, people not smoking outside. Tokyo's a much better city than it was then, that's one thing.

A second thing is that Japanese behavior has changed. I was at Keio University until 1985, and moved back and forth between the United States and Japan, and was then asked by the mayor of Yokohama to become president of Yokohama City University (YCU, "Yokoichi") in 2004, which I left in 2008 for Temple University, Japan Campus (TUJ). And after I came back here in 2004, after seven years away, I got on the Keikyu Line and saw a mentally handicapped person, on the train, by himself. Now to me that was huge. Ten years before you never saw that. And also, I live in Shibaura, and there's a big intersection by where I live. So I look at that at night, and you know what I see? All the time: people running back and forth across the street without stopping. Jaywalking, in English. Thirty years ago nobody jaywalked. Even in the middle of the night, with no cars, if



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the light was red, nobody crossed. But now you see it all the time. So that's a little thing, right? But it's not little. It's big. It tells me that people's thinking has really changed.

Another thing is that foreigners are becoming part of the group. You used to say that foreigners can never become part of the group: you can work with the group, but you never become "inside" it. These days, if foreigners work hard enough to learn the Japanese language and understand Japanese behavior, then they do become part of the group — on the small group level. I became president of *Yokoichi* as a foreigner. If you look at companies in Japan, in some there are foreigners working as part of that group; and even some universities, not many, have foreigners as *sennin kyōin* (full-time teaching staff).

Now that is a really good sign, but then as a society there is still no room for foreigners inside it. There are still issues regarding ethnic Chinese and Koreans: are they Japanese or not Japanese? That has not changed. Takamiyama, in sumo: he has Japanese nationality, a Japanese passport, but nobody thinks he is Japanese. That problem still exists: to be Japanese, you must *be* Japanese.

Q: How different then would you say Japanese attitudes to foreigners are now, compared with 10 years ago?

Stronach: There is a difference between small group and large group behavior. It has to start in the small group, so that is a good thing. But the way I put it is, Japan will change when it has Japan's Arnold Schwarzenegger. He was born in Austria, but now he's American — he was governor of California. So where is Japan's Arnold Schwarzenegger? When Japan has an economic, social or political leader who was not Japanese but becomes a leader in Japan, then

Japan will change. Until that happens, then small group, yes, but society, no. So if you look at somebody like Carlos Ghosn, he is president of Nissan but he is not a social leader. That is why Olympus is a great case: it brings in a foreigner to head it, and the foreigner says that the way they are doing this is completely wrong. And so he gets kicked out — because he is not behaving like a Japanese; because he is not a Japanese manager.

When I was at *Yokoichi*, which the mayor asked me to help reform, I would talk to people there and say, you know, we need to do this. And they said to me: “*a, a, gakuchō, koko wa nihon no daigaku desukara...*” (Ah, President, look — this is a *Japanese* university...). So the idea is that Japanese do things differently, and the real question is, if you change the way you do things, are you still Japanese? If Olympus changes the management style, is Olympus still Japanese? So that’s the big problem. That hasn’t changed.

It is a process. It does not happen overnight. And I think young people are more comfortable with foreigners. The other thing is that when I first came here, if you were a foreigner who could speak Japanese and really knew how to deal with Japan, other foreigners would find that amazing. Now, if you are a foreigner living in Japan and you *cannot* speak Japanese, other foreigners will wonder what is wrong with you. So those kinds of things are changing, but it is still going to take a long time — particularly with the labor issue.

Views About the Third Arrow of “Abenomics”

Q: What are your impressions on the effectiveness of Abenomics in addressing the labor issue? And what more do you think the government or businesses should do?

Stronach: One thing about Abenomics is promoting women. Abe is famous now for this. Why? Because if you have a labor shortage, you have two choices: Japanese women or foreigners. To expand the labor force with foreigners is much more difficult than expanding it with women. If you expand the labor force with women, you need greater support services: it takes money, but is not too difficult. But if you want to increase foreign participation in the labor market, it takes more money, you have to change the laws, the pension system — a lot of things. Plus Japanese women already speak Japanese. I am not being cynical or critical of Abe here; I think his thinking makes sense.

But at some point you are also going to have to get to the foreigners. Japanese businesses are also becoming more interested in recruiting foreigners, but only within the last couple of years — still really recent — and also wanting to hire Japanese with overseas experience and English ability. They should also increase the flexibility of hiring practices, such as year-round hiring, so that foreigners who are not part of the standard Japanese hiring system can have the opportunity to be hired by Japanese firms. Exceptions should be made to the limits on how much money foreign students can make, for students working with Japanese firms that will offer them employment upon graduation. Americans who come to Japan



to teach have a two-year tax holiday; why not expand this to include other professions this country wants to support? And one of three current categories in the points-based system for highly skilled professionals is “advanced business management activities”, obviously aimed at very high-level foreigners. I would expand its definition to include a wide range of employees and also apply it to new university graduates, especially given the need to accustom Japanese employees to working with non-Japanese.

Q: How do you see the role of Temple University in Japanese education and promoting diversity in Japanese society, including in the labor force?

Stronach: We are a four-year American university operating in Japan for 33 years, and the only one remaining from those that existed in the 1980s and 1990s. So our mission is both as a university and as a partner to Japanese universities and the Japanese higher education system to help internationalization and globalization. We really believe there is a role for us as a foreign university here in Japan, and that we have much to offer: by providing a diverse environment for Japanese students, as well as for our corporate clients and school students who study in our special programs; and providing a diverse labor force for Japanese corporations. Our mission has changed as both Temple University and Japan have evolved. We now embody the very practical application of what Japan is trying to attain with international liberal arts education, especially diversity, critical thinking, communication skills, English ability and global talent.

Our main problem is that we do not have the same status as the Japanese universities. Even though we are designated by MEXT as a Japan campus of a foreign university, there have been many barriers to attaining *shiritsu daigaku hōjin* (private university corporation) status but we are still trying. We have applied for tax exemption, which we really need. So our future strategy is to attain legal status in Japan while remaining an American university branch campus, whose main campus understands and supports our mission,

because the educational and administrative policies that define us are exactly what enable us to support the globalization of Japanese society and Japanese universities.

Q: What about the role of deregulation in promoting growth? Do you think it will help create more innovation?

Stronach: The reason Abe is interested in deregulation is because there *is* regulation. Japan has a somewhat controlled market economy. Less so now than 40 years ago, but traditionally the post-war Japanese economy is really a social-democratic economy, like Europe in the 1950s and 60s. When you look at Japanese public policy around that time, you see a great deal of bureaucratic control all over the market. Very famously, the Japanese government picks winners and losers in industry, then subsidizes whoever they want the winners to be, whether salt, or tobacco, or electronics. These days, that kind of government control over the economy is decreasing. But still, particularly when you look at the older executives, that is the system they grew up in. So there is still a mentality of coordination between large business leadership and the ministries — nothing like it used to be, but the government has still a great deal of importance in regulating the economy.

Now I think deregulation is a really good thing, but I wonder sometimes how far you can really go with it, again because of “*koko wa nihon desukara...*”. If you really allow deregulation, then perhaps that is not Japan anymore. Let me give you a good example. Talking about Japanese universities, many people would say that Japan has maybe 200 more universities and colleges than it needs. There are around 800, and with the current youth population Japan needs only maybe 600. At the same time, about 47% of private universities in Japan are not meeting their student quotas. If so, why are they getting subsidies from the ministry? So the best way to deregulate is to let those universities die. But that is never going to happen, because this is Japan.

Again, comparing the institutional structures of the US and Japan,

American society is very cold. You win or you lose, it is very competitive. American people are very warm, but the society is cold. Japan is the opposite: Japanese society is very warm, but the people not so much, emotionally, compared to Americans. The mentality of many Japanese is very egalitarian, so for me that is a real key for understanding Japan and deregulation. Deregulation is *fukōhei* (unfair) by definition. *Yokoichi* professors, for example, would always say to me, *fukōhei desu yo*: that's not fair, not equal.

Q: Do you think Japanese companies will fall behind if this continues?

Stronach: Absolutely. So I understand that you cannot just open the doors and let in anybody who wants to come in, but reducing regulations on immigration to Japan is necessary. But more importantly, once you increase foreign labor, you have to ensure that there is an infrastructure here to support them. And the problem is that, for example, if you look at those 11 special economic zones that have been announced, that is a good starting point, but where do you go from there? The emphasis should be not on making separate systems for foreigners, but blending foreigners with Japanese — with the understanding of course that foreigners have to speak Japanese. It is a combination of that and English language ability among Japanese; Japan still has very low English language ability compared to, say, Mongolia, Vietnam, or even Laos.

I think the deregulation trend will continue, because it has to. If you look at Japan's two periods of change — the Meiji period and immediate postwar period — both were because of *gaiatsu* (external pressure). But this is the third period that Japan needs to have real change, and the *gaiatsu* is not the gun, or the ship, or war, but global competition. Global competition is harder to focus on than US ships in Yokohama Bay.

Achieving Diversity in Japanese Society

Q: Do you think the Tokyo Olympics in 2020 will also be a good opportunity to increase the diversity of students in Japanese universities?

Stronach: It can be, but I think there are two problems. First, Japan always wants to be seen well overseas, but one of its weakest points is marketing. It is generally recognized outside Japan that it is really bad at marketing and PR, including Japanese universities. The other thing is that the focus is often external, while it should be internally focused on the fundamental reforms that need to go on within Japan. When Japan talks about the internationalization of Japanese universities, what is it talking about?

If you look at those programs, like the global super *daigaku* of which 37 were announced and are getting over a million dollars for 10 years, none of that is for fundamental reform of the universities. If you do not have that, it is meaningless. Internationalization means having a university good enough to compete with the National University of Singapore, or the London School of Economics, and so



on. Japan has to concentrate on the fundamentals, not superficial externals.

Q: What sort of things do you mean by fundamental internal reform?

Stronach: Let me give you a good example. How do you attract foreign students? You can pay them to come by giving them scholarship money, but that is not a long-term business model. The long-term business model is to create a university good enough that foreign students want to come and pay to be there. If you look at Temple University Main Campus in Philadelphia, they have thousands of foreigners who come and pay full tuition to study there. Keio University, Waseda University, or *Todai* (the University of Tokyo) do not have that; and these best Japanese universities are the ones most closed to the outside world. By opening up more, the community will benefit from their diversity. Diversity is limited in Japan, so with real reforms to education such as in the way subjects are taught, and creating greater movement of students, faculty and administration between universities, Japanese universities can help develop diversity of thought. Increasing the interaction of Japanese and non-Japanese students and faculty in the classroom has to be a fundamental outcome.

Long-term planning in Japan has also not been good. Look at the 300,000 International Students Plan. Who planned that? Former Prime Minister Yasuo Fukuda just gave a speech and said we want to get 300,000 foreign students in Japan — there was no planning involved. Nobody really thought about the fact that at that time 70% of foreign students in Japan had some form of scholarship. So if you increase the number to 300,000, that means you are replacing full-paying Japanese students with partial-paying foreign students. As a business model, that is death, unless the government is going to keep giving you the money. So that is what I mean by fundamental reform.

Deregulation too has to mean real, fundamental deregulation: full competition, winners and losers, and a lot of bureaucrats with reduced power. Those three things are very difficult politically, but the kind of deregulation really needed for Japan to be more competitive is going to have to be much more than what is being done. From the 1970s through the 1990s, Japan put itself in a situation where it will have to go through a lot of pain to be strong and healthy again; that pain is in deregulation. Companies have to die. Universities have to die. People are going to be unemployed, if real restructuring happens.

Whether or not there is the political will to do that is really the question. It is very difficult, and I can understand why people do not want it. Japan has two choices. If Japan wants to remain within the top five economies in the world, it is going to have to deregulate and reform really significantly. Or, it can remain Japan, as it is now — very safe, very egalitarian — but drop down to, say, No. 15. And what is wrong with that? Maybe that is not bad, so long as people are comfortable, employed, and so forth.

Q: Democracy is surely key to achieving economic success today, and NGO activity is becoming more popular in Japan. What sort of role should universities, as NGOs, play in encouraging a more democratic and open society, and in expressing a wide range of views in regards to public policies?

Stronach: Universities must be the leaders of innovation. That is not the case in Japan. Some 75% of science and technology research in Japan is funded by companies, and takes place inside the companies. In the United States, for example, companies fund the research but it takes place inside universities, not inside the corporate research institutes.

The other thing is that every economy has to be some combination of free and planned market. Every market is regulated; there is no such thing as a truly free market. The US is the best-known free market economy, but I cannot go to the US and buy heroin, or a tank, because the economy is regulated: there are laws against drugs or certain kinds of firearms. So regulation is necessary — it is just a question of how much. There has to be somebody thinking 10 or 20 years down the road, and then getting the government and private industry to invest in new industries. New industries are like basic research, and the problem with basic research is that there is no immediate outcome: you do it because, somehow, in the future, it is going to turn into productive research. But right now it has no monetary value, nothing you can sell, so who invests in it? That is the question. It is the same thing with the general economy: somebody has to be thinking about where it is going to be 10 or 20 years from now, and where we can invest now because otherwise we are going to be behind the curve later on.

So that is where universities come in. Governments have a role in picking winners and losers, but who makes the decision on where the government puts its money? That is where NGOs, think tanks, and private objective research institutes like universities are really necessary. Not bureaucracies: the ministries should not be picking those winners or losers, but working with the universities to create those ideas.

This is the primary role of any university: they are the engines of innovation and new thinking in any society. They should be open in all matters and allowed by the government and society to have a wide range of opinions and ideas, regardless of how controversial they may seem. Sometimes I am afraid this is not the case in Japan. This is especially interesting for TUJ: as a foreign university in Japan, do we have the freedom to speak out on any issue? I think we are becoming more and more accepted as a university as opposed to a foreign institution, but that also means sometimes being critical, such as allowing our faculty members to write about and teach those things about Japan that are both positive and negative. **JS**

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