

Tokyo's Challenges in Hosting the 2020 Olympics

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Pride & Track Record of Hosting Olympics



Tokyo beat Istanbul and Madrid in September 2013 to be named as host of the 2020 Summer Olympics. It was well received in Japan as a vote of international support to help the country pull away from economic and political stress and to recover from the devastating earthquake, tsunami and nuclear accident in 2011.

Japan has a track record in the Olympics, with Tokyo having hosted the 1964 Summer Games, and the Winter Games having been held in Sapporo in 1972 and Nagano in 1998. Japan also hosted the 2002 World Cup with South Korea and has proved its capacity to organize the world's largest sporting events. With the 2020 Olympics project, Japan may well feel invigorated with a strong sense of being reborn. Japan is looking to the 2020 Olympics as a great opportunity to drive economic growth, deepen the country's integration with global society, and showcase Japanese technology and culture to the world. Tokyo is expecting more than 10 million spectators to attend the Games.

The International Olympic Committee (IOC) has abolished the cap of 28 sports for the Summer Games to move to an “events-based” system that would allow new competitions to come in, while keeping to around 10,500 athletes and 310 medal events.

News of the Games will also go a long way to lifting the national mood and boosting consumer confidence and spending, a missing part of the puzzle in Japan's economic recovery.

Exuberant Planning & Long-Term Vision at Play

Just as with many precedents in other parts of the world, issues of design, size, budget, language, and the post-Games functionality of the Olympic Stadium have all been in the spotlight of public controversy recently. The Olympic Stadium for the 2020 Summer Games, designed by Zaha Hadid, the Iraqi-British Pritzker-winning architect, was met with dismay by various critics. The sleek sound-proof, spaceship-shaped design with retractable roof, supposedly a symbol of national pride and identity, was likened by some critics to “a white elephant”, or “a turtle waiting for Japan to sink so that it can

swim away”. The evolution of the design has required consensus-building among four design firms.

As the venue of the stadium was to encroach on the nearby historic Meiji Shrine, its original size of 71 acres was cut to 52 in consideration of traffic and safety concerns. The redevelopment of some of Tokyo's beloved neighborhoods is already under way, including the relocation of the Tsukiji Fish Market. Christian Dimmer, an urban designer and assistant professor at Tokyo University, was quoted by *The New York Times* as pointing to Tokyo's declining population, and saying that “It's important to understand that the Games are a means to achieve a more resilient, self-restraint society and not as an end in itself.”

Japan will also be under pressure to put its public finances in order. Japan's government debt has increased to more than twice the size of its \$6 trillion economy, largely because of the increasing elderly population. Tokyo has budgeted the Olympics at about \$10 billion, including the cost of constructing venues and improving transport infrastructure. The budget for the stadium was reduced from \$2.5 billion to \$1.37 billion. Kevin Rafferty reported recently in *The Japan Times* that “Cost overruns for the Olympics have averaged 179% since 1960, and most Games have made losses or tiny profits.” Even with reasonable and honest estimates at the outset, keeping costs under control will be a real challenge.

The Japanese news media have also raised an issue of concern to them: “English is going to be necessary around town,” a young newscaster gushed on the Tokyo Broadcasting System. “Let's start learning English. You may be asked for directions on the streets.”

The aim of the project events surrounding the 2020 Olympics and Paralympics is obviously to achieve great immediate success, but some experts have emphasized that the ultimate aim is to succeed long after the events in Japan. The projects should succeed far beyond 2020 by being able to sustain and grow organically. Japan has also charted a stress-proof, post-Olympics plan for the new 80,000-seat stadium for sports, cultural and civic events.

“Reborn” Japan & Revisit to APEC Growth Strategy

After more than two “lost decades” of stasis, marked by deflation and debt, Japan's hopes have been raised by Prime Minister Shinzo Abe's determination to achieve economic revival with his “three arrows”. At the World Economic Forum Annual Meeting 2014 in January, Abe pledged: “Through Abenomics, we will create a vibrant

Japan.” In Tokyo 130 days later, he asserted: “Japan is clearly becoming reborn and will continue to change going forward.”

The “three-arrow” Abenomics directs the components of monetary easing, a flexible fiscal policy, and the “revitalization” growth strategy. The first two arrows have so far proved to be relatively significant in adapting to the external economic environment, where quantitative easing and government intervention are in command. As to the third arrow, the external economic scenario no doubt will play a key role with China’s slower economic “new normal” and Europe’s weak recovery. In addition, Japan as an aging society is facing many challenges of structural reform. It has put forth a policy priority of increasing the consumption tax, liberalizing the power sector and joining the Trans-Pacific Partnership (TPP) negotiations. Actually, Japan has orchestrated an important APEC Growth Strategy in 2010 by consolidating balanced growth, inclusive growth, innovative growth, secured growth, and sustainable growth. By the same token, Japan could well build the APEC Growth Strategy into the third arrow of Abenomics too.

APEC Growth Strategy (1): Balanced Growth

After announcing it would join the TPP negotiations, Japan has seemed ready to make some concessions in liberalizing its agricultural sector. By balancing its agricultural and industrial sectors in the process of globalization, Japan could well serve as a model for structural reform. The TPP is an opportunity for Japan to drive the structural reforms needed in key sectors, such as agriculture and the automotive industry, to forge fresh growth in trade and investment.

The challenges of balancing economic growth with social justice are evident throughout the world, and Japan is no exception. The Japanese government is considering several policy initiatives, including cutting the corporate income tax rate from 35% to between 20% and 30%; allowing localized bargaining over pay and conditions between employers and workers; relaxing immigration to address the shrinking workforce; and eliminating a spousal tax exemption considered to be discriminatory against two-income families.

Akiro Amari, minister for economic revitalization and for economic and fiscal policy, contended during the World Economic Forum in June last year that “Japan can no longer be inward-looking. It is imperative for us to pursue even further growth by both interacting and engaging in friendly competition around the globe.”

In structural reforms, Japan has boldly revised its 60-year electric power policy, paving the way for the electric power market to be fully deregulated. It has also decided on an agricultural policy reform including a revision to the 40-year rice production regulations. It has enacted close to 40 laws to promote the growth strategy, including the Industrial Competitiveness Enhancement Act and the National

Photo: JAPAN SPORT COUNCIL



The new national stadium, designed by Zaha Hadid (rendering image)

Strategic Special Economic Zone Act. Thus, the administration has carried out structural reforms at an unprecedented speed.

APEC Growth Strategy (2): Innovative Growth

The goal of using the Olympics to showcase Japan’s high technology, talent and culture can be a powerful engine for innovation and action. The government introduced the “FutureCity” initiative in 2010 to explore new approaches to urbanization, while Japanese corporations are gearing up to utilize the 2020 Olympics as an occasion to push ahead with high technology and introduce startling ideas. Big automakers like Nissan, Toyota and Honda are working on technology for computer-controlled efficient driving. Hisashi Taniguchi, founder and chief executive of the Tokyo-based robotics company ZMP, said that a fleet of 100 or more self-driving cars and vans could shuttle athletes and VIPs, and would be easier to place on the Tokyo waterfront’s wide roads than in the congested center of the city. Inevitably, challenges remain in the area of regulatory hurdles that need to be removed before such technology is allowed.

Many new gadgets will be offered at the Games. Takahito Iguchi, founder of start-up Telepathy, envisions that visitors could constantly live-stream what they see with wearable devices like the Telepathy One headset, which floats a micro-projector and camera in front of one eye.

Japan can also take the lead in the development of solar, wind and biomass energy. In addition, it has strong capabilities in product and management innovation, such as through public-private partnerships, and can lead in procurement and other processes that encourage efficiency.



This map of the Tokyo 2020 Heritage Zone shows the location (from left) of the Yoyogi National Stadium (③); the Olympic Stadium (①), where track and field events will take place; the Nippon Budokan (④), where the judo competition will be held; and the Olympic Village (center), which will house the athletes.
 Source: <http://www.metro.tokyo.jp/ENGLISH/ABOUT/APPENDIX/appendix04.htm>

APEC Growth Strategy (3): Secured Growth

Tokyo, with a population of 13 million, is one of the world's most disaster-prone cities with potential earthquakes, tsunami, typhoons and storms. Some experts are concerned about the impacts that shifting weather patterns will have on the Tokyo Bay area where many of its new Olympics venues will be built. For all the talk of renewable energy, the nuclear crisis at Fukushima, about 300 kilometers north of Tokyo, has not yet been brought fully under control. Experts have pointed to the need for Tokyo to retrofit its old

buildings with advanced earthquake technology, consolidate the city's flood gates, update its aging expressways, and raze old skyscrapers and buildings with advanced "stealth demolition" technology.

APEC Growth Strategy (4): Inclusive Growth

According to a "womenomics" report by Goldman Sachs, Japan could raise its gross domestic product by as much as 13% if it closed the gender employment gap. Gender inequality should be considered not only as an issue for women, but also as a challenge that men must face and help resolve if Japan is to upgrade its economy. Social and economic structural reform with sound policy changes is required in social security, healthcare, immigration, and the labor market.

The Abe administration indicated that it would introduce a new law that would give incentives to companies as well as the local and national governments to promote women to leadership positions. It had already pledged to improve childcare facilities and revise or eliminate tax rules that discourage women from full-time employment.

Most discussions so far on construction work for the 2020 Olympics have been in relation to job creation, but it is most likely that Japan will also have to import workers to meet the infrastructure needs of the Games. Even though Tokyo is promoted as a center for youth culture, one in five Tokyoites is already 65 or older, and the government estimates a rising ratio to one in four by the time of the Games.

Olympics-related construction will also require a massive labor force, often for many years and working at an accelerated pace to meet strict deadlines. Labor abuses, particularly of migrant workers, have been a bane of grand events for decades. Japan's management

of the feasible labor migration, just as with many predecessors, will be worthy of attention and monitoring.

The Olympics can be the impetus for inclusion, helping to give a boost not only to elite athletes, but also to youth. Planning and participation should be as diverse as possible, including women, young people, the elderly and disadvantaged groups. Japan should not forget the legacy of the Paralympics, and should make efforts to improve access for the elderly and the disabled.

APEC Growth Strategy (5): Sustainable Growth

Tokyo has promised the Games will be green, or at least carbon-neutral, with efficient natural-gas turbine power stations and solar parks across the country.

Furthermore, Ramesh Subbaraman, winner of the Prize for Excellence last year in an essay competition organized by the Japan Foreign Trade Council, has suggested that Japan highlight its culture of *wa* (harmony) — a culture of human relations that can help build and sustain peace as well as quality of life. “The prudent use of Japan’s resources is evidenced by the efficient, useful and stylish products and lifestyle Japan has produced and exported successfully,” he said. Japan could take the approach of offering self-energized, life-enhancing products, and emphasize the essential qualities of sustainability and longevity with product design and communication. By objectively communicating the inherent benefits from the standpoint of science and logic, Japan could tailor the 2020 Games to a theme that captures this concept of *wa* and the “Made in Japan” spirit.

Role in Dissipating Geo-political & Geo-economic Tensions

Japan has endured the “lost two decades” since the Plaza Accord of 1985, and should be in the best position to understand the intriguing challenge of a re-emerging China, in that international rules of the game could easily stifle a nation’s growth by accident or by design. China’s decision to organize the Asian Infrastructure Investment Bank (AIIB) has been well received by many emerging and developed economies alike. Japan, with enormous experience in the Asia Development Bank, should be forthcoming in joining hands with China in forging global infrastructural development. This would serve as a positive factor in contributing not only to the health of the AIIB but also to Japan’s economic revitalization.

In addition, Japan’s relations with China and South Korea have been tense, with territorial disputes and their past history causing lingering bitterness. Abe’s visit to Yasukuni Shrine in December 2013 and his sending of a ritual offering in April 2014 have stirred further

Photo: JAPAN SPORT COUNCIL



The interior of the new national stadium (rendering image)

controversy. A Japanese movie called *Ao Tori (The Blue Bird)* portrays profound recognition and soul-searching over the trauma of others, and Japan could well use the opportunity of the 2020 Olympics to expand and promote this kind of human touch.

In the meantime, Abe could take joint leadership and ensure the completion of the China-Japan-Korea FTA, and thereby promote the Regional Comprehensive Economic Partnership (RCEP). Japan will promote itself as a part of Asia and share with other Asian countries the opportunities that the Olympics will bring. By easing tensions in the region and developing people-to-people connections, including deepening business ties and investment, and cultural and educational exchanges, Japan could well nurture a new image as a worthy host of the 2020 Games.

During the “Day of Peace” on March 10 this year, Tokyo Governor Yoichi Masuzoe said that his government would “carry out its responsibility to pass on the present peace to the next generation as the city hosting (the 2020) Olympics, which is a peaceful festivity.”

Japan has been honored to take up the important role of hosting the 2020 Olympics. It faces many challenges in forging economic growth with a balanced, innovative, inclusive, secure, and sustainable approach. Nevertheless, Japan could be well placed to make the event a great success since it is undertaking sound policy initiatives, structural reforms, and technological upgrades, as well as appreciating the virtues of *wa*.

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