

Interview with Dr. Sébastien Lechevalier, the Founder of the Fondation France-Japon de l'École des Hautes Études en Science Sociales

# French-Japanese Policy Research Dialogue Leading to New Public Policies

By *Japan SPOTLIGHT*

During the pandemic we have been less and less in personal contact with each other and the Internet has become the main avenue of communication among friends, colleagues and associates. In particular, academics and researchers have been discussing their subjects online rather than in personal meetings. Will this affect the speed and scale of innovation? Could academic research on policy issues discussed mainly online lead to less policy innovation? In 2022, assuming that the pandemic will be somewhat contained, will in-person meetings among policy researchers necessarily resume and, if so, what issues will can we expect to emerge from such meetings?

Dr. Sébastien Lechevalier is the founder of a French think tank with a focus on France-Japan dialogue among researchers on policy-oriented issues, who have been struggling to reach solutions to various policy challenges faced by both nations. *Japan SPOTLIGHT* held the following interview with him.

(Interviewed on Oct. 18, 2021)

## Introduction

**JS:** Would you please give us a brief introduction to the Fondation France-Japon de l'École des Hautes Études en Sciences Sociales (EHESS) and the Cercle de la FFJ project?

**Lechevalier:** In 2008-09 we launched the Fondation France-Japon (FFJ) for the purpose of welcoming Japanese researchers, economists, sociologists, historians, and also political scientists to France to engage in onsite debate and research. The heart of our initial project was building a human, intellectual community between Japan and Europe. After 10 years, in 2019, we created the Cercle de la FFJ, which is, to put it simply, an alumni association and beyond. We invited about 100 professors and researchers to Paris to conduct research, make presentations at conferences, and so on. We wanted to recognize this small community, and give them the possibility to get to know each other. I say alumni association and beyond because this meeting was open to our former researchers, and also our partners – private companies and public institutions.

We have one annual meeting; the last one was about collaboration during the pandemic, and the next one on Nov. 17 was on the subject of AI and work, and our experiences from the past two years. Before the pandemic we were using all kinds of communication technologies, but suddenly these became vital, and the next steps with AI and other technologies will make these technologies even more vital. We want to discuss what the impact will be on our daily



*Dr. Sébastien Lechevalier*

lives and ways of working. Will telework become generalized, and with what consequences for job satisfaction, productivity, all kinds of human relations? Fortunately, we have several researchers from France, Japan, and other countries who will participate. This meeting will be an occasion for us to meet and discuss, and also, maybe, to define a research agenda. We want to develop collaborative research.

## Difference Between Meetings Online & In-Person

**JS:** International exchange of human resources is very important, in the area of innovation in particular. How do you view the difference between online meetings and in-person meetings in terms of promoting innovation?

**Lechevalier:** I recognize the contribution of the possibilities of attending online meetings wherever they take place and at whatever time. It's a true innovation, and it did not start during the pandemic but has been generalized, and it's wonderful. From my own experience, during the pandemic we were able to continue our research despite much fewer, or no, physical meetings. We were able to continue what we were engaged in. However, what has been difficult is to start new projects, especially to start new projects with people whom you do not know so well. And the purpose of our foundation is really to create the conditions for discussion, debate, and joint collaboration with people who don't know each other because of different nationalities, different disciplines, or different

sectors. We want to be a place for innovation; not technological innovation but social and economic innovation. Our own experience is that we need surprises, we need private talks. In order to produce innovation between people who don't have the same research agenda, obviously there is a need for long-term, private discussion. We can do many things online, but we felt that it is very difficult to start new projects. Our own experience is that the pandemic did not affect our ongoing projects, but did affect new projects. It was really difficult to disrupt what we were doing on a daily basis.

### **JS: In that sense, would you say disruptive innovation in particular needs in-person meetings among intellectuals?**

**Lechevalier:** I'm fully convinced of this. Let me give you an image. There were many innovations during the pandemic to make these meetings possible despite travel being impossible, but look at artistic experience – the experience you have visiting the Louvre museum or going to a hall to listen to music. I don't think we can replace that unique live, direct physical experience we have with an online meeting.

### **JS: Can this be applied to education as well? Some professors definitely seem to prefer online classes, but others are very eager to promote in-person classes.**

**Lechevalier:** We have different experiences, depending on the discipline and the people you have in front of you. It might be comfortable to teach from home. However, some disciplines require experimentation, and I feel that is very difficult. Moreover, the tradition at my school, EHESS, is based on interactive seminars. The core pedagogical tool is a two-hour meeting with a small group of students, equivalent to a *zemi* in Japan. The professor speaks for 30 minutes, and then we have a debate. As a teacher, it is a pleasure to have this experience. There have been some disasters with online meetings, and in my personal experience I do not think that online can replace this personal experience of sitting around a table sharing different opinions and arguments. But I understand that others may have other experiences.

## **Topical Policy Issues in Need of Innovation in France & Japan**

### **JS: What kind of policy innovation in France and Japan could be encouraged by discussion in the pandemic era? There are lots of issues to be discussed for policy innovation, like digital transformation, the global environment, and income inequality. If you were to prioritize the issues, what do you think would be the most important?**

**Lechevalier:** This is a very important and very difficult question. As a preliminary remark, I think that in a pandemic, governments should

really look around. Of course, this is not the first pandemic in human history. I think all governments and policy-makers forgot this. When you talk about policy innovation, we will not start from scratch. We may learn from history, and it's also very important to look at what other countries are doing. This time of high uncertainty is really the time to learn from other experiences. I'm not saying that Japan should learn from Germany and France should learn from Japan; the institutional, historical, and political contexts are different. But I cannot believe that from early 2020 we lost all the usual references. That is why we need policy innovation. Then I think that what is important in terms of policy innovation is in part the continuity. During the pandemic we saw that we have to make some choices, some tradeoffs that should be considered by each government, and there are no simple answers. When you look at France, clearly President Emmanuel Macron is a pro-business leader, and he did very much promote economic activity, French business and industries. I think he did a good job, from this perspective. I think that from last year he discovered that this pro-business policy cannot be carried out without the fundamentals in terms of health, social relations, and so on. My call for policy innovation is really to keep pursuing different goals that might be contradictory, but in fact the combination of these goals will lead to higher growth and higher well-being.

### **JS: How do you assess France's and Japan's economic policies during the pandemic? What do you see as the most important lessons in terms of the exchange of opinions between Japan and France?**

**Lechevalier:** First of all, the good news is that both economies did not collapse. You may call it simple Keynesian policies, but with some differences, both governments did not let the economy collapse. There was massive intervention to support businesses that were forced to stop operating. This may be a lesson we learned from the 2008-2009 crises, even though the crises were completely different in terms of cause and dynamics, but we understood that if we let the banking system collapse, everything will stop. This time it was more generalized, of course, and it was not only the banking sector, but I think the proactivity of both governments has been good and should be assessed positively. Here, I am speaking just in terms of economic policies.

I would like to add two points. I might be wrong, but my understanding is that the Japanese government did help many businesses that were forced to stop operating or saw their activity reduced, but has been less proactive, less active in general, about supporting business than the French government. Surprisingly, especially here in Marunouchi where we are having this interview, the country seems to be alright. I am afraid, however, that after some months or years maybe some SMEs, some activities that were already a bit fragile before the pandemic, will suffer a lot. I would like to study this. My feeling is that in France we have been much more proactive. The government has spent a lot of money to support the economy. I believe it had good reason to do so, but of course it's not

magic money, and frankly speaking I don't know how governments can live after the pandemic with these huge amounts of public debt that have been accumulated during it. Maybe the Japanese government was smarter, given that public debt was already very important; maybe there was no other solution. It was about economic policies, but we should also not forget that it's not simply economic policy; it's also health policy or health system policy. For good reasons, maybe (or maybe not) the French government for several years and decades has cut the health budget. We have reduced the number of beds in hospitals, we have tried to increase the economic efficiency of hospitals, and we were hit so hard by the pandemic partly because of this previous policy. Of course, when everything is fine, we do not see the consequences, but this time we saw the impact of cost reductions and, let's call it, increasing efficiency.

Japan was not hit as hard as most European countries, or the United States or Latin America. But there is something that for me is also a part of economic policy that I do not understand, which is how it is possible that the central government and also local governments are not able to mobilize hospitals and private clinics to open more beds for Covid patients. With a small number of cases, Japan was incredibly close to a block-out in terms of hospital beds. It's health policy, but to me it's also socioeconomic policy. Of course, I do not wish anything like this to happen, but imagine that tomorrow there is a war or dramatic accident. How will the Japanese government be able to mobilize beds at private clinics? I think this should be incorporated in economic policies, and that this should be a lesson from this pandemic.

## **Income Inequality as a Core Issue in Policy Discussion**

**JS: Another issue is income inequality. I'm curious about the differences between France and Japan in terms of income redistribution policies.**

**Lechevalier:** Yes, the dynamics of inequality in Japan are not the same as in France and the US, and the factors behind increasing inequality are different. I fully agree with you in that inequality does exist in Japan and has relatively expanded during the past 30 years, but not in the same way or with the same mechanisms as in the US or some European countries. I don't necessarily believe, however, that social policy is the only solution. I would never say that social policy is unnecessary, but it's a kind of ex-post correction. I think it's very important to do something before people lose their job. In the study I did with Professor Ryo Kambayashi at Hitotsubashi University ("Why do Redistributive Policies Differ across Countries? Analyzing the Multiple Dimensions of Preferences for Redistribution", *The Review of Income and Wealth*, Sept. 17, 2021), we were studying public opinion rather than the structure of inequality, and what surprised us was that, depending on the question you ask, you get different answers in Japan, France, and the US. As you know, in France we are very much pro-redistribution and very anti-inequality, so even conservative people are somewhat

disturbed by increasing inequality. In the US there are people who are against inequality, but basically it's much more acceptable. In Japan, the situation is not just between the US and France; it seems that yes, Japanese people are egalitarian, the social norm is still relatively egalitarian, but for some reason that I do not understand, Japanese people are at the same time egalitarian and very conservative. This may be because they think that poor people do not work hard enough. It is kind of a mix between the French sense of egalitarianism and some type of US vision that sees a responsibility for poor people to work harder to increase their position.

## **Issue of the Aging Society**

**JS: That is very interesting. Next, I'd like to move on to the problem of aging. This is another common issue between France and Japan. This is also related to the question of AI and robots. Labor shortages in Japan due to depopulation because of aging pose a very serious question. Before the pandemic, we thought that liberalized immigration would be a good solution, but even for a while after the pandemic, immigration may not be a good source of labor. In that case, can AI and robots make up for this labor shortage?**

**Lechevalier:** Certainly, technology can help to solve some problems in some sectors for some activities, and we've seen some of this. AI and robotics can be powerful tools as substitutes for partly solving the problem of aging and a declining workforce. Frankly speaking, however, I do not believe this can be the only solution for the situation in Japan. For example, some colleagues promote the idea of Society 5.0, and it's quite impressive, quite interesting. At the same time, we see the limitations of the use of technology when it's about people or about care. Japan is very advanced in AI, robotics, and some technologies, and this will certainly be a solution, but it's not the whole story. At some point, for some jobs, you will need migrant workers – maybe not now but in a few years. People may also need to work later into life, if they are ready to do so and in good health. Technology might be part of the solution, but it won't be the whole solution, especially for services and areas related to care.

**JS: And that technology might exacerbate income inequality.**

**Lechevalier:** Of course. It has been well studied and we know that already.

## **Industrial Policy as a Key to Enhancing Welfare**

**JS: Industrial policy is very important today as a way of encouraging a nation's competitiveness or growth potential. A number of years ago it was**

**considered protectionism, but now it can be seen as another growth strategy along with fiscal and monetary policy. In particular, economic security is a very important issue to be discussed in the context of industrial policy. Would you agree with this?**

**Lechevalier:** Yes, I would definitely agree. There was an economic consensus built in the 1980s saying that, first, there were some important mistakes made in terms of the industrial policies of Japan, France, and the United Kingdom. Then, there was a liberal discourse saying let the market be, and the market will always do better. But I'm afraid that in countries like Japan and also in France, we sometimes throw away the baby with the bath water. I think that nations have to make some decisions about putting the government here and putting industries here, and having a dialogue. There is also a place for giving a voice to consumers and workers.

I don't know about Japan, but in France during the pandemic we discovered that a part of our pharmaceutical industry and a part of our health industry had "disappeared" from our country. They were in India, in China, and other countries, and when we wanted to produce masks and drugs we did not have the capacity at home. I think it's a matter of balance, and this is a role of government – not to decide everything for everybody, but to set some boundaries, some principles, and to share a vision with industries. It's very important that METI not only learns from past failures, but also from past successes, and there were important successes from the viewpoint of industrial policy in Japan several decades ago. I think it's important to keep this in mind.

**JS: I see. Does that mean that we may not necessarily have to reach common rules for industrial policy, but the exchange of information, exchange of experiences, and hopefully a sort of peer review pressure that could be created by those discussions would be the desirable outcome?**

**Lechevalier:** I fully agree. And when we look to the future, even a large, successful company like Toyota cannot do everything on its own to build infrastructure for new types of cars like self-driving cars. There is a need for collaboration between different companies and the government to find a balance for investment in infrastructure, investment for new technology. I'm fully convinced that it's in the interest of everybody, and it cannot be the responsibility of the private sector only.

## **Need to Restore Political Economics**

**JS: Today, geopolitical questions are taking on increasing weight in policy debates, such as the emergence of China, and China-US friction. Compared with when President Bill Clinton said "It's the economy, stupid", today everything seems to be about politics. In domestic politics, for example, we**

**are seeing a rise in populism and anti-globalization. What do you see as the relevant role of economists in policymaking in this kind of situation?**

**Lechevalier:** I don't have an answer for government, but I do have an answer for researchers. In both France and Japan, as well as in the US, I think at some point we divided economics and politics. A century ago, especially in France, we had a discipline called political economy. This was a science related to economics, to understand how to create wealth and production, but at that time it incorporated some political consideration. Mainstream economists today do not have the intellectual tools to combine economics and politics. What I expect from my next generation of students is really to reinvent and rebuild political economy, a discipline that combines the notion of economic efficiency, general equilibrium, and so on, but that also includes questions that are related to politics. Redistribution is a question of politics; geopolitics – the question of differences of power between countries – is a matter of politics. This is my answer from an academic perspective, that we need to rebuild the idea of political economy that has disappeared from our intellectual tradition.

## **Future Projects of Fondation France-Japon**

**JS: Finally, would you like to say a few words about your future projects?**

**Lechevalier:** Thank you. I will briefly mention two of them. The first one is related to what we've experienced during the past two years; it's about health, technology, and the economy. Basically, we are developing a project regarding the impact of new technologies on well-being, and job satisfaction, including the impact of telework on job satisfaction and on efficiency. In the same spirit, we are developing a sister project on technology and well-being in the case of elderly care: how to connect technological and social dynamics in order to produce "real" innovation that increases the satisfaction of people? We are calling this "Care-Led Innovation": we are trying to define a protocol of innovation that puts well-being at the center of innovation. This is a non-Schumpeterian perspective on innovation and is basically an application and an extension of a book we published in 2019 called *Innovation Beyond Technology*.

With the second project, we are trying to learn lessons from the successes of the Tokyo Olympics. I know there were a lot of controversies about holding the Olympics during a pandemic, but I think there are good lessons to be learned. The way we want to look at it is less in terms of geopolitics and sports, but more in the way an event like the Olympics can transform our cities, and how we can experiment with things like new types of mobility and transportation. We want to create a bridge from Tokyo to Paris 2024 from the perspective of urban studies, urban economics, and urban geography.

**JS**

Written with the cooperation of David S. Spengler, who is a translator and consultant specializing in corporate communications.