

Interview with Prof. Gi-Wook Shin, Professor of Sociology; Director of the Walter H. Shorenstein Asia-Pacific Research Center; William J. Perry Professor of Contemporary Korea; Director of the Korean Studies Program; FSI Senior Fellow

Flow of Talent Among Asia-Pacific Nations Would Revitalize the Economy & National Security

By Japan SPOTLIGHT

Depopulation is a concern shared by Japan and South Korea. Immigration of high-skilled labor could be a solution for mitigating it. In this regard, *Japan SPOTLIGHT* interviewed Prof. Gi-Wook Shin, a political sociologist at Stanford University, who is now working on a new research initiative seeking to examine the potential benefits of talent flows in the Asia-Pacific region.

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Political & Economic Implications of Depopulation

JS: How do you see the different situations *vis-à-vis* demography among Asia-Pacific nations? Some countries like Japan are suffering from depopulation while some are seeing an increase in population. How do you assess the political and economic implications?

Shin: As you mentioned, Japan and South Korea are going through very serious demographic crises with low birth rates, aging populations, and declines in the working-age population. On the other hand, India and many countries in Southeast Asia have very young populations, and we might expect an increase in talent mobility within the Asia-Pacific region. In the past a lot of Chinese, Indian, and Korean students came to the United States and Europe. But now more people are going to Japan and South Korea. Their level of education has improved; the quality of universities in advanced Asian countries is quite good. We should think about the policy implications of the increase in regional talent mobility in the Asia-Pacific region.

JS: For example, India and Japan are referred to as complementary because India has lots of young people and Japan does not. Would you say that if Japan expanded opportunities for immigrants, it would make the relationship between Japan and India more complementary? Of course, India-Japan relations can be discussed in the context of skilled immigrants but there is still some disagreement on the issue of immigration of unskilled immigrants.



Prof. Gi-Wook Shin

Shin: In the past, Japan and South Korea accepted largely unskilled labor from China and Southeast Asia. This unskilled migration will continue, but at the same time Japan and South Korea need to accept more skilled migrants. India can be a good source. It is encouraging to see more foreign students who come to Japan, for example, for college and then stay to work. However, most foreigners leave after a few years of work. If you look at Australia, in contrast, many international students go there for college, stay, and eventually naturalize as Australian citizens. One may point out that Australia is very different from Japan or South Korea, which I partially agree with. However, until the 1970s, Australia was also promoting racial homogeneity. Under their “White Australia” policy, they were accepting only white

Europeans, but couldn’t sustain the economy with the low population growth. They had to open up, promoting multiculturalism. This has led to an increase in immigrants from Asia, such as from China and India. Going back to your question, Japan and India can be complementary to each other: one needs talent, the other has a strong supply of IT workers.

JS: As you have just explained, the economic implications of this depopulation could cause us a shrinking economy. We should perhaps encourage the flow of talent to supplement the stagnant economy with immigrants – but what do you think about the political implications of this declining population in terms of security concerns?

Shin: Let me give you an example from South Korea. This is a big issue for South Korea because it maintains a large military. On the

one hand, there is no way to maintain the military's current size or level due to a shrinking population but on the other hand, I don't think you can bring immigrants into the military. It's not like bringing immigrants into a company. Another political implication is the change in the voting landscape as the proportion of older people or senior citizens is really increasing. They tend to be more conservative, in favor of conservative parties. This may not be an issue for Japan because the Liberal Democratic Party (LDP) gets a lot of support from senior citizens anyway, but in South Korea and other countries where there is a regular change of power, this has potentially huge political implications.

JS: Looking at the possible merits of depopulation, some economists would say that of course depopulation has demerits, but it may still have some merits because individual wealth may increase. What is your perspective on this notion?

Shin: Some jobs can be replaced by robots or AI, and then not only may we not need so many people, but there may be less competition for jobs. Still, I think for any country to maintain the scale of its economy you must maintain a certain level of population. It is not only about production but also consumption. If you have a declining population then consumption will decline in tandem, which will negatively impact the economy. Japan has a fairly large population and the market may be good enough to be self-sufficient for now. But should the population become half of what it is today, then it probably may not be able to sustain the current scale of the economy. While overall you don't want too many people, South Korea and Japan should be concerned about their declining populations.

Research Project on Talent Flows in the Asia-Pacific Region

JS: You are working on a very interesting project on the potential benefits of talent flows in the Asia-Pacific region. Could you briefly explain this project?

Shin: This is a comparative study of talent strategies among four countries: Japan, Australia, China and India. These are the main economic powers in the Asia-Pacific region, and we call them "talent giants". For these countries, talent is strategically vital but has been utilized in different ways. As you know, for Japan nurturing homegrown talent, or what we call "brain train", has been most important. For example, if you would like to be a professor at Tokyo University, you have to attend that school. A PhD from Stanford or Harvard doesn't count for much. Such strategy enabled Japan to maintain a homogeneous labor force for a long time. Australia, on the other hand, is almost the opposite because foreign talents have been very important. Now, about 30% of their labor force were born overseas. Australia wasn't able to maintain its economy without the influx of foreign talents, or what we call "brain gain".

China and India were quite similar to each other in the beginning, as both suffered from a huge brain drain. A lot of talented Chinese and Indians left home and went abroad to the US, United Kingdom, etc. But then later they took very different strategies; China brought

back their people from overseas. Many Chinese who received PhDs or had work experience abroad (for example in Silicon Valley) went back to China in what we call "brain circulation". They became leaders of education, science, and technology as well as business at home upon their return. If you look at India, meanwhile, a lot of Indians didn't go back but stayed in the US. In Silicon Valley, for example, many top executives in global companies like Google and Microsoft are Indian, many of whom received their education from both Indian and US universities. They stayed in the US after education but still they engage with their home country – what we call "brain linkage". In this project, we are trying to explain why different countries adopt different strategies, and also why they are successful.

We are also developing what we call "talent portfolio theory". Just like financial investment, countries need to diversify their talent investment and rebalance their portfolio regularly. Japan was very successful in training its domestic labor but failed to diversify and rebalance its talent portfolio. As you know, with financial investment you must keep rebalancing to maintain a diversified portfolio, and Japan failed to do this due to excessive focus on its own domestic talent. I think that was one reason why Japan got into the "lost decade", and even now, why a demographic crisis will seriously affect Japan, because it will not have enough people to train. Japan needs to import labor from outside, an important way of diversifying its talent portfolio, which is heavily dependent on domestic talent. In terms of qualitative/quantitative research, we are using statistics, historical documents, and interviews.

JS: Given that you have identified some data on diversity and then compared these diversity figures, could Japan's lackluster economic performance be related to less diversity or something in that vein?

Shin: Yes, diversity matters – it is very important for Japanese talent to have experiences overseas and bring the knowledge they gain back to Japan. As I mentioned earlier, Japan mainly focused on brain train but not on circulation or linkage, which would enable these diverse experiences. Even here at our university there are a lot of Chinese and Indian or even Korean students who are pursuing their PhDs, but there are very few Japanese students. I think young Japanese have become just comfortable living in Japan and don't want to go abroad for education or experience. They have much less incentive, and that's why the Japanese talent portfolio is very much concentrated on one element: brain train.

JS: In order to increase skilled immigrants or knowledge-intensive immigrants I think a nation must be sufficiently attractive. What do you think are the key factors for nations to attract those people?

Shin: There are many elements. One of course is whether there are professional opportunities. Other factors may include quality of the education, level of air pollution, lifestyle, food, and so on. But I can't emphasize enough the importance of cultural diversity. I've been arguing about this issue for a long time. When I talked to some engineers from India and the Philippines working for big companies in South Korea like Samsung and SK, they said that although

professionally it's very good to work in these companies, it's very difficult for them to live culturally and socially in South Korea. The same applies for Japan; frankly speaking, Japan and South Korea are not friendly countries for foreigners. I love to go to Japan and am fond of Japanese culture and food, but I don't know if I could actually live there. I don't know if I could teach at a university there because I may never be accepted as a "real" member of Japanese society. Japan and South Korea are touting multiculturalism, but genuine multiculturalism relies on respecting different cultures. South Korea and Japan need to embrace foreign talents' cultures rather than attempting to assimilate foreigners.

In the past I have written regular opinion pieces for the *Nikkei Asian Review*. I wrote a piece on cultural diversity when many Asians (Japanese, Koreans, and Chinese) were coming to Silicon Valley to discover how to emulate it and reproduce it in their own countries. I've always felt that cultural diversity is key. In Silicon Valley, we embrace foreign talent migrants and work together. Meanwhile, South Korea and Japan are spending a lot of money to promote or increase the birth rate but it's not working. The birth rate is dropping so in the end there's no choice but to embrace foreign talent. To do so, you have to provide a cultural environment that is friendly for them. That's my strong conviction. When I go to South Korea, I say, look, you have nicer buildings here than in Silicon Valley, but would global talent come to South Korea over Silicon Valley? Probably not, because they know they won't be welcomed here.

JS: It's an interesting point that culture is certainly one of the key points to attract people. Silicon Valley in that sense is very successful in attracting lots of talent from all over the world. Do you think in the case of South Korea, for example, K-pop and K-drama can be powerful cultural icons to attract talented people?

Shin: It's certainly a plus. We interviewed about 50 international students in South Korea and some said that they came to South Korea because of K-pop. However, many students became very disappointed soon after moving to South Korea. While initially K-pop can draw them into South Korea, unless they can be provided with a good cultural environment, they will leave after graduation. I don't think K-pop has yet translated into attracting a lot of foreign talent in those countries. The same can be said for Japan.

JS: Perhaps developing tourism might be one way to attract people. Unfortunately, the pandemic has greatly affected tourism in a negative way but in Japan and South Korea does tourism hold the key to making the countries more attractive?

Shin: Not necessarily because they only come briefly. I love to visit Japan. It is a very clean, very safe country and I love Japanese food and culture but it's another thing for me to live in Japan. Unless you develop infrastructure to make the country friendly to foreign talent, I don't think they can stay. They may come for a couple of weeks for fun but that's very different from working and living in a country for a long time. Certainly, things like K-pop and tourism are very important

for the image of a country, but unless South Korea and Japan can develop infrastructure and a cultural environment for foreigners, they won't stay.

JS: Do you think education would be a key to attracting such talented people?

Shin: Yes, education would be very important. South Korea and Japan are a little different because if you talk to international students in South Korea, some say that Koreans are a little too aggressive in terms of the drinking culture and having too much fun. Japan is quite different – international students say the Japanese are really nice, they are very kind, but then they don't want to engage with international students, so they are a little distant. I think now it's getting better but basically Asia needs to learn how to live with non-Asians. Koreans and Japanese have gotten used to living with only Koreans and Japanese for a long time, and whenever I go to South Korea or Japan, I still feel that they are too homogeneous. Maybe I'm too biased coming from California, living here for a long time now, but still I feel that South Korea and Japan really need to diversify their populations. Frankly I don't know how Japan and South Korea can survive this demographic crisis without embracing immigration.

Haley Gordon (Research Associate at Stanford's Korea Program):

In the case of South Korea, one issue is that there is a mismatch between the students that they attract and the sectors that they need talent in. So the government and schools could do a better job of attracting talent in the right sectors, if they are hoping that the students find jobs after they graduate from Korean universities.

JS: Could more open-mindedness help?

Shin: Yes, and also teaching cross-cultural skills is very important. These days, young Koreans speak very good English, but globalization is not simply about having great English. Cross-cultural skills are very important, which is lacking in Japan and in South Korea. We should teach those skills to young people so that they feel comfortable with foreigners. Koreans and Japanese may appreciate America or Western Europe, but tend to look down on Southeast Asians or Africans. They should learn how to better respect other cultures, not only from the US and Western Europe but also other parts of the world.

JS: Do you think those subjects should be taught at school?

Shin: Yes, absolutely. We analyzed the curriculum of South Korean universities, and they don't teach those subjects. I haven't looked at Japan's school curricula but I expect them to be very similar.

Smoothing Integration of Immigrants in Japan & South Korea

JS: What do you consider to be important in terms of the smooth integration of immigrants into society, in particular for Japan and for South Korea?

Shin: Besides promoting cultural diversity, I have some very specific policy suggestions. First, it's quite difficult for foreign talents to live in South Korea and Japan permanently. But many of them would like to spend some years working for good Korean or Japanese companies. So my idea is that until Koreans and Japanese are ready for mass migration, they need to bring in migrant talents and let them stay for five or seven years before leaving for other countries. That is fine as far as they stay connected to Japan and South Korea after they leave; this is called brain linkage. Just like what Indians are doing from Silicon Valley to India, their home country. Such brain linkage can be one possible solution before Koreans and Japanese are ready to embrace mass migration. It may not solve demographic crises but certainly can help the economy. It will take time and probably 10 more years before Koreans and Japanese accept mass migration. Until then I think brain linkage could be a good solution – bring them to South Korea, bring them to Japan to stay and work, and then let them have a good experience and after leaving the country they stay connected. If these countries continued to do that, it might be one small solution.

JS: For example, in the University of Tokyo there is a program for Chinese and Japanese interaction and that's exactly the idea in this program. Some time is spent either in China and Japan and then they are interconnected even after going back to their own countries.

Shin: That is very important because when I interview international students in Japan, they describe having a difficult time making friends with Japanese, so they're becoming friends among themselves, for example among Cambodian, Vietnamese, or Korean students. They are building networks not with Japanese students but among themselves. That's a big loss for Japan. What you mentioned is very important, and I even suggested to some Japanese universities that in the dormitory you could have a rule where one roommate is Japanese and one non-Japanese. That is essentially pushing them to stay together, and it would be a good experiment to see if it works or not. Initially Japanese may resist the idea but, in a dormitory, why not have one Japanese, one from South Korea, one from China, one from Vietnam. If they can learn how to live with non-ethnic Japanese, that can enhance cultural skills. That's worth trying in my view, and I'm suggesting it to some other universities in Korea and Japan.

Irene Kyoung (Research Associate at Stanford's Korea Program): I'm not sure about Japan, but in South Korea a lot of international students are placed in a separate school so they're not really taking classes at the university – they're taking English classes with other international students. So it's not just a living situation that might help but also a curriculum that would attract the same level of education. Right now, what's happening is that the international students going to well-known Korean universities aren't really up to par with the level of skills that a Korean domestic student would have and that a Korean domestic company would be looking for. So instead of corralling all the international students into one special program, it might be beneficial to have additional opportunities for them to be integrated into the full school system.

JS: Such long-term exchange for students might be a good security policy as well. Because a declining population is bad news for political security but by expanding and tightening this human network, in particular among young people, perhaps we can ensure national security in the future.

Shin: Yes, but also right now Japan can accept more Korean people for jobs. A good number of Korean people are looking for jobs, and Japan needs more talent, so probably Japan can bring more Korean talents into Japan. They can be useful economically while also enhancing relations between the two countries.

Plans for Research on Talent Flow

JS: Could you share your plans for research on this talent flow in the Asia-Pacific region? It's a very interesting project and you mentioned specific solutions like the education system and so on.

Shin: There are two things. Now I am looking at the talent flow globally between Asia and the US, but I'd like to look at more regional talent flows as I mentioned earlier, because I believe such regionalization will materialize in the coming years. The pandemic has paused it for a while. Also, we are trying to apply our talent portfolio theory to other countries like South Korea, Singapore, Taiwan, and some others.

One thing that you might be interested to hear is that we are going to launch a new policy lab – the Stanford Next Asia Policy Lab. The main question for us is how to take Asia up to the next level, because while Japan, South Korea, Taiwan, and China are developed economically, it looks like they're hitting a wall right now. And so along the lines that I mentioned earlier, they have to improve not only economically but also socially, culturally and even environmentally and educationally. We will launch this policy lab this summer and will be not only conducting rigorous academic research but also seeking to find policy solutions on how to upgrade these societies. Tackling the demographic crisis is one example, promoting cultural diversity is another; more brain linkage is another one, and so hopefully we can produce more research outcomes with policy implications from this new policy lab.

JS: Thank you so much. Stanford must be a wonderful place to work.

Shin: Yes it is, because we have many wonderful talents from all over the world. That's the key. Stanford wouldn't be what it is today without all this international talent. That's also why Japan should be embracing talent from around the world, not just from its own people.

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Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.