

Exclusive Interview

# LEADERS IN JAPAN

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## Aiming to Be a Think Tank That Cultivates Public Intellectuals – Working to Strengthen Democracy in Japan

By Naoyuki Haraoka

In an era when established values such as market fundamentalism and democracy are being called into question, we spoke with the newly appointed head of one of Japan's leading think tanks about where the world is headed and the role of think tanks in these turbulent times.

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### Current Domestic & International Political & Economic Situation

**Haraoka:** My main topic today is the role of think tanks in this era of growing uncertainty. Before we delve into that, I'd like to hear your views on the domestic and international political and economic conditions that form the backdrop to this discussion.

Domestically, we are facing concerns about inflation while low growth persists. With fiscal constraints continuing and an aging society, there are fears that the future may become unstable. In that sense, boosting economic growth is a key challenge, and the structural reforms – the third arrow of “Abenomics” – are crucial to achieving that. I believe that increasing labor market flexibility is particularly important. What are your thoughts on this?

**Nakabayashi:** Very recently in Japan, the term “triple dip” (a weakening yen, falling stock prices, and falling bond prices – i.e., rising interest rates) was being bandied about. This served as a stark reminder that Japan's economy is not in a position where currency intervention alone can solve its problems, and that it faces structural issues in many respects. I believe Japan has reached a point where superficial measures alone will not suffice. It is also a fact that the population is declining.

However, while one might think that spending a large portion of the budget on policies to increase the population is the answer, the reality is that despite various attempts made so far – and even in neighboring South Korea, where fiscal measures aimed at boosting the population have been implemented – there is no denying that these efforts have yet to translate into actual population growth.

Given these circumstances, I believe it is becoming increasingly important to communicate to the public a logical, evidence-based discussion of what Japan's policies should be, one that is not swayed by emotional arguments. Think tanks are expected to listen to differing opinions and seek out well-balanced policies that are best suited for Japan.

When it comes to increasing labor market flexibility, the private sector accounts for the vast majority of employment. It is the private sector that must change – including its employment practices and compensation systems – and the government should implement policies to encourage this. It is also crucial to consider how we can create a society where innovation flourishes through deregulation. Japan's weakness lies in the fact that the third arrow of former Prime Minister Shinzo Abe's “Three Arrows” – structural reform – has still not been implemented. As a nation, we have not been able to effectively address energy crises, such as the issue of the Strait of Hormuz, nor have we been able to turn this weakness into a strength.

I suspect this is the price we are now paying for having avoided structural reform by complacently clinging to outdated systems for so many years. In order for Japan to maintain the creativity and

flexibility needed to navigate new eras and situations, such as the crisis in the Strait of Hormuz, I believe it is essential to continuously pursue structural reform and deregulation, rather than simply resting on past successes.

The current Japanese government seems to be so overwhelmed by the constant stream of issues arising that it has not yet reached the point of formulating a fundamental grand design for Japan – that is, embarking on structural reform. I believe it is the role of think tanks to provide the impetus needed to move forward in this regard.

**Haraka: Thank you very much. Next, turning our attention overseas, we hear that political populism remains deeply entrenched, and even now that the administration of Viktor Orbán in Hungary has fallen, we are still not be able to breathe a sigh of relief. Will populism continue to fuel protectionism and geopolitical risks, leading to ongoing instability abroad?**

**Given the current situation where the United States is unable to exercise leadership, there is also a view that we should achieve economic security by deepening relations with diverse nations, such as those in the Global South, and securing critical resources like rare earths. How can we sustain these efforts? I would like to hear your thoughts on this matter.**

**Nakabayashi:** Given that it is difficult to control either the government or the market arbitrarily, I think it is inevitable that disparities will arise in various economic situations if we simply leave things as they are. That is precisely why we have a public sector, and it becomes crucial to consider what can be done to alleviate the significant public dissatisfaction caused by these disparities. However, even in a democracy, when dissatisfaction grows too great, the public tends to seek out authoritarian and outspoken leaders. While such leaders may attempt to bring about “creative destruction” in various areas, it often seems that their efforts ultimately end in mere destruction.

This is precisely what President Donald Trump is doing in the US. He has imposed tariffs on allies, made statements that undermine the foundation of security alliances, and, on the other hand, demonstrated the danger of holding summit talks with China while bypassing Taiwan. In fact, in Europe as well, far-right groups that advocate anti-immigration policies are speaking out candidly, and ordinary people are drawn to their blunt and simple approach, leading to a growing surge in support for them.

Given this, as elections continue, it seems far from certain that not only the Trump administration but also European nations—such as France and the United Kingdom—that are opposed to certain US policies will be able to maintain their current political foundations. In this context, I think that as the dissatisfaction and anger of the people within those countries intensify, forces arguing that the current political system is inadequate will naturally grow in strength. The adoption of extreme immigration policies is a prime example of this.

I believe Japan is no exception. What is happening overseas will

eventually happen here as well. In the US, extreme rhetoric has gained traction on social media, and various forms of defamation and slander have spread through these platforms. In a climate where it is difficult to distinguish fact from fiction, this has influenced public opinion and led to the election of Trump; similar trends are now emerging in Europe as well.

While the democratic camp felt a sense of relief at the end of the Orbán administration in Hungary, I believe that moving forward, everything will depend on how the country’s domestic affairs are managed and how the situation of those harboring grievances over the widening wealth gap can be improved. In democratic nations, in particular, such issues tend to be directly reflected in political leadership. While authoritarian regimes devote their energy to suppressing dissent, in democratic nations – and this is one of their strengths – I believe we will continue to see conflicts over the disconnect between diverse viewpoints and social disparities become particularly pronounced, partly due to the influence of social media.

## **Expected Role of Think Tanks in Times of Chaos**

**Haraka: Given that, I believe the role of think tanks will become increasingly important. However, I’ve recently noticed that people’s thinking has become more short-term, and I worry that they are no longer considering medium- to long-term strategies. I think it’s important to broaden everyone’s mindset so that they can think and act with a focus on medium- to long-term strategies. I would like think tanks to take on this role. What are your thoughts on this?**

**Nakabayashi:** Actually, the Tokyo Foundation has already launched a research project called “National Vision 2050”. We have invited political leaders to participate, as well as bureaucrats working on the front lines at key government agencies, and we are currently in the midst of discussions. We hope to compile the findings into a book by the end of this fiscal year.

I believe that an important role for a think tank is to engage with society in ways that encourage the public to adopt a long-term vision as much as possible. We are currently in the midst of discussions on “National Vision 2050”, but if we merely stick to the facts – such as the pace of population decline, the state of technological progress, and the labor force situation – the discussion risks becoming nothing more than a textbook lecture, making it difficult to capture the public’s attention.

However, I was surprised to find that, as a think tank, simply providing a forum for such discussions earned us gratitude from our very busy participants. I believe it is innovative to clearly articulate a grand vision for the nation’s future and seriously consider what can be achieved under that vision – even if it is not certain that things will turn out exactly that way.

Furthermore, even if there are counterarguments, those very counterarguments can serve as a catalyst and potentially spark a national debate. Only a private think tank is capable of conducting such experiments. In that sense, while there aren’t many of them in

Japan, I am reminded every day that think tanks certainly have a vital role to play here as well.

Moreover, with the current crisis in the Strait of Hormuz making headlines regarding energy security, I believe Japan needs to place greater emphasis on the circular economy. Precisely because we are a resource-poor nation, it is crucial that we reuse our existing resources. We have a researcher at the Tokyo Foundation who has been studying this topic for many years. He has published a book on the circular economy through Nikkei Publishing, and the Tokyo Foundation has also compiled policy recommendations based on his research to present to the Minister of Economy, Trade and Industry. I hope that these outputs can be put to good use.

## Clear Communication: Expectations for Public Intellectuals

**Haraoka:** Thank you. You mentioned that evidence-based policy formulation and evaluation are key pillars of your work as a think tank. However, I imagine it's very difficult for a think tank to communicate these concepts in a way that's easy to understand. What are your thoughts on this?

**Nakabayashi:** That's exactly right. Researchers who are immersed in their work tend to start their explanations based on concepts and definitions that they are used to them. However, for the general public – people who work hard every day under demanding schedules – technical language and jargon can sometimes fail to resonate with them. That's why, when drafting press releases, we need to consider how to capture the interest of people who are busy with their daily lives – and how to phrase things to achieve that. For example, regarding the title of a proposal on the circular economy, we quickly changed it to “A Treasure Trove Worth 13 Trillion Yen” to help people see it as a relevant, everyday issue and take an interest in it.

I believe that the role expected of think tanks is to develop theories based on objective facts. While I imagine politicians are generally aware of this to some extent, it is meaningless unless this message reaches voters' hearts. Since politicians are not constantly engaged in research, it is difficult for them to devote the time required to delve deeply into issues and develop theories; therefore, I believe think tanks need to fill that gap.

**Haraoka:** I feel that it would be great if more academics in Japan, such as university researchers, began to recognize that unless they communicate their ideas clearly, they won't be able to bring them to fruition in the real world. What do you think?

**Nakabayashi:** That's right. Actually, I think it might be a good idea to assign a specific category to people who are capable of appealing to the public in that way. In places like the US, such scholars are called “public intellectuals”. They play an indispensable role in society. Of course, teaching students earnestly in the classroom and nurturing the next generation is extremely important for scholars and

educators, but in addition to that, we also need to recognize that the existence of public intellectuals helps support society.

While those academics' policy discussion is perfectly understandable among scholars, it can be quite difficult for the general public to grasp. If there are scholars who possess the talent to explain complex ideas in accessible terms, I hope they will step forward as public intellectuals and help transform Japanese society by setting an example for the younger generation and students. If there are topics that are difficult to discuss simply by being affiliated with a university, I believe one way to establish the category of “public intellectuals” would be to serve as a visiting scholar at a think tank, for example. By establishing connections not only with peer-reviewed academic journals but also with platforms like think tank websites – where accessible writing can be published – and disseminating information through those channels, we can help shape this category. Professors at American universities are already actively disseminating such accessible content through think tanks.

## Respect for Minority Opinions

**Haraoka:** That's very insightful. In a democracy, it is essential to value minority opinions. I believe this is a major role that think tanks should play in the maturation of democracy. What are your thoughts on this?

**Nakabayashi:** I think that's a very good point. In Japan, there's a social climate where people tend to hold back because minority opinions are often met with harsh criticism. I believe think tanks shouldn't be constrained by that; instead, they should firmly voice opinions that are logically sound and backed by evidence.

Especially now, values around the world are in flux. Whether this is due to social division or the diverse range of opinions being shared on social media and other platforms, I think we are still in the process of discovering how this will shape society. Given that the number of think tanks in Japan is relatively small compared to countries like the US, each individual think tank plays a very significant role. I believe it is also a crucial role for them to clearly communicate well-reasoned arguments – even if they represent a minority opinion – to demonstrate to the world that there are diverse perspectives.

I think that precisely because Japan experienced bitter lessons from the war led only by the authorities, we are uniquely positioned to devote even greater effort to this cause. I hope that think tanks embodying this spirit will multiply – not just one, not two or three, but dozens.

## From a Narrow-Minded Perspective to an Interdisciplinary Approach

**Haraoka:** Unfortunately, reality is becoming increasingly complex. As exemplified by the interaction between politics and the economy – or, to put it bluntly, by the rise of political populism – politics is increasingly dictating the economy.

**Furthermore, with the emergence of technologies like AI, technology itself is now having a significant social and economic impact. Under these circumstances, we cannot find effective solutions by working in isolation within narrow, insular fields. I believe the key strength of think tanks lies in their ability to make policy recommendations. But if their recommendations are based on a narrow-minded approach, they will not be effective; we must adopt a broad perspective, which necessitates interdisciplinary discussion. I think it is important for people from various fields to gather in a space like a coffee shop within a think tank to discuss ideas and stimulate one another. What are your thoughts on this?**

**Nakabayashi:** That's exactly right. People tend to get stuck in their own small worlds. What's more, even today many Japanese people are still relatively hesitant to assert themselves. And although I currently teach at a university, the thing that international students find most puzzling about Japanese students is why they never talk about politics or the economy. Japanese students who have studied abroad often say, "When I went overseas, it was really tough being asked about Japanese politics and the economy – topics outside my area of expertise."

However, the other day, I was talking to an American friend who had come to Japan from Columbia University, and she told me that in the US these days people are extremely cautious in talking about politics even when talking to people they know. She explained that if you bring up a political issue, the other person might have a completely different perspective. She said that in the past, Americans would have been happy to voice their opinions and engage in debate, but now everyone has stopped speaking out because they're afraid of the various reprisals the Trump administration might take.

I found myself reading too much into this and wondering if the reason Japanese people don't speak their minds is that they're trying to avoid such friction. At the same time, however, because thoughtful, reasonable people aren't speaking up, fake news and extreme views – such as the idea that "all immigrants are doing bad things" – spread on social media. This makes it seem as though such extreme views represent the majority, and everyone ends up conforming to them. I believe this has given rise to a frightening culture of conformity within social media.

That is precisely why I believe we should make the results of interdisciplinary research conducted by reasonable people with balanced knowledge accessible to the public. If only extreme opinions continue to dominate the discourse, the majority of the public – who sense that "something is wrong" – will likely fall into the trap of remaining silent. Instead, I believe that by first acknowledging differing opinions and allowing them to be openly debated, and furthermore, as researchers, by fostering innovative ideas for society that emerge from interdisciplinary casual conversations, we should deepen our interdisciplinary ties not only within Japan but also with experts overseas. Think tanks, in particular, unlike universities, are not structured to require

researchers to work within fixed specializations; therefore, I believe they are organizations capable of flexibly shifting their focus to current social conditions, pending issues, and policy challenges as they arise.

Once you get to the university level, there are various constraints – such as enrollment quotas and departmental turf wars – that make it difficult to respond flexibly. However, I believe think tanks have the major advantage of being able to adapt flexibly to the times. If think tanks forget this, they'll end up just like universities, so I think it's crucial to highlight what sets them apart from universities.

## **The Direction of the Tokyo Foundation**

**Haraka: Thank you. Finally, what direction does the Tokyo Foundation plan to take in the future?**

**Nakabayashi:** First of all, I don't believe it makes much sense for a think tank to keep doing the same thing over and over again. So, regarding the "National Vision 2050" I mentioned earlier, I want to move quickly to publish it as a deliverable – ideally within this fiscal year or early next year – that speaks first and foremost to Japanese society, even though the ultimate goal is to reach the world. The core concept here is that this is not meant to be a finished product, but rather a resource for everyone to discuss. It is not a textbook. I hope we can produce something that serves as a catalyst for discussion.

We also aim to be able to quickly compile and publish various policy proposals. I mentioned earlier the circular economy. It is notable that the Tokyo Foundation includes experts who have been researching public finance for many years. For example, they are examining issues such as refundable tax credit from an expert's perspective – considering what interim measures would be appropriate if it takes time to implement such policies. We have brought together outstanding experts in public finance, and we need to figure out how the Foundation can communicate the results of their research in an accessible way. We'd like to explore options such as creating short videos or, much like a talent agency, pitching these experts to TV stations so they can be invited to appear on programs.

We currently have four "policy producers" on staff. Most of them are experts in their respective policy fields, but we've also brought on one person who previously served as a chief producer in a television network's news division. This individual is working on how to condense complex policies into easy-to-understand short videos, how to make them appealing to audiences accustomed to television or social media, and how to disseminate this content without spending too much money. Furthermore, with this person taking the lead, we plan to promote our efforts to television stations and actively produce and promote public intellectuals.

**Haraka: Thank you very much. Your words were very reassuring.**

**JS**

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