

Japan's Two Resource Problems – Energy and Manpower –

By Inoki Takenori



■ The Intention and Strategy of the Nation

An individual's identity is revealed in his/her thoughts, words, and conduct. The same can probably be said of the nation. The national identity is shown by the ideology it espouses, how that ideology is expressed in words, and how the citizens who make up the government express that ideology through actions. The national policy and strategy are formed only when a nation holds coherent ideas or goals.

Regarding this point, there are currently several issues in making the identity of Japan as a nation even clearer. I think the most vital issue among them, is the "problem of two

resources" – one is that of natural resources and the other is that of human resources. Regarding the state of affairs of these two resources, which are the most basic resources for an economic society, Japan should consider how to handle these issues as national strategies.

■ How to Design a Comprehensive Energy Strategy

After managing to get through two oil crises of the 1970s, petroleum and other energy resources are considered as market commodities and such resources can be purchased from the market whenever necessary. The prevailing viewpoint used to be an optimistic one that although increased costs due to cartels on the supply side were possible, the market would somehow find a way to set them right.

However, approaching the end of the 20th century, the demand for energy increased from countries like China and India whose economic development progressed sharply, and the cost of oil and other energy resources began to escalate chiefly due to factors on the demand side. Political factors like terrorism and war also had a great impact. Because petroleum and natural gas reserves both lie in the Middle East and Russia, regions where political situations are unstable, the question of how resource-importing countries can continuously achieve a safe and stable supply of energy is becoming a serious issue.

If the EU, which like Japan has a high dependency on imported resources (which is predicted to increase even more in the future), pursues the energy policy developments of recent years, the intensity of perceptions about the present situations and a rising sense of crisis will be palpable. Former German Chancellor Schröder rode his "golden parachute" into the Russian natural gas supply industry, not merely acting as a go-between. The EU began bilateral talks with Organization of the Petroleum Exporting Countries (OPEC), promoted dialogue with Norway, the king of resources, worked to make inroads to the development of Arctic resources, and is trying to launch a cooperative organization with the Southern Mediterranean countries of which Algeria regarded as being at the top of the list. The EU also opened a pipeline from the Caspian Sea to Turkey in a scheme to lower its dependence on OPEC and Russia.

China, which is predicted to become the greatest resource-consuming country in the future, is getting closer with Iraq,

Iran and Sudan, and has opened up an oil pipeline between itself and Kazakhstan. It has been reported that Canada and Australia have started an organization of countries exporting uranium, which is indispensable to nuclear power generation.

In this connection, the countries of the world are clearly hammering out comprehensive national energy strategies in order to stably secure energy resources. Has Japan, which has a scarcity of resources, really envisioned an ideal mix of resources and committed itself to efforts to realize this issue and develop domestic and foreign strategies and negotiations? I feel that these developments cannot be seen clearly.

For instance, the possibility of nuclear power has been emphasized, but how does Japan handle the risk that accompanies such energy? In looking at past cases, once an accident occurs, there are many instances of things ending with one electric power company being exposed to attacks by the mass media and public opinion. A clear picture of a comprehensive energy strategy will appear for the first time depending on how the country indicates the way it will accept the risk of such energy. In this regard, it is difficult to say that Japan has sufficiently established its national identity.

The Problem of Human Resources, Especially Higher Education

There is another problem involving human resources: how should we find and cultivate competent manpower? This is an issue in which decisive policy and strategy will be necessary in order to establish a national identity. Japan is currently suffering from a declining birthrate. It does not appear that the total fertility rate (TFR) will rise with ease. Amidst population decline (in particular, among the young workforce), if we attempt to maintain the same standard of living that we have enjoyed in the past, it will be necessary to have many technical innovations or improve the quality and productivity of the workforce.

It goes without saying that the route to improving the quality of this workforce lies in the enrichment of formal education, especially higher education. It has long been thought that Japan is a society devoted to higher education. It is surprising, however, that the fact that Japan now finds itself a society marked by little emphasis on education is virtually unknown.

For example, let's take a look at the academic background of Japan's managerial employees. It has been thought that Japan places a high emphasis on education because graduates of four-year universities occupy the vast majority of these managerial positions, but Japan's academic qualifications become lower when compared with countries like the United States and Germany, where there is a high attendance rate of graduate school. In a survey conducted by the author and

collaborators, graduates with Master's Degree or higher, including MBAs were found to exceed 60% of corporate managerial positions in the United States. In Germany, students generally enter university at the age of around 20 (after going through *Abitur*, military service, and community service), complete their studies in five or six years, and acquire a certification equivalent to a Master's Degree at the age of 25 or 26. Compared to Japan, the rate of these graduates in Germany is quite high. It can be interpreted that their level of expertise, or the basic educational level which forms the expertise, is much higher.

The arena of global economic competition is not just the market for all products and technologies; the beginning of the shift toward "verbal competition" is characteristic of modern globalism. It is this worldwide competition in language ability among such experts which had long ago become a globalized field, while Japan failed to realize its importance. This is not limited to the world of businessmen. Intense competition among professional experts such as politicians, journalists, bureaucrats, scholars and engineers has also progressed in the midst of globalization and in the world venues for speech. In fact, it is Japan's lagging expertise in venues for international debate that has become Japan's biggest problem spurred by globalization.

There are two types of human resources required by all highly-developed industrial societies. One is the group that thinks about that country's public interest. It used to be believed that as long as democracy and the market economy both set freedom as their top priorities and the various people seek profit and exert themselves, the society as a whole would be vibrant, and higher economic public welfare will be achieved as Adam Smith's thesis indicates. However, after entering the 20th century, it remains a fact if no groups think about the public interests, neither the game of market economics nor the political institution of democracy can show superior performance.

The other is competent people possessing a high degree of expertise in policy decisions as economic society becomes complex and the strengthening of interdependent relationships with foreign countries becomes more and more necessary. The notion that the politicians who hand down the final judgment for public matters have sufficient knowledge in all matters is merely a fiction. This fiction cannot be complemented by information by the media.

Resolution of these issues is not simple at all. The reason is not only that it will take an extraordinarily long time to cultivate human resources, but that we cannot easily "import" human resources from abroad. Accordingly, we must basically rear and select these domestically. For that reason, Japan is now under the pressure of needing to rethink its mid- and long-term national strategies.

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