

Japanese Business & Innovation

Reflections on Japan's de-globalization

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Japan is in genteel decline

*Japan does not need to change...
(but there is a cost if it does not!)*

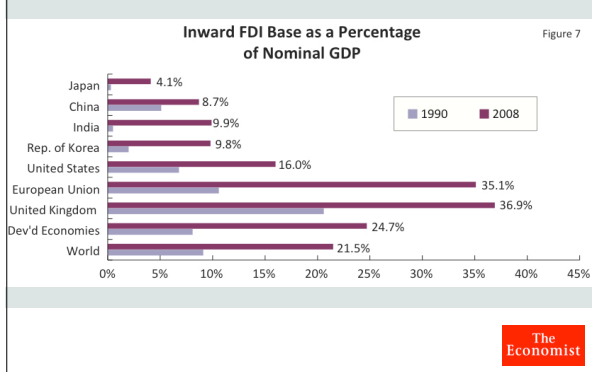
Signs of decline

- * *Share of global GDP:*
1992: **18%** 2010: **8%**
- * *IMD ranking most competitive economy:*
1990: **1** 2010: **17**
- * *No longer 2nd largest economy*

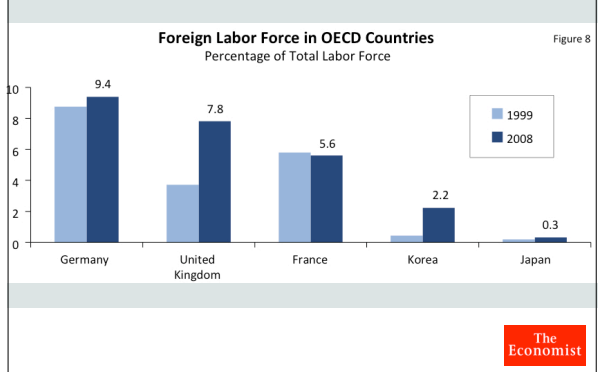
The sources of decline

- * *Population . . .*
- * *Economic . . .*
- * *Mental: Retreating from the world*

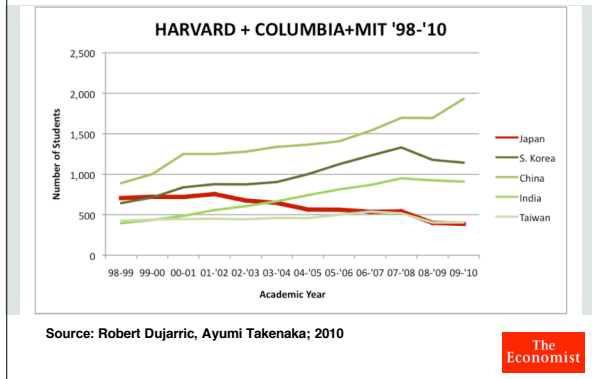
Failure to attract financial capital



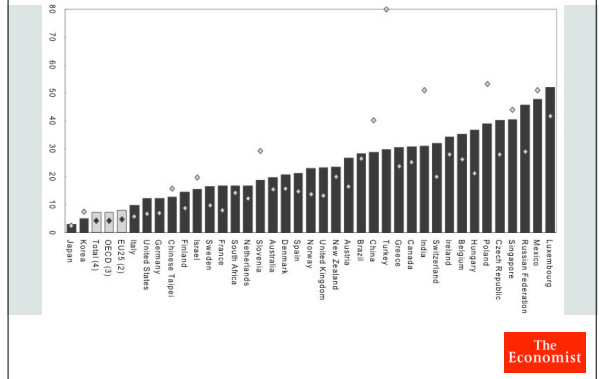
Failure to attract human capital



Students less globalized



Patents with foreign co-inventor

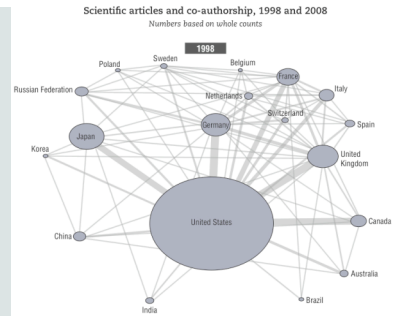


The modern economy

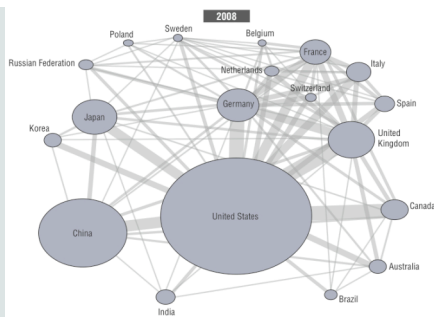
- * “Windows not walls”
- * “Open innovation”
- * “Network power”



Cooperation and ties



China BULDGES; Japan barely budges



Legacy of the lost decades

Unappreciated aspect of
economic stagnation
is that Japan has undergone
intellectual stagnation



The bubble and the bust are over

- **Economic recession; mental depression**
*If the bubble was due to collective euphoria,
the current malaise is mass pessimism*
- **Ignoring incredible strengths**
World class SMEs with outsized marketshares
- **Old Japan; New Japan**
*Schism between global winners and
domestic stragglers*

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Conclusion

- * **Japan is in a state of “neo-sakoku”**
- * **There is a high cost** (but like debt problem,
it only appears far in the future, when it is
too late to do anything about it).
- * **Reversing it simply takes leadership**
(so question is: how to foster leaders?)

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Thank you

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