

**Japan “Leading” the Way**  
Asia Pacific Rule of Law Conference  
January 28<sup>th</sup> 2011

**William H. Saito**  
President & CEO - Intecur



# Why I am here?

- Entrepreneur
- Government advisor
- Teacher at 4 universities
- Investor in 14 entrepreneurial companies
- Board member of 10 public companies



***Disclaimer: I am not a lawyer or have worked, associated or studied in this field. I just know “enough to be dangerous”***



March 30, 1981

<30 Years  
→



February 23-29, 2008

## Japan Today

# Japan Today



- Rule of law index - Japan looks good
  - Especially since getting a drivers license is very expensive
- Becoming globally irrelevant...

... Literally!



# Decreasing / Aging Population



- **Total fertility rate = 1.2**  
**(-0.8% over last 5 years)**

1.	Macau	0.91
2.	Hong Kong	1.02
3.	Singapore	1.09
4.	Taiwan	1.14
5.	Mariana	1.15
6.	<b>Japan</b>	<b>1.20</b> (<1.0 in 5 yrs)
7.	Korea	1.21

- **65 years and over: 22.2%**
- **Women life expectancy 85.66**

1.	Monaco	89.78
2.	Macau	84.38
3.	San Marino	82.95
4.	<b>Japan</b>	<b>82.17</b>
5.	Andorra	82.36
6.	Singapore	82.07

*By 2050, for every 10 people of working age,  
there will be 7 people of retirement age.*

# Japan, Inc. Bruised



*"For Japan, 2010 was a year to forget"*

*"China to overtake No. 2 Japan in R&D"*

*"More adults live with parents as they marry later, lose jobs"*



# TOYOTA

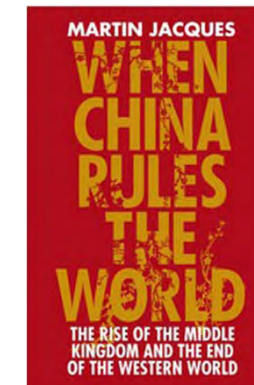
*"Third of young Japanese men not interested in sex"*

# Japan Statistics

- 5.1% unemployment
- Japan's GDP in 2009 = -5.9%
- Government debt to 181% of GDP
  - S&P rating: **AA-**
- Families make \$5,300/month (-4.6%)
- Percentage living below poverty line (\$13,000 annually) = 15.7%
- **English and study abroad down**



Amazon.com  
#680,438



#9,017

# Japanese Companies vs. World



1.	Apple	1976	14.	BMW	1916
2.	Google	1998	15.	HP	1939
3.	<b>Toyota</b>	<b>1933</b>	16.	<b>Honda Motor</b>	<b>1946</b>
4.	GE	1892	17.	Walt Disney	1923
5.	Microsoft	1975	18.	General Motors	1908
6.	Tata Group	1868	19.	Reliance	1966
7.	<b>Nintendo</b>	<b>1889</b>	20.	Boeing	1916
8.	P&G	1837	21.	Goldman Sachs	1869
9.	<b>Sony</b>	<b>1946</b>	22.	3M	1902
10.	Nokia	1865	23.	Wal-Mart	1945
11.	Amazon.com	1994	24.	Target	1902
12.	IBM	1910	25.	Facebook	2004
13.	RIM	1984			

BusinessWeek/Boston Consulting Group (BCG) World's top 50 innovative companies for 2008

Copyright 2011 © Intecur, Inc.



# Changing Japan



- Japan as a “case study”
  - Decreasing/aging population, debt, trade imbalances, social security, etc.
- Fixing problems is a “Double-edged sword”
- Needs to become more efficient through innovation and entrepreneurship
- Sharing with you three issues so as not to make the same mistakes

# 1. Addressing Risk



- Bankruptcy laws
  - Down 16.9% in 2010
- Employee termination law
  - Part time workers = 27.6% of 44m regular employees
- Mobility



## 2. Government / Education / Research

### ■ Governments

- Grants-in-Aid for Scientific Research (unsolicited basic research grants) of \$0.8 billion to \$3.3 billion (+30%)
- Moral Hazard

### ■ Universities

- Education and study abroad
- Intellectual property & TLO

### ■ Research



# Education Abroad



	PhD Recipients	% in US after 5 years
China	2,139	92%
South Korea	814	41%
India	615	81%
Taiwan	451	43%
Turkey	315	42%
Thailand	312	7%
Canada	258	55%
Mexico	173	32%
Germany	164	52%
Russia	161	77%
<b>Japan</b>	<b>144</b>	<b>33%</b>
Romania	121	86%
Brazil	119	31%

Percentage of Temporary Residents Receiving S/E Doctorates in 2002 in the U.S.

Source: Oak Ridge Institute for Science & Engineering

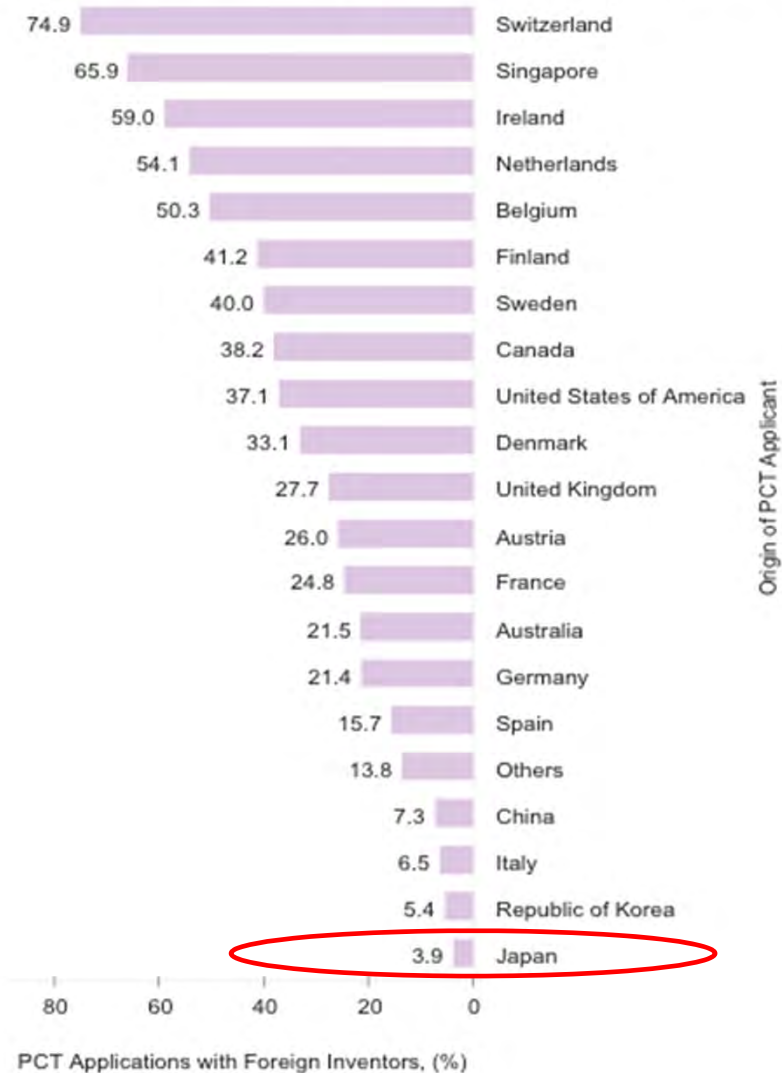
Copyright 2011 © Intecur, Inc.



# International Collaboration



Figure A.7b PCT applications with at least one foreign inventor by country of origin (%), 2009



- Patent data can be used to monitor cross-border collaboration

## 3. Role of Women



- ~10 years ago, Revised Labor Standards Law
  - Management level posts increased from 3.4% to 6.6%
- Ranked 94th in the WEF global gender gap
  - Women employees: India 23%, **Japan 24%**, Turkey 26% and Austria 29%
- Real Employment
  - 46% women short-time workers (vs. 8.5% for men)
  - 69.0% of pay to male FTE, 53.3% for short-time workers

## Women (cont.)



- Women = 51% of population
- 78.6% go to higher education (vs. 56.0% for men)
- GDP would be boosted by 16% if women were employed
- 42.8% see no need to have a child after marriage
- 35.1% men were not interested in sex
- Divorce has doubled in the 30 last years

# Conclusion



- *"Obviously, the most significant ground for Japan's worsening birth rate is that citizenries are not having sex."*

*Dr. Kunio Kitamura,  
Head of the Japan Family Planning Association*

- Well-meaning changes lead to unintended consequences
- Less government regulations and hurdles
- Empower women



**InTecur**

Tokyo · Los Angeles · Dubai

*“Think Globally, Act Locally”*

**Thank you**



<http://saitoblog.com/>



@whsaito



[william@intecur.com](mailto:william@intecur.com)

