

Staying a step ahead of change

How Recruit Co. has embraced advances in technology and societal change

Eiko Kono, Chairperson of the Board of Recruit Co., Ltd., talks with SPF Chairman Setsuya Tabuchi

The impact of the bubble's collapse

Setsuya Tabuchi: Japan's birthrate is continuing to decline. Does this mean that the employment market will be shrinking in the future? At Recruit Co. you put out various publications carrying job-related and other information, and I suppose that the demographic shift toward an aged population and fewer young people will make it all the more important to have sources of high-quality information such as you provide.

Eiko Kono: Leaving aside the question of whether this will be the basis of a successful business, I think there's a good chance that the volume of information about jobs will grow, because the tools for conveying it are diversifying, and this is likely to make the flows of informa-



tion even more lively.

Tabuchi: At this point what share of your sales is in the employment-related area?

Kono: It's about 40 percent, with the remaining 60 percent being in other areas. The figures vary to some extent from year to year; this year, because business has picked up a bit, the help-wanted field has increased its share somewhat.

Tabuchi: Nowadays companies also often use the Internet to advertise their job openings, don't they?

Kono: That's right. The Internet has turned into the main medium for recruiting new graduates. Actually, the fact that Japanese companies have turned to the Internet for this purpose is related to the collapse of the bubble economy at the beginning of the 1990s.

During the late 1980s, when the bubble was at its peak, unpopular companies didn't receive any requests for information from graduating students looking for jobs. But now it's a different story. Since jobs are hard to find, a major corporation that takes out a recruitment ad in the print media can expect to receive tens of thousands of such requests.

And it will cost a company several million yen to print and mail out, say, ten thousand brochures to respond to these requests.

One company, which didn't have the budget for this much printing and mailing, decided it would send its materials just to the students at the "name" national universities, but then it received complaints from the private schools.

From the universities' point of view, it's important that the graduating students find jobs, because if they don't, it will adversely affect the school's own ability to recruit new students from the shrinking pool of high school graduates. So they tell the students that they should attend all the recruitment sessions that they possibly can. As a result, the companies that are hiring end up getting maybe five thousand or even ten thousand applicants. But a company that's only planning to hire twenty or thirty students doesn't want to budget that much money for the process. On the other hand, if the company does nothing, it won't receive any job applications.

That's the background behind the fact that companies are now relying

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largely on the Internet. That way they don't have to print up brochures or pay postage to mail them. Also, they don't have to decide which schools to target. And the students benefit too, because the Internet allows them to search for particular content in the information that companies put out. Because of these advantages for both sides, the switch to Internet-based recruiting has gone very smoothly.

A switch in emphasis away from new graduates

Tabuchi: It seems to me that it's only in Japan that companies focus their hiring efforts mainly on new graduates.

Kono: Yes, I think that's a distinctly Japanese practice. Our company was able to increase its sales of recruitment information publications because we were operating in the context of the Japanese system of permanent employment, with companies all competing just to hire new grads.

Now that much of the recruitment activity in this area has shifted to the Internet, revenues from help-wanted ads are less than half of what they were back when the print media monopolized the field. But even so, the market for Internet ads directed at hiring new grads runs to the hundreds of millions of yen. There's probably no other country like Japan in this respect. In the United States, for example, I doubt that there's such a large market for recruiting students straight out of school.

In the United States and other countries, students consider options other than taking jobs with companies when they graduate from college, and even if they do want to work for a company, they'll take the initiative to send in their résumé by e-mail or regular mail. Then, if the company is interested, it will contact them. Since it's handled on this individual level, there isn't that much advertising spending involved.

Tabuchi: That's fascinating. It also seems to me that what's expected of individuals in terms of qualities and capabilities will be changing.

Kono: Here in Japan we haven't yet reached the point of paying people in line with their output. We lack the yardsticks to measure employees' skills and abilities on an across-the-board basis. Also, there's a relatively large margin here for differences between companies in the amount they pay a person who's, say, thirty-five years old and has a particular level of ability, but there's no way to gauge the differences. The figures on starting salary levels are made public, but the details of the pay schemes are negotiated between employee and employer.

In the years to come, though, with labor mobility on the rise and salary systems moving away from straight seniority to use of performance-based compensation, I'm not sure if the existing Japanese model will survive. The same goes for the focus on hiring new grads. We have to constantly monitor what the market wants and keep coming up with new products and services to offer.

Print media in the Internet age

Tabuchi: Of course the shift from print media to the Internet isn't limited to help-wanted ads. All sorts of information is moving in that direction, and this trend isn't likely to stop, is it?

Kono: I agree. But not everybody uses the Internet, so I don't think the print media will disappear entirely.

Tabuchi: Eventually I imagine some sort of equilibrium will be reached. For example, Natsume Soseki's famous book *I Am a Cat* is available as a paperback or a hard-

cover and also in electronic form. But I don't care to read a book by scrolling down a computer screen. I think there's something close to instinctive in the desire to turn the pages while reading.

Also, almost all the letters I receive have been written and printed out on a computer. But I really feel happy when I get a handwritten letter. Just the other day I received one from the editor in chief of the monthly *Bungei Shunju*. I was struck by the courtesy of a letter written by hand, and I agreed to the request for a meeting, which ordinarily I would have turned down.

Kono: One advantage of computers is that you can make the print larger on the screen, and this is helpful for older people who can't read small print. But as long as you don't worry about the time it takes for regular mail to be delivered, you can make a person happier by sending a handwritten letter, and such a letter also offers good legibility at a glance.

Tabuchi: I understand that your company also offers help-wanted Internet pages for access via mobile phones.

Kono: Yes we do. That allows people to view the information while they're on a train or otherwise moving about. But the rate of mobile access is still low. We might not have taken the initiative to set up this channel ourselves, but we needed to match the competition. Realistically, few people who view a mobile-phone website are likely to decide on the spot that they want to take a full-time job working for a company they've found listed there. But young people are increasingly using mobile phones, so we'll probably want to adjust the content to match their needs, such as by focusing on information about part-time jobs.

Tabuchi: That makes sense. The information required is different.

Speaking of mobile phones, if you sit down in a train and there are three persons sitting across from you, two of them will be punching away into their handsets. Japanese people are nimble, aren't they?

Kono: I see you're looking on the bright side. [Laughs] I believe they also have lots of websites for mobile

phones in advanced Western countries, but I don't think you'll find many people accessing them from trains.

Encouraging people to set up their own businesses

Tabuchi: If I may change the subject, I'd like to ask whether your employees at Recruit tend to stay put.

Kono: Basically yes, but there has been something of a change.

Back when Recruit was established in 1960, the company hired only people with job experience, no new grads. In about the tenth year we started taking new employees straight out of school. Back in those days we weren't publishing weeklies or monthlies; our only publication was *Recruit Book*, a magazine for new grads that we put out several times a year. This meant that we had an extreme variation between busy and slack periods. So we used lots of temporary workers during the busy times; I think we had a ratio of about one to two between them and the regular employees.

As of 1985–86, Recruit Co. proper had 2,300 to 2,600 regular employees. But in the years from 1987 through 1989 we hired large number of graduating college students—as many as a thousand in a single year—as a result of which our regular workforce doubled in the space of three or four years.

If you hire a thousand employees in a single year, make them managers within ten years, and equip each of them with a number of subordinates, you have to hire tremendous numbers of additional employees to serve as the staffers. This might have been possible back in the days of uninterrupted economic growth, but in an economy where the trend is flat or downward, as in Japan from the early 1990s on, it's not practical. Our employment rolls at one point rose to above 5,000, but the figure is now back down to 2,300. We also use temporary and part-time staffers, and we have agency contracts with our sales force.

Nowadays in Japan we see tremendous growth in limited-term employment. According to a government survey, the share of nonregular employees,

including part-timers, temporary hires, employees under special contract, and workers dispatched from agencies, topped the 31.5 percent mark in the first quarter of 2004. The share is especially high for female workers; for them the figure is reportedly 52.6 percent, or slightly over half of all working women.

Tabuchi: The trend is for companies to try to hold down personnel expenses by having fewer high-paid regular employees and using nonregular staffers instead, right? Does Recruit have many regular employees left?

Kono: I think we have a higher severance rate than other major companies; the fact that we've provided especially generous severance payments has probably been a contributing factor.

For example, we have what we call a "career support system," which involves paying an extra ¥10 million to employees who resign from the company to take the next step in their careers, regardless of the details. This has encouraged some young employees to leave Recruit and start their own businesses. Also, since people who are 40 or 50 have a hard time finding new jobs, we've set up a "flexible retirement system," which pays an additional severance benefit to people leaving at age 38 so that they can start up businesses.

This is part of the reason former Recruit employees are now active in many sectors, so much so that people call Recruit a prolific producer of human resources.

Tabuchi: I see. And about how many employees do you have who will stay for their entire careers?

Kono: We have a retirement age of 60, but the atmosphere at our company isn't one of staying on till that age. Our first president explained it like this when he addressed incoming employees: "Our company doesn't hire people who intend to work here till the end of their careers. All the people we hire hope to leave and set up their own businesses." So we've long had a culture that pushed people to leave even if they personally might be inclined to stay till retirement age. And it's not just a matter of the atmosphere, either. After hiring new employees in large numbers,



Eiko Kono

Eiko Kono, chairperson of the board of Recruit Co., Ltd., graduated from Waseda University in 1969 and joined Recruit Co. the same year. She became vice-president in 1994, president in 1997, and chairperson and CEO in 2003. She has been chairperson of the board since April this year. Ms. Kono has also been a vice-chairman and is now a trustee of Keizai Doyukai (Japan Association of Corporate Executives). In addition, she serves on a number of government panels: the Industrial Structural Council of the Ministry of Economy, Trade, and Industry, the Policy Making Council of the Small and Medium Enterprise Agency, and the Operation Evaluation Committee for Independent Administrative Institutions of the Ministry of Education, Culture, Sports, Science, and Technology. She has been a SPF counselor since 2000.

Recruit implemented the career support system and flexible retirement system that I just mentioned, and this has created a set of incentives for people to "graduate" from the company during the course of their careers.

Tabuchi: You're quite advanced.

Kono: Not really. Recruit isn't listed on the stock market, and it's not that exposed to external stimulus, so in other respects it's really a very domestic company.

Why so few female CEOs?

Tabuchi: You were ninth in *Fortune* magazine's 2003 list of the most powerful women in business outside the United States.

I do think that you excelled as a CEO—and I don't say so because *For-*

tune cited you. There are very few women serving as chief executives of Japanese companies. Has Recruit been a company that doesn't discriminate against women and offers them a good place to work?

Kono: You could say that. When I started working, there were hardly any companies that would hire women graduating from four-year colleges. Also, both the pay scales and the types of jobs for women were different from those for men. At that point Recruit still had only about a hundred employees, but it had a policy of hiring promising people that other companies wouldn't hire. In those days, this meant foreigners and women. The company focused on individual ability, and it didn't discriminate on other grounds.

The picture did change somewhat, though, after we reached the point of hiring a thousand new graduates a year. When the bubble burst and we cut down to hiring just eighty or a hundred, the executives started saying that we should hire only men. Women quit too quickly, they said, and they don't willingly do sales.

After I was promoted to vice-president, I sometimes ribbed male executives, saying that the only reason they were able to advance so high was that so many female employees had quit and that the competition would have been much tougher otherwise. But despite the talk of hiring just men, in the end we continued our practice of hiring men and women in equal numbers.

Tabuchi: Hiring in equal numbers is a fine policy.

Kono: Though we hire equally, a lot of women leave when they get married or have babies, so the male-female ratio in the company is about sixty to forty.

Tabuchi: Japan treats women poorly, doesn't it? Like you, I've served as vice-chairman of Keizai Doyukai [Japan Association of Corporate Executives], but I believe you're only the second woman ever to hold that post. Women are extremely scarce in senior posts. In China more than a third of the managers are women. But in Japan there are hardly any women on corporate boards.

Kono: In an environment where people are hired straight out of college and work for the same company for their entire career, you probably won't see women executives emerging until there has been equal hiring for about twenty years. Though there has been some lowering of the age of board members, for the most part people still have to be in their fifties or sixties before they get a directorship or the like. As of twenty years ago most companies weren't hiring women as full-fledged regular employees, so we're not seeing women showing up as executives in the current generation.

The situation may change, though, if labor mobility increases and companies hire talented people mid-career. Hewlett-Packard CEO Carly Fiorina has been named the most powerful woman in American business by *Fortune* magazine for six years in a row, and if Japanese companies were to start scouting people like her, we could suddenly see women CEOs appearing here too. Up to now, the female chief executives we've seen have generally been wives or daughters taking over the family business after the death of their husband or father.

It's because women haven't been hired with the idea that they may eventually reach the top. So even if some women do head companies in Japan, it's rarely a case of having risen up through the ranks as an employee.

Tabuchi: That needs to be changed. We need new ideas, such as possibly selecting CEOs from among a company's outside board members.

The need for outside checks on management

Kono: Though this is separate from the issue of opportunities for women, I do believe that a well-functioning system of outside directors is essential in order for Japanese companies to change.

In Japan starting salaries are publicly known, as I've said, but it's not revealed how pay increases. The systems of pay raises differ from company to company. I myself serve as an outside board member for a certain company, and I do think that such

outsiders have an important role to play in improving transparency.

Tabuchi: The effectiveness of outside directors probably varies from company to company, but I agree that they're necessary.

Kono: In some cases companies have just appointed a bunch of prominent faces as outside directors to serve as window dressing. Their stance is that they don't want any serious input from the outsiders. But now that the Commercial Code has been revised to make the responsibilities of outside directors more serious, it will probably become impossible to do things the traditional way, with people lending their names as directors because their friends have asked them to, for example, and with the actual decisions being made by a small group of insiders.

Tabuchi: Inasmuch as the outside directors have authority, they also have a responsibility to fulfill. People will be questioning their performance—how many board meetings they attend each year, how much they speak up, and what sorts of points they raise when they do speak up.

Kono: At Recruit we don't have any outside directors, but last year we set up an advisory board of people from outside. Within the company the focus tends to be internally directed, the idea being that it's enough for us to meet our own goals, and we don't think much about comparisons with the market. So the perspective of outsiders is needed.

When I was invited to serve on another company's board, I explained that I wasn't an expert and didn't have any great familiarity with auditing or legal affairs, but I was told that what was expected of me was to make sure top management was truly working for the benefit of the shareholders and wasn't dissembling. As soon as I went to the general meeting of shareholders, though, I was subjected to questioning from the floor.

Tabuchi: You'll probably get used to that with time. It's something that can't be avoided.

Kono: Now, I think, from the standpoint of corporate governance some sort of outside check is indispensable.

Reports from the Field

Online magazine *AsiaViews* launched in Jakarta

By Yuli Ismartono
Executive Editor
Tempo, English edition

AsiaViews (www.asiaviews.org), a regional online news magazine, was launched on March 30 in the Indonesian capital of Jakarta by *Tempo*, the country's largest weekly news magazine.

Updated every week, *AsiaViews* is a unique collaborative effort between *Tempo* and four other news publications in Southeast Asia: *Malaysian Business* magazine, *Newsbreak* magazine in the Philippines, the *Today* daily newspaper in Singapore, and the *Nation* daily newspaper in Thailand. *AsiaViews* is a project funded by the SPF.

"It is significant that the leading publications come from the countries that were the founding members of ASEAN (Association of Southeast Asian Nations)," noted Indonesian Foreign Minister Hassan Wirajuda, the keynote speaker at the launch of *AsiaViews*. "I look forward to it becoming an ASEAN-wide endeavor."

AsiaViews features articles and commentaries published in the five publications in the Southeast Asia region. But it has begun to extend its collaboration with periodicals in the other ASEAN countries—Brunei, Cambodia, Laos, Myanmar, and Vietnam—as well as those in ASEAN's dialogue partners, China, India, Japan, and Korea.

"It will only be a matter of time before *AsiaViews* includes news and views from the countries of Central Asia," said Bambang Harymurti, group chief editor of *AsiaViews*.

The launch of *AsiaViews* featured a half-day seminar on the changing political leadership in the region, in line with the elections taking place in many Asian nations this year, and on Islam in Southeast Asia and its links to terrorism around the region.

The speakers on the issue of chang-

ing political leadership were Dr. Ho Khai Leong from the Institute of Southeast Asian Studies in Singapore, Professor Noel Morada from the Institute for Strategic and Development Studies in the Philippines, and Mohammad Qodari from the Indonesian Survey Institute. The session on Islam in Southeast Asia was presented by Dr. Bachtiar Effendy from the State Islamic University and Ulil Abshar-Abdalla from the Freedom Institute, both in Jakarta.

AsiaViews, which is updated every Thursday, features regional news and special reports, columns and commentaries, features, interviews, and "InFocus," a special section on regional issues, such as terrorism, illegal logging, and people trafficking. It also carries cartoons, a picture of the week, book reviews, quotes, and a regional diary of important events. All the items appearing in *AsiaViews* originate in the collaborating publications.

A new item in the magazine will be a section titled "Asian Voices," containing excerpts from academic papers by Asian scholars and leaders presented at the "Asian Voices" seminar series sponsored by SPF-USA and held in Washington, D.C.

The idea for a publication featuring news and views on Asia by Asians first emerged about two years ago during a discussion among Indonesian chief editors, among them Bambang Harymurti of the *Tempo* group of publications, and Indonesian Foreign Minister Wirajuda. It was felt that there was a serious need, given the rapidly changing situation in the region, for an effective and efficient exchange of news and information among the Asian peoples.

"We are confronted by such chal-



A scene from the seminar held in Jakarta on March 30, 2004. The online magazine *AsiaViews* can be seen at www.asiaviews.org.

lenges as the persistent need to conquer poverty as a basic problem of our societies, the deadly threat of international terrorism and other transnational crimes, the possible outbreak of epidemics that endanger whole populations, and the need of our regional association to become more cohesive and more integrated," said Wirajuda in his keynote speech.

According to Wirajuda, one way of addressing these challenges is to build a comprehensive ASEAN community. "ASEAN must develop a 'we-feeling' so strong that members have enough depth of confidence and trust in one another to be able to resolve disputes peacefully without diminishing the strength of our familial relations," he said, adding that ASEAN governments cannot make a community without the participation of all other sectors of society—businessmen, civil society leaders, academics, scientists, intellectuals, students, religious leaders, and journalists.



Yuli Ismartono is the executive editor of the English-language edition of the Indonesian news magazine *Tempo* and managing editor of the online magazine *AsiaViews*. Educated at the University of Delhi and Syracuse University, she has worked for a variety of Indonesian media outlets, including the periodicals *Prisma* and the *Indonesian Observer* and the television network Surya Citra Televisi (SCTV).

Viewpoint

Going from ODA to the world of grant-making

Creating a better society through intersectoral cooperation

By Yoshihiko Kono

Executive Advisor

The Sasakawa Peace Foundation

Fulfillment of a long-held wish

Since I joined the Overseas Economic Cooperation Fund (OECF) in 1968, I have worked in the field of official development assistance (ODA) for 35 and a half years. In January of this year, I began working at SPF. Thus began my life in the private nonprofit sector, fulfilling a long-held dream.

In my former occupation, I dealt mainly with government officials in developing countries and in various Japanese government agencies. When it came to the private nonprofit sector, I did have some contact with NGOs involved with international cooperation and local NGOs in developing countries, but I was not particularly close to people from grant-making foundations. I did, however, have some old friends in this field, and I noticed the relish with which they tackled what appeared to be most interesting subjects. It was around 1992, when I returned to Japan from my second assignment in France, that I began to think that someday I too would like to live that way.

At the time Japan stood tall as the world's top ODA donor. Not only was it the top donor, it was working hard to enhance both policy and implementation with the aim of becoming the leading donor. The first job I was given on my return was second in command to the person in charge of the Middle East, Africa, Latin America, Eastern Europe, and elsewhere—in short, everything except Asia. My main work involved wrestling with and trying to beat back a particular ministry that was attempting to meddle in the implementation of ODA projects and vying with the Export-Import Bank of Japan to get in on the ground floor of ODA to the commu-

nist bloc, which had just begun.

In 1993 the Research Institute of Development Assistance, a kind of in-house think tank of the OECF was set up, and I was charged with being its managing director. This experience made me keenly aware of the difficulty of promoting, setting directions for, and managing quality control of research projects, which are much slipperier in nature than development project financing. I put everything I had into this job, though, since it would not do for the main aid organization of the leading donor to be outshone by the World Bank's intellectual contribution.

Then in the spring of 1995, I was sent to Bangkok. For the next two and a half years, until the Asian financial crisis struck, I oversaw the management of yen loans to Cambodia, Laos, Myanmar, and Thailand and the identification and formulation of new projects in those countries.

I was ordered back home in the midst of the financial crisis, which led some of my colleagues in Bangkok to accuse me of fleeing in the face of the enemy. The job awaiting me in Japan was managing director of the department dealing with all the member states of the Association of Southeast Asian Nations. Far from fleeing in the face of the enemy, I was put in the position of tackling head-on aid activities targeting the countries in the eye of the financial-crisis storm. I was kept frantically busy grappling with unprecedentedly tough problems.

In the autumn of 1999 OECF and the Export-Import Bank of Japan merged to form the Japan Bank of International Cooperation (JBIC). Buffeted by the winds of debate over reforming “special corporations” and reviewing ODA, the ODA-related government sector, including JBIC, was under strong pressure to reform itself.

In these circumstances, interest in

the private nonprofit sector resurfaced in my mind. Unlike my previous simple attraction, now I had an idea that I might be able to strengthen cooperation among a wide range of stakeholders, including NGOs, with a view to improving the quality of ODA and strengthening its support base within Japan. For those involved with ODA, this would have the merit of increasing taxpayers' understanding and support and effectively utilizing the knowledge, technology, and other resources of the Japanese people. And for NGOs and NPOs seeking opportunities for international cooperation and exchange, this would have the merit of expanding their sphere of activity. It seemed like a win-win situation to me.

Toward drafting the next SPF guidelines

Soon after joining SPF, I was asked to review the Operational Guidelines for the Third Midterm Program (2000–2005) and give my views on the next guidelines. When I had been viewing the private nonprofit sector from my vantage point in the government sector, I had been attracted to the seemingly free and open-hearted atmosphere of the nonprofit sector. But when I became part of that sector and was handed an unexpectedly big role (or problem), I became keenly aware of having entered a wholly new world. To add to my anxiety, I was told to figure out how to do the job for myself.

I have spent the last few months gaining an understanding of the basics: how SPF works, the content of its projects, and its manner of involvement.

Although it is too early to comment on substantive issues, I intend to do my best to assimilate the research staff's concerns and thinking and see that these are reflected in the drafting of the new guidelines. No matter how

impressive the message may be, unless it is underpinned by concrete activities within the period of the guidelines, it will simply be all show and no substance. This is why good communication with the program officers who actually put together and administer projects is so important.

Activities grounded in experience

Incidentally, besides my work at SPF I have a number of other positions or social activities: visiting senior advisor for development planning at the Institute for International Cooperation of the Japan International Cooperation Agency (JICA), executive director of Yamaguchi University, auditor of Tokyo University of Agriculture and Technology, director of the Okinawa Health and Longevity Research and Development Center, and lecturer in the distance-education graduate program of Nihon Fukushi University.

My JICA post is based on the agency's system of international-cooperation specialists, established more than 20 years ago. At present some 90 of these international-cooperation professionals are active in developing countries or Japan. They fulfill diverse functions. Specialists dispatched to developing countries are on the front line of technology transfer or act as policy advisors to high-level government officials. At home they support Japan's ODA in various ways, such as helping with surveys in response to requests from JICA or serving as lecturers to JICA staff members and specialists, Japan Overseas Cooperation Volunteers (JOCV) personnel, and others before they are sent abroad. I myself intend to focus mainly on activities to invigorate exchange and cooperation between local communities in Japan and in developing countries, working in collaboration with the JOCV secretariat and JICA's newly established Office of Citizen Participation and its offices around Japan.

At Yamaguchi University and Tokyo University of Agriculture and Technology, I see my mission as promoting university reform by assisting with the management of the two institutions, which have just become independent administrative corporations. In particular, I hope to be of use

in helping the universities' efforts bear fruit in regard to social contribution and dealings with developing countries and regions.

The Okinawa Health and Longevity Research and Development Center is carrying out regional promotion measures unique to Okinawa. It is an initiative designed to conduct diverse and creative activities in such areas as medical care, health improvement, healing, and recreation in a number of cities and towns centered on the city of Gushikawa, with the aim of publicizing Okinawa's reputation as "the island of longevity." Other activities include regional exchange and cooperation with China's Heilongjiang Province. Medical care and health are outside my field of expertise, but I feel that I can contribute something in regard to regional promotion and international exchange.

I am scheduled to begin lecturing in Nihon Fukushi University's distance-education graduate program this autumn. I will be teaching adults who are keen to keep studying while working in the field with JOCV and other organizations, discussing and learning about such subjects as the challenges and constraints of ODA and development cooperation.

Laying the groundwork for a stronger private nonprofit sector

I wear six hats, but I have one aim: cultivating and consolidating civil power and improving society through international exchange and cooperation. The phrase "cultivating civil power" may seem antiquated, reminiscent of the debate over state powers versus civil rights that raged in Japan in the 1880s and 1890s. My stance, however, is not one of improving society in opposition to the state or the government but one of strengthening the private nonprofit sector, the third pillar of society along with the government and business sectors, so as to create a more livable world through three-way cooperation and division of labor.

If we take this viewpoint, we cannot remain detached from efforts to improve socioeconomic development and governance in developing countries and economies in transition.

The way in which central governments, NGOs, universities, businesses, and other actors cooperate, compete, and clash as they search for solutions to difficult problems fundamentally has much in common with the process of social reform we Japanese are tackling within our own country. It is not merely a matter of happenings in countries that are the recipients of ODA and other assistance but is also the process of struggle by colleagues addressing the same challenges as our own.

Of course countries have their own cultures and traditions, and their political and economic circumstances differ. Still, we are seeing sustained economic growth and the emergence of a middle class in a significant number of countries in Asia and elsewhere. On the other hand, many issues remain, including poverty and environmental problems. In these countries there is also a growing awareness that effective initiatives cannot be taken if people have the attitude of leaving everything to the government. On the basis of this awareness, a variety of practical activities are underway. (Japan, incidentally, is not necessarily an advanced country when it comes to collaboration among the three sectors and the vigorous involvement of the private nonprofit sector in that endeavor.)

My dream is to see more systematic exchange and experience sharing by people within Japan and overseas, together advancing the creation of a better society while generating a synergistic effect. Different people will have different notions of "a better society." But to my way of thinking, the biggest issue is governance.

To me, issues having to do with the public interest are not the exclusive province of the government sector. I would like to see the kind of society in which a variety of sectors and actors, involving themselves and interacting with one another in an appropriate manner, creatively devise mechanisms for dealing with such issues fairly, effectively, and efficiently. To make this possible all countries, Japan included of course, need to strengthen the private nonprofit sector. I would like to see SPF play an active part in bringing this about, and I intend to do my bit. 

Foundation Updates

Symposium, “A Power Assessment of Japan”

By Yuko Nomura
Program Officer
The Sasakawa Peace Foundation

A symposium called “A Power Assessment of Japan: Toward Building the Japan of the Future,” sponsored by Genron NPO and supported by SPF, was held in Tokyo on March 16. Before organizing the symposium, Genron NPO surveyed some 100 people, including bureaucrats, scholars, and business leaders, in order to assess Japan’s capability in various fields. Those surveyed were asked to assess Japan’s strength or weakness in comparison with other countries in terms of three criteria—leading-edge level (degree of progressiveness), toughness, and influence—in nine fields, including politics, economy, speech and thought, and defense and the military, as well as the relative strategic importance to Japan of these fields.

The results revealed that Japan’s overwhelming strengths lay in its progressiveness in the four fields of environment, economy, science and technology, and pop culture. Meanwhile, Japan was judged weakest in politics in terms of progressiveness, toughness, and

influence alike. The results also indicated both the weakness and the strategic importance of speech and thought.

On the basis of these results, the symposium discussed three themes: mapping of Japan’s strengths and weaknesses, identification of Japan’s strengths and weaknesses, and the kind of nation Japan should aspire to be. The panelists, from China, Japan, Korea, and Malaysia, analyzed Japan’s strengths and weaknesses from various angles. Issues debated included how Japan can break free of its overdependence on the United States and enhance its presence in Asia to counteract Asian countries’ waning interest in Japan, and how it can tap its latent strengths and what kind of paradigm shift it needs to make in order to do this.

Building on this symposium, Genron NPO intends to further deepen debate on the power assessment of Japan in fiscal 2004.



A scene from the symposium “A Power Assessment of Japan: Toward Building the Japan of the Future,” held March 16 in Tokyo.

Reformist Islamic-law scholar discusses post-election Iran

By Akira Matsunaga
Program Officer
The Sasakawa Peace Foundation

Dr. Mohsen Kadivar, a distinguished Iranian scholar of Islamic law, visited Japan from March 13 to April 1 at the invitation of SPF. Dr. Kadivar, a leading reformist, is especially influential among university students and other young Iranians, who share no memories of the Islamic Revolution in 1979.

Twenty-five years after the revolution, a whole generation with no experience of it has emerged. Dissatisfaction with the present situation, in which conservative Islamic-law scholars dominate politics, is mounting. The rising tide of calls for reform and change has intensified confrontation between reformists and conservatives.

The campaign leading up to the parliamentary elections on February 20 was thrown into turmoil as the conservative Council of Guardians disqualified hundreds of reformist candidates. The result was a parliament heavily weighted toward conservatives. This may

look like a success for the conservatives, but because reformists called on people to boycott the elections the voter turnout was a record low 50%. While the reformists have suffered a setback, they are working to spearhead reform by the next generation.

Dr. Kadivar, one of the standard-bearers of the reformist cause, delivered a lecture titled “Post-Election Iran: A Scholar Who Called for a Boycott Speaks” at an SPF-sponsored seminar on March 23. Reflecting the depth of interest in Japan regarding recent developments in Iran, the lecture was followed by a keen exchange of questions and answers between Dr. Kadivar and the researchers and journalists present.

SPF also organized a civilizational-dialogue seminar in Tehran in February. The Foundation intends to continue deepening relations with Iran by inviting leading Iranian figures to Japan, organizing conferences, and undertaking other activities within the framework of the self-operated project Civilizational Dialogue: Promotion of Intellectual Exchange and Mutual Understanding in Asia.



Dr. Kadivar, left, speaks at an SPF-sponsored lecture on March 23.

Building Vietnam's economy through experience from other Asian countries

By Nguyen Thi Hanh

Research Associate
The Sasakawa Pan Asia Fund

A three-year initiative to further economic development

In fiscal 2003 the Sasakawa Pan Asia Fund launched a three-year project, Research Capacity Building of Agricultural Economics in Vietnamese Universities, as part of the Fund's human resource development activities.

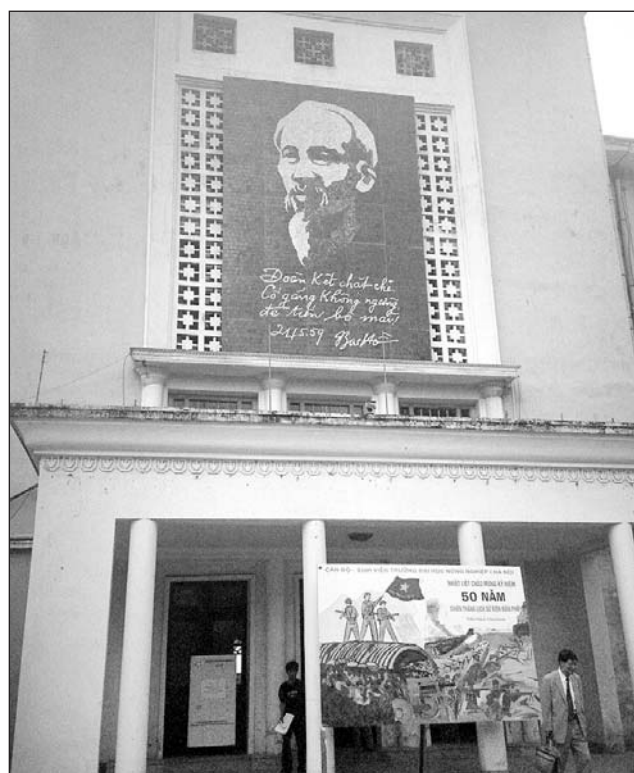
Thanks to the *doi moi* reform policy, introduced in 1986, Vietnam's agricultural production has grown dramatically and now accounts for about 25% of domestic production. Nevertheless, many problems remain, including the low quality and productivity of agricultural goods and inadequate systems for rural development. In addition, with Vietnam's accession to the ASEAN Free Trade Area and the World Trade Organization, accelerating the transition to a market economy, strengthening the competitiveness of agricultural products, and internationalizing the economy have become urgent priorities.

The present project, initiated in this context, aims to build research capacity in agricultural economics, and ultimately to contribute to Vietnam's economic development, by transferring experience from other Asian countries, including Japan. Specifically, with the cooperation of experts in agricultural economics from Japan and the Philippines, each year joint research on a particular theme is being undertaken by researchers at Vietnam's leading research institutions in the field of agricultural economics. Workshops and international conferences on research methods are also being held.

The Vietnamese organizations participating in the project include the Faculty of Economics and Rural Development of Hanoi Agricultural University, the School of Economics and Business Administration of Can Tho University, the Faculty of Economics of Thu Duc University of Agriculture and Forestry, and the Institute of Market and Price Research of the Ministry of Finance.

Past, present, and future activities

The theme in fiscal 2003, the project's first year, was "Agricultural Production in Some Ecological Regions of Vietnam." Surveys were conducted in four regions: the Red River Delta in the north, the Mekong Delta in the south, the southeastern lowlands, and the Central Highlands. Approximately



Hanoi Agricultural University implements the project with other leading institutions in the field of agricultural economics.

300 farm households were surveyed in each region between August 2003 and June 2004. The emphasis was on rice production and pig farming in the Red River and Mekong Deltas, dairy farming and rubber cultivation in the southeastern lowlands, and coffee and rubber cultivation in the Central Highlands. Altogether 1,200 cases were collected. In addition, an international conference (August 20–21, 2003) and a workshop on analytical methods (January 6–8, 2004) featuring experts from Japan and the Philippines were held to improve survey-analysis skills.

Through these activities Vietnamese researchers studied quantitative analytical methods. It is also believed that they learned to think about issues having to do with Vietnam's agricultural development from a new, broader viewpoint. It is hoped that all this will be reflected in the results of future survey analysis.

Activities planned for fiscal 2004, the second year, include continuation of the previous year's surveys and a meeting to present reports (June 2004), a workshop on analytical methods (August 2004), and analysis of cases collected from the surveys. The findings will form the basis of proposals on Vietnamese agriculture.

In the third and final year, fiscal 2005, additional workshops on analytical methods will be held, and joint research on the theme "Distribution of Agricultural Products in Vietnam" will be conducted. A wrap-up conference is also scheduled to present the findings of the three years of activities to policymakers and researchers involved in agricultural economics and rural development.

FY2004 Program Agenda

Regular Projects

Project Name	Implementing Agency	Type	Year	Budget (¥)
Developing Methods of Promoting Civic Participation in Science and Technology	Tokyo Denki University (Japan)	G	2/2	11,500,000
Developing Teaching Materials on Bioethics	Eubios Ethics Institute (Japan)	G	2/2	5,000,000
Bioethical Issues of Intellectual Property Rights II	The Chancellor, Masters and Scholars of the University of Cambridge (UK)	G	1/1	12,000,000
“Get Across the Voices of Asia” Program/Phase II	SPF, SPF-USA, Inter Press Service (Thailand)	SO/C	2/3	10,000,000
Genron NPO: Encouragement of Intellectual Debate and Its Dissemination to the International Community	Genron NPO (Japan)	G	3/3	10,000,000
Establishing an Online Resource Center for NPOs/NGOs	Voluntary Health Association of India (India)	G	2/3	6,100,000
Building Civil Society Capacity in Negotiating Debt Conversion	The Synergos Institute (USA)	G	2/2	5,700,000
Toward a Better Legal Framework for Public Benefit Organizations	Japan Association of Charitable Organizations (Japan)	G	1/1	7,000,000
Program/Project Evaluation: A View from the Other Side	The Center for Community Services, The Ateneo de Manila University (Philippines)	G	3/3	5,000,000
Studying a Satellite Account on Nonprofit Institutions and its Relation to the System of National Accounts in Japan	The Institute of Statistical Research (Japan)	G	2/2	6,500,000
Comparative Studies of NGOs among China, Kazakhstan, Mongolia, and Vietnam	SPF	SO/C	2/3	8,400,000
Civil Society Legitimacy, Transparency and Accountability	The Hauser Center for Nonprofit Organizations, Harvard University (USA)	G	1/3	14,400,000
International Comparative Analysis to Assess the Impact of Intellectual Property Developments on the Conduct of Science	American Association for the Advancement of Science (USA)	G	1/3	9,000,000
The Market and Publicity in Biomedicine: Building a Database for Social Scientific Researches	Sophia University (Japan)	G	1/3	11,000,000
A Vision for Enhancing Peace and Human Environment in the Middle East	Royal Scientific Society (Jordan)	G	3/3	12,000,000
Forum 2000: Bridging Global Gaps	Forum 2000 Foundation (Czech Republic)	G	2/2	13,200,000
Issues of Intellectual Property Rights in Pharmaceuticals and Biological Materials	The Hastings Center (USA)	G	1/2	14,300,000
Research on Roles of Program Officer in Grantmaking System	Obirin University (Japan)	G	2/3	6,000,000

The Sasakawa Pacific Island Nations Fund

Project Name	Implementing Agency	Type	Year	Budget (¥)
Exchange Media Personnel among the Pacific Island Region and Japan	SPF	SO	5/5	1,500,000
Coconuts College of the Pacific	SPF	SO	5/5	8,000,000
Forming a Distance Education Alliance for Progress in the Western Pacific	University of Guam (Guam)	G	4/5	6,000,000
Transcending Borders with Education On-Line	Micronesian Seminar (Micronesia)	G	3/3	3,600,000
Research Committee for Pacific Islands' Digital Opportunity / Phase II	SPF, Foundation for Development Cooperation (Australia), University of Hawaii (USA)	SO/C	1/2	5,500,000

The Sasakawa Japan-China Friendship Fund

Project Name	Implementing Agency	Type	Year	Budget (¥)
Sasakawa Scholarship System for Chinese Students Studying Japanese/ Phase II	China Association for International Friendly Contact (China)	G	5/5	4,800,000
Cultivating Specialists in International Security Issues/Phase II	SPF, Asia Forum Japan (Japan)	SO/G	1/5	7,800,000
Training Program for PLA Staff in charge of Japan-China Security Exchange	Asia Forum Japan (Japan)	G	1/5	(6,200,000)
Program for Promoting Japan-China Exchange in the Field of Security	SPF	SO	2/3	30,500,000
Basic Research on Building a Relationship of Mutual Trust between Japan and China	China Association for International Friendly Contact (China)	G	1/1	4,300,000
Co-Research Project on Japan-China Security Issues	China Association for International Friendly Contact (China)	G	1/1	15,000,000
Japan Visiting Program for City Mayors	China Association for International Friendly Contact (China)	G	1/5	7,000,000
Japan-China Young History Researchers Conference	SPF	SO	4/5	5,500,000

Notes: =Projects approved March, 2004 =Projects approved June, 2004
 G=Grant Project; SO=Self-Operated Project; C=Commissioned Project

The Sasakawa Central Europe Fund

Project Name	Implementing Agency	Type	Year	Budget (¥)
Contemporary Japanese Studies at Central European Universities	SPF, Agroman Educational Foundation, St. Stephen University (Hungary)	SO/G	3/5	10,000,000
Contemporary Japanese Studies in Hungary	Agroman Educational Foundation, St. Stephen University (Hungary)	G	1/1	(1,998,000)
Promotion of "Percentage" Philanthropy in Central and Eastern Europe	Nonprofit Information and Training Centre Foundation (Hungary)	G	2/3	9,300,000

The Sasakawa Pan Asia Fund

Project Name	Implementing Agency	Type	Year	Budget (¥)
Civilizational Dialogue: Promotion of Asian Intellectual Exchange and Mutual Understanding	SPF	SO	3/3	18,000,000
Russia and Japan in Asia	Japan Center for International Exchange (Japan)	G	3/3	12,000,000
Enterprising Civil Society Organizations in Asia	Conference of Asian Foundations and Organizations, Philippine Business for Social Progress (Philippine)	G	2/2	3,900,000
ASEAN Young Politicians Retreat Workshop	Centre for Strategic and International Studies (Indonesia)	G	3/3	4,200,000
Strengthening Parliamentary Dialogue in Cambodia	Cambodian Institute for Cooperation and Peace (Cambodia)	G	2/3	5,400,000
People Exchange Program: Enhancing the Capacity of Young Vietnamese Leaders	The Vietnam Peace and Development Foundation (Vietnam)	G	1/3	6,000,000
Developing Marketing and Management Studies in Vietnam	Vietnam Marketing Association (Vietnam)	G	3/3	5,400,000
Human Resources Development in Myanmar	SPF, Myanmar Times (Myanmar), Institute of Asian Studies, Chulalongkorn University (Thailand), Kyung Hee University (Korea), Malaysian Institute of Economic Research (Malaysia), Civil Service Selection and Training Board (Myanmar)	SO/C	3/3	33,000,000
Developing Economic Forecasting Model in Laos	Malaysian Institute of Economic Research (Malaysia)	G	3/3	7,800,000
Assistance for the Reform of Vietnamese Journalism Schools	School of Communication and Information, Nanyang Technological University (Singapore)	G	2/2	6,600,000
Research Capacity Building of Agricultural Economics in Vietnamese Universities	Hanoi Agricultural University (Vietnam)	G	2/3	5,400,000
Research Capacity Building of Economics in National University of Laos	De La Salle University (Philippines)	G	2/3	4,800,000
Business Case Development: Enhancement of Business School Education in Uzbekistan	SPF	SO/C	2/3	22,000,000
Supporting for Journalism in Asia	SPF, Yayasan 21 Juni 1994 (Indonesia), The Mass Communication Organization of Thailand (Thailand)	SO/C	2/3	21,000,000
Role of Mongolia for Peaceful and Stable Development of Northeast Asia/ Phase II	Mongolian Development Research Center (Mongolia)	G	2/3	8,400,000
Towards an Alternative Transitional Development State Paradigm	Faculty of Economics, Chulalongkorn University (Thailand)	G	2/2	12,900,000
Capacity Building and Promoting Exchange of Central Eurasian Young Leaders	SPF, EastWest Institute (USA)	SO/G	2/3	30,000,000
Central Eurasian Leadership Alliance	EastWest Institute (USA)	G	2/3	(18,000,000)
Enhancement of Corporate Governance in Azerbaijan: Experience of Malaysia	SPF, Economic and Business Research and Education Centre, Khazar University (Azerbaijan), Malaysian Institute of Economic Research (Malaysia)	SO/C G	2/2	6,300,000
Corporate Governance in Azerbaijan	Economic and Business Research and Education Centre, Khazar University (Azerbaijan)	G	2/2	(4,200,000)
Towards a Strengthened Regional Cooperation in Asia	SPF, Research and Information System for the Non-aligned and Other Developing Countries (India)	SO/G	2/3	19,800,000
Towards an Asian Economic Community: The Way Forward	Research and Information System for the Non-aligned and Other Developing Countries (India)	G	2/3	(11,400,000)
Capacity Building for Development in Central Asia and Caucasus	SPF	SO	5/6	24,000,000
Tokyo Seminar: The New Northeast Asia	Economic Research Institute for Northeast Asia (Japan)	G	1/2	8,400,000
Russian Far East in the Asia-Pacific Region	Economic Research Institute, Far Eastern Branch of the Russian Academy of Sciences (Russia)	G	1/3	7,200,000
Capacity Building in Strategic Decision-Making: Lessons from the Development Experience in the Asia-Pacific Region	Georgian Foundation for Strategic and International Studies (Georgia)	G	2/2	22,800,000
Enhancing Distant Learning in Cambodian Rural Schools	American Assistance for Cambodia/ Japan Relief for Cambodia (Cambodia)	G	1/2	6,000,000
Capacity Building for East Timor in ASEAN/AFTA	Malaysian Institute of Economic Research (Malaysia)	G	1/3	4,800,000
Interaction for Progress: ASEAN and Myanmar / Phase II	Information & Resource Center (Singapore)	G	3/3	18,000,000

SPF PUBLICATIONS

- *Economic Development of Myanmar* — Edited by Myat Thein, published by Institute of Southeast Asian Studies. Findings of research commissioned by SPF.
- *Asian Voices: Promoting Dialogue between the US*

and Asia — Published by SPF USA. Proceedings of a series of seminars of the same title held in fiscal 2003.

- *Conference Report: Bridging Global Gaps Conference* — Published by Forum 2000 Foundation.

FROM THE EDITOR'S DESK

Society is unsettled both overseas and at home. Overseas, we see a deepening quagmire in Iraq and a succession of terrorist incidents. At home, we face problems involving the public pension system and the ongoing ordeal of the families of people abducted to North Korea decades ago. All this makes it hard to feel the cheeriness associated with the advent of spring.

This year, the cherry blossoms in Tokyo came and went in March. Seeing young company recruits in their brand new suits grappling with the challenge of packed commuter trains in early April, I finally felt that the new fiscal year had begun. SPF too had hired new staff, and in this somewhat rejuvenated atmosphere our fiscal 2004 program went into full swing.

The new fiscal year's first issue of *SPF Voices* features

a conversation between SPF Chairman Setsuya Tabuchi and Recruit Co. Chairperson Eiko Kono. The way she has always anticipated society's needs, responding flexibly while undertaking new initiatives, provides much food for thought for people like us, who work in a non-profit organization.

As touched on in "Going from ODA to the world of grant-making" by Yoshihiko Kono (p. 6), work on drafting the operational guidelines for the next midterm program has begun. The newsletter will keep readers posted on major developments. In addition to proceeding with work on the new guidelines within SPF, we intend to consult people outside the foundation. We look forward to receiving readers' frank views and suggestions.

Akinori Seki

SPF Newsletter No. 41, FY 2004 Vol.1

- Published: July 2004 by The Sasakawa Peace Foundation
- Publisher: Akira Iriyama • Editor: Akinori Seki
- ©2004, The Sasakawa Peace Foundation

Tel: +81-3-6229-5400

Fax: +81-3-6229-5470

E-mail: spfpr@spf.or.jp

URL: <http://www.spf.org>

Please note: The views and opinions expressed in this newsletter are of the individual writers and do not necessarily reflect those of the Sasakawa Peace Foundation.



THE SASAKAWA PEACE FOUNDATION

The Nippon Foundation Bldg., 4th Fl., 1-2-2 Akasaka, Minato-ku, Tokyo 107-8523 Japan