

APRIL 2008
UNIVERSITY OF TOKYO
GRADUATE SCHOOL OF PUBLIC POLICY
NEWSLETTER
Published April 30, 2008 (Issue #13)

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SECOND PUBLIC FORUM [Risk Management and Public Policy]
Sponsored By Sompo Japan Insurance Inc.

Text by Naoto Adachi (Part-time Lecturer)

February 29, 2008- Over 200 individuals came together to attend the Second Public Forum on Risk Management and Public Policy sponsored by Sompo Japan Insurance Inc. The theme of the lecture was “Considering Tokyo’s Foundation: Risk Management of Land and Soil”. The forum consisted of two parts – keynote presentations and a panel discussion – preceded by opening remarks by Dean Yoshitsugu Kanemoto.

Key Note Presentations

Professor Kimiro Meguro, the Director of the International Center for Urban Safety Engineering (ICUS) at the University of Tokyo’s Institute of Industrial Science, was the first keynote speaker. His speech which was on the topic “Urban Deterioration and Disaster Counter-Measures when Countering Earthquake Risk” emphasized the essential elements for creating a city that is less susceptible to earthquake damage. Employing images and simulations based on actual experience and introducing data from a number of earthquake disaster areas such as the Great Kobe Earthquake, Professor Meguro led the audience through an easy to understand presentation that touched upon themes such as the importance of conceptualizing the possible impact of disasters and the problems associated with misplaced public confidence that current earthquake countermeasures will be sufficient. Additional approaches to mitigating the adverse impact of earthquakes through preventative earthquake resistant reinforcements were then introduced. To support and promote such preventative measures, a plan calling for public assistance and cooperation was put forth. Additionally, a proposal for reconceptualizing earthquake insurance was introduced. Finally, Professor Meguro concluded by emphasizing the need to focus on strategies to maintain and enhance the high quality housing stock for Japanese housing for a number of years.

In the second keynote presentation, Professor Makoto Saito from Hitotsubashi University’s Faculty of Economics spoke on the theme “Considering Tokyo’s Foundation – Information, Standards, Technology and Markets Pertaining to Risks Associated with Earthquakes and Soil Contamination”. The presentation began with an analysis from an applied economic perspective of how risk aversion distorts the process of assessing soil contamination risk associated with earthquakes. It was pointed out that the process of facilitating a suitable risk mitigation approach required the establishment of risk policy measures which include the clarification of safety standards and the creation of mechanisms for adequate dissemination of information related to such risks. Professor

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Saito concluded by encouraging the panel discussion members to deliberate over his contention that free market mechanisms were necessary constituents to facilitate both improved risk evaluation proficiency and more effective distribution of risk.

Panel Discussion

The panel discussion was moderated by Visiting Professor Makoto Saito and included as panelists: Professor Kimiro Meguro (the University of Tokyo), Professor Yoshihiro Fuji (Sophia University's Graduate School of Global Environmental Studies), Mr. Keita Nishiyama (Director of the Industrial Structure Policy Division, Economic and Industrial Policy Bureau, the Ministry of Economy Trade and Industry), Mr. Yoichi Satake (Director of the Real Estate Investment Market Office, the Real Estate Industry Division, the Policy Bureau, the Ministry of Land, Infrastructure, Transport and Tourism), Mr. Kenjiro Fukunaga (Managing Director and CEO of Field Partners, Ltd.) and Mr. Masami Ishii (Director and Managing Executive Officer of Sompo Insurance Japan Inc.).

The following topics were scrutinized by the panelists:

(1) Current Status And Future Prospects Of Soil Contamination Risk Management

Due to lack of legal clarity in regard to the scope of risk and the assignment of responsibility in soil contamination cases, a degree of over-compensation has been evident in real estate transactions. The hope was expressed that standards can be established to govern land use. In order to create such standards, a framework for distributing risk must, at its core, incorporate current scientific understanding of the risks associated with soil contamination.

(2) Disclosure Of Relevant Risk Information In Support Of Real Estate Transactions

Although access to information has improved via the Japanese Real Estate Investment Trust (J-REIT) information portal, insufficient information on specific housing lots has stymied the risk assessment process.

(3) Disclosure Of Associated Risks In Accounting Records

Concerning the liquidation of assets for debt repayment, current market value can be better reflected by internalizing projected costs associated with remediation of polluted soil and future earthquake reinforcement costs. Disclosure of such projections along with applicable environmental tax impact estimates would help clarify true corporate value.

(4) The Role Of Financial Markets In Risk Management

It is becoming apparent through the rising number of households subscribing to earthquake insurance that interest in mitigating earthquake risk is increasing. To mitigate risks associated with earthquakes, provision of capital through financial markets in the form of Catastrophe bonds (CAT bonds) has received a great degree of attention. Moreover, in regard to indemnification of complex risk, it was put forth that a valid response may be found in the creation of "captive reinsurance structures" whereby subsidiary companies are formed to insure the specific risks associated with the parent firm.

(5) The Role Of The Government In Risk Management

There appeared to be agreement that public administrative efforts to facilitate adequate disclosure of risk information must also be mindful of maintaining a balance between establishing standards to adequately cope with risks while also supporting the development of the workforce. Bureaucrats and citizens alike share the burden for seeking solutions to advance the interests of society. Based on this assertion, there was general

agreement that less tenuous, more effective regulations governed through an improved regulatory environment will help nurture robust markets.

INAUGURAL PUBLIC POLICY EDUCATION FORUM

Assistant Professor Ryo Sahashi

As was announced on our homepage and in the 11th edition of our newsletter, the University of Tokyo's Graduate School of Public Policy have been chosen by the Ministry of Education to take part in a network consisting of top public policy schools around the globe with the aim of introducing a double degree system in the near future.

Building upon previous study abroad agreements with the Lee Kuan Yew School of Public Policy at the University of Singapore and the School for International and Public Affairs at Columbia University, agreements with Science Po in Paris and the University of California's San Diego campus bring the total of schools that students can choose from to four. Moreover, this term, 20 courses credits delivered in English are on offer.

Spurred on by the forces of internationalization, efforts are underway to coordinate internationalization plans and curriculum with select schools. In addition to this, the need to put in place mechanisms to help leverage synergies in order to capitalize on collaborative research opportunities has become evident. This implies a need for those in charge of facilitating these relations to seek ways to cooperate more effectively.

In order to achieve these objectives, in March 2008, eleven faculty and staff members were appointed to various position of responsibility to oversee efforts to cultivate stronger relationships with the four aforementioned institutions and to strengthen relations with three other prominent institutions- the London School of Economics, the Woodrow Wilson School of Public and International Affairs at Princeton University and the School of International Studies at Peking University. It is within this backdrop that the inaugural Public Policy Education Forum was organized.

On March 14, a public event was held at the Tetsumon Memorial Hall in the Education and Research building of the University of Tokyo's Faculty of Medicine. On that day, Junji Nakagawa, the head of the international planning office from the university's Division for International Relations provided all those in attendance from the various faculties and departments within the university with an update on developments related to the university's international expansion strategy. This was followed by detailed introductions, given by representatives of the various faculties within the university, of the internationalization strategies being formulated at the school level. A deep interest in the international undertakings of the various schools and departments was evident in the detailed questions asked by 50 or so of the study abroad hopefuls, university staff and international representatives from other universities that were in attendance. The enquiries ranged from specific requests for elaboration of concrete elements of curriculum and strategic plans within specific schools to more general enquiries about international prospects for student employment.

On March 15, the venue shifted to Administration Building #2 for an education conference which included international representatives from partner schools and representative faculty members from the Graduate School of Public Policy. A robust exchange of ideas ensued as the participants examined the curriculum differences between schools with the end result being a better understanding of the different expectations of program graduates that these curriculum differences portend. In the afternoon, a Q&A session with study abroad hopefuls was organized. Then to conclude the festivities, representatives from all participating schools came together to discuss concrete measures for facilitating progress in improving cooperation.

Over these two days, the bonds between the Graduate School of Public Policy and the partner schools were strengthened. In the process, the Graduate School of Public Policy was also able to fortify the foundation for catalyzing further internationalization initiatives.

REPORT:
AN EVENING OF INTERNATIONAL EXCHANGE BETWEEN SIPA & GRASPP

Contributors:

Naoko Kato (2007 Master of International Public Policy Program Graduate)

Makoto Tsujiguchi (2nd year Master of International Public Policy Program student)

Ayako Hiramatsu (1st year PhD student; Graduate School for Law and Politics)

On Monday, March 17, an international exchange event took place between students from Columbia University's School for International and Public Affairs (SIPA) and the University of Tokyo's Graduate School for Public Policy (GraSPP) at the Sanjo Conference Hall. The event was part of an annual "Japan Tour" program in which students from SIPA are welcomed as a valued part of GraSPP's international outreach program. Roughly 50 students from SIPA and 25 students from GraSPP and other departments participated in the event. The event was organized around three main activities which included a keynote speech from Professor Takatoshi Ito of the University of Tokyo's Faculty of Economics, a group discussion involving the students and a social mixer.

Professor Ito's keynote presentation covered an extensive amount of territory relating to Japan's current economic situation and future economic prospects. Taking on the respondent's role, Professor Keisuke Iida of the University of Tokyo's Graduate School for Law and Politics then treated those to his comments and opinions on the issues presented. In the subsequent group discussion, a diverse array of perspectives were enticed from the international participants on a multitude of Japanese themes ranging from social welfare amidst Japan's aging society, policies for dealing with Japanese demographic change amid a declining birth rate and Japan's lifelong employment system. Although frequently prefaced with caveats such as "*I'm not sure whether or not such a policy would be effective in Japan but...*" SIPA students of various nationalities offered insights into policies from the United States and their home countries and in doing so catalyzed a vigorous, highly thought provoking exchange of ideas.

During the social mixer which took place in the Sanjo Conference Center Dining Hall, students had the chance to network while enjoying food and refreshments. Those in attendance enjoyed discussions on various topics ranging from career prospects to Japan's public policies. Many of the GraSPP students in attendance have not had the chance to study overseas and so they found the cultural exchange experience to be both fulfilling and enjoyable. As one participant summarized, "*To have the chance to have a focused discussion on a topic with people from diverse backgrounds who hold different opinions arising from divergent values was of great significance to me*". Added another, "*It was insightful to have the chance to speak with students who came from countries that I have little knowledge of.*" At the end of the four hour event, many expressed their desire to have many more events like this in the future.

REFLECTIONS ON FOUR YEARS AS DEAN

Akira Morita

In March of this year I stepped down as Dean of the Graduate School of Public Policy after serving two terms and four years. When I think back to 2004, which was the first year of the university's corporatization movement and the year the Graduate School of Public Policy was established, I harbored a great deal of apprehension over whether or not such a graduate school could be established under such severe financial constraints.

From the beginning, I found myself presented with five primary challenges as Dean. First and foremost was ensuring the provision of a high standard of education to the students here. Though far from complete, I endeavored to ensure that we enticed lecturers that had front line experience in the fields of global politics, economics, and public administration. Nurturing the development of courses and support mechanisms that are relevant to practitioners was of particular concern.

The second challenge was to generate a degree of positive awareness within society at large in regard to the value of the education offered through GraSPP. In that regard, whenever possible we embraced opportunities to put ourselves before the media eye and introduce the allure of our school to the public. Current students and alumni have contributed greatly to these efforts.

The third challenge was to harness the enthusiasm of our teaching faculty and infuse such zeal into our courses. To facilitate this process, it was essential to provide support to our top class faculty members to allow them to pursue their academic interests with the knowledge that this would cascade down into our programs. The results of this are clear. We now offer over 100 courses and students are afforded a unique opportunity to elect courses that most appeal to their interests and aspirations.

The fourth challenge was to reduce the amount of administrative responsibilities commonly placed on academic faculty in order to allow faculty members to focus on research and teaching. This was achieved through the development of a formal organizational structure that featured planning and management specialists to oversee administrative activities. Fortunately, cooperation between academic and administrative staff has been further enhanced by the superb staff that has joined our cause.

Finally, the fifth challenge was to tap into external funding in order to provide the much needed resources for financing these support systems. Fund raising was by far the most vexing challenge given the need to preserve academic independence. However, through initiatives such as improved targeting of research funding requests and initiation of a corporate sponsored lecture series, we have seen a steady increase in industry support funding.

Thanks to our superb academic and administrative teams and the unparalleled enthusiasm for learning displayed by the students at GraSPP, we have, in my opinion, laid the groundwork for the graduate school we began to build in 2004. However, around the world, there is a heated competition between schools such as ours for attracting top students and progressively providing the highest possible standard of education. In order to be recognized on this global stage as a school of high repute, our school still has a great deal of work to do in further refining and implementing our development strategies.

From last year, we have taken advantage of financial assistance from the Ministry of Education, Culture, Sports and Technology to expand the number of courses taught in English in response to an initiative to improve cultural exchange with prominent foreign graduate schools. It is expected that this will allow top students from around the world to select our program as a candidate school for study abroad. Furthermore, as is the case with all top graduate schools around the world, we are now working on plans to improve the intake of experienced professionals to our graduate programs.

There are many issues to contend with, but I now entrust such development issues to incumbent dean, Professor Kanemoto. I would like to conclude this message by thanking all those who lent support to our fledgling program from the start. To all the staff and students who have given me such support, I thank you from the bottom of my heart.

Editor's Note 13-02

GraSPP extends our well wishes to departing Dean Morita who laid the foundation of our program. We also welcome our new Dean Kanemoto who will lead us in future expansion plans. We are certain that everyone involved will do what they can to lend support to our plans for further development. (Editor)