

Significant Perception Change Through Coronavirus Disaster and Its Impacts

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I now serve as a visiting professor at the University of Tokyo Graduate School of Public Policy, taking charge of a lecture on “energy policy”. This week, I lectured about a comprehensive overview of energy security, covering the definition of energy security, risks and threats to energy security, mutual relations among the government/energy industry/citizens with regard to energy security policy, details of energy security policies, various factors influencing the implementation of the policies, and the achievements and assessment of energy security policies under the title of “the theory of energy security.”

Instead of discussing the whole of the lecture here, I would like to focus on the significance of problem perceptions that I emphasized as playing a key role in the implementation of energy security policies and strategies. My purpose is to consider the implications of the significant impact of the globally expanding coronavirus disaster on problem perceptions.

Energy security policies and strategies deal with the externalities of energy markets. Given that energy is an indispensable good, it is important for energy security policies and strategies to intervene in energy markets and implement various measures for the purpose of protecting the people and state, rather than leaving energy related issues simply to market forces. Why should energy not be left to market forces? Because market forces frequently minimize costs from a short-term prospective, bringing about potential and structural vulnerability, as seen in the past. In the most typical case, Japan depended on oil for far more than 70% of primary energy supply and on the Middle East for most of its oil supply because oil was then naturally selected as the most competitive energy source. Because Japan depended heavily on oil (from the Middle East) as the most competitive energy source, however, two oil crises in the 1970s exerted grave impacts on Japan, forcing it to fundamentally revise its energy policy.

Learning painful lessons from the oil crises, Japan has implemented omnidirectional and comprehensive policies to enhance energy security, including promotion of energy efficiency improvements, switching to alternative energy sources, oil resource development by Japanese companies, strengthening relations with oil-producing countries, and oil stockpiling. Generally, these policies have made some achievements contributing to enhancing Japan’s energy security. However, these policies have required huge costs and the investment of human, physical and intellectual resources. There were two reasons for these policies to be made available in Japan. One reason was that Japan had economic and other capacities to implement these policies. The other was that Japan was strongly conscious of the need for doing so and had a problem perception supporting the consciousness. The latter is the key point of this report. The two oil crises as a real grave problem led

Japan to have a strong perception that it was absolutely necessary for the country to address the problem. It was decisively significant for the implementation of these policies that the government as their implementer shared the strong perception with the business world and with the general public in Japan.

The presence and sharing of a problem perception accompanied by a strong sense of crisis is indispensable for implementing strong policies requiring huge costs and burdens. This is because it is difficult to expect broad support for strong policies (and relevant huge costs and burdens) without such perception.

A similar case was seen during the 2009 Ukraine crisis. As Russia suspended pipeline gas supply to Europe via Ukraine, gas supply to some European countries was disrupted (causing a physical shortage) in a cold winter season, though over a short term, leading interests in European energy security issues to remarkably grow, including how to view energy supply from Russia. Regarding responses to externalities that are not directly linked to energy security in some sense, we must also pay attention to rapidly growing interests in global climate change over recent years as a backbone factor behind demand for stronger climate change countermeasures including decarbonization. Such factors have become a driver for implementing policies to address the related problems.

The ongoing coronavirus disaster has gone on a rampage, infecting 2.6 million people and killing 180,000 people in the world. Damage has been grave particularly in Western industrial countries. As a result, initiatives to prevent and end the coronavirus infection have become a top policy priority in all major countries, which are focusing on how to protect their respective peoples' health and safety and rescue their respective economies from the serious plight. Although all countries have various policy challenges in addition to the coronavirus disaster, the clear and present danger has dramatically changed problem perceptions and led all countries in the world to give top priority to addressing the disaster.

During the process of addressing the disaster, each country gives top priority to the safety of its people and economy, secures goods required for the safety and emphasizes its domestic possession of such goods and supply chains, or self-sufficiency in these goods. Such policy priority contradicts the international division of labor and free trade designed to globally improve efficiency and cut costs. In the face of the crisis regarding survival, governments have implemented city lockdowns including compulsory measures and taken unprecedentedly strong or large-scale fiscal and monetary policy measures, leading to a "big-government" trend in which governments come to the fore and powerfully address problems. This means that grave damage from the coronavirus disaster has brought about a problem perception that allows each government in the world to take unprecedentedly powerful measures.

The graver the coronavirus disaster damage is, the more spread and shared the problem perception among the government, business world and people. As a result, the problem perception may remain effective even if the disaster ends at last. In this sense, a post-coronavirus world could see greater geopolitical tensions as big governments give top priority to their respective peoples and economies and emphasize self-sufficiency arrangements, racing for their respective survival and

prosperity. In such a world, policymakers could give new significance to energy security. The current world has frequently been cited as “in energy transition.” However, the problem perception change through the coronavirus disaster could position energy security and national security as a new policy driver. We will have to closely watch the post-coronavirus world trend.

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