

Bookshelf

The Sun Also Sets

By Bill Emmott

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292 pages; \$19.95

Bill Emmott's book *The Sun Also Sets* (translated by Chikara Suzuki under the title *Hi wa mata shizumu*) took the Japanese publishing world by storm in the first half of this year.

Coincidentally aided by the triple plunge in the yen's exchange value, stock prices and bond prices at the start of the year and the unease that many Japanese felt about Japan's economic future, Emmott's book quickly raced to the top of the best-seller charts. And in the process, it set off a debate among the experts as to whether or not Japan's sun is actually setting.

Emmott is a former Tokyo bureau chief for *The Economist* and now its business affairs editor responsible for financial reporting. Being a journalist, he writes in a lucid, readable style, and his ideas about Japan's decline are explained through concrete examples uncluttered and unclouded by abstract theory.

Although the conventional wisdom in 1987-1988 was that Japan was an unstoppable juggernaut that would continue to grow and grow, Emmott's basic premise is that the same trade surplus, capital exports and yen appreciation that have made the Japanese economy appear so strong are also fundamentally altering Japanese behavioral patterns and will inevitably point the country in a new direction.

From this, he describes Japan's fall as arising from a combination of factors: the yen having approximately doubled in value against the dollar since 1985, Japanese are more frequent and richer-feeling overseas travelers. As the high savings rate and the trade surplus have created a liquidity glut within Japan, real estate and stock prices have soared to create a new class of people who feel rich—who have both the will and the wherewithal to break with the traditions that have underlain their prosperity.

While acknowledging all of the behavioral patterns that have made Japan rich, Emmott argues that Japan will behave differently now that it is affluent. And one direct result of this major re-vamping of the Japanese personality, he says, will be a decline in its national trait of diligence—which in turn spells an unavoidable deterioration in Japan's economic strength.

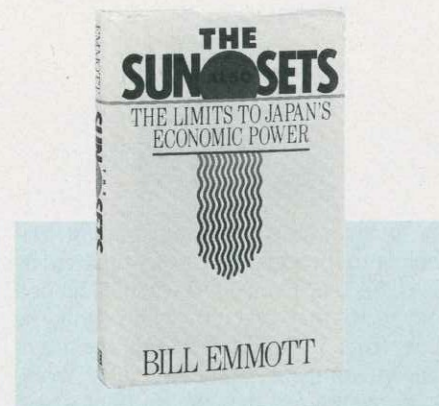
In effect, he is arguing that Japan is changing from a nation of producers to a nation of consumers, from workaholics to pleasure seekers, from savers to speculators, and from a nation of young wage earners to a nation of pensioners. And his conclusion is that this will inevitably spell decline.

Yet has Japan really changed that much? It is true that a "new breed" of young people, the *shin-jinrui*, has appeared with a new perspective on life. Their attitudes concerning work, consumption, money and leisure differ substantially from those of their parents.

Yet while the emergence of the *shin-jinrui* is resulting in some changes in the Japanese work environment, such as shorter working hours and a sharper distinction between the company and the self, it is hard to imagine that this will fundamentally alter the Japanese business ethic of a collective, group effort. Despite the *shin-jinrui's* greater predilection for enjoying themselves, they do not fundamentally dislike their work. From what I have seen, they are determined to enjoy their free time, but when it is time for work they do an excellent job and there is little indication of apathy. Although they play hard, they also work hard.

Of course, Emmott's assertion that Japan's sun is setting does not hinge entirely on this transformation to a country of pleasure seekers.

The important thing, he says, is the balance between domestic savings and domestic (governmental, industry and household) investment. At the same time as the personal savings rate is decreasing, the demand for infrastructure and other policy improvements is rising, putting pressure on the government's budget position. Companies too, faced with a severe labor shortage and the



need to shape policies for the aging society, will be forced to increase investment. Thus there will be a simultaneous depletion of savings and an increase in investment that will soak up all of the excess capital. Herein lies another cause of Japan's decline.

Most Japanese specialists contest this reasoning. They claim that there has been little change in Japan's position as a current account surplus country and that Emmott ignores Japan's rapidly advancing electronics and communications revolutions.

Although I cannot cite specific data to back this up, my gut feeling is that they are right and Emmott wrong. Unless there is some major international political or economic upheaval, I see no reason why Japan should decline during the remaining years of this century. Of course no one is extrapolating from the past 20 years and expecting straight-line growth to last forever, but I suspect most Japanese share my optimism for the near future. The problems will come not from prosperity-induced behavioral changes but from the demographic changes and the graying of society that awaits Japan in the 21st century.

However, even if one disagrees with Emmott, this book is another important reminder that Japan has reached a level of prosperity that arouses envy, fear and concern in the rest of the world. Some see the Japanese as a country of pleasure seekers. Others less balanced see us as money-laden barbarians buying up their national treasures. While you might disregard its conclusions, the very fact that this book has enjoyed such fame should serve as a warning to Japan to act with greater decorum and thoughtfulness in the years ahead.

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