

J apanese Consumers Today

In the debris of the Second World War, many Japanese admired the American way of life as portrayed in Hollywood movies. In the almost half a century that has followed since, cars have become a daily necessity for ordinary Japanese like in America, and people freely drive around for leisure. Every household is equipped with various electric appliances, allowing a life of comfort and convenience. Many of the riches of the American way seem to have been acquired here—with the exception of housing perhaps, in which there is no comparison with residences shown in Hollywood movies. Nevertheless, according to various public opinion surveys many Japanese do not actually feel affluent. An answer to this situation can be seen through the postwar history of the Japanese consumer.

Rice disturbances then and now

The long history of Japan is full of frequent rice-related disturbances. Rice has not just been the mainstay of the Japanese diet, but was also the measure-

ment indicating the capacity of fiefs and for determining the stipends for warriors during the feudal era. Peasants paid taxes to the lord in rice, and excessive exploitation often drove them riot. In the modern era following the Meiji Restoration, the skyrocketing price of rice occasioned mob disturbances. And now, in this era of extravagant food consumption, there was yet another rice disturbance in March 1994.

Fears of a potential rice shortage based on an exceptionally poor harvest were fueled by a delay in scheduled rice imports (except from Thailand), partly due to mismanagement by the government, and escalated into a turbulence in which people lined up in front of local rice stores hoping to buy any grain of rice. Prices of domestic rice surged, yet this did not prevent some from stockpiling large supplies of rice. Under the



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food control system, the government has, in principle, kept a tight grip on rice distribution. There are some exceptions, including independently circulated rice which is only partially controlled, and "free rice" on black markets. During this most recent crisis, the government instructed that all rice must be blended with Thai imports. However, Thai rice is not necessarily tasty to the Japanese palate and the policy was severely attacked. Shortly after, as supplies became more plentiful and prices lower, the early spring fuss quickly disappeared as if it was a nightmare. But this entire rice disturbance left several unanswered questions.

First, although there may have been nothing that could have done to prevent a poor harvest caused by unusual weather conditions, the government rice stockpiles accumulated for such situations were not sufficient. At one time the government purchased surplus rice from farmers and spent a large amount of the budget to maintain the redundant reserves. With this bitter experience in mind, the government has been reluctant to accumulate substantial rice reserves. On the other hand, at the Uruguay Round of the GATT negotiations, Japan put forward the argument that food is a security issue, trying to delay the acceptance of opening its rice market. However, the underlying factor was the anxiety among Japanese consumers, who still remember food shortages during the Second World War. Although possibly only held by people over a certain age, there was the fear that production of domestic rice would become extinct in the event of a cheap influx of foreign rice.

Secondly, only selling blended rice is nothing but a deprivation of consumers' freedom of choice. Nevertheless, the Food Agency tried to impose the result of their own lack of foresightedness. As blended rice came under such fierce attack, the government conceded to sell rice in separate packages. However, because the retail price of Thai rice was set many times higher than the original import price, it remained unsold.

Last but not most important, do we really need to maintain the food control system

which was enacted during the Second World War? Indeed, the system has long been criticized as blocking the future of Japan's agricultural development because it has limited competition and discouraged cost cutting efforts that have been seen in other industries. Others argue that the system may work when the question of securing volume is involved, such as during and just following the war, but now that the taste and quality of rice has become more important than volume, the system is outdated. Regarding the latest rice shortage, how many would say the system functioned effectively, except for those concerned, such as the Food Agency?

In August 1994, when the rice disturbance finally subsided, the National Agricultural Administration Council drew up a recommendation to be submitted to Prime Minister Murayama Tomiichi that the food control system be abolished. This appears to be the first step toward reform, but many have expressed doubt about the realization of the plan due to the many problems that still need to be resolved, including the inevitable restructuring of the 11,000 Food Agency staff in the event of its abolition.

Postwar history of poor living standards

After the Second World War, the consumer movement began with, once again, a call for rice. The initiator was a group of 15 housewives in what is now Higashi-Osaka City who, after missing a week's worth of rationed rice, marched to the food ration public corporation's office and found a staff member eating a boxed lunch of genuine rice, a job perk. They

forced him to agree to immediate delivery of the missing rations. This happened in October 1945, two months after the end of the war. Later, these women became the core of several consumer activities, including cutting through black market prices of foodstuff and other daily necessities, and boycotting unscrupulous traders.

Similar activities began in Tokyo, and powerful consumer organizations, mainly composed of housewives, emerged in the destitution after the war. Also, livelihood cooperative movements revived following a war time suspension and consumers began protecting their lives.

Society gradually stabilized, and the 1956 *Economic Survey of Japan* reads, "The postwar period has ended." Japan's economy entered the era of high growth and mass consumerism, which concomitantly caused distortions—inflation, rampant counterfeiting and pollution, and consumer movements concerned themselves with these issues. It was also around this time when companies started to feel the pressure of producing defective goods and harmful food. A period of economic growth was accompanied by active consumer movements to defend their livelihood.

The oil crisis that began in the fall of 1973 was a major ordeal for the Japanese economy. As it triggered runaway inflation, consumers exerted pres-



¥100 shops have had excellent success in spurring consumer purchases by sharply slashing prices.

sure on major corporations, and grassroots consumer movements mushroomed across the country. Administrators and corporations were compelled to open consumer counters.

In this way, Japanese consumer movements gradually gained strength, but by the '80s it became obvious that this movement was still not adequate. A European journalist made the critical comment that he could hardly see any consumer movement in Japan, and a Japanese business tycoon wondered why Japanese consumers did not create a movement demanding that the benefits that accompany a higher yen be handed down to them.

Although Japanese consumer organizations steadily developed and strengthened, the issues became so diverse as the economy grew that their responses could not catch up. This might have made them look very obscure to Western observers.

To compare living standards in Japan to the West: When using an exchange rate of around ¥100 to the dollar, Japan's per capita GDP ranked top among advanced countries with a population of over 10 million. Japan has high public safety and sanitation standards, and its average life expectancy is no less than that of Western nations. However, the housing situation in major cities is infamously inferior to its Western counterparts. Also, per capita park space in Tokyo's 23 wards is 2.5 square meters, representing only one-fifth of Paris, one-eighth of New York and one-twelfth of London.

Areas covered by sewerage stands only slightly above 40% in Japan, which is far below the Western standard. In expressway coverage in terms of population and car registration, Japan falls behind European countries, not to mention America. In most European countries, over 70% spend less than 30 minutes to commute to work, compared to less than 5% who commute to the three central wards of Tokyo.

Price gaps between Japan and other countries have made no improvement. Rather, the latest survey conducted by the Economic Planning Agency in November 1993 shows the gaps actual-

ly widened and prices in Tokyo were about 1.4 to 1.5 times higher than in London, New York and Berlin. This indicates that Japanese living standards are still very low.

What is consumer orientation?

While recently the prime ministership has changed hands frequently, there has been one consistent policy pursued by all: consumer orientation. The Miyazawa Cabinet launched the promotion of living-related public facilities such as sewerage systems; the following Hosokawa Cabinet was keen on the introduction of a PL (Product Liability) bill, which then received the go-ahead in the Diet under the Hata Cabinet.

However, it is widely believed that Japan will not truly become a consumer-oriented society any time soon. According to the "Public Opinion Poll on Living Standards," published in mid-August by the Prime Minister's Office, more than half of those questioned were "more or less satisfied" with their current living situation. Combined with those answering affirmative to the "certainly satisfied" category, those who are satisfied slightly declined to 65.3%, while those dissatisfied increased to 31.0%. Moreover, those feeling "Japan is heading for a bad direction" in terms of politics, economy and culture, hit a record high of 53.4% listing reasons such as "business trends" and "prices." Similarly, several other surveys illustrate that while living standards may have risen, many Japanese still do not feel themselves as affluent as they should living in the world's second largest economy.

This may be why consumer orientation has been bandied about regardless of changes in the Cabinet. To realize a truly wealthy life, several problems must be solved. For example, consumer sovereignty is still not viewed as a top priority, as evidenced by the state's attempt to impose blended sales of Thai and domestic rice. Consumer orientation exists only in principle and society has yet to respect and satisfy various consumer needs and opinions.

Although economic development up until this point has been achieved through maintaining state and corporate profits as the priority over individual consumer needs, the population could never be satisfied in this way. What is needed now is to let each individual freely choose his or her own life-style, make their own decisions based upon appropriate information, and live a quality life. In this respect, we look forward to the results of the consumer education subjects which have recently been introduced into school curricula.

Today the Japanese economy is reaching a turning point, and a reduction of excessive regulations is widely believed to be one of the measures needed to overcome this critical period. In reality, however, deregulation seems not so easy a task, if we look at the food control system for instance. Still, if this leads to widespread price busting and an adjustment in price gaps between Japan and overseas countries, consumers will benefit. Years ago, revisionists in America criticized Japanese society for subjugating the merits of low cost consumption to other more subjective values. However, having gone through the bursting of the economic bubble, Japanese consumers are now more price conscious and welcome price distractive moves, such as the introduction of private labels by major supermarkets.

An introduction of the PL Law tends to be taken as a countermove against the general trend of deregulation. However, economic regulations, such as control over new entries to industries, should be totally eliminated, while social regulations, which are designed to protect our livelihood and environment, such as the PL Law, should be promoted. In this sense, the introduction of the PL Law has made us aware of the urgent need to reconsider how regulations should be implemented.

Japanese consumers are also at a turning point in line with the economy. It seems necessary for them to recognize first that a true consumer-oriented society is not somebody's creation for consumers, but something built by their own efforts.