

Restructuring Again

By Takeshi Sasaki

With Prime Minister Miyazawa's entry onto center stage, attention has focused on the nature of the Miyazawa administration and the various issues facing it. Takao Iwami's "The Destiny of Kiichi Miyazawa—An Internationalist Man of Culture at the Political Top" (December *Ushio*) and Takeshige Kuni-masa's "What to Expect from Miyazawa's Long-run Cabinet" (December *Sekai*), for example, place Miyazawa in the postwar conservative tradition and provide vivid looks at Miyazawa the man and his political proclivities.

As these authors tell it, Miyazawa is well aware that there are increasing calls for a reworking of the postwar conservative tradition and its policies to meet changing conditions in Japan and overseas and that Japan is now at a historic watershed mandating that politicians not get bogged down in petty details but concentrate on the broader issues. In effect, they depict the new prime minister as someone acutely aware of the need for a grand design for the 21st century.

Eiji Tominomori's "The Conservative Mainstream at a Crossroads" (December *Monthly Asahi*) postulates two streams within the postwar conservative tradition: one the school led by Shigeru Yoshida and his disciples, who emphasize economic development and prefer a minimalist military, and the other the school championed by Yasuhiro Nakasone and adhered to by such younger politicians as Michio Watanabe and Ichiro Ozawa, who want to revise the Constitution and make Japan a global power in all senses of the term. Within this matrix, Tominomori sees Miyazawa as someone in the Yoshida mold yet surrounded and hemmed in by people wanting to revise the postwar Constitution.

While it remains to be seen how much the revisionist politicians will actually hem Miyazawa in, it is clear that the conservative tradition has run aground on its own success. The need for a shift away

from economics-firstism, for instance, is vividly demonstrated by the fact that trade and economic friction threaten to sink the Japan-U.S. relationship. If Miyazawa wants to preserve and build on the conservative tradition, he needs to radically reform the conservative manifesto and stake out new policy directions.

Economic management holds the key to this effort. In his "Three Economic Policy Issues to Take Japan into the 21st Century" (December *Chuo Koron*), Naoki Tanaka postulates three goals for the Miyazawa administration: (1) creating a climate conducive to making Japan a great place to live, (2) sustaining Japan's domestic demand-led economic growth and (3) providing the leadership needed if Japan is to meet its international economic responsibilities.

Leadership test

Similarly, Motoshige Ito's "Internationally Acceptable Domestic Systems" (November 5 *Ekonomisuto*) calls on the Miyazawa administration to act now not only to implement the long-term policies needed as the population grows older but also to take the lessons of the many recent financial scandals to heart and create an internationally acceptable economic system as well as to provide the kind of leadership that the world needs in supporting free trade and doing the other things that are so essential to a strong international community.

Running through all of these commentaries is the realization that, at the very least, Japan must find ways to avoid repeating the economic mistakes of the late 1980s, when speculation ran rampant, and that it will be impossible for the administration to develop meaningful policies for the future unless it is willing to radically overhaul the prevailing political and economic institutions.

Environmental issues inevitably come up whenever the discussion turns to Japanese leadership. In this connection, there

was a very interesting discussion on the costs of preserving the environment. In "Starting to Think about an Environment Tax" (November 19 *Ekonomisuto*), Hiro-mitsu Ishi points out that the Earth Summit in Brazil this June is likely to spark a number of proposals for fossil fuel taxes, carbon dioxide taxes and the like, and then goes on to outline what this means for Japan.

While the European countries are either readying or have already introduced environment taxes, says Ishi, Japan lags far behind international expectations. Moreover, once the decision is finally made to impose an environment tax, this is bound to require the same kind of long and complex political and bureaucratic maneuvering as has taken place with every other new tax in Japan. And the fact that this crucial issue is not being discussed in public forums means that it will take many people by surprise and will provoke sharp divisions in the body politic.

Ken Takeuchi adds to this in his "Wake up, Diet!" (December *Sekai*) with the comment that Japan's response to environmental issues places too much faith in science and technology, slights nongovernmental organizations (NGOs), and is wanting in political initiative. On this last point, he says that Japan's political leadership is being tested to see if it has the vision to respond to global interests that do not fit neatly into any of its bureaucratic pigeonholes.

The GATT Uruguay Round and the question of allowing rice imports is another issue in discussions of Japan's international responsibility, and this is another area where the problems transcend the bureaucratic framework. Rice imports are, as it were, too important to be left to the Ministry of Agriculture, Forestry and Fisheries. In the larger sense, this is a question of how we view Japan and its place in the world. The LDP's Ichiro Ozawa comments on this in his "Why We Settled on Miyazawa" (December

Bungei Shunju) by saying that Japanese political and administrative structures seem totally unprepared and even apathetic about coming to grips with the many issues that confront Japan and that this is the main problem facing the Miyazawa administration.

The speculative frenzy that characterized the late 1980s has ended and the economy is going through a series of painful adjustments as it deflates back to normal, but Japan's current account surplus is on the rise again. Little wonder there has been another round of rethinking the Japanese economy. Typical are Masaaki Honma's "Japanese Corporate Structures in Transition" (winter *Asteion*) and Taichi Sakaiya's "Living Together with the Rest of the World" (January *Voice*).

Honma looks back on the events of the 1980s and then focuses on the Japanese corporation in an effort to explain the fact that although Japan has emerged as a leading industrial power its people are still leading developing-country lives. To start with, he says, it is imperative that we reassess and reform the very Japanese "amae" that has resulted from market systems governed by a business-government complex. The securities scandal was not an aberration but a stark exposure of this Japanese system, he says.

Plea to companies

Honma's second focus is on the need to make society less corporate-centered. After explaining that this corporate society is essentially characterized by the long-term relationships of trust that exist among companies and between companies and their employees, he argues that greater market transparency is needed to cleanse the long-term trust among companies of its corrosive effects and that shorter working hours are the remedy for the impoverished personal lives resulting from the long-term trust between companies and their employees.

Originally devised as means to human happiness, Japanese companies are, he argues, sucking society dry of its human and other resources. If this is allowed to go unchecked, the result will be to alien-

ate companies from the rest of society and Japan from the rest of the world. In conclusion, he makes a passionate plea for enlightened self-interest on business's part and greater corporate attention to philanthropy and other forms of good citizenship.

Sakaiya, on the other hand, characterizes the Japanese system as a bureaucracy-led system in which the supply-side is king and producers ride roughshod over consumer interests—a structure that is sustained at the microeconomic level by Japanese management patterns eminently suited to mass production of standardized commodities. Building from this premise, he then goes on to say that this is sharply at odds with post-modern values in which the consumer is king and that Japan will not be able to embark on creating the necessary world order until after it transforms itself into a free-market democracy in which the consumer reigns supreme.

These are not new issues. In fact, many of them were discussed in the intense debate over globalization in the 1980s. And the fact that they are still being discussed with no resolution in sight just goes to show how superficial the earlier debate was. Searching reassessment and rethinking of Japan's economic and political structures is essential, for otherwise the effort to formulate new rules for the future will simply mean reinventing and repeating our mistakes in post-Cold War ways. Yet when LDP pressure can suppress a report commissioned by the Fair Trade Commission calling for sharply higher fines and other penalties for violations of the Antimonopoly Act, we clearly have a long way to go before we can even hope to create a consumer society.

Turning to specific aspects of this economic rethinking, the *Ekonomisuto* had a very good cover story on working hours in its December 16 issue. In this, Haruo Shimada argues ("A Cure for Industry's Triple Migraine") that long working hours are a major impediment to attracting good people and that a number of companies are likely to go bankrupt not because they run out of orders or capital but because they cannot hire the people they need to stay viable. Even if these compa-

nies expand production by expanding working hours, they will still find their profits down. In addition, expanded production runs the risk of triggering new trade friction. The only way out of this trilemma, he says, is to shorten working hours.

Role for unions

While the *Ekonomisuto* feature included ample discussion of the cost-effectiveness of shorter working hours and analysis of overtime payments, general agreement on broad goals is not enough and the problem still remains of exactly who is going to do exactly what. As Shimada notes, this problem stems in part from Japanese industry's hyper-competitive tendency to want to stay even with everyone else, and the labor unions have a definite role to play in breaking out of this cage and ensuring that Japan is accepted as a member in good standing in the international community.

One of the only reasons Japan has been able to come this far without heeding the hue and cry for political and economic reform is that the U.S. economy has been in relatively good shape. Yet the specter of recession in an election year and the emergence of America-firsters splitting the conservative camp (as detailed in Hirotugu Aida's "War Cries from the American Right" in the January *Chuo Koron*) are creating crisis conditions for the Japan-U.S. relationship and for the comfortable political and economic structures that it has coddled.

The Soviet Union is dead, but 1992 nonetheless promises to be a year of difficult decisions for the world's only remaining superpower, and it is with considerable trepidation that Japan watches to see how the American public defines its options and what its verdict is. ■

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