

A Nation Adrift

By Takeshi Sasaki

The year started off with President Bush's much-discussed visit to Japan. Whatever else it did, this visit served to heighten Japanese interest in America's future and specifically in this November's election.

For many, this presidential visit fanned the flames of *kenbei* (disdain for the U.S.) and sparked new arguments for *ribei* (distancing ourselves from the U.S.), yet for others it was a prime chance to see if new modalities could be found for cooperating with the United States in its time of need. Terumasa Nakanishi, for example, has quite rightly said, "If Japan can only be pro-American when America is strong, I can only be extremely pessimistic about the future." ("America's Retreat without Honor" in the February *Shokun*.)

Numerous observers have contended that the end of the Cold War will thrust economic competitiveness to the fore. While this hypothesis is useful in contrasting economic and military might, it does nothing to resolve the very irksome question of how that economic might is to be used in the post-Cold War era.

Largely ignored when military and ideological confrontation divided nations into a few neatly defined groups, the question of how to reconcile competing economies now clouds our recent silver lining. And this issue of how to harmonize competing economies is very different from that of developing economic strength. In fact, the very things that are done to enhance a country's economy through producing high-quality goods at affordable prices may very well prove disastrous in light of the need for prosperity-sharing.

There are limits to how much economic strength can substitute for prosperity-sharing, and the end of the Cold War has brought these limits into stark relief. Having devoted its every energy to becoming economically strong, Japan now needs to develop a strategy and means for promoting prosperity-sharing, and the debate over Japan's contribution to the

international community is just one aspect of this larger issue.

Interestingly, this question has drawn a number of novel suggestions from Japanese business leaders. One of the most wide-ranging was Masafumi Onishi's "Putting Our Heads Together for a Peaceful and Bountiful World" in the January 28 *Sekai Shuho*. Stating that the three major issues of the 1990s are going to be (i) the need to reconcile development and the environment, (ii) the need to reconcile the pursuit of economic efficiency with the pursuit of more graceful living, and (iii) the tension between economic globalism and economic regionalism, Onishi discusses the different things that companies and governments should do in each of these three areas to get us through the decade safely. The conflict between energy needs and the global environment is central to Onishi's thesis, and here he shows a certain sense of crisis. Japan and Japanese companies will, he says, become international outcasts unless they abandon the dogma that producing quality products at low prices is inherently good.

Heeding criticism

Focusing on Japanese-style management, Sony Chairman Akio Morita calls for its radical overhaul in his "A Critical Moment for Japanese Management?" (in the February *Bungei Shunju*). Starting with the shock he felt when he heard U.S. and European companies accuse their Japanese competitors of playing by different rules in producing quality goods at reasonable prices, Morita explains in specific detail how and why Japanese companies need to heed this criticism.

While reaffirming that making things is a good thing, Morita argues that Japanese companies have paid too much attention to operating efficiently and being competitive and that more attention should be paid to achieving such goals as shorter working hours, better wages,

higher dividend payouts, fair trade even within the *keiretsu* relationships, greater civic activity, and more attention to energy conservation and environmental preservation. Basically, Morita is arguing that Japan and the entire world will benefit if Japan can create competitive rules consistent with those in the U.S. and Europe, can dispel the U.S. and European distrust of Japan, and can forge closely cooperative trilateral relations to deal with global problems.

Many Japanese have asked what is wrong with making quality goods at reasonable prices, and these articles are ambitious efforts to respond to that question from the standpoint of fostering global prosperity-sharing. In effect, they are attempts to demonstrate why it is impossible to resolve the issue of prosperity-sharing simply by developing ever more economic strength.

Whereas Onishi and Morita state their cases from an internationalist perspective, the February *Sekai's* special feature on "The Death of the Company Society" shows how the Japanese system is changing from within and how the old company-oriented patterns are crumbling of their own weight. Hiroshi Okumura's "For a New Concept of the Company" and Kenji Nagano's "The Quiet Collapse of Corporatism" are among the most interesting articles in this special issue.

Nagano in particular says that the secret of Japan's success has been that the trinity of state, company and individual has enabled all three to support one another in moving in generally the same direction. The company, for example, has been egalitarian internally and fiercely competitive toward the outside. Yet this has all collapsed, killed by the fatal myth of ever-higher land and stock prices and its death knell tolled by the scandals that have rocked the Japanese securities markets.

Not only has the bitter aftermath of overdosing on speculative excesses in land and securities ruthlessly exposed the

pervasive mutual back-scratching and shown it to be untenable, it has also gravely marred the companies' position as mainstays of an egalitarian society. Moreover, people are jumping off the corporate treadmill—many of them the very people the company most wants to keep—and this is in turn hastening the transformation. As Nagano argues, the corporate-centered structure of post-war Japanese society has itself raised new questions about popular prosperity-sharing.

Thin margins

Weighing in in the February 1 *Toyo Keizai*, Richard Koo ("The Contradiction of High Quality and Low Margins") describes the dead end of trying to maintain competitiveness on razor-thin margins and hours so long that *karoshi* (death from overwork) has become a major media topic, a system that he astutely calls a terribly inefficient use of capital and labor alike. In the process he indicates that the prolonged stock market slump may well be structural in origin. Following this line of thought, corporate Japan's victory over its American competition is not so clear and simple as many people believe, and there are both market and social pressures to devise a new structure of prosperity-sharing even if traditional patterns of economic behavior have to be jettisoned in the process.

This is inherently a political issue. Even if there is some economic friction on the business front, dynamic political policies should be able to respond to the issues. Yet because Japanese politics is not up to the task, and because the friction is so serious, it has become necessary to tamper with the basic economic structures in an effort to create a framework for prosperity-sharing. True in Japan's relations with the United States, this is also likely to be a problem in relations with the Asian countries as well.

Twu Jaw-yann has thus taken up the issue of prosperity-sharing in connection with Japan's relations with the other Asian economies (in "Asian Capitalism at a Turning Point" in the February and March issues of *Sekai*). Although Asian



The Karoshi Emergency Center in Tokyo's Bunkyo Ward opened in 1990 to give advice to families of victims—or potential victims—of *karoshi*, or death from overwork.

capitalism enjoyed dynamic development and had a major impact on the rest of the world in the second half of the 1980s, the other side of this has been the speculative bubble that enveloped Japan and the newly industrializing economies (NIEs), and the domestic political changes consequent upon this speculative growth.

Much of Japan's speculative overflow found an outlet in the NIEs, and much of the NIEs' found an outlet in the ASEAN countries and China. As a result, the 1980s growth triangle of the U.S., Japan and the NIEs has developed into a sprawling economic web also encompassing the ASEAN countries and China. At the same time, the people in these countries have grown more affluent, their markets have become more upscale, and intraregional trade has boomed, with the result that these countries are now much less dependent on the American market than they used to be.

As such, Twu argues, Asian capitalism is at a time of restructuring internally and externally; and the biggest issue facing this restructuring is whether or not it will be possible to create a cooperative international framework capable of sustaining and nurturing these vast economic interlinkages. There are two problems here. First, and of declining importance, is the future of relations with the United States. Although Japan-U.S. relations laid the foundation for Asian capitalism's development, this basis is also undergoing change as evidenced by the American tilt toward the North American Free Trade Agreement (NAFTA) and the proposals for a counter East Asian Economic Group (EAEG).

Understandably, Twu devotes more attention to the second problem: Japanese economic behavior. While Japan is the Asian economic leader, it will not be able to reconcile the different positions with Asia or to build a framework for true

prosperity-sharing so long as it persists in concentrating on export-led growth. Japan will have to start running a trade deficit, Twu says, before Asian capitalism can be smoothly restructured.

The gathering forces of *kenbei* and *ribei* since last year are seemingly linked to a growing Asia-firstism. While Yoichi Funabashi warns of this tendency ("Short-sighted Asia-firstism" in the January *Foresight*), any Asia-firstism that did arise in Japan would be overwhelmingly economic in nature and would be only very marginally political or cultural. Even in the economic sphere, the foundations for Asia-firstism are fragile indeed if people are still arguing about Japan's proper role in Asia.

As seen in the criticism of Japan when Prime Minister Miyazawa visited South Korea in January, Asia-firstism premised on the assumption that Japan's relations with China and the Korean Peninsula are the same as its relations with the ASEAN countries is untenable. Just because people are fed up with the U.S. does not mean that they have any viable plans for Asia-firstism.

Such is not to say that there is no need for a thorough rethinking of the possibilities for prosperity-sharing with the Asian countries. In fact, such a rethinking is increasingly important. Still, there are no signs of such a grand vision in Japanese politics. Rather, Japanese foreign policy is intent on going with the flow and domestic policy is paralyzed by the continuing stream of scandals. While there may be those who find reassurance in the paucity of Japanese initiatives on the world stage, it is still worth asking the unanswerable question of what Japan will finally do once politics gets its act together. ■

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