

Japan's High Cost of Living: A Personal View

By Catrien Ross

A recent trip to the United States reminded me once again just how expensive it is to live on this side of the Pacific Ocean. What a pleasure, for example, to buy organically grown apples in Tempe, Arizona, for less than \$2 per pound instead of the yen equivalent of \$2 for *one* apple loaded with agricultural chemicals in Tokyo. Even with the premium for organic produce, prices for fresh fruits and vegetables are considerably lower than in Japan, where I can spend more during a single, brief stop for daily necessities at my local supermarket than many families in America spend on their entire week's grocery bill.

Among my first shopping shocks in Tokyo was finding apples selling for around ¥500 (\$5) apiece. Foreigners still gasp to see so-called "gift" melons on sale for ¥30,000 (\$300) *each*. I, too, puzzled over this, until several years ago in Shizuoka Prefecture I dropped in to visit a melon farmer who proudly showed me around his carefully controlled greenhouse. There melons were pampered, monitored, measured and, of course, chemically treated, to ensure the combination of texture, skin and taste that fetched a wholesale price of ¥10,000 (\$100) per melon. The \$300 retail tag became understandable, if still unacceptable.

A cost-of-living survey released in Japan last December determined that Tokyo and Osaka are now the most expensive cities among 136 leading cities worldwide. New York placed 61st on the list; London 45th. The survey based its conclusions on a mix of 155 different products, including food, beverages, alcohol, clothing and footwear, personal care items, domestic supplies and services, entertainment at home, sports and leisure, utilities, and transportation. Excluded from the index were housing and schooling, the costs of which, especially in Tokyo and Osaka, create a substantial financial burden for the majority of Japanese

families.

Faced with what many foreigners consider to be outrageous prices, particularly for imported goods, Japanese remain frustratingly acquiescent, despite the fact that overseas travel has provided an opportunity to assess exactly what things cost outside of Japan. For six consecutive years the number of Japanese traveling abroad has increased dramatically, and in 1996, an estimated 16.5 million are expected to take an overseas trip. These travelers will spend an all-time high of ¥5.27 trillion, including transportation costs and food, in foreign countries. Retailers in Paris and New York, for example, have been buoyed by the long lines formed by eager, young Japanese women at specific stores where status-laden merchandise can be bought for a fraction of its Tokyo price.

The Japanese woman's embrace of Western designer symbols emblazoned on everything from earrings to shoes is something I have never understood, but such acute brand-name awareness has clearly helped maintain the appeal—and the price levels—of desirable foreign goods. Yet given today's currency exchange rates, I question why a pair of Rockport shoes that retails in the United States for around \$66 should sell for close to ¥18,000 (\$180) in a department store in Kichijoji. Or why a computer magazine that I can buy from an American newsstand for \$4 should cost me ¥1,300 (\$13) in Tokyo. In Hiroo beckons the National Azabu supermarket, a haven of imported foods from home for American expatriates. But on any given day you are likely to hear at least one nostalgic shopper groan over the ¥20,000 (\$200) tally for a scarcely-filled cart of goodies that would cost \$40 back home.

Browsing in an Arizona Oriental import shop crammed with extremely reasonably priced Asian curios, I overheard a conversation in Japanese between a man and his wife, accompa-

nied by their daughter. Admiring a large, wooden *hibachi*, the man declared that something similar would cost at least five times as much in Japan. Even with the expense of cargo freight from Asia and inland American transportation added to the original purchase price, such a piece could be bought cheaper in Arizona than in Japan.

A yen for a bargain

A Japanese associate, a section manager at a major trading company, commented that recently he has noticed much less of a tendency for Japanese women to sport brand-name-visible goods. Whether this reflects an increased self-confidence in purchasing choice or a new accessory trend, it does seem that Japanese buying patterns may be starting to change.

When I first visited Japan, it was rare to find American-style, floor-wide sales, particularly in the more upscale department stores. Now there are red bargain banners flying everywhere as department stores struggle to persuade increasingly reluctant shoppers to part with their cash. Following the crash of the bubble economy, cash registers have fallen quiet, and only in December 1995 did sales at department stores post the first rise after 45 consecutive months of lower consumer spending. The unexpected increase was due to purchases of winter clothing and other seasonal products, but while individual customers bought more, corporations held their purse strings tight.

Such caution is not surprising in light of the financial woes plaguing Japan's corporate and banking structure. A major headache left over from the free-spending bubble economy years is the *jusen*, or housing loan company crisis. Japanese taxpayers may be forced to help cover the ¥6.4 trillion in initial losses to the tune of ¥1.685 trillion taken from public funds. Also at stake is the issue of responsibility in creating

such enormous losses. At the very least, the fact that former Finance Ministry officials headed five of the seven bankrupt housing loan companies during the time when the latter accumulated most of their bad loans, should flash a warning signal that bureaucrats—the antithesis of entrepreneurs—should stay out of private enterprise as much as possible.

An increasing number of Japanese apparently agree. Protesting what it perceives as needless government meddling in private business, one cosmetics importer late last year defied Tokyo Metropolitan Government by selling discounted brand-name cosmetics that do not carry required Japanese-language labels listing ingredients. Under the Pharmaceutical Affairs Law, imported cosmetics should carry proper content labels, which are based on certificates issued by makers to designated direct importers. The rub, of course, was that the defiant cosmetics store was not a direct importer, but an upstart seeking to circumvent the usual distribution channels and sell cosmetics to consumers for lower prices. It may have been illegal, but customers were lined up to buy long before the store opened—another sign that Japanese have come to appreciate perceived bargains. Gone are the days when Japanese buyers unhesitatingly paid top yen for goods.

This heightened sensitivity to price is fueling a move toward an open-pricing system that allows retailers rather than manufacturers to fix retail prices. Already the system is being applied to a growing range of products such as cosmetics, detergents, and personal computers. Analysts believe that further spread will cause a reorganization of Japan's complex distribution system, which many feel is outdated. With

open-pricing, consumers will be able to secure quality goods at low prices, but they will have to assume responsibility for discerning the difference between the good and the bad. In the past consumers could feel assured of quality by simply knowing that an item came from a particular maker or store. With price cuts a driving factor, especially at discount stores and superstores, buyers will have to rely more heavily on their own research in selecting products, but this is perhaps as it should be.

Redefining quality

Now that recession and discounting have entered the Japanese economic picture, a redefinition of quality may also be in order. During the heyday of the bubble economy a hefty price tag and a well-known name were often synonymously, if mistakenly, equated with high quality. In a more sober, discriminating mood, consumers are rediscovering that an item need not cost a lot to be worth a lot, either in terms of value or quality. On the other hand, something of particular value or quality

can be worthy of its higher price. I have always paid more—and gladly—for certified organic produce and cruelty-free cosmetics, because I believe such items are important. In some cases cheaper is definitely not better—either personally or collectively. The underlying point is that I, as a consumer, make a conscious effort before reaching a buying decision.

Part of the individual effort in Japan is the growing popularity of flea markets which recycle goods. In addition to the long-established and better known antique markets, there have sprung up numerous flea markets held mostly on weekends at neighborhood parks. A prospective seller pays a small registration fee for a space, then sets out an assortment of wares to catch the eyes of all who pass by. Items can range from the new to the totally trashy, but one person's junk may be just what another needs. Surprisingly for me, used clothes are among the biggest sellers, with people readily paying for what often seems to me like a collection of the sorriest-looking cast-offs. Joining in



Foreign customers stand out in a market handling a wealth of imported products.

the enjoyable flea-market bustle, I have purchased such things as vases, wooden carvings, and even an exquisite embroidered silk wedding kimono which hangs on one wall as a room decoration. The concept of recycling has also taken hold in several small, second-hand boutiques where buyers can satisfy a lingering Japanese urge for designer names as well as the need for a more closely controlled purse. Other ways to save money include neighborhood cooperatives for buying vegetables and basic necessities delivered outside of normal distribution channels, a greater use of mail-order catalogs, both domestic and international, and of course, barter of goods and services. Foreigners, too, have become quite adept at recycling. English language newspapers and newsletters carry personal ads for so-called "sayonara sales" held by foreigners who are leaving Japan for good. Their household miscellany is sold for suitably low prices to other foreigners who are staying put. Sale items can include furniture, appliances, cars, computers, to name only a few of the wide range of items advertised.

Where to put such goods, of course, is another matter entirely—Tokyo rents are also among the highest in the world. Housing remains a problem for many Japanese, even with a drop in the inflated land values and home prices prevalent in the late 1980s. Some Japanese are opting to import the materials to build their home in Japan. One American associate runs a business providing all the materials for built-to-plan houses which are sent over with an American carpenter who stays on-site to work with his Japanese counterparts while the foundation is being laid and the frame raised. After adding the cost of the land, labor, and transportation, this entire procedure can still be significantly cheaper than contracting a house domestically in Japan, and the client gets a much more spacious home. Despite the central government's stated commitment to encouraging imported housing, however, umpteenth regulations, with ensuing expense, remain a very real headache which must be figured into the total cost of selecting

this route as a means of affording a home in Japan. About 10 minutes walk away from where I live is displayed a model American 2x4 imported home, built by a Japanese construction company, and tagged at ¥77 million (\$770,000), minus the land. Yet I know that first-rate materials for a house close to twice the size can be bought in America for around ¥12 million (\$120,000). Charges for carpenters and interior work in Japan do not justify the discrepancy in price. There are other factors at work.

As a foreigner living here, one of the most troubling aspects of Japanese society is the over-reliance on perceived authorities in making daily decisions. This takes the form of unquestioning acceptance of restrictions and regulations, which for Europeans and Americans are a disliked example of excessive and unnecessary meddling in private affairs. Moreover there is in Japan a corresponding tolerance, bordering on complete apathy, of any wrongdoing by authority figures. Related to this is the lack of a developed sense of independent decision-making. At a Japanese family restaurant I wanted to make one minor—and for the kitchen one very simple—menu substitution. My request sent the waitress into a dither. After several minutes of verbal collapse, she consulted with the manager, who in turn conferred with the kitchen staff, with the answer for me coming back no, it could not be done because it was not written on the menu. By contrast at a crowded restaurant in America, I preferred to have the baked potato and vegetable with no salad, rather than the listed combination of the same items. The waiter beamed at me, declaring that it was no problem at all, and off he went to inform the kitchen of the customer's request. While I have offered an overly simplistic example, it is nevertheless illustrative of an outlook which pervades Japanese society and does not bode well for the future. The ability to make decisions, however minor, without looking to some authority figure for approval, is an indication of maturity. Making decisions also requires an active participation in the

process, yet society here at times overwhelms with the feeling that it is socially and ethically unawakened. While the cocoon-like structure offers the comfort of the familiar, it also muffles problems which will one day inevitably have to be faced. The high cost of living in Japan encompasses the veiling of weaknesses which are continuously degrading the social fabric.

American freewheeling, on the other hand, can quickly degenerate into a frightening recklessness. A recent trend in ringing in the New Year, for example, is for Americans to go outdoors and shoot off their guns as the clocks strike midnight. Two years ago in the area where I stay in Arizona, a small boy was accidentally killed by a stray bullet. With the entry of 1996 this year, a man who had just fired his gun inadvertently pulled the trigger again, shooting dead his girlfriend who was standing beside him.

At the same time I was impressed by the pride in workmanship and professional service provided at reasonable costs by both the packing and shipping companies which handled the forwarding of my household items to Japan. There is much that is good and healthy in the U.S. and Japan. The key is nurturing its expression in an individual's daily life, thereby ensuring that a person becomes a more caring, aware, human being unafraid to make the decisions that can generate positive change. Cost of living, along with attitudes about materialism, is only one aspect of an emerging social picture. It will not be easy.

And, as for the expense of staying in Tokyo, I was upset to learn the ridiculously inflated price of a new computer system compared with its equivalent in the United States. "Well," answered the sales clerk, her voice shrugging over the telephone, "Prices in Japan are different from prices in America." Therein exactly lies a continuing problem. ■

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