

Consumer Culture

By Naohiro Amaya

China has long been the center of Asian civilization, and Japan's history has been strongly influenced by Chinese culture. For more than 2,000 years Japan has not only imported products such as polished bronze mirrors and steel swords from China but in addition has undertaken to produce those products domestically.

In the 16th century the Portuguese brought two guns to Japan. The Japanese, immediately fascinated with the guns, undertook domestic production. Within 30 years the Japanese had produced thousands of guns of their own.

In 1853, when Commodore Perry and his "black ships" came to Japan, Japanese marveled at the warships' spectacular power and concentrated first on importing and then producing their own warships. Their success was evident in 1905, when the Japanese Imperial Navy soundly defeated the Russian fleet in the Battle of Tsushima.

In 1945, General Douglas MacArthur and his occupation force poured into Japan with a mighty fleet of warships, tanks and airplanes. The American occupation was eye-opening for many Japanese—not least because of the modern automobiles, washing machines, vacuum cleaners, sewing machines and other appliances that were part of the American lifestyle. The flood of American films further served to expose the Japanese to the exciting and glamorous "American way of life."

Impressed by these modern conveniences, the Japanese were determined to do everything they could to produce their own gadgets. Just as they had with swords and guns, the Japanese were soon turning out domestic versions of almost every known American product.

Because the income differential between president and entry-level employee is so slight in postwar Japanese companies, even entry-level blue-collar

workers could afford to buy cameras, radios, vacuum cleaners, refrigerators and other "luxury" items.

Since the Japanese are basically a gadget-happy people, everyone scrambled to own more and more of these conveniences. The Japanese have been preoccupied with making—and using—gadgets ever since.

At the same time, the Japanese consumer is extremely—some would say unreasonably—demanding and discriminating when it comes to purchasing these products. Companies that want to stay in business here have to compete fervently to win the trust of these hard-to-please customers. As a result, Japanese manufacturers now produce, both for domestic consumption and for export, a plethora of consumer-oriented products tailored to satisfy the most discriminating customers in the world.

So far, the Japanese lifestyle has been concerned primarily with the production and consumption of top-quality gadgets, but the time has come for the people of Japan to graduate from this gadget-centered civilization and to begin thinking more about how they can make their lives fuller and more rewarding. The time is ripe for the Japanese to draw on that dormant aesthetic sense epitomized by the *Tale of the Genji* and the Kabuki theater.

COMING UP

The July/August issue of the *Journal* will focus in its Cover Story item on Asia's "four little dragons"—the NICs of South Korea, Taiwan, Hong Kong and Singapore.

Present developments and future trends in these lands of burgeoning economic growth will be examined in detail.

Toshio Watanabe, an economist at Tokyo Institute of Technology, will explain the complicated relationship among the Asian NICs and the rest of the world, especially with Japan, the U.S. and the six-member Association of Southeast Asian Nations.

Investment Awry

Japan has emerged as the fifth-largest investor in the world next to the U.S., West Germany, Britain and the Netherlands. According to data released by JETRO, Japan's total direct foreign investment stood at \$58 billion at the end of 1986. A most revealing fact is that a major portion of the total went to developed nations.

So far as regional distribution of such investment is concerned, nearly 50% of the Japan's total went to North America. Latin America was next with 21.2%, with Europe in third place, while Asia got 10.4%. Oceania got only 4.4%, Africa 1.4% and the Middle East 0.2%.

In Asia, the share of ASEAN went down from \$973 million to \$855 million between 1983 and 1985. Japan's total direct investment in Southeast Asia stood at \$13 billion, a major proportion of which went to only two nations—South Korea and Taiwan.

Unless Japan's policy in this area is more balanced, disparities with regard to development will become more alarming. If Japan is really committed to the concept of regional cooperation, its role and contribution must be more positive.

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Aid to Japan-watching

As a journalist working to keep Western readers apprised of commercial and industrial developments in Japan, I found the March/April 1988 edition of your publication most informative, and thereby most useful.

It is important for me, during brief annual visits to Japan, to try and "catch up" on such diverse business matters as consumer buying habits (microeconomics) and government tax reform policies (macroeconomics) and all manner of economics in between.

Your March/April issue went a long

way in updating my understanding of the current business scene. It provided significant data in clearly presented graphs and charts, such as those depicting Japan-U.S. health-care comparisons and Japan's economic assistance record.

That issue also offered personal comments and viewpoints that can easily be challenged, thereby fostering dialogue and debate (even if only reader-internal), a condition all good business publications strive for. For example, Mr. Tokuhiko Suzuki claims that *all* homes in Japan have failed to provide "comfort and relaxation." This is a sweeping generality that ignores considerable progress in residential home construction in Japan. He also ought to have mentioned the importation of knockdown, or kit homes. (The problems with Customs and trade-restraining construction laws facing American importers of these homes is perhaps a story your publication ought to explore, especially if its purpose is to foster international trade).

Also, I enjoyed discovering that even Japanese management "experts" disagree with or contradict each other in their analyses of Japanese management philosophy and techniques, as was made obvious in the book review section.

I sincerely hope subsequent issues will maintain the quality of the March/April issue. If they do, then your *Journal* will be indispensable to me in my work.

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Industry Shifts Further Away from Exports

Japanese industry continued to shift away from exports to rely more heavily on domestic demand in 1987, according to officials at the Ministry of International Trade and Industry.

Analyzing the year's trends in Japanese industrial production, they said a massive ¥6 trillion package of emergency economic measures helped boost domestic demand. The growth fueled a steady recovery in business activity that was further helped by stable commodity prices and falling prices for imported raw materials.

The industrial production index, pegged at 100 in 1980, rose to 126.3 in 1987, up 4%, from the previous year. The recovery from the stagnation that had continued since mid-1985 was not always smooth. Production dipped in the second quarter following a slight recovery in the first three months of the year. But production took off in July and continued to grow throughout the rest of the year.

Electric machinery grew a strong 10.7% from a year before as the output of facsimile machines, ICs and other high-tech products rose sharply. Domestic shipments of photocopiers and other office machinery were up 8.1% with the increasing introduction of office automation, while domestic corporate clients and consumers also bought more ICs and other producer goods, as well as more magnetic tapes and other nondurable consumer products.

Shipments by the mining and manufacturing industries also climbed, registering 3.9% growth over the same period a year before. Significantly, domestic shipments increased by 5%, while exports slipped 3.3% to decline for a second successive year.

Domestic shipments of building materials climbed 7.3% over 1986 levels, reflecting increased housing starts and public works projects.

The solid growth at home was not matched in export markets. Exports of consumer durables fell a sharp 10.6%, due mainly to a slowdown in exports of videocassette recorders to the U.S. market. Exports of building materials plunged by 28.7% from 1986 levels as China cut back on purchases of small steel bars.

The only ray of light was in exports of ICs, auto parts and other producer goods, up 3.5% from a year before. The increase reflected the growing stream of supplies to Japanese-owned factories in Southeast Asia and other regions as offshore production continued to rise.

MITI analysts say the current business recovery is clearly being led by domestic demand, a change from the export-led upswings of the past.

Inventories of finished goods fell 5% from the same period in 1986, following on the previous year's reduction. MITI officials said the sharp drop was a result of increased shipments in response to higher domestic demand, coming on the heels of two years of inventory adjustments. They predicted a slow buildup in inventories as business regains its willingness to invest in stock (see p. 47).

The *Journal* welcomes letters of opinion or comment from its readers. Letters, including the writer's name and address, should be sent to: the Editor, Japan Economic Foundation, 11th Floor, Fukoku Seimei Bldg., 2-2 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo, 100 Japan. Letters may be edited for reasons of space and clarity.



Billboards advertising personal computers can be seen everywhere, symbolizing Japan's booming domestic market.

Computer Game Mania Grips Schoolchildren

A paralyzing affliction hit many Japanese in February, causing a rash of school absenteeism, sleepless nights and eye strain. The cause of this phenomenon was "Dragon Quest III," the third in a series of highly successful computer games. Put on sale February 10, the software sold out in hours across the country. Although it was a school day, lines of children formed up at toy store and computer shop doors early in the morning. Nearly 300 young people were lectured by police for cutting classes. Other children simply asked their mothers and fathers to wait in line for them. A few even resorted to more drastic measures—stealing the game from more fortunate children under threat of violence.

At the center of all this uproar was an innocuous piece of computer game software tailored to Japan's most successful home game machine, Nintendo's "Family Computer," usually referred to as "famicom." The Dragon Quest series is a role-playing fantasy game set in a mythi-

cal land, with the player taking the part of a sword-wielding hero on a difficult quest who must dispatch monsters, acquire new weapons, and revive colleagues unfortunate enough to die en route.

The previous most successful *famicom* software was "Super Mario Brothers," which has sold an estimated 5.5 million cassettes over the past several years. But according to Enix, maker of Dragon Quest III, sales of their new product reached 1 million on the first day and surpassed 2 million within a month. Dragon Quest I, released in 1986, sold 1.1 million copies, and the 1987 Dragon Quest II 2.2 million. Enix set the sales target of Dragon Quest III at 5 million.

While the big attraction of Super Mario Brothers apparently lay in its humorous characters, the allure of Dragon Quest III clearly lies in the progress of the game. Role-playing games have also done well among U.S. computer game fans, especially the highly regarded "Ultima."

But Enix maintains that the Dragon Quest series is "more cinematic than Ultima, and there is more depth to the story."

Dragon Quest III, agrees 14-year-old Momoko Yoshino, "is loads more interesting" than any other computer game she has ever played. According to the young Tokyo girl, who got her copy from a grandmother fortunate enough to buy one in a department store toy section, the story has more variety and moves along much better than that in Dragon Quest I and II. It's so attractive, said Momoko, that many of her classmates were playing it all night, skipping their studies on the eve of the crucial tests at the end of the Japanese school year in March.

Dragon Quest's popularity may have its limits, however. Although weekly magazines featured articles on how to play the game for commuting fathers, and though some adults have also fallen under its spell, teenagers and college students are clearly the most devoted fans. Momoko's parents, both 42, admitted they tried Dragon Quest, too. They gave up long before clearing the final scene. That is not too surprising, considering it can take more than a week to do. ■



A new computer game called "Dragon Quest III" proved highly popular with Japanese schoolchildren.



Photo: Mainichi Shinbun