

Place Your Bets

By Naohiro Amaya

Novice astronomers can predict solar eclipses 1,000 years into the future with astonishing accuracy, but not even the most experienced gambler can predict where the roulette ball will come to rest after the next turn of the wheel. Why the difference? Obeying natural laws, the planets follow regular paths that are mathematically predictable. But the movement of the roulette ball is determined by a complex interaction among the ball, the roulette wheel and a random outside force called man, making it impossible to predict the outcome with any degree of accuracy in the short time available.

The outlook for the Japanese economy in 1989 is likewise complicated, being influenced as it is by the interactions among not only countless Japanese players, Japanese companies and the government, but also many non-Japanese players, foreign companies and foreign governments. In a way, it is even more difficult to predict what the Japanese economy will do this year than it is to predict what the roulette ball will do the next time around.

Does this mean that economic prediction is impossible? Not at all. Prediction's possibility is proved by the fact that numerous predictions for the coming year are announced with great fanfare all over the world every year. If all of the predictions were wrong one year, nobody would pay any attention to them the next year and the forecasters would go out of business. Yet that has not happened. Why not?

Like all other animals, man is destined to move inexorably toward an unknowable future. The difference is that animals respond to events instinctively and men

have a range of options and freedom of choice not open to the lesser animals. This freedom of choice leads to forecasting. Seeking to make a wise choice, man postulates a number of possible scenarios and calculates the advantages and disadvantages of each. Yet because it is impossible to imagine or compare an infinite number of scenarios, the real-world person is in fact limited to choosing from a very small number of scenarios.

Acting with a particular scenario in mind, man is then able to check how well his scenario conforms to reality, and hence to consider how best to modify his behavior in response to actual situations. When the scenario is sharply divergent from reality, man is able to ask himself why. Was the scenario badly designed or ill-conceived? Has something happened that the scenario did not allow for? Have the variables been misjudged? The possibilities are endless, and man analyzes them and tries to learn from his mistakes so he can predict better in the future.

All of these factors—and doubtless many more—help to account for man's predilection to prediction. Man is inevitably a predictor, and thus he makes every effort to iron out the defects and to make his predictions as practically useful as possible.

Yet pitfalls remain. The first pitfall that awaits the forecaster is that of paying too much attention to numerical values. While there are some forecasters who think they are infallible when the numbers

turn out as they had predicted, I doubt if there is any essential difference between winning at the economic prediction game and winning at roulette. The ability to predict economic trends and directions is far more important than getting the numbers right.

The second pitfall is that of believing that history repeats itself. There are times when it does and times when it does not. Just as there are eddies and currents in the flow of a river, so are there eddies in the flow of history. Once a flow is past its eddy, it seems to run straight for a time, but soon there is another major eddy. When the flow of history is straightforward, the annual changes are primarily quantitative changes and are easily forecast with mathematical models and computer simulations. The difficult thing is to tell when a turning point in history will come and to tell which way history will break. Today, it seems safe to say that Japan is at a major turning point. The trick is to tell which way the change will go.

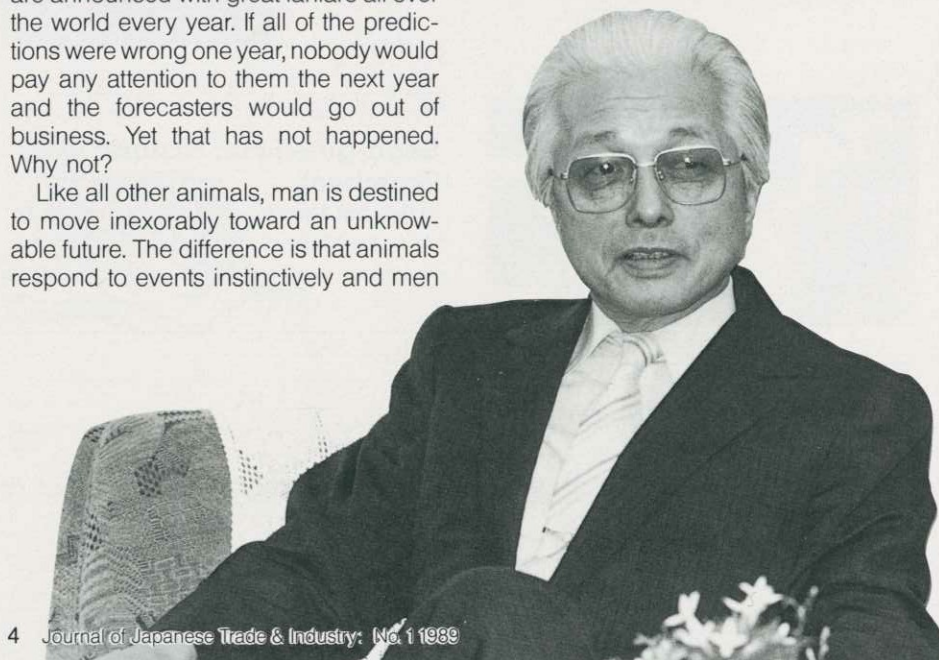
COMING UP

The year 1992, the European Community's target date for integration of its internal market, promises to be a landmark, heralding the age of a New Europe rivaling the United States and Japan in its industrial might.

The March/April issue of the *Journal* will focus in its Cover Story item on Japan's attitude toward this historic development and the likely future relationship between Tokyo and this European economic bloc. An overall review will be provided by Takuji Shimano, a professor at Gakushuin University in Tokyo.

We also begin a new series analyzing Japan's distribution industry, often criticized overseas as being complicated and inefficient.

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.



Dissemblers, Not Deceivers

I was delighted with Professor Tadashi Fujita's generous review of my book, *The Japanese Negotiator*, in your November/December 1988 issue. There is, however, one point of disagreement. Professor Fujita states that I "start off by quoting Sun Tzu's classic dictum that 'deception is the way of the warrior' and assigning it a central place in the Japanese mindset." Let me quote what I wrote:

"To Sun Tzu... information is the key to his concept of warfare (...that is, "deception is the way of the warrior")... While most Japanese businessmen would be ashamed to be spies or hire spies, patent dissembling and the disguising of real feelings or true intentions are very central to Japanese and Chinese culture. Humility, self-effacement, and the absence of pretension are cultivated social virtues." I might have said indeed that they are also calculated acts of dissembling; one condition for living harmoniously in Japanese business society is to deliberately play down one's accomplishments and skills, even to deny that one has any skill (when the truth may be that one is indeed most competent). This is unquestionably dissembling! (and in the 15 years I spent in Japan, I too practiced it daily.)

In other words, it is true that I consider certain types of dissembling to be central "in the Japanese mindset" (although these are not words that I would choose to use), but it is untrue that I asserted or implied that Sun Tzu's dictum had "a central place in the Japanese mindset." Moreover, if you were to refer to page 152 of my book, concerning what goes on behind supposedly "inscrutable" Japanese faces, I concluded that "there is very little real threat... Deviousness, craft, calculation, or sinister design are uncommon..." This is not consistent with a "deception" inclined mindset.

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Japanese Women Making Strides in the Workplace

More women than men joined the Japanese work force in 1987 as the rate of increase in women workers continued to outpace that for their male counterparts. The new figures, revealed in a Ministry of Labor report on women workers, are yet another sign of the rapid strides women are making in the Japanese workplace. More women are working than ever before, and increasing numbers of them are moving up into supervisory positions.

The proportion of women in the national work force reached a record high of 36.5% in 1987, according to the ministry report, with 16.15 million holding jobs. That was a net increase of 310,000, or 2%, over the previous year, far outstripping the 180,000, 0.6% net increase in male workers. The number of working women outnumbered by 790,000 the 15.36 million women engaged exclusively in housekeeping.

No less significant than the absolute increase in numbers was the qualitative change in positions held by women workers. In 1987 some 48,000 women held supervisory positions with four or more subordinates. While still representing a tiny 1.2% of total women workers, it showed steady progress over the past decade. In 1977 only 0.7% of women workers, or 23,900, were in positions of responsibility. Moreover, 22% of women workers in 1987 were graduates of junior colleges and universities, up sharply from 13.1% 10 years earlier, and suggesting that more qualified women employees will be on track for promotion in the future.

The Equal Opportunities Law, which



More Japanese women are now engaged in professional careers than ever before.

went into effect in 1986, has clearly accelerated the influx of women into professional careers. With the legal framework for equality in place, the Ministry of Labor now intends to urge companies to open dormitories for single women just as they do for single men, to allow female tour conductors and postal workers to work night shifts, and to otherwise break down the discriminatory practices that have permeated Japanese business.

Yet such outside pressure may no longer be as necessary as it once seemed. Many Japanese companies are already starting to make greater use of their female staff's judgment in response to women's rising position in society, and especially the striking increase in their purchasing power.

Last September, Yamaichi Securities Co. opened an office in Tokyo's Nihombashi district staffed entirely by women. But even without making such dramatic gestures, many Japanese banks and securities companies are increasingly assigning women staffers to so-called "outside work," jobs such as sales and liaison which take them outside of the office.

The list of "firsts" for women continues to grow. Kyoko Isono of Yamaguchi Broadcasting Co. recently attracted wide attention when she was appointed the first woman to sit on the board of directors in commercial broadcasting industry.

In government, 23-year-old Makiko Aono will become the first female Defense Agency career official when she graduates from Tokyo University in March 1989; her fellow Tokyo University graduate Toshie Tanaka, 22, will be the first female career official in the National Police Agency. The National Land Agency is expected to get its first female career official this April, while Nahoko Ishii, 29, became the first woman to be promoted to tax office director while still in her 20s when she was named to head the Hiro-saki Tax Office in Aomori Prefecture.

Many private companies have begun rehiring women who had quit because of marriage or for other reasons. According to a Ministry of Labor survey, 13.5% of companies with 500 or more full-time employees have introduced this reemployment system, yet another sign of the

Photo: Sony Corp.

improvement in the working environment for women in Japan.

Of course, this does not mean that all problems have been cleared away for women workers. Monthly wages for women average only ¥209,063 (about \$1,670 at the rate of ¥125/\$), a bare 52.3% of the average wage of ¥399,682 for men. And while the number of women executives and supervisors is creeping upward, there are still many companies which discriminate against women in promotions as well as wages.

With nearly one out of three women workers in Japan employed on a temporary or part-time basis, it is still too soon for Japan's new career women to rest on their hard-won laurels. ■

Easing the Burden on Foreign Students

A one-room apartment consisting of a six-mat room (roughly 10 square meters) with a kitchenette and a bath-toilet unit for only ¥20,000 (about \$160 at the rate of ¥125/\$) a month. Nowadays that rent seems unbelievably low for the suburbs of one of the world's priciest cities. Yet that is what units will go for in a dormitory now being built for foreign students in Japan. The seven-story building, to stand in front of the Fuchinobe train station near Tokyo, will have 84 one-room units for single occupancy.

The Kanagawa Prefectural government will be starting work on its new Center for Foreign Students during fiscal 1989 with a grant from the Ministry of Education. The building is one of the star projects in a program to promote the construction of dormitories for foreign students, and the program itself is only one example of a host of relief measures planned for foreign students in Japan who have seen the yen's rapid appreciation and high prices, especially high rents, turn their quest for knowledge into a fight for survival.

At present, there are some 25,000 foreign students in Japan. In line with a proposal first put forward by then-prime

minister Yasuhiro Nakasone, the Japanese government plans to increase their number to 100,000 by the start of the 21st century. Yet despite such ambitious plans, the quota for government scholarship recipients remains limited. As a result, 80% of foreign students in Japan are privately financed, and up to 88% of them in turn are from Asian countries, including 26% from China, 19% from South Korea and 17% from Taiwan.

These privately financed Asian students are having a particularly tough time in expensive Japan. Lin Ling-hua, 24, from Taiwan, is a junior in Waseda University's Faculty of Politics and Economics. "I wish to travel around Japan in order to understand Japan better," she sighs. "But for me, traveling is like a flower on top of an unscaleable cliff." Lin earns about ¥50,000 a month from working as a part-time waitress in a pizza shop and tutoring once a week. That and the ¥20,000 she gets from her parents just barely covers her expenses.

Half the foreign students in Japan rely on income from part-time work to get by, with most earning only ¥20,000-¥60,000 a month. Many complain that they are too tired to study.

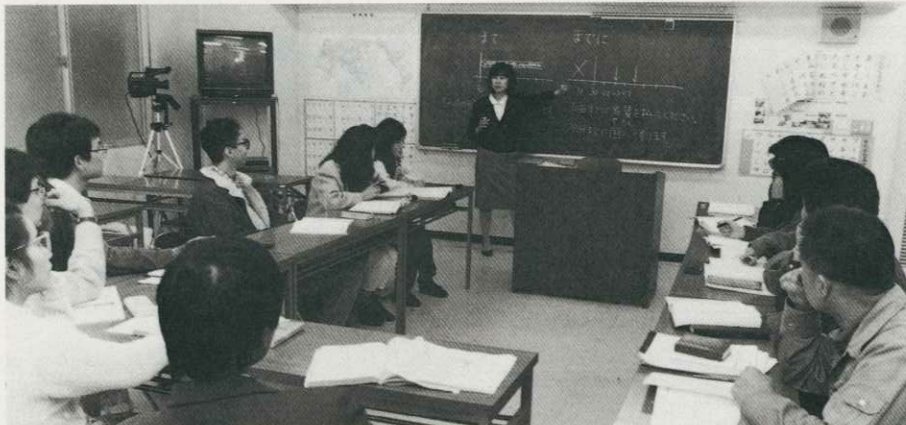
The problem is compounded by Tokyo's overpriced housing market. According to a survey of foreign students conducted by the Management and Coordination Agency last June, some 70% are dissatisfied with their housing. They complained that rents were too high, the rooms too small, and the housing available located too far from their schools.

In order to alleviate the hardships of foreign students in Japan, the Ministry of

Education will increase the quotas for government-supported students, scholarship recipients and students on reduced or no tuition fees by 3,230 in fiscal 1989. The ministry will also furnish grants to local governments to help them construct dormitories for students from abroad, and will ask them to designate other lodgings for foreign students for which the central government will pay the rent.

Other steps are being taken as well. The Ministry of International Trade and Industry (MITI) and the Japan Association of Corporate Executives (Keizai Doyu) have agreed to establish a "Center to Assist Foreign Students in Japan" which will encourage Japanese enterprises to make vacant rooms in their employees, dormitories available to foreign students. It will also help companies establish scholarships bearing their corporate name. In response to the calls from MITI and Doyu, more than 100 major enterprises, including Nomura Securities Co., Tokyo Electric Power Co., Secom Co. and Nissan Motor Co., have offered more than 500 rooms. Ultimately, the program is expected to yield about 1,000 rooms for foreign students in Japan.

Meanwhile, the Tokyo metropolitan government and Osaka Prefectural government have both decided to either undertake projects to help foreign students like those begun by Kanagawa, or to establish foundations for this purpose. The Osaka-based Nippon Mutual Life Foundation has already decided to provide a two-year, ¥100,000-a-month scholarship to a privately financed student from an Asian country. Much remains to be done, but help is on the way for Japan's financially strapped foreign students. ■



Foreign students at a Japanese-language class. Many say they are too tired to study because of having to do part-time jobs to make ends meet.