

More than Money

By Naohiro Amaya

Not only have Japan's dollar-denominated GNP and trade surplus grown dramatically, its official development assistance (ODA) has also increased to the point where Japan is now a donor superpower on a par with the United States. It is axiomatic that this assistance must be used to best meet the needs of the people in the recipient countries. Anything else would be to betray the hopes of the recipient countries' citizens and the expectations of Japanese taxpayers.

This is no easy task, however. There is no clear-cut theory or system that can neatly match supply and demand for economic aid. Consequently, there is a tendency to concentrate on the total amount of money going to economic assistance and to pay less attention to the question of how productive the aid is. In turn, the fact that aid is not scrutinized for efficiency tends to reinforce the inefficient tendencies in economic assistance.

As a major donor country, Japan must not only point proudly to the total amount of money it is spending on assistance but must also pay close attention to what that aid is accomplishing. In measuring the effectiveness of economic assistance, the first need is to clarify what the objectives of the assistance are. What is it for? The main objective should be to meet the needs of the recipient country's people, but at the same time it must be consistent with Japanese ideals and policies. It is not easy to determine what the people of the recipient country really need. There is often a big gap between what the recipient country's government wants and what that country's people need.

An understanding of the country's history, culture, economy and politics is indispensable in any effort to accurately gauge a country's needs. Yet compared with both the United States and the European countries, Japan is still sadly lacking in both information and understanding, and must now devote the necessary resources to overcoming this failing. Together with enhancing its own

research capabilities in this area, Japan needs to strengthen cooperation with researchers and research institutions in the United States, Europe and the recipient countries.

Economic aid is essentially not a commercial transaction. While it makes sense to rely on market mechanisms in some areas, they cannot be relied on across the board. Thus the systemic arrangements for aid implementation must be strengthened to ensure that the aid achieves its purposes. Japan may be throwing more and more money at ODA, but the implementing arrangements remain weak. Operating budgets and personnel authorizations for the implementing agencies have been restricted by "small government" policies and have seen virtually no growth. The greater the budget for ODA, the less attention seems to be paid to the question of its implementation. It is like trying to build more houses without putting on any more carpenters—there is no choice but to cut corners.

On the other side of the flow, government employees in the recipient countries are also crucial to ODA's effective utilization, and it would make sense to use at least part of the money in ambitious training programs for these people. Enabling them to do their jobs better will enable Japanese assistance to meet its objectives better.

Sugar has a remarkable ability to attract ants. Economic assistance has the same effect on people seeking to further their own interests. To keep these sweet-tooths from squandering the aid, it is imperative that the provisions for preventing corruption be strengthened. These provisions should be aimed at exposing major corruption though, and should not get bogged down pursuing petty pilfering or enforcing accounting trivia. There are far too many ritualistic restrictions placed on Japan's aid projects to ensure they will pass the auditor's inspection, and sweeping deregulation in this area is essential.

There has been a tendency to put most ODA into the construction of equipment and facilities directly related to the recipient country's economic or social welfare. But we need to get away from this preoccupation with monuments and start

putting more emphasis on developing such intangibles as education and human resources. For example, it would be a great boon to the poorer developing countries if Japan could invite students from those countries to come to Japan to study and could provide them with a useful education.

Human resources are the single most important ingredient in economic development. Young people from the developing countries all want to study in America, Britain and France, and relatively few want to come to Japan to study. While books could be written on the reasons for this, suffice it to say that Japan must do more to make itself more attractive to students from the developing countries and that this would be an entirely appropriate spending area for assistance.

A century ago, Japan was a developing country itself, and little more than 40 years ago it was in the depths of wartime defeat and destitution. Japan's miraculous recovery can serve as an inspiration to today's developing countries. What were the factors behind Japan's success, and which of them can the developing countries apply to their own situations? Answers to these questions would be another form of invaluable assistance for the developing countries.

What it boils down to is that assistance cannot consist of money alone. It must also be a gift from the heart.

COMING UP

Japan is joining other countries in tackling burgeoning environmental problems that are causing growing concern worldwide.

The September/October issue of the *Journal* will focus on this development in its Cover Story item, with an overall review written by economist Saburo Okita, an adviser to the Environment Agency and a leading member of the Club of Rome.

There will also be an interview with Toshikazu Hashimoto, president of the Japan National Oil Corporation.

Challenge for Managers

I enjoyed Noboru Makino's article "The Changing Corporation" in the November/December 1988 issue, but would add one challenge for Japanese businesspeople—that of innovation in management.

There has always been both groupism and individualism in Japan and the heavy emphasis has always been on groupism. This groupism mentality is at the root of continuous improvement and is especially effective in a more repetitive and assembly line process, hence the manufacturing edge Japanese businesses have enjoyed during the past several years.

A lot has changed in just a few short years, and perhaps one of the most significant changes is the "no-sweat" generation which has seemingly not accepted some of the traditional values of diligence, self-sacrifice and loyalty to the group.

This could be the wild card that is the major threat to the traditional style of management. I believe the challenge of managing the diverse values of the work force, especially those of the more individualistic no-sweat generation, will be significant for Japanese managers. Over time, the balance between groupism and individualism will shift to become more oriented to individualism in certain types of companies.

I acknowledge Japan is different from other nations and is complex and full of contradictions, especially to Western eyes. But from observations and discussions, I believe the social software is changing from its feudal fabric. I suspect this is one evolution that Japan will not escape.

Andrew Campbell
Campbell & Associates Inc.
Ontario, Canada

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Firms Start Vying For Top Graduates

Competition among employers to recruit university students graduating in the spring of 1990 has already started. Service industries, including financial businesses, are stepping up their drive to attract prospective university graduates majoring in science and engineering.

Nippon Telegraph and Telephone, on the other hand, linked with the Recruit stock trading and bribery scandal, has lost its popularity as a potential employer among graduating students. Affecting this year's recruiting campaign are the prolonged business boom, the increasingly high-tech orientation of industry, and political developments arising from the Recruit scandal.

An informal agreement among indus-

trial companies regarding the annual drive to recruit university students graduating in the following spring has two important dates. The first is the accepted start of the recruiting season on August 20. From this day on, companies are allowed to invite students to their premises for briefings about the company and openings available. From October 1 companies can make unofficial job offers to students they want to employ.

Last year, there was a fierce scramble among companies to recruit prospective university graduates. In view of the continuing business boom, university authorities say that 1989—the first year of the new Heisei era—will see greater opportunities for students than ever.

This year's recruiting campaign is expected to be even more competitive than last year as employment will be virtually decided at the time when students visit



Transport firms and travel agencies are among the potential employers attracting most interest from university seniors graduating in 1990.



companies for briefings, according to some recruitment specialists.

Nonmanufacturing industries are already vigorously wooing science and engineering majors. Such graduates are also the target of the service sector, especially of financial firms such as those in the banking, securities and insurance business. Against the background of diversification of their businesses, these firms are seeking new employees with a different mentality than that of liberal arts majors.

Because of the progress in technological sophistication in all industries, the scramble to hire academically outstanding students is furious. Employers are therefore not too concerned about what subject a student has majored in.

The proportion of science and engineering majors in the total number of new recruits hired by the big 13 city banks is generally in the 10% range. In some cases, however, it has risen close to 20%, a nearly four-fold increase from three years ago.

There is an increasing tendency among students to prefer service firms, where salaries are higher than those offered in manufacturing industries. Take Sophia University students who graduated in spring this year, for example. More than half the students who graduated with science and engineering degrees went to nonmanufacturing firms. This year, job hunting university students' alienation from manufacturing industries is expected to be even more pronounced than in the past.

According to a survey conducted this spring by an employment information magazine, city banks and *sogo-shosha* (general trading companies) were still popular among university seniors graduating in 1990. Reflecting interest aroused by the current leisure boom, there was a sharp rise in the popularity of Japan Railways Group companies in Honshu, Japan's main island, as well as transportation firms and travel agencies. ■

Golden Week Sees New Travel Record

A record 60 million Japanese, almost half the nation's population, went away on vacation during this year's "golden week" holiday period. The April 29-May 7 holiday, two days longer than usual and blessed by good weather, saw more people traveling than ever.

According to a Labor Ministry survey, 1,340 major companies closed for 6.8 days, which was 0.4 days longer than last year, during the nine-day period. One out of 10 companies closed for the entire nine days. The current favorable business conditions and the recent tendency among "workaholic" Japanese to enjoy their leisure time more also contributed to the record holiday turnout.

The number of persons departing from Narita airport during the nine days totaled a record 262,300 (80% of them Japa-

nese), up 24% over the same period of last year. The four Japanese airlines carried a record 177,000 passengers overseas from Narita, 15% more than last year.

Japanese and foreign airlines applied for 524 extra flights from Narita during golden week, but 35% of them were rejected due to the limited capacity of the airport.

According to travel agents, the most popular destinations were Hawaii, Southeast Asia including Hong Kong, Australia and the West Coast of the United States. Package tour fees of their clients for golden week overseas tours averaged ¥274,000. Reflecting the recent tendency among young working women and students to go abroad on long holidays, young people were conspicuous among golden week overseas tourists.

People making domestic tours totaled an estimated 59.88 million, an increase of 11.86 million over last year, according to the National Police Agency. Japan Railways carried 5.6 million passengers, up 8% or 430,000 over last year.

Main highways all over the country were jammed by heavy traffic during the holidays, with the number of cars using 12 key toll roads averaging 669,000 per day, up 7.2% over last year.

Highway traffic queues backing up more than 10 kilometers occurred 139 times, which was 10 more than last year. On the evening of May 2 a traffic jam stretched for 86.4 kilometers on the Tohoku Highway linking Tokyo with northern Japan. ■



Japanese tourists in Hawaii, one of the most popular destinations in the "golden week" holiday period

