

## Japanese Economy Stops Downward Movement but Momentum toward Recovery Is Weak

In his summit talks with U.S. President Bill Clinton in Washington on May 3, Japanese Prime Minister Obuchi Keizo pledged to continue implementing business stimulus measures aimed at achieving a 0.5% annual growth target.

Obuchi's pledge reflected the Japanese government's stance, supported by recent economic indicators, that the Japanese economy's downward movement has bottomed out, buoyed by a ¥24 trillion economic stimulus package announced in November and by a substantial increase in public works projects incorporated in the fiscal 1999 budget.

According to the Bank of Japan's March "tankan" business sentiment survey, the diffusion index of coincident economic indicators — the percentage of firms that feel business is favorable minus those that feel business is unfavorable — edged up to minus 47 from minus 49 for an improvement of 2 points. This improvement rode on the back of public works projects implemented ahead of schedule in the early part of 1999 and cheaper housing loans which in turn have fed the construction and housing sectors.

Yet, economists point out that the momentum toward recovery is still weak and it is too early to say whether the economy is on a recovery track. As the guide for future economic trends, they are waiting to see economic indicators for the April-June period.

The government is expected to decide whether to implement additional pump-priming measures after assessing the performance of the second quarter.

Moreover, there is no sign yet of a recovery in personal consumption, which accounts for 60% of the nation's gross domestic product (GDP).

Distribution of shopping coupons by

the government, aimed at stimulating consumer spending as well as promoting local economies, has so far failed to boost sales at supermarkets and department stores or sales of new cars.

The shopping coupons, worth ¥20,000, are distributed free through local entities to families with children aged 15 or younger and to bed-ridden or low-income people aged 60 or older for use from March 31 to September 30.

It remains to be seen whether reductions in income, resident and corporate taxes implemented on April 1 will have the intended impact on personal spending.

Another cause for concern is a sharp drop in corporate investment in plant and equipment, the engine of the economy, which accounts for about 20% of GDP.

Capital expenditure is firm in the information-technology sector, such as personal computers and cellular phones, as well as in the high-tech electronic household appliance sector, such as digital video disks and liquid crystal devices. However, basic material industries such as steel and chemicals have remained slack due to overcapacity.

Bank of Japan officials likened the Japanese economy to a rocket that manages to remain aloft only with supplementary engines while its prime source of thrust (personal consumption and capital investment) fails to ignite. Autonomous recovery led by private demand is still a long way off, they noted.

The employment situation is also dismal. The number of jobless workers increased to 3,390,000 in March with the unemployment rate standing at a record high of 4.8%, surpassing the U.S. unemployment rate of 4.2%. Labor experts are concerned that corporate restructuring efforts could further push the unemployment rate to 5%.

## Nationalistic Politician Ishihara Is New Tokyo Governor

Ishihara Shintaro, a novelist-turned-

politician, took office as governor of Tokyo on April 23, replacing Aoshima Yukio who held the post for one four-year term.

Ishihara, a 66-year-old former member of the House of Representatives who twice served as a cabinet minister, is known for his nationalistic views and straightforward remarks.

He won fame as a writer early in his 20s after winning the country's most prestigious literary prize in 1955 for his novel *Taiyo no Kisetsu* (A Season of the Sun), which depicted the unrestrained, bohemian lifestyle of young people at that time.

He plunged into politics in 1968 at age 35 with his election to the House of Councillors, winning 3 million votes in an upper house national constituency. He was an active member of a hawkish group called "Seirankai" ("Blue Storm Association").

He later shifted to the House of Representatives (the lower but more powerful chamber of the bicameral Diet) and later served as Environment Agency chief and transport minister at different times.

He stirred controversy in 1989 by co-authoring the book *The Japan That Can Say No* with Morita Akio, then chairman of Sony Corporation, criticizing the U.S. attitude toward Japan in bilateral trade friction and calling on Japan to distance itself from the U.S.

He abruptly resigned from the House of Representatives in the middle of his term in April 1995, citing despair over the state of Japanese politics. He charged political parties and politicians with being vulgar and self-centered at a time when the nation is in social confusion.

With the campaign slogan "The Tokyo That Can Say No" — an adaptation of the title of his 1989 book — he called for the return or joint use of the U.S. Yokota Air Base in western Tokyo. However, the return of the airbase is a diplomatic and national security issue and Ishihara's latitude as the chief of a local entity is limited.

Ishihara's nationalistic remarks and frequent criticism of the U.S. have

inspired alarm, both at home and abroad.

However, his victory does not mean that the people of Tokyo have suddenly become flag-waving patriots, as most political commentators are saying. In their view, Tokyoites chose Ishihara for his fame and appeal and as an expression of their criticism of mannerist parliamentary politics and party-oriented elections.

As the helmsman of the world's largest city with a population of 12 million, Ishihara faces an arduous task of fiscal rehabilitation and the realization of "a small Tokyo," which he pledged in his election campaign platform.

The Japanese capital is mired in a serious financial deficit due to a revenue shortfall in the midst of the prolonged recession. Its revenue shortfall in fiscal 1998 is expected to total ¥440 billion, the second largest among local entities in Japan following Osaka. The seriousness of the situation was evidenced by the issuance of an urgent appeal for restraint on spending by then Tokyo Governor Aoshima in October.

Tokyo's fiscal 1999 budget, with a general account of ¥6,298 billion, almost equals the budget of a newly developed country, but represents a reduction of ¥377 billion, or 5.6% from the previous year, the largest ever year-on-year decline.

Under such circumstances, Tokyoites are watching to see how Ishihara will create a "small government," as he has pledged, while battling the central government for control of the metropolis.

## Equal Employment Opportunity Law Enacted

The revised Equal Employment Opportunity Law, aimed at enforcing equal treatment for men and women, took effect April 1.

The revised law bans gender-specific job descriptions in advertisements as well as sexual discrimination in employment, promotion, deployment and benefits



Former Governor Aoshima Yukio (right) congratulates Ishihara Shintaro (left) on his election victory

Photo: Mainichi Newspaper

at the workplace. The ban equally applies to men and women. This means it is now illegal to deny women job opportunities or unfairly treat women or give them favorable treatment at the expense of men. By the same token, jobs hitherto open only to women must now be available to men.

Companies are no longer allowed to run such advertisements as "Cameramen wanted," "Male construction workers wanted," "Salesmen wanted," or "Five salesmen and two saleswomen wanted."

The Ministry of Labor suggested that "cameramen" be changed to "photographers," "salesmen" and "saleswomen" to "salespersons," and "nurses" to "medical care staff."

The revised law also bans sexual harassment which the ministry defines as 1) sexual behavior or remarks against the will of a woman, 2) treating a woman unfairly at the workplace for her refusal to comply with these acts, and 3) damaging the workplace environment through repetition of such acts.

Specifically, the following cases constitute sexual harassment, according to the ministry:

— A women was unfairly treated at

her workplace (in assignment, promotion, wage, etc.) after she rejected advances or dating offers from a male manager or a male colleague.

— A female student was unfairly treated in performance evaluation, in entry into a higher school or in job placement after graduation because she rejected dating offers or sexual advances from a teacher.

— Uttering obscene remarks, directly or indirectly, or physically touching a female at the workplace or school and causing her to have unpleasant feelings and preventing her from displaying her abilities.

— Displaying or showing obscene publications, photographs, images, calendars and printed materials at the workplace.

Matsushita Electric Industrial Co. has announced the establishment of a special section to handle sexual harassment claims lodged by female workers concerning and to educate male employees on ways to prevent sexual harassment. Various companies and schools are also studying similar measures.