

Present-Day Japan: Economic Success, Ideological Vacuum

By William F. Sharp

Western envy, chagrin, anger and curiosity regarding Japan in recent years spawned numerous books and articles concerning Japan's economic miracle. *Japan as Number One*, *The Art of Japanese Management*, and *Theory Z* became national bestsellers in the United States as Americans tried to understand and imitate Japanese success. Most Japanese are justifiably proud of this attention, though fortunately few exhibit the smug self-satisfaction of their Western counterparts a generation earlier. Still the praise is for economic achievement; little is written concerning Japanese ideology. What is there to write?

Immediately following World War II, the United States held a huge edge industrially over both Europe and Asia. Unscathed by destructive bombing raids, the United States took advantage of wartime private and governmental investment in new plants and managed to switch wartime energies to peacetime growth. The United States, for a brief time, possessed more than half the Free World's manufacturing capacity. However, as Paul Kennedy, a professor of history at the University of East Anglia, recently wrote: "For reasons which economists and economic historians quarrel over, the long term growth of the U.S. economy has been slowing down, while that of other countries has increased faster." Projected reasons for this slowdown include: defense expenditures continuing on a high level (the Cold War and Vietnam); manufacturing facilities become outdated and less cost efficient; management decisions to hold fast to old methods (they worked did they not?); and labor demands for a larger percentage of the profits (with wage increases being passed on to the consumer through price hikes).

Japan, and West Germany for that matter, Phoenix-like emerged from the rubble of destruction and began anew. Borrowing technology (often buying patents and applying them more effectively), creating new cost efficient manufacturing facilities, utilizing a hard-working, reliable labor force, developing cross-level managerial techniques, and demonstrating a tremendous desire to succeed (thereby consciously or unconsciously affirming their worth) all combined to place these

countries in a strong economic position in the 1970s and 1980s.

Virtually everyone agrees that Japan succeeded in developing an economic juggernaut. In a recent survey released by Citibank, over the period from 1970-81 Japanese manufacturers increased production 110% to rank first among the top eleven nations (the United States ranked tenth with an increase of 34%). One interesting statistic included in the survey is that although Japan posted the largest gain in production, it held the lowest rank in labor production cost per hour—\$5.72—thus making it the most competitive country (the United States was the least competitive at \$12.61).

All this does not mean that the Japanese developed the untainted utopia of the business world. *Newsweek*, in an August 9, 1982 cover story, stated that "most of Japan's gains... have been made by giving old technology a new twist... But copying and improving will no longer be enough..." Critics argue that Japanese society lacks avenues for initiative and individualism. Creativity has been highly suspect. Indeed, the Japanese educational system is perhaps the least attuned to creativity of any major nation. High school students expend huge amounts of time memorizing underlined facts and stressed sections of textbooks that they know will be required (verbatim if possible) in rigorous university entrance examinations. Working 12-16 hours a day, the better students (as determined by the entrance examinations) memorize prodigious amounts. Students (both those who pass the tests and those who do not) often complain that they are not required, nor even encouraged, to think and interpret on their own. Human computers programmed to spit out data may be able to build the better computer, indeed may move rapidly into much needed research and development for technological advancements, but what kind of society will they produce, or value?

Management and Labor: Changes Brewing

Two of the most successful ingredients of Japanese productivity, management and labor, are unlikely to remain the

same. Some Western innovations are beginning to creep in. For example, the five-day work week is becoming increasingly popular. Ignoring as much as possible Ezra Vogel's euphoric treatment of labor in his best selling *Japan as Number One*, it nonetheless remains true that Japanese companies presently provide strong job satisfaction. Labor unions have been remarkably passive in Japan, placing job security, company loyalty and product pride above personal benefits. Working conditions are good and the continued growth of the economy means that benefits have improved despite the lack of militancy. Workers are made to feel a part of the company. What happens, however, if the economy begins to slow down (as most economic indicators show is presently occurring)? What happens to job satisfaction when companies (the Japanese National Railways for example) begin to consider or schedule massive job layoffs to counter huge deficits? If job security declines with continued low wages, will job satisfaction remain? In baseball, when the team is winning everyone is happy: the fans, the owners, management and the players. When the team loses, however, morale drops, fans avoid the ball park, managers are fired and trades are made. If the managers can't be fired and it is difficult to trade players, what changes can be made?

Management in Japan is viewed as hard-working, team oriented and capable of taking the long view. Job security permits executives to avoid the pressure of seeking immediate profits and obviously this has proven successful on many occasions. Why does no one discuss the hundreds of individual examples where job security fails to produce good results? Scores abound in every major (and most minor) companies of employees who no longer perform useful tasks. They arrive at the office every day, read the newspaper, drink tea and take long lunch breaks. If by chance some minor task needs completion, at about five o'clock activity suddenly commences and the employee saves face by working late. In truth, both the company and the employee are culture-bound to continue the charade and both act out the sham until retirement. Advancement may depend

upon valued participation and skill, but once hired, job security does not. This is acceptable in a growing company which can afford the non-productive. When profits decline for a period of time, however, what will happen to the non-productive employee?

A second issue with management concerns the concept of consultation and team decision making. In theory, and often practice, ideas come from everyone, management and labor. As is often stated, there is no better way of understanding a machine (or organization) than to ask the man who works with it. Again, this management technique provides considerable job satisfaction, and although decisions may be longer in coming, once arrived at, consensus is necessarily broadly supported. The problems with consensus management, however, are at least two-fold. First, creativity and individualism may be stifled rather than enhanced. The person wanting to be a team player, particularly someone who is young, insecure or waiting for retirement, may be reluctant to voice disagreement with an idea and "just go along." A well working management team strives to prevent this. The second problem is more dangerous. What happens if top executives control consensus? The old saying, "In the land of the blind the one-eyed man is King," might be roughly translated in this context to mean the chief executive who chooses to be a dictator can manipulate those who culturally believe such behavior impossible. One recent example showing that the system can run amok involved the president of Mitsukoshi Ltd., Shigeru Okada, who operated in a dictatorial manner severely, damaging the famed department store's reputation. Before a scandal involving a Persian Art Exhibit erupted, Okada artfully controlled his executives, making consensus management a fact through force.

Symptoms of a Changing Society

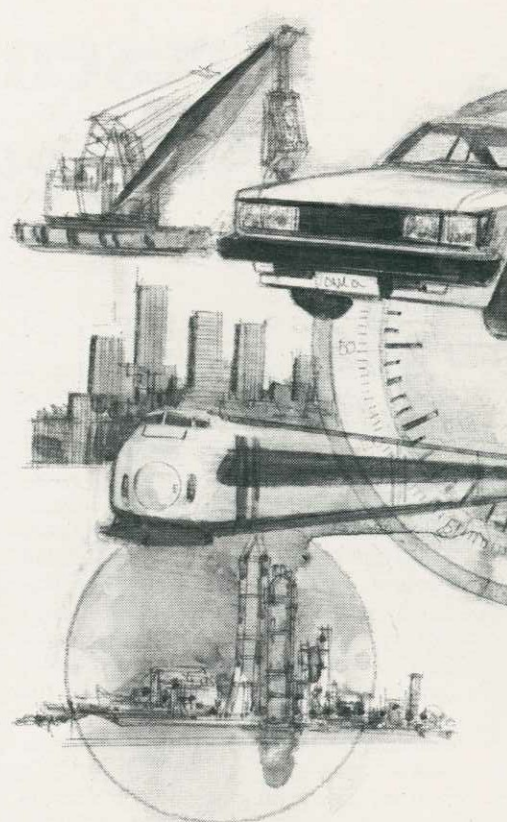
Despite obvious problems of growing unemployment, government deficits, a devaluating currency, and declining corporate profits, economic success by most measurable standards is undeniable. The purpose of this essay, however, is not to analyse the Japanese economic system, either praising its success or warning of potential perils. Others far more expert will do this ad infinitum simply because Japan is recognized as a big boy on the block and the topic is important. The real intent is to present a view of some things the economic observers fail to address. Real questions exist because the careful, painstaking planning of the business community has not been duplicated elsewhere in Japanese society. Japan appears to be

riding the rollercoaster of economic prosperity without bothering to determine an ultimate destination. A statement by former American Secretary of State Henry Kissinger describing West Germany as an economy in search of meaning might apply equally to Japan.

Attention is focused almost entirely on industrial production and a bury-the-head-in-the-sand mentality prevails with regard to the changes occurring within society and the severe lack of coherent ideology. A century from now the decades of the 1970s and 80s may well be viewed as significant in terms of value changes as was the opening of Japan to foreign contact and the Meiji Restoration of the 19th century. The technological revolution, in which Japan plays a leading role, is bringing swift transformations to traditional Japan. While reading Japanese publications, one feels a sense of *déjà-vu* from what occurred in the United States and Europe several decades ago. Newspapers report a rapid increase in teenage pregnancies, violence in the schools, sexual assaults, the breakup of the traditional family structure and a lack of reverence for elders. On a different level, newspapers describe scores of incidents of bribery, fraud and income tax evasion. None of these things are unique to Japan but they call in question the widely accepted Japanese concepts of honor and honesty.

I do not mean to imply that sensationally reported incidents, or polls and surveys represent widespread trends. Japanese point with justifiable pride to their safe cities and numerous examples of unusual honesty. The problems reported, however, are symptoms of a changing society. Growing materialism, sometimes wasteful product consumption and personal gratification are blatantly encouraged by media advertising campaigns. Where are the things of the inner-self, the spirit, the artistic experience once so prized? What are the influences? What and where are the leadership examples?

It is difficult to discern any value structure from some of the Japanese mass media. Violence, pornography, mindless melodramas, second-rate foreign movies, baseball and inane often sexist variety shows provide the bulk of television shows. While I hesitate to claim that mass media reflects cultural values, it does represent what a portion of the population desires to read, see or hear. In Japan, traditional value enhancers which counterbalance eroding morals (history, religion, government, family) are weak or have been repudiated. Most countries draw strength (though not necessarily with good results) from their past. Japan's rich *samurai* tradition is avidly viewed on an entertainment level, but the violence and lack of freedom the system implies are not to be imitated. The militarism and



imperialism of the first part of the 20th century are openly repudiated. Interestingly, in a 1979 poll conducted by the Asahi Shimbun, for the first time less than 50% of all respondents felt any emotional attachment to the Imperial family, and most of those who did were over 50 years of age.

Religion, where it exists, tends toward inward personal reflection. It will be difficult to spread religious values by means of mass media, prayer meetings, or inspirational revivalism. Personal meditation requires continued commitment from the practitioner—a commitment which is difficult to reinforce through group interaction.

The Yamanote-Train Syndrome

In politics, once again history has not been kind in lending examples for today. The tradition of the *Shogun* or Emperor implies militarism and dictatorship. Imitation of past politics, therefore, is difficult. Within the modern democratic framework, the government needs to assume an active role as a value clarifier. This is not an easy task for any government.

Recently, the foreign press widely hailed the selection of Yasuhiro Nakasone as Liberal Democratic Party (LDP) president and prime minister. Though widely respected, Nakasone faces a series of



formidable challenges. First, one of the reasons for former Prime Minister Zenko Suzuki's sudden resignation was his frustration in dealing with political factions within the LDP. Nakasone gained an impressive majority of votes in the inter-party runoff but obvious divisions remain to be smoothed over.

Second, Japan, like the other modern industrial nations, is caught in the world recession and Nakasone must bolster a sagging economy. The recent appreciation of the yen against the dollar may help, but the issue of protectionism, both with Western Europe and the United States, must be resolved. The angry mood in the United States has many irrational aspects, but it is growing and must be faced squarely. The Washington Post reported in a December 16, 1982 editorial that "Foreign trade—and specifically trade with Japan—seems to be emerging as the central issue in this early phase of the next presidential election. Senator Robert Dole offered a few sharp remarks on the possibility that a 'limited' trade war might be required to focus Japanese attention on American companies... Senator Dole was trying to tell the Japanese that if they fail to work toward reasonable solutions, they

risk highly unreasonable solutions."

Finally, considerable pressure has been and will be placed on the Nakasone government to expand its defense capabilities. The unusual United States Senate resolution passed on December 21, 1982 reputedly was designed to further induce Japan to make "utmost efforts" to assume a larger share of defense expenditures. Expansion of defense capabilities, however, clearly means increased spending and at least some internal opposition from pacifists within Japan. Thus, Prime Minister Nakasone must carefully thread his way through the maze of international diplomacy, fiscal responsibility and divided public opinion.

What makes the Japanese government's theory or leadership vacuum even more perplexing is the lack of pressure from below to enunciate policy. There are some voices in the wilderness, such as Nobel-Prize-winning physicist Leo Esaki, who writes a column for the Yomiuri Shimbun, who plead for more creativity and initiative. The majority of Japanese, however, do not seem to care that Japan, as a nation, has adopted the rush-hour Yamanote train syndrome—that is they respect the rights of others, and survive the crush by withdrawing into private worlds. The train ultimately (swiftly in most cases) arrives at its destination and the passengers will wake up and once again assume a role. This personal isolation works on

crowded trains because the destinations are clearly marked—will it work where they are not?

Praiseworthy of the policy statements that are delivered is the international content of these messages. But while continuing to avoid the pitfalls of narrow nationalism, Japanese leaders must develop both specific policies to treat immediate and projected problems and provide more consistent overall direction. Japan's primary international options today differ little from a century ago. In 1887, Chomin Nakae, a strong advocate of the Liberty and People's Rights Movement, thoughtfully presented a powerful political satire entitled "A Debate Among Three Drunkards." One of the "drunkards" projected Japan's ideal course as becoming the dominant military force in Asia. Japan, he brazenly argued, should strengthen its military, conquer its neighbors, and reap the benefits of an invincible giant. The second man pleaded for pacifism, claiming Japan would gain more from prolonged peace than war. The third individual straddled the two positions.

The tract has value as a political discussion because of the positions presented and the value statements buried within the three characters. The first man (the swashbuckler) represented the *samurai* tradition. Greatness lay in strength and the traditional values of *bushido* were openly advocated. The second man, interestingly a foreigner (the Englishman), argued from outside the traditional system. Force had proven violently destructive in the past and it is difficult to build on something which destroys rather than creates. Peace was the answer. The third man (the *Nankai Sensei*) could not make up his mind and thus weakly equivocated. Thus the swashbuckler stood for military development, a foreigner advocated peace, and a teacher refused to commit himself.

Historically the swashbuckler won, but who presented the best course for Japan? Following World War II, the Japanese repudiated militarism, publicly avowing the pacifist position. Now, almost 40 years later, that is still the case, but, realistically, the *Nankai Sensei* would recognize his position in action.

No one, with the possible exception of a few alarmists, seriously believes that Japan desires to return to the course of militarism. Nonetheless, Japanese politicians and government officials sometimes fan the fire of protest—for example by making highly publicized visits to Yasukuni Shrine.

Language the Greatest Barrier

If Japan truly desires to assume a world leadership role, economic success notwithstanding, it must become less insular.

Regrettably, the burden for this falls squarely on the Japanese. Japan's centuries of isolation created a unique sense of separation, as a culture and as a people. This separation is no longer necessarily antagonistic, as it often was during the Tokugawa Shogunate, the early years of the Meiji Restoration and the imperialistic expansion of the 20th century, but passive. One small example of this reinforced separation concerns the use of the word *gaijin*, a neutral word for foreigner. Unlike "gringo," "spick" or "dago," the word *gaijin* does not usually have direct negative connotations. Nonetheless, it is used to denote something different. As a confirmed jogger, I frequently pass very small children (two or three years old) who point at me and say *gaijin*. Even at a very early age, Japanese are taught to identify some people as distinctly different. A recent Wall Street Journal article quoted Cathleen Parks, a *gaijin* resident in Japan, as saying, "I often see Japanese parents teaching their children to point and say *gaijin* (foreigner) in the same way that they teach them to point and say 'panda' or 'monkey' at the zoo." This is not to say *gaijins*, or pandas for that matter, are disrespected, but the difference between Japanese and non-Japanese is stressed.

Much more difficult to resolve for good international relations is the communications gap which exists between Japanese and Westerners. The close confidences, relationships and understandings that often develop among Japanese are very difficult between Japanese and foreigners. Ironically, the much ballyhooed cultural differences between East and West are rarely to blame for the lack of developing intimacy. Most foreigners, and most Japanese who travel overseas, make serious at-

tempts to understand, or at least tolerate the differences in diet, dress, religion, national cultural traits and life style. Friendships often develop but rarely do they go beyond the superficial level despite frequent desires on both sides for greater intimacy. Language presents the greatest barrier, for through language Westerners are crudely blunt and Japanese inscrutable.

Few Westerners who are not seriously involved with Japan (i.e. residing there) bother to learn Japanese. For the tourist or businessman enough English is understood in the cities to get along, or translators are readily available. Even the foreigner who is serious about learning Japanese is perplexed by the high degree of fluency required before intimate relationships can be formed. The levels of politeness, the *wa* and *ga*, the subtle shading of meaning possible through the careful selection of words make the kind of conversation necessary for firm friendships difficult. Foreigners who have resided for long periods of time in Japan frequently express frustration at being unable to voice their opinions correctly. The more they learn, the more subtle differences stand out, and ironically the more unintentional damage they are capable of doing for they are expected to know better.

As Japan increases its international contact, more foreigners will undoubtedly learn Japanese. Presently in the United States and England, however, where educational budget cutbacks are rampant, foreign language programs have a low priority. The successful ones are often funded by the Japanese. Thus, for the time being, effective communication between peoples rests with the Japanese. Japan has recognized this fact. Virtually every Japanese student has six years of English instruction in school. The better

students excel on the English portions of university entrance examinations. They can read, construct sentences, and spell more accurately than most native speakers, and linguistic approaches to English are excellent. Still, these same students do not necessarily speak or comprehend English effectively. Serious thought needs to be given to revising the curriculum for practical application.

Finally, despite desires to make contributions to international understanding, the lack of clearly defined goals, and leadership, increasingly limits Japan's chances of success. By failing to integrate economic achievement into a broader conceptual framework, Japan ties herself to the well worn path of economic necessity. Japanese successes in business will be envied, imitated. However the unique opportunity to present something more is slipping away.

Since the war, talented Japanese have gravitated toward the field of business and achievements there have been significant. Can talented Japanese of the present channel their energies to providing a viable ideology for the modern world—one also worth imitating? The lack of a clearly defined Japanese ideology is disappointing not so much for what is, but for what might have been. ●

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Quest for Principles and Love

— A Reflection on Eight Years in America —

By Kiichi Mochizuki

I have spent the past eight years in the United States—three years as a fellow at the Center for International Affairs at Harvard and five years as a representative of a Japanese corporation in Houston. This period, 1974-1982, saw a drastic change in the American political economy: a change more disillusioning than the end of the

Vietnam War, or the forced termination of the gold conversion system. The successive oil crises since 1973 have created two major underlying trends in the world: (1) chronic recession caused by excessive energy prices; and (2) a superfluous supply of petrodollars mostly uncontrollable. Thus, the expectation of inflation

has led to high interest rates—independent of classical theories—and the worldwide recession has become chronic. Meanwhile, the energy industry reaped abnormally high profits, until they cased off in 1982 due to the spread of the general recession. During this time, the U.S. economy underwent structural changes: the decline