

# CHANGE

By Sam Jameson

**JAPAN** is a country in which nothing ever changes without a lot of talk beforehand. A lot of talk however, does not necessarily mean that change will occur.

Even when it looks like dramatic change, appearances can be deceptive. In 1986, then Prime Minister Nakasone Yasuhiro created a furor when he lifted a politically-imposed 1% limit of the GDP on defense spending. Former Secretary of State Henry Kissinger predicted the move would open the door to Japan becoming a military giant.

In fact, defense spending never exceeded the 1% limit. In only three years since 1986 did defense spending technically creep over 1% to a peak in 1989 of 1.013% – which, if rounded off to the nearest whole percent, was still 1%. In every year since 1990, budgets have remained below 1%. The upshot is that Nakasone announced a change that never occurred.

Even on a personal level, change is not always what it seems.

Iwakuni Tetsundo astounded most Japanese in 1977 by quitting his job as an investment banker in the London office of Nikko Securities and abandoning a possible shot at the presidency of what was then Japan's third largest securities company.

"Separating from Nikko Securities meant separating from Japanese society... Leaving a company? For a Japanese, that's almost like saying goodbye to God," Iwakuni said.

He quit to stay in England and allowed his daughters to achieve their dream of finishing secondary education in English and going on to college overseas. If his children had been sons though, "certainly I would have thought that they must go to the University of Tokyo – and that they must work for a company like Mitsubishi or Hitachi," he said. "I probably would have, willingly, accepted that promotion, and probably would not have dared to leave Japanese society."

Iwakuni, who is now a member of the House of Representatives, thought that his daughters "did not have to go through the rigors of Japan's *gakureki shakai* (a society based on grades at the best Japanese schools)" – the standard pattern for success in Japan.

Huge changes do occur: The transformation of Japan from a military government to a democracy; the emergence of "one-nation pacifism" that kept Japan free of war for 60 years; a postwar economy that regained its 1941 GDP in just 11 years after the defeat and became the world's second largest only to plunge into a "bubble" of speculation followed by 16 years of stagnation and financial institutions crippled by bad loans. Only recently has hope emerged for a recovery.

When Glen S. Fukushima was president of the American Chamber of Commerce in Japan from 1998 to 1999, he found the government's "ratio of action to rhetoric quite low" on issues such as deregulation. "It's somewhat higher now," he commented.

"Many people in Japan genuinely believe Japan is undergoing a revolution," Fukushima said. "Gradual and piecemeal changes are taking place all the time, but on fundamental values that are the foundations of economic society, I haven't seen drastic change since Koizumi Junichiro took over as Prime Minister," he added. A distinctively "Japanese-style capitalism" is unlikely to disappear, said Fukushima, who now heads Airbus Japan.

Just as Iwakuni, in his personal values, upheld tradition even while accepting

mind-boggling changes in his life, "the miracle of Japan is its ability to absorb dizzying change without changing its core," said Edward Seidensticker, author, translator, former Columbia University professor and Japan expert who has lived in Japan on and off since 1945.

Indeed, in Japan "innovation is tradition," he pointed out, but "the conservative core – the ethical systems, the modes of behavior, the notions of what is right and wrong and what is duty:



these are the sort of things that hold."

Nakane Chie, a noted former sociology professor at the University of Tokyo, compared Japanese with an amoeba – a unicellular animal. When you touch an amoeba, it changes shape on the surface, but its internal structure does not change, she noted.

"There are plenty of changes on the surface. But the flow of thinking at the bottom never changes," she said.

Commodore Matthew C. Perry

arrived with a fleet of gunboats in 1853 – and “touched the amoeba” to lead Japan in 1868 to end 250 years of feudalism and self-imposed isolation. Japan coped with the new situation by adopting the goal of developing a “wealthy nation and a strong army” that wound up leading to war. Defeat in 1945 spurred an overnight transformation from military rule to pacifism and democracy.

The world situation surrounding Japan changed again in 1990, when

ing troops to Cambodia after enacting a law to permit participation in overseas peacekeeping operations.

Asked why Japan reversed itself, Komoto Toshio, a ruling Liberal Democratic Party faction leader at the time, replied, “Because the world changed.”

The change in forms to cope with the new situation did not change Japan’s essence.

The post-World War II Constitution, for example, guaranteed “legal freedom of speech, but not social freedom of speech,” remarked Okudaira Yasuhiro, a professor at International Christian University. “The avoidance of being called different is one of the most basic precepts of getting along in Japanese society.”

“When asked at a meeting to state one’s opinion freely, an average Japanese will look furtively around the room and then take care to say nothing out of the ordinary,” reported Tamura Reiko, a freelance journalist.

Even in continual modernization, traditional beliefs remain remarkably immutable.

Many parents follow the age-old custom of consulting fortune-tellers to choose “lucky” names for newborn babies. Even Toyota Motors regularly

consults feng shui (Chinese geomancy) experts when building new offices or factories, says Toyoda Shoichiro, one of the company’s former presidents and a member of the firm’s founding family. Despite convincing evidence to the contrary, a belief persists that Japanese can communicate without speaking to each other. It coexists with the seemingly contradictory notion that if only discussions can be held, parties in disagreement will inevitably find a solution. “If

we talk, you’ll understand,” the belief holds.

Nonetheless, the Japanese ability to adapt to new circumstances makes predictions possible when changes in a situation occur. Japan’s diminishing birthrate, for example, is already nibbling away traditional prejudices against women and foreign laborers. An unavoidable labor shortage will also force employers to use labor more efficiently, especially in the service sector.

“If the fundamentals of the economy change, society will change,” said Ato Makoto, president of the Population Association of Japan.

Japanese, however, abhor dramatic change – and Koizumi has avoided giving it to them. His biggest reforms – privatization of the Japan Highway Public Corporation and Japan Post – offered only brush stroke paintings of changes that might be implemented somewhere in the future. His biggest immediate change was to retrench public works spending.

James Abegglen, a business consultant who is the doyen of foreign analysts of the Japanese economy, said that economic forces that would force a company president in the United States to suddenly “fire 6,000 people” are offset by human values in Japan where “you don’t discharge people; you don’t treat people casually.” That is why big changes in the economy are not matched by big changes in society, he said.

That is also the reason ending a zero interest rate structure and restoring interest payments worthy of the name – say, 3% or so – to savings depositors at banks could take “another decade,” Kobayashi Keiichiro, a research fellow at the Research Institute of Economy, Trade and Industry, predicted last March. Retaining stability while reining in government debts that amount to 160% of the GDP will require slow and steady measures, he explained. **JS**

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Iraqi President Saddam Hussein seized Kuwait and Japan discovered it could no longer remain aloof from international disputes. When the United States asked for help to drive Iraqi troops out of Kuwait, Japan provided money (\$13 billion) but no manpower, and found itself ridiculed for “checkbook diplomacy.”

Two years later, it reversed 47 years of non-intervention in international disputes and began a process of dismantling “one-nation pacifism” by dispatch-