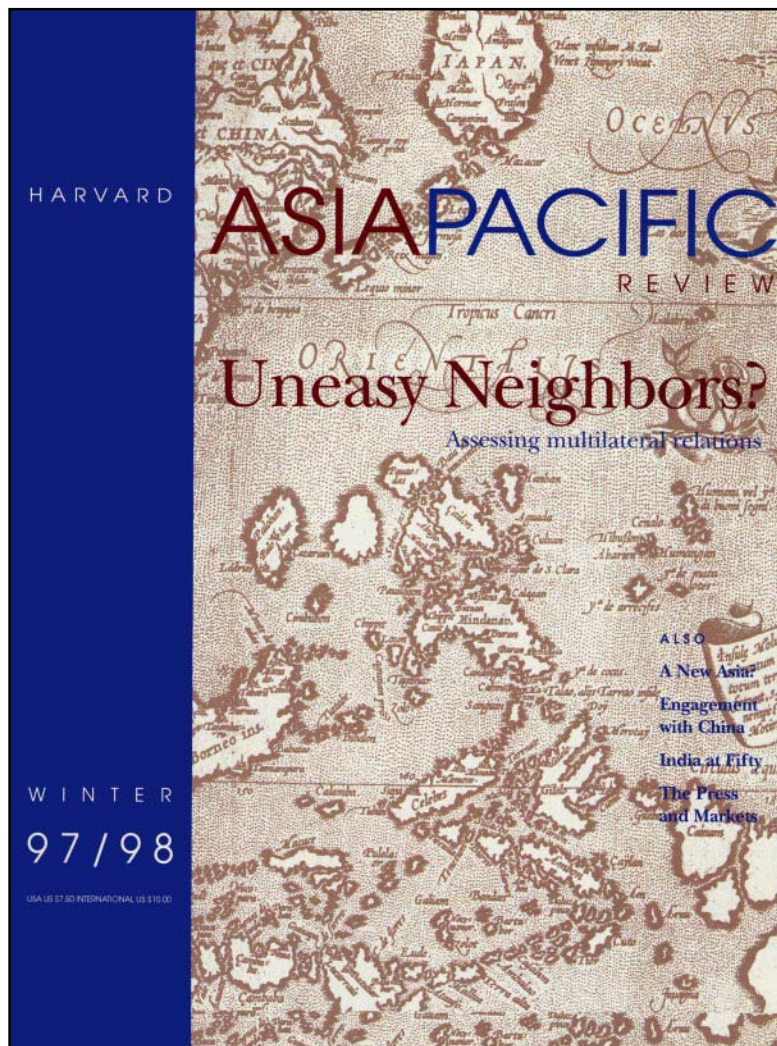


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State-Approved SHELDON GARON

Social management and reform in Japan

In November 1996, Prime Minister Ryutaro Hashimoto unveiled an ambitious policy agenda which promised to reform Japan's administrative, financial, welfare, and educational structures by the early 21st century. Whether these reforms will succeed, and whether a reformed Japan will more closely resemble the United States, remains open to question. For all the talk in Tokyo of fundamental restructuring, few Japanese are eager to embrace the ideals of free markets, deregulation, and consumer sovereignty. Their reluctance perplexes US policy makers and corporations keen on opening the Japanese economy.

How do we explain this reluctance? As is well known, Japan's business community has often welcomed the guiding hand of the government in industrial policy. Yet few Americans appreciate the extent to which the Japanese state has promoted economic development by actively managing and mobilizing society itself. To most Japanese officials and businessmen, the country's ability to compete in the next century rests on maintaining safe streets, intact families, the work ethic, low welfare spending, and high rates of household saving. These favorable conditions are not expected to endure by themselves, but depend to a significant degree on the government's ongoing efforts to shape the norms and behavior of its people. This phenomenon of "social management" is the subject of my recent book, *Molding Japanese Minds: The State in Everyday Life*.

Only by recognizing the widespread commitment to social management can we make sense of the current Japanese debate over deregulation. Take the "Blue Bird Plan" put forward last year by the leading employers' federation, Nikkeiren. Echoing American free-market thinkers, the proposal boldly seeks to eliminate government regulations that raise production costs and erode Japan's international competitiveness. Yet, in attacking the nation's legendary high prices, the business federation calls not for freer markets or an end to the inefficient distribution system, but for a massive government campaign to "educate" consumers to stop spending so much money on goods. Consumers themselves, the manifesto complains, have brought about the country's high price levels, paying top yen for brand names regardless of quality. Aptly enough, the "Blue Bird Plan" discourages following either the American or European economic models. The Japanese must find, in the words of the song, their own "blue bird" of happiness.

In no other democracy has the government mobilized its populace behind strategic economic policies so successfully as in Japan (although South Korea may be a contender; witness its recent frugality drive). Campaigns to promote household saving are a prime example. The Japanese on average currently save 13% of disposable income, compared to a mere 4% in the case of Americans. Eleven years ago, with great fanfare, the government announced plans to stimulate consumption on a massive scale. In reality, Japan remains the only advanced economy with an official agency devoted to

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A state-licensed brothel: patriotic work

encouraging saving. Established in 1952, the Central Council for Savings Information works closely with local schools and civic groups to inculcate habits of thrift. Housewives' magazines lend a helping hand, with story after story about clever homemakers who cut wasteful expenditures and faithfully record all spending and income in standardized account books.

Moreover, the government has successfully dampened public expectations of more generous welfare programs for the elderly. Though social spending has steadily risen as the population has aged, Japan has thus far avoided many of the costs that Western polities pay to institutionalize the frail or support the independent living of healthy seniors. Some 55% of the Japanese aged 65 or older were living with their children in 1994. At a time when comparable figures have dropped to less than 20% in Western nations, the slow decline of the Japanese family as the primary welfare institution owes much to managerial efforts by the state. In a deft public-relations campaign spanning the last two decades, officials and a cooperative media have persuaded the public that Japan faces an "aging-society crisis." The message says that only if families—particularly wives—continue to care for the elderly, will Japan escape the rising costs of entitlements experienced by its economic rivals.

Indeed, women play central roles in the government's social management. Americans are quick to deny the existence of a Japanese "women's movement," having found few US-style feminist organizations. In reality, millions of Japanese women belong to local women's associations. While these organizations sometimes take issue with national policies, for the most part they provide the ground troops in many official campaigns. Women's groups

promote household saving, discourage the use of credit cards, and assist the police in crime prevention. In addition, women constitute the vast majority of the five million "volunteers" whom the central bureaucracy have aggressively recruited to serve as unpaid social workers, thereby containing welfare costs.

Japan's preoccupation with managing society has had a long history and is not likely to disappear soon. During the first half of the 20th century, few areas of what Americans regard as "private" escaped supervision by the state. Officials mounted an endless stream of nation-wide "moral suasion" campaigns. The people were exhorted to save more money, buy fewer imports, and work harder to avoid relying on public assistance. At the local level, tens of thousands reinforced government policies within the many state-sponsored trade associations and neighborhood groups.

Even the flourishing brothels became instruments for strengthening the nation. As state regulators explained, licensed prostitution served to satisfy the urges of husbands and thus preserve family units. Readily available prostitutes also enabled single men to forego marriage, thereby avoiding the costs of supporting families, leading to a reduction in aggregate national consumption. Although Japan became a more democratic polity following defeat in World War II, many of the cozy relationships between the state and civic associations persist to this day.

In an age when Americans lament the decline of volunteerism and social capital, there is something appealing about the Japanese government and local activists working together to improve communities or teach methods of sound personal finance. On the other hand, intimate relations between the state and civic groups inhibit the rise of more independent movements that might challenge the government's anti-consumer orientation and its miserly welfare programs.

What we witness all too often are not "a thousand points of light," but a concentrated beam emanating from Tokyo. For better or worse, these patterns of social management remain a fundamental fixture of the Japanese political economy. By understanding them, we may deal more realistically with a nation that shows few signs of adopting American norms and policies. ■