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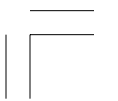
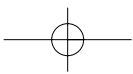
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Young Workers in Japan



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Cover Photo

Japanese college students working
in an election campaign, 1951.
Compliments of the Mainichi
Shimbun.

Back Cover Photo

Japanese college students at a
Tokyo job recruitment fair,
February 1999.
Compliments of the Mainichi
Shimbun.

Editorial Notes*Personal Names*

All personal names are given
in the customary order in the
native language of the person,
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Hence in Japanese names, the
family name is given first, e.g.
YOKOYAMA Nokku, and in
Western names the family
name is given second, e.g.,
Gary GLITTER.

Romanization

Due to software limitations
circumflexes are used in place of
macrons, and omitted in most
personal and place names.

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As Japan remains gripped in a decade long economic slowdown and as the percentage of elderly in Japanese society continues to increase, we hear much about how restructuring, the end of lifelong employment in some firms and lay-offs are affecting older Japanese. The recession has certainly caused plenty of pain. But this issue of *Social Science Japan* shows how recent social and economic changes have brought more freedom and opportunity in the vocational lives of younger Japanese. Rather than following the accepted social practice of entering a firm upon graduation, more Japanese are switching their place of employment every few years, working on a freelance basis, or taking jobs in agriculture and fisheries. While young workers face their own set of problems and challenges, their employment and lifestyle choices are changing the shape of Japanese society.

This is the final issue of *Social Science Japan* under the leadership of Robert HELLYER (Ph.D. Candidate, Stanford University), who leaves the Institute of Social Science to concentrate on completing his dissertation. As his successor, we welcome aboard Ian MARTIN (M.A. Cambridge) who comes to us fresh from a job in the Japanese Diet. Best of luck, Ian !

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Changes in the Recruitment System for New University Graduates

NAKAMURA Takayasu

The continuing recession has adversely affected all aspects of Japanese society. The labor market is no exception. Newspapers are full of stories discussing the rising unemployment rate and the effect of restructuring on middle-aged workers. Recently the media has also focused more attention on the difficulties recent college graduates face in their search for jobs. Studies clearly show that the number of employment opportunities has substantially decreased.¹

Over the years, the unemployment rate for younger workers in Japan has been much lower than that of other countries. Today, the job search process is painful when compared to a decade ago. Yet when we examine the case of new university graduates looking for work, it is clear that the situation is more favorable than in other parts of the world.² The difficulty that university graduates face in securing employment, however, is a part of an overall change in the recruitment system for graduates. We must realize that in the employment search process for university graduates, there is widespread concern and confusion that does not readily appear in the relevant statistical data. Just how the job search process is changing is the theme of this article.

In the past, there were three practices that distinguished the job search process for university graduates in Japan. First, the recruitment of graduating students was limited to a specific time frame each year by a gentlemen's agreement on recruitment practices. Second, most corporations brought all new hires into the company en masse on April 1. Third, in Japan some companies have traditionally recruited only at designated universities. In a number of ways, these three practices were suited to other employment policies of Japanese firms. Change in the economic environment, however, has led to a change in attitudes about hiring practices and is shaking-up the existing system of hiring college graduates.

The most visible change in the recruitment system has been the elimination of the gentlemen's agreement. This agreement was first initiated in 1952 by the Ministry of Education and until recently, guided the recruitment process. Under the agreement, universities and companies developed a specific hiring period that minimized interference with the university curriculum. Cracks formed in this arrangement, however, when some large corporations regularly began to contact students at top level universities informally before the established recruitment period, bringing chaos and unfairness to the process. The Heisei recession then led to criticisms of the Japanese corporate management system and to calls to relax the numerous restrictions inherent in the system. Also corporations started to look for employees with more diverse skills, leading them to change their



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Changes in the Recruitment System for New University Graduates *continued*

Notes

¹ The ratio of job offers for new university graduates (the number of offers per one person among those looking for work in the private sector) was 2.86 in 1991. This rate fell to 0.99 in 1999, however. Source: Recruit Research, *2000 nen Sangatsu Sotsugyôsha Kyûjin Bairitsu Chôsa* [A Survey of the Ratio of Job Offers for Expected New University Graduates in March 2000], 1999.

² The rate of successful employment (among those seeking employment, the rate of those who actually find jobs) was 92% in March 1999. Source: Ministry of Labor, *Daigaku-tô Sôtugyôsha Shûshoku Jôkyô Chôsa* [A Survey of the Success of University Graduates in Securing Employment], 1999.

³ In addition, 4.9% of all major firms plan to introduce year-round hiring and another 28% are currently studying the practice. Ministry of Labor, *Heisei 10 nen Koyô Kanri Chôsa Kekka Sokuhô* [A Report on a Survey of Employment and Management in 1998], 1999.

recruitment practices. As a result, the gentlemen's agreement that had guided recruitment practices was abolished in 1997. This is one of the key changes in the recruitment system in the last few years.

As a result of the end of the agreement, time restrictions on the recruitment period have been eased. This means that students are starting their job hunts much earlier, sometimes beginning in their junior year of university. Moreover corporations that now recruit when they please are less inclined to end the recruitment process in a few short months as they did in the past. In order to keep pace in the recruitment game, students are now forced to begin the job search late in their junior year and often continue to look until the final months of their senior year. Some believe that this extended job search is interfering with the students' university education.

Additionally, there are indications that many major corporations are beginning to hire year around and are less inclined to stick rigidly to the practice of bringing all new employees into the company on April 1st. While the numbers are still low, 10.6% of major corporations are now hiring year-round.³ This change demonstrates that corporations are increasingly looking for employees with different kinds of skills. This has led them to expand their pool of candidates beyond college graduates who have only completed the required courses. New college graduates are often mismatched to corporate jobs because they have little or no work experience. As a result, some firms have come to adopt internship programs, a trend that has stimulated much debate in recent years. As this new internship system becomes more widespread, it may surpass the current practice of hiring en masse each year. So we can expect a more open and varied type of recruitment and employment system to appear in the coming years.

Although the practice of designating certain prominent universities for recruitment began before WWII, in the 1970s many began to criticize what they perceived as an over estimation of the education offered by famous universities. As a result, the practice of conducting recruitment only at specific universities is decreasing, leading, on the surface at least, to a more open application process. In reality, however, many large corporations continue to recruit exclusively from certain famous universities. In the early 1990s, most students in top universities looked for jobs through the old boy network, contacting alumni of their university who were currently employed in the company to which they were applying. Yet because this method of recruitment does not always bring the type of employees for which corporations are searching, it has become somewhat less prevalent. Indeed, recently there are even some corporations that do not inquire about a student's university during the application process.



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In the ways listed above, the structure of the recruitment/employment system is clearly changing. Put simply, the job hunt process is being liberalized and is becoming a more open market. While overall this liberalization is for the better, many negative aspects are also rearing their heads. For example, the change is influencing the nature of university education. For students, the extended job search period and year-round hiring represent increased opportunities but are also a burden because students are forced to invest more time and energy in the process. In addition because information is not always shared freely, graduates of famous universities and a few large corporations still maintain their own special advantages in the recruitment process. In that respect, we must remember that liberalization, which is usually seen as a positive development in most sectors of society, may bring some less than desirable changes as well.



Young Female *Ama* in Contemporary Japan

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The Female *Ama* of Today

In recent years, severe labor restrictions and barriers to people outside of fishing families have reduced the number of young people working in the fishing industry. The number of young women in the fishing industry has also declined. Traditionally, women participated in the fishing industry not by personal choice but because their spouse was already working in some area of the industry. Which brings us to the *ama*,¹ women who use high-speed diving techniques to gather abalone, shellfish, sea urchin, and various types of seaweed. Once in remote fishing villages, *ama* played an important role in the economic livelihood of fishing families and many women became *ama* upon the urging of their families. However in the period of high-speed economic growth, women came to have more employment opportunities and better chances for education. Many also began to work exclusively as homemakers. Like other sectors of Japanese society, the income level of fishing families increased. As a result, fewer young women have chosen to become *ama* in recent decades.

Why Young Women Choose to Become *Ama*

The aptly named Ama Town (part of Wajima City in Ishikawa Prefecture) is the home of many *ama*. In 1617, fishermen from Kanegasaki (in today's Fukuoka prefecture) established the town. In the past, residents from Ama Town would live in summer dwellings on the island of Hegura, fifty kilometers to the north, and return to Ama during the winter months. With today's high-powered fishing boats, however, it is now possible for fishermen and *ama* to live and work in Ama Town all year-round. In 1998, there were 235 *ama* working in the town: six women in their teens, twenty-seven in their twenties, forty-eight in their thirties, fifty in their forties, thirty-one in their fifties, forty-eight in their sixties and twenty-five in their seventies. Overall, the number of young women working as *ama* is decreasing. Why do young women become *ama* in this town? First are the economic reasons. Highly skilled *ama* can earn as much money in the three-month fishing season as the average college graduate earns in an entire year. During the rest of the year, young *ama* work outside Ama Town in karaoke bars or as waitresses in inns. While the work is hard, the combined annual wages of these women often exceeds that of their counterparts working in other sectors of the economy. Moreover, unlike the 1950s when times were tight, *ama* today are not under pressure from their families to use their wages to help support the rest of the family.

The second reason is family tradition. The ancestors of the *ama* who live and work in Ama Town were immigrants. Consequently, the *ama* in the town have a strong sense of community with close family contacts. Men and women from these families usually end up working in the fishing industry and settling in the area. The biggest barrier for women in these families to continuing to work as *ama* is marriage. One would think that many young women would marry men from outside of Ama Town because they spend much of their time working outside of the area. Yet more than



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half of the women in the town end up marrying local men. This is because these women see working as an *ama* as a profitable vocation for the future and must remain in Ama Town in order to continue that work.

For most Japanese women, childbirth presents a major career challenge. This is not the case, however, for *ama*. As women have traditionally worked in the town, a system of childcare has long been in place. The older generation of *ama* also encourages young women to begin working, stressing that while the constant struggle against the elements that the job requires is trying, being an *ama* builds character and provides a woman with personal job satisfaction not found in other lines of work. Inspired by the model of their mother or grandmother, many young women choose the life of an *ama*.

Learning the Skills of an *Ama*

Many of the young women who work as *ama* learned the diving techniques that are the basis of the job by imitating their mothers or grandmothers. Children in the town often compete to see who can retrieve a stone from the deep water. *Ama* share information about good fishing holes and sea conditions in their daily conversation, and apprentice *ama* can use this existing information network to bolster their knowledge. After they join the profession, young *ama* learn how to dive and retrieve from veteran *ama* who can dive as deep as twenty meters without the use of diving gear. Young, single women concentrate on this training from their late teens to their early twenties. Coastal towns and villages that did not relay this information to young generations no longer have people capable of diving like *ama*.

Ama in the 21st Century

In the period of high-speed economic growth, more men became white-collar workers and married women who became homemakers. As wives of men employed in the agricultural or fisheries sectors often work along side their husbands, many women chose not to marry into that lifestyle. Yet with the collapse of the bubble economy in the 1990s, values changed. More young women were attracted to jobs and lives in agriculture and fisheries despite the difficult nature of much of the work. For example, one woman, the daughter of a white-collar worker, left her job in a hotel in Mie prefecture to become an *ama*. She was attracted to the job satisfaction that *ama* enjoy as a result of making money through their own toil and effort.

Today the lives and roles of female workers are being reconsidered through the lens of gender. Workers like *ama* who earn a living and also take care of household chores, children and elderly family members are being given a second look by those who research labor practices. As the *ama* is a job that can bring great personal satisfaction and also has established systems of community childcare, it is a vocation that will continue to attract young women in the future.



Notes

¹ While this article discusses female *ama*, the same term is used to describe men who are engaged in the same work. The Chinese characters for male and female *ama*, however, are different.

Freelancers: An Increasing Social Phenomenon

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Should young people, especially those with less than stellar educational backgrounds, be forced to find stable employment quickly? Numerous advanced nations are considering how to deal with increasing numbers of unemployed young people. Based on the amended Japanese Employment Security Act of 1949, schools came to have a role as public employment offices, introducing job-seeking students to corporations. In this system, from the late 1950s for junior high schools, and from the 1960s for high schools, private sector corporations absorbed most of the young labor force. In the sense that new graduates did not end up as unemployed, the system worked effectively.

Today, however, this system has begun to break down. According to a Ministry of Education survey, in the spring of 1992, 4.7% of all high school graduates did not secure employment or move to an advanced course of study. In the spring of 1999, among the roughly 1,360,000 high school graduates, approximately 120,000 people, or 9.3% did not secure employment or continue their education. The rate is highest among high school graduates in urban areas. For example, looking only at male graduates of public high schools in the twenty-three wards of central Tokyo, the number is over twenty percent. In some public schools, this figure exceeds 40%. The economic slowdown of the 1990s, which reduced the demand for workers, clearly contributed to this change. The situation became even worse after 1997. A July 1999 survey showed that the ratio of job offers to high school graduates had dropped to 0.62. This means that among every five graduates, only three received job offers.

Until now, the reduction in demand for labor in Japan has increased the number of those advancing to educational programs beyond the secondary level. This has in turn reduced social problems related to joblessness. This pattern became visible in the early 1990s. In the spring of 1989, 35.6% of all high school graduates secured jobs and 30.7% went on to university. Ten years later, the numbers had shifted: 44.2% entered university while 20.2% found jobs. In the 1990s, the number of unemployed recent university graduates also increased dramatically, from around 7% of all graduates in 1989 to 19.9% or 106,000 out of the 530,000 graduates. This figure exceeds that of high school graduates.

What roles do people without steady jobs or professions play in Japanese society and the economic market? While these people do not claim a specific profession, they cannot be simply defined as unemployed. While there are some people among this group who do not work and live off their parents, most work on a freelance basis. In Japanese, these people are called *furitā*, a word derived from the English word "free" and the German word for part-time work, *Arbeiter*. The closest English equivalent would be "part-timer." Many people who dislike jobs with restrictions are attracted to part-time work. In a recent survey, however, the Ministry of Education did not consider those who are temporarily employed as "employed," but rather defined these people as "not working." Inherent in this distinction is the implication that the "employed" are



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people that start a full-time job with a company upon graduation. Without question, among the “not working” group there are many who want to obtain full time jobs but are, out of necessity, working on a freelance basis. There is, however, a section of the population composed of those who have chosen to work as freelancers. Indeed some high schools have established guidance programs for students considering freelance work.

What are the factors that lead young people to choose the path of freelance employment? According to a recent survey, most look to continue on a freelance basis until they can find a job that suits them. Others answered that they want to pursue many non-professional interests. Still others stressed that working full-time for a company would be a restrictive lifestyle. The survey made it clear that many young people are looking for employment that does not tie them to the company and allows them a modicum of freedom in their personal lives. Young people, however, are opposed to more than simply the restrictive provisions associated with full-time jobs. Many are concerned that if they take a full-time job with a large firm, they will soon be involved in unethical activities or that the firm will consume their personal identity. These concerns are a product of the negative images that have surrounded corporate employment in recent years. For example increasing reports of death from overwork appeared in the 1980s. Since the collapse of the bubble economy in the early 1990s, Japanese people have been inundated with reports of corruption, bad loans, corporate racketeers and a long list of transgressions by major firms. Given these facts, it is no wonder that many of today’s young people do not find employment in a firm appealing.

Living in a society that is in all corners permeated by the corporate ideal, some scholars suggest that young Japanese see their work as freelancers as part of a groundswell that is bringing about change in Japanese society. Yet to change a society, there needs to be a model of how society should function. People simply changing jobs, however, will not develop a new societal model. We should remember that Japanese firms are attempting to reduce the numbers of full-time employees and are hiring more part-timers and temporary workers from employment agencies. These same companies are using freelancers for short time contracts and firing them as and when they see fit.

Of course, many of these people are working for a better society. According to an educational counseling group, freelancers and many students who do not attend secondary schools often stress that they want to be useful in society. One especially positive sign is that more young people are applying to become caregivers for the elderly. In conclusion, numerous factors have led to the increase of freelancers in Japan. Young Japanese, however, are challenging the paradigm that life after education is dictated by corporations.



Combating Modern Japanese Myths: The Challenges for Young Working Housewives in Japan

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In autumn of 1999, a food product company aired a television commercial picturing a family's dinner table and including the following message: "As the number of families where both parents work continues to rise, so does the number of children who eat their dinner alone." The message of the commercial is clear: as more mothers work, more children are eating meals alone. More than anything else, this commercial shows that prejudices toward working mothers still remain in Japan.

The modern Japanese family is based on the nuclear family, a clear separation of labor by sex and a focus on children. Included in this view of the family has been the expectation that women will leave their jobs upon marriage. In recent years, as prejudice against women in the work force has declined, more women are leaving their jobs not when they marry, but when their children are born. In Japan today, the practice of women leaving their jobs to raise children is based on the myth of motherhood that stresses that only women can raise children. There is also the related myth that for children to develop, they need to be raised by their own mother at least until the age of three. Although the Child Care and Family Leave Care Law was passed in 1992, only a relatively small number of women have taken advantage of it.

Japanese society makes it difficult for women to use childcare leave. For their part, women often subscribe to the myth that society, including business, does not support the cost of childbirth and childcare. Hence many women believe that they should bear the burden for childbirth and child rearing and therefore leave their jobs when they have children. To put it differently, the most pressing issue facing the working housewife in Japan is not that both she and her spouse are working full-time, but rather the difficulty she faces in continuing to work as her family grows. In today's labor market which sets wages according to seniority and supports lifetime employment, those who quit a job can only find far less secure jobs when they return to the work force. As a result, today's young Japanese women often extend the time between marriage and the birth of their first child.

While the numbers are still low, in recent years more female employees and large corporations have begun to stress the importance of childcare leave. Women take leave for childbirth and to raise their children and generally use daycare facilities when they return to the work force. In April 1998, however, 88% of all spaces in daycare centers were filled. In 1997, 2.5% of all children under one year of age, 4.9% of all children between one and two years of age, and 10.8% of students between three and five, were on waiting lists to enter daycare centers. Indeed, the waiting lists are longer in highly populated areas. In particular, there is a shortage of daycare centers that remain open beyond the usual 9AM to 5PM time schedule.

The situation is even worse if we include those people who have given up trying to find daycare because of high costs and the long waiting lists. While the charges for daycare differ according to region, the age of a child and the income level of his/her parents, a nationally funded and licensed day care center charges on average ¥29,000 a month for each child. For a private, licensed day care establishment, the cost is around ¥38,000 a month and ¥48,000 for a non-licensed center. Most



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centers operate eight hours a day. Those parents that place their children in day care facilities that operate until late in the evening are forced to pay additional fees for the extended hours. Today's working mothers hope for daycare centers with extended hours and lower fees as well as more educational programs for nursery school age children. Clearly, the money that parents spend to place their children in childcare is an added cost for the Japanese family.

Let's now sketch the daily life of a typical Japanese working mother. In many homes the husband does no housework and does not assist in childcare even when his wife works full-time. Although men working full-time put in long hours on the job, a wife who holds down a full-time job and also takes care of the house and children has an even longer daily schedule. For example, a typical working mother living in the Tokyo area rises at 6AM to prepare breakfast for the family. She leaves the house at 7:15, takes her children to the daycare center, and arrives at her work place at 8:30. While her co-workers are still busy at their jobs, at 5PM the working mother is forced to leave while making her apologies to the co-workers for leaving the office so early. At 6PM, she picks up the children at the day care center and with her children, shops for the evening meal before returning home. She then prepares dinner for the children, often having to eat her own meal in haste. Next, she gives the children a bath and puts them to bed by 9PM. By the time she has finished the evening dishes, washing, ironing and taken her bath, it is 11PM and she is exhausted and ready for bed. The young working mother is thus busy from 6AM to 11PM each day. In addition, during weekends and holidays, she has to take care of other household chores as well as trying to spend the quality time with her children that is not possible during the working week.

In recent years, more husbands have begun to come home early to play with their children, bathe them and put them to sleep. Many husbands, however, do not know at exactly what time they can leave work and so cannot take full responsibility for child care. Thus, working mothers often end up undertaking most household tasks. The most frustrated mothers are those whose husbands do not show interest in their children and childcare. Wives are less angry, however, with a husband who does no housework.

Clearly the life of a working mother is rife with difficulty and no quick solutions are in sight. Although men should be concerned with the various difficulties that surround childcare and work, in many cases they are not, and women are thus forced to confront these problems alone. While issues dealing with children generally are viewed as dilemmas that society overall must grapple with, decisions about having and raising children are considered individual issues. As traditional structures of the Japanese economy such as lifelong employment for men and wages based on seniority collapse, more wives will probably be forced to enter the work place. If the troubles facing two-income families do not change, and as social problems like long working hours, rising fees for daycare and education, and gender inequality continue to be ignored, the situation for working families will become even worse in the near future. While the social security system is presently being reviewed, we do not know what social problems can and will be solved. □

Who Will Carry On? Young Japanese and Agriculture

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In July 1999, the Basic Law on Food, Agriculture and Rural Areas took effect, revising the 1961 Basic Agricultural Law. The new name of the 1999 law shows that today's Japanese legislators are looking to develop a different and more expansive agricultural policy. This new law emphasizes not only expanding agricultural production, but also the importance of "securing food safety and quality," promoting "the maintenance and improvement of the natural cyclical function in agriculture," and nurturing "exchanges between urban and rural areas." Like the 1961 law, this new legislation was passed amid rising concerns over the state of Japanese agriculture. In its 1998 annual agricultural white paper, the Ministry of Agriculture, Forestry and Fisheries stressed that: "the increased number of aging farmers and the dwindling number of farmers overall pose critical problems for the maintenance and expansion of agricultural production and the fulfillment of the multi-function roles of agriculture." Although the 1999 law has a new name, like the 1961 legislation, it is intended to provide the backbone of an overall policy to assist agriculture. While the problems are numerous, the key long-term question is: Who will work in agriculture in the future?

The Problem of Successors in Agricultural Villages

There are two, closely related issues surrounding Japanese agricultural villages and this question of whom will continue agricultural production. First, there is the issue of family farms and who will run them in the future. Like other countries, family farms are responsible for a large share of the overall agricultural production in Japan. It is generally expected that the eldest child will continue operating the farm as the family business. As the Japanese economy rapidly expanded in the 1960s, however, the labor market, especially secondary and tertiary level industries, began to absorb many of the young people living in rural areas who had traditionally taken over the family farm. While 68,000 new graduates took jobs in agriculture in 1965, that number dropped to 9,900 in 1975. Most of these people came from small-scale family farms that earned their income solely from agriculture. While this trend began in western Japan, it quickly spread to the entire country.

The second related issue is the heir of the family line, namely who will act as the head of the household (*ie*) in the future. In regions where expansion of the labor market was limited, young people from agricultural families looked for work in cities outside the region. As a result, these young people became less attached to their identity as heirs of the family and by extension, the family farm. While this tended to occur at first in remote and mountainous areas, it has become a larger regional problem.



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The Next Phase of the Successor Issue

The Basic Agricultural Law of 1961 was passed as the problem of who would continue agricultural production began to manifest itself as a social issue. This law was intended to use structural and price support policies to make “variable farm households” a reality for the younger generation. Yet in spite of government policies, various problems have appeared during the generation shift of the past few decades. Recently, the successor issue has changed from being one experienced by small-scale farmers to become one facing those running larger, more economically viable farms as well. While those who operate large and profitable farms are still generally able to pass their farms on to a child who will continue the business, there are numerous cases of farmers who leave agriculture because none of their children is planning to continue the family farm. In the 1990s, the number of new graduates looking to secure a job in agriculture dropped to around 2000 people, around 1/30 of the level in 1965.

The problem of finding a successor to operate the family business is especially perplexing in mountainous areas. In the period of rapid economic growth in the 1960s and early 1970s, the older generation that remained in mountain villages continued to operate farms. In the 1990s, this older generation began to retire from agriculture, leading to the abandonment of cultivated land and a fall in living standards. If this trend continues, it could bring about the disappearance of villages in these areas. The central government has begun to lump these issues under the label of “problems faced by mountainous areas” and has decided to introduce a European Union-style system of direct payments in the 2000 fiscal year. In sum, the issue of a successor is no longer faced just by families and those who make a living in agriculture. It has become a larger social problem. The new 1999 law was intended to deal with these wider social effects of the successor issue.

New Trends in Agriculture and Successors in Agricultural Villages

The economic troubles surrounding Japanese agriculture have led some to criticize Japanese agriculture and espouse the virtues of urbanization. On top of that, Japan’s moves to lower the level of protection for domestic agriculture in accordance with World Trade Organization (WTO) agreements have further spurred urbanization. While it is clear that only a small number of Japanese are concerned about the future of domestic agriculture, the problem of successors in agriculture has become a pressing social issue that cannot be ignored. If we look closely, we can decipher several emerging trends surrounding successors in agriculture and agricultural villages. First, more young people are beginning to work for agricultural production corporations. Several years ago the government



Who Will Carry On? *continued*

Notes

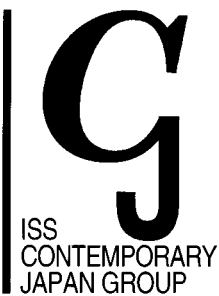
¹ SAKOTA Takotoshi, "Suitô Sakuhô-jin Keiei ni okeru Keiei Tenkai to Jinzai Ikusei" [Human Resources and Management Development in Rice Producing Agricultural Corporations] *Nihon no Nôgyô* 209 (1999): 8.

eased agricultural regulations, thereby allowing the rapid development of agricultural corporations. Conspicuous in this growth has been the presence of many young people from urban areas in the workforce of these corporations. For example in Toyama prefecture, where large rice production corporations are numerous, among 71 people who inherited family farms between 1992 and 1996, 68 took jobs in agricultural corporations.¹ It appears that in Japan today, young people are becoming more inclined to work not on the family farm, but for large agricultural corporations.

Second, some young Japanese in urban areas have come to have a favorable view of agricultural villages and indeed some have changed jobs and moved to rural areas. While the movement of these people is still a new trend and therefore does not appear in the statistics, it is significant. This is illustrated by the appearance of businesses that specialize in helping people begin a rural life. Monthly magazines that provide employment and housing information often have issues that focus on a particular region. Moreover, there has been a sudden rise in specialty magazines that discuss how to make a smooth transition to rural life and employment. Among young people in urban areas, there are clearly some who intend to work in agriculture and others who will begin a family farm or seek employment in an agricultural production corporation.

Third, a growing number of people around age sixty plan to return to agriculture on retirement. Often these are the same people who took jobs outside of agriculture during the economic boom of the 1960s and who are now approaching retirement. In addition, while the number is still small, some relatively young people are returning home to mountainous areas populated mostly by the elderly. The local societies to which these people are returning are hoping that these new arrivals will revitalize their areas. Central and regional governments have begun to implement policies to encourage this trend.

In conclusion, a sense that Japanese society is over-industrialized and over-urbanized, coupled with a desire among older Japanese to explore new lifestyles, suggests that the overall structure of Japanese society is changing. Proactive government agricultural policy that supports this trend will alleviate the problem of successors for Japanese agriculture. It will also make an historic contribution to the development of Japanese society with a new structure. This is the most important role of future agricultural policy under the new basic law. The survival of Japanese agriculture as part of a wider change in Japanese society may at last be possible. □



ISS Contemporary Japan Group at the Institute of Social Science, University of Tokyo

The ISS Contemporary Japan Group serves as a forum for researchers on Japan to receive critical feedback on their work. Researchers visiting Tokyo are invited to contact one of the persons listed below if they would like to make a presentation. Meetings are open to everyone. Please contact Professor HIWATARI Nobuhiro (hiwatari@iss.u-tokyo.ac.jp), Professor ISHIDA Hiroshi (ishida@iss.u-tokyo.ac.jp), or MIURA Mari (miura@iss.u-tokyo.ac.jp) for more information.

Women Managers: Why Are There So Few in Japanese Companies?

OGASAWARA Yuko

*Associate Professor, Department of Sociology, Edogawa University
December 8, 1999*

The number of female managers in Japanese corporations is small. In 1996, women accounted for 43.8 percent of managers in U.S., 27.0 percent in Germany, and only 9.2 percent in Japan. Based on interview data and her research of company documents provided by eight leading employers of woman workers in Japan, Professor Ogasawara outlined the factors that hinder women's promotion. She stressed that the pool of female candidates for promotion is not large due to the smaller number of female recruits and their short tenure in companies. She also suggested that compared to Western companies, Japanese companies tend to make more contradictory demands on working women that interfere with the course of their lives.



Legislative Time and Coalition Governments

MASUYAMA Mikitaka

*Associate Professor, Seikei University, Tokyo
January 21, 2000*

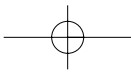


Time management is an important factor in lawmaking in the Japanese Diet. Yet no study has systematically examined the effect of timing at the individual legislative level. Professor Masuyama is trying to fill this gap, and in his presentation he discussed two problems that have arisen in the course of his research.

(1) Since the Diet makes laws within an institutionally limited time period, we must use an analytical framework that takes into account the truncated nature of the legislative process.

(2) Although a time unit is traditionally assumed to have an equal effect throughout the legislative process, we must

recognize that such linearity of legislative time is an empirical question that must be systematically examined. By using statistical techniques of duration modeling, Professor Masuyama is tackling these problems and exploring the time dimension of lawmaking in the postwar Diet. He stressed that statistical estimates provide us with a basis to investigate the determinants of successful legislation. Overall, he emphasized that he aims to detect a change in the way the Diet made laws under the coalition governments of the 1990s.



Warning Signs: The Politics of Protecting Japanese from Terrorism Overseas

David LEHENY

*Assistant Professor, Department of Political Science, University of Wisconsin-Madison
January 24, 2000*

Since the Peruvian hostage crisis, which deeply embarrassed the Japanese government, Japanese public and private actors have been publicly concerned about the safety of Japanese overseas. Professor Leheny noted that Japanese firms have been critical of the government's behavior. They have complained that the government lacks a strategy to deal with international terrorism against Japanese citizens. His presentation examined joint public-private efforts to warn Japanese about the dangers abroad. Using visual samples (short animated films) of such warnings, Professor Leheny suggested that these warnings in some ways serve as substitutes for a more defined crisis management strategy. Significantly, these visual samples rely on institutionalized images of the



Japanese as unique, particular, and vulnerable to all manner of global threats.



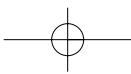
Proportional Representation and the 1999 Election in New Zealand: Lessons for Japan

Stephen LEVINE

*Professor, School of Political Science and International Relations, Victoria University of Wellington, New Zealand
February 1, 2000*

New Zealand's 1999 general election was only its second under a new electoral system that introduced a party list system of proportional representation in an attempt to end two-party control of the country's politics. This experiment in electoral system change, which occurred at almost the same time as Japan modified its voting rules, has led to major changes in parliamentary procedures, political party competition and voting behavior. Yet as Professor Levine pointed out, public dissatisfaction with

parliament and politicians remains as strong as ever. He noted that the November 1999 election provides a good opportunity to consider aspects of the New Zealand experience, particularly as Japan moves closer to its second election under the present voting system.



Research Report

“So Tell Me What You Want, What You Really, Really Want” Or

The Enigma of the Lack of Change in Japan in the 1990s and the Relevance of Comparative Analysis

HIWATARI Nobuhiro

For many observers, the lack of political and economic change in the 1990s is an enigma. Why did the Japanese adamantly refuse to carry out necessary reforms for their own good when it is obvious that reforms in the US and UK since the 1980s made them models of economic prosperity in the 1990s? This puzzle is compelling enough to make it the topic of the next joint research program of the Institute of Social Science, University of Tokyo.¹ The political economy aspect of the project aims to solve the paradox of the seeming absence of *necessary* reforms amid ample policy changes. This article seconds this call for an empirical and a comparative analysis of political and policy change.

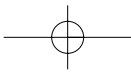
Researchers upset by Japan's apparent inability to reform and who usually maintain that change is inevitable blame the usual suspects: vested interests or unique Japanese preferences. Despite suffering from its longest and deepest postwar recession, Japan has not adopted the obvious and proven prescription of domestic deregulation, external liberalization, and state retrenchment that worked in the US and UK because the Japanese do not want the changes they need. Widespread skepticism of the ability of Japanese agents to overcome vested interests is amply expressed in a title of a recent book for the informed public: *Is Japan Really Changing its Ways?*² However, even if it is true that the current prosperity of the US and UK is the result of painful and drastic reforms in the 1980s, it remains to be explained why vested interests are so entrenched in Japan. Others see the problem not so much as resistance from vested interests as lack of endogenous pressures for reform caused by unique preferences. The Japanese are undisturbed by high prices, heavy regulation, corrupt officials, and a sinking economy because of unique preferences. The Japanese want high quality rather than low priced goods, for instance, or they value stability more than efficiency. Apart from the danger of tautology inherent in cultural and interpretative explanations, such explanations should be “residual”; something to be resorted to only when other more plausible explanations are exhausted.

We all know that in the 1990s, LDP rule ended and a number of drastic changes were enacted in favor for liberalization, state restructuring, and access to state policy-making. It is only against the notion that certain changes are inevitable in a new era of globalization and neoliberalism that these changes appear insignificant. Let us examine briefly the viability of the allegedly inevitable sources of change.



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So Tell Me What You Want, What You Really, Really Want *continued*

Notes

¹ Previously, the Institute of Social Science's joint-research programs were organized in a multi-volume series under a unified title. After the most recent project, *The 20th Century System*, the Institute has planned major changes. One change is to run several loosely connected "sub-projects" under an umbrella theme in order to facilitate discipline-oriented research while maintaining overall coherence.

² Edited by Mark TILTON & Lonny CARLILE, and published by the Brookings Institution, 1999.

Problems with Hypotheses on Why Japan Should Change

1. Expansion of Trade and Liberalization

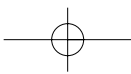
Regardless of whether one uses the mobile factor (Samuleson-Stolper) or the specific factors (Ricardo-Viner) model, the political implication is that trade expansion exacerbates societal cleavages, either between labor and capital (and landowners) or export and domestic industries (with their workers). (ROGOWSKI, 1989; ALT & GILLIGAN, 1994). However, Japan's trade dependency has been stable and actually declined in the 1990s. Furthermore, Japan has been recording a chronic trade surplus and large export firms have cut jobs and deployed their own resources to adjust, making them less dependent on the state. Thus, it is doubtful whether trade, and the societal interests of the trading sector, can strengthen demands for changes in Japan.

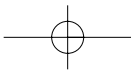
2. Capital Mobility and Macroeconomic Constraints

The political implication of the Mundell-Flemming theory is that under free capital mobility, the government has to choose between exchange rate stability and monetary policy autonomy. (FRIEDEN, 1991) As in trade, however, there is little evidence of intensified conflict over exchange rate stability and monetary autonomy, or the exchange rate level. Interestingly, exchange rate policy since the 1980s has not reflected the interests of international economic actors who should either request exchange rate stability (international investors, traders, and exporters) or low exchange rates (exporters and producers of import-competing goods). Instead, Japanese exporters adjusted to rapid appreciation of the yen (due to US pressure) in the late 1980s and early 1990s. Unlike France after 1983, the Japanese government did not abdicate monetary policy autonomy in order to pursue exchange rate stability. Large banks have been docile and ambivalent on issues such as liberalization or deregulation, or the infusion of public funds during the financial crisis of 1997-98. So far, capital mobility has not forced the Japanese government to enact fiscal austerity or restrain the accumulation of public debt, like Italy after 1992.

3. Global Competition and Deregulation

Some argue that global competition in industries, such as telecommunication and finance, necessitates liberalization and deregulation. Indeed, these were areas of rapid regulatory change in Japan in the 1980s and 1990s. Yet it is not clear to what extent deregulation and competition in such industries will cause them to demand changes in domestic industries. Thus the impact of liberalization and deregulation could spread without conspicuous policy change.





4. The Spread of Neoliberal Orthodoxy

One strong candidate that can account for changes in a similar direction across countries and across sectors is the spread of dominant ideas. Indeed, neoliberalism, embedded in economic theories, has become the economic orthodoxy of the *fin de siècle*. The problem with ideas as an explanatory variable is whether they are put into practice and institutionalized. Even in the US and UK, there is no consensus on the extent that neoliberalism has changed practices. The difficulty is compounded by the need of government leaders and academics to legitimize orthodoxy. In addition, the global spread of neoliberalism can be used as the reason to explain both why inevitable changes have occurred and why they have not (“Neoliberalism is alien to Japanese practices”).

5. Bad Macroeconomic Performance

To paraphrase the familiar saying, “adversity is the mother of reform.” Although probably true, the statement brings us to where we started. For instance, how bad is bad and what is bad? Is not the deepest and longest stagnation in the postwar era bad enough for radical changes? Does a relatively low unemployment rate amid a recession (according to international standards) and chronic current account surpluses indicate stalled adjustment or not-so-hard-times. Although a large public debt in an aging society will become heavy burden unless the economy picks up, there is no reason why Japan cannot survive continued stagnation and lackluster reforms.

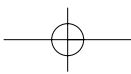
To sum up, the foundations of the argument that globalization of the economy or neoliberal ideas or domestic stagnation should change Japan like the US and UK is not that strong.

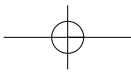
Two Reasons in Favor of Expanded Comparative Analysis

There are at least two reasons why a broader comparison of advanced industrial democracies is advisable. First, it is necessary to empirically ascertain why countries adopted different degrees of neoliberalism. Second, there seems to be a tendency in the US and UK systems to stress change and reform.

1. When and Why Do Countries Adopt Neoliberalism?

The decisive policy turn toward neoliberal reforms occurred in the US and UK in 1979-80, in France in 1983-84, and in Italy in 1992. In contrast, it is said that Germany and Japan did not follow the promises of political *Wende* or *Shin-jiyushugi*. What distinguishes these four countries from Japan and Germany is that they faced an economic crisis when they tried to



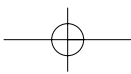


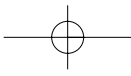
So Tell Me What You Want, What You Really, Really Want *continued*

unilaterally reflate their economics immediately prior to enacting neoliberal reforms against the backdrop of increased capital mobility. The crisis consisted of high inflation, balance of payments deficits, and downward pressure on the currency that threatened to become a vicious cycle. Thus, despite aggravating economic downturn and unemployment, all four countries enacted disinflationary policies and counted on liberalization and deregulation to spur growth. In contrast, Germany and Japan maintained a low inflation rate and balance of payments surplus, despite periods of large fiscal deficits to reflate the economy. In short, neoliberal reforms are not introduced in response to societal demands but to state decisions and there was no strong pressure on German and Japanese governments to enact drastic neoliberal reforms. The similar performance of these two economies has been ascribed to the institutions of coordinated wage restraint and technocratic macroeconomic policymaking (especially the independence of the Central Bank). It is telling that there is a clear and steady convergence among the G7, or OECD, countries toward low inflation rates since the mid-1970s and that the *Wende* of the Kohl government and *Shin-jiyushugi* of the Nakasone government focused mostly on reducing fiscal deficits.

2. Adversary or Concerted Politics, Or Why Do Countries Stress Reforms?

Among countries that adopted neoliberal reforms, there is a difference in the degree of adversary and competitive mobilization by political parties. The line can be drawn between the US and UK on the one hand, and France and Italy on the other. Compared to their counterparts in France and Italy, political parties in the US and UK stressed confrontation and change in enacting unpopular disinflationary reforms instead of aiming for smooth, consensual change. The difference can be ascribed to the idea of “adversary politics” which claims that a single-member electoral system causes polarization among the two parties and chronic policy reversals. Unlike proportional representation, a single-member system intensifies the competition for power because small swings create large majorities, which enable policy extremists to control the party. A more factual version claims that this characteristic of adversary politics appears in times of acute economic crisis and unusual political uncertainty when parties realize that advocating radical change is better than maintaining a failing system. (DEBNAM, 1990) Compared to the adversary politics of single member districts, proportional districts allow governments to tend to spread the blame for unpopular austerity measures by consulting the opposition parties and social groups. This difference can be seen, for instance, in how governments dealt with unions in breaking wage rigidity to implement disinflation. The government of UK and US divided and confronted unions, while the French and Italian (in 1992 but not in 1994) governments preferred to facilitate cooperation and consultation. Thus, politicians and academics in the US and UK may have overstressed the extent of neoliberal reforms in both countries.





More Sober Research: That's What We Really, Really Want

Unfortunately this essay does not end with a big bang or a singing fat lady. It simply urges caution when scholars use the standard practice of applying ideas derived from economic theories and draw conclusions from comparisons with the US and UK. First, most economic theories stress societal pressures to explain policy but the above stresses the macroeconomic autonomy of the state in enacting neoliberal reform in a world of global capital mobility. Second, different systems have different preferences in the degree politicians stress reform and change, which obscures the extent of actual change. Thus, the endeavor of assessing the nature of change in Japan in the 1990s, by avoiding the above usual pitfalls, remains to be undertaken.



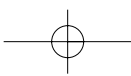
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Research Report

Are Japanese Schools Collapsing? Prevention by Overestimation

Gesine FOLJANTY-JOST



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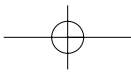
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Bullying (*ijime*), failure to attend classes (*futôkô*), violence in schools (*kônai bôryoku*), and the collapse of structure in the classroom (*gakkyû hôkai*) are key phrases that characterized the public discourse on education and juvenile delinquency in the 1990s. The mass media has led us to believe that Japanese youths are out of control and that teachers are helpless, unable to maintain the famous efficiency of Japanese school education. What makes the situation even more dramatic are newspaper interviews with teachers who claim that today's delinquent students are really normal students with no specific problems. Are Japanese school kids out of control and about to start a mass uprising against the school system? If so, what should be done to secure social peace and conformity at schools?

What are the numbers?

Only the Ministry of Education and the National Police Agency provide data concerning juvenile behavior at schools. Every year, both issue statistics on the instances of violence and bullying in schools and non-attendance rates. The figures are dramatic, showing a steady increase in violent incidents in public Japanese schools, reaching a peak in 1996. In that year, the Ministry of Education reported 11,653 students involved in 4682 cases of violence against other students. Police Agency figures, however, show that the police were involved in only 448 violent incidents at schools. According to the 1998 government white paper on education, bullying reached a peak in 1995 with a total of 60,096 cases, but has sharply decreased since then. The number of students who fail to attend classes for more than fifty days per year has been increasing since 1966, reaching 62,228 students in public junior high schools in 1996.

How can these figures be interpreted? Generally speaking, the reliability of data concerning problem behavior at schools and especially violent incidents is crucial, not only in Japan but in other countries as well. The ministries and other groups that gather data depend on the cooperation of the schools and the willingness of school leaders to uncover and report bad news about their school. As school administrators do not want to bring bad publicity to their school, they are often reluctant to call the police. Yet while there are biases and uncomplete information in the data, there is no reason to believe that the Japanese figures are less reliable than those of other countries. When compared to the US and Germany, in Japan the number of violent students is extremely low: at public junior high schools, which have the highest exposure of delinquency, only 0.27% of all students become violent. In Germany, the respective figure is around 3-5%. While the figures in Japan are higher than in 1982, the number of violent students registered by the police has been decreasing dramatically from more than 6000 in 1975, to 837 in 1996. Moreover, the number of bullying cases in 1996 was not



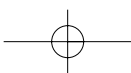
significantly different from that of a decade earlier. In 1996, there were 51,544 cases of bullying, compared to 52,619 in 1986. Yet it should be noted that the majority of junior high school students who become delinquent during their years at school return to conformity by the end of senior high school. While teachers complain about other kinds of problem behavior, this behavior is difficult to measure. Even experts like YAMAGISHI Shunsuke, who describes reports of classroom breakdown as a “sinister problem,” have to concede that the public mainly know the issue based on oversensationalized mass reporting by the media.

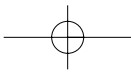
Clearly, there is a discrepancy between the figures and public concerns. Also, bullying and violence are not new problems that appeared in the 1990s. Although there was a wave of violence at junior high schools in the mid-1990s, the proportion of students becoming violent is low compared with other countries in the same period. Additionally, police are handling far fewer serious cases of violence. Overall, things are far less dramatic than the media paints them, especially when compared with the wave of problem behavior in the 1980s and with the situation in other countries.

What are the Reasons? Three Approaches

The public as well as the academic discourse on juvenile problem behavior is complex. We can distinguish at least three approaches to the issue. First scholars like TAKANO Seijun are sympathetic to the “problem kids” and believe that intense competition and the high value that Japanese society places on education produces “deformed” personalities. They argue that especially in junior high schools, the Japanese education system is too uniform, leaving too little space for self-fulfillment and the development of individuality. Critics note that the entrance examination process places undue pressure on students. Schools also place far too extreme restrictions and controls on students. School regulations concerning hair style, style of uniform and after school behavior are seen as limiting students possibilities of self-expression. Yet if violence results as a kind of release of stress and frustration due to the repressive character of the school system, one wonders why every student does not become a trouble maker.

The second approach is common among academics and educators of the older generation. This group argues that the younger generation is not motivated to pursue educational achievement and instead prefers entertainment and leisure. According to this view, the younger generation is not willing to accept the authority of their teachers and reacts aggressively when criticized. Sociologists like FUKUYA Masashi criticize the two-generation households with only one or two children in today’s affluent





Are Japanese Schools Collapsing? *continued*

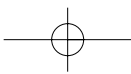
society. He sees these homes as overprotective and believes that the parents often do not encourage educational opportunities. He suggests that mothers tend to combine high expectations of educational success with overwhelming care for their children, reducing their opportunities for social experiences outside the home. This is one reason why children today are vulnerable to stress, feel easily hurt and are self-centered. In this approach, low sociability is regarded as the main reason for every kind of misbehavior.

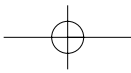
The third approach is similar but integrates the analysis of juvenile delinquency into theories of social change. MORITA Yoji of Osaka Municipal University has coined the term "privatization" (*shijika*) to describe today's Japanese. He believes that privatization as an overall trend in Japanese society characterizes the change from community and group orientation to a greater focus on self-fulfillment. According to Morita, children today are brought up to place a high priority on the private sphere of their lives. They are so concerned with their own lives that they lack common consideration for others and easily lose control in times of frustration. Morita sees the hedonism of youth and a lack of value-consciousness as reasons for violent outbreaks and bullying.

All of these approaches regard rising individualism among junior and senior high schools as a crucial point. Takano and others believe that individualism is positive and should not be restricted by the pressure of schools. Fukuya and Morita, however, view individualism as egoistic and hedonistic. They suggest that the individualism among students today actually represents a failure of a proper socialization and should be corrected.

Empirical Evidence

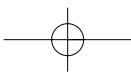
While many have discussed the reasons for bullying and violent behavior in Japanese schools, empirical research is rare. Although there have been a number of sensational cases of violence, there is no empirical evidence that "normal" junior high school students are now more violent. It is even unclear how "normal" should be defined. In the case of juvenile offenders of criminal law, there is empirical research which illustrates that offenders often come from families with lower than average economic backgrounds. These young people also have problems at school and at home. In the case of problem behavior at schools, data concerning the correlation between educational achievement, problem behavior and the economic and social situation at home are not available. If the pressure at school is as intense as the critics tell us, we should expect a generalization of problem behavior at schools. This is not the case. Only a small minority of children cause trouble at school. If hedonism and "privatization" are key factors explaining asocial

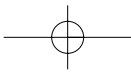




behavior at school, it remains unclear why problem behavior is concentrated among junior high school students between 13 and 15 years of age and the figures of juvenile crime are as low as they are.

Our interviews of seventy students and teachers at Japanese junior high schools verified that only a minority tends to act aggressively or even violently. The majority of the young students are far from being out of control. Most students have a realistic view of school life, their future and their abilities. Contrary to popular assumption, all students do not aim to enter the University of Tokyo. Furthermore, students who want to become a carpenter or a hair-dresser do not automatically have low self-esteem. For most students, school is fun because it is the place where they can spend time with friends (and they want to have fun). What is more, students do not always find school regulations oppressive. Students do not always blindly conform and sometimes do not even know all of the school regulations exactly. Japanese young people, however, definitely know that violence and bullying are not accepted. In most cases, teachers often give only light punishment, if any. Instead of punishment, teachers tend to use guidance to correct the behavior of students. Even in cases of violence or bullying against classmates, teachers try to avoid using severe sanctions and instead, do their best to reintegrate the student by mediating between victim and offender and by working with the respective parents. Teachers also ask students to write reports or essays on bullying or violence and encourage students to organize campaigns for peace and harmony at school. In their efforts, teachers are supported by a local network of counsellors, volunteers, neighborhood activists, social workers and the police--all of whom share a deep concern about problem behavior among young people. These groups cooperate to control, guide and keep an eye on students during holidays and after school by patrolling stations, parks and game centers, places where students often meet. When they see trouble, they confront students and contact parents and teachers. The strategy of prevention is to pay attention everywhere and always, be watchful, but in a kind and understanding manner.

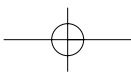




Are Japanese Schools Collapsing? *continued*

Conclusions

The intensity of public discourse and concern about problem behavior at schools in Japan does not correspond with the figures concerning violence or bullying. In addition, my research at junior high schools also shows complications with the issues in the current debate. Problem behavior at schools is definitely not an invented problem but we should be careful not to follow the media's generalization of singular incidents of dramatic school violence. As problem behavior is more frequent in junior than senior high schools, it is clear that much socially unacceptable behavior can be regarded as a by-product of puberty. In cases of violence at school, the specific economic, social and cultural background of the offending student should be carefully examined. This is an especially important point because there is no support for the general assumption that all young people are living under similar conditions in today's Japan. Even in Japan, juvenile criminal offenders are typically from underprivileged families. It is clear that like other societies, in Japan educational failure, difficulty in gaining high social status and a dearth of job opportunities often lead to delinquency. The dramatization of bullying and violence at schools and the allegation that every student could become delinquent is ground for deep concern for parents, teachers and the local community. As a result, there are more calls for increased control of student activities, more guidance and even educational reform proposals. Hence even if it appears as an overreaction, high public concern can be regarded in itself as an effective method of prevention.



Research Report

Understanding and Communicating Needs and Solutions: A Case of Comparative Policy Analysis

Kenneth PECHTER

The university-industry policy framework in Japan is undergoing a major reformulation. While change is appropriate in light of the Japanese economic transition and advances in fields of science and technology, official justification for this reformulation is logically flawed. It is important that policy analysis addresses such flaws, for policymaking is a process easily lead astray by misdiagnoses of emergent needs, inadequacy of proposed solutions, and miscommunication of needs and solutions among the diverse set of parties concerned. Empirical analysis is especially important to policies for innovation, like those that regulate the university-industry linkage, because our incomplete understanding of the innovation process makes accurate diagnoses all the more difficult. In addition to generating increased understanding, policy analysis engenders communication among the concerned parties, not only of the empirical findings but also of the goals of the policy reformulation itself. This communication aspect serves to keep the policy process on track by reinforcing its original goals. This is invaluable considering the confusion that enters the process as a result of the broad dispersion of the parties – including private firms, public universities and institutes, individual researchers, consumers, and the policymakers themselves – throughout all sectors of the economy and across national borders as well. The case of university-industry linkage policies in Japan provides an illustration of this confusion.

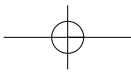
University-Industry Policy Framework in Japan

The framework that regulates how university personnel interact with industry has been based on a public model of investment. In such a model university investments in research, particularly those of national and public universities, are intended to deliver benefits to society at large without concern for the needs of specific private interests. In fact, a research topic of direct interest to industry is considered best left to industry so that public resources can be brought to bear on other socially beneficial areas in which firms have less incentive to pursue. This is the “market failure” justification for public investment, and often applies to basic research that is deemed socially beneficial but too premature for commercial products. The result of this public approach has been an arms-length relationship between universities and industry, with university investment decisions at the individual researcher level insulated from profit-seeking incentives. Hence, university personnel have generally been prohibited from engaging in such profit-seeking activities as starting firms, accepting employment in the private sector, and selling university-generated intellectual property. The government has severely restricted the type of university research that firms may fund and has prohibited firms from hiring university personnel as consultants. The Ministry of Education, Science, Sports and Culture (MOE) has not engaged in profit-seeking activities with university resources, and



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Understanding and Communicating Needs and Solutions *continued*

Notes

¹ Masahiro HASHIMOTO, "Desirable Form of Academia-Industry Cooperation," *Journal of Japanese Trade & Industry* 2 (1998): 22-25.

has guarded its turf from the overt influence of industry by restricting funding of university personnel by industry and other ministries, specifically the Ministry of International Trade and Industry (MITI).

How is the situation changing? Although reformulation of the policy framework is currently in progress, here are a few indications of the direction of change:

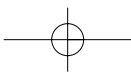
An Office for Promotion of Academia-Industry Cooperation has been established in MITI's Industrial Policy Bureau.

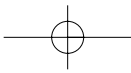
CASTI, a corporation founded with personal funds by individual University of Tokyo professors for the purpose of selling the results of faculty-conducted research to industry, is being operated in part on the campus of the university's Research Center for Advanced Science and Technology. MOE and MITI jointly drafted legislation to make this possible.

The newest member of Sony's board of directors, NAKATANI Iwao, came not from industry but from a national university. Although he eventually had to resign his professorship in order to join the board, Prime Minister OBUCHI Keizo himself asked the National Personnel Authority to consider allowing such activities by national university personnel.

Negotiations are underway to privatize to some degree parts of the national university system (as *dokuritsu hōjin*).

Why the turnaround? Although global changes in the fields of science and technology, intensifying competition, and Japan's own economic transition provide compelling reasons to adjust the Japanese framework, a rather simplistic argument has emerged as the standard rationale. On one hand, the rationale goes, investments in university research in Japan are large and comparable to those in other leading countries. For example, academic R&D expenditure is on par with other advanced economies and the number of university researchers is a large component of the total researcher population in Japan. On the other hand, in spite of these ample investments, university outputs (which are inputs to industry) are small. These outputs include university-held patents, firms spun-off from universities (often involving venture capital), and various forms of university-industry tie-ups. It is important to note that these are precisely the phenomena recently gaining attention in the United States. An article by HASHIMOTO Masahiro, former director of MITI's Office for Promotion of Academia-Industry Cooperation, provides an example of the standard rationale.¹ Hashimoto stresses that in 1994, university researchers comprised 36% of all researchers in Japan but only contributed 129 patents





or 0.04% of all Japanese patents. He portrays American universities as the benchmark, receiving 1,862 patents, and also compares firm formation from U.S. and Japanese universities. The conclusion is that in order to generate economic growth like that currently occurring in the United States, Japan must change its university-industry policy framework to one that encourages American-style, market-oriented activity.

American Policy Framework and Japan's Flawed Rationale

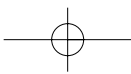
While this argument for change has tremendous appeal in today's sluggish Japanese economy, it is logically flawed. This flaw obfuscates the true need for reformulation and in so doing diverts the process from potential solutions. To understand why this is so, we must consider the university-industry policy framework in the United States. It is no exaggeration to say that the university-industry linkage in the U.S. is undergoing a revolution. The American framework was formerly based on a public model of investment. Starting in the late 1970s, however, legislation centering on the Patent and Trademark Laws Amendments Act of 1980, known as the Bayh-Dole Act for its bipartisan sponsors Senators Birch Bayh and Robert Dole, introduced market-oriented mechanisms into the American framework. For the first time, the new laws granted intellectual property rights from federally funded research to universities, with stipulations to ensure profit-sharing with faculty inventors. The move was in part a response to indications that less than 2% of federally funded research ever made it to commercial use.² Considering that federal obligations for university science and engineering research alone in the 1970s (not including fellowships, traineeships, instructional facilities, or R&D plants) averaged well over \$2 billion per year,³ it was clear that the public approach for generating social returns was highly inefficient. The new framework aimed to improve the economic contribution of academic research in two steps. Through the incentive of profiting financially from their research, university researchers would turn their attention to economically useful inventions. By allowing universities to receive licensing royalties, university administrators had the incentive to actively market these faculty-created inventions. These policy adjustments were catalysts for change as universities, responding to developments in science and technology, increasingly ventured into market-oriented approaches. These approaches involved not only patenting, but also faculty consulting, venture capital utilization, and firm formation. What is truly revolutionary about this change is that while personal financial gain was once seen as an anathema, today's university researchers are increasingly compelled to demonstrate a positive bottom line in their research portfolios.

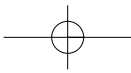
What this means to the standard rationale is two-fold. First, since the American framework has been market-oriented for years while the Japanese

Notes (continued)

² Office of Technology Alliances, *Faculty Handbook: Collaborations with Industry*, Appendix G (Irvine: University of California, Irvine, 1999).

³ Division of Science Resources Studies, *Federal Science and Engineering Support to Universities, Colleges, and Nonprofit Institutions* (Arlington, VA: National Science Foundation, 1997).





Understanding and Communicating Needs and Solutions *continued*

Notes (continued)

⁴ "Universities and Science-Based Industrial Development: A Comparative USA and Japan Dialogue on Public Policy for Economic Development," joint study of the University of Tokyo's Research Center for Advanced Science and Technology and Harvard University's Kennedy School of Government, funded by the Center for Global Partnership, principal investigators: Lewis M. BRANSCOMB, Fumio KODAMA, and Richard FLORIDA, project directors: Kenneth PECHTER and ISHII Masamichi (<http://www.ksg.harvard.edu/ijip/usbid/usbid.html>).

⁵ Lewis M. BRANSCOMB, Fumio KODAMA, and Richard FLORIDA, ed., *Industrializing Knowledge: University-Industry Linkages in Japan and the United States* (Cambridge, MA: MIT Press, 1999).

⁶ David C. MOWERY, Richard R. NELSON, Bhaven N. SAMPAT, and Arvids A. ZIEDONIS, "The Effects of the Bayh-Dole Act on U.S. University Research and Technology Transfer," in *Industrializing Knowledge: University-Industry Linkages in Japan and the United States*, 269-306.

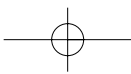
framework has been based on a public investment model, it is expected that American universities will hold more patents than will Japanese universities. As such, it is illogical to interpret the larger American university patent pool as a rationale for change unless it is first decided that university patenting itself is a good thing. The same thing can be said about such other market-oriented adaptations as faculty consulting and spin-off firms. The second implication follows from the first: before adopting an American-style, market-oriented university-industry policy framework, the costs and benefits of the new American approach must be assessed.

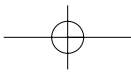
Assessing the Market-Oriented University-Industry Policy Framework

Is a market-oriented university-industry policy framework like that in the United States good for Japan? Although surprisingly little empirical analysis has been done on this issue, one such analysis was a University of Tokyo-Harvard University joint study, managed by the author.⁴ In a seminal chapter from the book which encapsulates the study's findings,⁵ David MOWERY et al. demonstrate empirically that much of the rise in academic patenting in the U.S. resulted not from the Bayh-Dole Act, but from changes in research and inventive activity associated with emerging fields such as biotechnology, and an array of developments in research, technology and industry.⁶ Rather, where Bayh-Dole did have a major impact was on the marketing efforts of universities, as universities greatly expanded resources for the licensing of intellectual property. While this outcome was intended, its downside is that knowledge that would have been in the open public domain has instead been kept closed as proprietary knowledge.

Whether or not the new American framework has increased the social returns of academic sector investments is an open question. Improved returns may have been generated by linking extant academic sector knowledge to business development, steering academic researchers toward industrially beneficial research, incentivizing academic researchers toward research excellence, and putting university educators better in touch with "real world" needs. Yet we must also consider the costs of the new framework. These include leading academic researchers away from important though financially non-profitable research, retarding knowledge diffusion by transforming open knowledge to proprietary knowledge, and diverting the focus of would-be educators to profit-seeking activities. While the answer to this question will likely vary depending on the location and the field, one thing is certain: the move to a market-oriented framework in the United States has not been cost-free. This fact is often neglected in the standard rationale.

The flaws of the standard rationale are not limited to neglect of lessons from the United States; they also include inaccurate assumptions about the Japanese university-industry linkage. The starting assumption for the





rationale is that the university-industry linkage in Japan is weak, with this assessment often based on rhetoric and anecdotal evidence. Empirical evidence, conversely, can lead to more nuanced conclusions. For instance, by compiling data on the scholarly coauthorship patterns between Japanese industry and university researchers, Pechter and Kakinuma demonstrated that the university-industry linkage has been consistently strong.⁷ In 1981, over 20% of all industry papers were coauthored with an academic researcher. That percentage doubled in following fifteen years so that now more industry papers are published with an academic coauthor than with members of the same firm. Furthermore, this research shows that the coauthorship figures are nearly identical to figures for the United States. While coauthorship measures only a particular mode of the university-industry linkage, it is a superior comparative linkage indicator than the patent and spin-off firm counts so often cited in the standard rationale. One conclusion of the coauthorship data is that whatever is driving the change in the American system, it has already been producing similar effects in Japan independent of the current actions of policymakers.

Implications of Policy Analysis

Contrary to the common wisdom, my research indicates that Japanese universities are creating knowledge which industry finds useful. It seems, however, that this is occurring without university involvement beyond earlier research phases. Often pejoratively referred to as university professors passing research results “under the table” to industry, linkage of this kind is actually more in line with traditional notions of university-industry technology transfer than universities licensing patents to industry. In light of the fairly strong yet somewhat opaque linkage in Japan, adjustments to the university-industry policy framework might be better off focusing less on increasing university patenting through direct government involvement. Rather, more attention should be focused on making university research more accessible to smaller or less-established firms by easing restrictions on external funding of university research and facilities. At the same time the quality of the supply of university-based knowledge may be improved through more competitive funding and peer review.

Policy analysis has implications beyond the empirically based understanding it generates. In fact, the empirical results outlined above are probably not totally new to the policymakers and other parties involved in the current reformulation. More likely, they are known but swept aside by the simplistic arguments of the standard rationale. For this reason the communication aspect of policy analysis is crucial. As the case above shows, it is essential in policy formulation to consistently take stock of the needs being addressed and their potential solutions in order to keep the process from going astray.



Notes (continued)

⁷ Kenneth PECHTER and Sumio KAKINUMA, “Coauthorship Linkages between University Research and Japanese Industry,” in *Industrializing Knowledge: University-Industry Linkages in Japan and the United States*, 102-127.

