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10

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Special Issue!
The Information Center for Social Science Research on Japan: Its Work and Research
with articles by
NITTA Michio, NISHIGAKI Toru, SATO Hiroki, Jonathan LEWIS, MATSUI Hiroshi, Glenda S. ROBERTS, and David LEHENY

David W. Campbell: *Wealth and Saving*
and
Steven R. Reed: *Predicting Japanese Politics*

And Book Reviews!
Wei-hsin YU on Comparing Policy Networks
Jonathan LEWIS on new works on Construction and Public Works

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Editorial Notes

Personal Names
All personal names are given in the customary order in the native language of the person, unless otherwise requested. Hence in Japanese names the family name is given first, e.g., HATSUSHIBA Kiyoshi, and in Western names the family name is given second, e.g., John OLERUD

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

FORMALLY established only last year, the Information Center for Social Science Research on Japan has already attracted wide attention both within Japan and overseas. It started with the publication of *Social Science Japan*, but has since branched out into the creation of the SSJ-Forum email list, the forthcoming publication of the *Social Science Japan Journal*, and soon, the establishment of a data archive project that will link scholars around the world to a rich variety of data sources on Japanese social science.

In this issue of *Social Science Japan*, we focus on the Center's personnel. Each Center employee was given the choice of writing about their own research or about their activities for the Center, and we have included essays on the Center's mission and its projects, as well as the kinds of research questions we pursue individually.

We hope that this collection will introduce our readers to the kinds of research and work going on behind the humming computer terminals and transmitted graphics and text on our Web pages at the Center. More important, we want to show that *Social Science Japan* was just a starting point. The Center aspires to do more than to introduce foreign scholars to Japanese research that has often escaped the sort of international attention available to articles and books written in English. We also want to create new opportunities and resources that will afford foreign researchers the chance to enrich their disciplines by working with data from Japan in case studies or large-scale comparative studies.

Contents (Please click on the title of the article you want to read):

Center Court:

An Introduction to the Information Center for Social Science Research on Japan

The Information Center for Social Science Research on Japan

NITTA Michio

THE reputation of Japanese bureaucrats has been taking a beating in recent years. They are uninterested in change and they make bad decisions, are the usual charges. Even so, they did make a good, timely decision when they agreed to establish the Information Center for Social Science Research on Japan. On December 25, 1995, we at Shaken (the Institute of Social Science) received word of a bureaucratic decision that we have since referred to as the Ministry of Finance's "Christmas Present" to our Institute. Based on a request from the Ministry of Education (Mombusho), the government approved the establishment of the Center, including it in its budget proposal in fiscal year 1996. Although this is a small organization, its creation was anything but speedy and simple.

In fact, we needed to travel a long road just to establish the Center. The idea for the Center first came up in 1992, meaning it took a full four years for the Center to appear formally and on the books, and a year and a half of the real process of creating the Center, which started in mid-1994. I cannot recount here the tortuous process involved in creating the Center in any detail, but it was extremely interesting to observe the bureaucratic process as a participant. We first had to persuade the University administration to include the Center in the University's budget proposal to Mombusho. Then, cooperating with university officials, we went to Mombusho and persuaded the Research Institute Division (which has jurisdiction over activities in national research institutes and in research institutes, like Shaken, affiliated with national universities). They in turn managed to persuade the rest of the Mombusho of the value of Shaken's request, and then sent the request to the MOF at the end of August, 1995. In the following four months, the proposal had to clear a number of hurdles, including an organizational restructuring check from the Prime Minister's Office and the like, but we finally received the good news on Christmas Day, just before the beginning of the year-end holidays in Japan.

The timing, however, led to further delays, when the national budget proposals in 1996 were held up by the housing loan crisis (*jûsen mondai*) that faced the Diet at the time. Ultimately, the proposal escaped any attention of the preoccupied politicians, and when the budget passed and became effective on May 10, our Center was finally on the books. Although there have been repeated calls for administrative reform and cuts in the budget, our proposal probably benefited from national policies for improving scientific and technical research as well as from national initiatives aroused by what US Vice-President Al Gore referred to as the "information superhighway." We were almost certainly aided in this endeavor by the many letters we received from both within Japan and researchers abroad, all expressing support for the Center's establishment and the validity of its goals. Needless to say, we are still grateful to those scholars, research institutes, and academic associations that gave us public support when it was needed.

NITTA Michio is Professor of Industrial Relations at the Institute of Social Science, the University of Tokyo, and is currently Chairman of the Center's Management Committee.

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Before the Center was established within the national budget, we managed to use budgetary allocations from within the university to create *Social Science Japan* (first published in July 1994, under then-Research Associate Jonathan LEWIS) and the SSJ-Forum, an international email discussion list on social science research on Japan. Important figures in the University of Tokyo's Administration, including the President of the University and top Mombusho bureaucrats working in the university office, as well as representatives of Mombusho proper came to Shaken, where we were able to show them the contents of *Social Science Japan* and also to provide demonstrations of the operation of the SSJ-Forum. These efforts appear to have been instrumental, and were especially persuasive because of the many letters and messages with highly favorable reviews of both the newsletter and the email list; here too, we are grateful to Shaken's many friends for taking the time to show their support.

The basic purpose of the Center is simple: to promote the international distribution and exchange of information related to social science research on Japan. The influences of internationalization and the spread of information across national boundaries grow day by day, and our Center aspires to take advantage of these developments in two ways. First, we are attempting to build an international bridge for Japan specialists in the social sciences to exchange information; second, as a source for information, we are ensuring that the research done at our Institute is available internationally in a variety of media, including "real time" transmission.

The Center's Activities

More specifically, the Center is doing the following:

1) Creating and maintaining a reliable informational infrastructure within Shaken.

2) Making use of this infrastructure for the transmission of information on Japan around the world. This consists in part of the above-mentioned *Social Science Japan* and SSJ-Forum, but we will add to it early next year with the inaugural issue of the refereed *Social Science Japan Journal*, to be published by Oxford University Press. As MATSUI Hiroshi describes in his article on page 9, we also are trying to fill a huge void by establishing a data archive at Shaken that will provide researchers previously unknown opportunities to make secondary use of data collected for statistical surveys in Japan.

3) Researching and developing methods and devices to support those activities, including a multilingual information infrastructure, as described by NISHIGAKI Toru in the article following this one, that will allow genuine international academic exchange on social science research on Japan.

Even with these ambitious plans, the Center is a small organization. Formally, it employs two professors, two associate professors, and two visiting professors. Because the University of Tokyo is a national university,

...the truth is that the Center's most important resource is the international community of scholars...

we face statutory constraints on our ability to hire new faculty members. We accomplished this in part by receiving one position from Mombusho and shifting three others, from the research associate level to associate professor and professor levels. No administrative staff were allocated to the Center, but two of the research associates formally employed by Shaken work largely for the Center: *Social Science Japan's* translator / editor David LEHENY and System Administrator SUGIYAMA Manabu. And without the cooperation of Shaken's other faculty members (professors and research associates alike), we simply would not be able to run the Center properly. Financially, the Center receives its support from the budgetary provisions made by Mombusho.

But at the end of the day, the truth is that the Center's most important resource is the international community of scholars that it serves and upon whom it relies for information, advice, and participation, through our publications, our email discussion list, and our forthcoming data archive project. The Center is currently working on a ten-year budgetary allocation, and its survival will ultimately depend on how successful it is during this first critical decade. We hope, therefore, that readers of *Social Science Japan* and *Social Science Japan Journal*, members of the SSJ-Forum, and users of our data archive and other resources will tell us how we can serve you better, and will also think of ways that you can contribute to this program of international academic exchange.

❑

New on the bookshelves...

Kindai nihon nômin undôshi kenkyû

(The History of Peasant Movements in Modern Japan)

by NISHIDA Yoshiaki. Tokyo University Press, 1997. ISBN 4-13-020111-5.

A Multilingual Information Environment for a Multicultural World

NISHIGAKI Toru

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THE creation of any new medium carries the potential to undermine, even to destroy, forms of communication based on pre-existing media. This means that while we can valorize the benefits that new media provide in expanding the realm of communication, we ought not ignore some of the problems that can result from a wholesale conversion to new forms, mechanisms, and styles of transmitting information.

For example, the development of the written word contributed heavily to the decline of oral folklore and storytelling, and print technology favored the small number of languages with enough readers to make printing worthwhile. This essentially ensured that these languages would become even more dominant. In the 20th century, the advent of television has led to a "standardization" of language, meaning that we are potentially on the verge of losing a number of rich expressions and ways of communicating that are central to local dialects.

And now, with the rapid spread of the Internet — which doubles in the number of users each year — the languages of many countries that do not have English as a mother tongue are in crisis.

Currently, the only language genuinely capable of taking advantage of the "borderless" world of the Internet is English. Other languages tend to be useful only insofar as they link regions within any given country to each other; one generally uses English for any international correspondence. Here at the Institute of Social Science, for example, we are fortunate to have a number of visiting researchers from all over the world, but even these thoroughly internationalized scholars face problems in communicating via the Internet. Our visitors from China and Korea, to pick just a couple of obvious cases, can use email to write messages home to family and friends, but generally have to do so in English, because the software is currently unable to provide a multilingual environment. Just recently, I myself wrote an email message to a Japanese friend working at UNESCO in Paris, and had no alternative but to write in English.

This is not just a matter of convenience; it is a genuine problem for the very foundations of communication. The scholars at the Institute of Social Science focus their research on a variety of issues, including law, sociology, economics, political science, and the like. Naturally, they write most of their works in Japanese, not English. And yet, even if researchers overseas attempt to access any of this work via the Internet, they will be unable to read what has been written. Because the Internet is becoming so popular and will likely become more important in research, this inability will make it more likely that communication will be severed unless it is in English, thereby making it even harder for foreign academics to come to grips with what is really happening in Japan.

Obviously, Japan is one example among many. Any country that does not have English as a mother tongue will likely find the conditions of the Internet to be deeply unsatisfying. The rapid spread of the Internet is ensuring that not just the language but also the culture and values of English-speaking countries — above all, the United States — are increasingly likely to be "universalized." As a result, it is possible that other cultures and value systems will be seen as "exceptional" and "local" (even "provincial"), and might even become extinct sometime in the 21st century.

The Development of Multilingual Information Systems

As a result, we desperately need to create technological systems capable of overcoming these barriers, and to allow languages other than English to thrive on the Internet. A good start would be advances allowing both the input and display of characters other than those of the roman alphabet. It would be even better if there were one kind of electronic translating system that would enable people to read and to understand documents written in a variety of different languages.

One of our ongoing activities at the Information Center for Social Science Research on Japan is a joint research project with computer and software manufacturers to create an experimental multilingual information system. We are currently focusing on the languages of East Asia, and trying to create a way to allow Windows 95 users to input and to display Chinese, Korean, and Japanese. All three languages use Chinese characters (kanji) to some degree, but the shape of the characters differs somewhat in the three languages, as does the entry code currently used (Japanese uses the JIS code, whereas Chinese generally works on the GB code). Additionally, one needs to use the hiragana and katakana syllabaries when writing Japanese, and the *hangul* characters in Korean. At a minimum, any multilingual system would need to be able to handle all these different types of characters.We are additionally exploring ways to handle input based not only on typing on alphabet-structured keyboards, but also handwritten characters which continue to be prevalent in East Asia.

As a further improvement, we have started to examine the creation of a single translation system that would handle Japanese / Chinese and Japanese / Korean conversions. Translation, of course, is an incredibly tricky process, and any electronic system would certainly face genuine problems in grasping the nuances of the different languages, and converting them easily from one to another. If we accept some of the more obvious limitations, however, we can move toward the development of electronic dictionaries and conversion techniques that will at the very least provide users with some help in reading the comments of someone working in another language.

Another challenge will be the creation of software capable of taking advantage of this new system. Currently, we are thinking primarily about email, word processing, web browser, groupware, and similar kinds of software. And in the future, we would like to expand the number of languages covered to include such Asian languages as Thai, Indonesian,

Further Reading

"Jôhô shakai to tagengôshûgi" (Multilingualism in the Information Society), in MIURA Nobutaka (ed.), *Tagengoshûgi to wa nani ka* (What is Multilingualism?), May 1997.

NISHIGAKI Toru. "Intaanetto de kyôdôtai wa kuzureru no ka" (Will Communities be Destroyed by the Internet?) *Sekai* 622, June 1996.

Malay, and Vietnamese, and to link these to European languages like English, French, German, Russian, etc.

For Multicultural Coexistence

Unfortunately, even in Japan, most people do not seem to understand why we need a multilingual environment for information. Instead, the response of most people has been to say that we need to study English; in fact, for many, the very word "internationalization" means the ability to communicate in English. Up to a point, I agree, in that I have no doubt that English will remain a heavy factor in international communication for the foreseeable future. And the supreme irony in this article is that I am using an English-language article to communicate to an international audience the need to promote languages other than English.

If English becomes generally accepted as the sole way to communicate in cyberspace in the 21st century, however, it will be a rather unhappy option as far as multiculturalism is concerned. For many people, the need to communicate via English will essentially cut them off from their own cultures and traditions, leaving them rootless and adrift in cyberspace. Correspondingly, the threat that this poses to native cultures might anger a number of other people enough to inspire a dangerous reaction, a turn toward more virulent forms of racism, nationalism, or xenophobia.

We need to take the time now to make sure that the Internet provides a space where people from different cultures and value systems, including those from the United States, can freely and equally exchange ideas with one another into the 21st century; the development of a multilingual environment is therefore indispensable. This new medium represents the first genuinely global form of information infrastructure. If we want to make sure that this medium actually serves the purpose of global communication, we must first ensure that it does not eradicate the basis on which the free exchange of ideas can take place.

Institute of Social Science Symposium

Ajia ni okeru kaihatsu to jinkô•shigen•jendâ
(Population, Resources, and Gender Issues in Development in Asia)

Saturday, September 27, 1997, 11:00 a.m. — 6:00 p.m.
Faculty of Economics, University of Tokyo (Hongo Campus)

Further information will be posted soon on SSJ-Forum (see information on p. 30) and the ISS home page (http://iss.u-tokyo.ac.jp)

Plans for Data Archives at the Information Center for Social Science Research on Japan

MATSUI Hiroshi

DATA archives are organizations where microdata set in a machine-readable format during statistical research are assembled and maintained, and which provide an outlet for secondary analysis. Almost every advanced country has some sort of data archive for research and education in the social sciences, but even after several trials Japan has thus far not created one. Obviously, this has been a disappointment to researchers both in Japan and abroad, and many have expressed their hopes for the development of a Japanese data archive. In order to facilitate and to support better social science research on Japan, the Information Center for Social Science Research on Japan at the Institute of Social Science is creating a small-scale data archive, focusing initially on data sets accumulated during statistical surveys on Japanese labor and society.

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The Center's Data Archive Plan

Every year, scores of statistical studies are performed in Japan on an amazing array of topics. Unfortunately, these data are generally used only by the study group concerned, and are not made easily available for later reference. As time goes by, more and more of these data are lost due to lack of maintenance. Even by the early 1960s, virtually everyone agreed that Japan needed some sort of social science data archive capable of maintaining the data in a useful form, so that other scholars coulduse them for some sort of secondary data analysis. The strength of this conviction, however, has not led to much concrete action; there have been other proposals, but the efforts to compile comprehensive subject bibliographies on social and labor conditions did not contain even a primitive form kind of data archive. Several research groups tried to make their data public in the late 1980s, because they were faced with rejection by international academic journals that require the raw data sets for public use in order to test the hypotheses put forward in a given article.

But making microdata useful for other scholars is a burdensome task. In addition to creating instructions and code books, one also needs some sort of administrative desk where people can come to apply for or to receive the data. With this sort of independent work done only on a voluntary basis, we cannot expect individual researchers or research organizations to expend the time and effort needed to make data sets available. There is, therefore, an urgent need for institutions capable of accepting data from researchers and research organizations that intend to make their data sets public. Needless to say, the small staff of the Information Center cannot create a massive, comprehensive data archive to suit all social science purposes. Instead, we intend to create our own small-scale data archive and to serve as a bridge, via the internet, whereby anyone can access the data archives being maintained independently by a variety of other specialist organizations in Japan. In other words, rather than initially creating an enormous collection of data, we will combine potential data archives which are capable of providing their own data sets, in order to make access easier for interested researchers.

Preparing Data Archives

Accordingly, our data archive project brings together the microdata collected during the Institute of Social Science's many surveys of Japanese social and labor conditions between the 1950s through the 1960s. With a scheduled opening date of the data archive in 1998, we are busy right now mainly with data entry and setting up a system that will make the data broadly accessible. This is tough, because many of the data sets had previously not been put into machine readable form, nor have they retained the original questionnaire format. We have also been asking other Japanese research organizations to entrust us with their data, and have received a number affirmative answers, at least with regard to the aims of the project.

Even with this circumscribed approach, in creating the data archive, we are using as references data archives established in a number of other countries. With regard to the technical issues involved, we are currently determining the contents and information to be stored, microdata format, and codebooks. Furthermore, we are trying to develop a bilingual (Japanese / English) search system. We also need to answer a number of organizational questions, especially regarding rules for data deposits and conditions for secondary use, as well as how to provide appropriate support for users.

No data archive is an island, and in recognition of the need to cooperate closely with other scholars and research organizations, in February of this year, the Center sponsored an open seminar on the preservation and use of microdata (see the report opposite). The seminar attracted sixty scholars interested in data archives, and I think it is safe to say that the seminar succeeded in its goals of getting the word out about the Center's project, and raising the level of interest of other reserachers in the establishment of a Japanese data archive system. Along with the proposals raised in the seminar, we are working to create a consortium for data archives, with our Center at the administrative heart of the project. This consortium will not only push for the broader availability of microdata on Japanese society, but will also provide a continuing forum through which we can deal with technical and systemic issues in data collection, preservation, maintenance, and provision.

Although we are starting with the limited data archive described above, our Center is also exploring the possibility of carrying out a major survey similar to the American General Social Survey or the British Social Attitudes Survey, and to make the microdata collected through the survey public.

Although our Center was opened officially only last year, we are already taking the lead in establishing an internationally accessible data archive and a system to link Japanese data archives for all reserachers. We hope that this will lead to a revitalization of social science research on Japan, as well as to deeper knowledge about Japan both at home and abroad.

Archiving Data for Social Scientists

Seminar held by the Information Center for Social Science Research on Japan at the Institute of Social Science, University of Tokyo, 21 February 1997

THE primary aim of the Information Center for Social Science Research on Japan is to make more information available about the research efforts of social scientists in Japan. As part of this effort, the Center has started to build a data archive for storing and using the extensive stock of microdata from surveys on Japanese labor and society carried out by the Institute of Social Science since its establishment 50 years ago. The archive is still at the planning stage, and the Center staff are anxious to have as much input as possible both from potential users of the database and from other organizations with experience in the field. This seminar was therefore organized in the hope of gaining a better understanding of the problems and the potential of social science databases.

The seminar was attended by more than 70 people. Participants included representatives of some of the most advanced data archive projects in Japan, in governments, universities and the private sector. The following paragraphs summarize the main points of the presentations.

SUZUKI Tatsuzo on Data Libraries

Professor Suzuki Tatsuzo of Teikyo Heisei University and formerly of the Institute of Statistical Mathematics, started the seminar with a concise explanation of the basic principles and pitfalls of data libraries. The Internet has revolutionized data libraries, making possible decentralized data libraries that can be accessed from all over the world. However, in Japan there are currently two bottlenecks in the development of high quality data libraries able to meet the growing global demand for research data. The first is the cost of maintaining data quality, and the second is resistance to allowing free use of data. If data are not accurate and clearly presented, they quickly lose credibility among users. There are several aspects to achieving high data quality. First, manpower: cleaning up and processing data and producing error-free and easily understandable manuals takes effort. Checking data thoroughly is also vital, but extremely time-consuming. Second, the number of replies and kind of questions asked in original surveys has a decisive effect on data quality, and it is important to remember the limitations of the original data when processing and analyzing it. Completely statistically reliable surveys are so expensive as to be beyond the budget of any single institution. One way to improve the quality of data is to reanalyze older surveys in the light of findings from subsequent studies. Such continuity makes for gradually improved data quality.

KABASHIMA Ikuo and the *Leviathan* Project

Professor Kabashima Ikuo of the Faculty of Law, University of Tokyo then related his experiences as co-creator of the *Leviathan* databank. In 1987 a group of Japanese political scientists started the journal *Leviathan* in order to promote empirical research in political science. They soon realized, however, that there was no database for empirically oriented political scientists. The reason nobody had previously set up a database, even though the Japanese

Political Science Association had long been calling for one, was that building and managing a database was not considered to be serious research. This lack of a systematic data bank led to a vicious circle of no budgets for databases, no data collection, no users, and stagnant research.

The *Leviathan* group broke this vicious circle by starting a small database project under the auspices of an existing databank program at the University of Tsukuba. The databank's activities consist of gathering data, processing it, making a standard code book, and distributing the data. Data from 15 surveys, some on electoral behavior and others on wider political attitudes, is currently available in standard formats.

Gathering data is only the initial cost of making a database. In addition to putting data into a standard format, data backup and storage have to be organized, and code books have to be written, printed and stored. On the supply side, researchers' time is limited, and on the demand side, the users are few. Enormous, long-term commitment and effective networks are needed to create and maintain a high-quality databank.

HIGUCHI Yoshio Discusses Survey Data Developments

The labor economist Professor Higuchi Yoshio of Keio Gijuku University then gave a presentation on developments in survey data from the point of view of a data user. Surveys in the United States have gone through three generations. Aggregate data were as used in the 1950s and 60s; by the 1970s, surveys switched to using cross-sectional microdata, but have now moved on to using panel studies. Japanese surveys, meanwhile, are still in the first generation. The worrying result for Japanese scholars of this lag in survey development is that their research is less willingly accepted by international journals. Meanwhile, Japanese graduate students are deserting empirical for theoretical research for the same reasons. Panel data can be divided into data on individual households and data on companies and other groups. Although Professor Higuchi's talk concentrated on the first kind, data on companies and other groups are vital in order to understand the causes of employment changes.

From 1993 Higuchi and his colleagues, sponsored by the Domestic Economics Research Institute (Kakei Keizai Kenkyujo), started a panel study of women in their 20s and 30s, a group notable both for the dramatic changes in their lives and for their reliability in responding to surveys. The study aimed for compatibility with the National Longitudinal Survey and the Panel Study Income Dynamics surveys carried out in the United States. Despite problems with lack of replies from people with little education and with people moving house, after four surveys the response rate is more than 95%. While some questions, particularly those concerning money, yield less reliable answers, repeated questioning helps to overcome this to some extent. The survey team have a monopoly of the data for 12 months after it is complete, after which the data is made publicly available. The high response rate underlines a vital aspect of microdata libraries that surfaced in several of the presentations: relationships with those providing the data. The Kakei

Keizai Kenkyujo panel study team puts great efforts into keeping in touch with respondents and publicizing the results of the research. Of particular significance for Higuchi was that the study suggests that economists need to reexamine their assumptions about the economic rationality of switching jobs in Japan.

MATSUDA Yoshiro on Legal Aspects

The presentation by Matusda Yoshiro of Hitotsubashi University explained the legal situation regarding the use of Japanese government statistics. The Statistics Law (*Tokei ho*) makes all survey data in principle publicly available, and also imposes a duty to respond to government surveys. This law was designed to avoid the suppression of embarrassing statistics. However, as computerization advanced and it became possible to publish many more statistics, the fact that such publication was not covered by the Statistics Law meant that it became a barrier rather than an encouragement to the publication of data.

A more important problem today is that no progress has been made in releasing microdata in digital form. The chief culprit is no longer petty bureaucratic restrictions, but instead the drive for small government that started in the 1980s. These policies resulted in cutbacks at the Statistics Bureau attached to the Prime Minister’s Office, because the bureau found few vocal supporters to defend it from budget cuts. The major problem in publishing government microdata is the issue of privacy: how to publish data without disclosing respondents’ identities. In the case of individual people, this may not be such a problem in a country the size of Japan, but it would be relatively straightforward to work out the identity of many companies whose details appear in government statistics.

Until now, Japanese social scientists have shown insufficient interest in sharing data, unlike their colleagues in the natural sciences. This imbalance is reflected in the activities of NACSIS, and we can only hope the situation will soon be remedied.

MATSUI Hiroshi Summarizes the Center’s Role

The final presentation by Matsui Hiroshi of the Institute of Social Science summarized the current state of social science databases in Japan and around the world before presenting the current database activities of the Information Center on Social Science Research on Japan. Matsui’s article in this issue of Social Science Japan captures most of the points raised in his presentation, and I will not recapitulate them here.

In the lively discussion that followed, seminar participants raised a number of points that ranged from simple enquiries about file formats and software to uncomfortable questioning of the motives of the Institute of Social Science in setting up an Information Center. The wide array of topics that came up in the discussion illustrates the extent to which scholars in Japan are thinking about the need for and conditions of a social science data archive. — JL

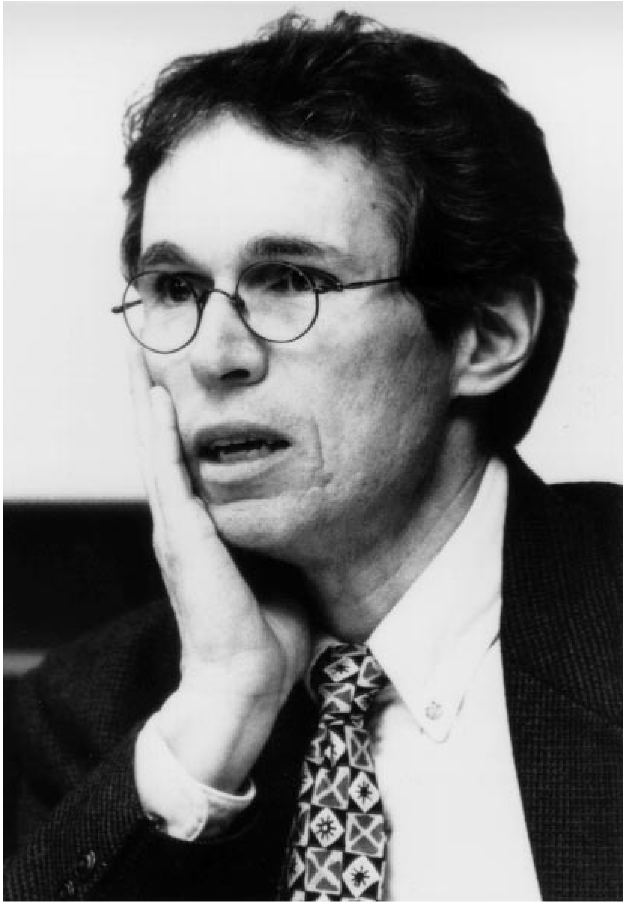
ISS Contemporary Japan Group

The ISS Contemporary Japan Group serves as a forum to provide foreign researchers at the Institute with critical feedback on their work. It also often invites non-affiliated scholars to present their research. Researchers visiting Tokyo are most welcome to attend Group meetings. Contact Associate Professor ISHIDA Hiroshi (ishida@iss.u-tokyo.ac.jp) or Dave LEHENY (leheny@iss.u-tokyo.ac.jp).

"Yellow Peril Between the Lines: The American Media Cover Japan"

Charles Burress
Fulbright Researcher
Staff Writer,
San Francisco Chronicle

February 4, 1997



"Information Systems in Government"

Kim Viborg Andersen
Associate Professor
Copehagen Business School
May 22, 1997

“Kisei kanwa, shijô kaihô, nihon no anzen hoshô”
(Regulatory Reform, Market Opening, and Japanese Security)

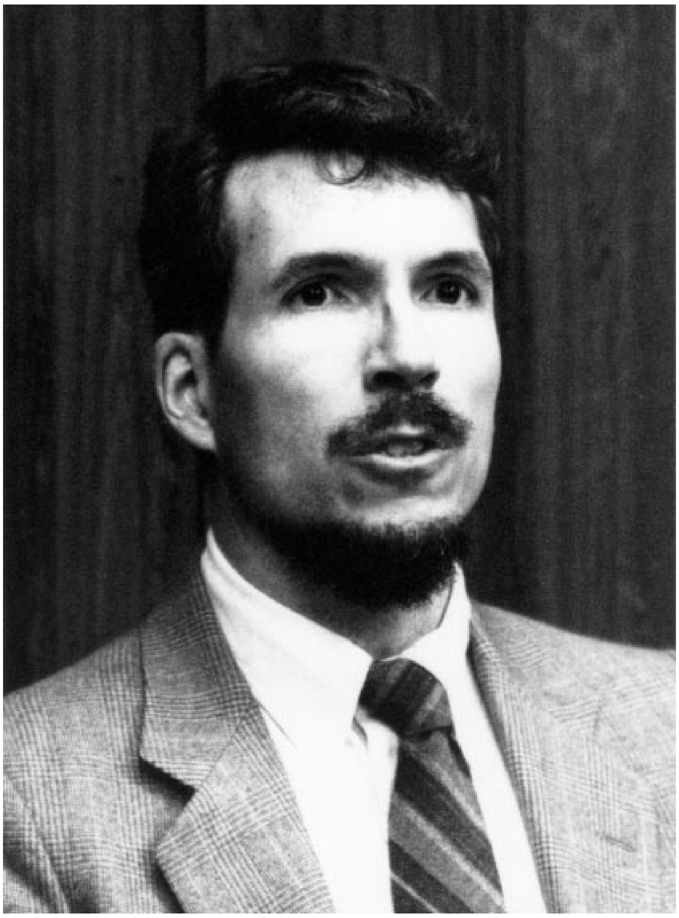
Mark Tilton
Associate Professor
Department of Political Science
Purdue University

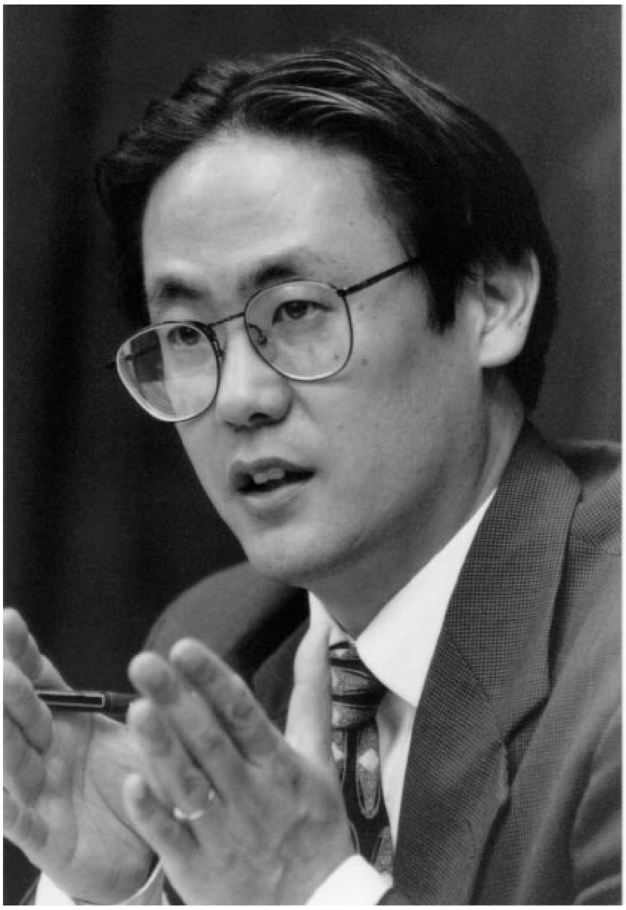
February 26, 1997

“The Political Economy of the US-Japan Automotive Dispute”

Mike Smitka
Associate Professor
Department of Economics
Washington and Lee University

March 11, 1997





“Clinton’s Trade Policy Toward Japan: New Policy Ideas and ‘Results Plus’”

Robert Uriu
Assistant Professor
Department of Politics and Society
University of California, Irvine

May 22, 1997

Still Going!

Continuity and Change in Japan's Long-Term Employment System

SATO Hiroki

DEBATES over labor market flexibility have raged for years. These have included not only arguments about the actual flexibility of labor markets, but also about the desirability of flexibility. In this short piece, I cannot provide an overview of these debates; rather I will introduce data on Japan's labor market in order to give an idea of how long-term employment will likely change or stay the same in coming years.

International Comparisons of Long-Term Employment

We need to begin with international comparisons of long-term employment in order to determine whether there is anything unusual or remarkable about Japan's profile. The OECD has carried out studies, in 1980 and 1990, of the long-term employment profiles of member nations using statistics provided by the members' governments. According to the 1990 analysis, labor-market mobility for both the workforce in general and for men in particular was lower in Japan than in any of the other 11 countries; this means that Japan was classified as the country with the highest percentage of people in long-term employment. And this characteristic becomes particularly clear when Japan is compared with the US, where labor mobility is greater. This does not mean, however, that Japan is the only country with relatively long-term employment; the Anglo-Saxon countries, like the US, the UK, Australia, and Canada demonstrate comparatively higher labor mobility, while France, Germany, Finland and others are closer to Japan's long-term employment profile.[1]

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The Development of Long-Term Employment

Japan has been classified as having more long-term employment than most other countries, but how has the degree and scope of long-term employment progessed? For data on this, we can turn to the Ministry of Labor's *Chigin Kôzô Kihon Tokei Chôsa* (Basic Statistical Survey on the Structure of Wages). Using the MOL calculations, we can create a standard of long-term employment (by looking at workers who have been employed continuously by the same company since leaving school) from the data on regular workers (excluding part-timers). We focus here particularly on manufacturing firms. Using this standard, we find that in 1954, 25% of male workers fit into this category (31% among people at large firms of more than 1000 workers, and 18.1% among people employed in small firms, of 10-99 workers). Only one in four employees in the early 1950s, therefore, was in what we consider long-term employment. By 1961, however, this percentage increased to 32.2%, then to 34.8% by 1964 (47.2% of those in large firms, and 23.8% of those in small companies), to 43.9% in 1967, 47.6% in 1971, 49.2% in 1974 (63.6% of those in large firms, and 27.4% of those in small firms), topped 50% in 1975, and continued to increase to 53.9% (large firms at 69.9%, and small firms at 29.3%), and then to 55.7% in 1979. And so in twenty years, from 1954 to 1974, the percentage had doubled. The growth was particularly marked in large firms during Japan's era of high-speed economic growth, from 1965 and into the 1970s.[2] According to TSUDA Masami, long-term employment in Japan grew between 1961 and 1981 for virtually all labor groups, regardless of size of firm, type of labor, level of education, age, etc.[3]

This last qualification is important. While the concentration of this kind of research on large corporations makes it easy to ignore small firms, we should note that even in small companies (between 10 and 99 employees), the percentage of those in long-term employment has grown, even in the post-Bubble era.[4]

The Narrowing Range of Long-Term Employment

This means that long-term employment is the norm for full-time, regular employees, but *not* that all people are in this position. In fact, the range of long-term employment has begun to narrow in recent years. In particular, the growing use of temporary workers, part-time employment, daily workers, and specially contracted work, combined with a growing inclination among some emloyees to change jobs, has nipped away at Japan's traditional profile of long-term employment. According to the Management and Coordination Agency's *Shûgyô kôzô kihon chôsa* (Employment Status Survey), the percentage of full-time, regular employees among the workforce (excluding directors) was 83.1% in 1982; the gender difference was pronounced, as 91.7% of men and 68% of female workers fit into this full-time, regular employment category. By 1987, the overall percentage had fallen to 80.3% (90% of men, and 60% of women), and by 1992 had tumbled further, to 78.3% (90.1% of men, 60.9% of women). The most recent figures are for 1992, when 90.6% of men and 60.2% of women worked in full-time, regular employment. The drop for men since 1982, then, has been minor, but has been far more precipitous for women.

The Gender Difference and Part-Time Labor

The maintenance of long-term employment for men is thus based in part on increasing the number of contingent workers, especially female part-time labor. Moreover, companies will likely rely even more on part-time workers in the future.[5] This growing use of contingent workers, even by major companies, has resulted from firms' efforts to reorganize their manpower composition in order to reduce wage costs and to increase their numerical flexibility. Of course, even though part-time contracts usually are based on fixed periods of time, many are renewed, and therefore long-term part-timers are hardly uncommon. Furthermore, firms are working to integrate part-time labor more efficiently into their development, and many are consolidating or even "internalizing" the part-timers with speical measures for annual pay increases and even advancement and promotion.[6] Even so, this projected further development of part-time labor means a reduction overall of long-term employment in Japan.

Even among regular employees, we can currently detect an important shift in long-term employment. A growing number of companies, particularly large firms, are keeping their people employed, but dispatching them to subsidiary firms and related companies, meaning that career development is

Notes

[1]OECD, *Emploment Outlook* (Paris: OECD, 1984, 1993).

[2]TSUDA Masumi. "Shûshin kôyô seido no kihonteki seikaku" (The Basic Character of the Lifetime Employment System), *Kikan gendai keizai*, 28 (Autumn 1977); KITAYAMA Ichiro, "Chingin kôzô tôkei kara mita nenkô chingin to shûshin kôyô" (Long-Term Wages and Lifetime Employment in Statistics on the Structure of Wages), *Rôdô tôkei chôsa geppô* 31:9, September 1979.

[3]TSUDA Masami. "Wagakuni kigyô ni okeru teichaku kôyôsô no chikusekisei oyobi chingin suijun no chôki keisoku" (Statistical Analysis of Wage Standards and the Accumulation of Long-Term Employment in Japanese Firms), *Shakaigaku Kenkyû* (Hitotsubashi University Research Annual), No. 23, April 1985.

[4]Chûshô kigyôchô (Small and Medium Business Agency). *Chûshô kigyô hakushô* (Small and Medium Business White Paper, 1995.

(continued on next page)

sometimes taking place outside of the narrow boundary of the firm. In the future we are likely to see that the long-term employment system will continue to some degree, but that careers will probably proceed within an enterprise group, rather than within one firm.[7]

Employment Protection as a Norm

For most Japanese firms, keeping people employed is not merely a matter of an economically rational decision to support skill formation and to consolidate personnel development within the company; it is also supported as a norm, being considered desirable in labor-management relations in Japan. It can be extremely difficult to check for the existence of a norm, but we can examine whether Japanese firms have responded to some of the short-term exigencies of economic downturns and the like by violating this norm when it would have been expedient. Even during the oil crises, the period of *endaka* (increasing value of the yen), and the collapse of the Japanese "Bubble Economy," firms have basically still adhered to long-term employment practices, with little change beween these periods and those of genuine economic health.[8] As palliatives, firms chose means other than lay-offs of long-term employees, like changing the requested age of retirement, renegotiation or cessation of part-time labor contracts, reduction of overtime, and dispatching employees to subsidiaries or other organizations. In other words, each of these methods was meant in part as "employment protection" for regular employees. Although this trend was most pronounced for large firms, the maintenance of long-term workers continued in medium-sized and small firms as well.[9]

Whither Japanese-Style Employment?

The picture is thus a mixed one. Among regular employees, we are currently witnessing broader and deeper use of long-term employment. Yet when we examine the entire picture of employment, we see that regular employees are becoming a smaller proportion of the overall labor market. And even among regular, long-term employees, we note that many of them maintain long-term employment, particularly in large firms, through their dispatch to other firms and to subsidiaries. In essence, this means that even in the recession-plagued Japan ofthe mid-1990s, long-term employment still constitutes an important feature of the Japanese labor market.

Notes (continued)

[5]Ministry of Labor Policy Analsysis Division, *Shûgyô kettai no tayôka ni kan suru sôgô jittai chôsa hôkoku* (Comprehensive Survey on Diversification in the Shape of Employment), Tokyo: 1996.

[6]Ministry of Labor Policy Analysis Division. *Heisei 7-nen paato-taimu rôdôsha sôgô chôsa kekka* (Results of the 1995 Comprehensive Survey of Part-Time Workers), Tokyo: 1997.

[7]Hiroki SATO. "Keeping Employees Employed: Shukko and Tenseki Job Transfers: Formation of a Labor Market within Corporate Groups," *Japan Labour Bulletin*, 35:12, 1996.

[8]Ministry of Labor Policy Analysis Division, *Rôdô keizai dôkô chôsa* (Survey on Economic and Labor Trends), Tokyo: 1995.

[9]KANEKO Kazuo, SATO Hiroki, and UCHIDA Hiroshi. *Kôyô kakuhô ni kan suru rôshi no taiô* (Labor and Management Dealing with Employment Protection). Tokyo: Tokyo Metropolitan University Labor Research Institute, 1996.

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Pinning Hopes on Angels:

Governmental Responses to Japan's Low Birth Rate

The Information Center for Social Science Research on Japan

Glenda S. ROBERTS

ALMOST three years ago, in December of 1994, four government ministries put together a policy plan called the 'Angel Plan' to respond to the problem of the "low birth society of the 21st Century." The plan is to be carried out over a ten year period, from 1995, by the Ministries of Health and Welfare, Labor, Construction, and Education, to give support to childrearing from a "comprehensive social perspective." Within this plan, the Ministry of Health and Welfare also marked policies for day-care centers as as a matter to be urgently addressed within the first five years. Plans were drawn up to: extend the spaces for infants in centers, increase the number to extend the spaces for infants in centers, to increase the number of centers offering extended daycare (2,230 to 7,000), temporary daycare services (450 to 3,000), day-care for children recovering from illnesses (30 to 500), and after-school clubs for elementary school children (4,520 to 9,000), to refurbish day-care centers for multi-purpose activities, and to create local child-rearing centers for giving advice and support to child-rearing (236 to 3,000).

The five-year plan for emergency childcare was funded by the national government at 18 billion yen in 1995. They anticipated 600 billion yen in additional funds over the ensuing years to 1999. This has run into difficulties, however, as interest rates have fallen, the economy remains stagnant, and local governments have not been eager to embrace the full plan. The news media have criticized the five year emergency childcare plan, noting that in many categories it is far from meeting its goals, and will probably be scaled back. One Ministry of Health and Welfare official complained in an interview that the problem of the rapid aging of society is taking up all the attention, while people are much slower to grasp the necessity of funding programs to make child bearing and rearing less burdensome.

According to the National Institute of Population and Social Security Research, in 2015, one in four Japanese will be 65 years old or older, and in 2049, the rate will be one in three (*Nikkei Weekly*, 1/27/97). The blame for this rapid greying of society is laid on the plunging fertility rate, which was 1.42 in 1995, and the ever-increasing life expectancies. The Institute predicts the fertility rate will drop to 1.38 in the year 2000. The editorial in the *Nikkei Weekly* that discussed these projections noted that if social conditions deteriorate, the fertility rate could continue to slide. Stating "it is not a sound society that discourages women from having children," the *Nikkei* urged that steps be taken to stem the falling birthrate. This appears to represent something of a consensus in the media. But can the Angel Plan make child-raising a "joy," rather than a "hardship," to use the *Mainichi Shimbun's* terms?

Different Strokes for Different Ministries

While most of the Ministry of Health and Welfare's Angel Plan initiatives have to do with working parents, one that does not is quite striking in its capacity to frame and respond to an increasing urban social problem: the isolated and beleaguered full-time homemaker who is home alone with her small child. The project aims to open certified daycare centers to mothers and children of the local community even if they are not enrolled in the centers.

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This is a kind of revolutionary concept, as in Japan, the walls of schools, including day-care centers, really indicate their separation as entities apart from the community (Tobin, 1989). There is currently only one example of this project in Tokyo, that of the Shin'ai Nursery School, a private day-care center in Koto Ward.

Shin'ai actually took the initiative to start a childrearing seminar before the Angel Plan was in place, but has recently received financial support from the MHW as part of the Angel Plan. The seminars are designed largely to provide instruction in childrearing to neighborhood moms, who sometimes are ignorant of medical and social resources in their area. Many of them have to do virtually all the childrearing work, because their husbands spend long hours away from home, returning home only to sleep or the weekends. The program seems to go to the heart of the urban problem: the strictly gendered division of labor, the lack of time together as a family, and the dearth of kin or friends. Moreover, it is useful to women who are on childcare leave as well as those who have quit their jobs. The Center director, however, noted that it has proved difficult to establish such a program in areas that lack the ethic of community responsibility for children, which is a feature of Shitamachi (downtown) Tokyo.

The Ministry of Education's policy focuses on providing support services for home education and childrearing nationwide. It rests on four pillars: 1) home education, that is, a system for counseling, hotlines, and media programs to assist parents and grandparents in rearing children, 2) creation of networks for child-rearing, 3) promotion of opportunities for parents and children to do things together, and 4) promotion of opportunities for fathers to participate more in their children's lives. In Japan's central gender role paradigm of the modern era, the Ministry of Education deemed the mother to be the educator-parent (Nolte and Hastings, 1991) so I was particularly curious to see how the MOE was re-creating fatherhood. I looked at their in-company program for fathers, called 'Support Project for Fathers to Participate in Home Education,' [*chichioya katei kyoiku sanka shien jigyo*], which ostensibly seeks to increase fathers' understanding of their children's development and encourage them to participate more in the life of the household. This project started in 1994, and has been implemented through the Boards of Education in localities that express an interest in the subsidized program. Some MOE figures have been candid in their doubts about whether such programs would help, but suggested that it was a start. The overwhelming problem according to them, is the rigidity of the work environment, which continues to demand unpaid overtime from its employees long after official work hours are over. One MOE official told me that as long as this remains unchanged, these programs will be of little practical use. What employee could spend more time with his family given the current pressures to remain late at work?

On the employment front, the Ministry of Labor and its affiliated foundation, the Japan Institute of Workers' Evolution, have been active. Broadly speaking, the MOL's Angel Plan policies focus on three areas: 1) creating an

> What employee could spend more time with his family given the current pressures to remain late at work?

environment that is conducive to employees' taking childcare leave or eldercare leave, including making their reentry to work smooth; 2) creating a work environment that makes it easy to working while caring for a dependent relative, and 3) providing support for re-employment to those who quit their jobs because of childcare or eldercare responsibilities. In targeting these goals, the MOL provides grants to companies for reentry training to employees returning from leave, provides financial aid to companies who assist their employees in paying for homehelp, and has created seminars to instruct people on how to manage childrearing and career development, among other instruments.

The MOL's programs may be somewhat easier to implement, as they respond directly to the perceived needs of their clientele: women who desire to remain at work, or who are considering reentering work in some capacity: That is unlike the MOE's project for fathers, which attempts to alter the ingrained behavioral patterns and consciousness of the constituents, without any indication from the men themselves that this is something they strongly desire to change. The MOE's ambitious programs seem designed to convince men to take childcare leave, or resist long "service" overtime, or to take other steps that would compromise the hitherto dominant gender-role pattern, and run up against prevailing expectations for male performance in corporate culture. As I see it, the MOL wants to assure women that there are more options than childrearing OR employment. If they fail to encourage women and corporations to explore current options and create new ones, in the coming century, when labor will be scarce, Japan would have to open the labor market to foreign workers. The MOL is loathe to do so. The problem is that in the present economic doldrums, the specter of a future labor shortage casts too dim a shadow for corporations to get onto the gender equality bandwagon, especially to move in the direction of family-friendly policies.

Conclusion

The Angel Plan in its entirety points to a panoply of contradictions in social institutions which have combined to make marriage, child-bearing and rearing difficult for women, whether or not they wish to remain active in the labor force. It is women, through their increasingly late marriages and work and leisure-oriented lifestyles, who have pushed demographics to the point where the government has seen the consequences of inaction in gender equality programs. If the aim of the Plan is to nudge the birthrate back to replacement level, it isn't going to work, because it is insufficient. Will it be any more successful at creating family-friendly environments and a society where the community embraces the rearing of the next generations? At its current level of funding and size of initiative, it may have a small impact. The foremost problem is that it lacks the social consensus necessary to put in place the funding and comprehensive programs that would achieve its stated goals. Probably the most effective stimulus will come from women themselves. If younger women continue to vote with their feet by delaying or resisting the marriage contract that carries with it the burden of maintaining the household and rearing the children, and if middle-aged women refuse to carry the full burden of eldercare, they will push social institutions to change.

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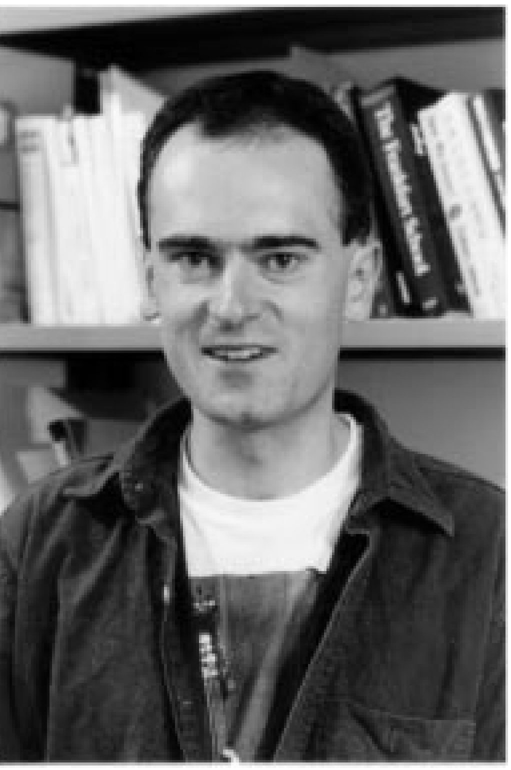
Tours of Duty:

Why the Japanese Ministry of Transport Encouraged Overseas Trips

David LEHENY



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STATES typically do not promise to send abroad ten million of their citizens, especially not without arming them heavily first. And such a promise would likely not be greeted as odd but essentially friendly. Yet the Japanese Ministry of Transport's 1987 Ten Million Program, designed to double the number of tourists leaving the country annually from five million to ten million in five years, received mostly favorable attention in the Japanese press, was greeted warmly by representatives of the (sometimes powerful) tourism bureaucracies in some of Japan's Asian neighbors, and appears not to have inspired an arms race as customs and immigration authorities around the world prepared to meet the incoming Japanese with deadly force.

Media images to the contrary, the Japanese have traditionally not been major overseas travelers. But after the 1985 Plaza Accord-led appreciation of the yen, Japanese tourist departures began to rise rapidly. Still, in 1986, only 4% of Japanese took overseas trips, a far smaller proportion than in the other industrialized countries, particularly those in Europe. The Ten Million Program thus (by design) came at a propitious moment; outbound tourism did indeed double, a year ahead of schedule, and this year roughly 16 million Japanese will take outbound trips, a proportion (13%) close to that of the US, though still far behind the UK and Germany.

Tourism Policy and International Tourism

Although tourism has yet to receive much attention in studies of political economy, it is an enormous industry, sometimes reckoned to be the world's largest. According to UN figures, international tourism receipts reached $350 billion in 1994, with over half a billion people taking some form of overseas trip definable as tourism. Even within tourism, generally acknowledged to be the world's fastest-growing industry, the Asian market has been the biggest gainer in recent years, with the veritable explosion in Japanese outbound tourism serving as the principal source of growth. Virtually every country has some sort of tourist policy, but these are almost always regulatory schemes for the industry, or promotional exercises for inbound travel or for advertisement of certain regions within one's territory.

We need therefore to ask why the Ministry of Transport would have taken the unique step of promoting outbound travel, the exact opposite of what most states are trying to effect. Three obvious causes stand out: the desire to reduce the trade surplus through the "invisibles" account, generally considered less "strategic" than other elements in a trade portfolio; the effort to access ODA funds for overseas tourism development projects; and the drive to create more *amakudari* (descent from heaven) spots for MOT retirees in the agencies that would be established as part of this program. To explain this program only with these three obvious features, however, is to make a case based on an implicit and unsustainable counterfactual: that the tourism bureaucracies of other industrialized countries would have done the same, if confronted with these three elements of the constraining environment.

This is plainly wrong. The USTTA, which was responsible for promoting tourism to the US until it was wiped out in Clinton's 1996 budget cuts, was prohibited in its legal mission from promoting overseas tours. The governments of Western Europe, many of which engage in some form of ODA for tourism development in their former colonies (which the US generally eschews), have never suggested that they would promote outbound tours, only that they would provide some overseas funding for site development. Indeed, in these countries, tourism is a quintessentially private act, and the idea that these governments would promote overseas trips, or suggest that they would double the number of outbound tours in a few years, is laughable. I know; the representatives all laughed when I asked them about this.

Identity and Norms in Japanese Policy

And yet this is precisely what the Japanese government did. So if the instrumental goals noted above were almost certainly necessary but also insufficient reasons for creating the Ten Million Program, what accounts for the policy? Two elements of the normative environment in 1980s Japan both gave the MOT the idea of creating the policy, and provided it with legitimacy in the Japanese public sphere.

First, unlike the US and (to a lesser degree) the countries of Western Europe, leisure behavior has never been considered to be off-limits for government interference. Since the Meiji Restoration, government agencies have been involved in shaping leisure lifestyles and guiding appropriate forms of play and relaxation. Before WWII, for example, the Japan Tourist Bureau (the JTB, later the Japan Travel Bureau) was part of the Ministry of Railroads, and was responsible not only for promoting inbound tours, the usual function of a national tourist office, but also for creating, packaging, marketing, and selling domestic tours to the Japanese themselves.

And this orientation did not end with the American Occupation. In the 1970s, MITI created the Leisure Development Center, a research institute designed to get information on "normal" leisure behavior in the other industrialized countries and to channel it to the ministry as well as to leisure-related firms in Japan. Their researchers — and this is nice work if you can get it — travel abroad, ride rollercoasters, go skiing, and write reports about it. Notably, the focus of research is on the industrialized West; a certain style of leisure behavior has been associated not with "Western culture" or the like, but rather with "industrialization" and "advancement." And the Ten Million Program fit within a broad variety of similar policies, all designed to improve Japanese leisure lives by making them more like those enjoyed by Europeans and North Americans. Prime Minister Miyazawa's goal of creating a "lifestyle superpower" relied heavily on mass media images of "normal" ways for the people of a rich country to have fun. In other words, the state had an established role in the leisure lives of the citizens, and in the 1980s and into the 1990s, bureaucrats have been expected to exercise it, to make Japanese leisure more "normal."

Second, starting in the 1970s, one of the key buzzwords in Japan has been *kokusaika*, or "internationalization," though it was perhaps in vogue more in the 1980s than it has been since. *Kokusaika* has never been well defined,

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though most people seem to agree that it is a good thing; it appears to be based on the feeling that Japan, compared with the countries of Europe and North America, is closed to foreign influences, even somewhat provincial with regard to foreigners. Whether Japan "needs" *kokusaika* is a distinctly normative question, and the appropriate level of openness has been hotly debated in the Japanese government, mass media, and academia since the 1970s. To the extent that there is a messy consensus, however, it is that Japanese should be able to communicate more effectively with foreigners, but that Japan will not become a country of immigrants. In essence, most of Japan's *kokusaika* programs, such as native-speaker English teachers in the public schools, sister-city programs, and the like have been designed to make the country somehow more cosmopolitan, without allowing foreigners to run amok or to challenge a sense that Japan is unique, somehow different and ultimately unknowable to outsiders. *Kokusaika* is thus carefully circumscribed.

Explaining with Norms

That said, the Ten Million Program was both more and less than it seemed. Even without the MOT's establishment of special promotional campaigns and agreements on overseas tours, the number of Japanese outbound tourists would likely have risen to ten million a year by 1991 or 1992. But looking for the "economic" outcomes in a policy that was largely social and symbolic in nature is fundamentally wrongheaded. While the Ten Million Program may not have been effectual, it is instructive, at least in providing us a way of examining political norms and symbols in contemporary Japan. If Japan had not been considered too "hard-working" and "provincial" for a "normal" industrialized country, it is highly unlikely that we would have a political artifact as odd as a state commitment to send people abroad for their holidays. And without an interpretation of what these norms meant in Japanese politics, we cannot explain the policy outcome.

This recognition leaves traditional social science in a quandary. If questions of norms and identity have clearly affected state behavior — and there is little doubt that they have in this case — we have two options. We can ignore the phenomenon, and consider it outside of the realm of proper inquiry; this has too often been our response too often with regard to the politics of lifestyle and leisure. Alternatively, we can try to develop analytical tools capable of showing how identities, and the norms that give such identities meaning, affect interests and behavior. The case of outbound tourism policy thus provides an excellent opportunity to rethink the roles of cultural and social norms in the formation of foreign policy.

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Wealth and Saving

David W. CAMPBELL

RESEARCH over the past ten years or so has indicated that Japanese and American saving behavior may not be fundamentally different (Campbell [1995a] and [1995b]). In the US heterogeneity of saving behavior has been emphasized as a critical research agenda with the general acceptance among academic economists that one paradigm of saving is inadequate to describe aggregate saving in the United States. It seems likely that savers in the US can be divided into at least three groups: a substantial number who save nothing or dissave, a relative few who accumulate great wealth and who probably dominate aggregate saving, and a large number who fall between these two extremes (Avery and Kennickell [1991]). In this essay I will present some evidence from my recent research (Campbell and Watanabe [1997]) that establishes for the first time that in Japan too a small number of households drive aggregate saving, and I will describe what the key identifying characteristics of these households are.

The data source we used was the *1994 Survey on the Financial Asset Choices of Households* (hereafter the *Financial Asset Choice Survey* [FACS]), conducted by the Institute for Posts and Telecommunications Policy of the Ministry of Posts and Telecommunications. About four thousand households answered detailed questions on their financial assets, liabilities, real assets, income, and other economic variables of interest (for a comprehensive analysis of the FACS, see Campbell and Watanabe [1996]). Conceptually, it was a fairly simple matter to calculate the saving for each household.

We were first interested in seeing if in fact a relatively small number of households dominate Japanese aggregate saving. Looking at positive savers, who make up two-thirds of all households (i.e., a full one-third of households actually ran down their assets in 1994), the top ten percent of

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Table 1
Shares of net saving by percentile classes

percentiles of net saving	share of total net saving (percent)	percentiles of net saving	share of total net saving (percent)
0-1	-19.76	60-70	6.04
1-5	-31.90	70-80	9.23
5-10	-10.78	80-90	13.52
0-10	-62.44	90-100	139.49
10-20	-8.89	90-95	10.57
20-30	-2.75	95-99	28.20
30-40	0.21	99-99.5	15.67
40-50	1.91	99.5-100	85.05
50-60	3.68		

Source: Campbell and Watanabe (1997), Table 3

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Further Reading

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these households account for 76.34 percent of total positive saving while the bottom fifty percent account for 5.58 percent. The situation is similar though not quite as skewed for negative savers with the top ten percent of the households accounting for 60.76 percent of total negative saving and the bottom fifty percent accounting for 6.64 percent. Putting the two groups together we provide a breakdown of net saving in Table 1 (see previous page). As one would expect from the analysis above total net saving is dominated by households in the bottom and top deciles. One way of summarizing the above information is to note that the minimum percent of total households that account for 75 percent of positive saving, 75 percent of negative saving, and 75 percent of net saving is 12.17 percent. As in the US in Japan a handful of households drive aggregate saving and the representative household contributes insignificantly to household wealth formation.

We call these households (the 12.17 percent referred to above) influential households. Influential households save about 22 times as much, own about 3.4 times as much, and earn about 50 percent more than non-influential households.

We can see this from another angle by investigating whether the upper tails of the wealth and income distributions dominate net saving. Table 2 details shares of saving by wealth percentile. In particular one is struck by the facts that the top twenty percent of households account for 86.23 percent of net saving while the poorest 60 percent of Japanese households account for less than 1 percent of net saving.

Table 2
Shares of saving by wealth percentile (percent)

wealth percentile	saving positive	saving negative	saving net	share of wealth
0-10	0.81	1.68	0.16	0.06
10-20	1.96	2.07	1.88	0.52
20-30	2.48	6.75	-0.70	1.14
30-40	4.38	8.99	0.93	2.54
40-50	5.06	5.11	5.06	4.46
50-60	6.75	24.67	-6.56	6.60
0-60	21.44	49.27	0.77	15.32
60-70	9.75	6.49	12.17	9.04
70-80	3.84	7.89	0.83	12.40
80-90	14.14	5.68	20.42	17.64
90-100	50.83	30.67	65.81	45.60
90-95	6.72	6.34	7.00	13.59
95-99	2.41	15.21	-7.11	20.42
99-99.5	0.00	7.82	-5.81	5.35
99.5-100	41.70	1.30	71.73	6.24

Source: Campbell and Watanabe (1997), Table 5.

Note: The ratio of total negative saving to total positive saving is: .4263.

On the income side, seen in Table 3, the upper tail is not quite so domineering and the bottom half of the income distribution is responsible for 32.74 percent of net saving.

Table 3
Shares of saving by income percentile (percent)

income percentile	positive	saving negative	net	share of income	income percentile	positive	saving negative	net	share of income
0-1	0.014	1.200	-0.845	0.057	60-70	4.427	12.166	-1.173	11.004
1-5	8.205	1.908	12.762	0.762	70-80	4.341	5.192	3.726	12.986
5-10	2.351	1.210	3.176	1.575	80-90	8.794	19.953	0.720	15.247
					90-100	48.710	24.157	66.474	24.139
0-10	10.569	4.317	15.093	2.393					
10-20	1.334	2.810	0.266	4.554	90-95	4.207	18.492	-6.128	9.413
20-30	3.060	5.755	1.109	5.683	95-99	43.453	3.294	72.510	10.182
30-40	4.388	4.286	4.462	6.682	99-99.5	0.363	2.371	-1.090	1.903
40-50	10.881	9.599	11.808	8.009	99.5-100	0.686	0.000	1.183	2.641
50-60	3.496	11.762	-2.485	9.303					

Source: Campbell and Watanabe (1997), Table 6
Note: The ratio of total negative saving to total positive saving is: .4198.

It is worthwhile noting (see Table 9 of Campbell and Watanabe [1997]) that the upper tails of both the wealth and income distributions are driven almost exclusively by influential households. In short the upper tails of the wealth and income distributions contribute most of total net saving, and nearly all of these contributions to net saving are made by influential households.

We also examined the contributions to total net saving by selected other factors. The receipt of a bequest in the past appears to be a necessary prerequisite for substantial wealth accumulation for many households: 48.3 percent of influential households have received a bequest while only 15.4 percent of non-influential households have. Though over twenty percent of households are one person households their total contribution to net saving is less than one percent. Households whose heads are employees of private companies account for -1.80 percent of net saving although they comprise 61.01 percent of all households; households whose heads are self-employed (12.69 percent of all households) account for 74.14 percent of net saving, and households whose heads are not employed (10.20 percent of households; these are the retired or unemployed) contribute 23.63 percent of saving.

It seems that as in the US saving is done by a small number of very wealthy or high income households. This conclusion highlights the importance of research on heterogeneity of saving behavior. Further, it is highly consistent with the substantial body of work over the last ten years or so which has rejected the hypothesis that the savings process in Japan is distinctive.

Comment (and a Challenge)

Predicting Japanese Politics

Steven R. REED

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IN April of 1994, over two years before the first election under Japan's new electoral system, I made several predictions: "...almost everyone will be disappointed in the system at first....No political system lives up to its promises. Thus, right after the first election held under the new system, we can expect cynics to tell us that nothing has really changed." (Reed 1994: 31) Similarly, over a year before the election I predicted that the JCP would gain votes. Unfortunately, I did not have the opportunity to publish this prediction, but my students and several of my email correspondents should be able to confirm my claim. All of my other predictions about the 1996 election also proved correct in the event.

Making accurate predictions is actually quite easy. There are two secrets. The first is simple: base your predictions on theories that have been supported by empirical analysis. The main reason political science (along with the other social sciences) has such a poor reputation for prediction is that political scientists try to answer the questions posed by government and the media. We could improve our reputation by emphasizing what we know instead of trying to answer the "important" questions. Reporters in particular are often remarkably satisfied by answers that take the form: "Well, I do not know the answer to your question, but let me tell you what I do know." Give them a quote they can use and you may not need to answer their questions. The harder part is resisting the temptation to play oracle and make predictions based on one's "feel" for how the world works. There are serious rewards for playing oracle, and professors do not enjoy admitting ignorance. Thus, the second secret to making accurate predictions is more difficult: get used to saying "I do not know" whenever you cannot base your prediction on a theory supported by empirical analysis.

Though it is easy to make accurate predictions, it is impossible to make perfect predictions. Even physicists fail to make perfect predictions in the real world. The only things that physicists predict with near perfect accuracy are the results of experiments. The physics analog to predicting political events is predicting the weather. One cannot expect the kind of accuracy obtained in controlled laboratory experiments when predicting the weather or politics. My own track record is around eighty percent, comparable to weather prediction.

Among my major misses were my confident predictions that Takeshita would not resign in 1989 (no previous LDP leader had ever lost his job without an alternative candidate pushing him out of office) and that, if the Hata-Ozawa faction defected from the LDP in 1993, there would be several members who would stay with the LDP (every previous case of defection in the history of Japanese conservative parties had produced such drop-outs). You cannot win them all. You can only win around eighty percent. I will take this opportunity to make a few more predictions about the next election.

(1) If the next election is held under the same electoral system, turnout will go up. A major reason that turnout was so low in the 1996 election was that

I am willing to wager on each of my predictions under the following conditions...

kôenkai (candidates' support groups) were still organized around the old electoral districts and were therefore ineffective at mobilizing the vote. Candidates are currently reorganizing their kôenkai to fit the new district boundaries and therefore turnout will go up. How high will it go? I do not know. Turnout is affected by many factors, some we understand and many we do not.

(2) If the double-candidacy provision is repealed, the number of noncompetitive districts will increase. Single-member districts (SMDs) tend to produce strong incumbency advantages and it is often difficult to find candidates to challenge entrenched incumbents. The double-candidacy provision (that a candidate may run simultaneously in an SMD and in a PR district) offers parties a way around this problem: one can promise a candidate a PR seat if only he challenges a strong incumbent. If this strategy is not available, we should expect more districts in which the incumbent or his successor is virtually guaranteed victory.

(3) If the double-candidacy provision is repealed, the prediction of higher turnout applies only to competitive districts. Turnout tends to go down in noncompetitive districts. I do not know how the balance between increases due to more effective mobilization and decreases due to lack of competition will balance out, and therefore make no prediction for noncompetitive districts nor overall national turnout figures if the double candidacy provision is repealed.

(4) The next election will be held under the current system, perhaps with some minor modifications. A large majority of Diet members favor changing the system, but they will not be able to agree on a new system to replace it. Tinkering is, however, quite possible, and criticism has focussed on the double candidacy provision. Thus, I have expended the energy to make predictions about what would happen without this provision.

(5) If the electoral system is not changed, the effective number of candidates in most districts will move towards two. Single-member districts produce strong incentives to reduce competition to two candidates per district and incentives always affect behavior. However, if the double candidacy provision is repealed, the effective number of candidates in competitive districts will tend to go down towards two, but noncompetitive districts may fail to move up to two.

(6) Japan will not have a two-party system by the time of the next election. The long run equilibrium under the current system may well be a two-party system, but reaching equilibrium takes time and is a rare event in any case. For example, Great Britain has used SMDs for a long time and has been out of equilibrium since the mid-1970s with about 2.3 effective political parties. Electoral system effects are strongest at the

Other articles by Steven R. Reed on Japanese Elections

"Providing Clear Cues: Voter Response to the Reform Issue in the 1993 Japanese General Election" *Party Politics* 3:2 (April 1997) 265-277.

"Chûsenkyoku ni okeru M+1 hôsoku: Sono riron to jissai" (The Theory and Reality of the M+1 Rule in Medium-Sized Electoral Districts). *Sôgô seisaku kenkyû* 2 (March 1997) 235-244.

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(continued on next page)

Predicting Japanese Politics *continued*

Further Reading

"Hereditary Seats: Second Generation Dietmen and Democracy in Japan" with Michihiro Ishibashi, *Asian Survey* 32:4 (April 1992) 366-379.

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district level. The incentives to organize into two parties at the national level are much weaker.

In this essay, I wish to argue not only that political scientists can make accurate predictions, but that we should. Prediction is the hallmark of science. Accurate prediction is not the only measure of a science, but the future is the "pudding" in which one finds the most convincing "proof." Explaining things after the fact is too easy.

I am willing to wager on each of my predictions under the following conditions: a public bet made on the SSJ-Forum of either 100 yen or 1 dollar, one bet per prediction. The point of betting is to put your hypothesis on the line. When the votes are counted, someone must publicly admit to having been wrong. I can provide precise definitions of the terms used in each prediction, but am also willing to negotiate. I also have more complete explanations of the theories behind each prediction if anyone is interested. If my track record holds up, one of my six predictions will be wrong. Pick the right one and make yourself a buck.

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Take The Steve Reed Challenge!

SSJ-Forum

Steve Reed wants it, Steve Reed's gonna get it: we're putting his predictions and your predictions for Japanese elections on SSJ-Forum. SSJ-Forum is the Institute of Social Science's moderated email discussion list for anyone interested in social science research on Japan. To subscribe, please send a message with "subscribe" in the subject header to: ssjmod@iss.u-tokyo.ac.jp. For further information, please check the ISS home page (http://www.iss.u-tokyo.ac.jp/).

Review

Networked Societies?

Comparing Policy Networks: Labor Politics in the U.S., Germany, and Japan.
David KNOKE, Franz Urban PAPPI, Jeffrey BROADBENT, Yutaka TSUJINAKA.
Cambridge University Press, 1996. ISBN 0521495881.

Wei-hsin YU

COMPARING Policy Networks adopts the organizational state approach to public policy making, which was originally proposed based on American cases, and expands the framework to two other economically advanced countries: Germany and Japan. As the title suggests, it compares the policy-making processes within the labor policy domain in the US, Germany, and Japan during the 1980s, when all three countries were led by conservative political parties. It thus has two goals: to demonstrate the validity of the organizational state paradigm in different national contexts, and to reveal international variations in labor policy-making with the use of this framework.

The organizational state perspective emphasizes a blurring boundary between state and civil society in contemporary societies. It argues that in contemporary societies the public sector competes or cooperates with private organizations — through networks that allow them to exchange information and other resources — to shape policy-making processes. Hence, state institutions, rather than representing a supreme authority distinct from civil society, are regarded as public actors, which interact with private organizations to produce collective decisions on policy issues, although resources and power are unequally distributed among actors. Among the book's contributions is its demonstration that the policy-making processes in the three states have at least this in common. However, the structure of networks, through which public and private actors exchange resources and influence each other in order to realize their own interests, differs substantially across the three countries because of varying historical backgrounds and political contexts during the 1980s, the period under examination.

This book begins with an effort to define the main actors, including both public and private institutions, and their interests within the labor policy domain in each of the countries. One major similarity found is the clear differentiation of social welfare problems from labor relations issues, which concern different organizations in each country. Only in the US, however, do they find an expected "rim" or "circle" structure of issue interests (i.e., no issue occupies a central position and thereby concerns almost all actors), while in both Germany and Japan some widely shared concerns in the domain fall in the center of the structure. With respect to the spatial distribution of domain actors, determined by their particular interests in domain issues, the "empty center," which is a fixture of most studies of the organizational state approach, can be found in the US and Germany, but not Japan. The authors therefore argue that actors in the labor policy domain in these two Western countries are more specialized in response to their particular issue interests, while Japanese actors express interests that are much less divergent.

Furthermore, this book examines two major networks, communication and political support networks, assumed to have effects on domain actors'reputations and event activities. The authors argue that centrality in both networks has positive effects on reputations and "event activities" of domain actors. In other words, the shorter the "path distance" that an organization needs to go through to communicate with other organizations, and the more support an organization can provide to other organizations, the greater its reputation and its event

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Networked Societies *continued*

activities, or efforts to influence policy. Interestingly, the authors predict that in a consensus building country like Japan, centrality in the communication network, rather than that in the support network, would have a stronger effect on reputations and event activities, but their results are precisely the opposite. That is, the support network affects reputations and event activities more strongly in Japan, while the communication network is more influential in the US and Germany. The authors also examine a number of legislative events in the labor policy domain of each country, reporting international differences in the methods of forming coalitions and using tactics to affect events, as well as in the determinants of domain actors' participate in event action sets.

The book's most interesting findings appear in its last section. The authors examine the power structures in the labor policy domain of each country, and summarize these domains with a two-by-two classification (p. 219) derived from combinations of formal and informal institutions. They then depict this using the three major interorganizational relationships analyzed in their previous sections: communication exchanges, organizational reputations, and action-set coalitions. In the US and Germany, multiple centers occupy the policymaking domain, but there is a single center in Japan. Based on these findings, they develop a typology of four combinations from two sorts of formal institutions (i.e., constitutions) and two types of informal institutions (i.e., power structures) to summarize international variations across these three countries. According to the authors, in the US, where the formal institution is a presidential system and its informal structure is characterized by multiple centers, the labor policy domain is best characterized as "contentious." In contrast, with a parliamentary system and multiple power centers, Germany has a "collaborative" labor policy domain, while Japan's "coordinate" labor policy domain results from its formal parliamentary structure and its informal "single-center" structure. This conception of contentious, collaborative, and coordinated labor policy domains concisely summarizes the work's findings and is able to explain why different preferences on labor policies occurred in the three countries under similar circumstances (pp. 219-20).

Despite some discussion on how each country's historical background and political culture have affected its labor policy networks, this book unfortunately lacks a grand picture that can fully account for the international variations found across countries. Indeed, the authors generally appear more interested in depicting the cross-national differences, rather than providng a thorough explanation for them. But demonstrating that things work differently in some given countries should not be the only purpose of a comparative study; some systematic explanations would certainly have gelled the lengthy descriptions and the generous portions of quantitative analyses into a more meaningful story.

Even so, the authors have been thorough in presenting the network structures, exchange processes, action formation, and power structures in these three labor policy domains and demonstrating how these are related to formal and informal structures of power in each country. For anyone who interested in policy-making processes and policy networks in advanced countries, this book provides much useful information and food for thought.

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Construction With The Works

Japan Under Construction: Corruption, Politics, and Public Works by Brian WOODALL. Berkeley: University of California Press, 1996. ISBN 0-520-08815-8

Kôkyô jigyô o dô suru ka (What should be done about public works?) By IGARASHI Takayoshi and OGAWA Akio. Tokyo: Iwanami Shinsho, 1997. ISBN 4-00-430492-X

Jonathan LEWIS

A GOVERNMENT civil engineer once asked the British Minister for the Environment why jobs could not be created by undertaking more public works projects. "The problem with that idea," replied the Minister, "is that the people thus employed would go out and buy Japanese TV sets."

The Minister's answer captures the economic rationale for the Japanese government's uniquely high levels of spending on public works, which provides 70% of the construction industry's total income. After the end of WW2, Japan's construction companies and the Ministries of Construction (MOC), Agriculture (MAFF), and Transport (MOT) not only created the infrastructure vital to Japan's industrial, commercial and agricultural enterprises, but redistributed wealth in the process. Thousands of small construction companies working on government contracts today provide an important source of employment, particularly in rural areas. Around six million Japanese work in the construction industry.

These facts are acknowledged by the authors of both these books. But they are concerned less with the economic and social benefits of the construction industry than with the many and obvious shortcomings of the way in which Japan's public works are governed.

For Woodall, the problem is that US companies find it almost impossible to win contracts for Japanese public works projects. The reason, he argues, lies in Japan's dual political economy which comprises strategic and structural policy markets. In strategic sectors (such as automobiles), which are widely recognized as being "vital to the national interest," government procurements make up only a small percentage of industry sales, and politicians are kept at arms length by businessmen and bureaucrats. In structural sectors such as construction, on the other hand, companies, bureaucrats and politicians exploit the given institutional framework to further their rational self-interests, at the cost of efficiency and international competitiveness.

The construction companies make the most of lax anti-trust rules to form bid-rigging networks called *dangô*. *Dangô* spread contracts around and prevent competition — domestic, not to mention foreign — from bringing down prices. As a result, profit margins on public works projects are between 10 and 16%, compared to less than 10% for private sector jobs (*Nikkei* 13 June 1997, p.13). Other political and economic institutions such as life-time employment and police toleration of yakuza thuggery help to keep potential whistle-blowers in line.

Bureaucrats, with their eyes on well-paid second careers in construction companies, connive with the bid-rigging by continuing to make extensive use of "designated competitive tendering." Under this

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Construction with The Works *continued*

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2 YAMAGUCHI Jirô, *Nihon Seiji no Kadai: Shin Seiji Kaikaku ron* (Current Issues in Japanese Politics). Tokyo: Iwanami Shinsho, 1997.

system, only a limited number of "qualified" companies are allowed to submit tenders for contracts. One of the key qualifications is that companies have previous experience of public works, which at a stroke rules out would-be new entrants both from Japan and overseas.

Finally, politicians accept huge payments from construction companies in return for approving massive public works spending packages and putting bureaucrats under pressure to favor particular companies with contracts. Although politicians claim credit for every bridge or road that is built in their constituency, Woodall finds little evidence of widespread political nano-management of public works. The famous cases of senior LDP politicians such as TANAKA Kakuei and KANEMARU Shin having roads and railways built in their constituencies do not seem to be repeated very far down the ranks.

Woodall's focus throughout is on the political dynamics of the construction industry, and the result is a cold-eyed guide to the rules of a dirty game. However, he seems to deliberately avoid the wider issues of Japan's public works regime. In particular, he does not discuss the long-term economic or political consequences of Japan's massive deficit-financed public works spending, which dwarfs that of other OECD countries as a proportion of GDP. Along with welfare payments, public debt raised to pay for construction projects reduces the government's freedom to redistribute tax revenues according to current needs. As Ihori soberly writes, "It is useful to loosen the 'yoke' of these prior commitments, because future windfall tax revenues cannot be expected as in an earlier period."[1] The reforms Woodall proposes — open bidding procedures, controls on *amakudari* — essentially involve changing the institutions just enough to allow US companies into the game, without threatening to reduce the size of this enormous pie.

For Igarashi and Ogawa the problem is how to stop public works projects. Their core position, not shared by Woodall, is that Japan's public works infrastructure is now in place, and that the economic benefits of public works spending are now zero or negative. Unfortunately no economic support is offered for this argument. Instead, we are presented with rather indirect evidence in the form of the changing reasons given by the MOC for successive five-year road-building plans. By 1978 at the latest, argue Igarashi and Ogawa, MOC had ceased trying to justify road-building as necessary for economic growth.

In all probability the authors see no need for dry academic arguments for reducing the current levels of spending on public works, because they can offer so many examples of projects that are clearly unnecessary and environmentally harmful. They can also rely on the Japanese media, with its recently discovered taste for white elephant flesh, to provide daily top-ups of outrage. But their calls for reform would be even more convincing if they could offer an explanation of why spending on public works in rural and urban areas now brings zero or negative economic returns. It would also be reassuring if the authors could explain how diverting trillions of yen from public works projects into Danish-style care of old people would help to defuse the “public debt time bomb” they toss into our laps in the Introduction.

Budgeting arrangements for public works are extremely complicated. Funding comes from five different sources: national and local taxes, both general and ear-marked; construction and deficit bonds; local government bonds; subsidies from central to local governments; and the Fiscal Investment and Loans Programme (*zaisei tôyûshi*), the so-called second budget which pumps money from the overflowing postal savings system into scores of publicly-funded corporations, their offspring and their offspring’s offspring. In addition to the general account and the regular supplementary budgets, funds flow through 38 special accounts (11 of them for public works). The importance of looking beyond the general budget when examining Japanese government spending in any sector is well illustrated by the case of roads: only 5% of total government spending on roads (a tidy sum in excess of 14 trillion yen), for example, showed up in the general budget in 1996.

In contrast to this labyrinthine budgeting system, the legislation presented to the Diet for approval is all elegant parsimony, making no mention of specific projects and obscuring the flow of money. The laws concerning public works form a coherent legal system that contains very few provisions for the cancellation or revision of projects. For example, if projects are cancelled then central government subsidies have to be returned with 10.95% interest, making it progressively more expensive for local governments to kill off unnecessary projects. Another example is environmental assessments, which are carried out by project builders after the plans are complete, and address only a narrow range of environmental effects.

Like Yamaguchi, Igarashi and Ogawa take heart from recent cases of local opposition to construction projects, but unlike Yamaguchi they experience no queasiness at the prospect of rampant NIMBYism. They cite the United States — where the construction of large dams and interstate highways is now rare — as a model of democratic control over large projects, and advocate introducing a sunset rule to cancel projects not started within five years of being proposed. This domestic starvation may explain the efforts, described by Woodall, of US construction companies to open up the Japanese public works market.

These two books complement each other well, and together offer much useful information and many insights regarding the political, legal and environmental aspects of Japanese public works. Both would be even more persuasive if they could offer more rigorous economic analysis.

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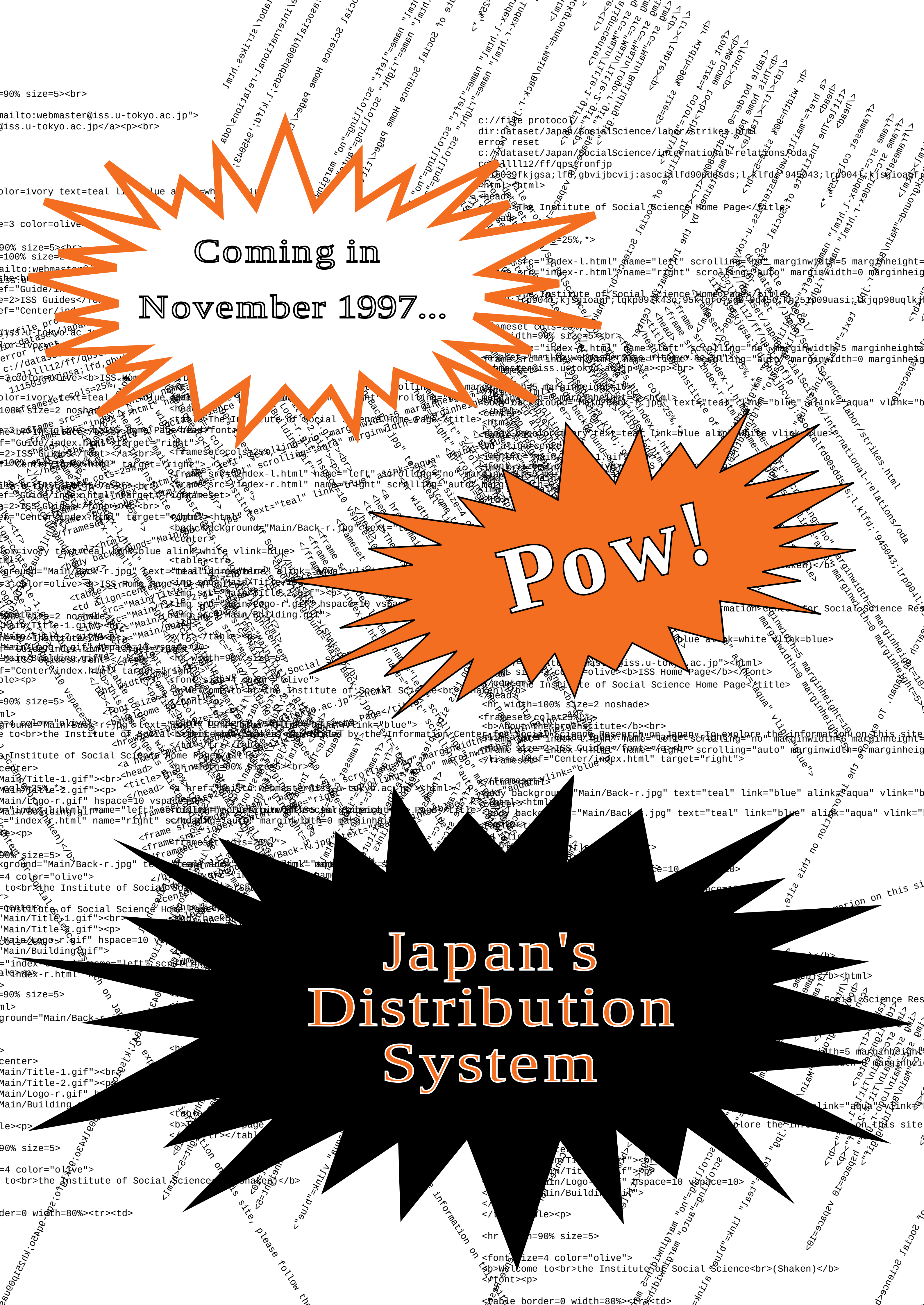
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