



Economist.com

PRINT EDITION  
**SURVEY**

## Consensus and contraction

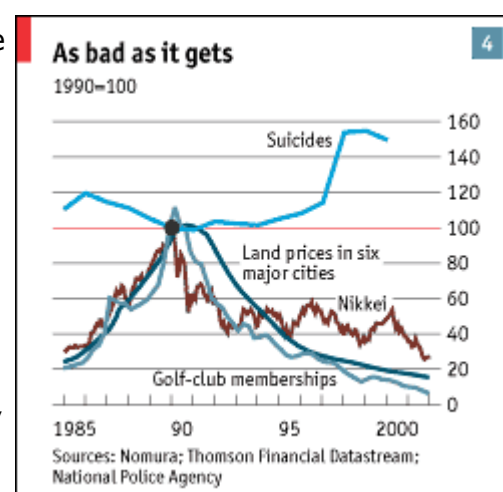
Apr 18th 2002

From The Economist print edition

### Social conventions and demography add to the sclerosis

AS IF the powers-that-be within the iron triangle had not made matters hard enough to put right, everything is made even more difficult by a concatenation of deep-rooted tradition and new circumstances. Together these provide a formidable obstacle to political change.

Japanese society is consensual. The Japanese themselves consider *wa*, harmony, to be its foundation, and though the facts may not support this belief, conflict is undoubtedly frowned upon and consensus favoured. Plenty of good consequences follow from this. Japan appears to be an exceptionally contented society. It is certainly an egalitarian one, with a huge middle class, little social envy and remarkably small income disparities, especially considering that the transition from poverty to Prada has happened so fast. In how many countries could a fall in asset values as big as that just experienced in Japan occur without huge social disruption (golf-club membership fees, an important indicator in such a golf-crazed country, fell by 93% between 1989 and 2001)?



But, as with so many aspects of Japan, the good tends to be accompanied by the bad. It is partly the desire to ensure social harmony that has led to the cossetting of rotten businesses and incompetent public-sector corporations: unemployment, even in the short term, has to be avoided at all costs. That makes any kind of restructuring difficult. Moreover, it is possible that, in the face of determined vested interests, Japan may actually need a bit of conflict. As for consensus, if no action can be taken until everyone agrees on it, then no action will be taken. A consensual system inevitably gives the power of veto to one and all. And if action is in fact taken, the person who holds out longest will get his way.

Another consequence of this cohesive egalitarianism is that it reinforces the lack of individualism. How many Japanese excel on the world stage? Akira Kurosawa (film-maker, now dead)? Sadako Ogata (former head of the UN's refugee agency)? Seiji Ozawa (conductor)? Japanese do not like to stand out in a crowd. They tend to operate in groups, and any kind of breaking away is frowned upon. This does wonders for *wa*, but it discourages risk-taking. It also militates against the creation of a culture of personal responsibility, which is necessary for a culture of accountability. And it does nothing to encourage leadership, the lack of which is so conspicuous.

The fondness for group activity means most Japanese travel in groups, a habit that is said to date back centuries to the days when they flocked from temple to temple to hear Buddhist teachers. Nowadays it means that when they go abroad, instead of meeting foreigners, they tend to talk only to each other, and thus learn little at first hand of people beyond their shores.

Japan closes itself off from the world in other ways too. The Japanese are less ethnically homogeneous than they would like to believe, but the absence of people who are

Impact

obviously of foreign descent is a striking feature of even Tokyo, let alone places beyond the capital. Contrary to what some Japanese believe—Yasuhiro Nakasone, a prime minister in the mid-1980s, once remarked that “the Japanese have done well for...2000 years because there are no foreign races in the country”—foreigners actually bring in ideas and practices that can make life better. Murray Sayle, a long-standing observer of the Japanese scene, points out that Japan's isolationism keeps out useful immigrants from, say, India's software industry, but lets in dubious “citizens” such as Peru's disgraced ex-president, Alberto Fujimori.



It beats being a daughter-in-law

## The old, old problem

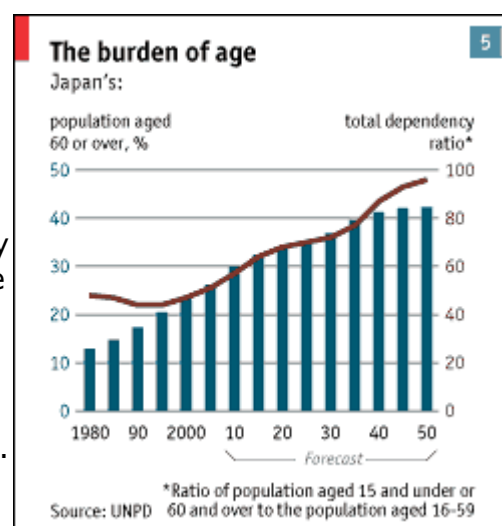
On top of all this comes another of those double-edged sabres being felt so sharply in today's Japan: the demographic consequence of decades of good health and prosperity. During the 1990s, Japan has been ageing faster than any other society in the world, meaning that the proportion of elderly is growing as the proportion of young diminishes. Between 1970 and 1994, the over-65s doubled, from 7% to 14%, thus coming to outnumber those aged 15 and under. Today almost one Japanese household in three has at least one elderly member. By 2015, over a quarter of the population will be over 65—a higher proportion than in any other country.

The ageing reflects the excellent nutrition and health of the Japanese. But the concomitant prosperity has brought different effects for the young. The most notable is their reluctance to have babies. The number of births has been declining since the 1960s, but it was not until the 1970s that the fertility rate—the average number of children born to each woman over a lifetime—fell below 2.1, the figure needed for a population to maintain its size. By the 1990s, the rate had fallen to 1.41.

There are two ways of remedying such a situation: a change in habits, or immigration. At present, young Japanese show few signs of wanting to get back to breeding. They are marrying later—men at the age of nearly 29 in 1994 (compared with 26 in 1950), women at over 26 (22 in 1950)—and therefore have babies later and in smaller numbers. In Japan, as elsewhere, marriage appears to be going out of fashion. The divorce rate rose by half between 1990 and 1998, and more and more Japanese are choosing not to marry at all.

Among the reasons for this is a peculiarly Japanese one: the wife of an eldest son in Japan is, by tradition, expected to live in the family home and look after her parents-in-law. Most unmarried sons in Japan are, these days, eldest sons, and the prospect of caring for their ever-more antique parents is not altogether enticing for an educated young Japanese woman. Far nicer to go on living rent-free with her own parents as a “parasite single”, or become a “freeter”—one who drifts from job to job rather than settling down to conventional employment. Some 10% of the 15m unmarried Japanese aged 20-34 are freeters.

The Japanese differ from their counterparts in other rich countries in one other crucial respect: though they turn up their noses at marriage, they do not have children outside it. Whereas 62% of all births in Iceland occur out of wedlock and 38% in Britain, in Japan the rate is just 1%. The stigma of illegitimacy, combined with the relative ease with which an abortion can be obtained, means that almost all Japanese children are born to married couples.



Demographers predict that by 2010 the number of Japanese aged 20 to 29 will have fallen by over 4m. If Japan wanted, it could make up numbers the way other countries do, by accepting immigrants. But in Japan foreigners are tolerated more than welcomed—and often held responsible for the country's low but rising crime rate.

That tends to make their position awkward. Of the total of about 1.7m official foreign residents (1.3% of the population), the biggest group is ethnically Korean. In most countries the Koreans would not be considered aliens, since most of them, and often their parents and grandparents, were born in Japan, the descendants of forced labourers brought over during Japan's annexation of Korea in 1910-45. But only if at least one parent was Japanese are they automatically eligible for citizenship.

The two other main groups are the 300,000 or so Chinese (a tenth of them students) and the 225,000 Brazilians (ethnic Japanese whose forebears emigrated to Brazil). In addition, 54,000 visas are granted each year to "entertainment" workers, many of them Filipinas who work as prostitutes in "hostess" bars. But, however useful such people may be—and never mind the less established "foreign visitors" who staff the nightclubs, coffee shops, love hotels and slot-machine arcades of places like the Kabukicho district of Tokyo—they will find it hard to become Japanese. Naturalisation is rare. Although one man of Finnish descent, Marutei Tsurunen, now sits in the Diet as a citizen, only about 100 westerners are naturalised each year. *Jus sanguinis*, the law of the bloodline, is the principle on which citizenship generally rests (suggesting that the leader of Britain's Conservative Party, Iain Duncan Smith, who had a Japanese great-grandmother, might be able to claim a passport, though in fact the one-Japanese-parent requirement would deny it to him).

Why does all this matter? Chiefly for economic reasons. First is the familiar problem of all ageing societies—that a dwindling band of young has to carry a swelling band of oldies. This raises problems for pensions (Japan has a pay-as-you-go system) and health care (the number of people with senile dementia is set to reach 2.6m in 2015, up from 1m in 1990). It may also affect productivity, if some people have, or choose, to work on into old age.

Japan, however, is also suffering an effect that arises from its practice of underpaying young workers as part of an implicit bargain in which, after automatic promotion, they will be overpaid when older. The "seniority" system worked well when the population was predominantly young: it meant cheap labour. Moreover, the deferred cost probably did not seem unduly high; though life expectancy had risen for men from 50 years in 1947 to 69 in the 1960s, few would have predicted that by 2000 it would have reached 78. But the expense is not just a matter of providing for pensioners. Already, as the post-war baby-boomers reach their 50s, Japan's lifetime-employers are carrying the cost of paying their senior workers over the odds in return for all the wages they forwent two or three decades ago.

Making matters worse, at least for those who believe that Japan has to reform, are the political effects of an ageing society. Older people tend to resist change. They are loyal to old habits and old politicians. And, in Japan, they keep their savings unproductively in the post office.