

# **JAPANESE SELF-CRITICISM: BUREAUCRACY**

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## **Japan's Crisis of the Mind**

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RECENT events mark Japan's return to the world's stage, or at least so it seems. Tokyo was Secretary of State Hillary Clinton's inaugural overseas destination. Last week, Prime Minister Taro Aso was the first foreign leader to visit the Obama White House. All this suggests that Washington sees Japan, the world's second-largest economy, as a powerful nation. If only we saw ourselves the same way.

The truth is, Japan is a mess. Mr. Aso's approval rate recently hit 11 percent, and his ruling Liberal Democratic Party is in open disarray. His predecessor barely lasted a year. The opposition Democratic Party of Japan just offers more of the same. This is largely because we have become a nation of bureaucrats. What passes for national policy is the sum of various ministerial interests, often conflicting or redundant, with jealously guarded turfs and budgets.

There can be no justification for all those mostly unused airports. Or for roads that lead nowhere. Or for the finance minister who appeared to be drunk at the Group of 7 meeting this month in Rome. Our problem is so deep that it sometimes seems that no political party can tame the bureaucracy and put in place a coherent national agenda.

But what most people don't recognize is that our crisis is not political, but psychological. After our aggression — and subsequent defeat — in World War II, safety and predictability became society's goals. Bureaucrats rose to control the details of everyday life. We became a nation with lifetime employment, a corporate system based on stable cross-holdings of shares, and a large middle-class population in which people are equal and alike.

Conservative pundits here like to speak of this equality and sameness as being cornerstones of "Japanese" tradition. Nonsense. Throughout much of its history, Japan has had social stratification and great inequality of wealth and privilege. The "egalitarian" Japan was a creature of the 1970s, with its progressive taxation, redistribution of wealth, subsidies and the dampening of competition through regulation. This all seemed to work just fine until our asset-price bubble popped in the 1990s. Today, the hemmed-in Japanese seem satisfied with the knowledge that everyone around them is equally unhappy.

Since the middle of the 19th century, our economic success has relied on the availability of outside models from which to choose. Our model for social security took inspiration from Bismarck's Germany, state planning from the Soviet Union, public works from the Tennessee Valley Authority, automobile assembly and

manufacturing from Ford. Much of Japanese innovation has involved perfecting what others have created. Sony is famous for its Walkman, but it didn't invent the tape recorder. Japan's rise to economic greatness was basically a game of catch-up with the advanced West.

So what happened once we caught up? Over the past two decades, the answer has largely been paralysis. Japan's ability to imitate outside models was mistaken for progress. But if progress is defined by pursuing a vision of a desirable future, then the Japanese never progressed. What we had was a concept of order and placement, which is essentially stasis.

In the West, on the other hand, the idea of progress rests on establishing individual autonomy and liberty. In Japan, bureaucratic rule offered security and predictability — in exchange for personal freedom. The problem is that our current political leaders can't keep their side of the bargain. Employment security can no longer be guaranteed. The national pension and health plans seem to be insolvent in the long run. People feel both insecure and unfree.

Signs of despair are everywhere. Japan has one of the highest suicide rates among rich countries. There may be as many as one million "hikikomori," from teenagers to those in their 40s, who shut themselves in their rooms for years on end. Then there are all those "parasite singles" — or unmarried adults living with their parents. But by far our most serious problem is a declining and aging population. Given present trends, total population will likely decline from around 130 million to under 90 million in 50 years or so. By that same time, 40 percent of Japanese could be over 65.

If we want to survive as a nation, we must shed our deeply rooted resistance to immigration. Contrary to widespread prejudices in favor of keeping Japan "pure," we desperately need to dilute our blood. Our aging nation will need millions of university-educated middle-class immigrants with high productivity, people who will put down roots and raise families, whose pride and success will be the affirmation of new Japanese values.

Japan desperately needs change, and this will require risk. Risk-taking is not common among the bureaucratically controlled. You won't find many signs on Japanese beaches saying, "Swim at your own risk. No lifeguard on duty." If that sign were to appear, many Japanese would likely ask the authorities to tell them if it is safe to swim. This same risk aversion translates into protectionism and insularity. The ministry of agriculture, for example, wants to increase self-sufficiency in food. There is not nearly enough critical thinking and dissent in the Japanese news media.

Still, the idea that the Japanese are afraid of risk has no basis in history, for better or for worse. Remember Pearl Harbor? In fact, Japan's passiveness today is in large measure a calculated and reasonable reaction to its behavior during the

Second World War. But today, this emphasis on safety and security is long past its sell-by date.

We have run out of outside models to imitate. We must start from scratch, embracing an idea of progress that is based on innovation, ambition and dynamism. Doing so will take risk — and extraordinary leadership. But the alternative is to continue stumbling down a path of decline.

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