

Australia to Japan

15 to 24 October 2000

Senator Brett Mason
Delegation Leader

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Delegation

Delegation Leader:

- Senator Brett Mason (Qld, LP)

Delegation Members:

- Mr Michael Danby MP (Vic, ALP)
- Ms Lyn Dengate (Qld, AD)
- Ms Jan Field (Tas, ALP)
- Mr Charles Gillies (Vic, LP)
- Ms Liz Penfold MP (SA, LP)
- Ms Mick Schneider (Qld, NP)
- Mr David Williams (ACT, ALP)

Council Representative

- Mr Daryl Wight (APEC Secretary)

1. Introduction and First Impressions

Professor Ross Terrill, a distinguished Australian academic teaching at Harvard University, recently published a book titled *The Australians*. It concluded that

“Australia will continue its steps into the Asian orbit. It has been going on for decades. Yet it may never be total. Australia, like Japan in a different way, hangs at a tangent to the nearest region. It may over a long period become to Asia what Japan is to the West - the most Asian nation of the West, as Japan is the most Western nation of the East. Eventually, if not in my lifetime, Australia will draw, as Japan draws, great dynamism from this dualism.”

Japan is like a distant uncle for many Australians. We assume we will like him but are a little wary of some of the stories we have heard. While Japan is our major trading partner and the rhetoric of friendship is cultivated and warm, it is difficult to talk of a popular appreciation of a Japan-Australia partnership.

While three of our delegation had visited Japan before no one claimed any special insight into Japanese culture or politics. All benefited greatly from the Canberra briefing prior to our departure. It admirably set the scene in both administrative and substantive ways. Ms Nicola Roxon MP helped to adjust our expectations for the trip while Dr Aurelia George-Mulgan provided useful insights into Japanese politics. APEC is to be commended for their effort. What we found, however, was not what we necessarily expected.

The Japan we visited was one filled with uncertainties unleashed by globalisation, the push for trade liberalisation and the fallout from the aftermath of the Asian economic crisis. There was no evidence of a fat or conceited Japan - the subject of some western commentary in the 1980s. Japan is undergoing fundamental change with a comprehensive program of reform, challenging demographic shifts such as its rapidly ageing population, a restructuring and reorientation of its economic system and perhaps even a questioning of cultural values.

2. Economic Crisis: Japan a Setting Sun?

Throughout the 1980s it had become fashionable for some Western, and many Japanese pundits and commentators to champion the thesis of “Japan ascendant” – the truly rising sun, a new economic superpower, whose unparalleled international success should force us, in Western liberal democracies, to rethink the long-cherished assumptions about efficiency and superiority of our political, social and economic systems.

By the time our delegation reached Japan, towards the end of 2000, the message coming from the Japanese themselves was different, and it was loud and clear. Japan has reached a critical juncture in fiscal reform. But the solutions remain unclear. Despite the attention of Japan’s formidable economic policy makers the country has languished in recession and stagnation for almost ten years. The 1990s was repeatedly described as a lost decade.

All speakers, whom the delegation had the pleasure to listen to, addressed this issue. They can usefully be divided into two groups – the “structural pessimists” and the “cyclical optimists”. The structural pessimists argue that the burst of the bubble economy brought to light deep structural problems in the Japanese economy. Such an analysis calls for bolder action – deregulation and a massive cut in government spending.

The cyclical optimists on the other hand argue that more modest restructuring, government stimulus of the economy and a strong United States provide a soft landing for the Japanese economy. While the policy prescriptions are different all agree that ongoing reform is vital.

(a) Populism and Protection

Populism and protection are a potent brew in any democracy – Japan is no exception. As delegate David Williams explained:

“The extent of historical reliance on populism and protection by the political structures was evident throughout our visit. Certainly the LDP continues to rely on the traditionally successful political campaign tactics of massive spending on public infrastructure projects and protection of strategic local industries. During our visit there was significant public comment on political pressure to extend Shinkansen train services to areas important to the Prime Minister... . It was made clear that national and local government has a crucial role in subsidising and protecting important local industries such as coal mining, fishing, dairy products and tourism, even where those industries were economically unviable. At all times Australia’s position as a trade threat in these industries was well understood by our hosts, and we were asked to understand the social basis for Japan’s strong stand on protecting these industries.”

The traditional Japanese response of stimulus packages and pump priming of politically important industries has lost credibility. While much of the West lost faith in Keynesian economics in the 1970s and 1980s, Japan has only much more recently suffered stimulus fatigue. As delegate David Williams relates:

“In this way, the experience of Japan is no different from other nations, including Australia, but perhaps the difference lies in the timing (Australia has faced many of

these challenges over the past two decades) and in the expectations that the Japanese people had their country was somehow immune from these pressures.”

A major example of the Japanese policy of funding industries is the construction industry. Some speakers claimed that the construction lobby in Japan was so powerful that it shrugged off even well-founded criticism. Funding the construction industry not only propped up an activity unlikely to provide for an economic boost but also took money from activities with greater potential to sustain economic growth.

(b) Challenges of an Aging Population

We were all impressed at the direct and constructive approach being taken to the significant demographic changes taking place in Japan – an awareness shared by bureaucrats, politicians, unions, employers and private enterprise. We all laughed at Ministry of Health and Welfare projections that, based on current trends, the population will fall to 49 million by 2100, to 30 million by 2500, to 500 by 3000 and to just one person by 3500!

However, the implications of this demographic shift are profound. Government estimates suggest that social security outlays (including pensions) as a proportion of GDP will rise from about 20% in the year 2000 to around 30% by 2025. More older people and less workers will put pressure on Japan's public finances making the need for reform and restructuring even more vital. David Williams suggested that these issues are also of pressing relevance to Australia and provide the basis for mutually beneficial policy exchange – an example being Australia's innovations in the area of compulsory superannuation over the last decade or so.

But there are also peculiarly Japanese cultural implications. As delegate Mick Schneider explains:

“In Japan the elderly are often looked after by family. When a couple marries the normal trend is for the woman to move into the husband's home. She then takes on the responsibility of the parents of her husband. Those who choose to live in Nursing Homes often live far from their family. The land bought for such an establishment is often a great distance from the centre of town due to land prices. The stigma attached to living in such a place is a great embarrassment to the Japanese people.”

3. The Bureaucracy, Industry and Interest Groups

(a) The Bureaucracy

A strong and largely autonomous bureaucracy has long been a feature of Japanese life. But in recent years, particularly with the down turn in the Japanese economy, the once all-powerful Japanese bureaucrat has come under increasing scrutiny. Delegate Jan Field summarised the common understanding – “The Japanese bureaucracy is often regarded as the real government of Japan, with Ministers as front people and the LDP “zoku” (party interest group) and bureaucrats making policy between them.” “Reform,” reported delegate Charles Gillies, “will only arrive when the self sustaining ‘spider's web’ linking politicians, bureaucrats and business is swept away.”

We were all amused at stories of bureaucrats answering questions on behalf of Ministers in the Japanese parliament. One delegate remarked that this was taking the Confucian ethic of “politicians as peacocks” to its logical conclusion. Perhaps a better description of the relationship between politicians and bureaucrats was provided by delegate Charles Gillies who wrote “Politicians act as sub-contractors to bureaucrats.” But the issue is complex. Delegate Liz Penfold reminds us that many politicians “seem to expect the bureaucracy to take responsibility.”

Many of the administrative changes coming into effect this year (2001) are aimed at reducing the influence of the bureaucracy, so overpowering in the past, by ensuring greater political control over policy making at the national level. Interestingly, in this context, delegates do not agree as to the degree of difference between the Japanese and the Australian experience!

(b) Labor Unions (Japanese Trade Union Confederation – RENGO)

Japan’s trade unions, and their peak body RENGO, are faced with many problems and challenges similar to the labour movements of Australia and other Western nations. As delegate Jan Field summarised the emerging issues:

“The social role of trade unions, restoring a Labor-management balance, responding to diversifying forms of employment, maintaining and increasing union membership coverage and participation, responding to a society with an aging population and declining birth rate, globalisation, creating a more secure society through sustainable economic growth, and developing new relations with political circles.”

Delegate David Williams pointed out some interesting new developments in relationships between the labour movement and political parties in Japan:

“In the context of the close links between the political and industrial wings of the labour movement in Australia, I was very interested in the Japanese move away from the close links of the past. The trade union movement had previously been very close to the party now known as the Social Democratic party. However, with the significant realignments, splits and formation of parties in the past two decades, RENGO is now more detached from the formal political framework...”

(c) Employer Associations (Keidanren)

Keidanren is the major employer association in Japan. Its spokesperson was at pains to point out, however, that Keidanren no longer has formal links with any political party. Previously supporting the LDP because of, among other things, their strong informal links with business, Keidanren is being weaned off corporatism and learning to walk in the marketplace. Like the labour unions, the employer associations have had their traditional ties tested by recession and economic transformation.

4. Politics

(a) Young politicians – destroyers of the status quo?

David Williams reflects the view of the entire delegation when he writes:

“Our delegation was impressed with the broad agreement between all the young politicians on the difficulties faced by the Japanese nation and Japanese governments, and on the need for a new political approach to national governance. Whether we were meeting politicians from the government coalition of the Komeito or Liberal Parties, or even the “old politics’ party itself, the LDP, we found political leaders of the future prepared to frankly and constructively face up to the difficult issues of the future, and to criticise the political mistakes of the past.”

Often educated overseas and international in orientation the younger Japanese politicians seemed far less likely to defer to the orthodoxies of the past whether they be bureaucratic omnipotence or protection and populism. One young Diet member described herself as a “destroyer”. Still, a note of realism or perhaps scepticism from delegate Ms Jan Field- “It will take a lot more than this to destroy the status quo!”

(b) Political Parties

Following a meeting with a group of young Diet members a delegate was seeking an explanation of the fluidity of the Japanese party system. Coming from a country where Party allegiance is strong and often critical it is difficult for Australians to understand what seems to be a cult of personality or, at least, a cult of patronage. The young American educated Diet member replied, “The Japanese Party system is so unlike Australia’s or Britain’s – or even the United States’. It’s something like Mexico’s – but without the salsa.”

Japan’s political parties are caught in a paradox. On the one hand, they know they have to embrace policy reform. On the other, they realise that their electoral future is tied in with interest groups who will benefit from more of the same. This is particularly true of the Liberal Democratic Party. Reform, everyone agreed, will not be easy.

A highlight for many delegates was the chance to meet Ms Takako Doi – former Speaker of the Diet, outspoken reformer, fierce opponent of the “old and dirty politics” and leader of Japan’s Social Democratic Party. Speaking for the delegation David Williams wrote:

“We found Ms Doi to be utterly uncynical about the politics prospects for Japan, with a constructive and realistic approach to advancing public policy in her country and internationally.”

She is a very impressive individual.

5. Japan's Diplomatic Agenda/Foreign Affairs

Delegate Ms Jan Field offered a useful summary of contemporary concerns:

"Japan-China military exchanges; Japan as the highest bi-lateral donor to China; the posing of the United States a 'buffer' between a strong China and a strong Japan; the issue of a nuclear free and United States military free Korean peninsular; free trade zone with Singapore; collective security and attempts to change the constitution to allow greater involvement and commitment in international peace-keeping forces and Japan's proposal of an Asian Monetary Fund."

All speakers addressed the continuing tension on the Korean peninsular and article 9 of the Japanese Constitution limiting Japan's military forces to self defence. The "yen not men" approach of the Japanese government to peacekeeping may not be a viable long-term policy. The tension between wishing to play a more constructive international role and the domestic limitations grounded in Japan's wartime experience awaits a solution.

6. Culture

Japan's mix of the old and the new and the East and the West meant a stimulating cultural experience for all delegates.

Ms Jan Field makes the following remarks about Japan's political culture:

"More women are being encouraged to enter the workforce and are entering the political arena. The effect on a traditionally male-dominated culture is yet to be seen, but with greater gender equity, the previously largely closed political, bureaucratic, business and union networks may become more transparent, accountable and socially responsive. In a world of work which is becoming more globalised with shifting populations of experts brought into the country (eg Indian IT professionals) the tendency of Japan to be exclusive and non-engaging may well change to become more inclusive, open and cosmopolitan and less nationalistic in nature."

David Williams summarised the delegation's cultural experience:

"As we had little opportunity to experience Japanese culture in the early days, with a very busy work-program in Tokyo, cultural experiences there were limited to visits to Meiji Shrine, the Akehabara Temple and the Ginza shopping district. In addition, our hosts were keen to show us a number of aspects of Japanese cuisine, including early visits to a teppanyaki restaurant and to the famous dining experience of the Meiji Hall, courtesy of the Ministry of Foreign Affairs.

Our visit to Hokkaido afforded us the opportunity to experience cultural life outside the Tokyo bustle, including crane-watching, communal bathing and group singing/dancing, in various forms and with varying success.

Finally, our visit to Kyoto emphasised the history and long-standing culture of the Japanese, including the dual Buddhist and Shinto religious nature of many

Japanese, and the importance of understanding the roles of the Emperors and Shoguns in the development of real-politic Japanese style.”

7. Environment

Delegates were pleased to learn that all political parties claimed to be the principal defenders of the environment. Clearly, environmental protection is now a mainstream issue. Delegates that had previously visited Japan noted the tremendous improvement in the quality of air in Tokyo as well as the greening of large Japanese cities.

8. Education

The importance of education was mentioned by all speakers as the principal agent for empowering young Japanese in an increasingly competitive world.

The quality of primary and secondary education in Japan is very high. Reasons for this include a strong cultural appreciation of the value of education and diligence as well as the importance of school in determining one's vocational fate. Ms Mick Schneider (a Japanese speaker and a former primary school teacher in Japan) commented that:

“I can not say enough about the primary school system in Japan which is excellent in every facet. The students have a wonderful ability in mathematics, sciences and the arts which surpasses our students. We have a lot to learn from the Japanese primary school system.”

However, in discussions with the Minister for Education and officers of his department there developed a certain defensiveness about the quality of Japanese universities. As Ms Jan Field observed:

“The main problem mentioned over and over was lack of creativity and flexibility in the minds of Japanese lecturers and their students. The lack of team spirit and empathy towards others were also mentioned as areas requiring attention.”

On balance, while Japan's primary and secondary schools produce students who excel in rote learning, they do not promote creativity, flexibility and lateral thinking. Japanese educationists have identified that this is a disadvantage at tertiary level.

All elementary schools will be required to teach English as a second language from 2002 because English is the universal IT language. This will provide opportunities for Australians because of the shortage of English teachers in Japan.

9. Bridging the Public and the Private: The Development of Civil Society

The evolving nature of civil society is perhaps the most exciting social development in contemporary Japan. Civil society is what communities do for themselves, specifically through non-government organisations that fulfil social, cultural, welfare and other roles.

Unlike Australia and the United States, Japanese life has not developed a mature civil society. It is still dominated to a large extent by its great public institutions – the spider web of the bureaucracy, big business and political parties – particularly the Liberal Democratic Party. Their influence on all aspects of life is complemented by the private sphere: the extended Japanese family and its social support.

However, Japanese attention to the great benefits of a healthy civil society was awakened amidst the destruction of the Kobe earthquake in January 1995. More than 1.3 million volunteers and a large number of non-governmental organisations converged on the city. Their success in offering relief and assistance to their victims was in stark contrast to the ostensibly inefficient and bureaucratic performance of government aid efforts.

In another context, roles such as policy advice, once exclusively the province of the bureaucracy, have also been challenged by the development of independent think tanks. Harnessing this aptitude and appetite for a strong civil society and better governance is one of the goals of our sponsors, the Japan Centre for International Exchange.

David Williams writes that:

“I found this current debate a fascinating one, for a number of reasons. Using the notions of civil society central to the debate in Japan, Australia has a considerably more developed “civil society” than is currently the case in Japan, with voluntary participation in Australia much more the norm than in Japanese society. A number of our discussion partners drew attention to the level of voluntary assistance provided by anonymous volunteers during recent natural disasters in Japan, whereas volunteer fire fighting and search and rescue activities are an unexceptional component of Australian society.

In many other ways, however, the present debate mirrors a current debate in Australian politics regarding the respective roles for government and non-government organisations, such as the best means of delivering labour market services, or of maintaining the social security safety net as expected by the Australian public. The question of the optimum balance to be drawn in regard to the roles and responsibilities of government, voluntary and private sector organisations is as pertinent and urgent in Australian politics today as it is in Japan, and each society has valuable experience on which to base discussions on these matters. In each case, an unquestioning acceptance of a “communitarian” approach to public policy raises the risk of an imbalance in the rights and responsibilities of individuals and groups within society, be it Japan or Australia.”

Having reformed its public institutions following World War Two and having a strong historical sense of the private and family, it will be fascinating to watch Japan grapple with development of volunteerism, philanthropy and a strong civil society.

10. Lasting Impressions

The trip was a marvellous success. The itinerary was excellent – if exhausting. Access to senior leaders and opinion makers was remarkable. Our hosts, the Japan Centre for International Exchange were marvellous in their generosity and patience.

The delegation would particularly like to thank the President of the JCIE, Mr Tadashi Yamamoto; our parliamentary host Mr Naoto Kitamura and Mrs Kitamura; our shepherds Mr Yoshinori Bunya and Miss Kyoko Yamakawa, and the Secretary of APEC, Mr Daryl Wight.

The trip brought together an outstanding range of experiences and views which itself is a unique opportunity for young political leaders. But the great bonus was that the group worked so well together. That is a significant testament of character for all delegates.

This is a great exchange. To foster understanding between Australia and Japan is truly worthwhile. To encourage Australia's international engagement as well as pride in our own identity is an unheralded achievement of this program.

All delegates understood this.