

ETHICAL VALUES AND THE JAPANESE ECONOMY

JOSEPH PITTAU, S.J.

Since 1868 the Japanese economy has risen and fallen. Japan's modern rise began with the sweeping nineteenth century reforms brought about by the Meiji Restoration whose goal was to catch up with the industrialized West. Military defeat in 1945 marked the end of this period which was followed by another dramatic economic rise. The aim was to catch up with, and possibly surpass, the West. The 1992 collapse of the "bubble economy" heralded another collapse which highlighted some dangerous rigidities in politics, society and the economy and showed that at the moment when the Japanese thought that they had caught up with the West and had surpassed it, Japan was dangerously weak. Now Japan is on the rise again, but it has to catch up with itself: Japan must reinvent itself.

To understand the present crisis of Japan and the Asian crisis as a whole, we must understand the ethical-religious principles which have inspired first the Japanese and later the Southeast Asian peoples in their economic achievement.

As a general principle, Western business society grew from Christian ethics pertaining to individuals and organizations and based on universal principles – monotheism, and the individual human person. Japanese society is based upon the Confucian ethic of relationships, which is particularistic in scope (family, group, nation) and collectivistic in its quality.

More than any other religion or ideology, Confucianism has been influential in forming Japanese work and business ethical attitudes. At the decisive moments of Japanese history, Confucianism with its ethical orientation has been the key element in forging the political and economic system of Japan. The Taika Reform, with the Seventeen-Article Constitution of Shotoku Taishi in 604, the unification of the country under the Tokugawa Shogunate (1603-1868), the Meiji Restoration (1868) and its consequent radical changes, and finally, the post-war period (1945-) have always had Confucianism as their ideological inspiration and ethical orientation. Con-

fucianism, even more than Shintoism and Buddhism, has provided the ethical principles on which to base fundamental reforms.

We have to be clear that the influential ideology is "Japanese" Confucianism, that is to say, Confucianism interpreted in a Japanese manner. Originally, it was an inspiring philosophy that preached simple maxims of brotherhood and justice founded on respect for customs, on ceremonies and on community relationships. It stressed harmony between people rather than belief in a transcendental God or gods. In the basic five relationships, there was no cult of the individual, whether between father and son, ruler and subject, husband and wife, older brother and younger brother, or friend and friend. The faith of Confucius was inseparable from a belief in community. The relationship, not the individual himself, was the measure of things.

Confucianism was imported into Japan in the fourth century A.D., and successive waves of scholars produced later modifications. It has been a permanent quality of the Japanese introduction of foreign religions, ideas, or even technologies that in the process of acceptance these religions or currents of thought are filtered, re-interpreted, and Japanized. Whereas in China, Confucianism had benevolence as its central virtue, in Japan, loyalty became the central virtue. Loyalty means total devotion to one's lord or group, firm, or company; it is the will to serve, even at the sacrifice of one's own life. Loyalty, together with filial piety and respect for elders, form the triad of values which regulate the social, hierarchical relationships. In such an ethical system, individualism does not flourish. Japanese Confucianism demands obedience to superiors, service to parents, reverence towards elders and conformity with the majority. There is very little room left for the problem of the individual conscience or for a universal norm.

The Confucian orientation appears very clearly in the Seventeen-Article Constitution of Shotoku Taishi, promulgated in 604. In Article I, the Constitution states that Japanese society must be based on the fundamental principle of *wa*, or harmony.

"Harmony is to be honoured, and discord to be averted. However, everyone has his personal interpretations and biases, and few are farsighted. Hence there are those who disobey their lords and fathers, and who quarrel with their neighbours. When concord and union are maintained between those above and below, and harmony rules in the discussion of affairs, right reason will prevail by itself and anything can be accomplished".

Nobody is allowed to form opposition subgroups within the community. Affairs should be discussed in a spirit of calm until a reasonable decision, the most desirable from the point of view of the whole community, is

reached. In Articles X and XVII, dictatorship is rejected. In order to achieve harmony, rulers should discuss important matters with their subjects and should reach decisions in a democratic way. Article II states the need to propagate Buddhism in order to elevate the moral level of the individual.

According to Shotoku's model, Japanese society is composed of the Emperor, the state officials, and the people. Article XII decrees that local governors are not rulers but civil servants. Other specific norms for the administration are: state officials must obey imperial edicts (Art. III), understand that decorum (ceremony, manners) is the foundation of law and order (Art. IV), and administer political justice, without which loyalty to the Emperor and benevolence to others would be impossible (Art. VI). Bureaucrats must respect sincerity, which is the mother of justice (Art. IX). They should not accept bribes (Art. V). The right person should be appointed to the right job (Art. VII). They should arrive at the office as early as possible and be ready to work overtime (Art. VIII). They should be guided by the principle that work will be rewarded (Art. XI). The people should be served without delay (Art. XIII). They should not feel jealous of a colleague's success (Art. XIV). Finally, during the busy agricultural season, other burdens should not be imposed on farmers (Art. XVI).

Although Article II speaks explicitly of Buddhism, the Shotoku Constitution is essentially Confucian. Harmony, decorum (good manners), loyalty, benevolence, sincerity, justice are all Confucian rather than Buddhist virtues. The Constitution stresses that decisions must be made democratically. At the same time the people must obey the imperial edicts unconditionally. This seeming paradox between a democratic decision-making process and the absoluteness of imperial commands is easily resolved because the Emperor can communicate only those orders which have been democratically decided.

One can say that even today some of these fundamental orientations are still valid and form the ethical underpinnings of the Japanese economy. Buddhism and Shintoism, and now Christianity, have influenced Japanese ethical behavior, but it is still fundamentally Confucian.

From this Confucian attitude we could say that the Japanese see themselves primarily as members of groups, in which specific intragroup or intergroup relationships take precedence. In other words, ethics are more relativistic or situational rather than universal.

These intergroup and intragroup relationships are clear in the Japanese employment system, particularly in large corporations. The following are some of its characteristic expressions:

- education, and education tested by a long series of examinations, will provide a basis for selection and recruitment;

- employment will be a life-long job with the same company;
- promotion will be based on length of service;
- the relationship between superior and subordinate and between employer and employee will be quasi-familial;
- the rights and duties of employer and employee are extended to their families;
- the company will provide most of the employee's basic needs, including housing, work canteens, and medical, educational, and recreational facilities.

In such a system, loyalty is the most important virtue. The employee not only feels obliged to stay on in the same company even if he is offered a more attractive job elsewhere, but he cannot afford to move. There is little chance that he will be offered a job by another company. Choice and competition in a free market is made at the start of one's career. The Japanese do not wish to move wherever and whenever an opportunity for advancement presents itself. It is not culturally acceptable for an employer to hire or steal someone else's employee. No company wants to hire someone who already has an internalized loyalty to another company.

The assumption, in large companies, that employment for both management and labour will be for life, breeds a strong sense of loyalty in both groups, which the company assiduously cultivates. Initial in-service training includes a great deal of company indoctrination and relations of intimacy and trust are encouraged between superiors and those below them. Sports teams and other group activities are sponsored by the company in order to make the lives of the young workers center on the company as much as possible.

The permanent work force of a company becomes, for the individual, a group to which they are proud to belong. Their loyalty to the company assures it of an enthusiastic labour force, which takes pride and satisfaction in its work, is happy to work overtime, and does not even take full advantage of the vacation provisions made by the company.

The identification of the workers with the company, and not with their fellow craft workers, meant that as labour unions developed, these were not organized by crafts but by companies. The workers saw no need to oppose technological progress for they knew that the company would train them in new skills if their old company-acquired skills were no longer useful. Labour in Japan has not opposed technological advances, as it has often done in the West.

A final benefit of the system has been the avoidance of periodic rises in unemployment, since companies do their best to keep all their permanent workers even during an economic turndown. During the thirty years of

rapid economic development, unemployment in Japan remained below 2%; it should be pointed out that the Japanese way of reporting unemployment differs from ours. For the economy as a whole and even for the taxpaying companies, it was no more burdensome to retain employees during slack period than to pay unemployment benefits financed largely through taxes on the companies. For the individual worker, the resulting job security gave him self-respect.

Life-long employment by, and total commitment to, the company demand a careful examination of all companies before a decision to join a particular company is made. There is strong competition among candidates to join the most desirable company. The company, for its part, must carefully screen prospective employees since the offer of employment is an offer of total protection. In education, there is a fierce entrance examination system to enter the best educational institutions, which prepare the students for the top occupational groups.

What we have said so far applies mainly to large companies; small and middle-size companies do not guarantee lifetime employment.

The Japanese executive tends to think of himself as a community builder as much as a profit-maker and considerations of prestige and social responsibility can weigh as heavily with him as monetary reward. He cherishes harmony rather than justice as the highest social good. His idea of community service, however, is a narrow one; it is concentrated on a single industry or a single company, often to the exclusion of everything else. His ideal is to encourage those under him to take decisions and to feel loyalty to and responsible for the whole concern.

This Japanese system is not without its flaws and weaknesses. The pressures in a society that stresses harmony and loyalty above everything can bear heavily on individuals, especially the gifted. There is the loss of creativity, the stifling of an individual's own feelings, the homage paid to mediocrity in high positions, the gap between what the Japanese call the *tatemae*, the desired appearance of things, and the *honne*, the actual condition, the real thought, the motives that one really has.

The members of any Japanese group linked by a web of mutual obligations are apt to forget their manners when they have to deal with other unrelated groups. They still communicate poorly with non-Japanese and can be too diffident. Their lack of response comes from a genuine perplexity at how to deal with foreigners who are by definition outside their web of commitments. Some affect an extraordinary tunnel vision, which enables them to go about their job of enriching the company with blithe disregard for the feelings or interests of other companies or other countries, and often even for the feelings or interests of their own families. There is also a lack

of transparency, which can cause grave social, ecological and individual damage both within the company and in the country at large. The “company first” mentality forces people to hide ecological or financial tragedies, hoping that nobody will notice them.

So far I have dealt mainly with the influence of Confucianism. But Buddhism and Shintoism have also provided some important elements of the economic and business attitudes of the Japanese. Zen Buddhism in particular has become a method of training in perfection, a method of concentration and self-control, a training in efficiency, in aesthetic appreciation and in creativity. Outside Japan it is rare to find techniques of mysticism practised by many without the reward of a religious mystic experience; yet here it is practised by policemen and soldiers, sportsmen, artists and businessmen as a superior way of reaching perfection in their chosen way of life. Through the practice of Zen, one reaches complete denial of the self (*muga*, *mushin*, i.e. non-existence of the self).

New employees of big firms are often sent on some kind of Zen spiritual exercises with the aim of reaching a plane of expertise, beyond and above their normal professional competence. The tea ceremony, flower arrangement, traditional calligraphy, bonsai, martial arts such as judo, kendo, aikido, and others are deeply influenced by Zen and are ways to attain that state of total concentration and total freedom which engenders the “naturalness” of perfection, the awareness of the least details, and the search for beauty and simplicity.

Shinto's special contribution is what we might call the ‘sense of vitalism’ in Japanese work ethics and economic behavior. Shinto emphatically affirms the primacy, nobility, beauty, and wonder of life. The Japanese generally call Buddhist *bonzes* for a funeral, but they marry with Shinto rites and present the newly born to the local Shinto shrine. A celebration of fertility is implicit in many of the solemn rites held at the imperial court, and a cult of fertility is explicit in many riotous festivals (*matsuri*) which take place at all seasons in the countryside.

The world and man, in Shinto myths, are not created, but generated by the gods. The concepts of life (*inochi*) and birth, accomplishment, combination (*musubi*) are central to Shinto thought. Creative evolutionary development forms the basis of the Shinto work-view. At the back of the Japanese mind lies a deep and comforting feeling that the generation of beings, the production of things, doing, organizing, creating, adding, innovating, enriching are all fundamentally good actions, and that by working, transforming and expanding, one is fulfilling the fundamental law of the universe.

Work for the Japanese is not the punitive result of original sin but an aspect of *musubi*, production, generation, combination. Shintoism provides

the inspiration for the Japanese characteristic we foreigners often call “workaholism”, but the Japanese themselves see work as the real aspect of life. Work is, after all, making things as the gods made the worlds.

CONCLUSION

Japan ended the 1980s and entered the 1990s as *The Japan that can say NO* – the title of a best-selling book by Sony’s then-chairman Morita Akio and a prominent author and politician Ishihara Shintaro. The idea was that Japan should stand up to pressure from the United States of America on trade and other issues. Japan was “number one” and should not be bullied by anybody.

Japanese confidence then began to erode. Surging land prices made many rich but left others with bigger bills to pay. The great tradition of harmony, uniformity and loyalty to the elders and to the group was crumbling. In politics, corruption was endemic, and, while the economy was healthy, the country at large looked the other way. But when recession hit in 1992 and the Nikkei share average plunged to just 40% of its 1989 peak of 38,916, everybody realized that something was wrong. In the general election of 1993 voters threw out the Liberal Democratic Party after 38 years of uninterrupted rule.

The close relationship between politicians, government bureaucrats and businessmen that had been one of the main reasons for the rapid economic development of the post-war period could not survive the confusion of coalition politics. Investigations of the behavior of high-rank bureaucrats who so far had been represented as professionally well prepared, highly competent, and morally incorruptible, were carried out and a number were condemned and jailed. This should have been the moment to find new leaders in the business world. But the tradition of harmony, loyalty, and the ideology of the company as a family has prevented a shake-up and the recession has continued. In moments of crisis the traditional oriental values have been a hindrance in the process of finding new leaders. When innovation, creativity and personal responsibility are required, the Confucian values are not enough.

Changes are taking place. Previously everybody would stick with the system. Life would be difficult unless one bought what everyone else bought. Now there is a more personal, individual touch in fashion; once again there is a certain sense of humility or modesty. The Japanese businessmen are now less arrogant; they no longer believe anymore that Japan is number one. They are ready to start again and to learn from other countries.

The moment for a new start has arrived. Traditional values are still strong, but there is some doubt about their superiority.