

Asia Pacific Bulletin

EastWestCenter.org/APB

Number 394 | August 30, 2017

Two Myths and Two Realities Behind Japan's Support for Globalization

BY TERUMASA TOMITA

The anti-globalization movement has spread to many developed countries around the world — so much so that it can be seen as a global trend. Anti-globalization is one important factor behind the populist movement exemplified by the “America First” phenomenon, Brexit, and the broader anti-EU movement. One country where anti-globalization has not yet appeared, however, is Japan. The majority of Japanese people support the expansion of international trade agreements like the Trans-Pacific Partnership (TPP). In fact, newspaper polls show that 55% of Japanese people support TPP, and only 21% oppose it. However, there are problems on the horizon that may alter that picture and give rise to an anti-globalization movement in Japan in the future. To better understand what lies ahead, we must examine the factors that led to the anti-globalization movement in the rest of the world and consider similar problems in Japan.

What are the most important factors that have given rise to anti-globalization movements in other countries? In addition to immigration and competition for jobs, perhaps the most important factor is the growing gap between rich and poor — a gap caused primarily by the loss of manufacturing jobs. Populist politicians often point to “free trade” and the outsourcing of jobs to low-wage countries as the root of their countries’ problems. Additionally, many people believe that “free trade” and globalization are responsible for the growing income gap within their countries.

So, is Japan any different? Not really. Japan has been affected by many of these same problems. In recent decades, it has experienced a substantial change in the structure of its labor force. The statistics clearly show a rise in the percentage of Japan’s work force employed in the service industries and a decline in those working in manufacturing. Why is this change important? In general, productivity in the service sector is lower than in the manufacturing sector. As a result, salaries are lower. Japan has also seen an increase in the irregular employment rate over the last 20 years. That increase also contributed to a growing salary gap. While the average wage for regular employment is almost \$20 per hour, the wage for irregular employment is about \$12 per hour. As a result of these trends, the income disparity in Japan is now higher than the OECD average.

Given these factors, why has the anti-globalization movement in Japan remained so weak? Four factors help to explain this puzzle: strong middle-class consciousness, faith in free trade, the absence of key actors spreading the anti-globalization message, and a smaller number of immigrants. With regard to the first point, surveys consistently show that Japanese citizens have held on firmly to their strong middle-class consciousness despite the fact that many of those who were once part of the middle class have fallen into the lower class. Why do most people still consider themselves members of the middle class in the face of these

Terumasa Tomita, Assistant Professor of Law at Meiji Gakuin University in Japan, asks “Why has the anti-globalization movement in Japan remained so weak? Four factors help to explain this puzzle: strong middle-class consciousness, faith in free trade, the absence of key actors spreading the anti-globalization message, and a smaller number of immigrants.”

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options.

“The income gap could continue to increase and the middle class could continue to shrink. Given the country’s low birth rate and rapidly aging society, the need to accept immigrants will steadily increase as well.”

changes? Although there is a growing income gap, the extremes of wealth and poverty are not as obvious in Japan as they are elsewhere. For example, although Toyota’s profits are greater than those of GM, the CEO of Toyota makes only about one-eighth of what GM’s CEO makes. In addition, there is the continuing myth of the “100 million all in the middle class” (“*ichi oku sochuryu*”), an idea that has persisted from the time of Japan’s high-growth economy of the 1960s, whereby people believe that Japan is an extremely egalitarian society. That national myth appears to be hard to shake.

The second factor explaining the weakness of the anti-globalization movement is a strong faith in free trade. Most Japanese believe that Japan is a trading state. One newspaper survey found that 69 percent of respondents believed that the Japanese economy depends on trade. But Japan is in fact not a trading state. While Japan is heavily dependent on imported food and oil, its overall trade-to-GDP ratio was just 36 percent in 2015. That stands in sharp contrast to EU nations like the United Kingdom (58 percent), and Asian nations like Korea (85 percent). So why do people believe the economy depends on trade? There are several reasons: a common belief that Japan’s economy has grown rapidly under the General Agreement on Tariffs and Trade (GATT) system, a general belief that free trade has been an important factor in Japan’s modern economic growth, and the support for pro-trade policies and the TPP among all of Japan’s major newspapers, which means that the public discourse supports this view.

The third factor is the absence of key actors spreading an anti-globalization message. In the United States, actors like labor unions, environmental NGOs, and politicians have been critical of globalization since the early 1990s. These actors have played an important role in raising awareness of the connection between globalization and current problems like the decline of manufacturing and the growing income gap. In contrast, there are few actors who are critical of globalization in Japan. As a result, the dominant political discourse does not connect current difficulties facing the country — e.g., the growing income inequality — with globalization.

The fourth factor is the relatively small number of immigrants in Japan. In Europe and the United States, immigration has become a flashpoint for the anti-globalization movement as people view newcomers as competition for jobs and as a threat to the existing culture. On the other hand, Japan has tended to tightly restrict immigration, so at least for the present, immigration is not seen as a reason to question the perceived benefits of globalization.

These four factors are the primary influencers of Japanese attitudes toward free trade and globalization today. But will this trend continue in the future? The answer may very well be no. Japan faces the dual problems of slow growth and a lack of financial resources. The latter in particular will have a substantial impact on Japan. As a result of the aggressive expansion of fiscal expenditures by the Japanese government since the collapse of the bubble economy, it has become the worst debtor country among advanced nations, with national debt exceeding 200% of GDP. This will seriously constrain Japanese social and economic growth in the coming years. There is a high possibility that this situation will make Japanese lives even more difficult in future. With that, the income gap could continue to increase and the middle class could continue to shrink. Given the country’s low birth rate and rapidly aging society, the need to accept immigrants will steadily increase as well. This could open the door to significant political fluctuations in the near future, spurring an anti-globalization movement, should actors emerge in Japanese society that seek to capitalize on those sentiments.

Japan’s support for globalization rests on two myths and two realities. Both could change in ways that would increase anti-globalization views in Japan.

Dr. Terumasa Tomita is an Assistant Professor of Law at Meiji Gakuin University. He can be contacted at ttomita@law.meijigakuin.ac.jp.

The *Asia Pacific Bulletin* (APB) series is produced by the East-West Center in Washington.

APB Series Editor: Dr. Satu Limaye
APB Series Coordinator: Peter Valente

The views expressed in this publication are those of the author and do not necessarily reflect the policy or position of the East-West Center or any organization with which the author is affiliated.