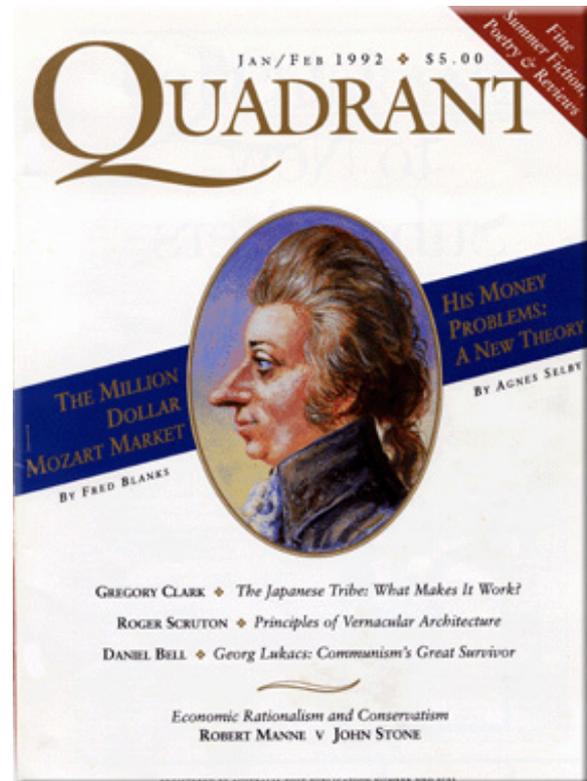


The Japanese Tribe

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THE JAPANESE TRIBE: WHAT MAKES IT WORK?

THIS IS AN EVENING of some significance for me. I have been out of Australia for a long time. That I should make a re-entry via Quadrant has a particular appeal. One reason is the way Quadrant has established itself as a leading intellectual force now in Australian thinking. Unfortunately the people on the left, the people whom I used to know quite well, seem to have gone to sleep recently.

Another reason is the extreme interest you seem to be showing in Japan. I have been there for twenty years, and I hope this evening to give you a very personal explanation of that country.

My interest in Japan began as a result of an earlier involvement with China. Many years ago the Australian Government spent a lot of money teaching me the Chinese language. Later we had a small disagreement over the recognition of China back in the sixties, and so I moved into Japanese studies and economics. Like most people involved with Japan or the Far East, I took a fairly simple view of things: China was the source of Oriental culture; at the other extreme was Western culture - rationalistic, scientific, individualistic; Japan was somewhere in between. That view said that while the roots of Japanese culture were in the

Orient - Confucianism, Buddhism and so on - Japan had somehow, as a result of an unusual history, become much more influenced by Western thinking than China had. From this it would follow that China was the difficult country to understand; Japan would be much easier. In fact it was the exact reverse. In basic thinking and culture, the Chinese are remarkably close to us Westerners. It is Japan which is the odd man out. We face a culture quite different from anything we know. By culture I'm not talking about language or using chopsticks. I'm talking about something deeper, namely values, ways of thinking. At this level the Chinese are much more like ourselves than the Japanese are.

The Chinese are individualistic. We see this very clearly now in Singapore, where annual turnover ratios are now around twenty per cent. In Taiwan and Hong Kong it is much the same. The young Chinese employee has little emotional attachment to the enterprise. The enterprise is simply the place you go to earn money and make a career, and if you can get a better career elsewhere you have no hesitation in shifting. In Korea, too, as people have a greater choice of employment we see turnover ratios of around fifteen per cent. In Japan, as you know, there's a very low turnover of employment - a level of about two or three per cent. Here we have one of the few statistical benchmarks for value differences.

Speaking more subjectively, the Chinese are people who like to argue as we do; they have a very strong attachment to principles; if anything, Chinese culture puts more emphasis on principles than our own culture. Westerners, particularly Anglo-Saxons, are a little bit more on the pragmatic side, or we're supposed to be. The Chinese have a very strong tendency to absolutism - absolute ideologies, law. In Singapore we see a very good example of a Western style, rationalistic society. If there is a problem, you solve it by the application of principles and intellect. If there are too many children, you put a fine on people for having too many children. If the educated women obey the law better than the uneducated women, and you're worried about a lowering of the IQ of the society, then you provide bonuses for university graduates who have more children. If you have a traffic problem, you impose fines on cars coming into the central district with only one passenger in them. And so on. The other tool the Chinese use is ideology. Confucianism, in the old days; today - communism.

In all these areas, the Japanese are very different. We know a lot about their dislike of law, their lack of legalism, the twenty or thirty thousand lawyers scratching for a living there (600,000 in the USA). The Japanese do not like dry, rationalistic argument. In their attitude to ideology we see very clear differences. The Japanese lack absolutism. They have their religions, political ideologies, and so on. But the idea that one, and only one ideology is correct, does not get much of an audience in Japan. Your average Japanese are born into a basically secular society. They will have a Shinto wedding. (Shinto is the animistic, tribal religion of Japan. In any other society these animistic religions die out as the society progresses. Japan is a unique example of a society which has held to, and developed the animistic religion of its origins.) They will be educated in a very vaguely Confucian ethic and live in a society which the government says is capitalist, and free enterprise, but in fact is highly corporatist. When they die they have a Buddhist funeral. The Japanese see no contradiction in this at all.

This is in marked contrast to Korea. Korea is very similar to Japan in its cultural origins. It brought in its culture from China - its written language, Buddhism, and Confucianism. It also brought in the absolutist ethic. So if you are Buddhist, you are a hundred per cent Buddhist. If you are a Confucian, you are a hundred per cent Confucian. This same deep interest in ideology has led 30 per cent of the Korean population to become Christian, and when they become Christian they choose: Catholic, Methodist etc. They drop their, earlier Buddhism or Confucianism.

In Japan, even if you become a Christian, you often retain your original Shinto/Buddhist beliefs. To me, this lack of absolutism is a very important cultural benchmark. It identifies Japan as being radically different not only from our Western culture, but different from Korea, different from China, different from India, different from the Middle East. In this sense at least it is unique.

So, there I was, twenty years ago in Japan, trying to work out what was the key to this uniqueness. And the word one moves to increasingly when you live in Japan is - emotional. Now I know this is a word that many people would use least of all about the Japanese. To us the Japanese seem to be a very non-emotional people, in total control of their feelings and expressions. But when you get below the surface of Japan, you will discover a very deep emotionality. We saw some of that emotionalism in the form of an emperor worship and a military fanaticism. In the daily life of the Japanese, too, there's a constant emphasis on feeling, on sentiment, on the heart, on the concept of *jocho* - highly refined emotion and sensitivity. Then there is the conscious rejection of rationalistic thinking. *Rikitsu*, which means reason or principle, can easily have bad connotations in Japanese. *Jocho* is a good word.

But having said this we run into two more problems. How does an "emotional" nation create such a strong society and economy? And secondly, why should this highly unusual culture exist in Japan in the first place?

One day it suddenly occurred to me. Why do we have to explain Japan? Its non-rationalistic, highly developed group culture - another aspect, a facet of the emotionality, I might add - surely is the basic nature of the human being. It goes back to our origins in tribal societies. Initially we were like the Japanese. Certainly we were very group-oriented.

In the tribe, as in Japan, individuals have to conform, they have to suppress anything that disrupts group harmony. Japan is not anti-individualistic in the sense that individualism is an evil. In situations where the group authority is not needed, the Japanese can show some remarkable individualism. But within the framework of the group, the individual is secondary.

The tribe is emotional. It has its myths, taboos, just like Japan. (Emperor worship was a myth, ultimately.) The tribe is highly practical. It remembers to educate its young, to get the crops planted in time, to repair the tools, or otherwise it doesn't survive. And that again is very similar to the practicality of the Japanese.

In short, we may not need to explain Japan. It has simply stayed with something very simple and natural to all of us. To date we've assumed that our move to rationalism was natural, something necessary for progress. And it is, to a certain extent. But as human beings, we all have two sides to our make-up: a tribal, instinctive element, and the rationalistic. Both play a role in the organisation of our societies. The ideal is not the abandonment of the "tribal" and the total concentration on rationalism, on intellectuality and legalism and so on. Rather it is some combination of the two and that, let me suggest, is what Japan is about. It is a society which began with a tribal ethic, a village ethic, and which simply remained with that ethic, developed it and refined it and codified it. At the same time Japan was close enough to China to bring in the rationalism of the Chinese - systems of law, government, science etc - and to combine the two together. The reason why it was able to do this better than most was because it was a large island nation, close to the Eurasian continent. When the Chinese model wasn't enough, it was also able to bring in Western rationalism.

This brings me to the key point in my thesis, namely, why we non-Japanese moved so strongly towards rationalism. Maybe it was because located on the Eurasian mainland, we had to form ourselves into "nations" in competition and conflict with other nations. In the case of China and the Middle East, that competition has been going on for two thousand, three thousand years. If you put people in competition with other people, they must rationalise their existence, explain who they are and why they are. If they're in a war situation they have to bring together large numbers of people to form cohesive armies and states. For these purposes you need strong ideologies, strong principles, the ability to argue and debate, and, on this basis, it is no accident that the people most exposed to conflict and competition with other peoples went ahead first - the Chinese, the Middle Eastern peoples, the peoples of the Indian subcontinent, the Southern Europeans. Those of us most removed from the conflict and competition, namely Japan and North Europe, were able to remain in our original village or feudal state.

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THE FEUDAL ASPECT of Japan is very important. To us, "feudal" is a pejorative word. I'm trying to use it in a neutral sense. Obviously there are bad elements in Japan's feudalism. People have to belong to the enterprise, belong to the organisation. Attitudes towards women, towards authority, are "bad" feudal in some ways. But "feudal" can also imply an advanced village ethic, and if any of you study Rousseau and the European idealists of the eighteenth and nineteenth centuries, you will know what I mean. This is a society where people behave naturally, honestly and co-operatively. Is there anything wrong with that? In fact, it was just these idealists who invented communism

They looked at an idealised version of the village and tribal society and said, "This is how man should be. We want to create an ideology to return to it". (Which, of course, is a contradiction in terms, for as Japan shows, tribal/village communalism is a state of mind

remote from ideology.) Japan today retains many of the qualities those idealists wanted us to return to. In twenty years in Japan I have never once been expected to give a tip; I have never once been shortchanged. I have left change in a shop and the shop-keeper has run out, down the street, to give me that change back. Forget valuables in a taxi and the chances are more than even, the taxi driver will make an effort to return the goods. Leave a suitcase on a crowded platform at seven o'clock in the morning, and in the evening that suitcase will still be there. If it is not there, it is because some public-minded individual has delivered it into the lost property office, where a very efficient, courteous gentleman will be registering goods handed in, and trying to get them back to their owners.

Where does an ethic like that come from? There is no religion in Japan that says you must behave honestly, there is no law that says you must do that. It is, as I say, a refined village ethic, a refined feudal ethic. The emphasis on craftsmanship in Japan is also part of the feudal ethic, something we Anglo-Saxons used to have and which the Germans and the Scandinavians still retain to some extent. One's identity in the feudal society depends on one's workplace, and the quality of the work one does. You remain in your village, making your pots, making your knives and the quality of these things determines who you are. Why is Madam Thatcher called "Thatcher"? Because, some hundreds of years ago, I assume that her ancestors were thatching. In our Anglo-Saxon societies, our very names came from the craft we were pursuing.

Today we look back on all this as fuddy-duddy. We've renounced feudalism. But let me suggest that with us Anglo-Saxons, as in Japan today, these values were a very important element in our early industrialisation. Today our theories say economic growth and social progress is a straight line. The more we move away from the tribal and the feudal to the rational, the more we go ahead. But in that case, how do we explain China, India and the Middle Eastern peoples? These are highly rationalistic people. Have any of you tried to argue with an Indian? We Anglo-Saxons, not to mention the Japanese, cannot match the brilliance of the best Chinese, Indian, Middle Easterners or Southern Europeans when it comes to politics or diplomacy. And yet, they are in economic trouble. The older these civilisations are, the more they are in trouble. So, instead of using a straight line approach, we should come back to what I've been trying to suggest - namely the ideal is a mixture of the tribal and the rationalistic - a curve - Japan is still on the rising slope of the curve. We Anglo-Saxons and North Europeans have just recently moved beyond the peak, and are now clearly moving on a downward slope. The first North European society to leave feudalism and reach the apex, so to speak, was England of the Industrial Revolution. The one furthest down the downward slope today is England. Germany was the last. Germany still retains some feudal aspects, as Japan does. This also explains the very curious affinity the Germans and Japanese feel for each other, and the emotionalism of their past militarism.

Today, many say that the key to Japan, the key to the progress of the East Asian economies is Confucianism. Post hoc, ergo propter hoc. But what did they say 30 years ago, when the Taiwan economy was absolutely flat, when South Korea was doing worse than North Korea? Then the dogma said that even communism was better than Confucianism. Confucianism is an over-refined rationalistic ethic. The people most respected are scholars and bureaucrats. Mandarins. Now, if you're living in Canberra or

Beijing, these may be great qualifications. But are these people of any use in the creation of industrial societies? This was the problem in the traditional Confucian societies. You had a very highly educated, intellectual elite but they were quite useless for building factories. Rationalistic ethics, including Confucianism, says that if you have to make money you do it with your brains rather than with your hands. Therefore, service industry, banking, speculation and so on are superior. But as they began to fall behind, the Confucian societies of East Asia - Taiwan and Korea - realised they had to change. And because they had an educated population, and infrastructure, they simply created a situation where people could make a lot of money out of manufacturing, and on this basis they spurred ahead. But today they run into a ceiling of exactly the same nature as our rationalistic Western societies - high mobility of labour; young people and educated people who do not want to go into manufacturing; class divisions in the factory ...

Japan is very different. Its manufacturing sector is probably as close to perfection as you could possibly want. Young educated people are happy to go into manufacturing. Making things of quality is still seen as something important.

Some may ask that if the Japanese are not rationalistic, then how do they create their technologies, and long-term strategies? But technology is largely a matter of simply wanting to make a better "widget". It's something elemental in all of us, just as in tribal society, people try to make a better hoe or rake. The English Industrial Revolution had little to do with abstract, scientific technology. It was practical technology. In the area of pure science, scientific technology, the Japanese are still very backward. There are few Nobel Prize winners in Japan. PhDs are not appreciated in many areas of Japanese society.

The key to Japan's progress is a highly refined version of the tribal survival instinct. The enterprise is the tribe. You belong to it. If that enterprise goes down, you go down, Your identity lies in that enterprise. Faced with competition, everybody gets in there and works that much harder to save their enterprise. Indeed, they artificially create crises and competition. Go into Toyota and you will hear the constant pep talks about how "Nissan is out to beat us." And if it's not Nissan, then it is the Koreans. Or the world economy is about to fall apart, or there is the oil shock. The punch line is - we have to try harder - gambaru. They love this word, gambaru. You don't use your brains, you use guts and spirit. So off they go and they devise another widget or "Just in time" system which can move up the productivity a few more steps.

What happens in a rationalistic society, if your company is in trouble from competition? You get out of that company as quick as you can and you join the strength. That's fine for IBM, but what happens to everyone else? In Japan it's almost the reverse. The more trouble your company is in, the harder you work. If you need technology - you just go out and get that technology. You buy it, steal it, beg it, borrow it. It's the survival instinct. Look at the Vietnamese. Today they can't even run a textile mill. Yet once they had jungle factories to produce weapons. They had a road built down fifteen hundred kilometres of difficult mountain terrain which received a B-52 bombing every day, and yet they still kept the trucks going. How did Afghani tribesmen with no education at all manage to operate the Stinger rockets against the Soviet helicopters? In a survival situation, anyone can create productivity. It's as simple as that.

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Similarly with the long-term strategies that are supposed to be an important element in Japan's success. You do not have to go to a university to have long-term strategy. Think how you behave in that institution called the family. Are you thinking about profits three months ahead, six months ahead? Of course not. You automatically think ten years ahead, twenty years ahead. It is almost a cliché in Japan that the enterprise is "the family". So they automatically think long-term, about the investment needed to get the new products into production years ahead. What has to be explained is why we think short-term. It is a very good example of rationalistic thinking gone wrong. We say to ourselves - why does the enterprise exist? Answer: to produce profits. And we reward people according to the profits they produce. Everything is reduced to the next balance sheet.

The so-called brilliance of management systems in Japan is the same. In your family, do you have lifetime employment or contractual, hire and fire employment? Do you have merit promotion or seniority promotion? Do you have a high mobility of labour? Do you have lateral recruitment? Come to think of it, we used to be like the Japanese. I joined the Australian Department of External Affairs in 1957. In those days our bureaucracy operated just like a Japanese organisation. Very strong esprit de corps, lifetime employment and seniority promotion. And I was the class of '57, and automatically, the class of '56, the class of '55, looked after us as "younger brothers", as in Japan. (In a Japanese enterprise you are automatically ranked according to year of entry.) And as in Japan, everything was done to make sure our 1957 cohort bonded together. Part of that bonding came from being promoted together, at least to begin with (again as in Japan).

Sometime later, the efficiency experts were called in. They said, "You can't have seniority promotion! You've got to have merit promotion." From that moment on, rivalry was created. Since then it's got a lot worse; and as a result the productivity and efficiency of that particular part of the bureaucracy at least has gone downhill.

Rationalism obviously has good elements. But we have failed to realise that you can carry your logic and principles too far. You deny the human factor. And the Japanese enterprise par excellence has retained the human factor, particularly in manufacturing where they are subjected to such competition. The service sector is much more backward, only because the threat to survival is much weaker. Indeed, in large areas of the service sector the Japanese are way behind us.

Productivity is much lower. If Japan overall is efficient that is not because of some superior rationalism. It is because overall the tribal ethic works better than ours does.

LOOKING FROM JAPAN, I am very concerned about our Anglo-Saxon societies. Every Anglo-Saxon culture society is in trouble. Yet it was our Anglo-Saxon culture that was closest to that of Japan: the culture of an island society, a very strong emphasis on group spirit, non-intellectuality, things were "Just done", rules were unexplained rules, that is taboos. We too were tribal and once it gave us an extraordinary dynamism. But what happens when what they call in Japan, the kuki, the "atmosphere" of the tribal society disintegrates? Our "scientific" rationalism is half-baked and we lack the fall back of European continental civilisation. We are left with a vacuum. That is what we see in the Anglo-Saxon societies today.

Japan faces the same problem too, eventually. There is no doubt that the "atmosphere" is beginning to deteriorate. The younger people do not show the same feudal loyalty to the enterprise that their parents did. We are just starting to see some dishonesty, shoplifting and so on, marring the village honesty of the past. But Japan's disintegration is at least another twenty to 30 years down the line. It is long-term, when, as somebody once said, we will all be dead. In the short term, we are the ones in trouble. I refer particularly to Australia. Until the rationalist ethic took hold, we had a remarkably successful society. With a population of seven or eight million people, we were producing a full range of manufactured goods. We were stable, honest, as in Japan. In fact, in the case of Australia, we not only had the inherited Anglo-Saxon ethic. We had the "bush" ethic, mateship, which, of course, is also a form of group ethic. You depended on your mates for survival. The larrikin ethic has an exact equivalent in Japan - ese The egalitarianism of Japan is very similar to the egalitarianism of Australia. So too is the dislike of intellectuality. In Australia we say "you cut the tall poppies"; in Japan they say "you beat down the nail that protrudes". The non-ideological nature of the Australian and the classlessness of Australia also matched what we see in Japan. The main difference between us is that the Japanese have expanded and refined the rules of the group ethic, discouraging individualism en route. And in recent decades the Australian group ethic has greatly weakened, with little to replace it. Indeed the politics we see in Canberra today represent the Australian version of the group ethic in its death throes.

YOU do not have to go to a university to have long-term strategy. Think how you behave in that institution called the family. Are you thinking about profits three months ahead, six months ahead? Of course not.

Let me conclude by mentioning that my father, Colin Clark, who died recently, was a great supporter and admirer of Quadrant. One of his students at Oxford, many years ago, was somebody called Bob Hawke. Now there is a report perpetuated by certain biographers, that Bob Hawke arrived in Oxford in the early fifties and ran into a crusty, conservative,

Labor-hating fascist called Colin Clark, and that is why Bob Hawke had problems with his studies. (As you know, he was pushed out of Economics into another area of the university and did some research into the arbitration system in Australia.)

I knew Hawke at Oxford. Later I came back to Australia and when I was working in the Government, ran into him at the ANU. In those days, for some reason, Hawke was predicting he was going to be the prime minister of Australia, so I wrote a letter to my father, reporting this, to which he wrote a memorable reply. Later he said I could publish what he had written, and now may be the moment to at least make it known. To clear up the record, let me give two quotations from that 1957 letter. 1. "Hawke arrived in Oxford with a know-it-all attitude. We quickly discovered that he knew very little about economics, and we had to push him off into other studies." 2. "If Hawke ever succeeds in his ambition to become prime minister of Australia, I shall see this as the first step in the creation of a Labor aristocracy. "

[Home](#)
