by the Constitution (Art. 28). Today, it is generally recognized that we should attach much importance to the principle of self-determination in employment relations. I would suggest that Ōuchi's work on self-determination in this volume serves to further that discussion.

However, I see a number of possible objections to his theory. Two areas, in particular, give cause for concern.

The first question I have to ask here is whether we can deduce the majority rule (the democracy principle) from the Labour Standards Law. According to Ōuchi's view, it is necessary for employers to obtain the consent of a majority of employees when forming or modifying collective working conditions (the first stage). However, the law states that in changing work rules, the employer is only required to *ask the opinion* of a trade union organized by a majority of the employees in the workplace or, where such a union does not exist, the opinion of a person representing a majority of the employees (Art. 90, Labour Standards Law). That is, the Labour Standards Law does not require the *consent* of the majority of employees. Indeed it is common for the employer to consult representatives of a majority of employees in accordance with the Law, but it does not follow that the employer cannot change working conditions without the consent of a majority of employees.

My second question is whether the *henkō kaiyaku kokuchi* really is appropriate as a legal device for changing the terms and conditions of employment contracts. Ōuchi stresses the significance of self-determination, but under his model freedom to disagree appears to mean freedom to be dismissed. When employees are forced to choose dismissal or modification of working conditions, that is really no choice at all.

Admittedly, we should not overlook recent changes in employment circumstances, such as the decline of long-term employment practices, the shift from seniority-based wage systems to merit-based systems and so on. Nowadays it is sometimes contended that we should treat 'employees' not as passive objects needing strong legal protection, but as active subjects who can act on their own account with a degree of legal support. One recognizes the need for labour law to adopt a modern model of the 'employee' in order to cope with the changing socio-economic circumstances. However, having said all that, the *henkō kaiyaku kokuchi* still looks like a very draconian weapon to put in the hands of employers.

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Nihon no Keizai Kakusa: Shotoku to Shisan kara Kangaeru (Economic Inequality in Japan: An Analysis in Terms of Income and Assets), by Tachibanaki Toshiaki. Tokyo: Iwanami Shoten, 1998, vi + 212 pp., 640 yen (paperback ISBN 4-00-430590-X)

For several decades now, most Japanese and foreign observers have bought into the depiction of Japan as a country that has enjoyed an unusual degree of economic equality. Unemployment was low, homeless people were rarely seen, and the educational system was credited with providing all Japanese youth with a level foundation on which to build careers suited to their tastes. Particularly well known were the poll results showing that 90% of Japanese considered themselves to be 'middle class' and an OECD study dating back to 1976 showing that Japan ranked along with Norway and Sweden as one of the most equal societies among the advanced industrialized nations.

For just as long, however, a variety of scholars—including several working at the Institute of Social Science at the University of Tokyo, which sponsors this journal—have been publishing books and articles that challenge this characterization of Japanese society.

None of this work, however, has had the impact of this slim volume by Tachibanaki Toshiaki. With both of the nation's leading opinion journals (*Bungei Shunjū* and *Chūō Kōron*) featuring articles inspired by his book in May 2000, Tachibanaki is being credited with 'shatter[ing] the longtime myth that Japan is an egalitarian society'.

Tachibanaki's book is particularly timely, given what it has to say to a nation that is trying to figure out how to restore stable economic growth after a decade of stagnation. As the nation's economic performance has lagged, especially in comparison with the recent vibrant growth figures recorded in the US, many Japanese have consoled themselves with the belief that 'at least we are a much more equal society than America'.

Wrong, says Tachibanaki. According to data he highlights in the opening pages of the book, Japanese household income before taxes and transfers is now *more unequally distributed than in the US*—a finding he describes as particularly shocking given the common perception that the US is the most unequal society among the advanced industrialized nations. This headline statistic directly challenges defenders of Japan's current economic policies. If these policies produce neither growth nor equity, shouldn't the nation turn to another approach?

Tachibanaki's book proceeds from this initial slap-in-the-face statistic to offer a nuanced and detailed analysis of the distribution of income and assets in Japanese society, in an international and historical context. While beginning the book with the one measure on which Japan comes out more unequal than the US, he shows that on other dimensions (asset distribution, wage differentials, poverty rates), the US continues to stand out as a particularly unequal society. Japan rates better than the US on all of these dimensions, he demonstrates, but contrary to perceptions it does not look so good when compared with the rest of the advanced industrialized nations. Most of the nations of Northern Europe, and even Australia and New Zealand, rank ahead of Japan on many measures of equality.

Recent trends, moreover, show that Japan is becoming more unequal over time. Inequality statistics he reports reveal that, until the 1973 oil crisis, Japan saw a steady trend toward a more egalitarian distribution of income (pp. 46–60). For about a decade after the oil shock, income distribution patterns held steady. With the start of the 'bubble economy' period, however, Japan began to see a reversal in this egalitarian trend. Income inequality before taxes and transfers, as measured by the gini coefficient, rose from 0.349 in 1980 to 0.439 in 1992. Inequality after taxes and transfers rose from 0.314 to 0.365 (p. 5). This deterioration, Tachibanaki emphasizes, represents a reversal that is taking place at a more rapid pace than similar shifts in post-Thatcher Britain and in the US.

The greatest strength of this book is its presentation of these statistics showing high and rising levels of inequality in Japan—a result that flies in the face of the conventional wisdom summarized at the start of this review. Tachibanaki demonstrates how earlier international comparisons such as the famous 1976 study that suggested Japanese society was almost as equal as the Social Democratic Sweden and Norway were based on Japanese data that (unlike the figures reported by other nations) excluded lower-income farming and single households (pp. 77–78). Instead of relying on the Family Income and Expenditure Survey that served as the basis for this earlier study and many subsequent ones, the author argues, we should look to data compiled by the Ministry of Health and Welfare that covers a much broader segment of the population. It is this data source that serves as the basis for the inequality statistics cited above.

Tachibanaki also does an excellent job of guiding readers who are not familiar with income inequality statistics through the data. Gini coefficients are explained (pp. 6–7), as are the numerous issues economic statisticians have to confront when choosing how to measure income inequality (pp. 73–75). Because nations inevitably make different choices about how to deal with these

issues, he notes, international comparisons of income inequality are notoriously difficult to do well.

Many of the data Tachibanaki reports for nations other than Japan are based on the Luxembourg Income Study, a project designed to harmonize the way nations measure income inequality. Unfortunately, he notes, the Japanese government chose not to participate (p. 76). His choice of data sources for Japan, and the adjustments he makes to those data, are driven by an effort to compensate for the Japanese government's short-sighted decision not to participate (ostensibly because it wanted to maintain the confidentiality of those who supplied the government with data) by providing Japanese statistics that are as similar to the Luxembourg figures as possible.

The remainder of Tachibanaki's book is devoted to an analysis of the causes of inequality in Japan. Among the causes he discusses are: (1) a slow but steady increase in wage inequality (including inequality based on gender, level of schooling, age and firm size); (2) the aging of society; (3) an increase in single-member households, especially among the elderly; (4) an increase in the number of workers per household; (5) an increase in investment income for some families; and (6) the emergence of a significant gap between those who have to pay rent for housing and those who do not because they own (often inherited) land and homes. He emphasizes as well the role that public policy has played in exacerbating the recent inequality trend, in particular by reducing the progressivity of the tax system and scaling back some social programs.

While Tachibanaki reports data related to each of these trends, his emphasis is on those factors that relate to equality of *opportunity*. He devotes extensive space to the income gap between those who own homes and those who do not and emphasizes the role of inheritance in creating this gap and perpetuating it across generations. He also decries recent trends that have reduced social mobility. Marriages increasingly join men and women of similar educational backgrounds who in turn pass along their educational advantages (or disadvantages) to their children. The offspring of educational élite marriages, he notes, are more likely to attend higher-ranking schools and colleges and are frequently able to leverage the status this confers to secure more prestigious jobs. He also describes how the government and large firms continue to limit their recruitment to the most élite schools.

Tachibanaki emphasizes these trends toward inequality of opportunity because they serve as the primary basis for his argument against those who claim that income inequality reflecting variations in productivity and work hours is perfectly appropriate. Proponents of this view have a case, he posits, only if all individuals in a society have an equal opportunity to get those higher-paying jobs. Because they do not, he argues, the government has an important role to play in redistributing income to ameliorate unequal *outcomes*—while also working to improve equality of opportunity.

The author makes it clear that he himself feels that the case for redistribution need not rest on this debate over opportunity. He is ready to support redistribution on the more straightforward grounds that social justice, as elaborated by John Rawls (1995), demands it. Society should be organized, he argues, so that the poorest members of society have what they need. There will always be those who, for whatever reason (including through their own fault), end up disabled, unemployed or old and alone, and a just society should organize public sector programs to redistribute income and services to these individuals. Tachibanaki argues that the recent trend toward greater inequality demonstrates the growing need for Japan to construct a true welfare state in place of the current patchwork system that depends on firms and families to provide (often inadequately) for these needy members of society.

While the latter plea will no doubt appeal to already-progressive-minded readers like myself, Tachibanaki's emphasis on equal opportunity reflects his realization that he needs to convince a

broader segment of the public and policy-makers before Japan will consider adopting the reforms he advocates. It is because so much depends on the debate over equal opportunity that I worry about one flaw in this strand of Tachibanaki's argument: he fails to prove that the recent *increase* in inequality that he headlines at the start of the book has been caused to a significant extent by a decline in equality of opportunity. In fact, some of the evidence he presents works against this link.

Most damaging is the evidence he presents showing the absence of significant wage dispersion based on educational attainment. The premium that Japanese college graduates earn relative to high school graduates fell from 1.4 to just 1.25 between 1965 and 1980 and has remained *stable* at this low level (p. 103). If education has such a small and stable effect on wages, to what degree can élite-education-marriages and the ability of such couples to pass along their educational advantages account for the recent growth in income inequality? The weakness of the link between education and income contrasts sharply with recent experience in the US, where the widening wage gap between high school graduates and university graduates has been a major factor driving the trend toward inequality. This link between skills and income dispersion is the basis for the widely accepted claim that growing income inequality in the US reflects shifts in labor markets driven by technological change and globalization.

Tachibanaki also documents how Japanese government ministries and firms recruit employees from only a handful of élite universities (pp. 159–160). But this is hardly a new phenomenon. If it has been going on for a long time, how can it account for the recent increase in inequality?

Tachibanaki's data, in fact, suggest that much of the recent increase in inequality is due to changes in family structure and demographics. As he points out, because of the aging population structure, there are more households made up of single, elderly residents on fixed, low incomes. Although he does not emphasize this point, it is likely that the increase in inequality also reflects the maturing career paths of the baby boom generation born between 1945 and 1960. In 1970–1985, when Japan's income distribution was most equal, this group was just entering the workforce. By 1990, the members of this generation ranged from 30 to 45. This maturing of the workforce is likely to have aggravated wage inequality in two ways: by increasing the gap between young workers and the now more numerous senior workers; and by increasing the gap between senior workers of similar ages (who, with a longer track record, tend to have wages with more dispersion, even under Japan's seniority system, than young workers). In a response to his critics in *Chūō Kōron* in May, Tachibanaki (2000) acknowledged the significance of these additional demographic factors.

The question is: how much of the recent increase in inequality can be attributed to demographic factors such as these, as opposed to the problems of unequal opportunity which form the backbone of Tachibanaki's appeal to mainstream readers? It is my view that the author is a little ahead of his time. Much of the increase in income inequality through 1992 (when his inequality statistics end) probably *can* be attributed to demographic changes, but the delayed arrival of globalization, technological change and accompanying reforms in Japan in the years since then appear to be aggravating the problems of unequal opportunity, centered around access to prestigious educational institutions, that are the focus of Tachibanaki's angst. Already there is evidence that the recession appears to have been much rougher on new high school graduates than on new college graduates, especially those from premier institutions. Reforms of the seniority wage system designed to place more weight on performance are also beginning to be implemented, while the convoy system designed to allow firms to provide core workers with job security and benefits has suffered major damage in the last five years. Once the new data covering these years are in, it is likely that Tachibanaki will be able to make an even stronger case for the reforms he advocates.

References

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Senji Nihon Nōson Shakai no Kenkyū (Studies of Japanese Rural Society in War Time), by Mori Takemaro. Tokyo: University of Tokyo Press, 1999, iv + 309 pp., 6,200 yen (hardcover ISBN 4-13-020120-4)

For some years now, attempts to interpret Japanese rural society in the first half of the twentieth century, as agriculture was forced to adjust to the conditions of a predominantly industrial economy, have revolved around debates on the nature of tenancy disputes. These debates built on, or reassessed, the Marxist analysis of the relationship between agriculture, capitalism and fascism, which had dominated the field in the pre-war and early post-war periods. Recently, however, it has become possible to reconsider twentieth-century rural socio-economic and political change, particularly that of the inter-war and (no longer off-limits) war-time periods, in a new light, not as the dying class struggles of the industrial revolution, but rather as part of the process whereby the institutions of 'modern', industrial Japan were formed.

In the vanguard of this movement has been Mori Takemaro, whose papers written over a period stretching from 1971 to 1992 are collected in this volume. English-language readers may well have come across Mori's work and its significance as a result of Ann Waswo's detailed summary, in her contribution to the *Cambridge History of Japan Vol. 6*, of his 1971 paper on the government's Rural Economic Rehabilitation Movement (Nōson Keizai Kōsei Undō) of the 1930s. The subsequent papers collected here examine the same themes from a variety of different angles, using village-level case studies from contrasting regions and taking the story on into the wartime and land-reform periods. The collection reveals Mori's work as transitional between the old and the new approaches to twentieth-century rural history, in a way that is significant for both economic and political historians of modern Japan. Methodologically, he is in many respects traditional and the roots of his analysis (summarized in his introduction to the book) lie in the concepts of landlord/tenant class conflict and the contradictions between agriculture and capitalism of earlier generations of Marxist scholars. Yet his conclusions fit better with those of more recent schools of thought on agrarian change in rapidly industrializing societies, which emphasize the economic strengths of cultivating but multi-functional rural households, the forms of political resistance that agrarian communities are able to bring into play, and the policy responses of governments anxious to maintain stability in the countryside. At the same time, Mori's work resonates with that of the growing number of scholars concerned to illuminate the continuities between the pre-war, wartime and post-war periods in Japan's political economy.

This transitional nature of Mori's work was already being demonstrated in the 1971 paper on the Rural Rehabilitation Movement, which forms the first chapter of the book. Here, he locates his analysis within standard Marxist debates about the nature of Japanese fascism and its relation to rural power structures. He goes on to argue, however, on the basis of a case-study of a village in the silk-producing region of Gunma, that the movement was not, as the standard model assumed, an