

Japan takes on role as Asia leader

by Linda de Hoyos

On July 5, just as the summit of the heads of state of the seven industrialized nations was concluding in Houston, Texas, the Japanese Ministry of International Trade and Industry released a report on its proposals for shaping Japanese foreign policy between now and the 21st century. That report, formulated after a long and tedious process of consensus-gathering within Japan's most influential institution, delineates Japan's determination to become a full-fledged world power.

"In the 1990s," the report states in its preface to a listing of Japan's "Basic Tasks," "Japan must realize that the size and influence of its economy require that it fulfill its international responsibilities. More than ever, Japan must cultivate global awareness and perspective. At times, it will need to act at its own expense. As a peace-loving nation, Japan should make positive contributions to the world in non-economic areas as well as economic areas. . . .

"Japan's own prosperity will depend on a stable and free international community. By recognizing this fact, by implementing internal reforms, and by building stronger ties with other nations, Japan can avoid being isolated from the global community and can enhance its trustworthiness in the eyes of the world. This must be the foundation for Japan's foreign relations in the 1990s."

The end of the postwar balance of power

This policy will be launched by under the immediate direction of Prime Minister Toshiki Kaifu, who has emerged from a two-year battering of the Japanese political system as a strong national leader. In a Tokyo symposium June 25, Kaifu declared that while before it was "politically impossible" for Japan to play a prominent role in international issues because the world order was based on the balance of power between the United States and the Soviet Union, the shift in international relations opens the way for Japan to step forward. "From now on Japan will go out into the world and if there is a request from another party, we should not hesitate in meeting it."

This view of the challenge for Japan in the 1990s had already informed the deportment of Prime Minister Kaifu at the Group of Seven summit in Texas in early July. Instead of adding Japan's obeisant nod to an agenda formulated in Washington, Kaifu appeared to carve out areas where Japan's self-perceived interests would prevail, and also made clear that Japan is prepared to take the lead on issues particularly pertaining to Asia. Kaifu had left Tokyo for the summit

after a send-off gathering of the leaders of the ruling Liberal Democratic Party, where former Prime Minister Yasuhiro Nakasone admonished that "at the summit, nations must cooperate, but it is also important for each country to state their national interest."

The Asian view of China

Specifically, Kaifu arrived at the summit with the message that Japan would renew loans to the People's Republic of China, loans which had been frozen since last year's Tiananmen Square massacre. Japan, Kaifu said, fears China's total isolation, believing that a breakdown crisis in the P.R.C. would engulf the entire Asian continent. Furthermore, "with the resumption of the yen-based loans to China," Kaifu told the Tokyo NHK television network July 21, "Japan will have a say in various political and economic matters, and I feel have somewhat of a responsibility."

At the least, Japan has attempted to put pressure on China in an effort to find a solution to the Cambodian conflict. In early June, Japan with Thailand, sponsored talks among the Cambodian factions and Vietnam, but its efforts were thwarted by provocative shenanigans from the U.S. State Department.

The Japanese policy has not been taken without consultation with the ASEAN countries of Southeast Asia, prominently including Indonesia, which renewed diplomatic relations with China this year. Indonesia Foreign Minister Ali Alatas reported June 29 that Japan and Indonesia had reached a "political consensus" not to isolate China.

Aside from taking the Asian view of China, Prime Minister Kaifu was representing an Asian viewpoint at the summit officially. On July 5, South Korean President Noh Tae Woo spoke to Kaifu by telephone and asked him "to assume a leadership role "as the Asian representative in Houston."

In addition, a delegation of the 42 countries designated by the United States as "least developed," led by Bangladesh Foreign Minister Anisul Islam Mahmud and including the foreign ministers of Togo, Somalia, and Sudan, called on Kaifu in late June asking him to raise the plight of the developing nations in Houston. Although Japan's record on debt and credit flows to the "LDCs" is no better than any of the other Group of Seven countries, the delegation's choice of Tokyo to visit is an indication of Japan's potential role in the Third World.

MITI's industrialization plans

Japan's role in bringing about the industrialization of the underdeveloped countries is a feature of MITI's vision of how Japan will take its place in the world. The report notes that Japan must strive "to solve global problems with expansion of Japan's ODA [Overseas Development Assistance] and new measures, including new funding schemes based on public-private cooperation which emulate the role the United States played in world development after World War II" and which, of course, the United States no longer plays.

Aside from calling for Japan's reform of its domestic economy to raise the general standard of living and deal with the fact that Japan is becoming an "aging" nation, the report is notable for putting forward principles in opposition to those currently dominating the U.S. "flea market."

The report specifically rejects the concept of the "post-industrial society." Instead, as the following paragraph makes clear, the entire progress of the Japanese economy must rest on a constantly revitalized industrial base: "The challenges of the 1990s include creating a vital industrial structure that can respond flexibly to changes in the values and needs of the people, eliminating gaps between industry, reversing the disparate growth among regions, developing new industries, and fostering small and medium-size companies—the source of the energy which drives the Japanese economy. . . . The manufacturing sector continues to play a vital leadership role for the other industrial sectors. It also leads in supporting the technological innovation that is essential for driving Japan's progress."

Alternative models, such as the "service economy," are not acceptable. In a politely unnamed reference to the British and U.S. basket-case economies, MITI notes: "The experience of other countries shows that declining manufacturing undermines the vitality and stability of society."

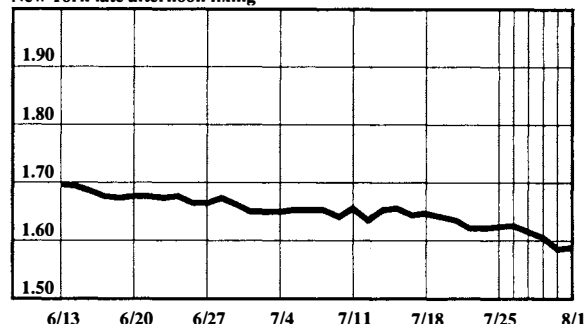
In this context, MITI states that Japan must question both its labor industrial policies and the trend toward the increased dominance of the financial sector over policy making: "The flight of human resources from manufacturing makes it imperative that the manufacturing sector itself improve working conditions. . . . At the same time, Japan must promote education and human development policies to emphasize making things and reexamine the regulations that have given the financial sector an upper hand." And later, MITI warns that it is necessary "to pay close attention to the negative effects on industrial restructuring efforts and on the morale of the work-force caused by investments in land, stocks, and other assets which have gone too far."

In short, despite U.S. demands, Japan is not about to cash in its economic principles—those based on the economics of German-American economist Friedrich List—for the Adam Smith policies that have brought the U.S. and Britain to ruin. However, it remains to be seen how far Japan will get in extending these policies worldwide unless it is also prepared to buck British and U.S. world financial policies.

Currency Rates

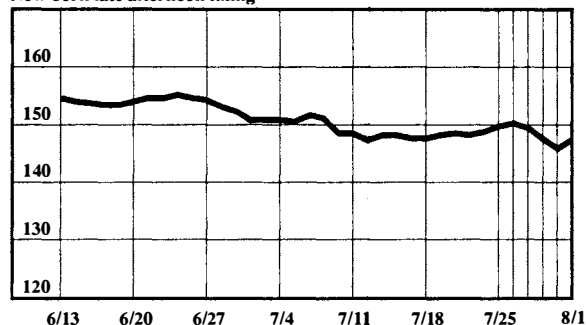
The dollar in deutschemarks

New York late afternoon fixing



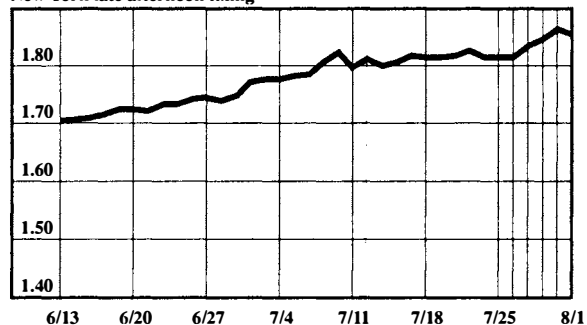
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

