

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."

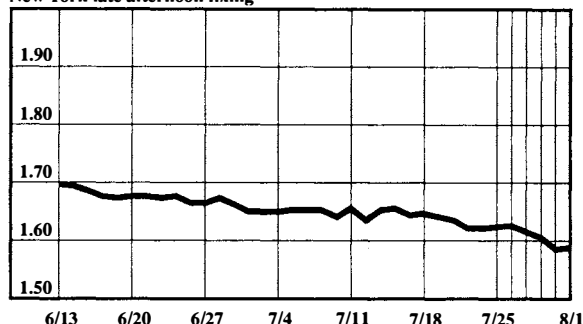
In this context, MITI states that Japan must question both its labor industrial policies and the trend toward the increased dominance of the financial sector over policy making: "The flight of human resources from manufacturing makes it imperative that the manufacturing sector itself improve working 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

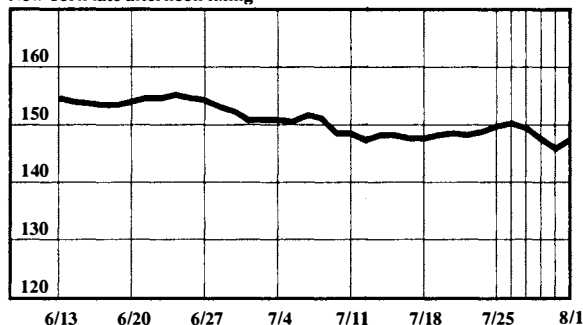
The dollar in deutschemarks

New York late afternoon fixing



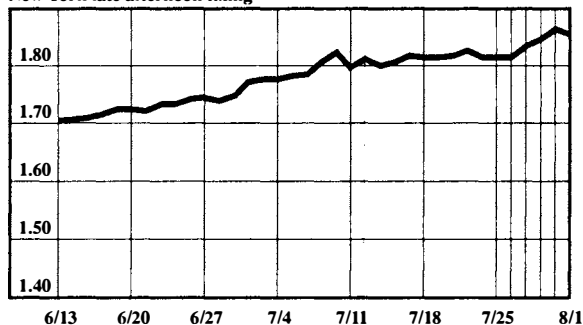
The dollar in yen

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

