

Focus on People

By William E. Franklin

I am a firm believer that the U.S.-Japan bilateral relationship is one of the most important in the world. It is an association that is both very broad and multifaceted, with deep-rooted security, political and economic elements. The two countries account for more than 40% of the world's economic output, half the world's overseas development assistance, and more than a third of the world's trade.

In that regard I am most concerned when our two nations engage in trade disputes. If there is to be economic prosperity for the citizens of the world in the 1990s, Japan and the United States need to have a sound economic association. I believe that trade policy and its effects should lead to solving global problems, not to exacerbating them. There are excellent opportunities for Japan and the United States to arrive at "win-win" solutions.

In this light I find MITI's recent publication, *International Trade and Industrial Policy in the 1990s*, to be a most interesting document. The paper is a significant departure from previous MITI "vision" statements that focused primarily on furthering Japan's industrial might. Instead, the main theme of this vision for the 1990s is the quality of life of the Japanese people, and the ministry has set itself up as an advocate and leader of dynamic change.

It should be recognized that "vision" statements are just that — visions — and not step-by-step plans to carry out an agenda. The paper is the view of one agency in a large cluster of bureaucratic organizations and therefore cannot necessarily be viewed as "the" official policy of the Japanese government. The process by which the paper was created is worthy of note. It is the result of a series of meetings of a special advisory council which included members from the academic and business worlds. MITI recognizes that the skills and direction required in the past to become an economic power may not be what is required to maintain that power in a truly interdependent world. A closer reading discloses that in order to bring about these changes MITI, as an organ of government, and Japan as a nation will be in the forefront of the effort.

"If Japan succeeds in tackling its reforms with foresight and courage, the free economies of the world will find themselves with a new, powerful and creative standard-bearer. . . . At the same time, international society will welcome Japan's leadership in promoting the free economic system."

One of the key phrases in the document is "the paradox of progress." The use of this phrase serves as a recognition of the fact that increased economic growth has not and does not naturally equate to an increased standard of living for the citizens of Japan. The paper calls for reduced working hours, better care for the aged, fairer pricing mechanisms at home and abroad, the promotion of leisure activities, and so forth.

What I also found heartening in the report was Japan's recognition of its future role in the international community. MITI moves away from the old "uniqueness of Japan" contention and moves toward an assessment that sees the nation as a partner and player whose "domestic systems and practices" are "transparent" and in harmony with the world. Science and technology are to be promoted, as is bringing about significant growth in small and medium-sized companies. The ministry also calls for less concentration of government and industrial resources in areas such as Tokyo and for the focusing of future development in other domestic geographic regions.

As a strong believer in the SII (Structural Impediments Initiative) talks, I am

reassured by the thrust of the MITI report. Many of the concerns the U.S. expressed in those talks are addressed in the paper: deregulation, increased spending on infrastructure, increased domestic consumption and fairer pricing mechanisms. Not everyone shares my enthusiasm for this document. Some claim that it may be more of a public relations effort than a commitment to change. Others claim that it could be MITI's "charter" for its own role in shaping policy (vis-à-vis the Ministry of Finance or the Ministry of Foreign Affairs).

It would be natural for MITI to have public relations in mind when the paper was produced. While all this may be true, however, it does not diminish the potential for real and significant change on the part of Japan. There is plenty of time for the most critical Japan watchers to focus on the implementation of change (the hard part) and to see how much success MITI has. I encourage all of you, however, to read and digest the entire document for yourselves. It has significant import and deserves a fair hearing.

The winds of change are blowing across Europe and throughout Asia and other parts of the globe. The MITI vision for the 1990s is a recognition by influential people in Japan that this nation, too, must participate in the process. It is a provocative and thoughtful first step. ■

William E. Franklin is president of the American Chamber of Commerce in Japan.



This building in Tokyo's Chuo Ward, to be completed by next June, will include facilities for the aged, a kindergarten and a junior high school.

Photo: Chuo City Government