

Globalization and Regionalization

By Wakamatsu Kenji

More than 300 million citizens in 12 countries have started using the single European currency, the euro, which appeared on New Year's Day 2002. The Deutsche mark, the French franc and other currencies will ultimately disappear within the next two months, reinforcing the idea of a single Europe amongst citizens in their daily lives. The disappearance of foreign exchange transactions and the expectations of a bigger market are already prompting corporate mergers and competition. While Britain and two other countries have not yet joined the euro, 12 countries in Eastern Europe and elsewhere are seeking European Union membership. The regional integration in Europe, if it proceeds smoothly, should have a considerable effect on the international economic framework, which is undergoing U.S.-centered globalization.

The international recession has worsened since the Sept. 11 terrorist attacks on the United States. World attention is focused on when a recovery might occur in the United States, which had been the driving force of the international economy. The United States promoted the information technology (IT) revolution during the 1990s. Corporate work places went on-line, and the increased productivity and pressures to open up other countries' markets led to an expansion of trade. In the meantime, more countries embraced free economics after the Cold War, leading to greater globalization in terms of people, goods and money flowing over borders. This greater globalization was undoubtedly a result of the extraordinary economic prosperity in the United States. However, this globalization has also certainly widened the rich-poor gap among nations

and regions.

While the shock of the September terrorist attacks has somewhat abated, many people point out that poverty, which has been growing as a result of the unequal distribution of wealth from globalization, is a contemporary factor in terrorism. We cannot overlook the historic conflict between Western civilization and Islamic civilization and the deep-rooted international political conflicts involving the settlement of the Palestinian problem. However, there is also certainly international criticism of the United States for the negative aspects of globalization.

Even inside the United States, people point out that IT has not produced the expected new industries. There has also been a move toward reflection since the terrorist attacks. On-line based management and the pursuit of greater efficiency will not necessarily improve the economy. While the shift to economic globalization per se will not change, regions and countries will foster the drawing up of international rules and gradually create a mechanism for regulating globalization.

This year marks the 30th anniversary of diplomatic relations between Tokyo and Beijing. Bilateral economic ties will expand as a result of China's membership of the World Trade Organization. The cordial ties between Japan and South Korea will be boosted by the two countries' joint hosting of the World Cup soccer finals. Japan is also keen to develop ties with the ASEAN (Association of South-East Asian Nations) countries and to foster regional development. Although economic integration of the kind occurring in Europe may be out of the question, I think we can expect more flexible cooperative ties in the

Asia-Pacific region to develop in step with globalization.

In any case, the war against international terrorism is expected to continue for a long time. The international economy is at an important turning point, but its prospects are also likely to be cloudy for some time yet.

COMING UP

The next issue of *JTI* will feature the problems of the aging society in Japan as one of the most important issues we are facing in the 21st century. Employment of the elderly in Japan and other industrialized countries will be examined, as well as companies' efforts to make the most of the expanding market for aged people.

TO READERS

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