

## Fiscal 2000 budget largest ever outlay for final push for recovery

Prime Minister Obuchi Keizo's cabinet on December 24 approved an 84.987 trillion yen budget for fiscal 2000 intended for the final push for a recovery. It is the largest ever general account budget and 3.8 percent more than the initial fiscal 1999 budget. The general expenditure portion of the budget totals a record 48.09 trillion yen, 2.6 percent more than the initial fiscal 1999 budget. With the expansionary budget, the government is targeting 1.0 percent real economic growth in fiscal 2000. The government adopted an expansionary budget for a second consecutive year to put the nation's economy on a full recovery track through the government's stimulus measures plus acceleration of private-sector demand.

To cover the growing fiscal deficits, the government will issue a record 32.61 trillion yen in new bonds, with deficit-covering bonds totaling 23.46 trillion yen, a record amount for an initial budget. The outstanding long-term debts of the central and local governments combined are expected to soar to 647 trillion yen, outpacing the nation's annual gross domestic product for the first time. The government now faces the dual task of restructuring the nation's deficit-ridden finances and getting the economy moving.

Prior to the compilation of the fiscal 2000 year budget, the Tax Commission, a government advisory panel, presented to Prime Minister Obuchi Keizo a recommendation on reform of the taxation system for 2000, calling on the government to secure stable tax revenues instead of relying on deficit bonds. The commission warned that Japan is in a critical financial condition and cannot afford to leave the gap between expenditure and revenue as it is. It pointed out that the government should refrain from reducing taxes except those necessary for stimu-

lating the economy. In this connection, the commission recommended tax incentives for investment in venture businesses and reduced taxation of fixed assets which would lead to recovery of individual consumption, and emphasized the necessity of drastic reform of the taxation system in order to restore neutrality in taxation.

The commission emphasized the growing importance of the consumption tax for the nation's coffers, while expressing concern that consumption tax arrears are increasing. It said that income tax is subject to fluctuations in business trends and is not reliable as a revenue source, whereas the consumption tax is an indirect tax and a stable revenue source. The consumption tax should play the key role in the nation's taxation in future, the panel said. The consumption tax should be the centerpiece of drastic reform of the nation's revenue structure, the commission proposed, adding that the government should consider raising the consumption tax rate from the current 5% as part of a comprehensive tax reform.

## Japan ushers in new millennium with few Y2K mishaps

Japan greeted the new millennium without any major problems stemming from the year 2000 computer glitch. The government issued a safety declaration on January 4, saying that it had squashed the Y2K bug. Chief Cabinet Secretary Aoki Mikio told a press conference that thanks to precautionary measures taken by the government and the private sector, the nation's key infrastructure systems related to people's livelihoods were unscathed during the 2000 transition.

The millennium bug refers to the problem that computers - originally programmed to

recognize only the last two digits of a year - may be unable to distinguish between the years 2000 and 1900 - because their codes represent those years as simply 00. It could have paralyzed aircraft flights, railway and other transport operations, financial services, communication services, electricity, gas and water supply services, commodity distribution and factory operations. An estimated 250 billion dollars were invested throughout the world to suppress the Y2K bug.

The Japanese government established a task force at the Prime Minister's Official Residence to deal with possible Y2K hazards. Government ministries and major private companies kept an unprecedented all-night watch over automated systems during the year-end changeover. The government task force said that computer troubles that occurred during the transition to the new millennium were localized and transitory and did not pose a threat to the nation's lifelines. According to reports submitted to the headquarters, 47 computer problems occurred after midnight January 1, of which 27 were believed to be related to the Y2K bug. At Tokyo Electric Power Co.'s second Fukushima atomic power plant, an alarm went off to indicate a malfunction in a system that shows the positioning of control bars within a reactor around 9:00 a.m. on January 1, Japan time, or midnight GMT. Minor malfunctions of monitoring systems also occurred at power plants of the Kansai Electric Power Co. and Hokuriku Electric



A display of fireworks held at Odaiba, Tokyo, to greet the new millennium

Photo: Kyodo News

Power Co., but the electricity supply was not affected.

In the communications sector, some cellular phones showed the wrong dates. Telephone connections were hampered during the rollover, but the trouble was attributed to an overload resulting from a rush of "Happy New Year" calls, and was not related to the millennium bug. The year's first trading at the Tokyo Stock Exchange on January 4 got off to a good start and business at financial institutions proceeded without disruption thanks to the preparations.

Distribution businesses were also spared trouble. Lawson, a major convenience store chain, stored 11 tons of ice at each of its 110 offices nationwide on New Year's Eve as a precaution against possible power failures that would have spoiled fresh foods.

## The Pokémon phenomenon

Who is the most famous exponent of Japanese culture in other countries? How about Ozawa Seiji, the Boston Symphony Orchestra conductor who is set to move to the Vienna Philharmonic Orchestra? The late Kurosawa Akira, director of such films as *Rashomon* and *Seven Samurai*? Or perhaps Paris-based fashion designers Miyake Issey or Yamamoto Kansai. Maybe Oe Kenzaburo, winner of the Nobel Prize in Literature? The answer is none of the above. What has in fact taken the world by storm is "Pocket Monsters," or Pokémon for short, which is behind a wildly popular set of video games, a trading card game and a TV series.

In the United States, an animated movie based on Pokémon has become a record-setting hit. On its opening day Nov. 10, "Pokémon - The First Movie" earned \$10.10 million, or about ¥1.06 billion. The figure was 1.6 times higher than the previous record for an animated movie. During a five-day period, the Pokémon movie grossed ¥5.5 billion. By those standards, the overseas success of Japanese films by such directors as

Kurosawa and Ozu Yasujiro do not even come close.

As for the video game, two versions, "Red" and "Green," were simultaneously released in February 1996, followed by "Blue" and "Yellow" versions. In the domestic market alone, 12.79 million units of the four game versions have been sold. Pokémon's total domestic market, which also includes character goods and movie receipts, is said to be worth ¥500 billion. The animated TV series has become a hit in such places as Europe, South Korea, China and Taiwan. The show, produced in Japan, came to the U.S. exactly one year ago, and American youngsters have been captivated ever since. If that were not enough, a game based on trading cards depicting more than 150 pocket monsters is also enjoying mind-boggling popularity worldwide.



Photo: Kyoto News

A girl wearing a costume of the Pokémon character "Pikachu" (New York)

There is no sign that the boom will slow down anytime soon. November saw the release of two more video game series, "Gold" and "Silver," and the introduction of more than 100 new pocket monsters. Nintendo Co., the game's Kyoto-based sales agent, has disclosed plans to introduce its newest Pokémon product in Japan in April - software which allows games to be played using mobile-phone connections. The aim is to expand the new market for electronic games that rely on the convenience of mobile-phone technology.

The Pokémon trading cards are

used for a game based on the Pocket Monster video game. In the card game, players try to increase their card collections and organize them into sets. The goal, however, is not to strike down or kill your opponents. Rather, the players are required to use wisdom and courage to collect monsters hidden in the remote bushes or in caves. Thus, the game offers its players the enjoyment of collecting, similar to the appeal of such hobbies as insect or stamp collecting. Pokémon is also different from other popular children's hobbies and games in that parents and other adults find its rules and situations difficult to comprehend. Collecting the cards requires a high level of knowledge, as children employ a host of complex rules while negotiating their trades. Some people say the activity benefits children by teaching them negotiating techniques and how to maintain harmony with others.

On the other hand, there are critics who complain that children are skipping school classes and forgetting to do their homework due to their Pokémon obsessions. Some schools in Japan, the U.S. and Canada have even forbidden children from bringing the cards to school. The critics have further blamed Pokémon for a range of damaging social effects, including disrupting school education and family relationships, while some say it contains an anti-Christian philosophy. Japan, Pokémon's country of origin, meanwhile, is seeing a comparatively quiet and moderate boom.

On the technological front, the capabilities of the Pokémon video game have been taken to their highest technical limit through integrating Game Boy, a portable video game player, and mobile communications. This "network gaming" brings fun to millions of people, even where no Internet connections exist. The planners have so far managed to avoid secondary technical problems concerning the safety of the data and payments for the services. Pokémon has thus served as another example of the power of information technology products to expand new markets.