

## A New Alliance

By Shoichi Akazawa

It is nearly 46 years since the end of World War II, and we have even heard people herald the end of the Cold War and all of the bitter tensions that have characterized the postwar period. We finally seem to be on the verge of a new era of disarmament and arms control led by the United States and Soviet Union. This does not, however, necessarily mean that lasting peace is at hand—as was so vividly demonstrated by the outbreak of war in the Gulf.

Despite the continuing instability, it is clear that the ideological standoff that divided the world into two camps is moving in the direction of a resolution and the old alliances premised on standing together against a common enemy are on the way to transformation. In Europe, members of NATO and the former Warsaw Pact organization are already being hard-pressed to find new rationalizations and objectives. The very concepts of what an alliance is and what it is for are being questioned, and new precepts are emerging. We are gradually moving toward a global alliance against all that threatens the survival of the species.

All over the world—in both the industrial countries and the developing countries—scientists and lay public alike have begun to pay increasing attention to the problem of whether or not we are capable of preserving the environment in a state compatible with humankind's continued survival. The global environment is fraught with grave, long-term threats including the greenhouse effect, the devastation of tropical forests, the fouling of the air and the seas, and the spread of desertification.

Even as we have drawn on scientific and technological advances to steadily improve our standards of living, these improvements have not been distributed equally to all peoples. Even if we are agreed on the ideal of rectifying these gross disparities and extending the benefits of modern civilization to all peoples

equally, making this dream come true will be a long and arduous struggle.

This task will be further complicated by the fact that world population growth will continue unabated, especially in the developing countries, even as less arable land is available for growing the food necessary to feed these hungry mouths. At the same time, industrial development and higher living standards are inexorably bloating our appetite for energy. While it is impossible to predict exactly how these changes will affect our common future, it is clear that they are among the main problems that must be solved.

It is thus imperative that, realizing the overriding importance of these tasks, we forge a new global alliance against these threats to humankind's survival. All countries must put their intellectual abilities and scientific abilities at the service of this cause. It is certainly not too early to make a bold start on this imperative—and we can only hope it is not too late.

## COMING UP

Following the political and economic turnabout of the former communist states in Europe to more liberal systems, there are signs of imminent changes in Asia, especially in the East Asian region. It seems likely that the post-Cold War dynamism may make it possible to bring together the rich resources of Siberia, the ample labor supply in China, and the capital and technology of Japan.

The May/June issue of the *Journal* will focus on the East Asian region in its Cover Story item. Terumasa Nakanishi, a professor at the University of Shizuoka, will present a general view of the region and discuss the impact which such changes might have on Asia as a whole, while Kazuo Ogawa, vice director of the Institute for Soviet and East European Economic Studies, will picture an economic bloc based on areas surrounding the Sea of Japan.

## Role of Local Employees

Surely there is a natural tendency for any company operating overseas to keep control in the hands of its own nationals. Mr. Vladimir Pucik appears to be trying in his survey of local executives hired by Japanese companies in the United States (November/December issue) to establish that American employees are being exploited, and are forever banished from real executive power.

I was disappointed that his report did not say much more about what it is, from an insider's point of view, that makes Japanese companies so successful: what is the secret of their efficiency, how they maintain such high product quality, and above all, how they motivate their employees. One was left with the impression that the survey was designed to find fault with Japanese methods and thus to belittle any achievements resulting from them.

An intriguing idea to emerge amid the upheavals of the late 1980s was the claim that the "end of history" has been marked by the triumph of liberal democracy as the only workable system of government. But is it really democracy that the Soviet Union and the nations of Eastern Europe want so badly? On the contrary, what they want is an efficient market economy that delivers a high standard of living and security from poverty and hardship.

In this case I suggest that Japan, despite the corruption enveloping its ruling Liberal Democratic Party, would make a better role model than the United States, which slips ever deeper into recession amid a blizzard of junk bonds.

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The *Journal* welcomes letters of opinion or comment from its readers. Letters, including the writer's name and address, should be sent to: the Editor, Japan Economic Foundation, 11th Floor, Fukoku Seimei Bldg., 2-2 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo, 100 Japan. Letters may be edited for reasons of space and clarity.

## Gov't Boosts Support For Gulf Coalition

The ruling Liberal Democratic Party (LDP) and Japanese government agreed on a new package of measures to contribute to the costs of the multinational forces in the Persian Gulf and help refugees in the region. Unveiled in late January, this package includes using Self-Defense Forces (SDF) transport aircraft to repatriate evacuees and adding \$9 billion to the \$2 billion already paid toward the costs of the multinational forces. The \$9 billion was described as Japan's "fair share" of the increased costs following the start of hostilities. It is understood that the decision was in response to U.S. requests for a more vigorous Japanese role and was intended to defuse American criticism that the Japanese contribution had been too little, too late.



Vietnamese refugees on a stopover at Narita Airport while being taken home from the Persian Gulf on specially chartered Japanese planes.



Prime Minister Toshiki Kaifu announces the government's decision to make an additional contribution of \$9 billion to the coalition forces in the Persian Gulf.

Photos: Kyodo News Service

**Prime Minister Kaifu has recently spoken out in strong support of the multinational effort in the Gulf and pledged a vigorous contribution. What do you think of his response?** (%)

Was the right thing to do	39.2
Disagree	54.0
No answer or don't know	6.8

**The government has proposed using SDF aircraft to repatriate evacuees. What do you think?** (%)

Favor the idea	38.0
Oppose the idea	57.9
No answer or don't know	4.1

**What do you think Japan should do to contribute to the multinational effort in the Gulf?** (%)

More economic assistance	36.4
Economic assistance plus non-SDF personnel	33.7
Send SDF personnel	16.4
No answer or don't know	13.5

Source: Kyodo News Service January 25-27 telephone poll of 2,012 Japanese adults nationwide.

Moving in the face of strong domestic opposition, the LDP and government found their authority for dispatching SDF transport aircraft to the region in Article 100-5 of the SDF Law, which provides for the SDF to ferry state guests, and a special government ordinance was issued extending this to Gulf evacuees. With this one-time-only exception, the government felt it would be on firm legal ground in sending the SDF aircraft to the Gulf to respond to the assistance requests from the International Organization for Migration and other international organizations.

Although the usual pattern for meeting a special expense such as this \$9 billion contribution would be to issue bonds with no designated revenue source for their redemption, it has been decided in this case to seek popular understanding and cooperation by issuing special short-term bonds and temporarily raising petroleum, corporate and other taxes to provide the funds for redeeming the special-issue bonds.

It has been explained that the \$9 billion figure was arrived at by starting with the figure of \$500 million a day in costs

for the multinational force, calculating how much that is for three months (\$45 billion) and then figuring 20% of that as Japan's share. It was not clear exactly what these funds, allocated before fighting was suspended, would be used for. Although the funds will be disbursed to the Gulf Peace Fund established by the Gulf Cooperation Council (GCC), the government seemed willing to accept that the money might be used to pay for munitions and other war materials for the multinational force.

In addition, it was also decided to charter four Japan Airlines and All Nippon Airways flights to fly Vietnamese and other Asian evacuees from Cairo to Ho Chi Minh City. Although there was talk of adding \$1 billion to the separate contribution pledged by Japan to help countries affected by the economic sanctions against Iraq, about half of the \$2 billion that was announced in the autumn of 1990 has yet to be disbursed, and it was decided not to put additional money in the pipeline at this point.

The LDP and government drew up a second supplementary fiscal 1990 budget and a bill to authorize the issue of special

bonds and other legislation, and the package received final approval in the Diet on March 6.

There is, however, fierce opposition to these measures from the Social Democratic Party and the Japan Communist Party. Komeito, while recognizing the unavoidability of the additional financial support, has gone on record as being opposed to having the funds used for military means and to sending SDF aircraft. At the same time, the petroleum industry has come out strongly against raising gasoline and other petroleum taxes to pay for the additional effort.

While there were those who applauded Prime Minister Toshiki Kaifu for his prompt decision on these measures, there were also concerns that Japan might have been called on to do still more if the Gulf War had spread or dragged on and fears that the additional tax burden might prove endless and intolerable. At the same time, there is considerable debate over the use of SDF airplanes to transport evacuees—with many people asking why the government has chosen to do this by fiat rather than by going through the accepted procedures of revising the SDF Law. ■

## Japan Ranks Highest In Quality of Life

With the exception of housing conditions, the quality of life in Japan is higher than in most other advanced countries, according to a government study comparing living conditions in Japan with those in other nations.

The report, prepared by the Management and Coordination Agency, was based on published international statistics for 1990. It concluded that Japan ranked below other advanced countries in housing due to high housing prices and limited space. But the report rated Japan higher than other advanced countries in most other categories, such as public safety, the jobless rate (low) and commodity prices (relatively high but stable).

Main points of the report were as follows:

**Housing:** The average per capita floor space of a Japanese home in 1988 was 25.2 square meters, compared with 60.9 square meters in the U.S., and between 30 and 40 square meters in Britain, France and the former West Germany.

Among citizens of all industrialized countries, the average Japanese had to spend the highest multiple of his annual wage to buy a home—5.7 compared to 4.6 for West Germans, 4.4 for Britons and 3.4 for Americans. Among Japanese, people in the Tokyo metropolitan area were the least fortunate, having to spend up to 8.7 times their annual income on a home.

Still, 61.3% of Japanese owned their own home, a level roughly equal to that of Britain (64.1%) and the U.S. (63.5%), and outranking France (50.7%) and the former West Germany (40.1%).

**Commodity prices:** Japan's consumer price index in 1989 was 119 (with the base year of 1980 as 100), compared with 151 for the United States, 172 for Britain and 319 for the Philippines. These figures indicate that Japan's commodity prices are among the most stable in the world.

Japan's 1988 per-capita income of \$18,850 (at the rate of ¥128/\$) ranked it

fourth (behind Switzerland, Iceland and Denmark but ahead of the U.S. and former West Germany). Japan's high per-capita income, however, was somewhat offset by relatively high commodity prices. As a result, the country's purchasing power parity shared third place with the former West Germany, following the United States and Switzerland.

**Public security:** Crime statistics show Japan to rank among the top countries in the world in terms of public safety. The annual number of crimes per 100,000 people was 1,337 in 1988, far below the U.S. and European level of 5,000 to 7,000. The rate of arrests was 59.8 per 100 crimes, also among the world's highest levels.

**Population:** The birthrate in 1988 was 10.8 per 1,000 people, among the lowest in the world, along with the former West Germany and Italy. The average life expectancy, meanwhile, is the world's longest, at 75.9 for males and 81.7 for females as of 1989. The average number of family members was 3.1, higher than 2.7 in the U.S., Britain and France but much lower than Indonesia's 4.9 and South Korea's 4.5. ■



People in the Tokyo metropolitan area have to pay up to 8.7 times their annual income to buy a home.

Photo: Nihon Keizai Shinbun