

## Focus on Asia

By Shoichi Akazawa

The decade of the 1980s was a time of great change everywhere, and I suspect that historians looking back will count the economic development of Asia alongside the political development of Eastern Europe as one of the decade's distinguishing features. Of course, this did not start with the turn of the decade. Already by 1978, America's trans-Pacific trade exceeded its trans-Atlantic trade. Yet Asia's economic development has gained increasing momentum in the last decade.

There are a number of factors accounting for this growth: except for Vietnam and Cambodia, the region has enjoyed great political stability; the economies of the region instituted policies to attract foreign capital and hence to promote export-oriented industrialization; and they had access to major markets for manufactured goods in Japan and the United States. Some scholars would doubtless add to this list that the Asian peoples have been more industrious and hard-working than the peoples of other developing regions.

For all of these reasons and more, the Asian economies achieved a flying-geese or multistrata pattern of development that has benefited their peoples. Even though Asian growth rates have slowed somewhat recently, it remains true that Asia has one of the highest growth rates anywhere in the world.

In the latter half of the decade, a new feature emerged to characterize Asian development—the rapid rise of intraregional trade and investment. Not only Japan but also the newly industrializing economies of Asia are actively investing in the ASEAN countries and China, and this investment is in turn fueling additional intraregional trade.

Asia is a vast mosaic of ethnic, historical, cultural, religious and other differences, and the Asian economies are at very different stages of growth. Within this diversity, business and economic leaders have been able to identify areas of com-

plementarity and realms of similarity to create economic ties and spheres within the region. There are, to cite just a few, the links between Taiwan and Fujian and between Hong Kong and Guangdong, as well as the Yellow Sea network joining Qingdao, Dalian, South Korea and northern Kyushu.

More recently, people have begun talking about a Japan Sea economic region that would include Japan, the Soviet Far East, northeastern China and the Korean Peninsula. In all of these developments, it is axiomatic that economic progress is premised upon open trade and investment both within the region and with extraregional partners.

Such is not, of course, to imply that the region is free of problems. Tension persists on both the Korean Peninsula and in Indochina, China is torn between centralized political authority and economic democratization, and other areas have other problems. Yet the strength shown in regional economic development to date and the expectation that Asia will continue to be economically open gives hope that the Asia-Pacific will be an increasingly important region for progress in the 21st century.

## COMING UP

Japan is changing drastically in many fields. Most of these changes are not merely on the surface, but reflect the development of the nation's social and economic structure. One of the best examples is in the field of employment, especially concerning women, older people and foreign workers.

The July/August issue of the *Journal* will focus on the changes taking place in the employment field in its Cover Story item. Haruo Shimada, a professor at Keio University, will present a general view of employment trends in Japan, with an article on changes in women's employment by Kiyoko Fujii, deputy director of the Tokyo Office of the International Labor Organization, and a field report on the sunny side and the seamy side of foreign labor in Japan.

## Survey Doesn't Reflect Real Quality of Life

I found the article entitled "Japan Ranks Highest in Quality of Life" in the March-April issue to be deceiving to the point of being laughable. I must wonder where those Management and Coordination Agency people, not to mention the people running your publication, live. Surely not in Tokyo or even Osaka, the highly congested two major population centers of Japan.

This survey is not comprehensive and poorly reflects the reality of living in Japan compared to other countries. Japan may have stable prices, but recently it has experienced such high levels of inflation that lead one to question that claim. Prices for basic consumer goods in Japan are notoriously high, thanks to non-competitive arrangements between retailers and an inefficient distribution system.

Secondly, how can one measure the quality of life without looking at working conditions? In 1989 working time per worker decreased to 2,100 hours from the year before, but this was still nearly 200 to 500 hours longer than comparable American and European figures. And this doesn't even include the long mandatory yet often arbitrary overtime hours most Japanese "salarymen" work.

Also, why bother to measure average per-capita floor space if you're not going to measure the property it rests on as well? After all, that's what Tokyoites are paying 8.7 times their annual salaries for. A person in Tokyo or Osaka with a "yard" is a rarity compared to most Western countries. So is a decent park that young and old alike can enjoy. Why are not these standards used to measure the "highest quality of life in Japan"?

James P. Lassegard  
Nakano-ku, Tokyo

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.



## Toys "R" Us Ready For Japan Challenge

American toy retailer Toys "R" Us Inc., the biggest toy specialty chain store company in the world, is moving steadily to establish itself in the Japanese toy market.

On March 8 the commercial activities coordinating council of the Niigata Chamber of Commerce and Industry finally gave its approval for the giant retailer to open a branch there in 1993.

Niigata is just one of 10 locations Toys "R" Us has targeted for outlets over the next three years. But the city's consent carries special significance for the future of Toys "R" Us in Japan. Strong objection by local toy stores turned the Niigata branch application into a cause celebre, elevating it to symbolic status in Japan-U.S. trade frictions.

Niigata's hard-line stance came in sharp contrast to Ami town in Ibaraki Prefecture, which endorsed a Toys "R" Us application in January after only brief deliberations. U.S. Trade Representative Carla Hills criticized Niigata by name as an example of alleged Japanese structural impediments to fair trade.

The sudden settlement of the festering issue followed the easing of legal restrictions on large-scale retail stores, a sticking point in the Japan-U.S. structural impediment initiative talks. It is also believed to reflect Japanese government pressure on the local government to appease Washington.

The Niigata Chamber's approval is conditional: the floorspace of the Toys "R" Us shop will be limited to 3,500 square meters, 30% less than originally planned. Toys "R" Us outlets in the United States average 4,000 to 5,000 square meters. This condition has not deterred the American retailer from moving into



Meeting the challenge: the inaugural meeting of the Japan Association of Specialty Toy Stores.

Photo: Japan Association of Specialty Toy Stores

Niigata as planned, however. "We are very grateful to the Chamber for carefully deliberating on our proposal," said Shige-hiko Ozawa, managing director of Toys "R" Us Japan Ltd. "There is no change in our plan to open the Niigata branch."

Ozawa declined to comment on the reduction in floor space. But industry sources say the reduced space will barely



Photos: Toys "R" Us Japan Ltd.

U.S. toy retailer Toys "R" Us Inc. is set to move into the Japanese market.



affect operations. Toys "R" Us in Niigata will not stock commodities unsuitable for the Japanese market, and will use narrower aisles than in the U.S., allowing it to maintain its trademark variety.

Of the 10 Japanese outlets Toys "R" Us plans to open by 1993, five—Ami, Kashihara in Nara Prefecture, Higashi-Osaka in Osaka Prefecture, Shingu in Fukuoka Prefecture and Sagami in Kanagawa Prefecture—will open this year; three more—Kadena and Naha in Okinawa Prefecture and Natori in Miyagi Prefecture—will open next year, followed by Niigata and Chiba in 1993. At this rate, Toys "R" Us may yet achieve its ambitious goal of 100 outlets in Japan in 10 years.

Japan's 4,000 toy dealers are alarmed by the Toys "R" Us drive. Some 600 large shops formed the Japan Association of Toy Shops last summer to better coordinate their response to the challenge. Earlier this year the association joined the Japan Federation of Retailers' Organizations to affiliate itself more closely with that body's campaign for government subsidies in compensation for the revision of the Large-scale Retail Store Law.

At the same time, member toy shops around the country plan to lobby the Ministry of International Trade and Industry to establish cooperative unions in their own regions. If approved, the unions will be entitled to low government financing and other administrative support. They will be also able to make joint purchases from manufacturers, enabling members to compete more effectively with discount-oriented Toys "R" Us. ■

## MITI to Study Feasibility Of 'Thinking' Computers

The Ministry of International Trade and Industry has announced plans to launch a feasibility study on the development of a new generation of computers able to judge by inference and intuition and deal with incomplete information in a way comparable to the human brain. A panel of experts will be established to identify the technologies that must be

developed, set up an efficient system for managing the project, and look into the possibilities for international collaboration. The undertaking is a follow-on to the fifth-generation computer development program, which ends in fiscal 1991.

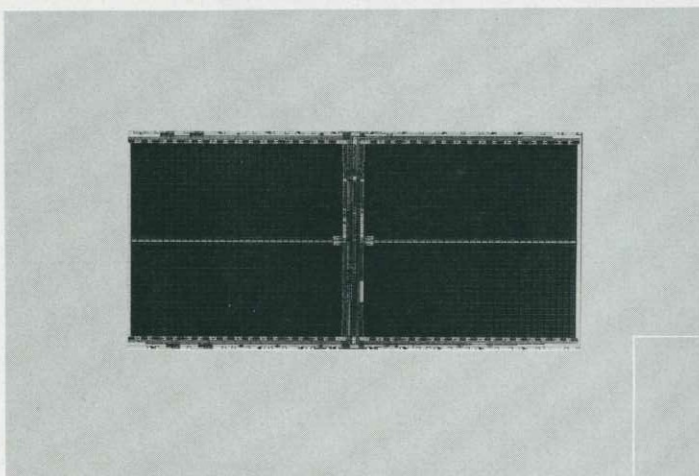
Based on the feasibility study MITI plans a 10-year, ¥100 billion project to be launched in April 1992 aimed at developing sixth-generation computers. The new computers would operate without programs. The ministry envisions an international undertaking by government agencies, businesses and universities in Japan, the United States and Europe. AT&T, IBM, Siemens and other foreign corporations would be among those taking part in the project, along with NEC, Fujitsu, Hitachi and six other Japanese firms.

To avoid "technology friction" and contribute to the high-tech R&D area, MITI will make patents resulting from the project available to all foreign participants.

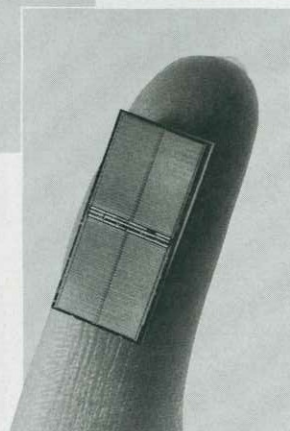
The sixth-generation computers will be based on "distributed and parallel systems," consisting of many devices

charged with massive information and linked by a number of central processing units. This architecture should sharply reduce processing time. They will combine technologies for "neuro computers" modeled on the neural network of the human brain, "information processing systems based on fuzzy theory" that can process even incomplete information, and "optical computers" capable of handling massive amounts of information at blinding speeds. The new-generation computers, thus capable of "thinking" in a way resembling the human brain, would be helpful in a variety of simulations.

The biggest challenge facing the project is that is has no precedents to follow. "We're tackling a completely unknown theme, so it's not easy to even say where to begin," said one MITI official. "It's like groping your way in the dark." MITI considers collaboration between Japanese scientists and foreign colleagues with different concepts of computer science to be vital to ensuring the success of the project, as well as avoiding a new round of international technology friction. ■



The 64M DRAM—the most advanced chip now under development. Private businesses as well as government agencies are paying keen attention to the development of sixth-generation computers.



Photos: Toshiba Corp.