

The Job Ahead

By Shoichi Akazawa

There are more economic indicators than you can shake a stick at, but the two areas that policymakers watch closest are prices and employment. The focus on prices, of course, is on wholesale and consumer prices and is intended to provide early warnings on inflation. Employment, usually seen in terms of unemployment, is an indication of corporate vitality.

In Japan's case, the price indicators have been fairly stable over the years. This is a good sign in that it means low inflation. Unemployment, however, has slumped to slightly over 2%—which is greater-than-full employment and stark documentation of the very serious labor shortages confronting Japanese business. While this low unemployment level is a problem for Japan, there are many countries of the world where the problem is one of high unemployment.

The U.S. unemployment rate is close to 7%, and European rates are hovering at about 10%. The problem is especially pronounced in Germany, which was the main locomotive for the EC economy but has now gotten burdened down with massive unemployment as a result of unification. The German engine is likely to be stalled for some time.

While employment is important for the individual because of its direct impact on personal income levels, it is also important for society at large. Indeed, history has shown that the burden of lessened tax revenues plus increased pressures on social services can foster political destabilization.

Likewise, population growth is another problem that impacts on the whole of society. Population experts now predict that the world's population will increase by 1.9 billion people by the year 2010. This represents an approximately 40% increase over the present overcrowding. Of these 1.9 billion new arrivals, 1.8 billion are expected to be in the developing countries—including 1.1 billion in Asia. There is bound to be an upswing in the number of eco-

nomics refugees streaming out of these countries unless greater opportunities are provided closer to home.

This population pressure in turn relates to and exacerbates the environmental crisis. While there are other contributing causes of the greenhouse effect, the depletion of our forests and the spreading desertification, none of these problems can be resolved unless the population pressures are alleviated.

Although this issue of the *Journal* focuses on employment in Japan, it is crucial that we also remember the critical employment, environmental and other issues generated by a growing world population. People everywhere have to be gainfully employed to sustainable ends.

COMING UP

Japanese companies are noted for placing high priority on the education and training of their employees. Rapid technological innovation and the development of globalized business operations have caused structural changes in Japan's industries, adding to the importance of education within companies.

The September/October issue of the *Journal* will look at the education of employees in Japanese companies in its Cover Story section. Kaoru Kobayashi, a professor of international management at the Sanno Institute of Business Administration and Management, will provide an overview of how Japanese companies deal with the education of employees in light of their changing circumstances, and there will be separate articles detailing education procedures in several different companies.

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, Chiyōda-ku, Tokyo, 100 Japan. Letters may be edited for reasons of space and clarity.

Japan's Key Problems On Environment Issue

Japan's efforts to put together a program to deal with global environmental problems are highly commendable. The Japanese administration seems, on the surface, to be taking problems such as global warming, acid rain and energy very seriously. Unfortunately, Japan's approach has four key problems.

First is the heavy dependence on technological solutions to environmental problems. Approximately 85% of Japan's global environmental budget in 1990 was allocated for technological development.

Second is the tendency to throw vast amounts of money at the problem without clearly developing policy and priorities.

Third, and directly related to the above point, is the tendency to concentrate on a few major projects rather than on a larger number of more diverse and perhaps more appropriate smaller projects. Research on nuclear plant safety and the launching of earth surveillance satellites are worthy projects in themselves but the huge costs involved inevitably tie up funds that could be used on more down-to-earth, practical projects targeted at improving the quality of life and environment of the world's less fortunate nations.

Fourth is the emphasis on restoration rather than conservation.

Progress with the development of Japan's global environmental policies mirrors the problems which occurred during the development of its domestic policies. Ministerial infighting and the need to balance environmental protection with economic growth may continue to undermine Japan's environmental policy-making. Moreover, Japan's role as leader in relation to global environmental problem solving may continue to lack credibility. After all, it is not the size of budget allocated for global environmental problems that is important but how that budget is used.

Brendan Barrett
Environmental Planner
Oxford

New Law Will Ease Curbs on Large Stores

A bill to amend the law regulating the activities of large retail stores has been enacted along with four other pieces of legislation aimed at simplifying the complex approval process for retail giants to open shops in Japan.

The revised law, to come into force by early 1992, empowers the existing Large-Scale Retail Stores Councils to take over from the regional Commercial Activities Adjustment Councils which until now have been responsible for balancing the conflicting interests that often surface between small shops and large retailers seeking to open new stores.

The bill is the second step to deregulate the Large-Scale Retail Stores Law in accordance with the final report of the Japan-U.S. Structural Impediments Initiative (SII) talks. Some problems will remain even after the amendment,

however. These include finding ways to strengthen the Large-Scale Retail Stores Councils and deal with restrictive steps taken by individual prefectural governments.

The first round of measures, adopted in May last year, shortened the maximum period between the announcement of an application to open a new store to the actual opening to 18 months from the previous limit of up to 10 years. As a result, the number of new applications has almost doubled, but some potential applicants are reportedly reconsidering their expansion plans out of fear of overcapacity.

The revised law scraps the existing Commercial Activities Adjustment Councils. In addition, the demarcation separating Group 1 stores and Group 2 stores will be raised from the present 1,500 square meters of floorspace (3,000 square meters in some designated cities) to 3,000 square meters (6,000 square meters). The newly enacted Special Law on

Retail Stores for Imported Goods, which will take effect at the same time, will exempt applicants from the adjustment process for stores smaller than 1,000 square meters.

There are presently two types of Large-Scale Retail Stores Councils in Japan. A national Council is in charge of Group 1 stores, while Group 2 stores are under the jurisdiction of prefectural councils. The councils step in only on the rare occasion that a local Commercial Activities Adjustment Council fails to work out differences over a new application.

In readiness for the change, the Ministry of International Trade and Industry (MITI) will move this August to strengthen the Large-Scale Retail Stores Councils, including increasing the number of council members.

Yet obstacles remain, including total bans on new stores adopted by some 360 local governments across the country. MITI says it will urge local governments to ease their restrictions.

Photo: Nihon Keizai Shimbun



A law easing curbs on the opening of large retail stores will come into effect early next year. Local community-oriented small retailers have to revise their sales strategies to keep local customers.



Kaifu Makes Goodwill Tour Of ASEAN Countries

In a trip designed to win understanding of Japan's readiness to contribute politically to the international community, Prime Minister Toshiki Kaifu toured five of the six members of the Association of Southeast Asian Nations (ASEAN) from April 27 to May 6. He met with leaders of the host countries and explained Japan's decision to dispatch warships abroad for the first time since the end of World War II.

On the eve of his trip to Malaysia, Brunei, Singapore, Thailand and the Philippines, his government formally decided to send a flotilla of six Maritime Self-Defense Force (SDF) minesweepers and support ships to the Persian Gulf to join international efforts to remove Iraqi mines laid before and during the Persian Gulf war. The Philippines, Singapore and Malaysia reacted favorably, permitting the Japanese ships to make port calls for fuel and supplies. Malaysian Prime Minister Mahathir Mohamad told Kaifu that he understood the minesweepers had

been sent to secure free passage through the Gulf, and their dispatch could not be considered an act of belligerency because hostilities had already ceased.

Thai Prime Minister Anand Panyarachun also approved of the mission, and said he hoped Japan would play a greater political role in international affairs. Singapore Prime Minister Goh Chok Tong, however, expressed concern about an enhanced Japanese presence in Asia in place of the United States. He told Kaifu any expanded Japanese political role in the region should be strictly within the framework of the Japan-U.S. security treaty.

Kaifu used his visit to Singapore to deliver a major policy address on Japan's role in Asia. While stressing that Japan would never again become a major military power, he emphasized the important political role Japan could play in the region and said his government was ready to host an international conference on the reconstruction of Cambodia when peace is restored to the war-torn nation.

Kaifu also went a step beyond his predecessors in apologizing for Japan's conduct in World War II. "I express our

Photo: Kyodo News Service



Prime Minister Toshiki Kaifu with his Singaporean counterpart Goh Chok Tong in his recent tour of five Southeast Asian nations.

sincere contrition for past Japanese actions which inflicted unbearable suffering and sorrow upon a great many people of the Asia-Pacific region," the prime minister said.

Kaifu discussed peace in Cambodia in his talks with Thai Premier Anand, and while in Bangkok met with leaders of the three-party Cambodian coalition opposed to the Vietnamese-backed Heng Samrin government in Phnom Penh. He told them Japan was prepared to take positive initiatives for peace.

On the economic front, Kaifu pledged a new yen loan for the interim Anand government, installed by the Thai military after a coup d'etat last February. In Manila, Philippine President Corazon Aquino sounded out Kaifu about asking creditor nations to forgive her country's debt obligations. Kaifu urged the Philippines to exercise prudence, while in Malaysia he stopped short of expressing support for Prime Minister Mahathir's proposal for establishing an East Asian Economic Grouping.

The sixth ASEAN member, Indonesia, was excluded from the trip because Kaifu went there last year.

Photo: Kyodo News Service



Prime Minister Kaifu explained Japan's decision to send minesweepers to the Persian Gulf to leaders of Southeast Asian nations.