

The Tokyo Cauldron

By Shoichi Akazawa

People have been flocking to the cities all over the world for many years. This is not a particularly new or distinctly Japanese phenomenon.

Many reasons have been advanced to explain this urban migration, but I suspect it is primarily because our economic and social structures have increasingly moved away from purely material goods to intangible services and information.

Compounding this urbanization, the world is expected to undergo another population explosion over the next two or three decades. As a result, the outlook is for far more people (both in absolute terms and in percentage terms) in the world's cities. Urbanization is a clearly global issue.

Here in Japan, we are already experiencing difficulties arising from the over-concentration of people in Tokyo. In fact, experts have been pointing to the problem and saying something needs to be done for the past 20 years. Although the government has not exactly ignored the issue, the population influx has overwhelmed everything that has been done so far to turn it back. Today, Tokyo has a population of 12 million. If you include the Tokyo-oriented residential suburbs in adjacent Kanagawa, Saitama and Chiba prefectures, Greater Tokyo's population rises to 32 million—nearly 30% of the total population of Japan.

More than a major population center, Tokyo is also a global capital market center with a total value of transactions in excess of London's or even New York's. And it is likewise a cultural focus drawing world-class performers from all over the globe.

Yet with the speculative frenzy of the last few years, Tokyo land prices have set new world records. Attractive though it is, Tokyo also has myriad problems. In fact, one economist has predicted that the electrical power, water and garbage gridlocks will coalesce to paralyze Tokyo early in the next century. As if that were not enough, there is the ever-present danger of a major earthquake.

In 1979, the government adopted a set of economic planning guidelines that included reforming Japan's economic and political structures to achieve better-balanced distribution of resources and wealth nationwide. We have yet to see any clear-cut results, and it is partly to redress this failure that Prime Minister Miyazawa has ordered a new economic plan drawn up with particular emphasis on reinvigorating and revitalizing non-Tokyo locales. At the same time, the non-Tokyo prefectures are making a determined effort to enhance local employment and cultural opportunities.

Major progress has been made. Indeed, I am constantly amazed at the modern industrial parks, outstanding infrastructure, and magnificent civic centers with excellent home-grown orchestras outside of Tokyo. That is why I advise foreign companies that they do not need to locate their facilities near Tokyo but would be better off in Hokkaido, Kyushu or somewhere else. The business climate is just as good, and the land is far less expensive.

And if they insist on locating the head offices in Tokyo, Japan is, as we never tire of pointing out, a small country. Manufacturers and researchers in outlying areas are no more than a few hours away. Even more important, Japan is determined to revitalize the non-Tokyo areas, and it is just good long-term business sense to get in on the ground floor and to locate your facilities outside of Tokyo.

COMING UP

Pay workers more for shorter hours and raise prices of exports. This is one of the suggestions attracting attention in Japan today as a new approach to solving economic conflicts, and is the theme of the Cover Story in the June/July issue of the *Journal*.

With this issue, the *Journal* switches to a new bimonthly publishing schedule starting with April/May.

Dismaying Leadership

I was dismayed at the news surrounding President Bush's trip to Japan in early January. How could he possibly choose to be accompanied by the presidents of the "Big Three" auto companies? How did the president decide to sell the one American product that even the Americans living in Japan wouldn't buy?

"This is going to fail," I said to my American husband. "And there will be a terrible backlash. Japanese consumers will take it as another unreasonable demand from 'U.S.A. Inc.', the political and economic conglomerate which dwarfs 'Japan, Inc.'" "Maybe," he said. "But the general perception here is that the Japanese built up non-tariff barriers in cunning and mysterious ways to exclude American products. They smile and bow, promising to do their best, with each repeated request from the U.S. government for fair trade, but nothing comes of it. A lot of Americans have had it, I'm afraid."

It was "mysterious" to me how and why the White House decided to push the sale of American cars to Japanese consumers and why the American press was not pointing out the expected Japanese opposition against such a policy. The press did mention the opposition, but later, after the president's visit to Japan and after the fact when this sales mission turned out to be short of the great expectations.

The Pittsburgh Press in the city where I live headlined the visit with "Bush lectures Japan on trade." When this "lecture" was not well received and a Japanese politician called American workers "lazy and illiterate," the local press in Pittsburgh started to have fun criticizing Japan. "Japan denies pledge to buy U.S. cars, parts," said a bold front-page headline. An opinion column by Carl Rowan, a well-known columnist with *The Washington Post*, was reprinted as follows: "I could tick off a dozen pieces of evidence that the Japanese are sinking into a 'we are the super race' mania that approaches that of the 'Aryans' in Hitler's Third Reich."

As I am writing this letter on Feb. 3, a bombshell exploded. "Japan's leader now joins America bashing" screamed

the front-page headline of *The Pittsburgh Press* in large type. It was the top news on prime-time network TV nationwide. I couldn't believe what I was hearing. Now the prime minister of Japan is bashing American workers in this volatile atmosphere? Surely he must be aware of the fury caused by the critical remarks made by Yoshio Sakurachi about Americans' work ethic and ability only 13 days earlier, on Jan. 21.

"Possible conspiracy," said my husband, who enjoys concocting innovative theories as a research scientist. Conspiracy about what? "To warn the American public to wake up to their headlong slide into the abyss of economic depression." Farfetched. But a seeming political blunder of this magnitude invites speculation. Ordinary folks like us cannot believe that the top leaders of great nations are simply uninformed, impulsive, or thoughtless.

Prime Minister Miyazawa was probably speaking for Japanese ears only when he made such a remark during a nationally televised debate in parliament. The reality of instant news communication across and over the Pacific slipped out of his mind. "The Miyazawa administration has disavowed Sakurachi's remarks and gone out of its way to speak in glowing terms of the United States to ease tension."

The administration's spokesman is quoted once again as saying that Miyazawa's remarks were taken out of context and the prime minister did not mean to attack American work habits. The strong reaction from the American press was probably a reverse "surprise attack." As the feature articles of the November-December issue of this magazine aptly pointed out, coverage of Japan in the American media is much increased. "For your eyes and ears only" remarks cannot exist any more in this era of global communications.

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MITI to Promote Imports, Investment

The Ministry of International Trade and Industry has announced a package of measures including a "Business Initiatives for Global Partnership" program to boost imports and open the way for more direct foreign investment into Japan as a means of coping with the country's bulging trade surplus.

The MITI action program was unveiled during U.S. President George Bush's visit to Japan from January 7 to 10. The president, who came to Japan on the last leg of his Australia-Asia tour, led a delegation of American business executives, including the chairmen of the "Big Three" American automakers.

Along with the proposed business initiatives aimed at establishing cooperation between the Japanese and foreign business communities, the MITI package includes government measures to promote imports and direct foreign investment in Japan, as well as cooperation in export credits.

Asked to forecast the ultimate success of the measures, Noboru Hatakeyama, MITI's vice minister for international affairs, said, "Much depends on the United States. The question of what the

United States should do must be addressed more."

The business initiatives program is the brainchild of a meeting last November between MITI officials and leading members of the Japanese business community. The MITI officials urged the business leaders to voluntarily work out cooperative plans that would not only benefit foreign businesses but also help achieve sound growth in the Japanese and world economies. The discussions ranged from expanding Japan's imports to promoting of local procurement of parts by Japanese subsidiaries abroad and promoting of international intercorporate cooperation.

So far, some 88 Japanese corporations – among them accounting for more than 50% of Japan's imports and exports – and 22 business associations have expressed their support for the scheme. In addition to the auto industry, this group includes the electronics and electrical appliance and machinery industries, which plan to increase imports of high-tech products and other items by 1.5 to 2-fold in the next two to three years.

Hatakeyama said MITI will back these private-sector initiatives by putting together a list of contacts at corporations which have drawn up or are in the process



U.S. Secretary of Commerce Robert Mosbacher addresses a luncheon meeting sponsored by the government and Japan's major trade organizations in Tokyo during the visit by a delegation led by President Bush in January.

Photo: Kyodo News Service

of implementing voluntary plans. At the same time, he stressed that American businesses should make active efforts to get in touch with these potential Japanese counterparts.

Under the import promotion plan, "Foreign Access Zones" will be created with government support around international airports and ports to make import procedures easier and quicker. A variety of import-related facilities will be established in such areas and import-related activities will be concentrated there. MITI officials said loan guarantees and low-interest loans will also be extended to encourage imports.

MITI's package of measures also includes help for foreign firms wishing to open or develop business operations in Japan but having trouble with issues such as the high initial cost of investment in land and office space or recruiting managers and experienced employees. MITI officials said the government will:

- a) offer tax and financial incentives to alleviate the high cost of land and office buildings;
- b) establish a special firm to help foreign firms with recruitment;
- c) assist foreign firms in raising money by providing loan guarantees.

As for cooperation in export credits, officials said MITI's Export-Import Insurance Division has already been cooperating with the Export-Import Bank of the United States (U.S. Eximbank) since last May in joint financing of priority projects in developing countries involving U.S. exports. Officials said the idea of the cooperation program is to offer better financing support to U.S. exporters, while simultaneously helping developing nations obtain much-needed foreign credits.

The officials said that during the half-year since the program started, MITI and the U.S. Eximbank had agreed to finance several LDC projects totaling \$3 billion. U.S. exports generated by these Japan-U.S. jointly financed projects are likely to amount to about \$2.2 billion.

MITI is expected to allocate \$5 billion in trade insurance funds to LDC projects in the next several years. These insurance funds, together with U.S. Eximbank cred-

it resources, are expected to bring in more than \$10 billion worth of projects, with the bulk of that amount going to U.S. exports.

Hatakeyama said MITI is willing to consider similar cooperation programs with agencies in other countries. ■

Better Treatment of Foreign Workers Urged

The Management and Coordination Agency (MCA) has urged the Japanese government to take appropriate measures to provide better treatment for unskilled foreign workers in Japan.

The agency, whose task is to coordinate policies among government offices, made the call in a message sent on January 16 to nine ministries and agencies concerned with foreign workers, including the ministries of Health and Welfare, Justice, Foreign Affairs, and Labor.

The move was prompted by the findings of an MCA survey concerning the practices of nine ministries and local governments. The survey, the first of its kind, was conducted in the first half of 1991. It showed that unskilled foreign workers, who are coming to Japan in increasing numbers, are not necessarily receiving treatment equal to that of their Japanese counterparts. The agency suggested that government organizations coordinate among themselves to give them more humanitarian treatment.

In principle, Japan strictly restricts the influx of unskilled foreign workers. But the number of such people now employed here is estimated at more than 100,000. Many entered the country with tourist visas and are working illegally.

Japan has no restriction on the application of work accident insurance, medical insurance and pension provisions for foreigners. Foreign workers, including those employed illegally, are potentially eligible to receive these benefits.

Yet the agency survey showed that many illegally employed foreign workers were kept in the dark as to their eligibility for such benefits. More than half of those treated in hospital had to pay substantial medical expenses because they had not



Unskilled foreign workers gather in Tokyo's Yoyogi Park at weekends to exchange information about jobs and living in Japan.

taken out medical insurance. Even among those who applied for work accident insurance, some 10% did so more than six months after they were involved in accidents, due to their not being aware of the benefits.

Many of the problems are related to medical insurance. Regular foreign workers are eligible for company health insurance from their employer. Non-regular workers, if staying in Japan for more than one year, have to take out national health insurance provided by the local government of the area where they live.

For some reason, however, many of these workers end up taking out expensive private medical insurance or, if not covered by insurance, pay medical expenses on their own. The survey also found that some employers failed to arrange medical insurance for their foreign workers, and not all local governments pay attention to how foreign workers are faring. According to the survey, one local hospital had to shoulder medical expenses for 34 foreign workers totaling ¥9.8 million because of these failings.

The agency urged ministries, agencies and other government organizations concerned to strive to keep foreign workers and their employers informed about their eligibility under Japanese insurance systems and to have them get adequate insurance for themselves.

Besides dealing with insurance problems, the agency suggested that the Japanese government take steps benefiting foreign workers such as: 1) giving foreign workers credit for the number of years they contributed to a pension fund in their home country; 2) making it easier for foreign workers to get public housing; and 3) making more places at public schools available for the children of foreign workers. ■