

Dolus Eventualis

By Suetsune Takashi

Dolus eventualis is a legal term meaning willful negligence. Stated simply, this means committing some action with the full awareness that it may cause someone trouble. I asked myself whether this applies to the way that Japan has accumulated its hefty trade surplus. Indeed, Japan has been criticized for its trade practices and other international actions, and these accusations are considered to be legitimate in their own way.

Japan has never been rich in natural resources. The country depends on imports of most necessities for its survival, including energy, raw materials and foodstuff. Its modern history can be read as efforts to secure a stable supply of these resources. Securing a stable supply, rather than surpassing other countries has been Japan's biggest concern. This was particularly true in the decade following the Second World War. All Japanese worked diligently lifting themselves from destitution and later worked overtime for a better life. As a result, Japan has grown to be recognized as an economic power second only to the U.S. Previously, the international community did consider Japan an earnest and hardworking country which successfully became a reliable member of the capitalist camp out of the ashes of war.

As soon as Japan was recognized as an economic power, however, it became an international pariah. Working overtime is considered a workaholic denial of leisure, the country's myriad high-tech exports are attacked as the dumping of unnecessary toys. Current arguments condemn Japan's trade surplus as a global unemployment-monger. Such criticism was unforeseen by Japan. As Japanese never intended to give others trouble nor set out to win an economic war at any cost, current international accusations are similar to having the entire world lined up against it. Any measure Japan has taken to respond to such criticism has been

met not with appreciation but derision and further endless accusations that it is not enough or too slow.

More importantly, some have started to argue that Japan's economic success has more to do with its ET-like culture and unique mentality. This is akin to saying that had Japan never existed, the world economy would not be in trouble. Fortunately, there are many outside Japan who contest such crude arguments (although they likely retain their own criticisms of Japan). Given that similar criticisms exist inside Japan, we should not simply lament international criticism.

The international community is unlikely to accept the counterargument that Japan's economic success was dolus eventualis. While it is unacceptable to charge that the world economy will collapse if Japan does not take effective measures, there is no question that maximum efforts must be expanded by Japan to further open its domestic market. No doubt, to call this noblesse oblige would cause further criticism of Japanese arrogance.

COMING UP

If not reform, a transformation has been taking place in Japan since the Liberal Democratic Party was shunted from power and a coalition Cabinet of multiple political parties took office. In the next issue of the *Journal* we will survey the Japanese scene following the formation of the Hosokawa government and predict Japan's course in the coming years.

We will also feature an article on APEC from a non-Japanese perspective, how foreigners view Japanese business leaders, and a new "Reflections" series written by a *noh* performer.

The *Journal* welcomes letters of opinion or comment from its readers. Letters, including the writer's name and address, should be sent to: 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.

Shopping Enlightenment

Before reading the October/November issue of the *Journal of Japanese Trade and Industry*, this reader had made a major decision:

No more California wine for friends in Japan! They will get a different vintage product—old jeans.

Instead of a gift aged in oak casks, they will receive one aged on human limbs. This would call for a change in the Californian's buying approach: No longer would the mind ponder the gift's possible appeal to the palate. Rather it will assess the likely attractiveness on the posterior. Consideration of the full body of the product would give way to examination of what the body or bodies did to the product in its earlier life. Forget the bouquet. The label would remain of great interest; Levi's and Pendleton reflect champagne taste in old apparel.

This tilted perspective resulted from reports of a growing California industry based on used clothing. Under such names as "Green For Jeans" and "Drop Your Pants," businesses pay Americans for cast-offs—up to \$10 for a pair of Levi's—and export them overseas, especially to Japan, where well-worn Levi's bring \$60 to \$100 in Harajuku and other trendy shopping spots.

The arrival of the *Journal* halted a search through closets for leftovers from two grown jeans-wearing sons, erasing the picture of this American arriving at Narita with the clothes on her back as her only wardrobe, luggage filled with second-hand goods.

The analysis of Otomo Satoshi in "Consumer Purchasing Trends" served as a sobering reminder that while Japan's youth, like the younger set in the U.S., continues to be a main target for many marketers, other, more serious, shoppers abound. The news that "consumers have become less obsessed with brand names" is good news for one tied to Japan through family and friends. Over the quarter-century of close links with Japan, the perceived necessity of buying "name" products for the Japanese has long rankled this U.S. shopper who wants to give what she, not the advertisements, knows best.



In a separate report, Virginia Kouyoumdjian also had new words of happiness for those of us in the U.S. who welcome visitors from Japan—news that luxury good manufacturers are cutting prices to lessen the gap between charges in Japan and charges abroad. A decrease may encourage Japanese travelers to see more than stores on their travels. Not that luxury goods are the only lure for Japanese arriving in the U.S. Lower prices on homely everyday items also have them filling shopping carts.

As they wheel by the produce section, they sigh over the prices on fresh fruit and vegetables that they cannot take home with them. This Californian, who marvels over the luxury apples cultivated in Japan—as described by Kakurai Hiroshi in “The Quest for Quality, Healthy Foods” in the June/July issue—realizes that her counterparts in Japan do not have the same choices. To see the intake of apple juice in Japan as an “imitation” of the West is to belittle the Japanese consumer who appreciates good taste. “Fussy” Japanese ought to be able to not only appreciate the artistry of the best apple but relish the lesser one in foods and drinks.

Just as foods from Japan enhance my diet, foods from the U.S. enhance the Japanese diet. If the addition of fatty foods to the Japanese table is a problem, the addition of more apples to that table may be a solution. *The New York Times* reports that research in the Netherlands indicates certain chemicals in various foods, including apples, may reduce the risk of coronary heart disease. Neither the commentator nor the scientists will have the last word, though. That belongs to the aware Japanese consumers already causing palpitations in the distribution system with their informed choices. To them I would like to offer a toast—with a time-honored California product other than cast-offs. Kampai!

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Losing Out in the Investment Race

The excellent article “Mobile Telecommunications Begin to Buzz” by Ekusa Ato should “awake” companies like Nippon Ido Tsushin Corp. (IDO), the Nippon Telegraph and Telephone Corp., the Daini-Denden Inc. and Teleyaw Japan Corp. to be still more aggressive in countries like India, Pakistan, South Africa, Malaysia and the like to effectively expand the telecommunications networks in these countries.

India for example has opened its doors wide open for free market trade and expansion in almost all sectors of the economy. Yet Japan is only getting its feet wet whilst the U.S., U.K., Germany, etc. “plunge right in” to capture this vast untapped market of almost a billion people. The World Bank has gone out of its way to finance projects which need urgent development, but Japan hesitates. When looking back they will realize they made a great mistake. There is still time to act now—the government there is willing to cooperate fully to encourage foreign investment and not in “small change” (\$5, \$10 million), but by \$50 to \$100 million plus and they will reap great rewards for any investment they may make. Good luck.

Trade & Cultural Exchange

The highly successful U.S.-Japan Trade Seminar has just ended in beautiful Sacramento and the article by Matsuyama Yukio (formerly chief writer for the *Asahi Shimbun*) “Some Friendly Advice to America” was superb. While it is true that Japan has opened its markets more, America takes pride in being snobbish and at times dictatorial as Mr. Matsuyama points out—and Japan-bashing is a way many corporate executives beat the drum to gain publicity and sympathy, especially car manufacturers. I’ve been driving my new 1988 Toyota Corolla for five years now and it has not given me a single day trouble, rain or shine. I’m sure some American cars perform the same but that “spe-

cial something” seems to be missing. I say, may the best product win fair and square without beating the prejudiced drums—which shows weakness.

A few years ago Japan was accused of buying up America, then the bubble burst and property and land values slumped by about 50%. No one talks about that.

The sour relations between the U.S. and Japan (and the U.S. and India as well) need to be “warmed up” to a great extent to mutual countries benefit. The markets are there and the people and products can do the rest in these two countries.

Global world trade, expansion and open markets is the future of the world economy and the more we work with one another and respect one another trade will boom. The Reagan and Bush years produced trillion dollar deficits and for that America is paying a very heavy price with the majority of people living from paycheck to paycheck. Savings just do not exist. Bush spent half a million troops to defend Kuwait, and “madman” and despot Saddam Hussein is still around. What was achieved? Kuwait still has no democracy and they live in the 18th century. Tinpot tyrant and dictator/murderer General Mohammed Aidid could not be captured by some 30,000 U.S. and U.N. troops—yet the CIA spends some \$30 billion to organize a spy and security network. Surely they could have done better. Aidid must be brought to trial for his crimes against humanity and his own people—and the same applies to nincompoop despot Saddam Hussein and others like him around the globe.

America is a great country with all kinds of freedoms—which at times are wildly abused. That has to change. The gun laws have to change, and the drug epidemic just does not stop. WHY?

Let us have more trade and cultural exchanges. Widening the cultural horizons can and will bring about long-needed changes that the U.S.-Japan-India and many other countries desire.

Editor's note — The above two letters were both submitted by:

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Rice Policy After Poorest Harvest

Japan's volatile rice policy now stands at the crossroads as the nation suffers from the poorest rice harvest of the postwar period. The current rice control system, introduced during World War II as part of centralized economic planning, is already out of date at a time when consumers want low-priced rice to be supplied on a stable basis. Reflecting the nation's financial situation, the Ministry of Agriculture, Forestry and Fisheries has somewhat eased the regulation, lowering the level of ever-growing government rice stock to 1 million tons and introduced a bidding system, though on a limited basis, to determine rice prices.

Ironically, however, the extraordinary rice shortage, caused by an unseasonable cool summer, has prompted the government to revert to stronger rice regulations. The unusually cool summer this year had first caused a sharp rise in vegetable prices. Then, as the rice crop index as of August 15 was given as 95 against the normal level of 100, rice prices began to soar on expectations of shortages. The index further plummeted to 80 as of September 15, and bidding prices for the purchase of government-controlled rice soared to the ceiling level.

In anticipation of future rises in rice prices, farmers stopped rice shipments, and black marketers started to make rounds of rice farmers, offering high prices for rice and paying in cash. Currently, the government and rice dealers are competing with each other to procure rice amid tight supplies. Against such a background, the government discontinued rice bidding and froze wholesale rice prices. At the same time, the government decided as an emergency temporary measure to import rice, with the United States, Australia, China, Taiwan and Thailand considered as possible suppliers. The government decision has triggered heavy competition among foreign rice dealers to target a Japanese rice market that has until now remained tightly closed.



This year's rice market has been hit by the worst harvest since World War II. The combination of a lack of sunlight and damage from rice blight has left some rice standing past harvest time.

Yet the government is slow to buy rice. The amount of rice acquired by the government as of October 12 totaled only 1,010,000 tons, a mere one-third of the volume amassed at the same time last year, and an estimated 1 million to 2 million tons short of demand. This prompted the Food Agency to cancel an earlier decision to use all 200,000 tons of rice to be imported by the end of this year for processing. The agency decided instead to allow Japonica rice (short- and medium-grain rice) that will be imported from the U.S. and Taiwan, to be used for the dinner table.

Pessimism Growing on Economic Outlook

Major private economic research institutions have revised downward their projections for growth of the Japanese economy in fiscal 1993 ending next March 31. The forecasts, announced successively in early October, represented hefty decreases ranging from 0.8% to 2.7% compared with previous forecasts made in summer.

The most pessimistic forecast put the growth rate at minus 0.1%, and even the most bullish one projected a puny growth of 0.4%, reflecting the spread of a downbeat sentiment among economists. The research institutions cited declining

corporate earnings, faltering consumption due to a cool summer and the prolonged adjustment of capital spending.

Regarding the economy, the series of pump-priming measures announced by the government in September, including a ¥6 trillion stimulus package and a 0.75% official discount rate cut which brought Japan's central bank rate to a record low of 1.75%, a large number of institutions said these measures were not enough to stimulate the economy. Many pointed out the need for additional stimulus measures such as large-scale income tax reductions.

Three institutions—the Dai-Ichi Kangyo Bank General Research Institute, Wako Economic Institute and Asahi Bank—predicted growth of minus 0.1 for gross national product (GNP) and expected stock adjustment to continue. A survey conducted by the Japanese Association of Corporate Executives in mid- and late September also showed that executives of 23% of major companies expect Japan's real economic growth to be zero in fiscal 1993, and 10% predicted minus growth, showing that a third of Japanese corporate executives are bearish about the future business outlook.

Meanwhile, the October monthly economic report issued by the Economic Planning Agency defined the current economic situation as "generally stagnant," but rejected the generally prevailing private-sector pessimism that the economy could stumble deeper into a slump.



It appears that the government's emergency economic measures and the Bank of Japan's reductions in the official discount rate will not be enough to put the brakes on the recession.

Photo: Kyodo News Service