

The Danger of Cultural Nationalism

By Suetsune Takashi

The French government has shown extreme antipathy to the incursion of English into the French language. There is the Toubon French Language Protection Law, under which unnecessary use of English in advertising, contracts, and official documents can be penalized. And during the GATT Uruguay Round negotiations, France protested vehemently against proposals to liberalize audiovisual services. In other words, the French government opposed the unrestricted import, screening, and broadcast of foreign films and TV programs in order to ensure that the bulk of the works shown and broadcast in France were "French-made."

The rationale behind the restrictions is that French language and culture must be protected from damaging foreign influence. Only a real crank or philistine would dispute that France has a beautiful, logical tongue, as the language texts claim, and a splendid cultural heritage, as the history books assert. The high regard for French culture is based on objective evaluation. It is only natural that the French people know this, and have pride in their culture. But does the average French citizen really approve of punishing the use of English in public media or restricting foreign-made TV programs and films?

During the Second World War, the Japanese government instructed people not to use foreign words, especially English, in baseball or other sports. The result was the appearance of some weird Japanese terminology which few people used seriously at the time and which vanished completely after the war. Even during the fanatic ultra-nationalism of the wartime period no punishments were instituted for the use of a foreign language, and English continued to be taught, in limited form, at Japanese junior high schools.

It may not be my place, as a non-French national, to pass judgment on the propriety of the Toubon French

Language Protection Law. Yet I do feel that the natural interaction between languages and cultures is something that cannot be legislated away. Films and TV programs are already borderless media. It is even hard to define exactly what constitutes "French-made" or "Japanese-made." Suppose a film made in France by a French director, using the French language is a French film. Then what about one made in France, with French actors speaking French, but directed by an American? It is not possible, in practice, to apply the principles of managed trade to the audiovisual market.

Pride in one's own culture may well be a fundamental human trait. There is nothing wrong with the tendency of the French people to revere their language and take pride in their culture. Yet if that pride must be linked to a sense of cultural superiority, a contempt for, say, the English-speaking cultures, then humans have a bleak psychological structure indeed.

COMING UP

Japan is a country which has no energy resources: More than 80% of primary energy is imported, and dependence on petroleum from abroad stands at almost 100%. There is no other country as vulnerable as Japan in terms of energy. To ensure and maintain the nation's industry and economy, not only is a stable supply of resources from abroad needed, but domestically constant research for new types of energy must be pursued.

Discussion on Japan's energy problem by experts in the field will be conducted in the next issue.

In the June cover story series on the Japanese economy, the name of the author of the article on the state of the petrochemical industry was inadvertently missing. We apologize to the author, Yokoo Hisaaki.

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.

The First Japanese "No" in U.S.-Japan Parleys

The news of the Clinton/Hosokawa talks at the beginning of this year which ended in discord was received in Japan with a special emphasis on its significance as Japan's first "No" to the U.S., while its reaction in the U.S. and EU countries was almost negligible. Many people are still curious about this problem.

While Europe has been saying "No" to America as a matter of daily occurrence, Japan has continuously said "Yes" to American demands, a situation which the Japanese government has utilized from time to time in the name of *gaiatsu* (foreign pressure) as a persuasive measure of appeasing public opinion. Some Japanese were indignant about the series of concessions which they saw as humiliating, and the book *The Japan That Can Say No* once sold in substantial numbers. But the public in general remained cool in the belief that an occasion where the Japanese government could say "No" to the U.S. would not come soon or last for good.

Japanese people, especially journalists, were exalted, reporting as if the first "No" from Hosokawa was the proof of the advent of a new stage of U.S.-Japan political relations. Some hasty people have gone so far as to pronounce a coming U.S.-Japan economic war.

Unfortunately, many Japanese do not realize even now that Mr. Hosokawa's "No" was a transformed style of "Yes," so compatible with the American strategy that it would have brought about not humiliation for the Japanese but American distress, provided that Hosokawa had accepted Mr. Clinton's request of numerical targets for adjustment of the trade balance. The reason why the Japanese could not realize this fact which was quite evident to many other people is partly due to the fact that they are generally the captives of the established psychology that it is their traditional virtue to say "Yes" and not "No." This reminds us of the old joke that a lady who says "No" is not a lady, and a diplomat who says "Yes" is not a

diplomat. The Japanese are not wily enough to be qualified as a diplomat. As a matter of fact and rule, they are too good.

Scrutiny of various official and unofficial data regarding past trade conferences between the U.S. and Japan conveys to us the impression that Japan has patiently avoided the situation where they have to say "No" in front of American demands, speaking always in the following manner: "We understand the reason why you say so, and we have the wish to get along with what you want, but we do not have the time sufficient to realize it at this moment. Therefore give us the proper time allowance." In order to refuse the demands of their counterpart, the Japanese think that they cannot be more honest, frank and polite than to speak in this very circumspect and sophisticated way. Therefore, the Christian-spirited, generous Americans should doubtlessly understand and admit their reasons.

The tragedy is that the American would never understand and admit that this answer does mean a refusal made against their demands. At first they would believe that the Japanese had accepted their demands because the Japanese did not say "No." Sometime later they would find the Japanese apparently not engaged in what they had required, and would push the Japanese who would then become dismayed and answer that they had refused the American requests being unable to do it all at once. Such an explanation must be taken by the American as all but a cunning excuse or as an apparent lie. The Japanese had to say "No" at first, if they had chosen to refuse. The Americans were treacherously deceived. The Japanese are as treacherous today as they were at the time of Pearl Harbor. The American revisionists' thought and logic would evolve and develop in this manner.

In the course of the last U.S.-Japan trade conference, also, the process of persuasion prepared by the Japanese camp headed by Mr. Hosokawa should have ended more or less as an apology of the conventional style, something like the above example, provided that the U.S. camp did not

produce the request of numerical targets, one of the logical steps toward the revival of the Super 301 Clause. It was imperative to Mr. Clinton's camp to bring to realization the enactment of the Super 301 Clause to which the entire world, including even a part of the U.S. people, was doubtful and suspicious. The antagonism of Japan, the biggest opponent of U.S. international trade, must be the most suitable and timely percussion agent for propelling the Super 301 Clause to enactment. On the contrary if Japan had stayed in its conventional "half-yes, half-no" attitude, the energy of the impact might be substantially compromised. Japan should be guided to say "No," but without arousing too much reaction in their behind. The proposal of numerical targets was thus prepared and produced as the most suitable measure to draw out a Japanese "No."

Mr. Clinton was well-informed about Mr. Hosokawa's new and delicate political position in Japan, a position which would not allow him to accommodate the numerical targets in the face of public opinion. He saw at the same time that his own political position in the U.S. was also calling for a prompt

reinforcement. The first Japanese "No" was a matter of mutual benefit therefore, and hence the fairly calm response from many parts of the world.

Somebody might ask then, how would Japan fair if Super 301, after its enactment, might come to be adopted against the Japanese trade imbalance. The answer is very simple. It will never come to be adopted against Japan, for good, because otherwise it will give an expedient and fully qualified excuse to the Japanese to take an effective countermeasure for self-protection. In such a decisive situation, the first and most effective measure may be foreign exchange control. Japan had long been a well-experienced exerciser of it until 20 years ago. No, Japan need not touch it actually, nor must even avow it intentionally. Just the rumor that Japan might consider this action would be more than sufficient to turn international economic positions upside-down. Although we do not know whether Mr. Hosokawa said "No" after giving consideration to such critical circumstances, it is almost certain that he said so in a fairly relaxed mood.

Wilhelm v. Hohbrücke, Free writer

TOPICS

Toyota Regains No. 1 Slot in '93 Earnings List

Toyota Motor Corp. topped the list for declared corporate earnings in 1993 for the first time in three years, while game equipment maker Nintendo Co. ranked sixth on brisk sales of "Super Famicom," according to a survey by the business research organization Teikoku Databank.

The survey showed that despite a 27% year-on-year fall, the Japanese auto giant's earnings of ¥295,859 million allowed it to climb from second place in the previous year to the top. The Bank of Japan, which held first place in 1991 and 1992, plunged to 316th place as it suffered from lower yields on asset investment due to the two discount rate cuts it implemented in 1993, and from the currency-exchange loss incurred by the yen's appreciation. The central



Photo: Toyota Motor Corporation

Back in the top slot in corporate income rankings for the first time in three years, Toyota Motor Corporation maintained the number one position among companies listed on the Tokyo Stock Exchange for ordinary profits for the sixth year in a row.

bank's earnings dropped from ¥862,580 million to ¥12,800 million.

Nippon Telegraph and Telephone Corp. (NTT), Japan's biggest telecommunications concern, came third on the list for the fourth running year, even though its earnings fell 44% to ¥205,752 million. NTT was followed by Tokyo Electric Power Co., which benefited from the yen's rise and lower interest rates.

Nintendo rose to sixth place from 12th as strong sales of its games equipment and software helped it earn ¥168,443 million. Sega Enterprises, Nintendo's top rival, also jumped to 61st from 125th.

Three major commercial banks—Sanwa, Mitsubishi and Fuji—placed among the top 10 list again, while Sumitomo, Dai-ichi Kangyo and Tokai banks disappeared from the top 10. According to financial sources, Sumitomo and Dai-ichi Kangyo plan to skip bonuses for board members. As of the end of last March, Japanese banks have been struggling under a huge burden of bad loans left over from the late 1980s, estimated at more than ¥14 billion.

Overseas Shift of Production Key To Bullish Results

The transfer of production bases overseas tested the business performance of Japanese companies in the 1993 business year.

Financial accounts released by electric equipment makers for the year ending March 31 showed that while most medium-standing companies which have shifted their production overseas earned big profits, their giant rivals such as

Sony Corporation incurred miserable losses, squeezed by excessive domestic production facilities.

Aiwa Co., for example, saw its net profit soar 2.3 times year-on-year to a record ¥6.7 billion on sales of ¥178.7 billion, a 10% rise from the previous year.

Aiwa owed its bullish results to the transfer of 78% of its production to its Singapore factory and other overseas units, mostly in Asian countries. Aiwa's exports plunged more than ¥20 billion from the previous year due to a higher yen, but the loss was more than upset by reverse imports from overseas factories. The company's overseas production ratio is expected to top 80% in the current business year ending March 1995 on the back of the doubling of production capacity at its Malaysian factory in June.

Other medium-standing electric equipment companies, such as Uniden and Mitsumi Electric Co., also performed strongly despite the higher yen triggered recession, thanks to their high overseas production ratio.

In contrast, big electric equipment companies were heavily pressured by the higher yen in terms of both production and sales.

Sony saw its pretax profit fall by a hefty 33% to ¥30.5 billion on sales of ¥171.33 billion, a 9% decline from a year earlier. Sony's sales loss, attributable to the higher yen, is estimated at ¥5,010 billion.

Pioneer Electronic Corporation, similarly hard hit by the yen's advance, saw its operating earnings slip into a ¥5.7 billion deficit, the first operating loss for the company since it went public.

Sony now plans to raise its overseas production ratio to 45% in March 1995 from the current 36%. Sony's plan envisages an expansion of audio equipment production in Malaysia and other Asian countries as well as a boost in the production of computer displays at its San Diego TV factory in the U.S.



Photos: Aiwa Co., Ltd.



With the ever-strengthening yen, Aiwa has continued to bolster its overseas production capabilities since 1986. Products manufactured overseas are not only sold in other countries' markets, but are also imported to Japan in order to take full advantage of the benefits of the high yen rate. (Aiwa's Malaysian plant and production line)