

The Japanese Mentality

By Suetsune Takashi

At a plenary session of the General Assembly of the United Nations which opened on the 20th of September, the foreign minister of Japan explained the nation's position on the question of becoming a permanent member of the Security Council. In essence, apart from ambiguous diplomatic expressions, he stated that Japan would accept a permanent seat on the condition that the country be spared from military operations undertaken by the UNSC. What the foreign minister tried to express was that Japan was reluctant, but if requested it would accept the position.

Japan has been urged to become a permanent member of the Council. Mr. Boutros Boutros-Ghali, Secretary General of the United Nations, visited Japan three times in the past year and a half to persuade the government to become a permanent member.

The logic behind this campaign is that Japan, as the second richest country after the United States, should bear more international responsibility, an argument which is flattering and hard to resist for any country with political ambitions for a more influential role in international politics. But Japan resisted this offer, or at least pretended to be reluctant to accept it.

Domestically, of course, there are opinions for and against this opportunity. Those opposed base their position on the conviction that Japan should never become involved in military operations abroad. The argument is clear in this case. What is unclear and what I would like to focus on is the mentality of those in favor of permanent membership but who are pretending to be reluctant; those who believe that it is not wise to show covetousness to something big and sweet.

According to their philosophy, a sweet fruit should come into one's hands spontaneously; one should not look hungry. Traditionally in Japanese society, it is important to wait for an offer, or for a situation to reach fruition. That is why the government has repeatedly stressed that perma-

nent membership is not a thing one can try to obtain unless it is offered and approved of by all.

This mentality may be alien to Western philosophy. An ex-ambassador of Japan to the U.N. told a meeting of Japanese journalists that he had once been derided by his British colleague about such a mentality. The British ambassador said that a permanent position on the Security Council is not an assignment to be offered on a silver spoon. It was only after big powers, such as the U.K. and the United States, joined Mr. Ghali's campaign and many other countries, including Asian neighbors, endorsed the idea that Japan began to speak positively for a permanent seat.

There is another country with the possibility of becoming a permanent member of the council: Germany. Here again, the Japanese mentality is challenged. Germany has clearly declared that she wants to become a permanent member of the Security Council with veto power: An article of the Grundgesetz which prohibited military operations abroad has been changed; she does not have to say that Germany cannot take part in military operations under the sponsorship of the U.N. Japan says that she cannot send the Self-Defense Forces abroad for PKF operations because of the constitution, and changing an article of the Japanese Constitution is like going through a revolution. The government has decided to allow the Self-Defense Forces dispatched to Zaire for the Rwandan PKO to carry only one light machine gun.

COMING UP

Japan is undergoing many changes. The automobile industry is not the same as it was three years ago. Consumers are discovering new products and services at lower prices. On the political front, a drama no one could have written nor produced is now taking place with the Socialist Party as a protagonist.

Most of the changes are essential for survival. Some are long overdue. But this time they are profound and drastic. We will discuss how in the next issue.

Incoherence

Your article on foreign-made homes in Japan (September/October issue) quite rightly pointed to the problems and expense New Zealand's Lockwood company faced in getting government approval to build in Japan. Meanwhile the same Japanese government was saying that it had a special program to encourage foreign firms to build houses in Japan. A classic case of the right hand not knowing what the left hand was about.

However, one correction is needed—it was my brother, the owner of the Wellington construction company, McKee Fehl, rather than myself who was seeking to bring Lockwood houses into Japan.

Yours sincerely
Gregory Clark



Correction: The cover stories "Entering a New Energy Era" in the September/October issue of the *Journal* had several references to "biomass (pulp biomass)" as an energy source. The correct industrial term is "black liquor."

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, Fukuoku Seimei Bldg., 2-2 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo, 100 Japan. Letters may be edited for reasons of space and clarity.

Toyota Expanding Into China

Toyota Motor Corporation will set up a joint venture in China to reinforce its presence in the largest Asian country. The Japanese auto giant's intention was formally conveyed to Chinese Premier Li Peng by company President Toyoda Tatsuro during his visit to Beijing in early September. The Toyota chief told the Chinese leader that the Toyota group will extend full cooperation to China's car manufacturing.

Toyota's move followed a Chinese government decision earlier this year to open its auto market to new assembly plants in 1996 on the condition that locally made parts account for 40% of total parts. The Chinese government

had previously curbed production of finished vehicles and limited new foreign participation in domestic auto production to parts making.

Toyota's entry is certain to intensify competition among Japanese, American and European automakers in the potentially huge Chinese market.

During his Beijing meeting with Premier Li, President Toyoda revealed his company's readiness to start negotiations with Tianjin Automobile Industrial Corp. on possible partnership for the production of passenger cars. The Chinese concern currently produces cars with technical support from Daihatsu Motor Co., an automaker belonging to the Toyota Motor Group. Toyoda has also confirmed, for the first time, that negotiations are under way

with Shanghai Automotive Industry Corp. on a joint venture for the production of automobile engines.

Reflecting its rapid economic growth, China has been boosting production of cars in recent years, with 1992 sales topping the 1 million mark. The figure is seen likely to reach 3 million in the year 2000. Now that auto markets in industrialized countries have matured, automakers of the world are focusing on China as the world's last great auto frontier.

Volkswagen AG of Germany and Citroen of France have already established joint ven-

tures in China. Of the Big Three U.S. automakers, Chrysler has set up a joint venture with Beijing Automobile Works in 1983 for the production of jeep-type cars. General Motors and Ford are also reported ready to expand into the country.

GDP Shrinks In 2nd Qtr. Despite Recovery Prediction

Japan's economy shrank at an annual rate of 1.6% in the April-June quarter despite an upbeat government outlook.

The second quarter figure was released on the heels of a monthly government report for September which said that the economy is moving toward recovery, effectively recognizing the end of the longest postwar recession.

The second quarter minus growth in GDP reflected weaker consumer spending and declining capital spending, which fell for 11 straight quarters in a row. However, Tanaka Tsutomu, vice minister of the Economic Planning Agency (EPA), said that the quarterly setback reflected the period's economic conditions which remained broadly sluggish with some bright signs emerging.

"The national economy is in an adjustment phase, notably of corporate capital investment and others," said the EPA monthly report for September, "But bright signs have been spreading recently, and it is moving toward recovery at a gradual pace." The report in particular cited bullish personal expenditures, industrial output and inventory, and corporate confidence.

The latest quarter "Tankan" survey of the Bank of Japan also pointed out that business sentiment among major manufacturers improved, with the confidence index standing at minus 39 in August, up from minus 50 in the previous survey. The diffusion index for major non-manufacturers improved to minus 33 from the previous minus 42. The index represents the percentage of companies answering "positively" minus those responding "negatively."

But corporate capital investment has not picked up entirely and the employment situation remains quite



Photo: Kyodo News Service

Toyoda Tatsuro, president of Toyota Motor Corp., recounting the success of his China trip. European, U.S., and Japanese automakers are locked in a widening struggle for shares of China's huge market.

severe—both making uncertain the prospects for a continued economic recovery. Private economists doubt the economy could meet the government's target of 2.4% for the current fiscal year ending next March.

Japan-U.S. Reach Partial Deal in Framework Talks

Japan and the United States wrapped up marathon trade framework negotiations on October 1, reaching an agreement on government procurement of telecommunications and medical equipment, insurance and flat glass. But failure to settle in the auto and auto parts sector cleared the way for Washington to initiate an investigation into Japan's auto parts market.

International Trade and Industry Minister Hashimoto Ryutaro said the two countries were unable to reach an accord on auto replacement parts because they failed to narrow differences on Japan's auto inspection system. Japan rejected U.S. demands to



Scene from the monthly economic affairs ministers' meeting held in September where the government announced a virtual economic recovery.

Photo: Kyodo News Service

totally abolish the system.

At the end of the talks, U.S. Trade Representative Mickey Kantor announced that his office will initiate a

Super 301 investigation of the Japanese auto parts market, focusing on the "aftermarket" for replacement parts, where the regulatory barriers to foreign competition are very acute.

The investigation, stipulated under Section 301 of the U.S. Trade Act, calls for Washington to determine whether Japanese practices concerning replacement auto parts are unfair over the next 12 to 18 months before actually deciding on trade sanctions. However, the U.S. refrained from citing Japan under the tougher Super 301 provision.

Kantor said Washington hopes to continue negotiations on auto parts even during the inquiry process, and reach an agreement with Japan. But Hashimoto said that Tokyo has no intention of reopening talks in the area for the time being.

Separately, the U.S. government announced a decision to place Japan's wood and paper markets on a priority watch list under the Super 301 Clause of the 1988 Trade Act, a unilateral trade legislation that can initiate trade sanctions.



Following overnight discussions, government negotiators at the Japan-U.S. framework talks laid the outline for agreements in three sectors: government procurement of telecommunications and medical equipment, insurance and flat glass.

Photo: Kyodo News Service