

## Grumbles among the Japanese

By Suetsune Takashi

**L**ike it or not, a nouveau riche invites envy, jealousy, suspicion and sometimes even rancor from neighbors. The same can be said of a country, and this has happened to Japan. Fifty years ago the Second World War came to an end with the complete defeat and destruction of Japan. Most people, especially those in their teens, were terribly hungry. Their dream was that a day would come again when they could eat to their heart's content. Their more decent dream was that of rebuilding their devastated land into a small but peaceful and wealthy country like Switzerland. They did not know that Switzerland was armed to the teeth like a hedgehog.

The Japanese did not want any form of armed forces. Economists were unanimous in predicting a gloomy and difficult future for the country which was so poor and destined to feed one hundred million mouths. Hard work was required to eat, dress properly and to live modestly. The constitution permanently and categorically renounced war as a means of settling international disputes. "No more arms, to hell with war" was the cry of all. For some, it was better being red than dead.

Then the Korean War broke out, a turning point for tottering Japan. The United States decided to rearm Japan, giving birth to the Self Defense Forces which rapidly became one of the major military forces in the world. Naive and ingenuous Japanese were puzzled because the country which completely destroyed their military power was now asking them to rearm. The war also gave impetus to the bankrupt economy. Money was made by repairing damaged U.S. frigates, and the label war profiteer was soon being used, which some felt was an unfair slander. If it had not been for the Korean War, reconstruction might have been slower, but might have been achieved anyway.

By 1964 Japan was better off and

hosted the Olympic Games in Tokyo. The years that followed were not necessarily good, though. Anti-Japanese riots erupted over Asia one after another. Asians were shouting that they were again being exploited. Europeans and Americans also were now eying Japan with suspicion. Charles de Gaulle called Ikeda Hayato, then prime minister, a transistor salesman when the latter visited France. There were even those who were crazy enough to say that the Japanese were intent on conquering the world, by economic means this time.

To the embarrassment and dismay of the Japanese they have been examined, diagnosed and labeled as ET. Revisionists proposed the containment of Japan for the safety of the world. Working hard was no longer a virtue since someone erroneously attributed it to the economic success of Japan. Madame Cresson, as prime minister of France, irritated with the uneasy economy of her country said that she would not let the French become like the Japanese who work like ants, living in tiny huts. The Japanese are now told that the money they have earned is the bad fruit of their unfair competition.

This year marks the 50th anniversary of the end of the Second World War and the occasion is baring the old wounds of war. Once again Japan is asked to apologize for having waged the war and to pay substantial sums to the victims of Japanese brutality. The Japanese believed that the peace treaty had settled all the claims and problems resulting from the stupid war they had fought.

Now Japan is being asked to play a politically and militarily more responsible role in the world community because she is rich. Not many Japanese are enthusiastic about such a role because most are worried that it may cause yet more difficulties.

**Correction:** The correct name of the research institute which compiled estimates on American PC ownership mentioned in the article "Multimedia in Japan Today and Tomorrow" of the January/February 1995 issue of the *Journal* is the Dentsu Institute for Human Studies. We apologize for any confusion this might have caused.

## Watching the Middle Kingdom

Regarding the January/February 1995 issue of the *Journal*: May I add a footnote to the sober, candid editorial "Two Faces of Economy" by Suetsune Takashi. His analysis states, in part, "... that China with a staggering population of 1.2 billion has the possibility of becoming the largest economic power in history, and her military buildup is conceived as a possible threat to the serenity of East Asian countries."

In support of the above assertion, a poll conducted, in December 1994, in Japan and the United States, by *The New York Times*, CBS News and Tokyo Broadcasting System, has shown the following: There is far more awareness in Japan about the economic rise of China than there is among Americans. A quarter of all Japanese interviewed identified China as the coming dominant economy in the world. In the U.S., only 11% said a third country would emerge as the biggest economic power. The poll also indicated a growing suspicion on the part of Japanese citizens that the United States is no longer a reliable military ally.

On another matter, in the same issue, "Multimedia in Japan Today and

### COMING UP

Japan's recession is over according to the Economic Planning Agency of Japan and the assessment is strengthened by business sentiment among major manufacturing industries, although the sense of recovery is not so strong among medium and small businesses.

The next issue of the *Journal* will survey conditions in all sectors of Japanese industry.

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.

Tomorrow," Iwasaki leo writes: "The mass media in Japan is placing heavy coverage on information about multimedia. Seminars, symposia and expositions are being held with incredible frequency. To say that

Japan is now in the midst of multimedia fever is indeed no exaggeration."

In this context, would the *Journal*, perhaps in collaboration with NHK, consider organizing an international press seminar, in Tokyo, on the theme "The Evolving Role of Japan in the United Nations"? 1995, which marks the 50th anniversary of the U.N., would be most appropriate. Another factor is Japan's desire to seek permanent membership in the Security Council. As you know, U.N. Secretary-General Boutros-Ghali has recently expressed himself in favor of such a development.

Kindest regards,  
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ly 143,000 in and around Tokyo. But the gravity measured in the Hanshin Earthquake registered as strong as 833 gals in Kobe, surpassing an estimated 300-400 gals in the 1923 disaster. Gal, used for values of gravity, is a unit of acceleration equivalent to one centimeter per second squared.

The earthquake inflicted catastrophic effects on the industrial and commercial centers of Kobe and paralyzed transport networks in the region. The affected area also hosts a heavy concentration of manufacturing facilities of such big exporters as Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Kobe Steel. Economists estimated the damage at ¥3 trillion (\$30 billion) to ¥8 trillion (\$80 billion). The Transportation Ministry said the damage to railways amounts to at least ¥412 billion. Hardest-hit West Japan Railway Co. (JR West) suffered an overall ¥163 billion in damage, with ¥73 billion of that occurring on the Sanyo Shinkansen bullet train linking Osaka with Fukuoka.

Saji Nobuyuki, senior economist at Nikko Research Center, said that damage will likely hit ¥5.5 trillion (\$55 billion). He based his figures on comparisons with the earthquake that hit Los Angeles a year before. Uchino Tatsuro, professor at Sofia University, said that the quake's impact will depress the



## TOPICS

### Killer Earthquake Devastates Kobe

A powerful earthquake ravaged the international port city of Kobe and its vicinity on January 17, leaving over 5,000 dead and 26,000 injured. Fires triggered by the tremors raged through the city. Dubbed the Great Hanshin Earthquake, the killer quake crumbled roadways, collapsed sections of expressways, twisted rail lines, tumbled nine bridges, and destroyed or badly damaged about 56,000 houses and buildings in Hyogo Prefecture alone, trapping people under rubble. Hundreds of thousands of people sheltered in schools and local public buildings. Rescue teams from the United States, Switzerland and other countries helped victims of the disaster.

The quake, which registered a magnitude of 7.2 on the open-ended Richter scale, was the second worst in Japan

this century, following the 1923 Great Kanto Earthquake which had a magnitude of an estimated 7.9 and killed near-



A major earthquake hit the Kinki region in mid-January. Fires raged through the city of Kobe.

Photo: Kyodo News Service

Gross Domestic Product (GDP) by 0.2% point. Even if the recovery from the quake is twice as fast as the 1923 Great Kanto Earthquake, reconstruction will take four years, he added. Governor Kaihara Toshitami of Hyogo Prefecture estimated the damage at ¥10 trillion (\$100 billion) or more. Toyoda Shoichiro, chairman of the Federation of Economic Organizations (Keidanren), estimated the damage at as high as ¥13 trillion (\$130 billion).

Some economists, while seeing a short-term impact on the economy, predicted that the stimulative boost from construction and government spending will overtake the negative effect later this year.

## Discount Shopping Center Attracts Shoppers

A mammoth discount shopping center, completed near a highway interchange in the suburbs of Joetsu city, Niigata Prefecture last December, is

attracting shoppers. The 150,000-square-meter Joetsu Wing Market, which comprises some 80 shops and stores, is the first major commercial facility in Japan focusing on discount sales. Since the first shop opened last July, the Joetsu Wing Market continues to attract 35,000 shoppers every weekend and 6,000 on weekdays. A long line of waiting cars forms outside the center every weekend as its parking lot has a capacity for only 1,700 cars. The center operator expects 4 million visitors and proceeds of ¥35 billion during the first year.

Among the outlets represented at the shopping center are the grocery shop chain Cowboy of Sapporo, the footwear and toy shop Chiyoda of Tokyo, and personal computer and household electronic equipment retailer Laox of Tokyo, all of which are known for their active discount initiatives.

The opening of the Joetsu Wing Market reflects the intensifying price war in Japan, triggered by the appreciation of the yen's value.

A survey by advertising agency Dentsu shows that an increasing number of Japanese consumers feel prices are falling amid industry moves known as "price destruction."

According to the mid-October survey of 545 people in the Tokyo Metropolitan area, 32.7% of those polled say they feel prices are falling, up from 17.2% in a similar survey in February 1994. A survey of 3,000 adults by the Prime Minister's Office in January showed 66.2% regarded price destruction as desirable.

A price survey conducted by the Tokyo Metropolitan government last September at department stores, supermarkets, retail shops and discount stores found that sundry goods and household electronic goods were sold 20% off regular price at some shops. The largest discount rate was 82.8% offered for tissue paper, 75.8% for toilet paper, 37.3% for kitchen detergents, as well as television sets, and 36.7% for washing machines.



The size of Joetsu Wing Market is readily apparent when seen from the air.