
Japan Policy Outlook

'No real recovery without development'

by Richard Katz

Using a tour of the five member states of the Association of Southeast Asian Nations (ASEAN) as a platform, Japanese Prime Minister Yasuhiro Nakasone enunciated a major policy stance which he hopes to bring to the Williamsburg summit of industrial nation leaders: "There will be no peace in the northern countries without stability in the southern countries," Nakasone told a Philippines audience May 7, "and there will be no development in the South without prosperity in the North." The next day, Nakasone's declaration was echoed almost exactly by French President François Mitterrand's statement to the OECD (Organization for Economic Cooperation and Development) meeting in Paris: "Nothing is possible in the North without [economic] relaunching in the South." The similarity is giving added credence to reports of pre-summit French-Japanese coordination.

During the tour of ASEAN (which includes the Philippines, Malaysia, Indonesia, Thailand, and Singapore), Nakasone announced a major new program of transfer of industrial technology to Southeast Asia. His May 9 speech on these matters, given in Malaysia's capital, was promoted in advance by Nakasone's office as a major policy doctrine to be known as the "Kuala Lumpur Declaration." According to Japanese sources, Nakasone had preceded the late May Williamsburg summit with the April 30 to May 9 ASEAN trip because he intends to go to the summit as the representative not only of Japan but also of the developing nations.

Industrial technology transfer

Like many Japanese strategic thinkers, Nakasone believes that the most likely potential cauldron of world war is not in areas of *direct* American-Soviet rivalry but in the developing countries, where growing political instability caused by economic dislocation can lead to superpower conflict. And, like most Japanese economic planners, he believes that the future economic growth of the advanced sector hinges upon the success of developing country industrialization.

Nakasone's solution, elaborated in his Kuala Lumpur Declaration, is North-South cooperation to help the modernization of the developing countries, with the "ASEAN countries as the highest priority area for our [Japan's] assistance

efforts." The Japanese leader pledged increased economic aid, particularly yen loans, to the ASEAN countries amounting to approximately \$1 billion (some of which had been announced earlier). He also proposed a increased transfer of industrial technology, including a program of renovation of existing factories, improved technologies for those factories, and a ministerial-level conference on the transfer of science and technology to the ASEAN countries. To help make sure those factories can earn profits, Nakasone also announced a 50 percent increase in Japan's *industrial product* import quotas for the ASEAN nations under the Generalized System of Preferences (GSP), which provides for special lower tariffs, and so forth, for imports from the developing countries.

The Japanese Prime Minister said his program was a response to a global recession which, he said, "is far longer and worse than any of us expected." The recession, he stressed, "has been a major blow to the economies of the industrialized countries . . . [and] it has severely disrupted the developing countries' economies, as seen in the mounting debt obligations and stagnating commodity markets. . . . I firmly believe that there can be no prosperity for Japan without prosperity for the ASEAN countries."

Though economic cooperation was the major purpose of the trip, Nakasone also had to make an effort to defuse a growing potential source of Japan-ASEAN tension, the suspicions held by Japan's former colonies regarding Tokyo's military rearmament. Nakasone pledged not to extend to Southeast Asia the famous 1,000-mile defense zone responsibility Japan has agreed to at Washington's urging. Philippines President Ferdinand Marcos had even put a map in front of Nakasone and asked him how far the zone would extend. At least in public, Marcos and other ASEAN leaders professed themselves satisfied with Nakasone's pledges that Japan's defense buildup was purely for self-defense. However, suspicions still linger; in the Kuala Lumpur Declaration, Nakasone left out all reference to the 1,000 mile defense zone during his discussion of Japan's defense policy.

GIF at Williamsburg

According to a columnist for the *Yomiuri Shimbun*, Nakasone also wanted to sound out the ASEAN leaders on his intention to bring up the Global Infrastructure Fund (GIF) proposal of Masaki Nakajima at the Williamsburg summit. The GIF plan would devote \$500 billion over the next 20 years to finance huge infrastructure projects in the developing sector as a means of promoting both Third World industrialization and advanced sector economic recovery.

Asked about the GIF during an early April Diet session, Nakasone said he was impressed by the "very thrilling, gigantic concept" and indicated that he thought it should be discussed at Williamsburg. "To prepare his ground," the April 12 *Yomiuri* reported, "he may consult the ASEAN leaders he is going to visit in early May." As of press time, *EIR* had no information as to whether this was in fact discussed with the ASEAN leaders.

The *Yomiuri* columnist adds that Japanese supporters of the GIF scheme have no illusions about the political difficulties involved, and particularly singles out the Malthusian IMF and Club of Rome as obstacles: "Nakajima also proposes a certain degree of autonomy for the fund and its projects and wants the GIF to be something outside the World Bank or the International Monetary Fund. And those who have studied Nakajima's GIF believe its chances of success within the present international monetary system are extremely dim. Nor, it should also be said, can it work in conditions of forced austerity or deliberately depressed standards of living.

"Many in the West—particularly those of the Club of Rome—believe development of the Third World cannot go far. . . . Some even consider any encouragement to unlimited Third World development dangerous. Masaki Nakajima has to first overcome this hostility within the developed world. He needs a powerful champion. Nakasone alone cannot help him much unless he can enlist the support of President Reagan."

Washington sources report that the aspect of the GIF scheme most attractive to Reagan is the proposal for a second Panama Canal that would both boost world trade and provide economic buffers for the troubled Central American region. It is believed that, at the very least, this subject will come up when Reagan and Nakasone meet privately on the occasion of the summit.

Asian culture and prosperity

A major theme of Nakasone's Kuala Lumpur Declaration not given sufficient attention in the West was Nakasone's emphasis on Asian cultural heritage as the basis of Japan-ASEAN cooperation. Speaking of the rapid rates of growth achieved by many countries in East Asia, Nakasone asked, "What has been the magic behind this remarkable success? . . . I would say that one of the keys is to be found in the spiritual and cultural heritage common to this East Asian region. . . . This heritage is, for example, embodied in our lifestyle of valuing harmony over differences, cooperation over confrontation, and humility over assertion. This East Asian heritage is extremely important to our modern society with its tendency toward division and conflict, and its importance cannot be overemphasized."

This emphasis on "Asian culture" is growing in Japan, as reflected in Nakasone's many speeches on renewing Japan's cultural traditions as the foundation for continued national welfare (see *EIR*, Feb. 9). This sentiment is in part a nationalistic reaction to the trade frictions with the United States and Europe in recent years—an experience that evokes recollections of the 1930s Depression. But that is only part of the reason. Nakasone's tour was designed to help promote global cooperation in order to spur world economic recovery; however, there is a growing view in Tokyo that, if depression cannot be prevented and the "West" does decline, then the nations of Asia have the basis to cooperate among themselves and survive.

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