

# JAPAN AT THE CROSSROADS

A LECTURE BY

PROFESSOR DAISABURO HASHIZUME

GIVEN AT THE  
JAPAN CULTURAL CENTRE, SYDNEY  
LEVEL 11, 201 MILLER ST, NORTH SYDNEY

THURSDAY, 10 OCTOBER 1996

LECTURE NO. 1

This lecture is titled "Japan at the Crossroads", although there is a slight discrepancy in the translation because the Japanese originally used the word *magarikado*, and that means that you have this direction, and the *magarikado* is where the direction changes.

I believe Japan is in a very difficult situation, and I think this changing direction was suggested by a series of incidents which occurred in 1995. I would like to divide my lecture into three parts, with the first part dealing with the crisis in 1995. Here I would like to talk about the incidents which occurred last year. The second part of my lecture will deal with post-war Japan in order to identify the causes of these incidents. In the third part I would like to consider the relationship between Japan and the rest of the world as we approach the next century.

The first part deals with the 1995 crisis. Firstly, let me talk about the great Kobe earthquake which took place in January, 1995. As you may well know, a big earthquake occurred which killed 5,000 people. The earthquake caused a break down in the supply of electricity and gas, in addition to paralysing the transport system.

This Kobe earthquake surprised everybody in Japan, because it was believed that Kobe was an area in which it would be very unlikely for an earthquake to occur. This assumption, held by a majority of people however, was in fact false, as experts had said that Kobe was a place where an earthquake was likely to occur. However, it was on the assumption that an earthquake was unlikely, that the city of Kobe pursued its city planning. Consequently, building standards were not sufficient.

Additionally, action following the earthquake was delayed due to ineffective administrative organisations and mechanisms. Of course this earthquake in Kobe has reminded everybody of the possibility of an earthquake in Tokyo. I myself am a resident of Tokyo, a place which is famous for series of minor earthquakes.

Tokyo experienced a huge earthquake in 1922, referred to as the Great Kanto Earthquake, which killed almost 100,000 people. Statistical analyses show that earthquakes, or great earthquakes, occur in 60 year cycles. Therefore it would not be surprising if a great earthquake were to occur today.

Tokyo buildings are reputed to be earthquake proof, but is this true? You may remember the great earthquake which occurred in 1975 in Los Angeles. Japanese experts who visited and observed the collapse of the highways there, remarked that in Tokyo such disastrous things would never happen to the Japanese highways because they are built very strongly.

The Kobe earthquake however, revealed that a Japanese highway can collapse. An earthquake is expected to occur in Tokyo at some point, but the disaster following an earthquake there would be 10 times, or even 100 times, greater than that of the Kobe earthquake.

I believe the Kobe earthquake revealed the fragility of Japanese cities and the ineffectiveness of the Japanese administrative system. Put simply, it revealed the fragile base on which post-war Japanese economic prosperity has been built.

There was not a great deal of discussion about earthquakes after the Kobe earthquake, because in March the same year the sarin gas attack occurred. I am sure you are well informed about this incident, but let me briefly review what happened. Somebody released very poisonous sarin gas at a few Tokyo

locations, and as a result 12 people were killed and 5,000 citizens were hospitalised.

Initially nobody knew what happened or who had done it, but as the investigation progressed, it was revealed that this incident was caused by a religious sect. This religious group is called the Aum Supreme Truth Group and they started their activities in the 1980s. Although this group's activities were quite public, many people did not take their activities seriously.

There was a lawyer however, who was quite aware of the danger that this religious cult posed. The investigation also revealed that this particular lawyer, together with his family, were kidnapped and murdered by members of the cult in 1989. This affair had a tremendous impact on Japanese society and stimulated heated debate amongst people throughout the country.

I personally believe that one of the most important points about this whole affair was the fact that this religious group had recruited as its members, graduates of Japan's top class universities and graduate schools, most of whom were scientists. These people received a very good education, a product of the post-war education system, and were supposedly not destined to be involved in criminal affairs.

This affair was brought to the attention of many young people in their 20s and 30s, by the fact that they could have so easily joined this cult, a fact which caused them a great deal of anxiety. There are a lot of young girls who believe in what the stars say, or what the fortune tellers say, and it is not only girls, but many boys and men who are also interested in the mysterious aspects of religion. The Japanese education system is supposed to be very efficient, but it seems there are some very great problems with it.

As a third item I would like to discuss the current chaotic political situation in Japan. A general election was held three years ago, which resulted in a dramatic change in the Japanese political landscape. Since 1955 and up until that last general election, Japan had had a very stable two-party political system. However, this two-party system was a rather strange two-party system.

Within this two-party system we had the Liberal Democratic Party (LDP) on the one hand, and the Social Democratic Party (SDP) on the other, and since 1955 the Liberal Democratic Party has always been in power and the Social Democratic Party was there only as an opposing force to the LDP.

This change in the political landscape I believe, is the product of the collapse of the Cold War world system. The Liberal Democratic Party was formed in 1955 and the main aim of this new party was to prevent the Social Democratic Party from taking power. Ever since the Liberal Democratic Party has been in power, it has maintained a very good relationship with the United States. The collapse of the Cold War left no possibility for the Social Democratic Party to take political power.

In this new situation however, the Liberal Democratic Party also started to split, leading to the formation of a coalition of the numerous non-LDP parties, except the Communist Party. This coalition was led by a man called Ichiro Ozawa, but Mr Ozawa acted too harshly towards the Social Democratic Party, and in the end the Social Democratic Party decided to shake hands with the Liberal Democratic Party.

This alliance between the Social Democratic Party and the Liberal Democratic Party really surprised the nation. It appeared as if the devil and an angel had shaken hands. This political alliance is still in effect, however we are awaiting the results of the next general election to be held on 20 October this year. This

general election will be the first held under Japan's new single-seat constituency system.

Of course, there are people, some current politicians, who are not quite sure if they will be successful under the new system, and as a result they have formed a new party. According to past statistics, the candidates belonging to the newest party have the greatest possibility in being elected. At the moment nobody knows what sort of outcome this upcoming general election will bring, but it is quite obvious that there will need to be a political alliance in order to form a new government.

The latest *Newsweek* issue features a cover photo with a caption reading "Finally democracy has started in Japan", but I am personally not quite sure about this. I am not sure about this "beginning of democracy" in Japan, because we have seen a series of coalition governments and prime ministers in a short space of time, yet there was no consultation whatsoever with the people of the country.

I am sure that you are quite familiar with the situation in Japan but since the prime ministers of Japan change so frequently, maybe only a few of you know who they actually were.

I am sure this situation will improve but I doubt that it will be in the near future that Japanese voters elect the candidates they strongly believe should take leadership in Japanese politics.

Let me summarise what I have talked about so far. It became quite obvious in 1995 that the conditions that created the stability, peace and prosperity of Japan, began to collapse. For instance, Japanese bureaucracy which is reputed to be so skilful does not seem to have lived up to its reputation, and the Japan-United States relationship, which had great significance in the past,

seems to have lost some of its allure. The still immature status of Japanese education and democracy has also been revealed. In spite of these various problems, post-war Japan has achieved great economic prosperity. One wonders how it was possible.

I would now like to review the 50 years which have passed since the war. I was born in 1948, in other words, I was born after the war, and I was brought up and received my education in what is often described as the "democracy-based education" system. So the textbooks that we read often said things like, "The old Japan ended in 1945 and a new country began".

My older brothers' and sisters' memory of their textbooks however, is slightly different from mine. According to a story told by my older brothers and sisters, one day at school a teacher came into the classroom and asked the students to open their textbooks as they would be practising ink painting. The textbook he was referring to was produced before 1945 and the "ink painting practice" meant that the students had to black out all the undesirable references in the text. After blacking out all these sections with the ink the textbook became illegible.

As far as I am concerned, when I was young I firmly believed a new Japan started in the year 1945, but later I began to wonder about this. I realised that over the period before and after the war you could see traces of both discontinuity and continuity.

One example of this is the imperial system or emperor system. The emperor continues to reign as emperor even after the war. Another example is the Japanese bureaucracy, as the pre-war bureaucracy remained almost intact after the war. These two institutions are examples of the continuation of elements of Japanese society, elements which continued because the occupying forces of the United States found them useful.

Recently in Japan the term the "1940s system" has come into common use, which I will explain. The Japanese Ministry of Health was established in 1940, which was a carbon copy of the ministry operating under the German Nazis. The Japanese income tax system was also introduced in 1940, to ensure financial stability during the war. It was also in 1940 when the bureaucracy took control over the Japanese economy in order to promote the war. This "1940 system" continues today.

The German author Karel Von Wolfren wrote the book titled *The Enigma of Japanese Power*, and in this book he refers to this "1940s system" as "Le System". His analysis of the Japanese system was written in this book and many Japanese agreed with his analysis, and that was the reason why this book became a best seller.

Japan however, is now approaching the time when it should make a shift from this bureaucracy-led system. I think the time for this shift is near as every single candidate in the upcoming general election campaigned on a platform of administrative reform.

Now I would like to move onto the relationship between Japan and the Cold War. The Cold War created a situation where every country was prepared for a possible war. The Cold War of course, was a nuclear stand-off between the then Soviet Union and the United States. The nuclear state of preparedness during the Cold War helped to prevent any major warfare for 50 years. This was a very lucky situation for Japan, as she was able to remain protected under this Cold War system.

For the first seven years of the last 50 years Japan was occupied by the United States, and in the following years up until the present Japan has maintained a

strong military relationship or alliance with the United States. I am sure you are aware that Japan still houses many American military bases.

There were no countries crazy enough to attack a country possessing American bases, as that would invite a nuclear attack by the United States. Of course, it was very lucky for Japan and that of course affected the course of history. Many Japanese however, believed that such luck came naturally to Japan.

As you know, Japan has a peace constitution. This peace constitution renounces war and abandons the maintenance of a military. However, there is such a thing called the Self Defence Forces (SDF), which look like a military but are not called a military, meaning that they are not a military.

The Self Defence Forces have always caused budgetary problems because many people think that too much funding is allocated to the forces, with many people claiming that the budget is too large simply because one per cent of the country's gross national product (GNP) is spent on the Self Defence Forces.

Under the Cold War framework, you have to remember that while Japan spent only one per cent of its GNP on the Self Defence Forces, the United States spent seven per cent and the Soviet Union spent 20 per cent of their respective GNPs on their military. Of course, this may suggest that when those countries, namely the United States, Japan and other countries, began the economic race, it was as if Japan had nothing to carry but the United States had to compete with Japan like a heavy sack on its back. It was a rather unfair competition.

The United States tolerated such an unfair economic race with Japan without much complaint because of the threat imposed by the Cold War. But there is also another aspect which we have to consider in relation to this subject, that is the relationship between the Japan-US Security Treaty and Japan's peace

constitution. No matter how you look at it, this relationship seems to be contradictory.

In the old days the Social Democratic Party pointed out this contradiction between the Japan-US Security Treaty and the peace constitution, and they placed a priority on the constitution. They claimed that Japan should abandon the Japan-US Security Treaty. Many Japanese however, thought that the Social Democratic Party was reasonable but not practical. That is the reason why the Social Democratic Party never won a majority in the Diet.

Japan however, also never tried to amend the peace constitution to eradicate this contradiction between the constitution and the Japan-US Security Treaty. I have to point out here that during the Gulf War Japan could not do anything whatsoever due to the peace constitution, and this had a great impact on Japanese society.

Unlike Germany, where the peace constitution was revised, Japan has maintained the same constitution without amendment for the past 50 years, and one of the reasons for this lack of change is the assumption made by the Japanese people that their country was not trusted enough by its Asian neighbours.

Very often you hear Japanese people talking about the post-war this and the post-war that. I think this is because Japan has not truly reflected on what the country did during the war and made no attempt to make any corrections. Of course it is very difficult for those of the post-war generations like myself, to consider the East Asian War.

You remember Mr Hosokawa who was briefly prime minister of Japan, and also Ichiro Ozawa, who is now leading the opposition party. All of these leading characters in the Japanese political scene have received a post-war education.



The problem of the post-war generation and how they should address the war has recently resurfaced. It was about three years ago that a young female parliamentarian in her 30s made the following remark in parliament, she said: "I was born after the war, I did not exist during the war so I have no responsibility whatsoever for the war."

Of course there were a lot of young Japanese who agreed with her, but if this is true, at the moment 80 per cent of the Japanese population are not responsible for the war, and in a few years time, no Japanese people will be responsible for the war. There is something wrong with this, isn't there?

We need to examine the reactions of those countries with whom Japan concluded peace treaties. For instance, Chiang Kai-shek was then leader of the Kuomintang in China and he did not accept compensation, nor did he want Japan to pay compensation for the damage Japan had caused in China. Even when Japan and China renormalised their relationship, both Mao Tsu-tung and Chou En-lai said that Japan did not have to pay war compensation.

In 1965 Japan renormalised its relationship with South Korea by concluding a peace treaty. At that time Japan paid only \$300 million in war compensation. However, when I visited China and paid a visit to the war memorial there, I learnt that more than 30 million Chinese were killed during the war and the damage calculated in dollar terms was - I am not quite sure whether it was \$5,000 billion or \$5,000 trillion dollars, but it was an astronomical amount.

Assuming that Japanese economic prosperity was achieved based on Japan not paying compensation to those victim countries, I am quite sure that the Japanese people of today, no matter how young they are, must have some sort of responsibility, or if not responsibility, then something to do with the war in that respect.

Of course, the war is dealt with in the Japanese education system, but not effectively. The main philosophy of war education in Japan emphasises the cruelty of war, how miserable things became after the war, and the dropping of the atomic bombs and the devastation caused by these bombs. These issues are the focus of war education in Japan.

So in other words, the education system treats Japan as a victim of the war, not as the perpetrator who caused so much misery for others. However, it is true that Japan was the country that started the war, it is the country which made aggressive acts on others, and it was Japan who caused so much suffering.

No matter how many people try to refute this, we will never forget that this was the truth. Japan should officially recognise these incidents as historical facts and the post-war Japanese government has to pay due compensation. Unless Japan does this, no matter how democratic its political system presents itself, its government will never be legitimate.

In post-war Japan emphasis was placed on the discontinuity between pre-war and post-war Japan, with very little emphasis given to the continuities. If the current international environment forces Japan to change its course, the course will perhaps be from post-war society to pre-war society. In order to make a clear break from pre-war Japan, Japan should recognise the continuities between pre-war and post-war Japan.

I would now like to come to the last part, where I would like to talk about the world in which Asian countries have become a major driving force of international trends, and the future for both Japan and its partners.

In the 1960s Japan achieved stunning rates of economic growth. In the 1980s four Asian economies, namely South Korea, Hong Kong, Taiwan and Singapore achieved impressive rates of economic growth. While those four

dragons were recording these phenomenal rates of growth, China's open door economic policy initiated in 1978, started to produce levels of economic growth around the 10 per cent mark in the 1980s and also in the early part of the 1990s.

If this rate of growth continues, it seems that China will be the next centre of Asia. According to various American think tank estimates, China will catch up to the United States in terms of GNP by the year 2020, and they believe that ultimately China's GNP will be twice that of the United States. When this occurs, China would have the highest GNP in the world, with the United States second, followed by India and then Japan.

What all this means is that the world's economic centre will shift to the Asian region. Of course, this is not a very pleasant prediction for European countries, but as far as the Chinese are concerned, perhaps this prediction is quite a natural thing. If we look back over the last 2,000 years China was the greatest power for 1,500 years. Only in the last 500 years did things not go as well as they should have.

In this situation what sort of direction should Japan take? The first thing one has to realise is that there are distinctive differences between Asia and Europe. European countries are quite similar to each other in many respects, and of course they do fight with each other, but if you leave them alone they eventually unite to become one.

A good example of this is the Roman Empire, the new Roman Empire, and in recent times the European Union. I think these countries do share a fundamental Christian philosophy. In other words, this Union has a common culture as its base, namely the Christian culture, but Asian countries do not have a corresponding common culture.

There is a trace of a Chinese-based culture which is common to many Asian countries, but there are countries which do not share in any Chinese-based cultural traditions, namely Mongolia, South Korea, Japan, Tibet and those surrounding countries.

In the past Chinese Confucianism attempted to spread throughout the region. Japan however, has never properly adopted the concept of Confucianism and Confucianism was not a contributing factor to the modernisation of Asian countries. Rather, I would dare to say that it was an impediment to the modernisation of the region.

Buddhism has also been historically popular throughout the region. It must be remembered however, that Buddhism has disappeared in China and the influence of Buddhism in Japan is minute. What I am saying is that even if one tries to see a common culture, such as the Christian culture in Europe, it is almost impossible to identify one in the Asian region.

Worse than that, there are many unstable elements existing in the region. For instance, North Korea. Even in the short term nobody knows how long this country can exist as a nation. The relationship between Taiwan and mainland China is a very delicate one, and nobody knows how long the Communist Party of China will stay in power. Even if those destabilising elements are treated successfully, a cooperative relationship between Asian countries would take a lot of effort.

Apart from India, the countries which are most likely to take leadership in East Asia would be China and Japan. It is a well known fact that China loves to take leadership, whereas as far as Japan is concerned, it is a bit worrying because they think that Chinese try to stick to their own ways, and Chinese ways are very different from the European and American ways which Japan is very used to.

Unlike China, Japan is not very good at taking leadership. About 70 years ago Japan attempted to take such leadership but failed miserably. Japan is not fully prepared to face this new era in Asia. This lack of preparedness has a lot to do with Japan's modernisation process. During the modernisation process there was a character who was very influential and his name was Yukichi Fukuzawa. His face is on the ¥10,000 bill.

He coined the slogan *datsua* which literally means "leaving Asia and joining Europe". What he was saying in this slogan was that Japan should not look at China as an example, but shift that view to the United States and Europe.

Japan is a country with little confidence in itself. Japan however, is very good at identifying other countries as an example and then imitating them and becoming much better. In the modernisation process, Japan used Western countries as a model, paid great respect to those countries, and made great progress.

At the same time, this process fostered discrimination against other Asian countries. This is clearly seen in the attitudes Japan took towards South Korea, China and Taiwan. The post-war generation would never consciously look down on those Asian nations, however I think it is quite safe to say that they discriminate against other Asian countries, perhaps unconsciously.

For instance, take fashion magazines. What you see are places like Paris, Milan, New York, never Beijing, Hong Kong, Singapore. Of course there are many Japanese who try to understand other Asian cultures and pay due respect to those countries, but it seems extremely difficult.

The difficulty comes from the fact that the Japanese themselves do not regard themselves as part of Asia. They are not aware of their Asianess, if you like.

They do not have confidence in their being Asian. Without such confidence in themselves as being Asian, how can you expect them to pay due respect to their Asian neighbours?

I think one of the failures of the post-war education system is the fact that it failed to instil in Japanese people the pride they should feel in being Asian. I do think however, that a healthy nationalism needs to develop in Japan. This nationalism though, is looked upon with caution by the left wing because nationalist movements have elements in common with right-wing movements.

Initially, nationalist and right-wing movements were two separate things, but it seems that there is a very vague distinction between the two in Japan. At the moment, Japan is too preoccupied with negative legacies from the pre- and post-war periods to take leadership in the fast-approaching age of Asia.

Of course, I am quite aware that what I should be doing here is to make a more constructive proposition for future cooperation between Australian and Japanese people. My time however, is now up, so I have to finish my speech here. Thank you very much for your time, and of course I would like to take some questions if there are any.

#### Question

In the short term, what do you expect of the next election for the so-called "new democracy", and in the longer term how do you see Japan reconciling this democracy with the future challenge of China and the old alliance with America?

#### Prof Hashizume

Firstly, in the general election, or in any election, there should be policy differences so that the electorate is presented with multiple options. In Japan however, there are a lot of new parties being formed, but those who are forming



new parties themselves, do not know exactly what political differences they have from others. Normally policies are prepared by bureaucrats and presented by their advertising agency, but all the parties ask the same bureaucrats and the same advertising agencies, so they get the same thing in the end.

Of course, in such a situation successful elections cannot be expected, but as the Japanese electorate becomes accustomed to their new electoral system, I am sure they will be demanding more policy differences in the future. Perhaps we cannot expect a good result for the democratic movement in the upcoming election, but we have to wait and see the long term effects of this change.

As for the relationship between Japan and China, I think it would be a wise move for Japan to have the United States between Japan and China. For example, Japan sees a lot of advantage in having an American presence in the region, and I am sure that countries like South Korea and China would have the same outlook.

The problem is how long the United States can afford to maintain a presence in the region, and also how long the United States will be willing to stay in the region. So far as Japan is concerned, it should help the United States to stay on and keep playing the role in the region it always has.

Consider the situation where China has amassed too much power. To counter-balance such an extreme growth in Chinese power, the world would expect Japan to balance the power of China. Japan however, should take on not necessarily a military role, but perhaps the role of advising China that it is getting a bit out of hand, so to speak.

If Japan can play such a role in relation to China, Japan will become a country which the world will view with respect. Of course, that requires excellent

diplomatic skills and I sincerely hope that the Ministry of Foreign Affairs and its diplomats will be prepared for such a situation.

### Question

How is Japan going to deal with the Senkaku Islands, which are owned by a family in Tokyo which specialises in wedding ceremonies and claim that the islands belong to Japan, regardless of the government in China or Taiwan? The second question relates to how Japan is going to advocate a new nationalism with respect to the revival of new ethnic groups like the Ainu or the Okinawans, who may not want to come under the same flag?

### Prof Hashizume

According to the official stance of the Japanese government, the Senkaku Islands belong to, or are part of, Japan. China however, claims that the Senkaku Islands are part of China. So while both countries are saying that the islands belong to each country respectively without any problems, there is a problem.

Deng Xiao Ping actually suggested that the Senkaku Islands issue should be left to the next generation, or perhaps the generation after next. In other words, it should be put aside. I think this leader's comment was a wise one, welcomed by Japan as well. The islands themselves are just small pieces of rock without much value, so I think it is a wise move to leave it as an issue for the future.

As for minority groups such as Ainu and Okinawans in Japan, let me just say my personal opinion. As far as the Okinawans are concerned, I believe that Okinawa is a part of Japan and it should not be given self-governing authority so that it functions as an independent state within the country.

Like the special economic zone in China, if Okinawa is nominated as a special economic zone of Japan, perhaps there will be a greater rate of progress or

development on that island, but the problem is that this is not necessarily the wish of the Okinawans. Let me give you one example. While Okinawa was under the control of the United States, there was a movement to raise the Japanese national flag and the aim of this movement was not to become an independent nation but to revert to Japan.

I mentioned earlier that Japanese people feel embarrassment, if you like, about being Asian, but I think the Okinawans also feel a similar sort of embarrassment or shame about being Okinawans.

The Ainu situation is very different from that of the Okinawans because of the number of people of that ethnic background and also the geographical conditions they are placed in. You can't talk about those two ethnic groups on the same terms, but I personally hope that the same thing is done with the Ainu people.

I also would like to add something about the 700,000 Koreans living in Japan. I think there should be special legislation which grants citizenship to these people, not necessarily to change their nationality, but legislation which allows Koreans to obtain Japanese citizenship while maintaining their Korean national identity.

#### Question

Over the last 50 years, Japan has always placed emphasis on economic issues over social and environmental issues. Considering Japan's ageing society, what is the Japanese stance on these issues?

#### Prof Hashizume

Firstly let me say that every Japanese person believes that too much emphasis has been placed on the economy over the last 50 years. However, it seems extremely difficult for them to make a sudden directional change. I think the

whole problem basically stems from the education system, which emphasises efficiency or the advantages students can gain when they find employment, so even young people who receive education within such an environment tend to emphasise the economy as much as previous generations. In other words, it may take a little more time for the shift in emphasis to occur.

#### Question

When you said that you felt Japan had been aggressive in the war, you distinguished between the "East Asian War" and the "Pacific War". A lot of Japanese people will say, "Yes, we were aggressive in East Asia but not in the Pacific", what is your view?

#### Prof Hashizume

Yes, I think there are differences between the war against China and the war against the Pacific nations. As far as the Japanese military at the time was concerned, the war against China was not really an act of war but it was a military deed, if you like, or military advancement. In other words, it was indeed an illegal military invasion of China.

The Pacific War however, was an official war in the eyes of the authorities in Japan, then in accordance with international law. Whether the warring actions of the Japanese military personnel were in accordance with international law or not is doubtful. I believe many actions undertaken by the Japanese military were a breach of international law.

In the 1940s war was going on. War itself was not against international law, it was started according to international law. The Japanese military however, was totally ignorant of international law and as a result it committed various illegal acts. That is how I see it.

Question

I have a lot of questions to ask, but just let me concentrate on one. After the experience of the war with Japan there are many Japanese and many Australians who still maintain a lack of trust, or deep mistrust, yet after the war Japan experienced miraculous economic growth and produced various excellent products which also made inroads into the Australian market.

Those Japanese products made a contribution, or played an important role in building infrastructure in Australia in the 1970s and 1980s, and I have to remind you that the Australian dollar was pretty strong around that time too. After the war, in other words, Japan was viewed in a way, as the model for economic development.

Now Australia is trying to find a way to survive within the Asian context, so taking that into consideration I wonder what is your view on what Australia can do within this Australia-Japan-Asia triangular relationship?

Prof Hashizume

I think there are very few problems between Japan and Australia because the two countries have a complementary relationship. Australia has its wonderful natural environment as its asset and also its various natural resources. Japan, though small geographically speaking, has a large population, that is a large labour force, and also a large amount of capital and accumulated technological skills.

I think an exchange between two such countries would bring both parties a lot of benefits. However, not all countries can form such a relationship. Take many of the Asian countries as an example, those countries lack resources and a beautiful natural environment, but possess a large population lacking capital and skills.

If these Asian countries begin to make the leap in their economic development, of course the prices they pay for resources will go up without any doubt, and at that time I am sure Australia will begin to sell its resources to those Asian countries instead of Japan.

Whereas Japan will continue to make its capital investments and also provide the necessary technological skills, when those Asian countries have achieved development in the true sense they will no longer need such capital and skills from Japan.

Perhaps Australian resources alone will not be sufficient for maintaining the developed economies within the Asian region. So the true problem lies here, in other words, Japan and Australia have to maintain their bilateral relationship, but it is not enough, it has to have a trilateral relationship, that is Japan, Australia and other Asian nations.