Japan and the coming Asian century

T.R. Reid


After 500 years of Western control of the world, the 21st century will see a shift in the balance of power from the Atlantic to the Pacific, as the growth of East Asia continues. To prove this point, T.R. Reid cited statistics from the World Bank showing that in the year 2020, the seven richest countries in the world, based on gross national product, will be:

1. China
2. United States
3. Japan
4. Unified Korea
5. Indonesia
6. India
7. Germany

"That's one European country, one American country, and five Asian countries," said Reid, adding that this is a fundamental shift in the balance of power and wealth in the world.

"It will not be a smooth upward course; there will be crises along the way, but it is happening. The Asian century is not stoppable."

When Reid talks about the Asian century, he is referring to East Asia, the area from Mount Fuji to Mount Everest, not south Asia -- India, Pakistan and Bangladesh.

East Asia is a powerful and successful part of the world, said Reid, with 40 percent of the world's population.

The three biggest concentrations of foreign capital are in Japan, Taiwan and China. Japan is one of the G-7 countries (U.S., Japan, Germany, France, Great Britain, Italy, Canada), the countries with the world's seven biggest GNPs. Member countries of the G-7 will change as fortunes change. Now that China has Hong Kong back, China is already fourth in rankings of the richest countries in the world.

Japan has served as a model for the growth of East Asia. And although Japan appears to be having trouble emerging from a very serious six-year recession, its social structure and hard working people will ultimately pull them through, said Reid.

Exposure to the West

Countries that have become the most successful are those which have had the most exposure to the West. "You have the model, Japan; the four little dragons, Taiwan, Hong Kong, Singapore, and South Korea; and the newly industrialized countries (NICs), Malaysia, Indonesia and China. All of these together are called the high performing Asian economies, or HPAEs."

The question is how Japan will deal with the Asian century. One of the main reasons for the success of the rest of East Asia is Japan, its capital and its model. In looking east to Tokyo, rather than west to New
Japan and the coming Asian century

T.R. Reid

York and London, East Asians made a decision to put aside their bad memories of Japan's actions in World War II.

The Japanese are proud to serve as an economic model and thrilled because Japan knows that having rich neighbors is good for Japan.

"So Asia is going to be a great market." The Japanese are always a little worried about West European and American markets, said Reid. They feel that these markets are vulnerable to the political pressure that local manufacturing industries can bring to bear on the government.

"They're trying to figure out where their future lies."

Information gap

"Is it really true that Hillary has more power than Bill?"

"Which of the next generation of Kennedys do you think will run for president?"

"Is it true that a lot of Americans think Elvis is still alive?"

These questions are typical of those asked of T.R. Reid in his speaking tour of Japan in March and April of 1997.

The first question, said Reid, represents an interesting concept to the Japanese. "Because in Japan, even if the Prime Minister's wife had some power, he could never admit that. He could never put her in charge of some government study or program. It just isn't done."

To Americans, all the questions are interesting because "they suggest that the Japanese know something about what's going on in parts of our country."

Conversely, Americans are not equally knowledgeable about Japan and East Asia. Reid made the point that Americans need to close the information gap. "It's the future. Japan is our biggest Asian market and ally, as well as the second richest country in the world."

Economic miracle

It's not that Americans are entirely without knowledge. We know that after World War II, Japan was a totally shattered country with no resources. Starvation was rampant, transportation was nonexistent, buildings and factories were in rubble.

Said Reid: "Within one lifetime, this country became a global economic super power. It has six of the eight biggest banks in the world and two of the four biggest brokerage houses. It has seven of the biggest insurance companies in the world in terms of assets. This is a huge, successful country, and we call this 'Japan's postwar miracle.'"

Where once "made in Japan" meant cheap and inferior, today this label speaks of quality and value. "You have to go down to a dealer and sign up 30 days in advance just to buy a Toyota Camry."
Japan and the coming Asian century

T.R. Reid

What's interesting about Japan's transformation is that there is no one leader who can be given the credit. "We can't name the Henry Ford or the George Washington or the Thomas Edison who did this, and the reason is, there wasn't such a person," said Reid.

"Japan is a big collective society; the old Japanese name for Japan means 'big social harmony.' Japan is about everybody working together. That is how things happen in Japan."

Pride and resentments

The Asian century will dawn on Dec. 20, 1999. On this date, Macau, which is located across the Pearl River Delta from Hong Kong, and is the last little piece of East Asia that still belongs to a Western imperialistic power (Portugal), will revert to Chinese control. For the first time in more than 400 years, all of East Asia will belong to East Asia.

"This day marks the beginning of the Asian century. Asia's time has come."

Asians remember being colonies and being run by the English, and this galls them. Asians remember immigration laws that the United States passed around the turn of the century which limited the number of Chinese and Japanese immigrants to one tenth that of Europeans.

Today, East Asians are in a position to determine their own destiny. "They've got people, they've got money. They've got this kind of civil, stable social structure, and they have this drive." Their ambition and energy "just burst out," said Reid, adding that a lot of it is driven by a huge chip on their shoulders about colonialism.

"They are going to prove to us that they're just as good as we are."

For the next 60 or 70 years, the tallest buildings are all going to be in East Asia. This is their way of telling the world that they've made it. As a result of their success, the Asians are incredibly proud -- to the point of being arrogant.

Low crime, high literacy

As important as the economic miracle is the East Asian social miracle, which has brought about successful societies.

- They all have very low crime rates.
- East Asians don't rob, kill or rape each other. There's no East Asian country with a murder rate one fifth as high as the murder rate in the United States.
- There are corrupt governments, but not crime on the streets. There has not been one car jacking in the history of Japan.
- Divorce rates are much lower in every East Asian country than in the Western countries.
- Babies born to single mothers in East Asian countries is less than 1 percent; in the United States, between 30 and 35 percent; in most Western European countries, 20 percent.

East Asian schools do a better job teaching math, science and geography than anywhere else. In a fourth grade standardized math test, the four top countries were Singapore, Japan, Hong Kong and Korea. The United States finished eighth.
Japan and the coming Asian century

T.R. Reid

Many East Asian countries have a very high literacy rate, despite an incredibly complicated character-centered alphabet where you have to learn at least 2,600 different letters.

Less poverty

Just 15 years ago, East Asia had the highest concentrations of poverty in the world. Today, East Asia has less poverty than many parts of the world, and the biggest middle class in the world.

A study on The East Asian Miracle conducted by the World Bank sums up its success: Never before in history has a group of countries equaled the rate of economic growth with the equality of distribution of wealth.

These countries do not have litigious societies. They don't go to court against each other. They have small numbers of lawyers. While this makes it difficult to find recourse against large companies, it does feed social harmony. Situations are worked out between the parties.

"Egalitarianism is a goal in Confucian societies, and they've pretty much done it," said Reid.

Confucianism

The cultural model driving the Asian century is Confucianism. The reason we are on earth is to be good people, to be kind to others, honest, and decent. In the year 500 BC, Confucius advocated that education was for everybody. To this day, in order to get a position, one must pass a test based on merit, not on family or income.

The notion of working for the collective good is very strong; if you succeed but your team finishes last, then you lose. However, the Confucian ethic beyond this is difficult to figure out. There is a lot that is open to interpretation.

A dispute that is burning in Asia now is whether Confucius argues for authoritarian government or for democracy. "You can go both ways on this," said Reid. "China, following Confucianism, has an authoritarian government; Japan, Korea and Taiwan, also following Confucianism, have become democracies."

Asian or Western?

Whether Japan is an Asian country or a Western country is an important question, and the answer is vital to the interests of the U.S.

In many ways Japan has become a Western country with its democracy, freedoms of speech and the press. It's a member of the G-7 and the only Asian member of OECD. Yet at the core, it's Confucian. Christian missionaries have never succeeded in converting the Japanese who are very happy with their Asian religions and Asian values. The Japanese use Chinese characters and eat white rice with chopsticks. By many measures Japan remains Asian.

According to Harata Hasashi, ambassador to the United Nations, Japan is politically right in the middle.

"I hope Japan remains in the middle because it's very useful for the United States to have an ally in Asia. If Japan decides that its future lies on the Asian continent, where do we go?"
Japan and the coming Asian century

T.R. Reid

Japan and China

Japan has a very interesting relationship with China for several reasons:

- China has been Japan's great teacher and, therefore, has Japan's respect.
- Japan has incredible guilt because it invaded China twice, most recently in the 1930s when Japanese massacred tens of millions of Chinese.
- China represents a huge market for Japan, which has no resources of its own except its hard working people. Japan has to import raw materials and export finished goods.
- Japan may in the future need China's work force due to its own low birth rate and aging population.

It was suggested that Japan is afraid of China, afraid that China will want to settle an old score, although that does not seem likely.

Japan needs the United States and the military power it provides, but Japan also wonders if it can depend on the United States continuing as its ally.

"I'm confident about Japan's future. It has a commitment to maintaining its stable social structure. And it has the ingenuity, the drive, and the investment capital to make it work."