

# JAPAN AS NUMBER THREE

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## Introduction

In 1968, Japan's GDP surpassed that of West Germany and Japan became the second economic power in the world, topped only by the United States. It was quite an achievement for a country which was almost completely destroyed and burned to the ground by a terrible war, with practically no natural resources, and only 49% of the US population. For more than 40 years, Japanese have lived with the great euphoria of *Japan As Number 1: Lessons for America* (Vogel, 1979) translated in Japanese and widely read in Japan, the second economic power in the world. It had become part of the national identity. Until recently, Japanese Prime Ministers, in their first policy speech, always talked about Japan as an economic power. Koizumi was the last one. Japan was no more number two, it was China. What a drastic historical reversal! In 1991, a book authored by Toshiaki Kozakai was published in Paris. The title of this book is *Les Japonais sont-ils des Occidentaux? (Are Japanese Occidentals?)*. Kozakai concludes from his research that although the Japanese do not want to admit it to themselves and to others, they consider themselves "comme membres du monde des blancs" (as members of the white race") (Kozakai, 1991: 90). As a result of this, writes Kozakai, Japanese admire the White people and want to imitate them, and at the same time they dissociate themselves from Asians towards whom they feel superior and often entertain racism. Readers who have some knowledge of Japanese history are not surprised by Kozakai's conclusions. It goes back to 1885 when Fukuzawa Yukichi unveiled his thesis of "datsu-A nyū-Ō" (quit Asia and join Europe). Concerning this, Nishimura (2008: 52), in a recent paper in *Chūō Kōron*, makes the following statement: "I am profoundly impressed by the decisiveness that the Japanese of the Meiji era (1868-1912) demonstrated when they resolutely parted ways from the Chinese civilization, which for 2,000 years had served as the "global standard" for Japan. No doubt the "datsu-A nyū-Ō" was the correct path for Japan to take at the time. What is more unfortunate, however, was the inability of the Meiji-era Japanese to foresee that their actions would inflict a deep sense of humiliation on the people of surrounding countries and that would become a severe hindrance for Japan in the future."

Japan's status as the world's second-largest economy has been part of the national

identity for more than 40 years. What is the reaction of Japanese when China replaced Japan as the world's second-largest economy? In a recent survey (2010), jointly conducted by The China Daily and Japanese think tank Genron NPO, it is quite clear that Japanese have a more unfavorable image of China than Chinese of Japan. 72% of Japanese expressed negative feelings about China; 55% of Chinese expressed negative feelings about Japan. It is interesting that the Chinese are more optimistic about the future relationships between the two countries than the Japanese. About 75% of the Chinese public is satisfied with the current relationship while only 40% of the Japanese feel the same way. In a recent article, Kojima (2009: 38) writes the following: "Japan undoubtedly needs to rebuild its national vision and identity. ... Until the beginning of the 19<sup>th</sup> century, China — and indeed, India — had for many centuries been among the world's great economic powers. ... Japan should take into account its own and China's history and the reality of the major geopolitical and geoeconomic changes that have taken place since the 1990s as it finds its place in the world" .

Before entering in the main points of this paper, to have a more objective view of the economic and social situations of China and Japan, it is essential to consider the GDP per capita. In 2009, China reported a per capita GDP of \$3,687 (ranked 103<sup>rd</sup> worldwide) as compared to \$37,800 for Japan. China is well aware of this problem. The China Daily, (August 5, 2010) writes that analysts forecast that it would be not until 2050 that China's per capita GDP reaches the 2009 level of the per capita GDP of developed countries.

History is always exciting! Kwan Chi Hung, a Chinese student from Hong Kong came to Japan in 1979 and began studying at the University of Tokyo's Graduate School of Economics where he obtained his Ph.D. He settled in Japan and became an active economist. He had read Vogel's book *Japan as Number One: Lessons for America* because he was keen to learn from the experience of Japan, the only Asian country that had achieved remarkable economic development and joined the league of developed nations and convey the lessons to China. In 2009, he published a book on the cover of which the title is written both in the Japanese syllabary and English: *China as Number 1*. In his preface, he writes: "Never in my wildest dreams did I think that 30 years later I would write *China as Number 1*, a book conveying China's experiences to Japan."

## Japan's diplomatic, political and economic relations with China and the United States.

### *Japan's political and diplomatic relations with China and the US.*

The survey mentioned in the Introduction gives us some clear indication of one aspect of these relations. When Chinese and Japanese were asked "What countries are regarded as a military threat to your country?", Chinese ranked US first and second Japan; Japanese ranked North Korea first and China second on almost an equal percentage. For both countries, the presence of US troops in Okinawa is a quandary which interferes with the diplomatic relations of the three most powerful nations in the world. For Japanese, it is certainly a central problem. Hatoyama had to resign because of his lack of action concerning US troops in Okinawa. The two candidates to replace him, Kan and Ozawa, had on their political platform Okinawa and the consumption tax.

In Japan, scholars have conflicting opinions about the presence of US troops on Japanese territory. Shiraishi, in *Chūō Kōron* of Feb. (2010: 24), strongly defends the presence of US troops in Okinawa. He writes that "any international order is built on a balance of power in East Asia. This is where the significance of the Japan-US alliance comes in. The bilateral alliance is the linchpin of the regional security system that serves as the basis for the region's stability. All the countries of the region take the Japan-US alliance as a given in formulating their own security policies. ... The worst scenario would be a shift by the United States to an offshore balance involving pulling its military forces from the region back to Guam and Hawaii. This would force Japan to devote a much larger share of its resources to its own defense. And if Japan strengthens its defense capabilities, China will strengthen its military even further, and South Korea and Vietnam are likely to do the same." Terashima, in two very eloquent papers, one in *Bungei Shunjū*, October, (2009: 20) and another in *Sekai*, February, (2010: 16) argues for the opposite position. The titles of these two papers could be translated as "Time for a Mature Foreign Policy" and "Common Sense About the Japan-US Alliance". Terashima writes: "The Japanese people should recover their common sense and recognize that it is unnatural for foreign military forces to be stationed in an independent country for decades. We cannot call Japan an independent country if we lack the resolution to confront this issue." "While it is not unusual for a victorious nation to temporarily station military forces in the nation it defeated, the situation in Japan which has accommodated US forces for more than 60 years is surely a historical anomaly, ... and all the more abnormal for the host country to shoulder 70% of the costs of stationing these forces.

Such a situation is unheard of elsewhere.” It has become a common perception among members of the US military establishment that Japan is the cheapest place to station US forces. Terashima strongly contradicts Shiraishi that the Japan-US security treaty is the linchpin of the security of the region. Terashima writes: “The threats that Japan and the United States need to confront together have been changing significantly in nature. ... Excessive expectations in the bilateral alliance and excessive reliance by Japan on the United States will not work.” The Japan-US military alliance is based on a strategic ambiguity, the idea that this alliance symbolizes a vague sort of leverage to show that Japan is not alone. Terashima concludes that the alliance has to be redesigned.

Many Japanese agree with Terashima. First of all, Japan which has the fifth largest air force in the world, an excellent maritime force, a most modern intelligence gathering agency (founded in 1996), a ballistic missile system, and more than 300,000 men in the self-defense force, probably the best trained soldiers in the world, can certainly defend itself. Moreover, considering the modern technological factors involved in modern warfare (rockets, cruise missiles, electromagnetic bombs, side winder missiles, etc...) it is irrelevant that US forces be stationed in Japan, Guam or Hawaii.

According to international law, the US cannot refuse renegotiating the US-Japan alliance treaty. However, this possibility will never take place without the two following conditions: 1) A strong Japanese government who has the determination to change this state of dependence on the US, 2) The willingness of the US to pay for the moving of US forces stationed in Japan to American territory, cost now mostly shouldered by Japan.

### *Japan's economic relations with China and the US*

Concerning the economic relations of Japan with the US and China, there is no need for debates or discussions. Japanese are practical people. Some years ago, they had understood that China is a huge market. In 2007 China became Japan's biggest trade partner, a position previously held by the United States. Over the period from 1995 through 2007, while Japan-US trade grew by a factor of only 1.4, Japan-China trade jumped 5.4 fold (Taniguchi, 2009: 39). During the first seven months of this year, China-Japan trade surged 34.9 percent year-on-year to \$167 billion. Many Japanese companies have branches in China.

**Japan's demographic problems: falling birthrate, aging population, lack of immigration.**

*Japan's falling birthrate and aging population*

There are certain problematic aspects of Japan which became more evident with the shift in power. The most critical problem has been called by a French scholar, Jacques Attali (2010), "Japan's demographic time bomb", that is falling birthrate and aging population. To counteract the falling birthrate recent Japanese governments have introduced child allowances – that is flat-rate cash payments to families raising children, and also "child-care leave law", maternity leave which applies to both women and men. In the fiscal year 2008, only 1.23% of men took paternity leave. Men are afraid of putting an added burden on colleagues at work, or the office atmosphere does not allow such request. During the same year 90% of women took maternity leave but many of them were afraid to lose their working position. Traditions also have changed. Women marry later and have fewer children. Many women decide not to marry. In the 2005 census, about 60% of women in their late twenties and 30% in their early thirties reported they were single. In comparison with the 1975 census, the first figure has roughly tripled and the second quintupled. Most experts agree that it will take a long time before changing the mentality of the workplace and stopping the falling birthrate. Then, what is the remaining option? Immigration.

*Immigration in Japan*

Immigration in Japan is a fascinating story. Japan is probably the most homogeneous nation in the world from the point of view of racial diversity. There are now 2.15 million registered foreigners in Japan: 606,889 Chinese or 28%, 593,489 Koreans or 27.6%, followed by Brazilians, Filipinos and Peruvians and others. It represents less than 2% of Japan's population. Japanese have been quite successful in replacing certain categories of workers by robots. However, robots do not pay taxes. Masuzoe (2010: 29) reminds us that the most pressing problem of the declining birthrate is the drastic reduction of contributions paid by the working-age Japanese for the pensions and medical care of the growing population of elderly Japanese. The number of elderly people 65 or older came to a record high of 29.44 million in 2010, and for the first time seniors aged 80 and or older topped 8 million.

The belief in cultural and racial homogeneity is deeply ingrained in the Japanese society. In 1982, Prof. Shibata Takeshi, former Head of the linguistics department at

Tokyo University and famous dialectologist, wrote the following: “In Japan there is only one language: Japanese. This is the language of Japanese which means that Japanese belong to the Yamato race. In Japan, when a person meets another person, nobody asks ‘Shall we speak in Japanese or in what language shall we speak?’ In Japan, this type of greeting would be redundant and ridiculous” (Shibata, 1982: 351). It is 30 years ago that Prof. Shibata wrote this and therefore one might suppose that Japanese of today do not anymore think like Prof. Shibata. Well, Harumi Befu, in 2009, wrote the following paper “Foreigners and Civil Society in Japan.” “The belief in cultural homogeneity,” writes Befu, “is so ingrained in the Japanese that such a reaction is virtually automatic. This virtually automatic reaction, ingrained in the person, is what constitutes ‘habitus’ that is the conscious or unconscious disposition of the individual to think or act automatically before or without rational justification. This habitus is at the same time elevated to the level of ideology: prejudice and discrimination toward heterogeneous elements. Habitus of exclusion automatically follows the habitus of homogeneity. Those who are not included in the homogeneity concept, that is who are not ethnic Japanese, should be excluded from Japan” (Befu, 2009: 26). It might be opportune at this point to quote from Prof. Suzuki Takao, former Professor at Keio University, who wrote that Japanese are not xenophobic, that is Japanese do not hate or dislike foreigners, they are ‘xenophygic’ (a Greek word he invented), that is Japanese avoid foreigners (Suzuki, 1990: 90).

However, things are changing. Japan cannot avoid globalization and more and more foreigners will be welcome in the labor force. Carlos Ghosn (the first non-Japanese to be director of a large Japanese company), CEO of Nissan and Renault, used to say: “Never discard the Japanese, they have always found solutions to their problems.”

### **Conclusion**

In 2020, the Chinese economy will have moved ahead of the US economy and be about four times larger than Japan’s. Come 2040, the Indian economy will be about three times larger than Japan’s (Japan Centre for Economic Research, 2008). Then, Japan will not be anymore Number Three, but Four or Five. I fully agree with Nishimura (2008: 52) in his article “Japan’s Place as a Peripheral State” where he applies to Japan the words of British Prime Minister, Tony Blair, who at the 1997 annual conference of the Labor Party declared: “We can never be the biggest. We may never be the mightiest. But we can be the best, the best place to live. The best place to bring up children, the best place to lead a fulfilled life, the best place to grow old.” This is also my most sincere wish for Japan.

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