

**JAPAN AND THE
ASIA-PACIFIC
REGION**

Assoc.Prof. Dr.
M.Sami DENKER

Lecturer, Selçuk
University, Faculty of
Economics and
Administrative Sciencies

Introduction

Let us say from the outset that any Japanese dominated bloc after the fashion of the East Asia Co-Prosperity sphere is unlikely to develop in the near future. The Japanese economy is too interdependent globally. As Jeffrey Frankel writes in a recent essay, Japanese investment for the years 1985-1989 in Europe and North America shows a rise as dramatic as, if not more than, the Asian region(1). Similarly regarding trade, the Asian share of global trade, of which Japan constitutes a very substantial part, has grown even more than intra Asian trade for the years 1980-1989, impressive as the latter growth may have been(2). Such statistics suggests no trend towards Asian autarky, as the Co-Prosperity Sphere was. Nor do the present Japanese elite, and indeed the Japanese population, possess the will to effect political-military domination of the region. They realise the folly of Japan's militaristic past and are only too aware of the immense difficulties involved

-
- (1) See "Unblocking the Yen", *The Economist*, p.81. For the Asian region, the figures are \$2 billion in 1985 to \$8.2 billion in 1989. For Europe and North America, they are \$1.9 billion to \$9.1 billion and \$5.5 billion to \$22.3 billion. All the figures in this paper are in American dollars. Unless otherwise stated the terms, Asia, the Asia-Pacific region and APEC (minus North America) will be used interchangeably. Presumably, Frankel's figures were presumably obtained from the Japanese Ministry of Finance where the category "Asia" also includes non APEC members like India, Pakistan and "others". But these few countries constitute only an infinitesimal percentage of total Japanese investment in Asia (0.15% of 8.24 billion for fiscal year 1989).
- (2) *Ibid.*

in such an undertaking. Moreover, the acquiescence of the Asian nations on the receiving end cannot be assumed. More politically aware and stronger than before the war, such nations will surely resist any such domination.

Having said these, there are nevertheless many developments that could force a presently reluctant Japan to form an Asia-Pacific bloc⁽³⁾ which may be something less than a modern Co-Prosperity Sphere but more integrated under Japanese leadership than at present.

There is nothing irreversible about global interdependence. Given the great strain the multilateral institutions (such as GATT) that encourage such interdependence are under, the present trading system could break down. Then trading blocs might ensue, with Japan likely to form an Asia-Pacific bloc.

Even more pressing on the Japanese is their changing, if not deteriorating, relations with the Americans. For much of the post war Asia-Pacific World, the United States had maintained the international order through which Japan and indeed the Asian newly industrializing countries (NICs) had prospered. The circumstances of the Vietnam War and the realisation of the Americans in the seventies that the Japanese were one of the greatest beneficiaries of this order had made the Americans believe the Japanese had a "free ride". They thus encouraged Japan to play more of a role in the region. The American attitude could then perhaps be described as one of an elder brother encouraging a hesitant younger brother to assume more responsibilities. This attitude has undergone a dramatic change lately. Japan is now increasingly perceived as a threat by substantial numbers of Americans, according to the latest opinion polls, while a noted political scientist, Sam Huntington, argues that the United States must meet the Japanese economic challenge if it were to remain the premier global power in the coming decades⁽⁴⁾. This, together with other developments like the increasing popularity of revisionist views of Japan, have raised in American and in Japanese minds also, the long term viability of present US-Japanese relations, and whether Japan should not go it alone⁽⁵⁾.

(3) The word "bloc" is used somewhat loosely here.

(4) "America's changing strategic interests" by Samuel P. Huntington in *Survival*, Jan/Feb, 1991, pg.8.

(5) Indeed, the view appears to be growing in Japan that it is culturally different from the West, one of the latest expressions of which comes from Shintaro Ishihara.

There is also the deepening Japanese economic involvement in the Asia-Pacific region leading to raised expectations of a greater Japanese role there. As stated earlier, Japanese investment had increased impressively there, rising from \$2 billion in 1985 to \$8.2 billion in 1989 (comparable figures are \$1.9 billion to \$9.1 billion for Europe and \$5.5 billion to \$22.3 billion for North America). The Asian figures become more significant when one considers that the gross national product (GNP) of the Asia-Pacific region minus Japan is way below that of either Europe or North America. For example, Japan is the leading investor in the great majority of ASEAN nations (despite the fuss, Japan is behind Britain in total investment in the United States), and many Asia-Pacific countries acknowledge the critical importance of Japanese investment in their development. They have made no secret of their desire for more. (And as far as Japanese official development aid (ODA) is concerned, Asia for the years 1980 to 1989 have consistently received about 60% and more of total Japanese aid each year)(6). Because of this immense impact Japan will be reminded by the region now and again of its "responsibilities".

So with trade. Intra Asian trade has jumped from 33% of the total in 1980 to 37% in 1989(7), quite an impressive increase. What is more, Japan now trades more with Asia than with United States(8). Such increased trade among other things has made Asia-Pacific nations clamour for a more open Japanese market.

Finally, there have been many calls from Asia-Pacific nations to Japan to lead them. On one level, Japan is urged to help the region develop while on another level, Japan should represent the region in forums like the Group of Seven, and to bargain, if the need arises, with other regions for better terms for the Asia-Pacific region. Such calls cannot be lost on many Japanese who may wonder if it is not their destiny to lead the region.

As the subject of a possible Japanese led bloc is a vast one, this paper will focus on (a) the pros and cons of the exclusion of the United States from such a bloc for Japan and other APEC participants, (b) the impact of the memories

(6) From the annual report of Japan's ODA issued by the Ministry of Foreign Affairs, 1990.

(7) Asia's share of world trade also rose from 15% in 1980 to 20% in 1989. See "Unblocking the Yen".

(8) See "Half-full, half-empty" by Nigel Holloway, Far Eastern Economic Review, December 19, 1991, pg.69.

of Japanese aggression in World War II on Japanese economic and security cooperation with the region, particularly Southeast Asia; (c) possible Japanese cooperation on labour migration; and (d) the salience of the Japanese model in the region.

American Participation in the Asia-Pacific Region

As the Asia-Pacific region is an ill-defined area (many for example not in Asia may wish to claim membership in a dynamic Asia-Pacific community, and many now normally included in such a grouping do not border the Pacific Ocean)(9), discussion will focus on APEC participants. Yet to speak of a Japanese led APEC bloc with American participation does not make much sense. For one, Japan will not be able to take many initiatives in such a bloc without looking over its shoulders always to a more powerful United States. Second, such a bloc will lack character. Is it Asian (whatever that might mean) or Western or an amalgam of both? In fact, mainly because of US membership, some have called APEC a pointless organizations. Third, in bloc terms, APEC will lack clarity of aim. The United States itself has formed a North American Free Trade Association (NAFTA) which excludes many APEC members and which might conflict with APEC itself. In short APEC, with United States membership, cannot really be Japanese led or be a bloc. Hence the discussion can more usefully be centred on the potential advantages and disadvantages for Japan and other APEC participants of a Japanese led Asia-Pacific bloc without United States involvement.

As to the advantages, Japan can use such a bloc to bargain with other areas, specifically the European community and North America, either for the continuation of the present multilateral system, of which Japan is a great beneficiary, or for better terms for itself should the other two regions turn into trading blocs. Japan by itself does have some bargaining power but that power is greatly enhanced if Japan speaks also for the rest of the Asia-Pacific region where North America and Europe not only have substantial economic relations, but which posses immense potential for economic growth.

Japan will have a clear field in such a bloc. Although Japan is very competitive in the Asia-Pacific region, it is not without challenge in many areas such as in certain hi-tech industries like telecommunications, luxury

(9) The former includes some Latin American countries bordering the Pacific like Chile while the latter includes some ASEAN countries like Thailand.

cars, oil exploration and export, and so on from the Europeans and the Americans. If the latter two were excluded, Japanese economic influence would even be greater.

For the rest of the Asia-Pacific, a growing identity of interest with Japan, particularly in the desire for the continuation of the present trading system, will make them increasingly look to Japanese leadership to ensure such continuation. They know they cannot credibly bargain with Europe and North America without Japan. Also, a Japan firmly anchored in the Asia-Pacific region will mean less diversion of Japanese investment and aid elsewhere, so it is believed in certain Southeast Asian quarters. Nor can Japan, being the only leader, resist the special demands of the region, such as for example a stabilization scheme for the price of certain primary commodities, by claiming it has global "responsibilities".

But such a bloc may have to do without the American market or one that is considerably reduced given that the United States now excluded will have no good reason to resist protectionism against Asia-Pacific goods. The impact will be severe, if not disastrous, on many economies there. Japan and Taiwan each export about a third of their total to the United States, and many of the others not much less. Even the People's Republic of China needs the American market for its economic development. Unless Japan (if it can overcome this market loss), serves as an alternate market, (unlikely for the present and perhaps even in the long term), the growth of the Asia-Pacific economy will be severely affected.

Then there is the question of the desirability of bloc formation. Almost everybody, at least in rhetoric, is against such. Yet bloc formation could very well occur if the Asia-Pacific excluded the United States. Because of the tremendous importance of the United States to the global economy and indeed to the global security system, the universal engagement of the United States is one of the best guarantee against a breakdown of the global economy. Such an engagement is now under question in the United States itself, and its exclusion from the Asian region can only fuel the argument against free trade there. Hence for the interest of the Asia-Pacific region therefore, the ambiguity of a situation where there is both American participation in APEC and NAFTA should be tolerated as resulting from a giant economic power having to reconcile the conflict between its

commitment to free trade and its sensitivity to the pressures from American interests oriented towards the North American region.

Third, a Japanese led bloc could well lead to Japanese domination. The GNP for example of Japan exceeds the combined GNPs of all the APEC participants minus North America and even including China. Despite Japanese good intentions, many believe that such overwhelming Japanese economic weight may not be good for the Asia-Pacific region. Unlike the belief of some Southeast Asians mentioned earlier, these are less sanguine about the unalloyed benefits of a Japan anchored firmly in Asia, noting for example that the Japanese have not been very forthcoming with technology transfer (a perennial Korean complaint), and in putting more locals in high managerial positions in Japanese firms (a complaint of many Southeast Asians and also Americans in the US!). At the very least, these argue, the United States is needed in the Asia-Pacific as a counterweight to Japan.

War Memories and Security Cooperation

Are such fears also influenced by the memories of Japanese aggression in the Second World War? Despite what is often believed by both Japanese and Asians alike, such memories now matter little in economic relations. It is some forty six years since the end of the Second World War. The generation that experienced Japanese atrocities have either passed away or are increasingly giving way to a younger generation, whose knowledge of such atrocities are only second hand. They are more impressed with Japan's dazzling economic success and what they can gain from it. The Malaysian finance minister, Anwar Ibrahim, a man in his forties, for example was quoted as saying that he was more sanguine about Japanese influence in Southeast Asia than Lee Kuan Yew, known for his reservations about the Japanese, as he, unlike Lee, was from the younger generation. Second, it must be said that in Southeast Asia, unlike Korea and China, there is some ambivalence towards the Japanese role in the War. While all Southeast Asians agree the Japanese were harsh conquerors, nevertheless some countries like Indonesia and Burma acknowledge that Japan gave a boost to their nationalist movement against the European colonialists. Their independence struggle would have been that much more difficult without the destruction of the white man's prestige and might by the Japanese advance, and the Japanese promise of independence to them. The Thais on the other

hand did not experience that harsh an occupation and was allied to Japan at one stage. Only in the Philippines, where the Americans had already promised the Filipinos independence before the Japanese conquest, and in Singapore where a majority are of Chinese descent, did the Japanese occupation have no redeeming political value. It is no accident that Emperor Akihito's visit to the ASEAN countries in 1991 involved only Thailand, Malaysia and Indonesia with the Philippines and Singapore left out. Third, economic interaction often overcomes antagonism and Japan since the War had greatly expanded its economic relations and aid with Southeast Asia. It must also be said that Japan has taken efforts to improve its image. There is less of a perception now that they are samurais in business suits.

In security cooperation however, such memories do have an impact. First, any mention of Japanese troops in Southeast Asia conjures up the image of cruel conquerors. Southeast Asians have known of Japanese troops in no other capacity in their history. Unlike American troops in Japan who, while seen as conquerors by the Japanese after the War, were also subsequently perceived as enlightened occupiers and defenders of Japan against the communist bloc, Southeast Asians have not yet experienced the better side of Japanese troops. They fear a repeat of the Second World War experience should Japanese troops come.

Second, the memories also colour Southeast Asian perception of any Japanese attempt to play a larger security role (such as in dispatching troops overseas or in any possible amendment of article nine), inclining them to a pessimistic interpretation of its effect on the Japanese democratic structure. Many are readily persuaded by the argument that Japan has not come to terms with its past -an argument reinforced one must say by the efforts some time ago of Japanese Ministry of Education officials to sanitize school textbooks concerning the Japanese role in the War; by the denial of what almost all Asians consider a historical fact such as the Nanking Massacre; and by the refusal on the part of Japan to offer an outright apology to the Asians for Japan's war record. In this school is Lee Kuan Yew who believes Japan has yet to go through a catharsis regarding its war role, a cleansing he believes the Germans have gone through. For good measure, Lee thinks the Japanese once unrestrained would prove to be equally good generals and admirals as they have been good businessmen, given their commitment to excel in

anything they do. The result would be a military power of fearsome consequence, Lee suggests.

War memories are only one factor however. A deeper concern is the impact of a rearmed Japan, no military pygmy (even with its military expenditure of about one per cent of its GNP, Japan ranks alongside with the nations that have the largest military expenditures in the world) on the strategic situation in Southeast Asia and indeed Northeast Asia. Such a rearmed Japan could free itself of the US-Japan security agreement and become a free floating agent of immense strength, as to create a profound strategic uncertainty in Southeast Asia. Despite some criticism of the United States in Southeast Asia, most Asians, prefer the stability US strategic involvement affords to the uncertainty a rearmed Japan will create.

Still, the perception of American retreat and the growing importance of Japan, economically and otherwise, to Southeast Asia are persuading many Southeast Asian nations of the inevitability of some Japanese security role in the future. For the moment, some consensus exists among ASEAN nations on the acceptability of some "software" involvement, such as Japanese aid in the electronic surveillance of aircraft and ships moving in the 200 mile exclusive economic zone. (The ASEAN states in 1982 adopted the Law of the sea 200 mile exclusive economic zone). Some ASEAN nations would appreciate the transfer of defence technology (prohibited in Japan except if such technology went to the United States) that could enhance each ASEAN member's ability to develop its own regional security role. Some Indonesians would welcome the concessional sale of equipment and ships to help patrol those straits vital to the flow of Japanese oil, something unlikely though under present Japanese policy(10).

As to the "hardware" the ASEAN nations basically agree that Japan should not play a unilateral security role in Southeast Asia. Other than that, there is not much agreement. In 1990, the government of Thailand under Prime Minister Chatichai Choonhavan suggested joint military exercises between Japan and Thailand. This provoked criticisms in Singapore. There are also those who argue that there should be no Japanese troops in Southeast Asia, whether jointly with an ASEAN state or as part of a multinational group or a

(10) See, "The United States in a Changing Pacific Rim: Asian perceptions and the U.S. Response" by David I. Hitchcock, Jr. in *The Washington Quarterly*, Autumn 1989, pg.129.

United Nations Peacekeeping Force. Lee Kuan Yew is the most forthright exponent of this, likening the effect of dispatching such troops to that of giving liquor chocolates to reformed alcoholics. Not all agree though. The Filipino minister, Jesus Estamislao had once stated he did not object to Japanese troops under UN auspices. It is likely though the ASEAN nations would come to accept eventually Japanese troops under UN auspices in Southeast Asia(11).

The Flow of Labour

Japan until recent times had not really experienced a large influx of foreigners seeking unskilled labour (those that came were mainly from the colonies of Korea and Taiwan, and posed no greater problem to the Japanese than the resident Koreans and Taiwanese did who came before the war). In part, Japan had traditionally exported capital to the Asia-Pacific region, thus to some extent helping to solve the unemployment there and preventing an influx to Japan. But basically, there was not that great a demand; there were enough Japanese to fill those jobs at wages industry considered acceptable. This changed with the tremendous growth of the Japanese economy, especially with the revaluation of the Yen since 1985, which sent the cost of labour soaring. Added to this, is a growing disinclination on the part of many Japanese to work in less than satisfactory occupations, such as those involving dirty and dangerous work.

Thus the availability of such jobs and the vast pay differential between what could be earned in Japan and back home acted like a magnet to Japan for

(11) See "Japan in Asia: the American Connection", by Michael J. Green in *Global Affairs*, Summer-1991. Green claims that the Singapore prime minister Goh Chok Tong, Malaysian prime minister, Mahathir Mohamed and Indonesian President Suharto all told Michio Watanabe, now foreign minister of Japan that their countries could accept a Japanese Self Defence Forces (SDF) role in UN peacekeeping operations, though they have not expressed this position officially. pg.71, footnote 19.

ASEAN for its part has accepted the dispatch of minesweepers from Japan to the Persian gulf in April 1991 as it was persuaded by the argument that a ceasefire was already in place there and the removal of mines would aid navigation to Kuwaiti ports, thus helping in Kuwaiti reconstruction. ASEAN also had accepted security issues in the agenda of the post ministerial conference of foreign ministers between ASEAN and its dialogue partners which include Japan. it was a bit cautious though of the Japanese proposal to deepen such a security dialogue by preceeding it with meetings of senior officials from Japan and ASEAN. ASEAN for the present moment, fears such an arrangement will become too institutionalised.

those from the Asia-Pacific, and indeed outside it such as Bangladesh and Iran, seeking to make good money.

Though such labour is not legalised, syndicates have sprung up -the Japanese government for some time had been turning a blind eye to such labour flow. (A Malaysian illegal labourer in Japan told me (before the Japanese authorities tightened up) of the ease with which one came into contact with recruiters from such syndicates and with which are entered Japan). But the increasing crime committed by such labour, much published in the media, and their ever growing number are forcing the Japanese government seriously to consider regularizing it.

The reason for such legalization is primarily Japan's need for such labour. Other reasons include the difficulty of controlling such flow. Deportations have been resorted to. But unless there is a total prohibition of tourists from the source countries (there will be a diplomatic cost involved as such countries include Iran, which supplies not insubstantial amounts of oil to Japan, and the ASEAN countries), illegal labour will continue to come. Japan also fears adverse international opinion if all foreign unskilled labour were deported, if the only grounds it could give is the need to maintain Japan's homogeneity. Japan could be accused of carrying out a "racist" policy.

On the other hand, many Japanese, rightly or wrongly associate the rising crime with the presence of such foreign labour. This is really a potent fear as the Japanese pride themselves on the safety of their streets. These also want Japanese to do manual labour, fearing the possible loss of the work ethic otherwise; and deep down, there is a fear that the homogeneous character of Japanese society will be affected. The invidious example of Europe where there is now appearing a large underclass of such unassimilated foreigners is not far from their minds.

All things considered Japan is likely to consider admitting some of this labour⁽¹²⁾ but it will not allow the numbers to reach the percentage of the Japanese population comparable to those of foreigners in either Germany or France.

(12) For some perspective, many prosperous Asia-Pacific nations are also the destinations of foreign labour. Taiwan has Malaysians and Filipinos as a major portion of this labour, as has Singapore of Thais, Malaysians and Indian subcontinentals. Even a less prosperous nation like Malaysia is a magnet to Indonesia labour. All such recipient countries have taken steps to regularize such labour flow.

Japan as a Model

Japan, unlike the United States which pushed the democratic model enthusiastically during the high period of American influence in Asia, possessed no such mission in postwar Asia. In fact Japan, after the disaster of the Co-Prosperity Sphere, was wary of, and sought studiously to avoid, spreading any ideology of its own. "Economism", not evangelism, was its goal. But that did not prevent other nations from imitating it, especially when its success in development has become evident, if not dazzling. Take a Northeast Asian nation like South Korea which was an ex-colony of Japan. Despite reservations about continuing Japanese cultural influence, there were nevertheless some conscious efforts to imitate certain aspects of the Japanese political economic system. The ruling Korean party recently, for example, attempted to merge with other similar parties to form a coalition after the fashion of the Liberal Democratic Party of Japan while the Korean conglomerates, the chaebols, did learn a thing or two from the big Japanese companies.

If Korea showed some ambivalence, some Southeast Asian nations on the other hand were unabashed in their admiration of the Japanese model. Singapore adopted as an official policy a "Learn from Japan" campaign in 1978, and Malaysia launched a "Look East" (basically Look Japan) policy in 1982. In 1987, a Filipino cabinet minister stated he wanted the Philippines to be like Japan Incorporated.

Southeast Asian interest however, predated the 1970s though at a much lower level of intensity and spread across a smaller group of people. In Malaysia in the 1960s there were some politically articulate types who urged the government to help create an indigenous entrepreneur class (the government then was practising a *laissez faire* model, thus leaving the economy to be dominated by the minority Chinese population and foreign interests) by more forceful intervention into the economy. These cited what was thought to be the successful Meiji Japanese experience of the government nurturing such a class.

But Japan then however did not impinge much on Southeast Asian consciousness. If there was any one salient alternative model to the Western one, it was that offered by Chinese communism. Many Southeast Asians then were impressed by the liberation of Chinese energies by the Chinese

communist party towards revolutionary goals and by the ability of China to fight the mightiest Western nation, the United States, to a standstill in the Korean peninsula.

But by the late 1970s the international situation had changed. The Chinese model had lost much of its lustre, as a result of the excesses of the cultural revolution and the inability of the Chinese communist party to modernise China. Even more striking was the attempt of China to emulate Japan and the East Asian newly industrializing countries. On the other hand, Japan had emerged as a force to reckon with in the intermatismal arena, particularly in the economic sphere. Japan had rebuilt its economy from the destruction of the Second World War to one of the largest in the World. In the process, Japan had made a great impact on the western economy itself. News abounded of Japanese prowess in the export of cars, computers, video cassettes and so on. This made some Southeast Asians wonder how an Asian country like Japan can do such a thing. Coincident with this, many Southeast Asians perceived a decline in the work ethic, of the West, particularly in Western Europe. The apparently lacklustre Western economic performance then and the stories of innumerable strikes were among the reasons for this perception. Finally, Japan had become increasingly important to the Southeast Asian economy and if there was nothing to suggest that the growing importance of any country to another must necessarily lead to an emulation of the former by the latter, it nevertheless played a part when in conjunction with all the other factors mentioned.

The emulation of postwar Japan was first justified on the perceived similarity of condition and attitude with Japan. Singapore for example saw itself as a nation, even more than Japan, without any natural resources, and hence dependent on its human capital to succeed. There was also some belief that they both share some common Confucian cultural tradition. On its part, Malaysia perceived some similarity between it and Japan of the not too distant past. The prime minister, Dr. Mahathir Mohamed believed that both were "a small economy dependent on international trade, with a young but rapid growing work force both share high levels of national investment and savings and have enjoyed relatively low levels of inflation." More important,

Mahathir continued, both "share a common belief in monetary stability, and financial discipline as preconditions to growth".(13)

Various aspects of Japanese society were singled out for emulation. The stability and continuity of its one party dominant system, as stated, had Korean imitators. But Singapore and Malaysia did not emphasize this, probably believing it as self-evident. Both their political systems since they became independent states had been one party dominant, the Peoples Action Party (PAP) and the National Front being the dominant ones in Singapore and Malaysia respectively.

The feature most stressed however was "Japan Incorporated" (Malaysia coined its own epithet "Malaysia Incorporated") which they saw essentially as one where government cooperated, rather than confronted, business. Such cooperation included the government encouragement of business growth, increasingly in the Malaysian case through emphasizing a more economic orientation among civil servants, if not actually creating a elite group of the Japanese MITI type. Exports were also given priority. Malaysia at one stage created its own general trading company, consciously modelled on the "Sogo Soshas of Japan. Also singled out was the manner in which Japanese firms were able to instil the work ethic and loyalty among its employees, though the imitators seemed to show more fascination for the "control" aspect like in house unions (instead of trade unions) rather than the "benefit" part such as life long employment, paid vacations and so on.

But critics existed. They questioned whether Southeast Asia and Japan had much basic similarity given that Japanese religion, culture and history were rather unique. Even if Japan Incorporated was what was painted out to be, these pointed to the heterogeneous nature of many Southeast Asian Societies. Malaysia, for example, had a bureaucracy dominated by the indigenous population while business was greatly controlled by the minority Chinese and foreigners. Compare this to Japan where both sectors were Japanese and where many leaders from both had much in common such as graduation from the same university. Mutual trust the critical element in the Japanese case, could not be so easily engendered in such heterogeneity.

(13) Dr. Mahathir Mohamed, "The Japanese Model. Its Relevance for Malaysia "in M. Pathmanathan and David Lazarus, eds. *Winds of Change* (Eastern Productions Sendirian Berhad, Kuala Lumpur, 1984).

So also was the image, continued the critics, of the Japanese private sector much idealised, particularly pertaining to what was called company welfarism. Not all employees were entitled to life employment in Japan. Women employees were basically temporary and were expected to leave when they got married. So too with lowly employees such as janitors who were also not full time while many older employees were encouraged to retire in times of recession. Only key employees were entitled and they probably did not constitute a majority of the total employees in a particular firm. The situation was even less rosy with the employees of small and medium industries, not a small portion of total Japanese industry, where employees enjoyed not much of the benefits big companies offer.

Above a decade has elapsed since Malaysia and Singapore had their policies of following the Japanese model. The initial enthusiasm for the model as a whole has waned somewhat, though fascination of other aspects of Japan still continue. The concrete benefits of south policies are difficult to gauge. The only thing that can be said with some certainty is that the existence of a third model like the Japanese one as compared with the Western or the Socialist model has been firmly planted in the minds of many of the Southeast Asian elite and public.

Conclusion

May I conclude with a plea that the United States continues to be engaged in the Asia-Pacific. Its strategic presence, despite what some Asian voices may say to the contrary, is the best guarantee of stability there(14). Economic development will be jeopardized without such stability. Also a United States fully engaged in the economic activities of the region gives greater freedom of manoeuvre to the non-Japanese Asia-Pacific nations. But a more profound reason lies with what American participation represents. While historians may judge the Cold War to be a wasteful era in World history in that so much resources were devoted to military expenditures and to fighting perhaps an unnecessary ideological battle (should be evident the "natural" condition of the free market world triumph over an "artificial" command economy), that

(14) I do not subscribe to the argument that American troops should remain to "contain" Japan, to be the cap in the bottle as an American general was reported to have said. Such carries the seed of long term instability. American troops will eventually be seen as occupiers rather than defenders. Far better new positive functions be found for the US-Japan mutual security agreement if the old rationale is no longer valid.

cold War nevertheless had merit in that it transcended race and nation. Many Europeans, Asians and Africans were joined together in the fight for a world where only one's economic condition counted, not one's racial or national origins. By the same token, the non communist bloc to counter this kept in check any national or racial antagonisms that might arise within it. With this ideological restraint gone, ethnic, religious and national passions have sprung up, with the greatest intensity in the ex-Soviet bloc, though the non communist bloc is not immune either. There is the rise of racism inside Europe and also in Europe's attitude towards other nations. The European Community for example seems more willing to consider the membership of countries like Sweden and Austria than it is of Turkey. There is thus the danger of a post Cold War world turning into blocs based on race, such as an European bloc, a North American bloc, and a culturally diverse Asia-Pacific grouping led by Japan which distinguishing racial characteristic is that it is non-white, the small population of Australasia notwithstanding. This is a consummation devoutly to be avoided. The United States, with its influence on both the Atlantic and Pacific area, is the country best poised to prevent this. Thus, as far as the Asia-Pacific is concerned, continued United States participation, and one must add temperance in rhetoric and action on both sides of the Pacific, will prevent such a breakup into racially based Asia-Pacific and North American blocs.