

Development of Southeast Asia and the Role of Japan

NOBORU YAMAMOTO

I. The New Phase of the North-South-Problem

The third UNCTAD conference in Santiago, Chile seems to have been fraught with difficulties on account of the passive mood of the industrially advanced countries towards the troubled international monetary conditions and the preoccupation with the backward economic conditions of the developing countries. In the end, through a compromise between these two sides, the third UNCTAD was somehow managed to come to a successful conclusion insofar as the New International Round (The Second Kennedy Round), the questions concerning the Special Drawing Rights, and the development assistance were to a certain degree settled.

It does not follow that these accomplishments were sufficient for a solution of the North-South-problem. Rather, they worked to call the attention to the difficulties we have to face in the 1970s. It is important, however, to be aware that the United Nations First Development Decade in fact achieved more than had been expected¹. The annual economic growth rate of the developing countries in the first five years of the 1960's was 5.2 per cent, whereas it accelerated to 5.8 per cent in the second half of the decade, the average rate in the decade being 5.5 per cent. In other words, it was above the expected 5 per cent rate. But, examined by the growth rate of GNP per capita, the developing countries show only 3 per cent increase as compared with 3.7 per cent of the advanced countries, which means that the gap between the North and the South in fact increased.

Certainly, the above described result of the 1960's is hopeful for the developing countries. This being the case, the 25th Memorial General Meeting of the United Nations decided for the Development Decade II and adopted the "International Development Strategy", the essentials of which may be summarized as follows:

(1) The average annual growth rate of the GNP of the developing countries is set at 6 per cent (4 per cent for agriculture, 8 per cent for industry), and these rates are possible to be raised in the second half of the 1970's.

(2) The average annual growth rate per capita of all the developing countries is set at 3.5 per cent, and it is expected to be raised in the second half of the 1970's.

(3) The two objectives above are calculated on the basis of the average annual population increase of 2.5 per cent. This rate is somewhat lower than the expected rate of increase, hence it is necessary to have an effective population policy.

There can be no certainty that the above objectives will be fully realized. This will require a strong effort. The previously cited White Paper calls this fact "the dilemma of development":

¹ Economic Cooperation at Present and the Questions at Issue (White Paper), Tokyo 1971.

The question of the accumulated debts is of great concern for many of the Asian countries. The average increase rates of debts, 1961–69, are as follows: 18.7 per cent for Southern Asia, 17.6 per cent for Middle East, 15.4 per cent for East Asia and 13.6 per cent for Africa. The more significant Asian debt service ratios in 1969 were as follows: Pakistan 19.4 per cent; India 16.8 per cent; Indonesia 8.6 per cent; Korea 7.5 per cent. Some countries even have to raise additional loans for debt repayment. Therefore, in regard to the future of the debt question we have every reason for pessimism.

III. Some Aspects of the New Situation in Asia

Judged by the movement of the North-South-problem as a whole, the developing countries of Asia are by no means in a favourable position. Yet, the US-China relations may have great political and economic influence on this position in the future.

The admission of China to the United Nations has received heavy publicity not least in the anticipation of a possible advent of a tripartite economic bloc organization, or quadripartite, if we add the enlarged European Economic Community or even a quintuple one, if Japan is counted. I am, however, rather sceptical on the last mentioned possibility, for Japan is merely one of the large trading countries but cannot be called a major bona-fide economic power.

There is no question that the world is becoming multipolarized, and China, as a member of the United Nations, will act as a helping as well as a vigilant power in Asia. We must not overlook also how the overseas Chinese will react to China's new policies for Asia.

The developing countries that have become independent after the war should endeavour to remain free from the pressure, political and economic, of the major powers. It is true that these countries have received massive assistance from the United States but, on the other hand, they have been drawn into her international politics. The question is whether America has come lately to reflect on past politics, and whether there will be a future re-orientation of attitudes. China, also, abandoning her exclusive policies, seems to be becoming more flexible. It seems wise, therefore, for the developing countries in Asia to accommodate themselves to this trend.

Practically speaking, some developing countries are too small and weak while others are still suffering from political instability and economic underdevelopment. Therefore it is important that neighbouring countries mutually co-operate, in order to promote their political and economic interests as a group, instead of remaining weak competitive unitary states.

In the event that America or the enlarged European Economic Community should adopt a protectionist policy, the developing countries of the world should try to promote an effective line of co-operation, strengthen their right to speak and thus gain in economic bargaining power. In this sense, the "Neutrality Announcement of South-East Asia" made by the ASEAN countries some time ago was an opportune act and its smooth development is highly desirable.

IV. The Role of Japan

As was stated before, Japan is certainly an advanced economic country in Asia, that is, there is no doubt that she is a major trading country in the world economy, but she is still not to be called an "economic pole". Furthermore, it is desirable that in pursuing a foreign economic policy, Japan should try to take a more flexible attitude in accordance with her own growing influence. In this case, the complete eradication of the consciousness of being a major political power is required.

As was explained by the Japanese delegate at the third UNCTAD: the 0.7 per cent objective of economic assistance by the Japanese Government should be realized as quickly as possible and the aid conditions should be further ameliorated as far as this is practical. In applying the development-import formula, it should be so enlarged as to make it a "development-guaranteed import formula", so that the principle of give-and-take would be fully assured between the two countries concerned. As to the burden of this guaranteed sum on Japan, it is hoped that the Japanese Government will exert strict consideration in conducting the linking scheme in an orderly way.

According to the Japanese White Paper on Foreign Trade the regional distribution of Japan's exports in fiscal 1971 was as follows: United States of America 30.7 per cent; South East Asia 25.4 per cent; West Europe 15.0 per cent (of which EEC 6.7 per cent); Africa 7.4 per cent; Latin America 6.1 per cent; Oceania 4.2 per cent; Communist Bloc 5.4 per cent. The regional distribution of Japan's imports was as follows: United States of America 29.4 per cent; South East Asia 16.0 per cent; West Asia 12.0 per cent; West Europe 10.2 per cent (of which EEC 5.9 per cent); Oceania 9.6 per cent; Latin America 7.3 per cent; Africa 5.8 per cent; Communist Bloc 4.7 per cent.

The United States have recently strengthened the import restrictions against Japan. Therefore, it is yet more important for Japan to improve her trade relationship. Excepting the South-East Asian countries, Japan should utilize every possible opportunity to enlarge her trade on the principle of free trade, reciprocally, multilaterally or bilaterally as the occasion demands, and by adapting the various trade formulas to different situations.

Especially, it is desirable that Japan as an advanced country in Asia extends her helping hand generously towards the South-East Asian countries through increased governmental aid and by adopting the "development-guaranteed import formula", the technical co-operation and the advisory assistance in a broader sense, as well as by increasing the funds of the Asian Development Bank.

Concerning the relations between China and Japan, Japan should make every effort to set some sort of co-operative formula especially for the economic development of this region instead of merely attaining an economically competitive position. In this way Asia, including Japan, could look forward to a really constructive transformation period.