

"THE CORPORATE ENVIRONMENT"  
Hudson Institute, Venezia, 9-14/I/1972

- (1) Hudson Institute: "The corporate environment, 1975-1985"
- (2) Hudson Institute: "Draft of the corporate environment, 1975-1985"
- (3) Hudson Institute: "Japanese personality and national character"
- (4) Hudson Institute: "Japan: economy and business"
- (5) Hudson Institute: "National goals and policies: Japan in Asia"
- (6) Hudson Institute: "Europe and the Europeans. Some notes on zonal and national characteristics"
- (7) Candela, Basil/Gerholm, Tor Ragnar: "Energy and energy fuels"
- (8) De Rosen, Michel/Blanchard, Olivier: "France-Allemagne"
- (9) Stillman, Edmund/Smernoff, Barry/Thomas, John: "Stages of Soviet development: 1945-1980"
- (10) Stillman, Edmund: "Un analyse globale (et resume) pour debattre des annees 70 et 80"
- (11) Stillman, Edmund/Pfaff, William/Caranfil, Andrew: "L'Europe et les Europeens: etude generale"

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## THE CORPORATE ENVIRONMENT, 1975-1985

### INTRODUCTION

To survive and prosper in the seventies, the business corporation must master the challenges of our profoundly changing economic, social, and political environment. Modern industrial societies are undergoing novel strains and innovations that seem certain to influence the present decade in significant ways, and the 1980s in fundamental respects. To prepare for what may happen clearly is an indispensable task for the corporation; at the same time it constitutes one of the most perplexing of all the responsibilities of corporate leadership.

Today most corporations devote very little attention to the long-range (5-to-15-year) future. Corporate planning does not often go beyond goal-setting, budgeting, and requirements for current and near-term operations. When attention is directed more than five years ahead, the result is seldom better than a simple extrapolation of current trends and activities. In certain respects this has been an acceptable, perhaps even a wise practice: The number and complexity of factors affecting the future of a corporation make it very difficult to form firm and useful judgments about conditions more than five years away. For most corporate decisions it is wiser to wait.

But one function of corporate leadership is to be concerned about the long-range future, despite the difficulties in doing so. For many corporations the next decade or two may pose particularly acute problems. At the minimum, it is possible to hedge against both good and bad eventualities and improve an organization's ability to react rapidly and appropriately. To pay attention to the potentialities--the hazards and opportunities--of the seventies and eighties may or may not result in decisions affecting day-to-day operations; but what it should do is produce insight into those areas in which corporate leadership should now begin to chart alternatives. Thinking about the 1975-1985 time period can also stimulate and stretch the imagination of individuals and management groups, thus increasing the ability of top management to identify and understand the significance of new patterns and crises, improving management's speed, flexibility and effectiveness in both making and carrying out decisions.

## SCOPE OF STUDY

The Hudson Institute study of the Corporate Environment 1975-1985, now beginning its second phase, is founded upon Hudson Institute's well-established and continuing analysis of emerging trends already shaping the future. Looking into these factors has been a basic part of Hudson research for the past decade, resulting most notably in the publication in 1967 by Herman Kahn and Anthony J. Wiener of The Year 2000: A Framework for Speculation, and the preparation of a new work, "A First Look at the Seventies," by Herman Kahn and others, to be published in 1971.

The current corporate study, begun in Spring 1970, has a 3½ year program of work and brings specialized business expertise from a wide variety of corporate organizations (see Section 3 for phases and participants) together with the general work on the future environment and long-range planning done by the Hudson staff. The study:

- 1) focuses on future developments which are recognized to be important but are considered--often correctly--to be too general to warrant serious, independent, informed study by any single company, and where only a joint enterprise can justify the necessary intellectual and financial resources;
- 2) relates major corporate concerns to the broad social, cultural, economic, political and technological developments that appear likely to shape the global economy during the next decade or two;
- 3) approaches these developments from both the domestic and international viewpoints.

It is, of course, impossible to study "everything" in depth. This study is comprehensive rather than specialized, and focuses attention on those changes which can make an important difference to the business environment. With some important exceptions (See "Organization of Work" under Section 3) the emphasis is on broad relevance and contextual analysis, rather than upon details.

The study emphasizes possible developments able to change those basic conditions and assumptions that underlie corporate operations and decision making today. Those assumptions (e.g., the economic primacy of profit, salary as a primary individual motivation, executive loyalty to the firm placed above most other interests, the economic-political primacy of industrial culture, etc.) are so basic to present-day thinking that they are often automatically accepted without a realization that they have evolved from the past environment and like that past environment are also subject to modification and replacement.

Another emphasis of the study is on those aspects of change which normal forecasting techniques and staffs have difficulty handling. For example, a fundamental point, often neglected in economic projections and technological forecasts, is that both people and their political cultures are changing. These changes are rooted in growing secularization of most cultures, the impact of politics as well as technology, the growth of affluence, and the spread of education. Since these trends interact with each other and may gain momentum, they can have cumulative effects: quantitative changes can result in qualitative differences.

The concepts dealing with these global forces for change which underlie this study of the future "Corporate Environment" are described in a series of "chart" pages in Appendix I "THE BASIC HUDSON CONTEXT."

A listing of specific issues or problems for the "corporation" which may be engendered by global forces for change is given in Appendix II "IMPACT OF FORCES FOR CHANGE ON CORPORATE ISSUES."

## STUDY DEVELOPMENT

The study is "global" in the broadest sense. While its central theme is to provide essential guideposts for the future decisions of private business organizations, it is not narrowly constrained by this either in scope of inquiry or in the application of its findings. "Corporate" may refer to many types of organizational structures, including organizations in the public sector as well as the private.

Geographic emphasis is imposed by the importance (to the theme of the study) of regional forces or issues, but there are no other geographic constraints. Participants are from many parts of the world and their interests more and more fall outside their national base, and more and more are affected by factors which originate in other parts of the world.

The work will be collaborative in the sense that the participants-sponsors, to the degree that each feels is to its own best interest, will be encouraged to contribute either through committee work, or presentations at conferences and meetings, or by the direct assignment of personnel to the study, thus adding a valuable dimension to the study. The Institute will at various stages also employ the services of outside consultants or assign work-contracts to outside agencies. In addition, the Institute has established information-exchange agreements with six cooperating organizations worldwide.\*

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\*Canadian International Development Agency (Canada), Council for International Economic Cooperation and Development (Taiwan), Council of the Americas, Delegation a l'Amenagement du Territoire et de l'Action Regional (France), Royal Swedish Academy of Engineering Sciences (Sweden), Adela Investment Company (Peru).

The products of the study will consist of reports prepared at Hudson Institute, "chart books" and other documents, supplemented by the studies and reports of participant-led committees and conference reports. For the individual participant-sponsor, its own reporting of conferences or discussions may constitute a valuable product.

The basic work is done at Hudson Institute, Croton, New York, supported by a European Division in Paris and a presently-planned Pacific Area Division. In order to expose participants to environments other than their own, conferences and committee meetings will be held both in North America and, to the maximum extent practical, in Europe, Pacific Asia and Latin America. At major conferences outside the United States there is provision for simultaneous translation between English and the language of the host country.

The study will ultimately have some one hundred participants, roughly distributed geographically: 45 North America, 25 Europe, 20 Pacific Asia (including Japan) and 10 Latin America (and other). A list of current participants is given in Appendix III.

Because the study is cumulative, it is divided into three overlapping time-phases, as follows:

First Phase:	Spring 1970 - Summer 1971
Second Phase:	Spring 1971 - Summer 1972
Third Phase:	Spring 1972 - Summer 1973

While the over-all objective of the study will remain as originally established, and many of the themes will remain constant throughout the three phases, it is essential that the emphasis and methods of work evolve and that the findings be evaluated and activities periodically be redirected. Thus, each phase will have a terminal point with accompanying report and other documentation. Participants will not be required to commit themselves for more than one phase at a time. Because there is a "learning" process throughout, and because the data and concepts which may be of immediate value to the participant will evolve throughout the study, participation in all three phases is most desirable; but each participant may judge this for itself and may enter or leave the study at any time within the context of the three phases. The time periods involved are imprecise and somewhat overlapping in order to provide the necessary continuity for planning and budgeting each phase.

A more detailed description of the study is presented below under the headings a) Objectives, b) Organization of Work and c) Phases.

#### a. Objectives

The ultimate objective of the study is to produce a "five foot shelf" of documents for reference by corporate executives and particularly corporate planners. These documents will provide

basic data on the global forces which will affect the corporate environment in the 1975-1985 time period and will prescribe some limits within which these forces may operate. There will be scenarios and a framework for projections but in all probability no models. There will be a series of what may be considered "how-to" guidelines which would cover:

1. interpretation of data scenarios to assist in forecasting and corporate planning
2. finding relevant new data
3. identifying and evaluating new or changing forces
4. detecting "indicators" of major trends

The application of this data and these methods to problems of specific corporations will not be part of the study except as may be desirable for illustration and learning purposes.

Throughout the study there will be emphasis on new knowledge and data, on developing the aptitudes and skills of the participants, and providing a forum in the following areas:

1. Methodology
  - .Mix of analytical and intuitive methods
  - .Identifying "appreciating" and "depreciating" factors
  - .Segregating problems into important/urgent categories
  - .Presenting problems by "chart book" techniques
2. New or Special insights (counter to "trained incapacity" - Appendix I "Methodology")
3. Emphasis on Policy Issues and Applications
4. Dialogue and debate on issues
5. Identifying "indicators" of major new trends

Other objectives fall within the scope of work of individual phases of the study, discussed below.

#### b. Organization of Work

The planning of the study will be the primary responsibility of the director of Hudson Institute, Herman Kahn, and of an executive committee which will include deputy project leaders A.J. Wiener and R.B. Panero, and two or three senior members of the Institute staff. Control and critique of the planning and evaluation of the work

will be the primary responsibility of a Steering Committee representing participants and outside advisers. This committee has been instituted (see First Phase) but will be enlarged further. Its current membership is listed in Appendix IV. Throughout the study, participating companies will informally have the opportunity to criticize the study plans. The research will be conducted along three main "tracks":

1. Hudson Institute staff under the direction of Herman Kahn. The work assignments will be distributed among some 25 professional staff members (biographical resumes of those with the most responsible roles in this study are appended to this document).
2. Functional Area Committees: There are seven such committees intended to cover all major fields of interest of the study. The committees are composed of representatives of participating companies, chaired by one of the representatives, with a Hudson Institute staff member providing liaison. A list of the committees as constituted in the First Phase, together with their scope of activities, is given in Appendix V. Each committee has 20 to 25 members and, as of March 1971, had held, on the average, three meetings. These committees serve a technical function. Starting with a basic Institute document or documents (usually chart books) they may critique the Institute work, suggest additional areas of study by Institute staff, or conduct independent studies on their own account, presenting, if necessary, their own report on certain issues. There is thus close liaison with the Institute research but independent judgment and decisions.
3. National/Regional Committees: These serve an entirely independent function (with assistance from Hudson staff if requested). Their purpose is to develop, from the Institute context or other sources, scenarios for the future of their region. Their findings may remain entirely within their group or may be distributed for discussion among other participants. They may, from their findings, influence the main track of Hudson work. The committees may, at their discretion, use outside consultants or agencies. A secondary function of these committees is to correlate the findings of the Functional Committees to the problems of their particular region and to advise the Institute and the Functional Committees of local factors which would diminish or invalidate some elements developed by the Institute or the Functional Committees.

Except for two early organizational conferences (U.S. and Europe) which were held in February and May 1970, other

conferences may be considered in two general categories: (1) "Review" or "overview," principally serving to up-date new participants on preparatory work already accomplished and to direct them toward future work and (2) "Futures" conferences to present new data and summarize the development of the work of the study and focus on the "futures" of a particular region. Each major "futures" conference will be reported on in writing to all participants of the study.

### c. Phases

1. First Phase: The major efforts of this phase of the study are to:

- a. Establish a common base for discussion and common vocabulary
- b. Establish working relationships among the participants and expose issues to dialogue and debate
- c. Put into operation the Functional Area and National/Regional committees and establish the Steering group and revise working plans (First and Second Phases)
- d. Prepare basic context data and develop reference chart books and other material
- e. Systematically explore the broadest implications of issues relevant to the study
- f. Identify relevant material, conduct research and publish required chart books
- g. Begin to develop indicators to use in forecasting future trends.

While a great deal of effort in the first phase had to be devoted to organizational/administrative matters, by early 1971 a substantial amount of the main work of the study had been accomplished (see Appendix VI).

### 2. Second Phase

In the second phase it will be possible, while continuing the three "main tracks" (see p. 6) started in the First Phase,

- a. Accelerate and improve the work of the Functional and National/Regional committees by providing them with some funds for special study assistance

b. Begin to refine the broader work of the First Phase into "In-Depth" studies

c. Develop new sources of data in key locations and establish information and service centers in Europe and Pacific Asia.

A more detailed presentation of Second Phase plans and programs is given in Appendix VII.

### 3. Third Phase

The third phase of the over-all project will be a collaborative attempt to produce, test, and put into use a major reference work for the long-range corporate planner. In addition to the general work on the basic context, this may take the form of a compendium of specialized and integrated studies and analyses of future possibilities for the corporation and its environment.

## TERMS OF PARTICIPATION

Participants may enter the study in any one phase and may then remain for the subsequent phase (if any) or may terminate. Those entering a later phase will derive considerable benefit from the work of the prior phase(s).

It is expected that each corporation will designate a principal representative and an alternate who will serve as permanent liaison between study and company. In most cases the appropriate principal liaison will be a senior planner or other executive with marketing, research, development, or comprehensive responsibility relating to his company's future activities. He may designate a third or fourth representative, when appropriate, to serve on specialized working groups.

Corporate participants are invited to take part in the study in other ways. The study staff will, on request, provide a reasonable number of interim briefings on the progress of the study to individual participants either at the Institute or at some mutually acceptable location, on a marginal-cost basis. We will also welcome questions or suggestions from the corporate participants as to how to make the study more useful to them.

Senior Executives-in-Residence-for-Research will be given offices and facilities at the Institute to work on a study project of their own. This program will provide a way for an executive who is undertaking a special study to get away from the routine demands and distractions of his office and into a research environment that offers a stimulating

opportunity for an intensive exchange of ideas. If the study is for more than a week the Institute will normally charge \$50/day for the cost of the overhead service required.

a. First Phase

Enrollment for the First Phase was closed in January, 1971. All participants for that phase were individual corporations and they contributed \$12,000 (U.S.) each.

b. Second Phase

1. New Participants. Cost to these participants is \$20,000 (U.S.) for Phase Two.

2. Institutional Participants. This category of participation is initiated in the Second Phase. It applies to associations or institutions whose participation in the study would indirectly include a number of component organizations. They could be trade, technical or business associations in countries or areas where there is no individual corporate participant. They would not be entitled to multiple-representative membership on committees or at conferences. The cost to them is \$30,000 (U.S.)

c. Third Phase

Terms have not been established. It is anticipated they will follow the same pattern as for the two earlier Phases. Corporate participation will, to the extent feasible, be diversified by industry, size, region, and organizational type.

Participants will receive written reports, and have many opportunities for closer involvement by means of discussion, research, and interaction with one another as well as with Hudson's staff and consultants. These opportunities will include attendance at special and plenary conferences, service on various committees, instigating and elaborating reports, furnishing "executive interns" to work especially closely with the study, etc. All such activities are wholly voluntary.

APPENDIX I

ONE SYNOPTIC CONTEXT (AND SUMMARY)  
FOR DISCUSSING THE '70'S AND '80'S

## Discussion Of The Synoptic Context

### Introduction

This booklet sets forth in synoptic or outline form a context for Hudson Institute's Study Program on Policy Issues of the 1970's and the 1980's. The full version of this context is available in two Hudson Institute chartbooks: Volume I. Comments on Scope, Methodologies and Format, and Volume II. A Basic Context for Discussion of Current Public Policy Issues. A very condensed version, for reference, is printed on the final two pages of this booklet, and is also available separately as a card.

Our context for policy studies contains issues, ideas, hypotheses, assumptions, and questions which the Institute regards as important to the study of the near and medium-term future. The context is not, in itself, a study, nor is it an exhaustive or complete listing of elements for a study. It is an enumeration of elements which we regard as basic, important, neglected, or critical in a systematic approach to an understanding of what the world may become in the 1975-1985 decade. We regard study, projections, and predictions about the short-term (five to seven-year) future as a serious endeavor and, on the record of the analytical experience of such organizations as Hudson and the RAND Corporation in the 1950's and 1960's, as often of at least moderate reliability, and sometimes of great reliability. Most, but not all predictions and projections of the longer-term future usually--and perhaps inevitably--suffer from serious defects and thus are not normally to be taken seriously as definitive predictions, though they may still influence public or corporate policy since they may illuminate important issues and possibilities. Our own study of the 1980's, and even more of the year 2000, is conducted in part for "playful" reasons and in larger part for the perspective it can provide for the shorter-term work (see page 9, chart 6).

Hudson's Policy Issues Studies of the future are supported by four related Institute programs. The first and most important is the Study of the Corporate Environment: 1975-1985, supported and cooperated with by some one hundred major world corporations and public institutions. This study is particularly concerned with such issues as the political and social impact of changing values and life-styles, changes in the political and economic assumptions and institutions of society--including the onset of the post-industrial culture, the spectacular rise of Japan, rising international trade, the role of the multinational corporation (and its special relations to both developed and undeveloped worlds), increasing emphasis on the importance of ecological and environmental issues and, of course, the influence of new and developing technologies upon the operation of the corporation and the environment in which it will function. The study is also concerned with the possible emergence of new kinds of organizations--public, private, or mixed--to fill new or neglected social and economic roles. Finally, it is deeply concerned with management as, in Peter F. Drucker's phrase, "a new discipline, a new function and a new leadership class."

The second of the Hudson programs supporting the Public Issues Studies is its program of government-sponsored work, supported chiefly by the United States, and to a lesser extent by European and Latin American governments. This research sometimes involves proprietary information or is devoted to specialized or classified issues, but the major current effort of the Institute with respect to government-sponsored research is to relate it to the unified general study of the future and vice versa, thus providing both public and private clients with policy research which serves the general public understanding of the future of our society.

The third Hudson program is supported by individual

and foundation grants and permits innovative or speculative work usually not directly related to specific and clearly defined needs of governmental departments or individual corporations; the fourth consists of especially deep, intense or comprehensive studies of business issues usually involving some sponsorship of corporations interested in these issues. The most important of these latter is a study of the social responsibility of the American corporation, to be carried out under the sponsorship of six American members of the larger Corporate Environment Studies Program.

### The Three Basic Trends and How to Study Them

The synoptic context, which is presented in chart form, begins on page 1 with three charts setting forth the three basic projections of what we often call the Hudson Institute Standard World. This might better be called H.I. Standard World Number 1, as there are other "standard" worlds which individual members of the Institute would find at least as interesting, if not more so. The "standard world" is a methodological concept suggesting a surprise-free projection of the current situation in which the theories of some particular group are given emphasis and allowed to work themselves out. The group could be some portion of the Hudson staff, or a group in the U.S. State Department, some representative of the French middle-class public, members of the Soviet Presidium, etc. It is also possible for a group to have several, even contradictory, surprise-free projections. (A "surprise-free" projection is then defined as one which expresses the theoretical expectations of some group--if these theories work out, then the group in question, at least, should not be surprised.)

The first of these three charts on page 1 presents a basic projection for the seventies and the eighties. Various trends are listed roughly in order of their importance to the policy study (though this may be especially arguable with respect to the last two items on the chart). The first two trends (items A and B) in this over-all projection are also described in detail on the same page. The first of these, "The Multifold Trend," summarizes a basic trend in Western culture which, as the chart suggests, may go back as much as a thousand years. While many historicists propound theories which explain this trend, we are not necessarily concerned with the theories, but do accept, as a working hypothesis, that this trend exists and is important.

The second trend, the "Emergent" "U.S." "Year 2000" "Post-Industrial" Society expresses our assumption that in the next two or three decades there will be as large a change in the culture of mankind as has ever occurred before--that is, that the change to "post-industrial" will be comparable in significance to the agricultural and the industrial revolutions. Of course almost everything happening today, therefore, is likely to anticipate this change, be part of it, or be modified by its presence.

There are several ways of looking at the concept of the post-industrial society. One is to define the concept of "quaternary occupation," in contrast to primary, secondary, and tertiary occupations, \* as being concerned with activity for its own sake (recreation, rituals, religion, self-actualization activities, certain kinds of education, many programs for physical and mental fitness for adults, and so on), or services to such activities, or services to such services. Another way to define the same thing, possibly

\*The primary occupations are extractive: fishing, agriculture, mining, etc. Secondary occupations are in manufacturing and construction, and tertiary occupations are services rendered to either primary or secondary occupations, or services to such services.

more dramatically, is by considering the Chinese concept of the five guarantees. The Chinese government traditionally has felt obligated to see that its people have adequate food, shelter, clothing, medical care, and funeral expenses (all, of course, by Chinese standards). A post-industrial culture is one in which the task of furnishing the five guarantees is trivially easy and does not require much attention or effort. Whether or not this partial or complete disappearance of vital life and death economic scarcities and pressures arising in day-to-day and ordinary activities, and the likely erosion of many other traditionally vital imperatives in Western culture will make a great difference in almost all aspects of life is an open issue, but it is widely believed that it will.

On the facing page (2) is a short discussion of some methodological issues that arise when one attempts to investigate the trends in these initial three charts. We start with a chart on the basic objectives of such investigation. The very complexity of this chart--the fact that it has so many objectives--reveals that this work is complicated and difficult to do. While we obviously would like to focus on the second half of the chart--on improving decisions directly--in fact most of our study focuses on the first half--on improving the basic ability to make decisions. (The somewhat esoteric terms in line five of this chart are explained in the next chart.)

A basic method in studies such as these is to formulate and set forth something between a rigorous model and an analogue--to go further than an analogue even though one cannot usefully develop a rigorous model. This is what is implied by a "paradigm" as we (following R. K. Merton) use the word. In addition, useful policy research normally entails imparting a great deal of information to a decision maker or a project leader and to do it in such a way that he can not only use it, but go further on his own. These last two "pedagogical" requirements are described by our terms "propaedeutic" and "heuristic." To a remarkable degree much of the furor about the "information explosion" revolves around the difficulties of designing propaedeutic and heuristic devices, and the inadequate attention currently being paid to these two issues. (This booklet is, in effect, a first step towards a propaedeutic and heuristic paradigm of our study.)

The next chart (Chart 3) on the use of analytic methods warns that real problems often arise when an organization emphasizes analytic methods in its operations, tactics, or strategies. The reserve, skepticism, or even hostility with which many organizations approach this kind of emphasis may be justified either by past experience or sound instinct.

Chart 4 on educated incapacity describes some causes and aspects of a most important and central concept. One of the main reasons why organizations such as Hudson can often make a major contribution to policy formulation and execution is because they have a number of ways of avoiding, alleviating, and/or overcoming many of the educated incapacity issues, the most important of which, of course, is to get the right kind of people to do the project or to consult on it.

In Chart 5 we note, almost in passing, that it is very difficult to have a research organization such as RAND or Hudson in European countries, and give three of the main reasons for this difficulty. These reasons reflect an important difference in emphasis of European and U.S. cultures.

In Chart 6 we describe "Six Basic Tools of Policy Research," the most important of which is the first--simply examining the real world and finding out what is actually going on and/or applying the simplest kind of theory to the situation. The metaphors and historical analogues of the next line are, of course, not methods of proof but aids in seeking ideas and explaining or expositing issues which otherwise would be most difficult to formulate and clarify. Despite much popular mythology, organizations such as

Hudson make relatively little use of item 3, analytic models, mainly because these tools seem too weak for most of our work. Rather, as mentioned earlier, we use the approaches set forth in line 4, propaedeutic and heuristic methodologies and paradigms. There are also special methodologies, as indicated by point 5 that are quite useful. Finally, we try by drawing in many "outsiders," to make up some of the deficiencies that are normally associated with a professional policy research organization.

It is important to point out that we are interested more in policy research than in academic research. As indicated in Chart 7, this raises many kinds of issues--in particular that of superficiality in certain areas. Here, of course, we hope through our interaction with participants in the Corporate Environment Study, by the many studies done in depth, and by effectively using a large number of consultants, to avoid some of the weaknesses which often mark policy research. In any case, our basic outlook, as well as our organization and methodology, almost automatically avoids most of the weaknesses of academic research.

### Some Dramatic Potential for Trouble

The next two pages, 3 and 4, present, in effect, some of the horrors which may occur in the next decade or two, though they present as well many importantly reassuring aspects of the environment. On the first of these pages we formulate and describe some of the basic issues of stability and instability in the international system, and the use and control of both force and the threat of force. The reader may wish to study these five charts with some care.

The graph on the first indicates our belief that the world was quite dangerous in the middle fifties, became relatively safe in the sixties and early seventies, but will probably become dangerous again before the century ends. Chart 2 indicates some of the reasons for this belief. One important thing that has happened is that the factors of stability indicated in this chart are beginning to erode and, in addition, new issues are arising.

However, Chart 3 notes that there are important structural reasons for stability; that to a degree probably unprecedented in human history, calculations of relative force and power among nations now are often irrelevant as far as most nations and most issues are concerned. Thus one can easily believe that a map of the world made today will, in the year 2000, still describe, with reasonable accuracy, the political borders of Latin America, North America, Europe, the Soviet Union, Japan and China. Some important border changes in Afro-Asia are relatively easy to imagine, but to a remarkable extent, the political frontiers of today's world look likely to be stable.

Chart 4, however, reminds us that military violence between nations may still occur even if something like 90 percent of the traditional motives for such violence has eroded or even disappeared. Chart 5 introduces us to some of the larger technological issues which are then described on the facing page. Important as the issues of page 3 are, the "technological" issues raised on this facing page may be even more serious (as well as including, or greatly affecting, the international stability issue).

Altogether, the seven broad areas of chart 1 on page 4 and the ten examples for each of these areas, given in the next seven charts, present a sobering, if not frightening, picture of some future prospects. Many of us believe that this approaching "1985 Technological Crisis" looms larger than any other issue raised in the study.

### The Current Ferment in Western Culture

The next set of facing pages describes changes many feel are occurring in Western culture and its value systems. On the page, "Changing Culture," we start by emphasizing, in the first two charts, the changing role of work and

work-orientation in at least the upper middle classes. This change, while mostly restricted to such elite groups, is still one of the most obvious and characteristic of the postwar decade and, for some purposes, may be one of the most important. Chart 3 indicates a special problem of a modern industrial and meritocratic culture with its emphasis on a prolonged period of adolescence and formal education. Many of the issues which arise bear some similarity to problems observed in the past in such societies as Confucian China, though not necessarily in the same form.

Charts 4, 5, and 6 all take the viewpoint of the macrohistorian. We use some terminology chosen from Sorokin since it is basically neutral. Chart 5 notes the extent to which in the West current fashion in the fine arts deemphasizes religious and heroic themes. One question which naturally arises is the extent to which this deemphasis--and even its further evolution--will be reflected in other areas of Western culture. Some of the possibilities for "systems of truth" are illustrated in Chart 6.

Possibly the most interesting of the pages in this volume is the next one on "Changing Values and Weltanschauungen." Chart 1 is especially relevant for the United States. Indeed we can define "middle America" or traditional American values simply by saying that those who are deeply concerned with the issues on this chart are likely to possess traditional American values. These, of course, are exactly the values which are disappearing among large portions of the upper and upper middle class and today's educational elite--particularly among some of the faculty and many of the young now attending prestigious universities in America.

Chart 2 indicates some of the alternate areas where people whose traditional value systems are eroding--or have eroded--are likely to seek to find "meaning and purpose." We would argue that the first eight possibilities of this chart represents basically healthy values; and that the next eight are basically unhealthy--though it is clear that this judgement is to some extent dependent on having a traditional perspective. In terms of being "healthy" or "unhealthy," the seventeenth item is neutral or ambivalent.

Chart 3 indicates an interesting way of considering common American political ideologies. We argue that in many cases much the same ideology can be healthy or unhealthy depending on its emphasis. To some degree this is a question of the judgement of the observer; to some degree it is an objective fact. The main point we wish to make in this chart is that all five ideologies can, if held in a reasonable way, lead to the common possibilities of the upper half of column 6; while any of these selfsame ideologies, if held with a "pathological" emphasis or manner can also produce the common possibilities noted in the bottom of column 6.

It is worth noting that the word "humanist," during the early and mid-Renaissance meant an emphasis on columns 3 and 4 against column 5. By the end of the Renaissance the Catholic church had achieved a reasonable integration between columns 3 and 4 and column 5. Humanism then meant almost any reasonable combination of the upper half of these three columns. Today humanism tends to mean columns 1 and 2 against columns 3, 4 and 5. We would argue that a proper definition of the word, as indicated by column 6, should involve some combination of the upper halves of columns 1 through 5, a combination which probably should include some minimum amount of 3 and 4. It should be added that we do not claim that the five ideologies described by the five lists, whether upper or lower columns, are necessarily typical of a culture other than the American, or exhaustive of the possibilities in American culture. But the particular five syndromes suggested seem useful tools for an analysis of the American scene, to a somewhat lesser extent of Europe, and to a much lesser extent of Asia.

### The Increasing Obsolescence of Recent Liberal Politics and Liberal Economics

The next two pages on changing economics and changing politics are both a source and a derivation of the preceding pages on changing culture and value systems. It is possible to argue that it is the changing economy--or the changing politics--that provides the main forces behind the issues and trends apparent in the contemporary changes in culture and values. In any case, there is a close interaction among all of these issues.

It is probably appropriate to place the economic issues first because the current political and economic stability and security we have noted (or at least the *apparent* stability and security) and the increasing affluence do provide some of the main forces for the changes sketched in the previous two pages. Charts 1 and 2 give two consistent scenarios for the economic and technological world in the year 2000. (Our belief that Japan should be a leading--perhaps the leading--post-industrial state should be noted.) Both scenarios make the point that the usual picture of an island of wealth in North America and Europe surrounded by a sea of economic misery is misleading. Something like 20 to 25 percent of the world's people should live in countries characterized by having what we call post-industrial societies. There should also be many post-industrial enclaves elsewhere. Another 20 to 25 percent of the world's people should be living in countries at an economic level roughly equivalent to that of Europe and America today. These should, in effect, provide the industrial workshops of the world; e.g. mostly in Southern and Eastern Europe, Latin America, Non-Communist Pacific Asia, and perhaps parts of the Middle East and North Africa. About half the world's population will live in two large cultural areas, Mainland China and the Indian culture area. From the point of view of the international economic and technological competition both of these are likely to be relatively stagnant and passive--and for this and other reasons the regions are not likely to play as important roles on the international stage as many would now expect. Black Africa is likely to be more an arena and cause of conflict than an independent political force. The Middle East and North Africa are likely to include some relatively advanced economic and technological states but most of the states in this area are more likely to be fairly passive or stagnant at least as compared to the relative dynamism and influence of the post-industrial and new industrial areas. Finally, it should be noted that about 5 to 10 percent of the world's population probably will be living in "hard core" poverty--not even having passed the historic \$250 capita barrier. (Before the industrial revolution probably no rural nation or cultural area passed this barrier for any long period of time.) However as regions these last are likely to have no coherent political rules.

Chart 3 gives 15 reasons why we believe that Japanese industrial growth rates are likely to continue to be high enough so as to give Japan a kind of economic, technological, and financial predominance or even preeminence by the end of the century. Even if the growth rates drop by 20-30 percent in the late seventies and early eighties, and then by another 20-30 percent in the next decade or so, it would still be likely that Japan will possess the world's highest per capita income by the end of the century and possibly the world's highest gross national product as well.

Chart 4 illustrates how to do your own calculations of possible U.S. gross national product by the year 2000 (and by inference GNP per capita). Chart 5 has a special relevance to our Corporate Environment Study. It indicates that, relative to domestic economies, world trade will become more and more important, and that relative to both, the multinational corporation will become extremely important. As a result, by the end of the century some 300

or so multinational corporations should dominate world trade and most national production. But somewhere around 2000 this relatively rapid economic growth of the multinational corporations is likely to run into serious limitations and thus to start topping out. This in itself is likely to induce a crisis or change of some sort.

Going on to the facing page on "Changing Politics," we tend to believe that Chart 1 gives a rather good description of what has recently occurred in political discussion in the United States and to some degree around the world at least among the more literate sectors of upper and upper middle class society. We would take much the same attitude toward this political milieu that Schumpeter and others have voiced about the economic milieu that set off the great depression: that a number of cycles coincidentally bottomed out at roughly the same time and that some kind of crisis was inevitable at the end of the 1920's, but that as a result of inept political management this crisis was turned into an almost total catastrophe.

Chart 2 singles out, admittedly in a critical way, some recent trends which have affected intellectuals: it is an elaboration of point 2 in Chart 1. Chart 3 contends that there is a very low level of public discussion today. Thus while roughly half of all adult Americans could have given a reasonably coherent account of all of the eight issues on Chart 3, it was almost impossible, from mid-'65 to mid-'69, to find them coherently or reasonably described in most of the quality press or, with a few exceptions, in the scholarly literature. Foreign discussion was even worse.

The final chart on this page, Chart 4, indicates a belief that at least the most visible discussion of many of these issues is likely to continue some of the debate begun in the late sixties into the seventies--indeed that the basic issues are likely to be made even clearer and lines drawn even more sharply. We chose descriptive terms for each group in a rather self-serving fashion for that group. Thus members of the "humanist left" generally accept this term for themselves but object to the use of "responsible center" for their opponents since this last has an implication that the humanist left is extremist or irresponsible. The responsible center will, of course, deny that it is not humanist and/or progressive. The conservationists also think of themselves as humanist, progressive, responsible and very much in the center. Indeed, even the traditionalists often argue that since they are the mainstream of the American tradition--this automatically makes them progressive, middle of the road, and concerned with the common man--and that all of the other groups are misnamed. The basic advantages of these terms is that they are acceptable to the people concerned, reasonably descriptive of the differences, and highlight some of these differences in a useful way. To these four groups one can add many groups which are in effect continuations of various pre-World War II positions and ideologies.

#### Extrapolating, Forecasting, and Influencing the Future

The last two facing pages, 9 and 10, raise what are perhaps the most basic issues of our study: how to cope with the future, and the possibility of creating what may be called Year 2000 Ideologies, which might serve as partial and temporary responses to the search for meaning and purpose problem mentioned on page 2. In different forms for various groups and classes, a Year 2000 Ideology might furnish a continuing guide and motivating force not only for elite groups, but possibly for the populace as well. It might also provide a relatively clear and persuasive rationale and justification for attempts by various developed and underdeveloped nations to improve their policy formulation and execution. Let us start with the methodology of examining the future.

The first chart on page 9 is a typical example of an envelope curve. These are much used for forecasting future technology and other trends. In this chart we have graphed the power (i.e., speed times the memory size) of the most

advanced computers available against the date on which they became available. Each small circle on the curve represents not only a new computer but a definite change in technology as compared with previous computers. The curve illustrates that improvement over time depended more on the rate of new technological innovation than on the improvement of existing technology. Indeed, the technology at each indicated point was so new for its time that, generally speaking, five or ten years earlier the technology would not only have been beyond the state of the art but outside the normal consideration, or even the imagination, of the design engineer. One might ordinarily believe that the rate of performance improvement caused by newly invented technologies would be essentially unpredictable. Yet for the computer, as for many other technologies, it is empirically observable that the improvements actually fall on a remarkably simple curve (plotted on semi-log or other suitable paper).

This characteristic of technological progress over the last two or three decades (and in many cases extending even further back) is most important: the realized performance of even unexpected innovations has been relatively predictable. An investigation of the characteristics and validity of this phenomenon is an important element in our study of the future. The substantive information given in the curve is also interesting. The curve suggests that roughly every 2.3 years there has been an increase in computing power by about a power of ten. One can argue that this increase--or something similar (in some of the new machines the concept of "power" is not really uniquely definable)--is likely to continue for the rest of the century, or at least for the next decade or two (i.e., every decade should see an improvement in the "power" of the most advanced computers of about a factor of 10,000 or so, and by the year 2000 the improvement in power--or equivalent capability--should be some trillion times over that of today).

One result of such rapid changes in technology, and in other areas of modern life as well, is that many of our social goals are now uncertain. Chart 2 lists some of the areas in which these goals are not only uncertain but the subject of bitter controversy. We hope, of course, to shed light on this controversy, perhaps even obtaining the equivalent of "second order agreement" regarding many of the positions now being defended or asserted. One result (and cause) of the flux and controversy over goals is given in Chart 3: the growing questioning of the benefits of progress--and in some cases, of the very concept of progress. Thus one of the fundamental and characteristic attitudes of Western culture for the last 200 years or so is now being challenged.

In Chart 4 we find seven basic points of view held by various individuals or cultures towards historical change. Our own view is substantially covered in the last three points of this chart. Starting from this position, we can formulate the problem of prediction, as in Chart 5, by defining six classes of variables, each of which presents a very different problem of projection or prediction. Finally, we end this page (and introduce the facing page 10) with a chart on various reasons for studying the year 2000.

There is an interesting possibility that the study of the year 2000 might be made to play something of the same role, if weakly, which is played by a typical ideology. The first three charts on page 10 make some general points about intense ideologies and Chart 5 explains quantitatively why Chart 4 is probably wrong for most countries, at least if an appropriate Year 2000 Ideology could be formulated. That is, it shows that the power of compound interest is so great that perfectly feasible rates of growth, or other compounded changes, can make an enormous difference over a period of 20 or 30 years.

One important role for many ideologies is to act as a guide and spur to economic and social development. Chart 7 compares three related ideologies from this point of view. Chart 8, arguing the case for Year 2000 Ideologies, is intended to contrast with Chart 4's suggestion that violent and intense ideologies are necessary.

## ONE SYNOPTIC CONTEXT

## THE THREE BASIC PROJECTIONS FOR THE H.I. "STANDARD WORLD" "NO. 1"

### II. RELATIVELY A-MILITARY, RELATIVELY A-POLITICAL, "SURPRISE-FREE PROJECTIONS" OF THE "MOST SIGNIFICANT" ASPECTS OF THE FINAL THIRD OF THE TWENTIETH CENTURY

- A. Continuation and/or topping out of multifold trend
- B. Onset of post-industrial culture; by year 2000 in nations with 20 percent world population and in enclaves elsewhere
- C. "Political settlement" of World War II—including the rise of Japan to become the third superpower and the reemergence of both Germanies
- D. The coming 1985 technological crisis—need for worldwide (but probably ad hoc) "zoning ordinances" and other controls—a possible forced topping out of trend "A" (see above)
- E. With important exceptions, an erosion of the twelve traditional societal levers, a corresponding search for meaning and purpose and the creation of some cultural confusion
- F. Onset and impact of various new political milieus; e.g., rise of a "humanist left"—"responsible center" confrontation in the high (visible) culture of the West
- G. Increasingly "revisionist" communism, capitalism, and christianity in Europe and Western Hemisphere
- H. A general decrease in consensus and authority—a general increased diversity (and some increased polarization) in ideology, value systems and life styles
- I. Worldwide (foreign and domestic) "law and order" issues
- J. Populist and/or "conservative" backlash and revolts
- K. Increasing problem (worldwide) of educated incapacity and/or illusioned or irrelevant argumentation
- L. Better understanding & techniques for sustained economic development of rich and poor—high (1-15%) annual growth

#### A THERE IS A BASIC, LONG-TERM, MULTIFOLD TREND TOWARDS:

- 1. Increasingly sensate (empirical, this-worldly, secular, humanistic, pragmatic, manipulative, explicitly rational, utilitarian, contractual; epicurean, hedonistic, etc.) culture—recently an almost complete decline of the sacred & a relative erosion of "irrational" taboos, totems, charismas & authority structures.
- 2. Bourgeois, bureaucratic, "meritocratic" elites and, recently, intellectual & technocratic elites
- 3. Accumulation of scientific & technological knowledge
- 4. Institutionalization of technological change, especially research, development, innovation & diffusion—recently & increasingly a conscious emphasis on finding and creating synergisms & serendipities
- 5. Recently, increasing military capability for mass destruction
- 6. Until recently, increasing area of world dominated, or greatly influenced, by Western culture
- 7. Increasing affluence & (recently) leisure
- 8. Population growth—now explosive but tapering off
- 9. Urbanization & recently suburbanization & "urban sprawl"—soon the growth of megalopolises
- 10. Recently & increasingly macro-environmental issues (e.g., constraints set by finite size of earth & various local & global reservoirs)
- 11. Decreasing importance of primary & (recently) secondary & (even more recently) tertiary occupations
- 12. Increasing literacy & education—recently the "knowledge industry" and increasing numbers and roles of intellectuals
- 13. Emphasis on "progress" and future-oriented thinking, discussion & planning—recently some retrogression
- 14. Innovative & manipulative rationality increasingly applied to social, political, cultural & economic worlds as well as to shaping & exploiting the material world—increasing problem of ritualistic, incomplete or pseudo-rationality
- 15. Increasing universality of the multifold trend
- 16. Increasing tempo of change in all the above

- in GNP/CAP almost everywhere; the "Green Revolution"; a worldwide capability for modern industry and technology; growing importance of multinational corporations and conglomerates
- M. Nativist, messianic, or other "irrationally" emotional mass or elitist movements—decrease in rational politics
- N. Many chronic crises (e.g., four divided countries, Arab-Israeli Conflict, Sino-Soviet and Sino-U.S. hostility, etc.)
- O. Much new conflict and turmoil in Afro-Asia and perhaps Latin America and NOCPA
- P. A relatively multipolar and anarchic but also relatively orderly and unified world; i.e., enormous growth in world trade, communications and travel; world increasingly unified by technology, private industry, and institutions (but not by international legal institutions); some relative decline in the power, influence and prestige of U.S. and U.S.S.R.; new "intermediate powers" emerge; e.g., E. Germany, Brazil, Mexico, Indonesia, Egypt, Argentina, etc.; a possible challenge by Japan for world leadership of some sort, China and Europe both rise and fall
- Q. Some "non-significant" surprises & perhaps some significant ones as well

#### B THE "EMERGENT" "U.S." "YEAR 2000" "POST-INDUSTRIAL" (OR POST-MASS CONSUMPTION) SOCIETY

- 1. Most "economic" activities are quaternary (largely personal & self-serving, services to such activities, or services to such services) rather than primary, secondary or tertiary (oriented toward production and distribution of goods)
- 2. Per capita income \$5,000 to \$25,000/year (or about ten times industrial & a hundred times pre-industrial)
- 3. Narrow economic "efficiency" no longer primary
- 4. Market may play diminished role compared to public sector and "social accounts"
- 5. Official floor on income and welfare for "deserving poor"—effective floor for others
- 6. Perhaps more organizations that are "consentive" or anarchic in style (vs. "marketives" & "command systems")
- 7. Business firms may no longer be the major source of innovation or center of attention
- 8. Widespread use of automation, computers, cybernation
- 9. Small world—"global metropolis" not "global village"
- 10. Knowledge society and knowledge elites
- 11. Typical "doctrinal life time" two to twenty years
- 12. Learning society—emphasis on late knowledge, imagination, courage, & innovation—de-emphasis of experience, judgment, caution and perhaps wisdom
- 13. Rapid improvement in institutions & techniques for training and teaching—"education" may lag
- 14. Erosion (in some upper and upper middle classes) of work-oriented, achievement-oriented, advancement-oriented, deferred gratification values
- 15. Likely erosion (at least in these same classes) of search for "meaning and purpose"
- 16. Much apparent "late sensate chaos and polarization"
- 17. Sensate, secular, humanist, perhaps self-indulgent criteria may become central in important groups—at least during this transition period
- 18. Likely multiplication of sub-cultures; development of a "mosaic society"
- 19. But the search for "meaning & purpose" will largely find at least interim solutions
- 20. Some of these solutions may contain important elements that are "against progress," against trends 14 to 18 above, and/or against rationality and/or "Western culture"

## METHODOLOGY

### 1 THE BASIC OBJECTIVES OF THE POLICY ISSUES PROJECT

#### Improve Basic Ability to Make Decisions

1. Stimulate and stretch the imagination
2. Give holistic insights and perspectives
3. Clarify, define, name, expound and argue major issues—further second-order agreement
4. Design & study alternative policy "packages" & contexts
5. Create propaedeutic and heuristic methodologies and paradigms
6. Improve intellectual communication & cooperation (use of historical analogies, scenarios, metaphors, analytic models, precise concepts and suitable language)
7. As a result of the above attain a much greater degree of first, second and third order agreement\*—both raise the average level of discussion and put a floor under the lowest level acceptable

#### Improve Decisions Directly

1. Improve perspective on current issues generally and increase ability to react appropriately to both the new and the old ones
2. Increase the ability to identify and understand the significance of new patterns and crises
3. Clarify current choices, with emphasis on those that retain flexibility for reacting appropriately to a broad range of contingencies
4. Explicate and attain first-order agreement on important assumptions, conclusions, suggestions & recommendations

### 4 WHY "EDUCATED INCAPACITY?"

1. Classic tendency to exercise favorite or accustomed muscles (skills or formulations)
2. Normal parochial professionalism and emphasis
3. Misleading or constraining bureaucratic or organizational ground rules or commitments
4. Misplaced glamour or incentives
5. Ideological (political or apolitical) biases
6. Insufficient imagination, courage, expertise, etc., for useful innovation or creativity
7. General lack of reality testing & hard-headed or "tough-minded" analysis
8. And (perhaps most important of all) an increasing use of irrelevant experience & intuition; a growth of simplistic theoretic, illusioned, and/or wishful thinking & Utopian objectives
9. Other effects of the "new political milieu"

### 6 SIX TOOLS OF POLICY RESEARCH

1. Empirical research and analysis, and simple theory
2. Metaphors and historical analogues
3. Analytic models involving:
  - A. A description of "analyzable" systems
  - B. The devising of alternative policies
  - C. The explication of criteria, objectives, or values, and
4. Propaedeutic and heuristic methodologies and paradigms
5. Scenarios, gaming and other use of "arbitrary" specifications and stimulation; e.g., surprise-free projections, standard and canonical worlds, etc.
6. Systematic and eclectic use of both "interdisciplinary" and traditional techniques, perspectives, and capabilities

### 2 THREE USEFUL CONCEPTS

- Paradigm:** An explicitly structured set of assumptions, definitions, typologies, conjectures, analyses, and questions giving both a framework and a pattern of relationships
- Propaedeutic:** Conveying preliminary instruction in an art or science—no connotation of the elementary or oversimplified
- Heuristic:** Serving to discover or to stimulate investigation; a method of demonstration which tends to lead a person to investigate further by himself—no connotation of the scholarly or rigorous

### 3 USING ANALYTIC METHODS IN AN ORGANIZATION MAY ENCOURAGE:

- A. Ten common pitfalls\*\*
- B. Pseudo or ritualistic rationality
- C. De-emphasis of "folk wisdom," useful maxims and useful psychological blocks
- D. Excessive and/or costly calculations and analyses
- E. Too great an emphasis on "intellectual" and/or articulate leadership or staffing
- F. Too great concern with trivia or irrelevancies
- G. Premature innovation

### 5 WHY EUROPEANS "CAN'T" HAVE A "RAND" OR "HUDSON"

1. Governmental unwillingness—both financial and political—to support this kind of speculative, independent, freewheeling (and basically critical) research—which is also of uncertain quality
2. Government compartmentalization and secrecy
3. Otherwise qualified personnel tend to prefer professional and academic formulations or addressing broad policy research issues

### 7 POLICY RESEARCH VS. ACADEMIC RESEARCH

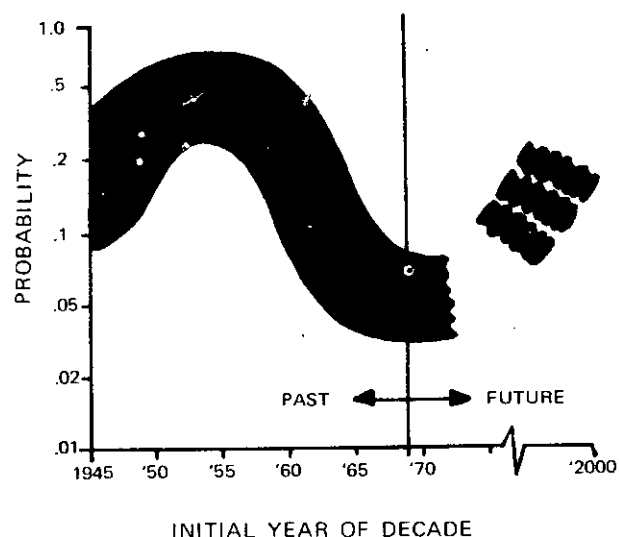
1. Decision-oriented vs. subject-oriented
2. Oriented towards specific decisions, possible decisions, decision makers or staffs, rather than towards professional colleagues or contributing to a specific field of study and/or body of information
3. Broad (and therefore perhaps superficial) rather than deep (and therefore perhaps narrow and/or parochial)
4. Relatively time-oriented vs. relatively-timeless
5. Relatively eclectic, intuitive and heuristic vs. relatively disciplined, unified, and rigorous
6. Asks of what you know, "What difference does it make?" rather than "How well do you know it?"
7. Builds upon academic research and other inputs as a processor or consumer

\* First-order agreement is agreement on substantive issues, second, an agreement as to what a first-order agreement or disagreement is about, and third, agreement on why second-order agreement can or cannot be reached

\*\* Dangers or difficulties that are not easily anticipated or avoided by normal routine procedure. See Ten Common Pitfalls (H. Kuhn and I. Mann, RAND Corporation Memoandum RM 1937, July 17, 1957)

## MAJOR CURRENT AND FUTURE SOURCES OF INTERNATIONAL STABILITY AND INSTABILITY

### 1 SUBJECTIVE ESTIMATES (BOTH CURRENT AND AD HOC) OF THE PROBABILITY OF A NATO "DISASTER" IN THE NEXT DECADE



### 3 WHY DO "FORCE" AND MILITARY CALCULATIONS SEEM INCREASINGLY LESS RELEVANT?

1. World is one human community—there are no outlaws, barbarians, or untermenschen—everybody has human rights—indeed many pluralistic security communities (a political and moral context that makes legal war and even the use of force "unthinkable" in most situations)
2. Internal development is both the efficient and the fashionable technique for achieving most national objectives—including achievement of a base for power and influence as well as wealth itself
3. Modern technology and other developments have either obviated, lessened, or made transitory the historic strategic value of many geographical areas
4. As a result of the above, nations no longer, by and large, seek for ways to use force to gain plunder, workers, foreign territory, commercial advantages, income, power, military manpower, or even to collect debts, avenge insults, enforce international law, etc.
5. Ideological and religious pressures to use force are also weak—at least relative to many past eras
6. In addition:
  - A. The U.S., U.N., and others act not only as "policemen" and protectors but to limit the ultimate success of initially successful acts of aggression
  - B. All-out war (and therefore, to some degree, any war) is "unthinkable" or "impossible"
  - C. Little "serious" irredentism in Europe (except possibly for Germany), North and South America, and Japan
  - D. General (but waning) fear of extremism
  - E. Current relatively high standards of behavior
  - F. As a result there seems today to be a peace based as much on satisfaction and acceptance as on deterrence and weakness
  - G. As well as some illusioned and/or wishful thinking about the likelihood of certain areas of the world being kept—under almost any policy—free of national wars

### 2 SOME SPECIFIC REASONS WHY THE WORLD SEEMED RELATIVELY SAFE IN THE SIXTIES

#### In General:

1. Recovery of Europe and Japan
2. Weakness of Germany (and Japan?)
3. Holding of Africa, Middle East, Chinese Rim & L.A.
4. Weakness of underdeveloped nations
5. U.S.-S.U. detente & growing belief in stability
6. Increased crisis incredulity
7. Continued (?) U.S. strategic superiority over S.U.
8. Soviet thermidor—loss of enthusiasm and/or nerve

#### In Strategic Area:

9. U.S. (and S.U.) strategic forces relatively invulnerable(?)
10. Organizational & technical safeguards—arms control
11. Controlled response and crisis management policies
12. Nuclear incredulity (nuclear war is unthinkable)

#### In Limited War Area:

13. Few power vacuums
14. Greater (U.S. & S.U.) capability & understanding

#### In Technology:

15. Expense and complexity of strategic weapons systems
16. New strains of rice and wheat

### 4 SOME "TRADITIONAL" REASONS WHY MAJOR VIOLENCE MAY STILL OCCUR

1. Defense of status quo or other vested interest
2. Other deliberate violence
3. Miscalculations or unintentional escalation
4. Shocked, hysterical, or irrational behavior
5. A revival of ideological zeal in Russian or other CP's
6. A taste for violent ideologies (crypto-fascist and anarchist as well as crypto-communist)—particularly in the third world and among the young
7. Development, in Afro-Asia, of a desire for revenge against the ex-imperialists
8. An Afro-Asian drive against Rhodesia, South Africa, and/or Portugal, or even against the West generally, etc.
9. Claims and pressures of China, W. Germany, Japan, etc.
10. Other revisionist territorial and political claims in Central Europe

### 5 THE COMING 1985 TECHNOLOGICAL CRISIS

"The great globe itself is in a rapidly maturing crisis—a crisis attributable to the fact that the environment in which technological progress must occur has become both undersized and underorganized . . .

In the first half of this century . . . this safety . . . was essentially a matter of geographical and political *Lebensraum*: an ever broader geographical scope for technological activities, combined with an ever broader political integration of the world. Within this expanding framework it was possible to accommodate the major tensions created by technological progress.

Now this safety mechanism is being sharply inhibited: literally and figuratively, we are running out of room. At long last, we begin to feel the effects of the finite, actual size of the earth in a critical way.

Thus the crisis does not arise from accidental events or human errors. It is inherent in technology's relation to geography on the one hand and to political organization on the other . . . in the years between now and 1980 the crisis will probably develop far beyond all earlier patterns. When or how it will end—or to what state of affairs it will yield—nobody can say.

John Von Neumann  
*Fortune*, June 1955

## 1985 TECHNOLOGICAL CRISES

### BY 1985 THE FOLLOWING AREAS ARE LIKELY TO GIVE RISE TO SPECIAL TECHNOLOGICAL DANGERS

- I. Intrinsically dangerous technology
- II. Gradual and/or national contamination or degradation of the environment
- III. Spectacular and/or multinational contamination or degradation of the environment
- IV. Dangerous internal political issues
- V. Upsetting international consequences
- VI. Dangerous personal choices
- VII. Bizarre issues

### II. GRADUAL AND/OR NATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT

- A. Radioactive debris from various peaceful nuclear uses
- B. Possible greenhouse or other effects from increased CO<sub>2</sub> in the atmosphere
- C. Waste heat
- D. Other special wastes
- E. Other wastes, debris, and just plain garbage
- F. Noise, ugliness, etc., associated with many modern activities
- G. Excessive urbanization
- H. Excessive overcrowding
- I. Excessive tourism
- J. Insecticides, fertilizers, growth "chemicals," food additives, etc.

### IV. DANGEROUS INTERNAL POLITICAL ISSUES

- A. Computerized records
- B. Other computerized surveillance
- C. Other advanced techniques for surveillance
- D. Excessively degradable (or unreliably reassuring) centralized capabilities
- E. Improved knowledge of (and techniques for) agit-prop and other methods of creating disturbances & disruption
- F. Improved knowledge of and techniques for preventing disturbances
- G. Complex or critical governmental issues leading to either "technocracy" or "caesarism"
- H. Nuclear weapons affecting internal politics
- I. Excessively illusioned attitudes
- J. Other dangerous attitudes

### VI. DANGEROUS PERSONAL CHOICES

- A. Sex determination
- B. Other genetic engineering
- C. Psychedelic and mood-affecting drugs
- D. Electronic stimulation of pleasure centers
- E. Other methods of sensual satisfaction
- F. Excessive permissiveness and indulgence
- G. Dropping out and other alienation
- H. Excessive narcissism or other self-regard
- I. Super-cosmetology
- J. Lengthy hibernation

### I. INTRINSICALLY DANGEROUS TECHNOLOGY

- A. Modern means of mass destruction
- B. Nuclear reactors—fission or fusion
- C. Nuclear explosives, high-speed gas centrifuges, etc.
- D. Research missiles, satellite launchers, commercial aircraft, etc.
- E. Biological and chemical "progress"
- F. Molecular biology and genetics
- G. "Mind control"
- H. New techniques for insurgency, crime, terror or ordinary violence
- I. New techniques for counterinsurgency or imposition of order
- J. New "serendipities" and synergisms

### III. SPECTACULAR AND/OR MULTINATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT

- A. Nuclear war
- B. Nuclear testing
- C. Bacteriological and chemical war or accident
- D. Artificial moons
- E. Projects West Ford, Storm Fury, etc.
- F. Supersonic transportation (shock waves)
- G. Weather control
- H. Big "geomorphological" projects
- I. Million-ton tankers (Torry Canyon was only 111,825 tons) and million-pound planes
- J. Other enterprises or mechanisms of "excessive" size

### V. UPSETTING INTERNATIONAL CONSEQUENCES

- A. Both new and "traditional" demonstration effects
- B. Technological obsolescence of "unskilled" labor
- C. New synthetics or processes (e.g., coffee, oil from shale, etc.)
- D. Forced modernization
- E. Growing guilt feelings by many in wealthy nations—particularly among the alienated or young
- F. Inexpensive and widely available "realistic" communications and physical travel
- G. Accelerated "brain drains"
- H. Cheap (synthetic?) food
- I. Cheap education
- J. Control and exploitation of the oceans, space, moon

### VII. BIZARRE ISSUES

- A. Generational changes; e. g. extended longevity
- B. Mechanically dependent humans; e. g. pacemakers
- C. Life and death for an individual; e. g. artificial kidneys, etc.
- D. New forms of humanity; e. g. "live" computers
- E. "Compulsory" birth control for "impossible" groups
- F. Other external controls or influence on what should be personal or even institutionally private choices
- G. Life and death sanctions or other control of "outlaw" societies which have not yet committed any traditional crime
- H. Even the continuation of the nation-state system
- I. Controlling and limiting change and innovation
- J. Radical ecological changes on a planetary scale
- K. Interplanetary contamination

## CHANGING CULTURE

### 1 SOME OF THE REASONS WHY AMERICANS MIGHT REJECT CURRENT WORK-ORIENTED, ACHIEVEMENT-ORIENTED, ADVANCEMENT-ORIENTED ATTITUDES

1. Why not?
2. Besides anyone can make \$10-\$25,000/annum by coasting
3. There will be a minimum income guaranteed by the government—other free and welfare benefits
4. It will be easy to obtain an additional \$1-\$10,000/annum from relatives or friends
5. The marginal utility of money will go down
6. Society will feel it can afford slackness & deviation
7. Effects of changed child-rearing patterns
8. Excessive reactions—intellectual & beatnik—against “bourgeois,” “managerial,” “bureaucratic,” “industrial,” “puritanical,” & “pre-affluent” values—advancement of the idea of the sheer indecency of getting richer—of being guilty of miserly behavior or contributing to the “effluent society” and/or the 1985 technological crisis

### 3 AN OVEREMPHASIS ON ACADEMIC EDUCATION CAN RESULT IN:

Expansion of the adolescent subculture

Mandarinism (intellectual as “father & mother of his country”)

Meritocracy

Overemphasis on “book learning” (conceptual world & documented information rather than existential world & perceived or orally transmitted information)

“Trained incapacity”

Intellectual and/or educated parochialism

Alienation from one's own culture or subculture

Other alienation from the practical world

### 2 TRADITIONAL VALUES FULFILLED BY WORK

Basic Attitude  
Toward Work:

1. Interruption
2. Job
3. Occupation
4. Career
5. Vocation (calling)
6. Mission

Basic Additional Value  
Fulfilled by Work:

Short-run income  
Long-term income—some work-oriented values (one works to live)  
Exercise and mastery of gratifying skills—some satisfaction of achievement-oriented values  
Participating in an important activity or program. Much satisfaction of work-oriented, achievement-oriented, advancement-oriented values  
Self-identification and self-fulfillment  
Near fanatic or single-minded focus on achievement or advancement (one lives to work)

### 4 ONE COULD CONTRAST THE IDEATIONAL, INTEGRATED (IDEALISTIC), AND SENSATE SYSTEMS OF:

Fine Arts  
Truth  
Music  
Performing Arts  
Architecture  
Law  
Economics

Family Relationships  
Civic Relationships  
Literature  
Ethics  
Education  
Government  
Etc.

One must, of course, also worry about the degree, if any, of consistency among the areas, or the degree of lead or lag, as well as the possibility of exceptions.

### 5 FOUR CULTURAL STAGES IN THE FINE ARTS

Ideational	Idealistic or Integrated	Sensate	Late Sensate
Transcendental	Mixed Style	Worldly	Underworldly
Supersensory	Heroic	Naturalistic	Protest
Religious	Noble	Realistic	Revolt
Symbolic	Uplifting	Visual	Overripe
Allegoric	Sublime	Illusionistic	Extreme
Static	Patriotic	Everyday	Sensation Seeking
Worshipful	Moralistic	Amusing	Titillating
Anonymous	Beautiful	Interesting	Depraved
Traditional	Flattering	Erotic	Faddish
Immanent	Educational	Satirical	Violently Novel
		Novel	Exhibitionistic
		Eclectic	Debased
		Syncretic	Vulgar
		Fashionable	Ugly
		Superb Technique	Debunking
		Materialistic	Pornographic
		Commerical	Sarcastic
		Professional	Sadistic

### 6 THREE SYSTEMS OF TRUTH

Ideational	Sensate	Late Sensate
Revealed	Empirical	Cynical
Charismatic	Pragmatic	Disillusioned
Certain	Operational	Nihilistic
Dogmatic	Practical	Orwellian
Mystic	Worldly	Blase
Intuitive	Scientific	Transient
Infallible	Skeptical	Superficial
Religious	Tentative	Wearry
Supersensory	Fallible	Sophistry
Unworldly	Sensory	Formalistic
Salvational	Materialistic	Atheistic
Spiritual	Mechanistic	Trivial
Absolute	Relativistic	Changeable
Supernatural	Agnostic	Meaningless
Moral	Instrumental	Alienated
Emotional	Empirically or	Convenient
Mythic	Logically	Absolutely
	Verifiable	Relativistic

## CHANGING VALUES AND WELTANSCHAUUNGEN

### 1 THE TWELVE TRADITIONAL SOCIETAL "LEVERS" (I.E., TRADITIONAL SOURCES OF "REALITY TESTING," SOCIAL INTEGRATION, AND/OR MEANING AND PURPOSE)

1. Religion, tradition, and/or authority
2. Biology & physics (e.g., pressures & stresses of the physical environment, the more tragic aspects of the human condition, etc.)
3. Defense of frontiers (territoriality)
4. Earning a living—e.g., the five guarantees
5. Defense of vital strategic & economic interests
6. Defense of vital political, moral, and morale interests
7. The "martial" virtues such as duty, patriotism, honor, heroism, glory, courage, etc.
8. The manly emphasis—in adolescence: team sports, heroic figures, aggressive and competitive activities, rebellion against "female roles"; in adulthood: playing an adult male role (similarly a womanly emphasis)
9. The "Puritan ethic" (deferred gratification, work-orientation, advancement-orientation, sublimation of sexual desires, etc.)
10. A high degree (perhaps almost total) of loyalty, commitment and/or identification with nation, state, city, clan, village, extended family, secret society, and/or other large grouping
11. Other sublimation and/or repression of sexual, aggressive, aesthetic, and/or "other instincts"
12. Other "irrational" and/or restricting taboos, rituals, totems, myths, customs, and charismas

### 2 THE CURRENT "TRANSITION" AND/OR SEARCH FOR MEANING AND PURPOSE SEEMS LIKELY TO ENCOURAGE THE FOLLOWING:

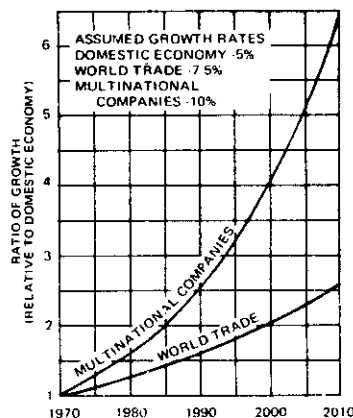
1. High consumption materialism and other pursuit of middle class sensate values
2. Neo-cynicism\*
3. Being a human being (neo-epicureanism, familial and altruistic motivations and/or emphasis on warm interpersonal relations and social responsibility)
4. Fulfilling a sense of personal responsibility and a commitment to responsible behavior (neo-stoicism)
5. "Neo-gentlemen" stress (e.g. neo-athenianism and/or Europeanization of U.S.)
6. Self-actualization (Consciousness-III?)
7. Special projects or programs that create general or specific esprit, clan, pride, excitement, charisma and/or chauvinism
8. New religiosity (underground church?, Consciousness-III?)
9. Semi-permanent adolescence
10. "Bread and circuses" (including for example both welfare and "happenings")
11. Rise of new and old cults (underground church?, Consciousness-III?)
12. Fanatic reformism—e.g., propaganda by the deed, protest by terror, violent conspiracies, insistence on immediate solutions ("Now!" generation) etc.
13. Protest, revolution, & violence as "kicks" or even a way of life (e.g. a commitment to nihilism, anarchism and/or neo-fascism as well as "ordinary" protest movements, demonstrations and riots)
14. "Drugs and fornication"
15. Other kinds of "dropouts" and quasi-dropouts
16. Violently emotional & "reactionary" backlashes—traditionalists
17. Humanist left, responsible center, conservationists and traditionalist ideologies

\* The term "neo," as used in this chart, implies a modern version of what occurred in third century Greece.

### 3

#### U.S. SOCIAL AND POLITICAL IDEOLOGIES TEND TO EMPHASIZE:

(1) TRANSCENDENCE	(2) IMPULSE	(3) REASON	(4) CONSCIENCE	(5) GOD'S WILL	COMMON POSSIBILITIES
(LEADING TO, AT BEST, A REASONABLE OR ACCEPTABLE EMPHASIS ON)					
Spirituality	Freedom	Rationality	Dedication	Revealed Truth	Individual Meaning & Purpose
Mysticism	Creativity	Synthesis	Loyalty	Worship	Social Cohesion
Reverence	Perception	Calculation	Responsibility	Salvation	Humanism
Idealism	Spontaneity	Planning	Order	Awe	Inner Tranquility
Altruism	Self-actualization	Prudence	Organization	Dignity	
Pan-humanism	Participation	Comprehensiveness	Tradition	Eschatology	
Perspective	Sensory Awareness	Flexibility	Justice	Righteousness	
Detachment	Joy and Love	Moderation	Obedience	Submission	
Openness	Ecstasy	Meliorism	Self-sacrifice	Fatalism	
(BUT WITH A CORRESPONDING POTENTIAL FOR A PATHOLOGICAL DEGREE OF)					
Dropping Out	Anarchy	De-humanization	Fanaticism	Fanaticism	Elitism
Passivity	Lawlessness	Scientism	Despotism	Dogmatism	Self-righteousness
Unworldliness	Chaos	Technocracy	Authoritarianism	Bigotry	Intolerance
Cultism	Violence	Rationality	Self-masochism	Intolerance	Cultism
Withdrawal	Nihilism	Meritocracy	Vindictiveness	Superstition	Hypocrisy
Mysticism	Selfishness	Theorizing	Punitiveness	Hypocrisy	Pharisaism
Faddism	Promiscuity	Abstraction	Guilt	Pharisaism	Bigotry
Superstition	Other Indulgence	Calculation	Rigidity	Passivity	Rationalization
Naivete	Self-Indulgence	Indecision	Callousness	Fatalism	Callousness



## CHANGING POLITICS

### 1 A NEW POLITICAL MILIEU MAY CHARACTERIZE THE DECADE

1. Eight or nine-hundred year secular trend in Western culture towards a sensate culture emphasizing cosmopolitan, humanistic, anti-militaristic, nationalistic, intellectual, relativistic, scientific, rationalistic, manipulative, secular, and hedonistic values—and soon the onset of the post-industrial culture (see Ch. 1 of *The Year 2000*).
2. A revival in the west of the post-World War I reaction against nationalism and militarism.
3. An emotional reaction (as exemplified by the new left, but substantially more general) against science and technology, economic and administrative efficiency and rationality, private and governmental bureaucracies, and the twelve traditional levers.
4. A crisis of liberalism characterized, among other things, by a reaction against individualism and rationalism, a loss of nerve by liberals, and/or a general disillusionment in liberal values.
5. Increasing role of the intellectual with a concomitant tendency toward removal of all "irrational" and restricting taboos, totems, myths and charismas; and toward a questioning of all traditional claims, facts, assumptions, and loyalties; and emphasis on the new and a rejection of the old merely because it is old (unless it passes "acceptable" intellectual criteria).
6. A reaction, both domestic and foreign, against the United States government—an inevitable result of the superpower status of the United States and the excessive postwar dependence on the U.S. (followed by an equally inevitable cutting of apron strings), but sharply exacerbated by the Bay of Pigs, the U-2 incident etc., resistance to "Americanization," and above all, the Vietnam War.
7. General decline in reputation and in prestige of armed forces and governing establishments—and U.S. Armed Forces and U.S. governing establishment in particular—exacerbated by many seemingly incompetent (as opposed to "immoral") aspects of many recent incidents ("America the Incompetent").
8. Continued, even stimulated rising expectations (in both internal and external society) and a lower tolerance by intellectuals and upper classes generally of the existence of "irrational," "indefensible," and "unjust" inequities—complicated in many nations by upper and upper-middle-class "guilt complexes" and anti-anti-left ideologies.
9. A surprisingly intense generation/class gap—in addition to the above, affluent classes tend to raise their children in an extremely permissive, gratification-oriented, passive, over-stimulated, "Now!" environment that contrasts markedly with "the Puritan ethic" (as well as the depression and World War II milieu in which the current 40- to 50-year-old "governing class" was raised), while erosion of the twelve traditional levers is enormous change in external environment.
10. In the United States a spotlight on—and start of—the resolution of such "societal failures" as negro aspirations, persistent poverty, pollution, urban difficulties of various sorts, tending to cause an overemphasis on these issues, unrealistic expectations, and a subsequent frustration, disillusionment, and/or alienation.
11. Additional alienation of many upper and upper-middle-class youth—stimulated by seeming apathy and callousness of older generation toward unresolved issues of 6-10 above, an anarchist-like reaction against bureaucracy and the system (which is often simply an extreme version of the first five trends) and a more or less normal cutting of adult apron-strings—a cutting that, in the current milieu, seems likely to result in some relatively long-lived and rather eclectic sets of extremist reactions.
12. Finally there is the enhancement of all of the above by the various effects of current news media (particularly on the reporting of governmental violence—both internal and external). While it does indeed tend to intensify and exacerbate almost every one of the above trends, the influence can be exaggerated—in particular while it can make relatively minor issues and mistakes into disasters, in many cases it seems to be as much the ineptitude of the authorities as the nature of the reporting and of the medium that causes the problem.

### 2 RECENT IDEOLOGICAL TRENDS

1. 1916-1940: World War I provided vindication of pacifist and relativist critiques  
Depression supported reformist critique & gave power to intellectuals—weakened "establishment" authority  
The intellectual anti-war literature of the period powerfully reinforced such attitudes as relativism, cosmopolitanism, pacifism, anti-militarism, reformism, social democracy
2. 1941-mid-1950's: Hitler, Stalin, World War II, Cold War and Korea undermined relativism, cosmopolitanism, pacifism, anti-militarism, and violent reformism  
Nevertheless 1948 Wallace movement provided example of American intellectual reassertion of those views  
Intellectuals withdrew in 1950's—students (i.e., "silent generation") responded to attitude of their teachers
3. By the late 1960's: World War II experience & lesson had receded into past—there was revitalized relativism—our system was no longer seen as good for own sake  
Nuclear weapons and Vietnam War revitalized pacifism, anti-militarism and cosmopolitanism  
The civil rights and poverty causes revitalized reformism and social democracy  
Inevitable political defeats of intellectual causes revitalized elitism (and, in current milieu, recourse to violence)
4. Severities may be "worse" than 1916-1940, but backlash (or "countermovement") may change prognosis

### 3 MISUNDERSTOOD U.S. "MIDDLE AMERICA" ISSUES (AT LEAST FROM MID '65 TO MID '69)

1. Law and order
2. Backlash against Negroes
3. Basic attitude toward Negro
4. Gun laws and other gun issues
5. Pornography issues
6. Sex education in public schools
7. School tax revolt
8. Attitude toward religion, flag, fighting words, etc.

### 4 NEW ELEMENTS IN THE POLITICS OF THE 1970's

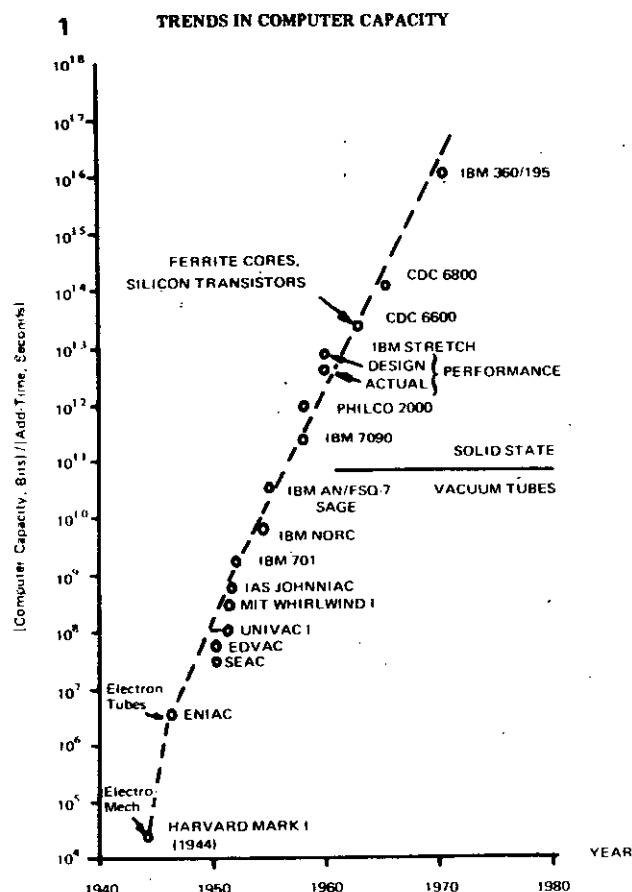
**Humanist Left:** Interested in human relationships—i.e., man to man, man to woman, problems of alienation, etc. intensely anti-hierarchy & anti-bureaucracy, thus favors participatory democracy and often tends towards anarchy. Humanist left contains most current dropouts (hippies, new left, etc.) & revolutionary student movements, but is much broader & has many fellow travelers. It has also inherited many former liberals.

**Responsible Center:** Also progressive & reformist group—ranges from pure technocrats concerned only with keeping the system going (and who are skeptical of humanist left: capability to use power wisely) to those who truly value "the system"—relatively close to old liberal consensus, but greatly modified by an understanding of the arguments for conservatism. While it shares many values and other characteristics with the humanist left, it tends to define itself as an opposition or alternative to humanist left.

**Conservationist:** Trying to conserve old values, but not necessarily interested in the economic & political emphasis of "Landon" or "Goldwater." Highly skeptical of technological, cultural & political progress, they emphasize many of the same "old-fashioned" values & ideologies as the "alienated lower middle class" without necessarily having much tendency towards racism, reactionism, authoritarianism, chauvinism, or anti-intellectualism.

**Traditionalist** (e.g., the alienated [reactionary?] "lower middle class" or "middle America" or the "silent majority") Extremely conscious of being alienated from liberal consensus & "progressive establishment"; upward mobile but financially hard pressed; relatively racist but unwilling to use racist arguments; enjoys hunting, non-intellectual, non-sophisticated TV & movies; democratic ways; mainly behavior, patriotism and religious values.

## COPING WITH THE FUTURE



### 4 SOME HISTORICAL PERSPECTIVES ON CHANGE (FOR INSTITUTIONS & NATIONS AS WELL AS CULTURES)

1. Static, traditional, and/or repetitive
2. Progressive: multifold trend, revolution of rising expectations, utopian, chiliastic, culminating point
3. Decay: not competitive, "hubris," lost golden age, nostalgia, conservatism
4. Cyclic: rise and fall, growth and decay (Quigley scenario), rebirth (Sorokin scenario), "regular" ebb and flow
5. Patternless and incoherent
6. Typical (empirical) patterns: the multifold trend, irregular ebb and flow, empirical and analytic trend analysis, typical or phenomenological scenarios
7. Eclectic and Syncretic: the multifold trend, other trend analyses, other typical patterns (particularly metaphoric use of Quigley and Sorokin scenarios and of classical history), some current possibility of decline and/or rebirth (crypto-historicism)

### 2 SOCIAL GOALS ARE CHANGING WITH RESPECT TO:

- |                               |                           |
|-------------------------------|---------------------------|
| 1. Technology and Environment | 5. Education and Religion |
| 2. Goods and Services         | 6. Mores and Morals       |
| 3. Work and Leisure           | 7. Progress and Growth    |
| 4. Economy and Government     | 8. Meaning and Purpose    |

### 3 SOME MIXED BLESSINGS OF PROGRESS

1. Defunctionalization—partial (but increasing) loss of meaning of many traditional activities through the development of short-cuts to gratification: erosion of "traditional societal levers"
2. Accumulation, augmentation, and proliferation of weapons of mass destruction
3. Loss of privacy and solitude
4. Increase of governmental and/or private power over individuals
5. Loss of human scale and perspective
6. Dehumanization of social life or even of the psycho-biological self
7. Growth of dangerously vulnerable, deceptive or degradable centralization of administrative or technological systems
8. Creation of other new capabilities so inherently dangerous as seriously to risk disastrous abuse
9. Acceleration of changes that are too rapid or cataclysmic to permit successful adjustment
10. Posing of choices that are too large, complex, important, uncertain, or comprehensive to be safely left to fallible humans

### 5 CLASSES OF VARIABLES (OR FACTORS) FOR ECLECTIC AND SYNCRETIC PREDICTIONS

1. Relatively Stable: Climate, gross topography, language, religion, "national character, institutions and style"
2. Slowly (Exponentially?) Changing: Natural resources, demography, capital resources, skill and training, technology, GNP, welfare policies
3. Constrained: Political character, alliances, business activity, defense budget, morale, military posture
4. "Predictable": Typical scenarios, prime movers, overriding problems
5. Accidental: Outcome of war or revolution, natural calamities, personalities, other events
6. Incalculable: Excessively complex, otherwise insufficiently understood

### 6 WHY STUDY THE YEAR 2000?

1. "Playful" speculation
2. Yields useful interactions and holistic insights
3. Context for 5 to 10-year "policy research" studies
4. May make practical 10 to 20-year "policy research" studies
5. Direct guidance (or even proper perspective) to "arms control" and "power politics" policies
6. Year 2000 is proper perspective for many developmental and evolutionary-type issues
  - A. Far enough to allow for results
  - B. Close enough to be meaningful
  - C. Has a charisma of its own
7. The end of the second millennium A.D. may be a most important historical transition point
  - A. Effective end of pre-industrial culture
  - B. Onset of post-industrial culture
  - C. Precursor of (almost) post-economic culture

## A YEAR 2000 IDEOLOGY?

### 1 WHAT IS AN IDEOLOGY?

1. Emphasizes certain values and attitudes
2. Contains a theory of the past
3. And a theory of the future (both theories generally have emotionally held normative elements)
4. Provides a rationale, spur, and guide to action
5. And a theory of success and justice (i.e., high morale)

### 4 (ALMOST) A CURRENT CONSENSUS

"... Development will fall into the hands of dedicated revolutionary groups. Mild men will not ride the tigers of development, neither will mild political or economic systems contain or impel it."

—R. HEILBRONER

### 6 YEAR 2000 PERSPECTIVE (IDEOLOGY)

Does:

1. Put population growth, GNP growth, impact of R&D cultural changes and other long term and compound interest issues in perspective
2. Enable realistic criteria to be set

Should:

3. Energize elite groups—in part to set example
4. Persuade late beneficiaries to "wait"
5. Relieve "ancien regime morale" stigma from current programs and institutions
6. Enlist alienated and frustrated groups
7. Energize whole society

### 7

### THREE IDEOLOGIES OF DEVELOPMENT

#### Marxist & Related Ideologies

Modern  
Secular (anti-religious)  
Scientific and technological\*  
Anti-Western, anti-capitalist  
Revolution & class struggle

Uses "true believers" and tight organizations

\*Usually copies existing technology

\*\*Emphasizes sideways in technology

#### Year 2000 Ideology

Can appear modern  
Secular (non-religious)  
Economic and technological\*\*  
Western, capitalist  
Compound interest

Uses leverage, individuality  
tradition, hierarchy

#### Gap Ideology

Modern  
"Humanistic" & paternalistic  
Egalitarian  
Anti-rich  
Charity, aid, subsidy illusion,  
occasionally competitive striving  
Exploits feelings of fear, envy,  
guilt, etc

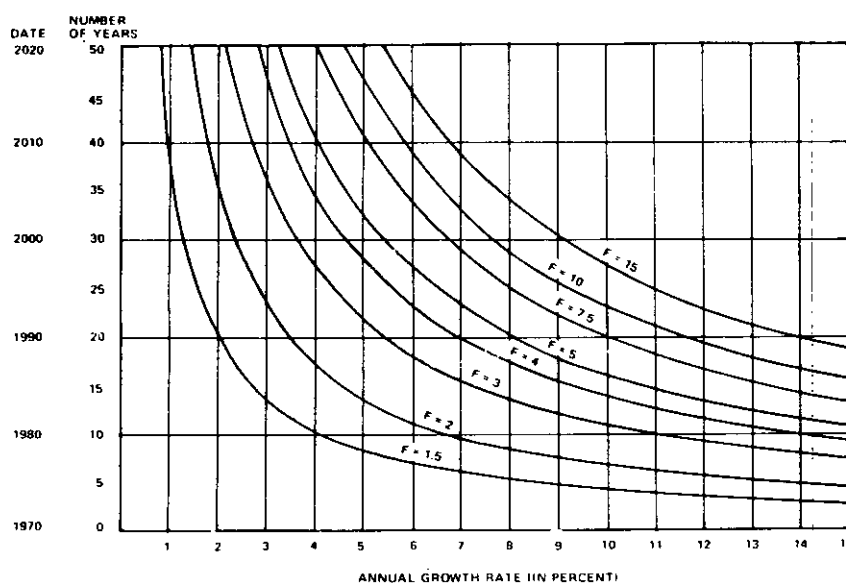
### 2 IMPORTANCE OF INTENSE IDEOLOGY

1. Disciplined and dedicated cadre
2. Legitimacy and appeal
3. Mass movement (or mass acquiescence)
4. Recruiting
5. External allies and sympathizers
6. "Wave of the future" charisma
7. Other benefits

### 3 DISADVANTAGES OF INTENSE IDEOLOGY

1. Foreign ax to grind
2. Extremist program
3. Excessive use of terror
4. "Crackpot" theories
5. "Crackpot" administration
6. Excessive wastage of assets and resources
7. Excessive attention to foreign intervention and proselytizing

### 5 DATE (OR YEARS REQUIRED) TO IMPROVE GNP BY SOME FACTOR (F)



### 8 THE NEED FOR YEAR 2000 IDEOLOGY

1. Pervasiveness of ancien regime morale and similar attitudes which are intensified by Marxist and gap ideologies
2. Increasing numbers and power of intellectuals, academics, youth, etc.
3. Increasing sensateness of culture—need for "meaning and purpose"
4. Declining (perceived) need for "efficiency" and savings (post-industrial economy)
5. Declining (perceived) role of national defense requirements

APPENDIX II

IMPACT OF FORCES FOR CHANGE ON CORPORATE ISSUES

APPENDIX IIIMPACT OF FORCES FOR CHANGE ON CORPORATE ISSUES

The Hudson Study of the Corporate Environment, 1975-1985 initially focuses on certain broad areas of corporate interest: (1) the further development of a basic context, (2) impact of technological innovation, (3) the significance of changing political and personal styles and values, and (4) the consequences of increasing volume and financial value of trade and industry--particularly with regard to the multi-national and international corporation, (5) the significance of new development areas and opportunities, (6) the effects of the above on organizational structure and management.

Some typical factors of interest are:

- a. Alternative economic projections, and their interaction with technological developments, which in turn constrain possibilities for communication, transportation, population distribution, and market characteristics, all of these interacting with changes in politics, ideologies, and life-styles.
- b. The impact of technological innovations on the corporation and environment. For example: general use of automation and cybernetics in management and production, new or improved materials for equipment and appliances, some control of weather and/or climate, pollution programs and control, new power sources, transportation advances in air and water; techniques for surveillance, monitoring and control of individuals and organizations, "education" and propaganda techniques, drugs, automated universal (real time) credit, audit and banking systems, use of cryogenics, mechanical and chemical methods for improving human analytic ability, very low cost buildings, etc.
- c. The significance of changing political and personal styles and values. For example: social and environmental implications of coming "post-industrial society"--including the likelihood of diminished emphasis on narrow economic efficiency, a weakening or erosion of the puritan ethic, decline of such factors as corporate loyalty and organizational stability, greater emphasis on the corporation as "good citizen," etc., emergent new value systems resulting from reactions against the impersonality--or inefficiency--of bureaucracies and the social consequences of advancement-oriented and careerist goals, and the erosion of many accepted constraints (i.e., religion, familial and traditional mores, economic and military pressures, etc.) which traditionally have provided or supported social controls. Also: new incentives and other motivations for management and employees; effect of national data and pervasive private data centers; and, of great importance,

technological issues: the effects of large-scale data processing, environmental degradation issues, and greater "technological" contrcontrol both of the individual and his environment.

d. The consequences of changing level of activities and of multi-national and international corporations for the corporate environment. For example: analysis and critique of the Servan-Schreiber thesis that American business in Europe will become the third greatest world power in the not too distant future; issues raised by growth of the multi-national and international corporation; the interaction of international politics with economics and business affairs; the significance of increasing levels of world trade and world investment; the importance of the rise of Japan. (In the fifties the Japanese economy grew by a factor of more than 2 from being a small economy to a medium-sized one; in the sixties it grew again by a factor of 3 to become the third largest in the world; in the seventies it seems likely to grow by something more than a factor of 3 and to become gigantic.)

Merely listing these trends is no substitute for exploring them in depth and attempting to understand the relationships among them. But it does bring together a number of developments usually seen separately even though their impact is felt as a whole. A more detailed list, such as given below, begins to explain the cumulative sense of somewhat uncontrolled, dimly perceived departures and discontinuities that characterize the unique period of change we have already entered--a period of widely felt uncertainty between the past and the future.

Trends and issues that currently seem of special interest to corporations include:

1. Per-capita incomes in U.S. and parts of Europe approaching post-industrial levels (i.e., more than \$5,000) with a corresponding change in values, attitudes, and life styles of individuals, and an increase in domestic and international economic activity--particularly trade, investment, and tourism.
2. The declining role of the production-oriented economy--i.e., extractive and harvesting activity (primary), manufacturing and construction (secondary), services to primary and secondary activities (tertiary), and services to such services (also tertiary)--with the initial emergence now of the "quaternary" economy which is dominated by final consumers for non-primary, secondary, or tertiary activities and purposes; services to such activities and purposes; and services to such services.
3. Certain striking cultural changes or tendencies which on the surface seems matters of changing life-styles, transient political controversies, or an emerging ecological, "zero growth" or consumer consciousness, but which may also be symptomatic of changing elite

and popular attitudes towards economic rationalism and scientific and technological progress, and by analogy indicating changing attitudes towards certain assumptions of human and social progress and value criteria which have been central to the evolution of modern society.

a. Emphasis on the technology and requirements of social and environmental engineering, and on criteria relating to health, safety, recreation, self-actualization, aesthetics, etc., as they affect both the employees of the corporation and the community at large.

b. Growing importance of non-economic incentives (employee interest in neighborhood, schooling, product, fringe benefits, interpersonal relations, and "participatory democracy"--a less urgent although still important interest in salary and possibilities for advancement).

c. Greater dependence on consensual techniques, information transfer, and even "participatory democracy" rather than classical use of rules, orders, directives, and "top down" command and control. Tension between simultaneous tendencies toward decentralization and centralization. Periodic corporate reorganizations as a way of life. At the extreme, more "consentives" and even "anarchic" (self-actualization oriented) rather than hierarchial (command and authority oriented) bureaucracies.

d. Some reaction against mass-consumption values and orientations--some erosion of work-oriented, advancement-oriented, achievement-oriented business values--and some over-reaction --perhaps in both directions.

e. Loss of traditional "levers" (i.e., religion, tradition, economic and military pressures, etc.) and a consequent search for "meaning and purpose."

f. Development of pluralistic and mosaic cultures exhibiting a diversity of life styles--many esoteric, exotic, communal and utopian enclaves and sub-cultures--however, probably with appreciable mobility between enclaves and sub-cultures. Clothes and styles of life as reflecting basic philosophy, role, vocation, and/or avocational choices, with little imitation (or even rejection) of upper class style.

g. Rise of a "learning society" (including in business much use of computer assisted instruction for management skills as well as job skills, with perhaps 1%-10% of the organization "taking special formal courses" and almost everybody participating in "information and orientation" activities.)

Relative de-emphasis on specialized experience and judgment.  
Relative emphasis on late knowledge, courage, and imagination.  
Increased number and importance in corporate life of "job skipping" executives.

h. Other manifestations of a coming "Post-Industrial" Society, which is not yet post-economic or post-business.

4. Rapidly changing technologies and operating practices. New products, new markets, new organizations, new forms of competition.

5. "Real time" national income, wealth, social, and environmental accounts and some real time centralized national control by use of computers.

a. National Data Centers of information on individuals and many (all?) private and public organizations, with accompanying efficiencies of public administration and dilemmas of social control.

b. Many other special data centers--e.g., for special industries for multi-national purposes, and for other private and public purposes.

c. Many new, controlled and uncontrolled, international, national and local feedback mechanisms.

d. Computerized country-wide and even world-wide buying, selling, and other transfers. Instantaneous or periodic but automatic and computerized payments, credit authorizations and advances, other money transfers and accounting. Corresponding political, legal, and social changes.

e. Extensive use of instantaneous or periodic but automatic calculation, analysis and display of status of various other processes, systems, and institutions.

f. Automatic and objective credit appraisal. Potential creditors have new legal rights and potential lenders have equivalent new obligations and perhaps vice versa.

g. Many national economies or sectors become almost checkless and, except for small sums, cashless.

h. At the limit automated country-wide and even world-wide arbitrage--and thus many "perfect" (or near-perfect) markets in both goods and money and perhaps labor.

i. Use of computers to translate simple specialized documents --i.e., business forms, maintenance manuals, commercial documents, etc.

6. Increased importance of distant markets and suppliers--both in foreign trade and in foreign plants.

a. Mobile and portable "field offices" which use small (even briefcase-sized) computers, commercially available data links, and highly sophisticated information retrieval systems with perhaps enough remotely controlled office and design equipment, and video communications to give this field office much of the capability of the home office.

b. New roles for newly developing "industrial" and "mass-consumption" societies in relationship to both the more advanced and the less advanced societies--including the development of a multi-national "division of labor"--in various service industries--i.e. personal service, maintenance and repair activities, etc.

c. New varieties of international, bi-national, and multi-national corporations.

d. Also new possibilities for relative national--or even local--autarchy.

e. Enormous increase in tourism and distant, even international "commuting."

7. Many changes in the work/income relationship.

a. Many part-time and/or intermittent workers.

b. Sabbaticals common.

c. Some form of guaranteed annual income (explicit, covert, ambiguous, or intermediate).

8. Many new issues, or old issues intensified in significance.

a. Mistakes, accidents, and even disasters due to excessive dependence on complex and highly centralized information systems or to malfunctions or accidents to large plants or vehicles (e.g., the 1,000 MW reactor, the million-pound plane, the million-ton tanker, and so on).

b. Also some deliberate (covert or open) misuse of information systems--by both public officials and private individuals--and a development of a system of due process for protection of individuals and others.

c. On the one hand a tendency toward inertia and a failure to generate anticipatory understandings and reactions to the many

changes and new or intensified problems, and on the other equally strong tendencies toward over-acceptance of the new, toward "illusioned thinking" and toward greater prevalence of "trained incapacities" with particular emphasis on the growth of such "illusion" and "incapacity" in upper and upper middle classes, intellectuals, management, and their young.

d. Many new issues of personal choice and public policy posed by new technologies such as organ transplants, genetic intervention, psychopharmacology, electronic surveillance, large-scale data processing, environmental degradation, and so on. Many of these will affect business and businessmen, some in surprising ways.

APPENDIX III

LIST OF PARTICIPANTS

APPENDIX IIILIST OF PARTICIPANTSUNITED STATES

American Airlines	Insurance Company of North America
Bechtel Corporation	Jefferies and Company, Inc.
Bethlehem Steel Corporation	LTV Aerospace Corporation
The Boeing Company	Marine Midland Banks, Inc.
Capital Research and Management Co.	Mobile Oil Corporation
Chemical Bank	The MITRE Corporation
Coca-Cola Company	Olin Corporation
Columbia Gas System Service Corporation	Pan American World Airways
Corning Glass Works	The Pillsbury Company
Deere and Company	Philip Morris, Inc.
Eastman Kodak Company	Quaker Oats Company
Eaton Corporation	Salomon Brothers
Ford Motor Company	Standard Oil of New Jersey
General Electric Company	Time Incorporated
General Foods Corporation	Union Carbide Corporation
Gulf Oil	United Aircraft Corporation
Huyck Corporation	Westinghouse Electric Corporation
International Business Machines Corp.	

CANADA

Acres Management Services, Ltd.	Imperial Oil Limited
Bell Canada	John Labatt Limited
British Newfoundland Corp., Ltd.	McMillan Bloedel Limited
GSW Limited	The Royal Bank of Canada
Hydro-Quebec	

EUROPE

FRANCE

S.A. Engins Matra

Germany

August Thyssen-Hütte A.G.  
Volkswagenwerk A.G.

Italy

Fiat S.p.A.  
de Nora International  
IRI/Italsider  
Montecatini Edison S.p.A.

United Kingdom

Rio Tinto Zinc Corporation, Ltd.  
Royal Dutch/Shell  
Taylor Woodrow Group

Other

CIBA-GEIGY, Limited (Basle)  
Empresa Geral de Fomento (Portugal)  
The Granges Company (Sweden)  
Leif Hoegh and Co. A/S (Norway)  
N.V. Philips Gloeilampenfabriek  
(Netherlands)  
Siderurgia Nacional S.A.R.  
(Portugal)  
Stockholms Enskilda Bank (Sweden)  
Volvo (Sweden)

JAPAN

Matsushita Electric Industrial  
Co., Ltd.  
Mitsui & Co., Ltd.  
Mitsui Shipbuilding

Nippon Steel Corporation  
Nomura Research Institute  
Teijin Limited  
Toray Industries

Latin America

Banco Nacional de Mexico  
Banco de Comercio S.A. (Mexico)  
Refinaria e Exploracao de Petroleo  
"Uniao" S.A. (Brazil)

Telecadena de Mexico S.A.  
Vollmer Foundation, Inc. (Venezuela)

APPENDIX IV

STEERING GROUP MEMBERSHIP

APPENDIX IVSTEERING GROUP MEMBERSHIP

(Committee is in transition from "European" to "General," with membership to be expanded.)

The Right Honorable Lord Byers  
Rio Tinto Zinc Corporation, Ltd.

Mr. William D. Mulholland, Jr.  
British Newfoundland Corp., Ltd.  
Montreal, Canada

Dr. Roberto de Oliveira Campos  
Banco de Investimento e  
Desenvolvimento Industrial S.A.  
Sao Paulo, Brazil

Professor Vittorio de Nora  
de Nora International  
Milan, Italy

Mr. Pehr Gyllenhammar  
A.B. Volvo  
Goteborg, Sweden

Mr. Shinzo Ohya  
Teijin Limited  
Tokyo, Japan

Mr. Yoshizo Ikeda  
Mitsui & Co., Ltd.  
Tokyo, Japan

Dr. Dieter Spethmann  
August Thyssen-Hutten A.G.  
Duisburg-Hamborn, Germany

M. Jerome Monod  
Delegation de l'Amenagement du  
Territoire et a l'Action Regionale  
Paris, France

Steering Group Objectives

- . Acts as advisory group to Corporate Environment Study Executive Committee
- . Monitors and critiques all aspects of project--administrative and substantive effort and conclusions
- . Suggests zones of interest, new study efforts, modifications, etc.
- . Reacts substantively--as desired--to material forwarded.
- . Monitors national or regional working groups.

APPENDIX V

FUNCTIONAL AREA COMMITTEES

APPENDIX VFUNCTIONAL AREA COMMITTEESI. Changing Values, Attitudes, and Life Styles

Hudson Institute Liaison: Anthony J. Wiener

Scope: This Committee is studying the ways in which changing values, attitudes, and life styles may affect the corporation in the time-frame of our study. These changes will have consequences for corporations in three major areas, each of which is being studied intensively by a sub-committee:

- a. Consumers and Markets
- b. Workers and Managers
- c. The Public, Public Policy and the Economy

II. Information Processing and Communications

Hudson Institute Liaison: Rudy Ruggles

Scope: The following areas of study have recently been submitted to the participants of this committee for selection and study. Others may be recommended within the general context of:

1. Systems Structure
2. Technology
3. Application

The committee is also studying a series of more specific topics, among which are

- a. Future of Japan in Information Processing, Worldwide (hardware, systems, programming)
- b. Implications of information processing in the developing nations
- c. Personnel/organizational implications of information processing
- d. Home information centers
- e. Information network services and impact.

### III. Other Technological Issues

Hudson Institute Liaison: Donald G. Brennan

Scope: At this time the committee is studying the following issues:

- a. Technology Assessment
- b. Transportation
- c. Material science
- d. Undersea technology
- e. Power production

They expect to follow these studies with one on Technology Assessment, including the impact of technology on the environment.

### IV. Issues Relating to Management and Organization

Hudson Institute Liaison: Rudy Ruggles

Scope: Current subjects for study include:

1. What will management "manage" in the 1975-1985 time period, including consideration of organization form; resource allocation including people, capital and material, and growth in size of business organizations.
2. Under what important constraints will management be acting during this period? This includes questions on the important changes which may result from current trends and concerns, including such issues as "consumerism," environmental quality, and other social, economic and political forces.
3. What techniques, strategies, and actions can management employ to adjust, counter or otherwise anticipate these restraints?

### V. Issues Relating to Area Political, Military, Economic Environments

Hudson Institute Liaison: Edmund Stillman

Scope: The work of this committee will focus on the following three topics:

- a. The future of East-West relations, with special emphasis on the nature, problems, and prospects of East-West trade.

b. The problem of political and social stability in underdeveloped areas, with special emphasis on techniques of spotting signs of future instability so that participating firms may identify regions potentially rewarding or unrewarding as areas of investment and effort.

c. The general issue of the emergence of new social and political forms over the next 15-20 years in response to the present "crisis" brought on by technology, changing life style, etc.

The above First Phase goals will be expanded to other worldwide political/economic issues in the Second and Third Phases.

#### VI. International Business Issues

Hudson Institute Liaison: Herman Kahn

Scope: The areas to be studied within this committee include:

1. U.S. Economic Issues
2. International trade
3. Capital adequacy
4. Factor availability including trade union attitudes
5. Multinational corporations
6. International monetary institutions
7. Regulatory environment including patents, licenses and government regulation
8. Capital repatriation
9. Environmental issues
10. Transportation
11. Nationalization

#### VII. Special Development Issues

Hudson Institute Liaison: Robert Panero

Scope: The committee has divided its work into three major categories, with a number of sub-tasks:

a. "Frontier" Development Issues (fields where available experience and knowledge are limited or lacking)

1. Geography (new lands)
2. Psychology/Economics (impoverished or underdeveloped zones)
3. Resources (Physical and Human)

Under this category of "Frontier" issues such diverse problems are considered as the Amazon area, Yucatan, Harlem, new development potentials in Latin America, Europe, Pacific Asia, primary minerals, energy, etc.

b. "New" Ways of Doing Business (companies constituted to better serve the "Frontier" Development problems). Eight "prototypes" of such companies are being evaluated to establish guidelines for organizational structuring related to specific development objectives. Among these are "designed" corporations, private/government companies, management-type and state-entrepreneurial organizations.

c. Special Issues (exceptional dynamics and magnitude). Among these are the issues of Transport, Tourism and Pollution.

#### Subcommittees

The following subcommittees are operating:

Medical and Health Issues (under Committee I)

Hudson Institute Liaison: Jane Newitt

Scope: The committee has subdivided its investigation into the following areas:

1. Health Care Aspects of Population Increase:

Geriatric medicine, birth control and abortion

2. Expanding Definition of Sick

Mood and Behavior modifying drugs  
Diet/vitamin/exercise fads  
Worried-well patients taxing medical facilities  
Growth in role of psychology/psychiatry

3. Medical Cost Spiral

Causes/cures of private business, legal and other obstacles

Agriculture and Food Issues

Scope: This subcommittee is developing data and issues in the following sectors:

- Food-Population Balances
- "Green Revolution" assessment of trends
- Processed/synthetic foods (re diet, nutrition)
- "Factory" concepts applied to farming (harvesting companies)
- Food preservation
- Interaction of agriculture and national economy, trade policies
- Trends in consumer habits

Private enterprise role in Agricultural development

The following issues are also being covered in special meetings:

- Energy
- Tourism/Transport
- Housing and Urban Problems
- U.S.-Japanese Relationships
- Steel
- Automobiles

APPENDIX VI

FIRST PHASE DEVELOPMENT

## APPENDIX VI

### FIRST PHASE DEVELOPMENT

#### 1. Organizational/Operational

##### a. "Steering" Committees

See Appendix IV.

##### b. "National/Regional" Committees

(1) Canada	(4) Japan	(7) Scandinavia
(2) France	(5) Latin America	(8) United Kingdom
(3) Italy	(6) Portugal	(9) United States

##### c. "Functional-Area" Committees

- I. Changing Values, Attitudes, Life Styles
- II. Information Processing and Communications
- III. Other Technological Issues
- IV. Management and Organization
- V. Area Political, Military, Economic Environment
- VI. International Business Issues
- VII. Special Development Issues

##### Sub-Committees

Medical and Health Issues  
 Agriculture and Food Issues  
 Housing and Urban Development  
 Energy  
 Pollution  
 Tourism

##### d. Translation/Application/Integration Committee

#### 2. Documents/Reports

- a. Chart Books - 38 Chart Books (see page VI-2).
- b. "National/Regional" Committee Reports
- c. "Functional-Area" Committee and Sub-Committee Reports
- d. Executive Summary, Phase I.

BASIC CHART BOOK COLLECTION (FIRST PHASE)Volume I

- HI-1447-CC Comment on Scope, Methodologies and Format  
 HI-1448-CC A Basic Context for the Discussion of Current Public Policy Issues  
 HI-1418 Glossary  
 HI-1473-CC The Major Cultural Areas of Europe  
 -- Card - Summary Outline of the Basic Synoptic Context  
 -- One Synoptic Context (& Summary) for Discussing the '70's and '80's  
 HI-1309-CC Some "Surprise-Free" Economic Projections:  
 A Quantitative Scenario

Volume II

- HI-1323-CC The Rising Sun (3 volumes)  
 HI-1389-CC Latin America (2 volumes)  
 HI-1393-CC Mexico  
 HI-1399-CC Brazil  
 HI-1477-CC Africa (2 volumes)  
 -- Summary Card of Japan

Volume III

- HI-1392-CC An Introduction to Management Issues  
 HI-1360-CC Narcotics and Dangerous Drugs: Public Policy Issues  
 HI-1363-CC Pollution  
 HI-1462-CC Special Development Issues and Special Projects -  
 Functional Committee VIII  
 HI-1476-CC The Motor Vehicle Industry  
 HI-1458-CC Some Thoughts on Tourism Futures  
 HI-1397-CC Preliminary Notes on Computer Technology & Application

Volume IV

- HI-1486 Corporate Environment Kyoto International Conference

Volume V

- HI-1391-CC Technological Forecasting  
 HI-1482-CC Data Context for U.S.  
 HI-1480-CC An Introduction to International Economic and Financial Issues  
 HI-1452-CC The Crisis of Liberal Political Society  
 HI-1409-CC Housing and Urban Development, 1975-1985  
 HI-1423-CC Re Food and Population  
 HI-1440-CC U.S. Health and Medical Care  
 HI-1443-CC Economic Issues: U.S.  
 HI-1427-CC Some Interesting Technological Areas  
 HI-1481-CC Youth  
 HI-1394-CC Non-Communist Pacific Asia  
 HI-1395-CC The Middle East  
 HI-1398-CC Argentina  
 HI-1431-CC France  
 HI-1439-CC Europe and the Europeans: An Overview  
 HI-1485-CC U.S. and Corporate Management Issues  
 HI-1484-CC Changing Values and Lifestyles

First Phase Conference Schedule

February 16-17, 1970 Hilton Inn, Tarrytown, New York	Organizational meeting for U.S. participants
May 3-5, 1970 Paris, France	Organizational meeting for European Participants
May 23-24, 1970 May 25-27, 1970 Hilton Inn, Tarrytown, New York	Review session for new participants Working session
August 30-September 3, 1970 Rio de Janeiro	Latin American Futures
September 11-13, 1970 Tappan Zee Motor Inn, Nyack, New York	Overview for U.S. participants
September 26-28, 1970 Stockholm, Sweden	Overview for European participants
October 12-13, 1970 Imperial Hotel, Tokyo, Japan	Overview for Pacific Asia participants
December 5-9, 1970 Plaza Athenee, Paris, France	European Futures
February 20-24, 1971 Harrison House Glen Cove, Long Island, New York	North American Futures
April 4-7, 1971 Kyoto, Japan	Pacific Asian Futures
May 29-June 3, 1971 Harrison House Glen Cove, Long Island, New York	Final meeting and presentation of oral and written report to chief executives & key long-range planners
	Also, periodic meetings of the various functional committees in North America and in Europe.

APPENDIX VII

PROPOSED SECOND PHASE OPERATIONAL/ORGANIZATIONAL PLAN

APPENDIX VIIPROPOSED SECOND PHASE OPERATIONAL/ORGANIZATIONAL PLAN

1. Functional committees to be upgraded to working groups with additional resources made available for substantive work.
2. Three to five regional groups (covering North America, Europe, and Pacific Asia) formed from the existing national working groups. Resources made available to these groups to develop regional projections, futures, and alternative policies for their own areas.
3. The present steering group increased in size and responsibility; to meet as required in order to evaluate progress of the study and present opinions, suggestions and recommendations to the Institute.
4. A continuation of the Hudson Study of the business environment in political, social and economic terms, emphasizing the implications of alternative world futures and contextual scenarios for corporate planning.
5. Special studies to provide an overview of certain geographical areas such as the Middle East; China, Eastern Europe. These studies would work from the first phase base.
6. Certain peripheral issues to be monitored, as in Latin America and Africa.
7. Some special subjects will be treated "in depth." (See separate list of candidate topics.)
8. Three major conferences to be held for the full membership of this study; one in Venice, one in Kyoto, and one in the U.S./North American area, starting late 1971.
9. Administration of the study to include a main overseas office operating in Paris, and a number of liaison offices to insure regular exchange of ideas and information among the participants. The Director and senior staff members will visit with participants throughout the world.
10. Additional inputs made available to the Corporate Environment Second Phase through outside contacts with the Institute (such as those from Datar-France on development, and New York State on Narcotics), as well as inputs from Hudson Institute members reacting to material which they receive.

## SCOPE OF THE CORPORATE ENVIRONMENT STUDY

### Original Scope

When we initially formulated the Corporate Environment Study we thought of it as emphasizing five main areas, each of which overlap and interact with each other:

1. The impact of new technology on the corporate environment.
2. The impact of changing life styles, changing attitudes, changing politics.
3. The impact of the changing level of economic activity--especially the differences caused by persistent high growth rates (including the effects of affluence, and the implications of changing comparative advantage among countries).
4. The impact of the emerging post-industrial culture.
5. The special impact of the growth of Japan.

### Future Scope

Now, at the end of Phase I, we will add six new areas of emphasis which overlap with the original five, but are also worthy of special attention:

6. The impact of the multinational corporation as the "basic institution of expansion" of industrial/capitalist culture in the last third of the twentieth century.
7. The impact of the four other especially dynamic areas (in addition to Japan, the most dynamic of all).
8. A careful examination of the interaction between American internal and external policy, with special emphasis on the passing of that era in which the U.S. economy was dominant in the world, and the beginning of an era in which the American economy is a predominate or leading sector in the world economy, but no longer overwhelmingly dominant.
9. The implications of an enlarged EEC (including the possibility of enhanced French influence or French leadership in an enlarged community).
10. Issues related to chronic inflation, possible protectionism, international liquidity, and so on.
11. And, of course, the many special issues mostly considered in collaboration with various functional and/or national committees.

APPENDIX VIII

HUDSON INSTITUTE IN BRIEF

APPENDIX VIIIHUDSON INSTITUTE IN BRIEF

The Hudson Institute is a private, non-profit research organization studying public policy issues in the public interest--especially those related to long-range perspectives, U.S. national security, world order, and social and economic development. It is attempting to help meet the growing need for research and analysis that complement the decision-maker's traditional sources of advice and ideas, in part through policy studies, employing experts from various academic disciplines and professions, and in part through seminars and briefings for those concerned with policy-making. The Institute's goal is to promote better communication and understanding among those working on public policy problems, and where necessary, it seeks to develop special techniques to aid both research and exposition for this purpose.

The Institute is an independent organization, committed only to intellectual quality and to the public interest. It has no government sponsorship or control, and no official policy position or doctrine. Most current research is being done under contracts with government agencies, industrial firms, and other private organizations; however, independent grant-supported research is increasing.

Hudson Institute differs in at least two ways from other organizations that have been providing research and advice to the government. First, despite attention to operational and technical considerations, its primary concern is with overall policy, emphasizing the "important, but not necessarily urgent" issues. Second, Hudson feels a major responsibility for participating in and attempting to raise the level of public and professional discussion of various issues, through seminars, conferences and reports.

The research staff at Hudson numbers about thirty-five and there are more than one hundred consultants, drawn from university teaching, government service, industry, scientific and engineering research, law and journalism. The Institute strives to bring together a diversity of viewpoints as well as skills in a staff that works together in an organized manner, yet in an atmosphere of freedom of inquiry and emphasis. Therefore, our reports are signed by the authors as individuals, and the Institute assumes responsibility only for the quality and objectivity of the work and does not normally produce official Institute positions or recommendations. Hudson tries to provide a degree of time and detachment which is rarely possible in the studies of an official agency, and a degree of focus and integration which is rarely available in a university or center for international studies.

The Institute's location, at Croton-on-Hudson, offers a quiet, pleasant place to work. Situated in open, hilly country overlooking the Hudson River, about thirty miles north of New York City, it is convenient to rural and suburban housing and is less than one hour from Manhattan by car or train. The seven buildings on the twenty-one acre site contain an active reference library, conference rooms of various sizes, a dining hall and space for private study-offices and support facilities.

### Policy Research Objectives

Hudson's major purpose is not to design blueprints for public policy or instructions for specific policy objectives. In policy making there rarely are definite "answers" or reliable "cures." While Hudson reports often contain detailed recommendations, the emphasis is usually on providing a broad, workable, conceptual framework within which intelligent and successful policy is more likely to be developed. In a very real sense, the Institute attempts to provide for government agencies and other clients the kind of assistance the President of the United States receives before making a decision; nobody tells the President what to do, but advisors do present alternative solutions and bases for choice.

Hudson Institute studies emphasize long-range objectives and/or crucial issues, especially those that are not currently perceived as pressing and immediate. In effect, the Institute attempts to act as a "lobby for the future," or at least as a "lobby" for important but not urgent issues. We emphasize this because there are many research, system-analysis and policy-research organizations which are filling "felt" needs of the government. Even if they do a poor job a government agency can often use their work--in part or in whole--because there is a clearly recognized need for it, and no obvious substitute. Rather than filling needs already felt to be urgent, Hudson seeks to do better (or differently) what senior members of the government must ordinarily do for themselves: namely, to determine what issues are important and which may become urgent though they are not yet recognized as such.

Although its usefulness is not always so easily appreciated, research to this end--if well done--seems necessary for long-range policy effectiveness.

The major objectives of such research are:

1. To stimulate and stretch the imagination
2. To clarify, define, name and argue major issues
3. To design and study alternative policy combinations and policy-making contexts
4. To design and create propaedeutic\* and heuristic\* aids

---

\*These rather pedantic words are used reluctantly but they seem to be the best available to describe Hudson's objectives. A "propaedeutic" aid or tool facilitates instruction in specialized knowledge without being over-simplified. Because creative integration of ideas and information can normally best be accomplished in a single mind, even a very sophisticated and knowledgeable policy maker, analyst, long-range planner, or member of an inter-disciplinary study group must absorb many ideas from unfamiliar fields. Hence, propaedeutic techniques can be exceedingly useful. A "heuristic" aid or tool can, without necessarily being scholarly or rigorous, facilitate discovery, or stimulate investigation, or just provide methods of demonstration that lead an investigator to probe further.

5. To improve intellectual communication and cooperation by the use of historical analogies, scenarios, metaphors, analytic models, precise concepts and suitable language
6. To increase the ability to identify new patterns and crises and understand their significance.

These six objectives underlie the Institute's work as a whole; they express something of the intellectual ambitions of the organization.

There are, as well, objectives that derive directly from our role as a contractor to the government, and from our obligations to the public as an organization which is consulted on national policy. These objectives include making specific empirical and theoretical studies that devise, examine and assess currently realistic policy choices, emphasizing those that retain flexibility for reacting appropriately to a broad range of contingencies or otherwise increase the "immediate" ability of decision-makers and their staffs to react appropriately to likely crises and trends.

#### Contract and Grant Research

Hudson Institute's work has been primarily in the following areas: international crises, with emphasis on the significance of crises for arms control and patterns of international relations; conjectural studies about various national and international aspects of the year 2000; some problems of world economic and social development with special emphasis on Latin America; long-run issues affecting education, poverty, race relations and urban development in the United States; the future of the space program; identification of future social problems for private foundations; long-range planning problems of business and government; proposals for major engineering projects in Latin America; alternative future tactical and strategic nuclear postures; causes and techniques of insurgency and some of the technical and political problems of counter-insurgency warfare; the role and problems of command and control; strategic and political implications of future military technology; arms-control implications of the current arms race generally and of various civil defense and ABM programs in particular; alternative European futures and various possible U.S. roles and European defense policies in these alternatives; United States national interest in international order and some of the basic political and strategic choices facing the U.S. (with special emphasis on the arms race and arms control).

Work is being or has been done under grants and contracts from the U.S. Department of Health, Education and Welfare, the Department of Housing and Urban Development, the Department of Interior, the National Aeronautics and Space Administration, the Charles F. Kettering Foundation, The Conference Board, the American Academy of Arts and Sciences, the

Corning Glass Works Foundation, the Inter-American Development Bank, the Research Institute of America, the U.S. Arms Control and Disarmament Agency, the Atomic Energy Commission, the Government of Canada, the Government of Colombia, the Council on Foreign Relations, the Executive Office of the President (Office of Emergency Planning), the International Business Machines Corporation, the Institute for Defense Analyses, Martin-Marietta Inc., the Mitre Corporation, the New York State Civil Defense Commission, the New York City Planning Commission, the Office of Economic Opportunity, the Office of the Secretary of Defense (Director of Defense Research and Engineering, the Assistant Secretaries for International Security Affairs and Comptroller, the Advanced Research Projects Agency, and the Office of Civil Defense), Stanford Research Institute, System Development Corporation, and various agencies of the U.S. Air Force and the U.S. Army.

Most Hudson Institute reports are unclassified and may be obtained at the depository libraries listed below.

#### Depository Libraries for Hudson Institute Documents

The Institute's unclassified reports are deposited and may be obtained from the New York Public Library and the Library of Congress as well as the libraries of Columbia University, Cornell University, the Council on Foreign Relations, Creighton University, Dartmouth College, the Georgia Institute of Technology, Harvard College, the Industrial College of the Armed Forces, Massachusetts Institute of Technology, the Naval War College, New York University, Ohio State University, Princeton University, Stanford University, the U.S. Air University, the Army War College, University of California at Berkeley and Los Angeles, University of Chicago, University of Illinois, University of Minnesota, University of Notre Dame, University of Pennsylvania, University of Utah, University of Washington, Washington University, and Yale University.

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(1913-1967)

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Council on Foreign Relations, Inc.

APPENDIX IX

BIOGRAPHIES

Project Leader, Corporate Environment Study  
and Member of the Executive Committee

HERMAN KAHN  
Director, Hudson Institute  
and Member of the Professional Staff

Herman Kahn, a physicist and specialist in public policy analyses, is Director and Trustee of Hudson Institute and was one of its principal founders. As Director he is the senior officer and has principal responsibility for the over-all research program. Among his major interests at Hudson Institute have been studies on Latin American and other development problems, inquiries into alternative world futures and long-run (10 to 35 years) political, economic, technological and cultural changes, and research into strategic warfare and basic national security policies.

Before he left to help found Hudson Institute in 1961, Mr. Kahn was associated for twelve years with The RAND Corporation. There he worked on problems in applied physics and mathematics, operations research and systems analysis, weapon design, particle and radiation diffusion, civil defense, and strategic warfare. During 1959 he was on leave for six months as a Visiting Research Associate at the Princeton Center for International Studies while working on the manuscript of his book, On Thermonuclear War.

Mr. Kahn is the author of seven books: On Thermonuclear War (Princeton University Press, New Jersey, 1960); Thinking About the Unthinkable (Horizon Press, New York, 1962); On Escalation: Metaphors and Scenarios (Frederick A. Praeger, New York, 1965); in collaboration with Anthony J. Wiener, The Year 2000: A Framework for Speculation on the Next Thirty-Three Years (The Macmillan Company, New York, 1967) prepared for the Commission on the Year 2000 of the American Academy of Arts and Sciences; with members of the Institute Staff, Can We Win in Vietnam? (Praeger, New York, 1968) and Why ABM? Policy Issues in the Missile Defense Controversy (New York, Pergamon Press, 1969); and The Emerging Japanese Superstate: Challenge and Response (Prentice-Hall, Englewood Cliffs, New Jersey, November 1970). He has written articles for such publications as New York Times Magazine, Fortune, Saturday Evening Post, Bulletin of the Atomic Scientists, Daedalus and Commentary, and has also contributed articles to several books on defense and foreign policies. Among his publications while at The RAND Corporation are articles on such subjects as gamma ray absorption, Monte Carlo methods, systems analysis techniques, war gaming, and game theory, in addition to his writings on strategic warfare. He has lectured at the Army, Air, Industrial and National War Colleges, the University of Chicago, Yale, Berkeley, Harvard, Princeton, Columbia, London School of Economics, the California and Massachusetts Institutes of Technology, and other universities and at defense study centers in France, Germany, Holland, Israel, Norway, and Sweden.

Mr. Kahn has served as a consultant to The Gaither Committee on Civil Defense and Strategic Warfare, the U.S.A.F. Scientific Advisory Board, the Atomic Energy Commission, Oak Ridge National Laboratory, the Office of Emergency Planning, the Office of the Secretary of Defense, the Army, Navy and Air Force, and to numerous industrial and scientific concerns.

Born in 1922, Mr. Kahn holds a B.A. degree in physics and mathematics from the University of California at Los Angeles (1945) and a M.S. degree in physics from California Institute of Technology (1948). He is a member of the Council on Foreign Relations (New York), the Center for Inter-American Relations, the American Political Science Association, Phi Beta Kappa, and Phi Mu Epsilon.

Deputy Project Leader, Corporate Environment Study  
and Member of the Executive Committee

ROBERT PANERO  
Director of Economic Development Studies  
and Member of the Professional Staff

Mr. Panero, who joined Hudson in 1964 is responsible for economic development studies at the Institute. He is perhaps best known for his Latin American development concepts which center on creation of a series of "Great Lakes" throughout South America by use of low dams strategically placed on some major rivers which would serve to open up the interior of the Continent for development. Capable of developing tremendous amounts of hydroelectric power, the dams would also serve to stabilize the rivers, eliminating flooding in the affected areas and opening up the interior to navigation by ocean-going ships. In addition to his Latin American interests, Mr. Panero has directed development studies in such diverse areas as South Vietnam, Angola, Yucatan, Southern France and the Middle East. He is also active in urban development planning and has directed a series of Hudson Institute studies for the New York City Planning Commission focused on New York City development. Other efforts in his field include aspects of development of Niagara Falls, New York and Paris, France. Fluent in Spanish, French and Italian, Mr. Panero is presently coordinator of foreign participation in the Corporate Environment 1975-85 Study. He is author and co-author of a number of Hudson Institute reports and independent papers on many of the projects and concepts he has developed during the past six years.

Prior to joining Hudson Institute, Mr. Panero was president of PWS International, a European-based engineering firm. He also was associated with the consulting engineering firm Guy B. Panero, Inc., where he directed projects in the United States, the Near East, Europe, Africa and Latin America. Mr. Panero is a consultant to the International Executive Service Corps on Latin American problems and was formerly a consultant to the RAND Corporation and the MITRE Corporation.

He has directed several large multi-discipline studies, including "Survivability of U.S. Air Defense Systems, 1965-1975," completed in 1960 for MITRE, and "Development of Guided Missile Operating and Training Ranges in the Caribbean and Atlantic," completed in 1961 for the U.S. Navy. Mr. Panero has long been associated with Herman Kahn in projects of mutual interest. Panero and Kahn developed the concept of underground control centers leading to the NORAD underground center and studies of the possibility of the underground military, industrial and civilian installations in the U.S. and in the New York area.

Deputy Project Leader, Corporate Environment Study  
and Member of the Executive Committee

ANTHONY J. WIENER  
Chairman, Research Management Council  
and Member of the Professional Staff

Anthony J. Wiener is an analyst of public policy issues, and is especially interested in those involving social and political aspects of science and technology. In addition to participating in the management of Hudson's research program, he has conducted studies and written reports on a range of public policy issues, including the future of U.S. poverty, race relations and urban problems, long-range problems of industry and of U.S. education, the space program, the future of youth, the future of the private foundation, problems of economic development, international crises, arms control, and European political and military policies.

Dr. Wiener served recently as Chairman of the White House Urban Affairs Research Committee, reporting to Dr. Daniel P. Moynihan throughout his service as Assistant to the President for Urban Affairs. Thereafter he served as Research Consultant to the President's National Goals Research Staff. Currently he is a member of the Research Advisory Committee of the U.S. Educational Policy Research Center at Syracuse University, and an Adjunct Professor of Systems Analysis and Public Policy at Brooklyn Polytechnic Institute. He has also been a consultant to various government agencies, legal officials, corporations, and psychiatric and sociological research projects.

Prior to joining Hudson Institute, Dr. Wiener was associated with the research and consulting firm of Arthur D. Little, Inc., where he was a consultant on political and economic aspects of science and technology, as well as on the organization of scientific research, economic development, and related problems. Earlier he was an instructor in political science at the Massachusetts Institute of Technology, where he took part in teaching such courses as science, technology and government. As Research Staff Member of the Center for International Studies at M.I.T. he co-authored a study for the National Science Foundation of the social organization of science and technology in the U.S.S.R. He has also been a Research Fellow of the Society for the Investigation of Human Ecology (Cornell Medical School), and a Research Associate of the U.S. Joint Commission on Mental Illness and Health.

Dr. Wiener is co-author with Herman Kahn of The Year 2000: A Framework for Speculation on the Next Thirty-Three Years (New York: The Macmillan Company, 1967) prepared for the Commission on the Year 2000 of the American Academy of Arts and Sciences; and of The Future of the Family (New York: The Family Service Association, 1969) in collaboration with Richard Farson, Philip Hauser, and Herbert Stroup; and of several articles on policy issues raised by prospects for new technology and a post-industrial economy. His earlier publications include topics in social and forensic psychiatry, law and behavioral science, public opinion research, politics and sociology of science in the U.S. and U.S.S.R., economic development, and educational issues, as well as defense and foreign policy items.

Born in 1930, Dr. Wiener received the A.B. degree in sociology and psychology from Harvard College in 1952 and the J.D. from Harvard Law School in 1956. He joined Hudson Institute at its founding in July, 1961 and is now Chairman of the Employee Members and Chairman of the Research Management Council, the steering committee of project leaders.

DONALD G. BRENNAN  
Member, Executive Committee, Corporate Environment Study  
Professional Staff, Hudson Institute

Donald G. Brennan is a mathematician and student of national security problems. His special interests are in advanced military policy, alliance relationships in Europe, and selected areas of arms control, such as policy issues relating to ballistic missile defense.

Prior to joining Hudson Institute, of which he was President from July 1962 until May 1964, and where he now conducts research studies, Dr. Brennan worked for nine years as a research mathematician and communication theorist at Lincoln Laboratory in Massachusetts Institute of Technology, a research laboratory engaged in technical studies for the Government. In addition to his technical research there, he devoted substantial time to studies of arms control and national security problems.

Dr. Brennan's serious interest in arms control began in 1957, when he was organizer of a group that led to the 1958 Summer Study on Arms Control held in Cambridge, Massachusetts, under the auspices of the American Academy of Arts and Sciences. In 1960 he was an organizer and co-director of the Summer Study on Arms Control, again held in Cambridge under American Academy auspices, in which some sixty experts participated. He was a member of the Academy's Committee on International Studies of Arms Control in 1961-66, serving as its chairman in 1961-62, and has been a frequent participant in international conferences relating to arms control.

Dr. Brennan has served as a consultant to the Department of State, Department of Defense, Arms Control and Disarmament Agency, Executive Office of the President, and is a member of a Task Force of the Defense Science Board. He is editor of the well-known anthology, Arms Control, Disarmament, and National Security (New York, George Braziller, 1961), sponsored by the American Academy of Arts and Sciences, and guest editor of its predecessor, the special (fall 1960) issue of Daedalus on "Arms Control". He is editor of the new international journal Arms Control and National Security and has edited studies of future military technology. He has contributed articles on arms control to a number of journals, and has lectured on national security subjects at Harvard, Massachusetts Institute of Technology, the University of California, and defense study centers in London, Bonn, Paris, and Oslo, among others, and has given seminars on arms control in Moscow. He is a frequent witness at Congressional Hearings concerned with national security affairs.

Born in 1926, Dr. Brennan received the B.S. (1955) and Ph. D. (1959) degrees in mathematics from Massachusetts Institute of Technology, where he was a Gerard Swope Fellow and received other graduate and undergraduate prizes and awards. Prior to entering M.I.T., he was engaged in radio engineering as a registered professional engineer in the State of Connecticut. He is a Senior Member of the Institute of Electrical and Electronic Engineers and a member of Sigma Xi, the American Mathematical Society, and the Institute for Strategic Studies, London. He was a member of the President's National Citizen's Commission on International Cooperation Year in 1965.

Rudy L. Ruggles, Jr.  
Member, Executive Committee, Corporate Environment Study  
Professional Staff, Hudson Institute

Mr. Ruggles' primary area of research is in the future of information processing and communications systems and their implications. Among other subjects in which he is involved are studies of the multinational corporation and of corporate social responsibility. He has also been delegated by the Executive Committee to have a primary responsibility for the direction and coordination of research of the Corporate Environment Study.

Mr. Ruggles was an Exploratory Planning Consultant on the Corporate Planning Staff at IBM Corporate Headquarters, Armonk, New York, from 1966 to 1971. His department was responsible for identifying and assessing the key social, political, technical and economic issues which might confront IBM in the medium to long-range future. As part of this activity, he was Chairman of the IBM Alternate Corporate Strategies Committee which developed long-range scenarios for the corporation.

From 1960 to 1964 Mr. Ruggles was engaged in semiconductor device research as a Senior Associate Physicist with IBM's Systems and Components Development Laboratories in Poughkeepsie, New York. There his work involved X-ray and infrared studies of silicon and integrated device design and development. He holds two patents as a result of this activity.

Mr. Ruggles has published articles on technical and non-technical topics in publications ranging from the I.E.E.E. Electron Device Journal to the Harvard Business Review. His article from the latter publication, "Six Business Lessons from the Pentagon," was selected for inclusion in the book Business Strategy (edited by H. Igor Ansoff, Penguin Press, Middlesex, England, 1969). Mr. Ruggles' Masters thesis, entitled Industrial Foods, dealt with the potential of new technologies to produce synthetic foods for developing nations against a backdrop of social, economic, political and legislative forces. Among papers he has delivered was one entitled "Futures Planning in the Corporate Environment" at the international Future Research Conference, Kyoto, Japan, April 1970. Most recently he published an article, "Developing Systems for Strategic Planning," in Long Range Planning, the Journal of the Society for Long Range Planning, London, June 1971.

Born in 1938, Mr. Ruggles holds a Bachelors degree in physics from Harvard College (1960) and a M.B.A. from the Harvard Business School (1966). Mr. Ruggles is a member of several professional societies including the American Physical Society, the Scientific Research Society of America (RESA), the American Association for the Advancement of Science, the World Future Society and the North American Society for Corporate Planning where he is a Director of the New York Chapter.

Mr. Ruggles received a B.S. degree in physics from Columbia University in 1957 and the M.B.A. from the University of the New York City in 1967. He is a member of the New York City Bar.

Director, European Division, Corporate Environment Study

EDMUND STILLMAN

Member, Executive Committee, Corporate Environment Study  
Professional Staff, Hudson Institute

Edmund Stillman is a political analyst and student of foreign affairs. He presently directs the work of the European Division of Hudson Institute from its headquarters in Paris.

Mr. Stillman was formerly associated with the Department of State, serving from 1947 to 1951 as a Foreign Service Officer, first in Bulgaria and Yugoslavia and later in the Netherlands. He has traveled widely through the Balkans, Eastern and Western Europe, and Central Asia. From 1953 until 1959 he was Chief of the Research and Analysis of the Free Europe Committee, Inc., an organization concerned with political and psychological warfare activities in the Soviet orbit, and thereafter became vice-president of Walker and Company, New York publishers.

In 1962-1963 Mr. Stillman was a senior research fellow of the Russian Institute of Columbia University, working under a Rockefeller Grant in international relations. Since that time Mr. Stillman has been on the professional staff of Hudson Institute with the exception of the academic years 1968/1970 when he was Professor at the School of Advanced International Studies at Johns Hopkins University. He has been a member of three study groups of the Council on Foreign Relations--on the future of the Soviet Orbit (1956), on National Communism (1957), and on Atlantic Policy (1964-1965). He has lectured frequently on foreign affairs and strategic warfare topics at such institutions as the Nation's war colleges, the Livermore Radiation Laboratories, the Sandia Corporation, Princeton and Columbia Universities.

Mr. Stillman is editor and translator of the volume, Bitter Harvest: The Intellectual Revolt Behind the Iron Curtain (Frederick Praeger, 1959), and is co-author with William Pfaff of The New Politics: America and the End of the Postwar World (Coward-McCann, 1961; Harper Colophon Books, 1963). The Politics of Hysteria: The Sources of Twentieth Century Conflict (Harper and Row, 1964; Harper Colophon Books, 1965) and Power and Impotence: The Failure of America's Foreign Policy (Random House, 1966; Vintage Books, 1967). Mr. Stillman is also co-author of the Hudson Institute Book, Can We Win in Vietnam?. He contributed to the text of the American Heritage Illustrated History of the First World War, and is author of an illustrated volume, entitled The Balkans, issued by LIFE Magazine, and The American Heritage History of the 20's and 30's. He has contributed numerous articles to Harpers, The N.Y. Times Magazine, Nation's Business, The New Republic, Show, Horizon, Commonweal, and Problems of Communism among others.

Born in 1924, Mr. Stillman received a B.A. degree with honors in English literature from Yale University in 1945, and the J.D. from Columbia University Law School in 1947. He is a member of the New York Bar.

Coordinator, Corporate Environment Study

GAIL POTTER  
Administrative Staff, Hudson Institute

Mrs. Potter joined Hudson Institute in 1962, shortly after it was founded, as a Research Aide. She became increasingly involved in administrative matters, and in 1966 was made Assistant to the President. In 1967 she became, additionally, Development Coordinator, assisting in the coordination of the Institute's fund-raising activities.

Mrs. Potter has worked with the Corporate Environment Study since its inception in 1969, and is responsible for administrative coordination both within the Institute, and with Corporate Participants.

Prior to joining Hudson Institute she worked for the Agency for International Development in Liberia. She attended Vassar College.

FRANK E. ARMBRUSTER  
Professional Staff, Hudson Institute

Frank E. Armbruster is a specialist in military operations analysis with a strong background in foreign affairs and political analysis. Mr. Armbruster works at Hudson Institute on area studies of a political-military nature on Europe, Southeast Asia and China, as well as on analysis of present and future weapon systems and force postures of the U.S. and U.S.S.R. strategic forces. Under an ISA contract, he authored "Themes for Alternative West European Futures," "The Detente and Its Possible Effects on European and United States Policy," and "Current and Possible Future West European Military Postures." He directed the Twelve Nation Defense Survey, a study of current defense postures with primary focus on the United Kingdom, France, Germany, and Italy. Mr. Armbruster co-authored with Max Singer, "The Defense of Europe in the Pervasive Presence of Nuclear Weapons," and, with members of the Hudson Institute Staff, Can We Win in Vietnam? (New York, Frederick A. Praeger, 1968) and Why ABM? Policy Issues in the Missile Defense Controversy (New York, Pergamon Press, 1969). He is the author of "China's Conventional Military Capability," a chapter in Volume II of the book China in Crisis, Tang Tsou (ed.), (University of Chicago Press, April 1968). He also contributed to The Year 2000 (New York, The Macmillan Company, 1967).

Mr. Armbruster has been a member of three study groups of the Council on Foreign Relations, including the Advisory Group on Western Strategy and Military Organization of the Atlantic Policy Studies Program. He has been a member of the University of Chicago Academy for Policy Study's conference on "China, the United States, and Asia."

Mr. Armbruster has extensive experience in analysis and planning activities on military problems. Before joining Hudson Institute he served as Manager of Operations Analysis in the Advanced Systems Center, U.S. Defense Group, of the International Telephone and Telegraph Corporation, and as Chief of Operations Analysis in the Development Division of ITT's International Electric Corporation. Earlier, he was a research specialist in the Operations Analysis Unit, Pilotless Aircraft Division, of Boeing Airplane Company, where his duties involved analysis of new weapons, enemy threat and vulnerability, development efforts on new missile systems, and techniques for future employment of those already in existence. Before that he spent eight years as a senior intelligence specialist attached to the Directorate for Targets, Air Force Intelligence, AFCIN. In addition, Mr. Armbruster has worked as a consultant to the Special Studies Group of the Institute for Defense Analyses, and as a consultant to the Corporation for Economic and Industrial Research.

Born in 1923, Mr. Armbruster received the A.B. degree in foreign affairs from George Washington University in 1948, after earlier studies in engineering under the Army Specialized Training Program. His graduate studies were in foreign affairs at George Washington University, and in international law at American University, both in Washington, D.C. He is a member of the Operations Research Society of America, the U.S. Naval Institute, the Foreign Service Professional Fraternity, and the Social Science Honorary Society.

Mr. Armbruster joined Hudson Institute in February 1962, and was elected an Employee Member in October of that year.

B. BRUCE BRIGGS  
Professional Staff, Hudson Institute

Barry Bruce-Briggs is a city planner and policy analyst. Among his projects since joining the Institute in 1969 are: housing strategy for the U.S. Department of Housing and Urban Development, long-range planning for NASA, and drug control policy for New York State.

Previously, he was Chief Planner for Wheelwright, Stevenson and Langran Planning Consultants, Philadelphia, Pa. He has had articles on diverse topics published in national periodicals. B.A. Industrial Administration, Union College, 1961; M.A. European History, Temple University, 1967.

BASIL J. CANDELA  
Chief Engineer, Economic Development Studies Group  
Professional Staff, Hudson Institute

Basil J. Candela is a professional engineer and is responsible for the technical aspects of all work done by the Economic Development Studies Group of Hudson Institute. He reports directly to Herman Kahn and Robert Panero. Mr. Candela has represented the Institute in South America, Mexico, Africa, Europe and Vietnam and has directed professional discussions in French and Spanish environments, particularly with the Consulting Engineering firms of Coyne & Bellier of Paris, France; Ingetec of Bogota, Colombia; Laboratoire Central Hydrolique de France of Paris and Woodward, Clyde of San Francisco in the evaluation of the Choco, Colombia and South American Great Lakes Hydroelectric and Navigation schemes. Of special interest is his duty to monitor the technical inputs and outputs of the "Flying Think Tank" technique of investigation originated by Mr. Panero, where an area study is performed in low level aircraft by a group of people of mixed disciplines in a very compressed time period. Such a concentrated attack has produced synergistic results from the participants. Recent activities at Hudson have included an analysis of manufacturing techniques involved in the production of jelled-slurry munitions.

Mr. Candela is the inventor of a personnel conveyor--a "moving sidewalk"--which incorporates a high speed zone between acceleration and deceleration zones, combining rapid transit with safe entrance and exit speeds. A pending patent on this device has been assigned to the Institute. Together with Mr. Panero, he is the originator of a technique for lifting personnel and material from the ground to flying aircraft via a tethered ground line.

Mr. Candela was born in 1925 and graduated from the School of Engineering of Columbia University in 1947. Before coming to the Institute, he was Vice President and Director of Guy B. Panero, Inc. Consulting Engineers. While there he worked with Mr. Kahn and Mr. Panero on the "Survivability of U.S. Air Defense Systems" in 1960. His responsibility for engineering design includes the Forest, George Washington and Howard Housing Projects and the rehabilitation of the U.S. Veterans Hospital, Bronx, N.Y. and U.S. Post Office in Brooklyn, N.Y. He is a founder of the "Montego Freeport Ltd.", a harbor and real estate development in Jamaica, West Indies. Mr. Candela holds Professional Registration in New York, New Jersey and District of Columbia.

ANDREW G. CARANFIL  
Professional Staff, Hudson Institute

Andrew G. Caranfil is a political scientist with special training in international affairs. At Hudson he deals primarily with Japanese, European and Latin American affairs, as well as with problems of revolutionary students around the world. He has contributed to Herman Kahn's latest book, The Emerging Japanese Superstate: Challenge and Response, has written a history of students' revolts in Japan, England, France, Italy and Germany for Syracuse University. He is currently working on changing youth styles and on future alternative worlds of the 1980's for the Corporate Environment Study.

Prior to joining Hudson Institute in January, 1962, Mr. Caranfil was an administrative manager at Noricansa, S.A., in Geneva, Switzerland, a company dealing with purchasing of European equipment for Latin American development projects. Before going to Geneva he worked as a research associate at the Mid-European Studies Center in New York and as a free-lance researcher for Associates for International Research, Inc., in Cambridge, Massachusetts, and the U.S. Joint Publications Research Service in New York. He also contributed to and edited chapters for the Handbook Series on East Europe, published by Frederick A. Praeger in 1957, as well as the volume, Forced Labor in the People's Democracies (Frederick A. Praeger, 1955).

Born in France in 1928, Mr. Caranfil has lived and traveled widely through Europe. He holds a B.S. in economics from Columbia University (1950), and an M.A. in political science from Columbia University (1954) for work on postwar planning in Western Europe. He has also taken postgraduate courses in European history.

**LUPE ECHEVARRIA**

**Administrative Coordinator, Economic Development Studies Group  
Member of the Professional Staff**

Miss Echevarria coordinates and helps to direct the activities of the Economic Development Studies Group (EDSG) and has personally participated in the intensive flying surveys of South Vietnam, Angola, the Yucatan Peninsula of Mexico, the Amazon Basin areas of Colombia, Peru and Brazil, Eastern Appalachia, Corsica, Southern France and Northern France. In addition, she assists Robert Panero in coordinating the activities for the overseas portion of the Corporate Environment Study and in that capacity acts as secretary to the European Steering Group and secretary of the Functional Committee for Special Development Issues and Projects. She has been involved in the administration of conferences of the Corporate Environment Study in Paris, Rio de Janeiro and New York. With the EDSG for six years, Miss Echevarria has actively collaborated in the development and evolution of the Choco project of Colombia and in particular in the evolution of the concept of intensive flying surveys as a tool in the development field. In addition, as a native New Yorker, Miss Echevarria continues to monitor urban problems and issues with particular emphasis on education, urban development and minority groups.

JANE NEWITT  
Professional Staff, Hudson Institute

Since coming to Hudson in March 1968, Jane Newitt has worked primarily in the areas of urban and race problems, American lifestyles, and domestic policy alternatives for the Federal administration. Recently, she served as the assistant project leader for a study of the narcotics and dangerous drug problem conducted for the State of New York. She is currently acting as the Hudson Institute Liaison for the health and medical care subcommittee of the Corporate Environment project.

A 1955 graduate of Swarthmore College, where she was elected to Phi Beta Kappa, Mrs. Newitt continued her education at the University of Rochester and at Sarah Lawrence College, receiving the M.A. in American history in 1964. Her graduate school paper, "The Individual in the Age of Automation," was a prize-winning entry in a national contest on this subject.

WILLIAM PFAFF  
Professional Staff, Hudson Institute

William Pfaff, a member of the senior professional staff of Hudson Institute, is a writer and political analyst whose latest book is an examination of the present-day inner crisis of the Western liberal nations, Condemned to Freedom, just issued by Random House.

His three principal earlier books, all collaborations with Edmund Stillman, deal with international politics and American foreign policy. They are Power and Impotence: The Failure of America's Foreign Policy (1968), The Politics of Hysteria: the Sources of Twentieth Century Conflict (1964), and The New Politics: America and the End of the Postwar World (1961). He is author of the sections on negotiations and withdrawal of the Hudson Institute book Can We Win in Vietnam? and a co-author of A Dissenter's Guide to Foreign Policy (edited by Irving Howe, New York, 1968), America Now (edited by John Kirk, New York, 1968), and Prophetic Voices (edited by Ned O'Gorman, New York, 1969). His essays have appeared in The New Yorker, Foreign Affairs, Dissent, Commentary, Harpers, Christianity and Crisis, The New York Times, etc. He contributes an occasional column to the Los Angeles Times and its syndicate.

Mr. Pfaff received his B.A. degree from Notre Dame in 1949 and began his career as an editor of Commonweal and a correspondent in the Middle East, Asia, and Western Europe. Later he was with the news and public affairs department of one of the broadcasting networks. In the late 1950's he was Chief of the Publications and Research Section of the Free Europe Press in New York and director of a series of political warfare programs.

In 1961-1962 he was a Senior Fellow in the Russian Institute of Columbia University as a Rockefeller Foundation Grantee in International Studies. He has lectured at the Naval War College, the Johns Hopkins University, the State University of New York, Canadian Forces Headquarters, etc., and has served as a consultant to various public groups including the Carnegie Endowment and the Democratic Policy Committee. He is a Member of the Council on Foreign Relations, and in 1969-1970 led its discussion group on "New Forces in International Politics." During and after the Korean War he served with infantry and Special Forces units.

He has been with Hudson Institute since 1961, an Employee Member since 1963. He lives in Ridgefield, Connecticut, with his wife, a writer, and their two children.

GARRETT N. SCALERA  
Professional Staff, Hudson Institute

Garrett N. Scalera is an operations analyst who joined the Hudson staff in January 1969. Since coming to Hudson, Mr. Scalera has been primarily concerned with the Institute sponsored Vietnam studies and, in the past year, with the Management and Computer related areas of the Corporate Environment 1975-1985 study.

Prior to coming to Hudson he was stationed with the Army at the Pentagon where he was employed as a systems analyst doing long-range planning for a large Army data processing center. He has worked briefly with the First National City Bank of New York in their Corporate Trust Department and with K.L.M. Royal Dutch Airlines, doing market research in The Hague.

Mr. Scalera holds a B.A. degree from Brown University and an M.B.A. degree from Columbia, with a special interest in international business. He has done post-graduate work at George Washington University in the area of computer management. He is a member of the National Association of Security Dealers, and a member of the board of directors of Continental Business Consultants Incorporated and The Booker Management Corporation.

MAX SINGER  
President, Hudson Institute  
and Member of the Professional Staff

Max Singer is President of Hudson Institute and was one of the principal founders of the organization. In addition to his management responsibilities, he is continuing to work in the research program, where he has been particularly concerned with the spread of nuclear weapons, U.S. policy toward underdeveloped areas, studies of European force arrangements, urban policy and race relations, law enforcement issues, and the narcotics and dangerous drugs problems. He has recently directed a study of the drug problem conducted for the State of New York.

Before coming to Hudson, Mr. Singer was a consultant to the Physics Division of The RAND Corporation. From 1957 until 1960 he was an attorney in the Office of the General Counsel of the Atomic Energy Commission, and prior to that time he was a Research Associate with the American Law Institute in connection with their Model Penal Code. He has a longstanding interest in arms control and was a participant in the Summer Study on Arms Control held in Cambridge, Massachusetts in 1960, under the auspices of the American Academy of Arts and Sciences.

Mr. Singer, who was born in 1931, received his B.A. degree in Government from Columbia College in 1953, and the LL.B. from Harvard Law School in 1956. He is a member of the bar in New York State and in the District of Columbia. He is a member of the Board of Trustees of Freedom House. Mr. Singer has written several articles on arms control, which have appeared both in Hudson Institute reports and in outside publications.

Mr. Singer is an Employee Member of Hudson Institute. As one of the principal officers he is an ex-officio member of the Board of Trustees.

BARRY J. SMERNOFF  
Professional Staff, Hudson Institute

Barry J. Smernoff, a physicist with a background in theoretical plasma physics, lasers, and controlled fusion, is particularly interested in arms control and technology assessment as well as technological forecasting.

Dr. Smernoff was involved in ballistic missile defense research at Lincoln Laboratory (MIT) for two years, where he participated in studies of high-altitude nuclear effects and Nth country penetration systems. He also analyzed various advanced BMD concepts and took part in offense/defense exchange simulation exercises.

Born in Denver, Colorado in 1944, Dr. Smernoff received the S.B. degree in mathematics from Massachusetts Institute of Technology (1965) and the Ph.D. in physics from Brandeis University (1970), where he was a NASA Predoctoral Fellow. His doctoral work involved an analysis of the effect of fusion chain reactions on the evolution of dense stellar cores. He is a member of Tau Epsilon Phi and Sigma Xi.

ARTHUR SPRINGER  
Professional Staff, Hudson Institute

Arthur Springer is an editor and student of domestic and international public policy issues. A recent addition to the Hudson Staff, he is working on Vietnam studies, NASA planning, and a synoptic survey of basic policy issues. Prior to joining the Institute, he was technical editor at Louis Berger, Inc., a multi-disciplinary international consultant and subsidiary of Leasco. Previously, he was associate editor of Current magazine, a public policy national monthly specializing in new analyses and proposals, where his primary interests included arms control, civil rights, the U.N., and U.S. politics and foreign policy. He has also worked as a newspaper reporter and as a radio writer, editor and program specialist for world affairs organizations. B.A., Sociology, Cornell University, 1957.

JOHN P. THOMAS  
Director, Operations Analysis, Economic Development Studies Group  
Professional Staff, Hudson Institute

Mr. Thomas is a reserve Lt. Col. in the Marine Corps with a background in aviation, intelligence, research and development, and operations analysis. His responsibilities at Hudson Institute include coordination of analytical studies for the Economic Development Studies Group and conduct of operational analyses in the fields of aviation and military operations. During 1968 and 1969 he served as director of operations in Vietnam during the study of "Economic Development in a Wartime Climate", which focused on short-term possibilities for economic development in Vietnam under existing and post-war conditions. In that capacity his responsibilities included conduct of research analyses, liaison with U.S. and Vietnamese military and civilian areas, and coordination of activities of Hudson Institute team members and consultants in Vietnam. He also participated in the "Flying Think Tank" operations in Angola, Yucatan and Corsica during which study teams engaged in intensive low-level aerial surveys to identify economic development possibilities for the target countries. Most recently he has been studying the logistics aspects of jelled-slurry munitions to include in-the-field manufacturing.

Mr. Thomas was born in November 1922. He has a degree in Political Science from Haverford College and studied mechanical engineering at Haverford and the University of Pennsylvania. While in service, he also attended the Universities of Delaware and North Carolina and Franklin and Marshall College. A graduate of the U.S. Naval Aviation Training Center at Pensacola, Mr. Thomas was designated a Naval Aviator in August 1942, and served as a Marine Corps pilot for a total of 13 years, which included combat duty in World War II and Korea. Among his collateral duties were several years in intelligence work and four years as an Aviation Project Officer assigned to the Office of Naval Research where he was responsible for development of the Fulton "Skyhook" pilot rescue system. Prior to joining Hudson Institute, Mr. Thomas spent several years as an operations analyst with the Grumman Aerospace Corp. where he specialized in aircraft retrieval system research and development and in studies relating to naval aviation logistic support requirements with particular emphasis on aircraft carrier support.

EXECUTIVE SUMMARY

PHASE I

HUDSON INSTITUTE STUDY OF  
THE CORPORATE ENVIRONMENT, 1975-1985

DRAFT

HI-1519-D

16 August 1971

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ABSTRACT

This brief digest of the Executive Summary covers the major conclusions and highlights of the First Phase of a three-phase study. Nearly every statement in it can be expanded and qualified by citing some contrary evidence, by noting important counter-trends, and by indicating plausible alternative scenarios. The reader of this digest should refer to sections of the Executive Summary itself--or at least to the recapitulation (Section 17)--for a more complete analysis of each point. The most fully developed exposition can be found in the forty-odd documents produced in Phase One.

The 1970's are likely to be an era of international stability and continued major economic growth. Major problems will include the need for successful accommodation to new world economic roles for the United States and Japan, to challenges posed by technology, and to changing values and lifestyles that are part of the transition from an industrial to a post-industrial era.

War between the U.S. and the Soviet Union is unlikely in the 1970's, despite the strong probability that the Soviet Union will have a larger strategic force than the U.S. This change in the international power balance will occur in a new context, although important areas of conflict persist, and limited wars of various kinds will probably occur in the 1970's.

We expect vigorous economic growth within a multipolar, competitive, but essentially unified world economy comprising about half the world's population and 90% of the Gross World Product (GWP). The 1970 GWP of about \$3.4 trillion will grow by 1980 to about \$5.6 trillion (1970 dollars). But the international economy--the sum of investments and exports as a percentage of GWP--will not exceed its pre-1930 level until the 1980's.

Within this world economy, the U.S. position will decline relative to the long anticipated evolution of Japan, Western Europe and other nations to the status of large-scale participants in the world economy. To some degree, the world's economic center of gravity will continue to shift away from the U.S. But the shift will not be as one-directional as it may seem because much of the growth in foreign production will be by U.S.-controlled multinational corporations.

Japan will become an economic superpower, comparable in power to the EEC today. This development will require worldwide adjustments by many nations and industries. Successful accommodation should accelerate economic growth in the U.S., Europe and Asia. While there is much discussion of an impending turndown in Japan's extraordinary recent growth rates, no one disputes the strong probability of continued Japanese economic vigor. A key factor that will moderate development is Japan's inadequate manpower supply relative to expected labor needs, but this is

likely to be met by growth of Japanese MNC's. There is also the likelihood of revaluation of the yen and of rising tariff and other barriers to Japanese exports that threaten industries in other nations, conceivably to be resolved by a Japanese emphasis on development in advanced technology and service sectors that result in less direct competition with established industries elsewhere.

Four new regions will become particularly dynamic industrial economies: Eastern and Southern Europe, some areas in Latin America, and much of Pacific Asia outside Mainland China and Japan. These four areas may become the industrial workshops of the world (i.e., the countries most devoted to manufacturing), as the United States, Canada, North-western Europe, and Japan shift increasingly to services.

The dangers of inflation and protectionism will create an atmosphere of some uncertainty within this general context of world economic progress. And large parts of the world will remain outside the mainstream of economic growth, though the per capita income in these areas should increase by about 50%.

Nearly worldwide communication technology and distribution systems suggest evolution toward a "global metropolis," rather than a "global village."

Multinational corporations will be recognized as the central instruments of a dynamic world economy, vehicles that offer unusual advantages to any single region or national economy committed to long-term growth.

MNC's are likely to set the pace for such growth, serving as centers of high morale and competence. Despite many fears, on balance, it appears that potential benefits to host countries will usually seem to outweigh possible costs. Thus, the doors to foreign investment will be open to most of the world, and growth rates will tend to be higher in countries open to MNC's. The growth rates of MNC's and their rapidly increasing role in world trade, will continue to make MNC's attractive to governments, investors and to talented people seeking exciting careers.

In certain situations large construction projects could have a significant impact well beyond their direct economic and physical value. Particularly in Frontier Zones, which are often unnecessarily assumed to be inaccessible or unexploitable, such projects need to be evaluated from a psychological point of view as well as an engineering one. The psychological barriers are often most basic and the intangible or indirect benefits the most important. Innovative techniques can be used to identify and analyze the opportunities in such areas. Resulting proposals might not only achieve major practical goals, but can also serve as a catalytic force, stimulating fresh thought about economic growth.

#### The Emerging Post-Industrial Society

In the 1975-85 period, several of the most advanced industrial societies will become "post-industrial" in that the service sector will employ more workers and generate more of the GNP than the industrial.

This has already occurred in the U.S. This period of transition results in a fairly widespread sense of uncertainty and an awareness of impending, possibly major changes in many areas of life--the structure of economic institutions, the character of work, the personal values of individuals living under new economic and technological conditions. These changes may be, in the long run, comparable to those introduced by the agricultural and industrial revolutions.

The essential characteristic of post-industrial society is a shift in economic activity away from a societal focus on production and acquisition of material necessities and comforts, and toward the expansion of non-material services and non-economic activities. The culture of post-industrial society reflects cumulative affluence and an accelerating rate of change.

It seems doubtful that post-industrial culture will have a single dominant theme. Rather, education, searches for meaning and purpose and leisure are all likely to become more important aspects of a broadly unifying "Hellenistic" world culture marked by individualism, great diversity of sub-cultures and the declining importance of traditional struggles for survival against scarcity and hostile forces in the natural and social environment. Post-industrial man--finding it much easier to obtain food, clothing and shelter--may become much more vulnerable to "illusion-centered" outlooks fostered by the absence of reality tests that life provided in the past.

While there are dangers inherent in a society where work and survival are no longer critical issues and abundance is increasingly assumed as a "natural right," the opportunities seem equally clear. Basically, they depend on the capacity of an economic system to develop services that are responsive to a changing culture, and products appropriate to new markets. Thus, despite the declining importance of many established industries, "post-industrial" need not mean "post-business." Indeed, the benefits of post-industrial life are totally dependent on vigorous growth to sustain the foundations of abundance.

The corporations that constitute that foundation are therefore well-advised to guard against some familiar problems that can become increasingly troublesome. Large bureaucracies are vulnerable to "educated incapacity"--the learned inability to perceive, understand, or solve problems that may not be apparent to the prisoners of technical expertise. Older, experienced, top-level "real-world" decision makers may find it increasingly difficult--indeed dangerous--to rely on the often parochial perceptions of experts, professionals, specialists and technicians.

Deliberate and systematic efforts will be required to assure that leaders define--and "enforce"--common sense solutions to practical problems and determined pursuit of critical institutional goals. The inherent dangers of expanding bureaucracy, narrow scholarship and superficial mass media pose unusual challenges to elites that must maintain a clear grasp of what is actually happening in their community, nation and the world.

A related phenomenon--the "powerlessness of the powerful"--is the institutional embodiment of many individual trained incapacities. Small weak organizations can "heckle" large powerful ones with amazing success. The muscle-bound institution's educated incapacity and its increasing vulnerability to "hecklers" who don't play by its rules are dangers that require some new approaches to broaden perspectives and to anticipate problems and opportunities that might otherwise be overlooked.

Affluence, population growth and new technology are creating a series of problems that may in many cases reach crisis proportions by 1985. A major concern of corporations and other elements of the society during 1975-1985 will be the development of ways of meeting these challenges and the diversion of resources to the necessary efforts.

Increasingly skeptical and negative attitudes toward advanced technology and economic growth are a natural reaction to the widespread and in some cases justified expectation that many new technologies are creating new social problems and making old problems worse. Particularly important is the possibility that large-scale technological systems may break down, or that man will lose control over them, with conceivably catastrophic consequences for entire cities, regions, nations or the whole human race. Rapid change often means that we do not become aware of such problems until they are already at a critical point and we have little time to deal with them.

Disillusionment with the idea of progress seems most explicit among an important segment of those who are well-educated and have achieved affluence. Those who still pursue technological and economic progress are likely to find themselves increasingly engaged in conflict with affluent, articulate, anti-materialistic elites.

Reasonable policy and effective technical solutions to such problems as pollution are most likely to ameliorate these conflicts and the sense of cautious fear and disillusionment that contribute to them. Apocalyptic thinking can best be discouraged by recognizing and dealing with the many potential factors that could in fact result in an apocalypse--a "1985 technological crisis." Serious attention attitudes toward material progress and technology. None of these modifications are likely to result in "zero growth" for the American or world economy, but changes in the pattern of growth and the relative growth of various industries will be necessary in order to adjust to issues such as pollution, resource limitation, and other technological problems.

Traditional critiques of capitalism have emphasized concentration of wealth and power, and the dogmatic assertion that "the rich get richer and the poor get poorer." But traditional critics were also enthusiastic about industrialism. The new critics of capitalism are not. They often express a basic distrust of science, emphasize man's non-rational potential and values, and hold enthusiastic romantic views of more primitive societies. They are as dubious about communism and socialism as they are about

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capitalism. To some extent, this outlook colors more widespread, moderate reformist impulses reflected in the consumer protection and environmental movements. Ideological conflict among technocrats, anti-technocrats and both moderate and conservative reformers should be a conspicuous characteristic of western culture in the 1970's.

It seems likely that a broadly liberal, rational, somewhat more representative political society will not only survive, but also reform and adapt. But, along with the major economic and technological forces that are the central thrust toward post-industrial society, the effects of the current crisis in Western economic and political values may include the growth of a diversity that encompasses a vigorous "counterculture," with life styles and values that can create increasing social constraints on business. However, all the various sources of reformist impulses and regressive doctrine may increasingly recognize the degree to which increasing affluence is an essential condition for cultural diversity, successful adaptation to change, mutual tolerance, and--indeed--the luxury of discontent.

## PREFACE

The Hudson Institute study of The Corporate Environment, 1975-1985, was conceived as a three-phase project: the initial phase to be a broad overview of political, social, economic and technical factors, the second a continuation of this effort with a specific focus on 15 or 20 major topics, and the third and last to provide both a more comprehensive and detailed overview of the period (based upon the work of the first two years) and to produce a comprehensive set of documents that would constitute something of a guidebook for the long range planner in either business or government.

This report is a collection of sections; each a Summary of various important aspects of the first phase. Because of the scope of the study and the variety of the research effort itself (individual and group Hudson staff research, functional and national committee work, conference work and special projects, etc.), and the intrinsic limitations of an executive summary, this report cannot be taken as accurately representative of the study as a whole. The major effort in this first phase has been to look at as much as possible from as many viewpoints as possible. Inevitably, this has resulted in a number of different products in various stages of completion and of varying levels of professional depth. Many of these were distributed to our participating members at the Conference at Harrison House, May 30, 1971, which marked the end of the first phase. It would be impossible to summarize all of this work in a document of reasonable size. Therefore the present document does not attempt to be comprehensive. Many important aspects or areas of current work have been left out or barely mentioned.

A more elaborate summary of the work that has been done in the first phase can be found in six main reports of the first phase. Some of these will include phase II work. All should be available within three months. Some will be mailed out shortly. Most of them represent work in addition to the chartbooks distributed at the Harrison House meeting. The chartbooks and working documents also constitute interim reports on the relatively detailed and functional aspects of the study. An overview of central issues and trends is provided in the reports below.

1. The Basic (Worldwide) Issues, Themes and Trends of the Corporate Environment Study
2. A Preliminary Report on U.S. Issues, Themes, and Trends (Phase II Report)
3. Summary Overview and Description of the Chartbooks
4. Edited Transcription of a Talk by Herman Kahn on the Synoptic Context
5. Some Issues and Areas Stressed by the Economic Development Group
6. Chartbook (and accompanying E&E) on Basic Methodologies: Hudson Study of the Corporate and Government Environment 1975-1985

The above will be supplemented by a working document for the new committee on Translation, Application, and Integration (or TAI committee) which sets forth a preliminary assessment of the application of the first phase findings to many functional business issues.

While we have tried to do a good deal of pulling together and digesting, the attempt to synthesize all that the study has accomplished thus far is very much an on-going process. Indeed, in a real sense it is only seriously beginning now. All of the above six reports (and the TAI document) are very much conceived of as working documents--as to some degree is this report as well.

The general approach of this study has been one common to policy research as usually done by Hudson Institute. The objective of such research is quite different from academic research. Where most academic research is rigorous, restricted, and detailed in an effort to add new information to a specific field of knowledge, policy research is generally half intuitive, broad, eclectic, and often uses information and theories of uncertain or low quality in an effort to explicate complex and interacting decisions and related issues.

This is particularly true of future-oriented policy research. There are no experimental data or observations on the future; it has not yet occurred. While there are many useful techniques and tools available, they all have serious practical and theoretical limitations. Extrapolations of historical trends, however carefully made, can be as misleading as they can be useful. Scenarios and projections can be expected to differ from reality--often drastically.

The difficult part of future-oriented policy research is not in deriving projections, extrapolations or scenarios; it is in attempting to make them realistic--or at least useful. One important and basic requirement is to have a good understanding of what is going on now--which are the important trends, what are the real forces, how do they interact, what is their impact over time, what are the countervailing forces and trends that will appear. In essence, this requires developing both a global viewpoint and a familiarity with the important details. It means looking at everything at once, attempting to understand the context, the isolated components, and the interaction between context and components.

One major drawback of any serious group investigation of this sort is that it tends to generate and use jargon (a problem that will not be unfamiliar to many of the readers of this report). We would argue that to a large degree this is both unavoidable and desirable. In part this is really a problem of insufficient "shared knowledge." For example in a homogenous culture, where all individuals are familiar with the same legends, characters, literature, and many typical (or archetype) situations, it is relatively easy to describe basic personality traits and behavior in terms of easily recognized character types and situations. Today it is often impossible to use even recent historical analogies. To oversimplify, young people tend neither to study nor to remember such literature as

Shakespeare and the Bible or national or world history; older people-- even if they learned some of these--also tend to forget it. In a global study of this type the problem is obviously even more complex.

This is, of course, not a problem specific to Hudson. All organizations and disciplines of necessity create their own jargon (including phrases, metaphors, and concepts) in order to communicate more efficiently. Such jargon generally works well insofar as it is used within the group.

This problem is traditional for any specialized field. What we are suggesting is that today it exists also for more general issues and problems. Even for those that are common to everyone, there is no readily available "shared literature"--no storehouse of well-understood concepts, no standard types. It is for this reason that we develop our own. Some of the terms used in the study are defined in a glossary printed at the end of this Summary.

In an attempt to deal with this problem Hudson has developed a specialized format which we have found to be effective in presenting information quickly and succinctly, what we call "chart pages" (and collections of these, or a "chartbook"). We have used these in almost all of our studies in the past several years, including this study. The charts on the last page of this section illustrate the technique; that is, a number of lists, graphs, tables, and quotes providing in as concise a form as we can as many key issues and other information on a given topic as possible. Such a chart page or chartbook can perhaps best be described as a topical or thematic overview checklist. In its early (working papers) form it is really an attempt to organize the collection and sorting of information, and the initial formulation of issues and conjectures pertinent to a given theme. In relatively finished form, it is much like this summary, a series of inter-related issues discussed in separate brief essays accompanied by a foldout page of supporting formulations, quotations, taxonomic checklists, charts, and other data. When in final form it is accompanied by a complete backup, giving details and discussion of each item on the chart page. The basic idea is to provide a means for an interested, intelligent, but not necessarily expert, reader to acquire a working knowledge of a subject in a short time.

The chart page which accompanies this section provides an introduction both to this technique and to some of the general methodological issues of policy research.

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### Supplementary Discussion of Chart Page on Policy Research

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Chart 1 focuses attention on important, and often misunderstood, characteristics of policy research (as opposed to academic research).

Chart 2 indicates the two basic approaches to policy planning. The first might be thought of as an ideological approach (often said to be preferred by many continental Europeans); the other focuses on "incrementalism," ameliorization, or "muddling through" (often said to be in the Anglo-Saxon tradition). In the first approach one might put together a collection or "package" of assumptions, plans, predictions, theories, etc., resulting in a unified theme, weltanschauung, or ideology. We would call such a collection a "Basic Policy." If one took the first approach seriously, one might then draw up a number of Alternative Basic Policies, choosing the one which seemed best. In fact, policy is almost never made this way. Rather it is made incrementally--people adding to or subtracting from the current system in the muddling through tradition.

The two points, the "ideological" and the "muddling through," are really endpoints on a spectrum; there are many in-between styles. In particular, one can plan the muddling through, deliberately making preparations so as to preserve options--to keep open the alternatives--so that muddling through is practical.

Chart 3 shows the many different kinds of research that may arise. It is important to understand the factors that distinguish among them; these are by no means transparently clear, or even if clear, consciously understood and implemented. Yet the techniques used, the kinds of documentation, discussion, etc., all change with the character of the research.

Charts 4 and 5 indicate various kinds of agreement or disagreement that can be achieved. What is generally attempted is a first-order agreement, agreement on what to believe about the real world, or about what policies are to be pursued. We are not uninterested in this, but our focus is on second-order agreement for which we have the following informal test: If A and B have achieved second-order agreement about some issue, each one should be able to explain to C what the agreement is about, and the other side should agree with the essentials of that explanation.

Chart 6 raises an issue which is becoming increasingly important today. The chart indicates our concern about an overemphasis on "booklearning," a slightly exaggerated way of referring to the fact that increasingly young Americans--particularly those raised in an upper-middle-class milieu--reach adulthood without dealing in any serious way with the limitations and intractability of the practical world. The relevant experience on which these young Americans draw in dealing with public policy problems has been limited to some degree to a "conceptual world" formulated by various authors, teachers and acquaintances with whom they have come in contact during their formal education. In this conceptual world the only

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problems seriously discussed or considered are those in which there is fully documented information or the abstract "romantic" formulations typical of intellectuals and young people. In the real world one obtains information by extrapolating from one's own experience or observation and from talking to people without academic credentials; this method of obtaining information is necessarily unscientific, subjective, and/or intuitive, and is thus rejected or ignored by academics. This often seems to lead among academics to an almost invincible inability to deal with problems and formulations--such as policy issues outside the academic purview. This is probably one of the sources of the strange phenomenon characterizing much current discussion; that is, in many cases, the most educated people in the country seem to be the most illusioned, misled, or uninformed.

What can one do about these problems? As a first step, we outline in Chart 7 the basic tools of policy research. This is unfortunately not an especially impressive array and one must admit as indicated in Chart 8 that they can often be easily surpassed by individuals with knowledge, experience, perception, judgment, intuition, perspective, or special backgrounds or positions.

① POLICY RESEARCH VS. ACADEMIC RESEARCH

1. DECISION-ORIENTED VS. SUBJECT-ORIENTED
2. ORIENTED TOWARDS SPECIFIC DECISIONS, POSSIBLE DECISIONS, DECISION MAKERS OR STAFFS RATHER THAN TOWARDS PROFESSIONAL COLLEAGUES OR CONTRIBUTING TO A SPECIFIC FIELD OF STUDY AND/OR BODY OF INFORMATION.
3. BROAD (AND THEREFORE PERHAPS SUPERFICIAL) RATHER THAN DEEP (AND THEREFORE PERHAPS NARROW AND/OR PAROCHIAL).
4. RELATIVELY TIME-ORIENTED VS. RELATIVELY-TIMELESS.
5. RELATIVELY ECLECTIC, INTUITIVE AND HEURISTIC VS. RELATIVELY DISCIPLINED, UNIFIED, AND RIGOROUS.
6. ASKS OF WHAT YOU KNOW, "WHAT DIFFERENCE DOES IT MAKE?" RATHER THAN "HOW WELL DO YOU KNOW IT?"
7. BUILDS UPON ACADEMIC RESEARCH AND OTHER INPUTS AS A PROCESSOR OR CONSUMER.

④ FOUR KINDS OF AGREEMENT

1. FIRST-ORDER AGREEMENT--AGREEMENT ON SUBSTANTIVE OR NORMATIVE ISSUES, E.G., ON VALUES, ASSUMPTIONS, ANALYSES OR POLICIES AND/OR PREDICTIONS.
2. SECOND-ORDER AGREEMENT--AGREEMENT AS TO WHAT A FIRST-ORDER DISAGREEMENT IS ABOUT--THE DISAGREEMENT IS MADE PRECISE AND THE EFFECT OF THE DISAGREEMENT IS ANALYZED.
3. THIRD-ORDER AGREEMENT--AGREEMENT ON WHY SECOND-ORDER AGREEMENT CANNOT BE REACHED.
4. FOURTH-ORDER AGREEMENT--AN AGREEMENT THAT NO USEFUL DEGREE OF AGREEMENT CAN BE REACHED.

⑥ AN OVEREMPHASIS ON ACADEMIC EDUCATION CAN RESULT IN:

EXPANSION OF THE ADOLESCENT SUBCULTURE

MANDARINISM (INTELLECTUAL AS "FATHER & MOTHER OF HIS COUNTRY")

MERITOCRACY

OVEREMPHASIS ON "BOOK LEARNING" (CONCEPTUAL WORLD & DOCUMENTED INFORMATION RATHER THAN EXISTENTIAL WORLD & PERCEIVED OR ORALLY TRANSMITTED INFORMATION)

"EDUCATED INCAPACITY"

INTELLECTUAL AND/OR EDUCATED PAROCHIALISM

ALIENATION FROM ONE'S OWN CULTURE OR SUBCULTURE

OTHER ALIENATION FROM THE PRACTICAL WORLD

② TWO BASIC APPROACHES TO POLICY FORMULATION

PROGRAMMATIC	VS.	ECLECTIC
"THEORETICAL"	VS.	"PRACTICAL"
	OR	
UTOPIAN	VS.	INCREMENTAL
SOCIAL ENGINEERING	VS.	PIECEMEAL ENGINEERING
IDEOLOGICAL	VS.	PRAGMATIC--AD HOC
PLANNING	VS.	MUDDLING THROUGH
	OR	

PLANNING TO MUDDLE THROUGH

⑤ TO ACHIEVE SECOND- OR THIRD-ORDER AGREEMENT

EXAMINE THE OTHER SIDES' VALUES, ASSUMPTIONS, AND ANALYSES. EACH SIDE SHOULD EXPLICATE ITS POSITION AND THEN:

CORRECT AT LEAST THE OBJECTIVE ANALYSES  
RATIONALIZE THE DIFFERENCES IN ASSUMPTIONS  
DISCUSS THE DIFFERENCES IN VALUES

IT MAY HELP TO:

BE EMPATHETIC IF NOT SYMPATHETIC  
USE PROPAEDEUTIC & HEURISTIC PARADIGMS OR DEVICES  
INVENT NEW POLICIES  
PROPOSE NEW THEORIES

⑦ SIX TOOLS OF POLICY RESEARCH

1. EMPIRICAL RESEARCH AND ANALYSIS, AND SIMPLY THEORY.
2. METAPHORS AND HISTORICAL ANALOGUES.
3. ANALYTIC MODELS INVOLVING:
  - A. A DESCRIPTION OF "ANALYZABLE" SYSTEMS
  - B. THE DEVISING OF ALTERNATIVE POLICIES,
  - C. THE EXPLICATION OF CRITERIA, OBJECTIVES, OR VALUES, AND
4. PROPAEDEUTIC AND HEURISTIC METHODOLOGIES AND PARADIGMS.
5. SCENARIOS, GAMING AND OTHER USE OF "ARBITRARY" SPECIFICATIONS AND STIMULATION: E.G., SURPRISE-FREE PROJECTIONS, STANDARD AND CANONICAL WORLDS, ETC.
6. SYSTEMATIC AND ECLECTIC USE OF BOTH "INTERDISCIPLINARY" AND TRADITIONAL TECHNIQUES, PERSPECTIVES, AND CAPABILITIES.

③ DIFFERENT KINDS OF RESEARCH & STUDIES\*

OBJECTIVES	NAME
1. FUNDAMENTAL INFORMATION & THEORIES	BASIC R&D
2. NEW IDEAS, CONCEPTS & APPLICATIONS	EXPLORATORY R&D
3. ROUGH ESTIMATE OF PRACTICALITY & DESIRABILITY	PRE-FEASIBILITY
4. EVALUATION OF FEASIBILITY AND DESIRABILITY	COST-EFFECTIVENESS
5. "MISSING ITEMS" OR IMPROVEMENTS	ENGINEERING DEVELOPMENT
6. WRITE A CONTRACT FOR DEVELOPMENT	SYSTEM DEFINITION
7. SHOULD ONE BUY? WHAT AND HOW MUCH?	SYSTEMS ANALYSIS
8. INITIAL AND DESIGN ENGINEERING	SYSTEMS DESIGN
9. PRODUCTION AND OPERATION	PRODUCTION ENGINEERING
10. LEARNING ABOUT INITIAL (OR MODIFIED) PERFORMANCE CHARACTERISTICS	T&E (TESTING AND EVALUATION)
11. PREFERRED OPERATIONAL (E.G. SALES, PRODUCTION, BUYING, ETC.) TACTICS AND STRATEGIES	OPERATIONS RESEARCH
12. ANALYSIS OF WHAT BUSINESS ONE SHOULD BE IN, OF ITS MEDIUM AND LONG RANGE GOALS, OF BASIC TACTICS AND STRATEGIES AND OF BASIC ETHICAL ISSUES GENERALLY	POLICY RESEARCH

\*HUDSON'S MAIN AREA IS 2, 3, AND 12, WITH SOME WORK IN 4, 7, AND 11.

⑧ IN GENERAL POLICY RESEARCH CAN OFTEN BE BEATEN BY:

INVENTORS	"UNINVOLVED"
ENTREPRENEURS	"INVOLVED"
INNOVATORS	SCHOLARLY
PROMOTERS	PRACTICAL
"LOCAL"	"BUREAUCRAT"
"FOREIGNER"	"REVOLUTIONIST"

## SECTION I

## SCOPE OF THE CORPORATE ENVIRONMENT STUDY

Original Scope

When we initially formulated the Corporate Environment Study we thought of it as emphasizing five main areas, each of which overlap and interact with each other:

1. The impact of new technology on the corporate environment
2. The impact of changing life styles, changing attitudes, changing politics
3. The impact of the changing level of economic activity--especially the differences caused by persistent high growth rates (including the effects of affluence, and the implications of changing comparative advantage among countries)
4. The impact of the emerging post-industrial culture
5. The special impact of the growth of Japan

Future Scope

Now, at the end of Phase I, we will add six new areas of emphasis which overlap with the original five, but are also worthy of special attention:

6. The impact of the multinational corporation as the "basic institution of expansion" of industrial/capitalist culture in the last third of the twentieth century.
7. The impact of the four other especially dynamic areas (in addition to Japan, the most dynamic of all)
8. A careful examination of the interaction between American internal and external policy, with special emphasis on the passing of that era in which the U.S. economy was dominant in the world, and the beginning of an era in which the American economy is a predominate or leading sector in the world economy, but no longer overwhelmingly dominant
9. The implications of an enlarged EEC (including the possibility of enhanced French influence or French leadership in an enlarged community)
10. Issues related to chronic inflation, possible protectionism, international liquidity, and so on.
11. And, of course, the many special issues mostly considered in collaboration with various functional and/or national committees

We should comment briefly on part of the new emphasis. It is easy, and reasonable, in a study such as this to begin with the indisputable observations that the corporate environment is changing with unprecedented speed as new economic forms evolve, new technology obsoletes previous techniques and concepts, social values evolve, old political conceptions

become irrelevant and are replaced, and new public, cultural, and political issues (such as militant consumerism and pollution) arise. We would argue that the corporate executive, and the European and Japanese businessman in particular, must also pay special attention to the following:

#### Some Preliminary Conclusions

1. First, and in some ways most important the United States' position in the world economy has changed from being absolutely dominant ('when the United States sneezes we get pneumonia') to a lesser status in which it is still a big giant but also just a big giant among a number of other smaller but quite large giants.

2. As the United States adjusts to its new role, it is likely to make sudden changes in various rules. In some cases it will be able to carry through by: presenting others with a fait accompli, using its real force and influence, and/or by exploiting some aspects of a special situation. In others it will be just one negotiator among many. And in still other cases it will "lose." This implies the possibility of a basic change in the whole nature of the U.S. relationship to Europe and Asia. For example such a change could force greater security requirements on countries in the present U.S. "area of responsibility," bringing about many direct and indirect effects on their economies. The form that such demands may take, the possible opportunities as well as burdens they may offer, any many other consequences will all need to be considered. Within this context the probable future course of Soviet, Chinese and other Communist nations needs careful (and as objective as possible) exploration.

3. Many worldwide issues (including the above) are likely to be strongly influenced by internal U.S. issues such as the presence or lack of U.S. political cohesion, particularly in the aftermath of the Vietnam War; the cresting of the "counterculture"; new populist animosity towards the system--new class tensions--including a near revolt by "Middle America" against upper middle and upper class leadership; and so on. All of these matters are likely to have consequences of the greatest practical relevance for both American and non-American business firms.

4. About one-third or so of the increased GNP produced in the next decade should come from five especially dynamic areas. The most dynamic of all is, of course, Japan and this country seems likely, in fact, to produce about a third to a half of the total contribution of the five especially dynamic areas. One half to two thirds of the total production of these areas should be from the other four areas, which are: Eastern Europe, dynamic parts of Latin America (mainly Mexico and southern and southeastern Brazil), the dynamic parts of non-Communist and less developed Pacific Asia (mainly such areas as South Korea, Taiwan, Hong Kong, Singapore, Thailand and perhaps South Vietnam, Indonesia and Malaysia) and finally Southern Europe (including southern France and Greece). All of these areas possess local economies which are growing between 7 and 15 percent a year, much faster than the rest of the world. This rapid growth is going to create all kinds of special problems and opportunities.

5. European business firms have long faced U.S. multinational concerns as both competitor and collaborator. Most of them now for the first time will face, in a very broad and intense fashion, Japanese business firms as competitors and collaborators. In some cases this will be a triangular relationship (U.S.-Japan-Europe). European business firms will have to know Japanese business and practice a great deal better than they do now. Furthermore, it is likely that many more European corporations (e.g., English, Dutch and West German) will enter Pacific Asia, where again there will be a very important competitive triangle involving U.S. and Japanese business. Some of the issues are already evident in Latin America, but even these will take on new characteristics in this Pacific Asia area and there will also be new issues as well.

6. Our study of Europe in terms of "culture zones" indicates to us that it is quite impossible to understand ongoing changes in lifestyles and political milieus within a national context. Many important "post-industrial" and "multifold trend" changes are originating in the U.S. and the Northwest tier of Europe, and then being imported into other European culture zones. Even within their source area their international interactions are important. The consequences are of the greatest practical importance in very direct ways: affecting the character of employer-employee relationships, the values and attitudes held by labor and management, the problems of work discipline, economic goals, and national morale.

7. Within the Cold War context there also have been a number of critical nationalist, communal, or ethnic conflicts and confrontation: These are likely to prove as enduring--perhaps more enduring and intractable--than the ideological conflict. In particular what we call elsewhere the nine "chronic confrontations" (i.e., the four divided countries, the triangular confrontation among the U.S., the U.S.S.R., and China, and the Arab-Israeli and India-Pakistan confrontation) are all likely to persist even though changing form, some more rapidly than others; but none are likely to be completely alleviated. In addition there is a real possibility for a tenth confrontation: Sino-Japanese.

8. Several Western European countries--and to some degree the Japanese--have so far lagged in the development of the multinational corporation although the form offers broad possibilities to all of them (because of the availability of such factors as financial resources, suitable technological capability or need, and managerial talent). To go forward with the process (which has only begun) management must avoid the defect of "inwardlookingness" and similar mistakes.

9. Almost all OECD countries are becoming increasingly involved in the problems of East-West trade and some have specific goals to develop the seemingly enormous reserves of skilled "European" labor available at low wages in Eastern Europe and to some degree the Soviet Union (especially as home labor costs are now beginning to soar. Similarly many feel well placed to enter the Mainland Chinese market. For a variety of reasons the Chinese seem likely to be heavily influenced by political

motivations in deciding how closely to deal with Japan and the U.S. As a result European firms may have many neglected opportunities in China (and some important dangers). On the other hand the Japanese seem to have a great edge in dealing with the Soviet Union (and to a lesser extent Eastern Europe) and the West Germans in dealing with Eastern Europe. All of these developments could go much more rapidly than is usually imagined (for example, in most HI projections) or could run into expected or unexpected snags. In any case the situation deserves the closest monitoring.

10. Finally, and perhaps most important from the business point of view, the further development of what could be described as an increasingly interrelated competitive multipolar global economy including about half the world's population (and 90 percent or so of the Gross World Product) seems likely to develop in the next ten to fifteen years and to intensify some current issues as well as raising some new ones. Thus such issues as international liquidity, control of the multinational corporation, protectionism versus trade, sanctity of contracts and investments, exploitation by traditional and new methods, the role of a-legal and illegal activities by individuals, groups, and nations are all likely to be affected.

## SECTION 2

ONE CHARACTERIZATION OF THE BASIC CONTEXT (OR BASIC PROJECTION)  
A REVIVAL AND THE SLOW EVOLUTION AND/OR EROSION OF  
"LA DEUXIEME BELLE EPOQUE"

One analogy we have found particularly useful in this study is the comparison of the current period with the so-called "la belle époque" period of 1901-1913. General similarities between that period and the period between 1953 and at least 1964 (between the end of the Korean war and the beginning of the disillusionment and bitterness surrounding the U.S. buildup in Vietnam) are listed on Chart 1 of the accompanying chart page. The general theme is one of a "fin de siècle" world; a world of relative peace and stability, expanding and developing at an ever greater pace, but with an underlying awareness--or at least feeling--that an era is coming to an end.

The stability of the first "belle époque" was based on a military/political/economic balance among the European powers and on the possession by the Europeans vis-a-vis the rest of the world of an authority, power, self-confidence and prestige which in turn allowed them to dominate or colonize the rest of the globe. They were rich countries by any historical standard and they were all rapidly growing richer. They had much in common--religion, traditions, culture. There were no outside pressures to speak of. The colonies were essentially quiescent. Both the ruling class and the people seemed satisfied and self-confident. Why did it end?

For the sake of simplicity, we would summarize the many factors involved under two general categories:

1. A basic change in the balance of economic/military power, occasioned by the rise of Prussia in 1870, (as early as 1880, it was clear that Germany was likely to become the major power of Continental Europe) but one which could easily have been carried through by peaceful evolution (i.e., by Germany's focusing on its Ost policy but also on not generating a real rivalry with England--in particular, not building a serious Navy).
2. A slow, varied and subtle, but nevertheless critical, change in the values, lifestyles and beliefs which previously supported the international and domestic power structure (which might best be described as a turn-of-the-century version of the multifold trend outlined in Chart 3).

One can think of these as basic structural shifts; as fundamental changes in the strategic and economic balance and in the social and value systems that made the general structure inherently unstable. It is important to point out here that these basic changes were not in themselves sufficient

cause for World War I. The structure at the time was unstable as much for technical reasons as fundamental ones. There probably were no fundamental ideological, religious, national, or class issues between the protagonists which could not have been solved by some kind of compromise or evolution.

For a number of reasons, the general state of international relations appears much more stable in 1971 than it did in the era preceding World War I (see particularly Section 4 and 5). Because of this we expect that the current "belle epoque" will slowly erode or evolve into a new era, rather than end in a dramatic cataclysm. This is not to rule out such a possibility. We believe, in fact, that the likelihood of major war will substantially increase by the end of the 1970's, hopefully not to the point of being very probable, but to the point where new ways of dealing with problems will be required.

The "end of an era" analogy means exactly that; that the basis of the current political military/economic/technological stability is eroding, that the structure is changing, and that this will create new possibilities for real instability. We have used this "belle epoque" analogy as a central theme of this report precisely because it emphasizes the importance of the basic changes going on today in terms of potential dangers and problems. This is not clear from our surprise-free projection itself (Chart 5 on accompanying page) or from the various projections developed throughout this document which are basically optimistic. For while the number of ways things can go wrong seems to be both infinite and growing, it seems likely there should be time and means available to deal with at least the most critical issues as they come up. But, again, we are assuming that these issues and problems will be successfully dealt with. Without going into detail at this point, we refer the reader to Chart 4 on the accompanying page which lists some of the basic branch points to the surprise-free projection, or those international issues which we think most likely to dominate the 1970's and 1980's.

## ① TWO "BELLES EPOQUE" PERIODS 1901-1913 &amp; 1953-1964

WORLD-WIDE THERE WAS:

1. RELATIVE PEACE
2. RELATIVELY RAPID ECONOMIC GROWTH
3. VAST EXPANSION OF THE WORLD TRADE, INVESTMENT, TRAVEL, COMMUNICATION
4. RELATIVELY FREE MOVEMENT OF WORLD LABOR, GOODS, CAPITAL
5. AMONG THE UPPER CLASSES GROWTH OF CONCEPT OF "ONE WORLD" AND "WORLD COMMUNITY" EXCEPT PERHAPS WORLD GOVERNMENT AND/OR WORLDWIDE GOVERNMENTAL INSTITUTIONS IN FIRST BELLE EPOQUE (THESE BECAME POPULAR AFTER WORLD WAR I)
6. IN FIRST LA BELLE EPOQUE THERE WERE SERIOUS ATTEMPTS IN U.S. AND NORTHWEST EUROPE TO IMPOSE UPPER MIDDLE CLASS "BOURGEOIS" MORALITY UPON LOWER CLASSES--(E.G. ANTI-PROSTITUTION, GAMBLING, ALCOHOL, DRUG LAWS, PURE FOOD AND DRUG LAWS, "REFORM POLITICS," WOMEN RIGHTS, ETC., (COMPARABLE TO CAMPAIGNS IN '50S AND '60S--E.G. WOMEN'S RIGHTS, CIVIL RIGHTS AND FREEDOM, WORLDWIDE CONCERN FOR POOR, "REFORM POLITICS," ETC.)
7. ERODING FAITH IN TRADITIONAL LEFT AND RIGHT IDEOLOGIES, SOME TURNING TO "FIN DE SIECLE" IDEOLOGIES--ANARCHISM, SYNDICALISM, RACISM, NATIONALISM, IMPERIALISM
8. GREAT FEAR OF WAR ACCOMPANIED BY A GROWING FEELING THAT "WAR IS UNTHINKABLE"
9. ARMS COMPETITION CONTINUES DESPITE SERIOUS ATTEMPTS AT ARMS CONTROL AND TO SOME DEGREE BECAUSE OF ARMS RACE
10. INCREASING (AND PUBLIC) HEDONISM AMONG UPPER CLASSES. ARTISTS TURN AWAY FROM "VICTORIAN" STANDARDS TOWARD ALIEN & VIOLENT STYLES AND THEMES--ROUSSEAU, GAUGUIN, PICASSO, STRAVINSKY, WILDE, D'ANNUNZIO
11. SOME BREAKDOWN OF PUBLIC MANNERS AND CONTROLS AND RELATIVELY GREAT TOLERATION OF "DISCRETIONARY BEHAVIOR"--E.G. VIOLENT STRIKES, MILITANT FEMINISM, PROHIBITIONISTS, ETC.
12. VAGUE SENSE OF "INDIAN SUMMER" AND "FIN DE SIECLE" AMONG UPPER CLASSES

1. REVIVAL, EVOLUTIONARY DEVELOPMENT AND PERHAPS SOME EROSION OF "LA DEUXIEME BELLE EPOQUE": TOWARD A HALF UNIFIED\* BUT MULTIPOLAR WORLD WITH COUNTERVAILING TENDENCIES TOWARD ANARCHY AND ORDER. NET MOVEMENT IS PROBABLY A GENERAL BUT FRAGILE TENDENCY TOWARD SYNTHESIS AND UNITY FOR THE HALF WHICH PARTICIPATES.

2. BUT POLITICALLY AN INCREASINGLY MULTIPOLAR WORLD WILL SET IN THE 70'S THE "END" OF THE "POST WW II" ERA (INCLUDING AN EFFECTIVE POLITICAL SETTLEMENT OF THAT WAR)

- A. RELATIVE DECLINE OF THE TWO SUPERPOWERS IN POWER, PRESTIGE, AND INFLUENCE.
- B. RISE OF JAPAN AS SUPERSTATE (AND SUPERPOWER?)
- C. FULL REEMERGENCE OF BOTH GERMANIES.
- D. AN ENLARGED EEC, WITH PERHAPS A NEW ROLE FOR FRANCE AS THE "LEADING NATION" OF THE COMMUNITY.
- E. POSSIBLE CREATION OF AN EASTERN EUROPEAN EEC.
- F. MANY NEW POSSIBILITIES BY 1980: E.G. "INTERMEDIATE" POWERS--NEW ALLIANCES, NEW ARMS RACES, CHALLENGES FOR WORLD LEADERSHIP, POLITICALLY UNIFIED EUROPE.

3. ABOVE SETS CONTEXT FOR FURTHER DEVELOPMENT OF A UNIFIED BUT MULTIPOLAR AND (PARTIALLY) COMPETITIVE (HALF) GLOBAL ECONOMY.

- A. A GENERAL UNDERSTANDING OF THE PROCESS AND TECHNIQUES FOR SUSTAINED ECONOMIC DEVELOPMENT
- B. A WORLDWIDE "GREEN REVOLUTION"; ALSO A WORLDWIDE CAPABILITY FOR MODERN INDUSTRY AND TECHNOLOGY;
- C. GROWING IMPORTANCE OF MNC'S AS INNOVATORS OF ECONOMIC ACTIVITY AND ENGINES OF RAPID GROWTH
- D. HIGH (3-15%) GNP GROWTH ALMOST EVERYWHERE--5 ESPECIALLY DYNAMIC AREAS
- E. SUSTAINED GROWTH IN TRADE, COMMUNICATIONS, TRAVEL

## THREE POSSIBILITIES FOR SEVENTIES IN RELATION TO "LA BELLE EPOQUE" PERIOD OF 1953-1964

- I. CONTINUED EROSION AND EVENTUAL EXTINCTION OF LA BELLE EPOQUE, BY

1. RETROGRESSION
2. "INTERNAL CONTRADICTIONS"
3. REVOLUTION (OR "REVOLUTIONARY EVOLUTION")
4. SOME COMBINATION OF THE ABOVE

- II. LA BELLE EPOQUE BASICALLY REVIVES AND CONTINUES

1. AS A HOLDING OPERATION (COUNTERVAILING FORCES EMERGE)
2. COUNTERVAILING FORCES STAGE PARTIAL COMEBACK (E.G., "COUNTERREFORMATION")
3. COUNTERVAILING FORCES PREVAIL (E.G., "RESTORATION" OF EARLY SIXTIES ENVIRONMENT)

- III. A NEW SYNTHESIS EMERGES WHICH COULD EMPHASIZE

- A. STABILITY
2. A "POST INDUSTRIAL" CULTURE
3. GLOBAL ECONOMIC GROWTH CHARACTERIZED BY:
  - A. A RELATIVELY HIGH DEGREE OF FREE AND OPEN COMPETITION
  - B. A NEW IDEOLOGY GIVING NEW CONFIDENCE AND DIRECTION--AND SUCCESS--TO THE "ESTABLISHMENT"
  - C. RAPID DEVELOPMENT FOR MANY LDC'S--PARTICULARLY THOSE WITH A YEAR 2000 IDEOLOGY

## ⑤ SURPRISE-FREE (AND LARGELY "BUSINESS" AS USUAL) PROJECTION

- F. INCREASING UNITY FROM TECHNOLOGY, PRIVATE INDUSTRY COMMERCIAL AND FINANCIAL INSTITUTIONS, BUT RELATIVELY LITTLE BY INTERNATIONAL LEGAL AND POLITICAL INSTITUTIONS.
- G. SOME DEVELOPMENT OF YEAR 2000 (AND/OR COMPOUND INTEREST) IDEOLOGIES

4. ONE RESULT IS A RELATIVELY ANARCHIC BUT ALSO RELATIVELY ORDERLY AND UNIFIED WORLD WITH NEW ISSUES OF INTERNATIONAL CONTROL:

- A. CONTINUING GROWTH IN DISCRETIONARY BEHAVIOR, CORRESPONDING WORLDWIDE (FOREIGN AND DOMESTIC) "LAW AND ORDER" ISSUES. SOME GROWTH IN VIOLENT, DEVIANT, OR CRIMINAL BEHAVIOR;
- B. PROBABLY INCREASE IN TERROR, VIOLENCE, SUBVERSION, UNILATERAL CHANGES OF INTERNATIONAL RULES, ETC.
- C. PROBABLE INCREASED INFLUENCE OF ANARCHISM, SYNDICALISM, NEO-NATIONALISM, COUNTERCULTURE.
- D. PERSISTENCE (DESPITE SOME ALLEVIATION AND NORMALIZATION) OF CHRONIC CONFRONTATIONS (E.G., FOUR DIVIDED COUNTRIES, ARAB-ISRAELI, INDIA-PAKISTAN, AND SINO-SOVIET-U.S. TRIANGLE). PERHAPS A SINO-JAPANESE CONFRONTATION.
- E. NEW CONFLICT AND TURMOIL IN AFRICA, MIDDLE EAST, SOUTH ASIA, PERHAPS LATIN AMERICA AND PACIFIC ASIA
- F. NATIVIST, MESSIANIC, AND/OR "IRRATIONALLY" EMOTIONAL AND VIOLENT MOVEMENTS; SOME DECREASE IN RATIONALIST AND (MATERIALISTIC) INTEREST ORIENTED POLITICS

5. SOME ACCELERATION, SOME CONTINUATION BUT ALSO SOME SELECTIVE TOPPING OFF OF MULTIFOLD TREND (AND PERHAPS SOME TEMPORARY REVERSALS)

- A. FURTHER INTENSIFICATION OF MANY ISSUES ASSOCIATED WITH 1985 TECHNOLOGICAL CRISIS; GROWING NEED FOR WORLDWIDE (BUT PROBABLY AD HOC) "ZONING ORDINANCES" AND OTHER ENVIRONMENTAL AND SOCIAL CONTROLS.

## ③ THERE IS A BASIC, LONG-TERM, MULTIFOLD TREND TOWARDS:

1. INCREASINGLY SENSATE (EMPIRICAL, THIS-WORLDFLY, SECULAR, HUMANISTIC, PRAGMATIC, MANIPULATIVE, EXPLICITLY RATIONAL, UTILITARIAN, CONTRACTUAL, EPICUREAN, HEDONISTIC, ETC.) CULTURE--RECENTLY AN ALMOST COMPLETE DECLINE OF THE SACRED & A RELATIVE EROSION OF "IRRATIONAL" TABOOS, TOTEMS, CHARISMAS, & AUTHORITY STRUCTURES
2. BOURGEOIS, BUREAUCRATIC, "MERITOCRATIC," & RECENTLY INTELLECTUAL & TECHNOCRATIC ELITES
3. ACCUMULATION OF SCIENTIFIC & TECHNOLOGICAL KNOWLEDGE
4. INSTITUTIONALIZATION OF TECHNOLOGICAL CHANGE, ESPECIALLY RESEARCH, DEVELOPMENT, INNOVATION & DIFFUSION--RECENTLY & INCREASINGLY A CONSCIOUS EMPHASIS ON FINDING AND CREATING SYNERGISMS & SERENDIPITIES
5. RECENTLY, INCREASING MILITARY CAPABILITY FOR MASS DESTRUCTION
6. UNTIL RECENTLY, INCREASING AREA OF WORLD DOMINATED, OR GREATLY INFLUENCED, BY WESTERN CULTURE
7. INCREASING AFFLUENCE & (RECENTLY) LEISURE
8. POPULATION GROWTH--NOW EXPLOSIVE BUT TAPERING OFF
9. URBANIZATION & RECENTLY SUBURBANIZATION & "URBAN SPRAWL"--SOON THE GROWTH OF MEGALOPOLISES
10. RECENTLY & INCREASINGLY MACRO-ENVIRONMENTAL ISSUES (E.G., CONSTRAINTS SET BY FINITE SIZE OF EARTH & VARIOUS LOCAL & GLOBAL RESERVOIRS)
11. DECREASING IMPORTANCE OF PRIMARY & (RECENTLY) SECONDARY & (EVEN MORE RECENTLY) TERTIARY OCCUPATIONS
12. INCREASING LITERACY & EDUCATION--RECENTLY THE "KNOWLEDGE INDUSTRY" AND INCREASING NUMBERS AND ROLES OF INTELLECTUALS
13. EMPHASIS ON "PROGRESS" AND FUTURE-ORIENTED THINKING, DISCUSSION & PLANNING--RECENTLY SOME IMPROVEMENT IN METHODOLOGIES & TOOLS--ALSO SOME RETROGRESSION
14. INNOVATIVE & MANIPULATIVE RATIONALITY INCREASINGLY APPLIED TO SOCIAL, POLITICAL, CULTURAL & ECONOMIC WORLDS AS WELL AS TO SHAPING & EXPLOITING THE MATERIAL WORLD--INCREASING PROBLEM OF RITUALISTIC, INCOMPLETE OR PSEUDO-RATIONALITY
15. INCREASING UNIVERSALITY OF THE MULTIFOLD TREND
16. INCREASING TEMPO OF CHANGE IN ALL THE ABOVE

- B. OTHER PROBLEMS IN COPING WITH SHEER NUMBERS, SIZE, AND BIGNESS
- C. WITH IMPORTANT EXCEPTIONS, EROSION OF 12 TRADITIONAL SOCIETAL LEVERS: A SEARCH FOR MEANING AND PURPOSE, SOME CULTURAL CONFUSION, POLARIZATION, CONFLICT.
- D. INCREASINGLY "REVISIONIST" COMMUNISM, CAPITALISM AND CHRISTIANITY IN EUROPE AND THE WESTERN HEMISPHERE; PERHAPS A "CRISIS OF LIBERALISM."
- E. POPULIST, CONSERVATIVE, BACKLASH, AND/OR "COUNTER REFORMATION" MOVEMENTS
- F. INCREASING PROBLEM (WORLDWIDE) OF EDUCATED INCAPACITY AND/OR ILLUSIONED, IRRELEVANT, OR IDEOLOGICAL ARGUMENTATION--GREATER EXPLICIT EMPHASIS ON FEELING AND EMOTION

6. EMERGENCE OF VARIOUS STYLES OF POST-INDUSTRIAL CULTURE FOR NATIONS WITH ABOUT 20 PERCENT OF WORLD'S POPULATION AND IN ENCLAVES ELSEWHERE CHARACTERIZED BY:

- A. NEW POLITICAL MILIEUS; RISE OF "HUMANIST LEFT"--"RESPONSIBLE CENTER" CONFRONTATION IN AT LEAST HIGH CULTURE OF DEVELOPED NATIONS (BUT IN PARTICULAR IN THE U.S. AND NORTHWEST TIER OF EUROPE).
- B. EMERGENCE OF "MOSAIC CULTURES" (AT LEAST IN U.S.) INCORPORATING ESOTERIC, DEVIANT, COMMUNAL, AND/OR EXPERIMENTAL LIFE STYLES. SOME INCREASE IN ANARCHISTIC BEHAVIOR AND MOVEMENTS.
- C. POSSIBLE SUCCESSFUL SYNTHESIS BETWEEN OLD AND NEW IN FRANCE, JAPAN, SCANDINAVIA, NORTHWEST TIER, OR ELSEWHERE

7. SOME IMPORTANT BUT "NON-SIGNIFICANT" SURPRISES AND PERHAPS SOME SIGNIFICANT ONES AS WELL.

\*ABOUT 50% OF THE WORLD'S POPULATION LIVE IN TWO RELATIVELY ISOLATED CULTURES--25% IN COMMUNIST ASIA (A RELATIVELY ISOLATED SINIC CULTURE) AND 25% IN A RELATIVELY ISOLATED INDIAN CULTURE (INDIA, CEYLON, BURMA, AND PERHAPS PAKISTAN).

## ④ INTERNATIONAL ISSUES AND TRENDS OF THE 1970'S (COMPATIBLE WITH THE BASIC PROJECTION) OF SPECIAL INTEREST TO BUSINESS

1. CONTINUED RAPID GROWTH OF JAPAN TO BECOME WORLD'S THIRD "SUPERSTATE" RATHER THAN FIRST "SECONDARY POWER"
  - A. RELATIONSHIP WITH PACIFIC ASIA
  - B. OTHER ATTEMPTS OF WORLD ECONOMIC AND POLITICAL SYSTEM TO ADJUST TO RISE OF JAPAN AND VICE VERSA
  - C. SPECIFIC PROBLEMS OF TRADE, INFLATION, LIQUIDITY, INTERNATIONAL INVESTMENT AND PERHAPS MILITARY BALANCE VIS-A-VIS JAPAN
2. ISSUES RELATED TO U.S. AND TO SOME EXTENT WESTERN EUROPEAN POLITICAL AND CULTURAL MILIEU
3. GROWING DOMINANCE OF INTERNATIONAL AND MULTINATIONAL CORPORATIONS IN WORLD ECONOMY
  - A. HIGH-MORALE "NEW MANAGERIAL ELITE" (THIS MAY BE, IN PART, A SELF-FULFILLING PROPHECY)
  - B. UNPARALLELED ABILITY FOR RAPID, LARGE-SCALE MOBILIZATION OF COMPLEMENTARY FACTORS OF PRODUCTION SUCH AS: CAPITAL, MANAGEMENT, MARKETING, TECHNOLOGY, TECHNOLOGY TRANSFER, AND LABOUR
  - C. LARGELY UNSUCCESSFUL ATTEMPTS OF MANY NATION STATES TO CURB POWER AND INDEPENDENCE OF MNC'S WITHOUT INCURRING UNACCEPTABLE COSTS
4. WORLD LIQUIDITY AS A CONTINUOUS PROBLEM, PERHAPS LEADING TO RADICAL RETRENCHMENT, DEPRESSION, REFORM, MONETARY CRISES, PERHAPS A GRADUALLY EVOLVING SOLUTION
  - A. CONTINUATION OF DOLLAR AS MAJOR RESERVE CURRENCY?
  - B. ROLE OF THE EURODOLLAR, THE ASIAN DOLLAR (E.G., SINGAPORE DOLLAR MARKET), THE YEN (AS JAPAN BECOMES ONE OF THE LARGEST NATIONS IN WORLD TRADE), AND/OR "EECOR" (IF EEC ADOPTS A UNIFORM CURRENCY)
  - C. LARGE SCALE MNC FINANCIAL MANIPULATIONS--SOME SIMILAR TO THOSE ALLEGED IN SPRING 1971 MARK CRISIS
5. CREEPING OR EVEN GALLOPING COST-PUSH INFLATION IN DEVELOPED WORLD (WITH LIKELY EXCEPTION OF JAPAN WHERE IT IS BETTER DESCRIBED AS DEMAND-PULL INFLATION)
6. INCREASINGLY IMPORTANT, PERHAPS CRITICAL, "TECHNOLOGICAL" OR "MAINTENANCE" CRISES AS A RESULT OF:
  - A. RAPID GROWTH OF COMPLEX TECHNOLOGICAL SYSTEMS AND ORGANIZATIONS
  - B. MORE "ESTABLISHED" SYSTEMS (E.G., TELEPHONE, TRANSPORTATION, POWER, MAJOR MANUFACTURING, POSTAL SYSTEM) REQUIRING FIRST-RATE MANAGEMENT AND MAINTENANCE MANPOWER WHICH WILL BE GOING ELSEWHERE
  - C. REAL DECLINE IN ABILITY OR INTEREST OF WESTERN, (PARTICULARLY U.S.), EDUCATIONAL SYSTEMS TO SUPPLY NECESSARY PERSONNEL
7. INCREASING DANGER OF MAJOR WAR OR "TURNING POINTS" WHICH GREATLY INCREASE PROBABILITY OF MAJOR WAR. THESE COULD EASILY RESULT FROM THE FOLLOWING DEVELOPMENTS.
  - A. MILITARY SUPERIORITY OF SOVIET UNION
  - B. U.S. "ISOLATIONISM"
  - C. SINO-JAPANESE CONFRONTATION
  - D. WEST GERMAN REARMAMENT
  - E. EITHER "PREMATURE" WEAKENING OF SOVIET CONTROL IN EASTERN EUROPE OR TOO SLOW AN EVOLUTION
  - F. ESCALATION FROM THE EIGHT CHRONIC CONFRONTATIONS
  - G. GENERAL DETERIORATION OF INTERNATIONAL STANDARDS
8. PERCEIVED FAILURE OF DEMOCRATIC GOVERNMENTS AND CAPITALIST SYSTEM TO PERFORM ADEQUATELY (IN EITHER DEVELOPED OR LESS DEVELOPED COUNTRIES)
9. WORLDWIDE LAW AND ORDER PROBLEMS AND A TENDENCY TO FOCUS ON OR EXPLOIT CERTAIN TYPICAL VULNERABILITIES OR OTHER CHARACTERISTICS OF MANY BIG CORPORATIONS
10. AS PART OF EMERGENCE OF POST-INDUSTRIAL SOCIETY
  - A. CONTINUED TREND TOWARD WHITE COLLAR JOBS AND SERVICE INDUSTRIES
  - B. DECLINE IN NUMBER OF BLUE COLLAR WORKERS IN DEVELOPED WORLD
  - C. EMERGENCE OF MAJOR NEW ACTIVITIES AND DECLINE OF IMPORTANCE OF MAJOR ESTABLISHED ACTIVITIES
  - D. CHANGING MORALE, ATTITUDES, VALUES, AND COMMITMENTS
  - E. IMPACTS OF POINTS A, B, C, AND D ON THE ABOVE 9

## SECTION 3

## FACTORS WHICH COULD CHANGE THE BASIC PROJECTION GREATLY

This section is intended to provide some perspective on the nature and reliability of the surprise-free projection which is developed in a variety of forms throughout this context summary--to discuss a question often raised, "How are these projections derived and what is their reliability?"

It is probably useful to begin by differentiating among projections, forecasts and predictions. A projection is simply a method of extrapolating into the future. Sometimes the projection is done by a more or less automatic extrapolation of past data; sometimes a good deal of intuition, judgment, and speculation is also used. In either case there is no necessary assertion of validity. A forecast tries to establish which events are possible and then to assign at least rough probabilities to the various contentions, as for example, assigning at least rough odds to horses in a race. A prediction is based on establishing that the probabilities in favor of a specific event are reasonably high.

A surprise-free projection is a projection which would not be surprising to its author if it occurred. The author uses the theories he believes or at least finds plausible. If his analysis turns out to be true, he shouldn't be surprised. There is generally no commitment, however. The author may have several, even conflicting theories, but each has the characteristic that it is not surprising if it comes out. We make at Hudson, as a matter of course, the statement that the most surprising thing that can happen in a broad gauged, long-range, surprise-free projection is that there will be no surprises. Therefore, any such projection should not be taken too seriously, but should be thought of strictly as a context for use in analysis and discussion. It may be the main purpose of the context to identify possible disagreements or deviations and put them in perspective. We would argue, however, that at least the central tendencies of the basic surprise-free projection are likely to be a good prediction--at least for the next five or ten years. We cannot defend this statement rigorously, but for whatever it is worth, we feel that the basic surprise-free projection should be taken more seriously than usual.

In contrast, there are possible occurrences which constitute "surprise" to the projection. We list below 10 relatively improbable but by no means impossible events which are not in the projection but which could make a big difference in even the most basic trends:

1. Major or minor nuclear war.
2. Widespread nuclear proliferation or other basic change in the strategic balance (as opposed to an initial breakdown of the current five-power nuclear monopoly, or an initial introduction of a potentially disrupting new weapon system).
3. Collapse (as opposed to erosion) of Western morale--or the opposite.

4. Collapse (as opposed to erosion) of Communist morale--or the opposite.
5. Revival of an intense Cold War.
6. A new ideology sufficiently dynamic to make a dramatic impact on world politics.
7. Major reversal of alliances.
8. Worldwide catastrophic food deficit.
9. Sustained worldwide depression and/or collapse of world trade.
10. Major revolution or other change in China or U.S.S.R. completely changing prognosis for the country.

There also are things which, while they are on a much smaller scale, are both more probable and might also make a big difference. Any one of the following ten examples could occur, and if they occur, might or might not make a big difference to the basic projection.

1. Certain outcomes of the Vietnamese War.
2. A major successful rebellion in Eastern Europe.
3. A real entente or rapprochement of any two vertices of the U.S.-S.U.-China triangle.
4. The outcome of the current Middle East confrontation.
5. A partial "reversal of alliances."
6. Early or very accelerated Japanese nuclear armament.
7. "Castroite" or other revolutionary-revisionist success throughout Latin America.
8. Extreme United States or Soviet neo-isolationism.
9. A real slowdown (or great increase) in the rate of growth of either GWP\* or World Trade.
10. Some aspect of "1985 technological crisis" both materializes early and proves unexpectedly difficult to deal with.

The difference between the first and second list is that the first deals with relatively unlikely events, but ones which would necessarily cause very fundamental changes or raise fundamental issues, while the second list deals with the range of almost normal political, economic, or technological events, events which may be relatively fortuitous or accidental but are not, as a class, particularly improbable. In most cases, events on the second list seem unlikely to have a big impact on our surprise-free projection even though they could; while the events on the first list would almost certainly have a great impact if they occurred but are most unlikely to do so. As a result we tend to have a higher degree of confidence in the current Basic Projection than we would normally have--at least for the next five or ten years. But let us consider one of the examples given--the issue of a partial or complete reversal of alliances, to see how some of these things might go in practice.

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\*Gross World Product.

As an example of a trend which could be called "a partial reversal of alliances" (but could be more), consider the present attitudes often voiced about China by many Europeans. We would judge that the attitude derives from a certain overestimation of likely Chinese power, and the general expectation among Europeans that China will continue to put pressure on the Soviets and that the effects of this will benefit Europe's security. Thus these Europeans toy with the idea of a tacit or explicit Sino-French, Sino-German or Sino-British, or even Sino-European collaboration, directed at weakening or "containing" Soviet power. Rather surprisingly many Soviet citizens seem to share the common European estimate that China will be this powerful in the future,\* and they envisage with dread even a loose alliance between China and one of the European nations--especially one backed by the Americans. Yet the only circumstance in which an important degree of such cooperation seems likely to develop is one in which the U.S. was willing to antagonize the Soviets greatly and/or European power did not care if it earned joint U.S.-Soviet anger. Most European nations believe it to be very important to preserve relatively stable relations with the U.S., with each other, and with the Soviets. There might be a modest degree of cooperation between these nations and the Chinese which the Americans and Soviets were willing to tolerate, but it would not be likely to go far enough to make a difference. The only plausible type of serious collaboration, of a kind which would disrupt the projections, is a modern "Rapallo," where we regard Rapallo as an alliance between two "outlaw" powers--as in the interwar period, between defeated Germany and Bolshevik Russia. Today, no European power is very easily imagined as playing that role with China.

The most important factor which could change our projections is a basic misunderstanding or ignorance of some important aspect of the current situation or other false assumptions. We can probably best indicate the likelihood of this happening by giving on the Chart Page following this section a pretty comprehensive set of judgments on a number of issues that arose in the sixties and on a number that seems likely to arise in the seventies.

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\*This Soviet fear of China seems to be based less on any specific analyses or calculations than on some quite general principles which might go as follows: the Chinese are among the most talented people in the world. At one time we Soviets were primitive and weak, and now we are strong and developed; it is quite clear that the Chinese are on the way to doing the same. Once they are developed they will be strong, possibly stronger than the Soviet Union since they are more numerous, and in many ways Chinese peasants are better raw material for industrialization than Soviet peasants were.

This analysis, of course, ignores the enormous lead that the Soviets already have over China, and the fact that even as the Chinese develop the Soviets will develop even further. (In fact this is an ideological matter; the Soviets like to ignore the enormous and rapid development that occurred in Russia between 1890 and 1913 which gave them a very great start.) The estimate also ignores the fact that the great manpower of China is probably a weakness rather than a strength. None of this implies that China might not be very strong vis-a-vis the Soviets in 50 or a 100 years, only that they won't in 10 to 20 years.

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### Supplementary Discussion of Chartpage on Alternative Viewpoints

The charts on this page are an attempt to illustrate what may be the single greatest problem in making broad, long-range projections--the danger of ideological bias.

Especially in the West, but to a large degree world wide, one can differentiate principally between the biases of the left and right. On the first two charts we list, respectively, issues which have been of primary concern to the left and those which have been of primary concern to the right. The issues are often the same, for example student riots, but the viewpoint from which they are perceived gives to either side a different concept of their meaning and their significance in the long run.

Charts 3 and 4 are an attempt to differentiate as carefully as we can the "real" issues of the 1960's and 1970's from judgments inspired by ideological bias. It should be noted that in some cases this is impossible or meaningless in that perception of the problems is the real issue. Like the stock market, it is often more important to know what other people think is happening than what is actually happening.

It is difficult for anyone to distinguish between what might be called perspective and bias and we will sometimes use the two terms as near synonyms. It should be clear to the reader that the breakdown on this chart page reflects our own perspectives or biases almost as often as documentable positions. Hudson itself tends to include in its staff a rather large range of different viewpoints. The positions taken in this report obviously mostly reflects the personal and to some degree collective view of those staff members who have directly contributed to this report.

Finally, we would point out that however inadequate these charts may be, they illustrate a universally useful technique for dealing with biases in making projections. This is the technique of first specifying and then evaluating at least one or two sides of the issue. Often one may wish to identify and explicate 5 or 10 perspectives or sides. One does not always achieve agreement on what the problems or issues are by this method, indeed on major issues this is generally rare. But one often does obtain what we refer to as "second order agreement" or agreement on why there is agreement or disagreement. Sometimes we use charts which are purely illustrative to do this. Chart 5 is an example. This chart somewhat arbitrarily defines 5 character types, the top half illustrating essentially "healthy" aspects, the bottom half essentially "unhealthy" aspects. We would argue, for example, that Western culture is moving from a focus on columns 3 and 4 to focus on columns 2 and 3, with new left groups being characterized by columns 1 and 2. Whether one agrees or disagrees with the argument, we find that this kind of chart greatly facilitates both an understanding of the argument and the points of agreement or disagreement. In any case, we consider this process essential to Hudson's approach and important to any attempt to do policy research.

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① MAJOR CURRENT LEFT-WING ISSUES LIKELY TO CONTINUE PLAGUING THE SYSTEM

VARIOUS SUBVERSION, INSURGENCY AND COUNTER-INSURGENCY OPERATIONS

AMORAL, BUREAUCRATIC, DEHUMANIZING INSTITUTIONS (ESPECIALLY UNIVERSITIES)

URBAN, RACIAL, AND POVERTY CRISES & OTHER CIVIL STRIFE

POLICE BRUTALITY (OFTEN SEEN AS CALCULATED PUNITIVE BRUTALITY)

"MILITARY-INDUSTRIAL COMPLEX" FELT TO BE TOO POWERFUL

REAL OR IMAGINARY ACTIVITY OF CIA IN WORLD AT LARGE

CONTINUATION AND GENERAL STATUS OF NATO (NATO SEEN AS CURBING "POLITICAL" DETENTE EAST & WEST)

RISE OF RACIALISM IN BRITAIN; CONTINUATION OF MANY RACIAL ATTITUDES IN U.S.

LAGGING OR INADEQUATE UNIVERSITY REFORMS IN U.S. AND/OR EUROPE

EASTERN MARXIST REDISCOVERY OF LIBERAL TRADITION (CZECHOSLOVAKIA) WHILE UNCERTAIN LIBERALS FIND EARLY MARX (GERMANY, FRANCE, ITALY)

CONTINUED FAILURE OF DEMOCRACY IN GREECE AND PERHAPS ELSEWHERE

SOCIETY FELT TO BE INCREASINGLY MODIFIED & REGIMENTED IN ORDER TO PROVIDE MORE CONSUMER GOODS & JOB SAFETY, AND THESE IN TURN USED TO JUSTIFY MORE HIERARCHY AND AUTHORITARIANISM

② MAJOR CURRENT RIGHT-WING ISSUES LIKELY TO CONTINUE PLAGUING THE SYSTEM

STUDENT RIOTS, GHETTO RIOTS, HIPPIE RIOTS, POLITICAL RIOTS AND JUST PLAIN RIOTS

THE IMPLICIT ENCOURAGEMENT BY THE "LIBERAL ESTABLISHMENT" OR AT LEAST LITTLE DISCOURAGEMENT--OF RIOTS, CRIME, BLACK RACISM AND YOUTHFUL ALIENATION

PORNOGRAPHY AND OTHER EROSION OF TRADITIONAL STANDARDS

ISSUES ASSOCIATED WITH RACE, WELFARE, EDUCATION, ETC., IN WHICH IT IS FELT THAT THE TAXPAYERS AND MAJORITY ARE VICTIMIZED

APPARENT RELATIVE INEFFECTIVENESS, OR EVEN FAILURE, OF ALMOST ALL THE PROGRAMS OF THE LIBERAL CONSENSUS

HIGH TAXES AND OTHER FINANCIAL PRESSURES

GENERAL FEELING OF THE "LOWER AND MIDDLE" MIDDLE CLASS OF BEING THE "FORGOTTEN MAN," FORGOTTEN BY THE BETTER PRESS, LOCAL AND FEDERAL GOVERNMENTS, INTELLECTUALS, ETC.

INCREASING HOSTILITY TO INTELLECTUALISM, NIHILISM, REVOLUTIONARY DIALECTICS (STUDENTS, HIPPIES, "EAST COAST INTELLECTUALS," ETC.) AND ANTI-ANTI-COMMUNISM OF THE "ESTABLISHMENT"

VARIOUS SUBVERSIONS, INSURGENCY AND COUNTER-INSURGENCY OPERATIONS

INCREASING ROLE OF THE INTELLECTUALS, COMBINED WITH WIDESPREAD ALIENATION OF THE INTELLECTUAL

PREJUDICE (WHICH PEOPLE DO NOT LIKE TO BE REMINDED OF), NONPREJUDICE (WHICH PEOPLE DO NOT LIKE TO HAVE LABELED HYPOCRITICAL)

APPARENTLY AN ABSOLUTE LACK OF EVIDENCE OF PROGRESS IN MOST DOMESTIC PROBLEM AREAS WHERE THEY FEEL NEW LEFT IDEAS HAVE BEEN HUGELY FUNDED AND TRIED FOR YEARS

ALICE-IN-WONDERLAND FOREIGN POLICY SOLUTIONS OF NEW LEFT

EXTREMELY RIGHTEOUS ATTITUDE OF NEW LEFT TO ALMOST ALL OPPOSITION, COMBINED WITH (INEVITABLY) A PATRONIZING ATTITUDE TO NEGROES

⑤ U.S. SOCIAL AND POLITICAL IDEOLOGIES MAY TEND TO EMPHASIZE

(1) TRANSCENDENCE	(2) IMPULSE	(3) REASON	(4) CONSCIENCE	(5) GOD'S WILL	COMMON POSSIBILITIES
(LEADING TO, AT BEST, A REASONABLE OR ACCEPTABLE EMPHASIS ON)					
SPIRITUALITY	FREEDOM	RATIONALITY	DEDICATION	REVEALED TRUTH	INDIVIDUAL MEANING & PURPOSE
MYSTICISM	CREATIVITY	SYNTHESIS	LOYALTY	WORSHIP	SOCIAL COHESION
REVERENCE	PERCEPTION	CALCULATION	RESPONSIBILITY	SALVATION	HUMANISM
IDEALISM	SPONTANEITY	PLANNING	ORDER	AWA	INNER TRANQUILITY
ALTRUISM	SELF-ACTUALIZATION	PRUDENCE	ORGANIZATION	DIGNITY	
PAN-HUMANISM	PARTICIPATION	COMPREHENSIVENESS	TRADITION	ESCHATOLOGY	
PERSPECTIVE	SENSORY AWARENESS	FLEXIBILITY	JUSTICE	RIGHTEOUSNESS	
DETACHMENT	JOY AND LOVE	MODERATION	OBEDIENCE	SUBMISSION	
OPENNESS	ECSTASY	MELIORISM	SELF-SACRIFICE	FATALISM	
(BUT WITH A CORRESPONDING POTENTIAL FOR A PATHOLOGICAL DEGREE OF)					
DROPPING OUT	ANARCHY	DE-HUMANIZATION	FANATICISM	FANATICISM	ELITISM
PASSIVITY	LAWLESSNESS	SCIENTISM	DESPOTISM	DOGMATISM	SELF-RIGHTEOUSNESS
UNWORLDLINESS	CHAOS	TECHNOCRACY	AUTHORITARIANISM	BIGOTRY	INTOLERANCE
CULTISM	VIOLENCE	RATIONALITY	SADO-MASOCHISM	INTOLERANCE	CULTISM
WITHDRAWAL	NIHILISM	MERITOCRACY	VINDICTIVENESS	SUPERSTITION	HYPOCRISY
MYSTICISM	SELFISHNESS	THEORIZING	PUNITIVENESS	HYPOCRISY	PHARISAISM
FADDISM	PROMISCUITY	ABSTRACTION	GUILT	PHARISAISM	BIGOTRY
SUPERSTITION	OTHER INDULGENCE	CALCULATION	RIGIDITY	PASSIVITY	RATIONALIZATION
NAIVETE	SELF-INDULGENCE	INDECISION	CALLOUSNESS	FATALISM	CALLOUSNESS

③ ISSUES FOR THE 60'S

WIDELY MISUNDERSTOOD, INCORRECTLY PREDICTED OR NONEXISTENT PROBLEMS OR ISSUES THAT SHOULD NOT HAVE BEEN MISUNDERSTOOD

1. ALMOST INEVITABLE WORLDWIDE FAMINE IN 1970'S IN DEVELOPING WORLD (CLEARLY UNLIKELY IN LATE SIXTIES; CLEARLY NOT INEVITABLE IN EARLY SIXTIES)
2. "AUTOMATION-UNEMPLOYMENT"
3. THAT HIGH PERFORMANCE MANAGEMENT INFORMATION SYSTEMS AND OTHER TECHNOLOGICAL PANACEAS WOULD REVOLUTIONIZE DECISION MAKING
4. LIKELIHOOD OF EAST-WEST RAPPROCHEMENT AND COOPERATION AND UNLIKELIHOOD OF SOVIET "BAD BEHAVIOR" (E.G. INVASION OF CZECHOSLOVAKIA)
5. "RICH ARE GETTING RICHER BUT POOR ARE GETTING POORER" ("GAP IDEOLOGY")
6. IMPORTANCE OF TECHNOLOGICAL FORECASTING, OPERATION RESEARCH, SYSTEMS ANALYSIS AND OTHER "SCIENTIFIC" DECISION-MAKING TOOLS
7. LIKELIHOOD OF RACIAL POLARIZATION IN U.S.--"TWO NATIONS"
8. MILITARY AND FOREIGN POLICY THREAT OF RED CHINA

WIDELY EXPECTED OR PREDICTED PROBLEMS OR ISSUES THAT WERE REAL BUT NOT NECESSARILY WELL APPRAISED

1. NATURE OF RUSSIAN GROWTH, AND TECHNOLOGICAL "LEAD" AFTER SPUTNIK
2. COUNTERINSURGENCY/INSURGENCY WARS IN DEVELOPING WORLD
3. "THAWING" OF COLD WAR
4. IMPORTANCE OF ELECTRONICS/AUTOMATION TECHNOLOGY
5. "LOW MORALE" IN THE WEST
6. CIVIL RIGHTS MOVEMENT
7. IMPORTANCE AND STABILITY OF EUROPEAN COMMON MARKET
8. THIRD WORLD "NATIONALISM"
9. DECLINE OF ESTABLISHED IDEOLOGIES

WIDELY OVERLOOKED PROBLEMS OR ISSUES THAT SHOULD HAVE BEEN EXPECTED OR PREDICTED: MANY ASPECTS OF

1. CURRENT POLLUTION ISSUES
2. WORLDWIDE GRAIN SUFFICIENCY LEADING TO SURPLUS
3. CIVIL RIGHTS PRESSURES FOR NEGROES EXPANDING TO OTHER MINORITY GROUPS
4. POLLRIZATION IN U.S. BETWEEN UPPER MIDDLE CLASS AND LOWER MIDDLE CLASS
5. "CRIME IN THE STREETS"
6. WELFARE COSTS AND PROBLEMS
7. CHRONIC INFLATION IN DEVELOPED AND DEVELOPING WORLDS
8. BALANCE OF PAYMENTS DEFICITS
9. POLLUTION BY "DISASTERS" (E.G. THALIDOMIDE, TORREY CANYON, ETC., TYPE)
10. URBAN RIOTS ST FIRST RELATIVELY RESTRAINED (UNTIL '67), AND THEN TURNING UGLY, AND THEN SUBSIDING
11. STUDENT VIOLENCE

WIDELY OVERLOOKED OR UNDERESTIMATED PROBLEMS OR ISSUES THAT WERE PERHAPS MORE DIFFICULT OR IMPOSSIBLE TO FORESEE OR PREDICT

1. CUBAN COMMUNIST COUP (?)
2. MAGNITUDE AND NATURE OF INVOLVEMENT IN VIETNAM
3. MANY ASPECTS OF THE LIBERAL "CRISIS" AND THE RADICALIZATION OF THE LEFT
4. THE RAPID SPREAD OF "SOFT" DRUGS
5. DEGREE OF EDUCATED INCAPACITY
6. THE GUNS AND BUTTER POLICIES FOLLOWED FROM '65-'68
7. THE PECULIAR COMBINATION OF CIRCUMSTANCES THAT MADE POSSIBLE MANY OF THE LESS EFFECTIVE AND MORE COUNTERPRODUCTIVE ASPECTS OF THE VN WAR
8. THE DEGREE OF TOLERATION BY THE ACADEMIC ESTABLISHMENT OF STUDENT VIOLENCE AND EXTREMISM
9. THE HIGH DEGREE OF RESISTANCE BY THE CZECHS (BEFORE AUGUST '68) TO SOVIET PRESSURES.

④ ISSUES FOR THE 70'S

WIDELY MISUNDERSTOOD, INCORRECTLY PREDICTED OR NONEXISTENT PROBLEMS OR ISSUES

1. "GREENING OF AMERICA"
2. RELATIVE IMPORTANCE OF CHINA
3. "NEW INDUSTRIAL STATE"
4. MNC "CHALLENGE" TO NATION STATE POWER
5. POLLUTION CRISES--"DROWNING IN OUR OWN GARBAGE"
6. "INVASION" OF PERSONAL PRIVACY
7. "ZERO GROWTH" MOVEMENTS
8. POPULATION/FOOD CRISES
9. NEGRO MILITANCY IN U.S.
10. STABILITY, AND REQUIREMENTS AND CHALLENGES FOR MAINTAINING STABILITY OF INTERNATIONAL SYSTEM

WIDELY EXPECTED OR PREDICTED ISSUES THAT APPEAR LIKELY

1. "SOCIAL RESPONSIBILITY" FOR BUSINESS
2. IMPORTANCE OF MNC IN WORLD BUSINESS
3. NEED FOR A NEW OR UPDATED "CAPITALIST" IDEOLOGY
4. INTERNATIONAL MONETARY CRISIS
5. U.S./EUROPEAN LABOR ISSUES
6. U.S./EUROPEAN COMPETITIVENESS IN MAJOR, ESTABLISHED MANUFACTURING INDUSTRIES
7. GOVERNANCE ISSUES
8. TRADE AND PROTECTIONISM
9. CHRONIC INFLATION IN DEVELOPED WORLD
10. POSSIBILITY OF RUSSIAN MILITARY DOMINANCE

WIDELY OVERLOOKED OR UNDERESTIMATED PROBLEMS OR ISSUES THAT SHOULD BE SERIOUSLY THOUGHT THROUGH NOW

1. IMPORTANCE OF THE RISE OF JAPAN
2. IMPACT OF "COUNTERREFORMATION" IN U.S.
3. EDUCATIONAL CRISIS IN U.S. AND PERHAPS TO SOME DEGREE WESTERN EUROPE
4. BUREAUCRACY AND ORGANIZATIONAL PROBLEMS--"TRAINED INCAPACITY," "POWERLESSNESS-OF-POWERFUL," "INAGE" LEADERSHIP
5. NEW IMPORTANCE OF TOURISM, TRADITIONALLY "NON-BUSINESS" BUSINESSES
6. POSSIBILITIES FOR INCREASING AUTHORITARIANISM IN THIRD WORLD
7. "DISLOCATION DEPRESSION" ISSUES
8. RECRIMINATIONS AND BACKLASH FOLLOWING ARMY VIETNAM DEBACLE
9. TECHNOLOGICAL OR "MAINTENANCE" CRISES IN U.S. AND POSSIBLY EUROPE

EXAMPLES OF POSSIBLE OR EVEN LIKELY "SURPRISE" ISSUES WHICH CANNOT BE FORESEEN OR EFFECTIVELY PREDICTED NOW

1. OUTCOME OF VIETNAM/INDOCHINESE WAR (ESPECIALLY DRAMATIC SUCCESS OR FAILURE)
2. WORLDWIDE LAW AND ORDER ISSUES--KIDNAPPING, SKYJACKING, URBAN GUERRILLA WARFARE
3. PROBLEMS THAT MAY FOLLOW DEATH OR ASSASSINATION OF MAO, TITO, FRANCO OR OTHER DICTATORS OR MAJOR FREE WORLD LEADERS
4. ACCIDENTAL FIRING OF AN ICBM
5. "BIZARRE" OR SUDDEN SURPRISING TECHNOLOGICAL BREAKTHROUGHS (E.G. IN BRAIN RESEARCH, OLD AGE, LASER DEFENSE SYSTEMS, ETC.) WHICH INTRINSICALLY ALTER CURRENT SYSTEM

## SECTION 4

## THE CHANGING BALANCE OF STRATEGIC POWER

The current international system is based on the nation-state. Despite much criticism and concern voiced today, and despite many statements that the nation-state is obsolete, it seems unlikely that this structure will change significantly in the next decade. Barring major war or some other event that profoundly shocks human society, we would expect that the 150 or so nations of today will continue to exist in 1980; and that they will continue to regard themselves as sovereign political entities, the autonomous judges of their interests and policies. We consider that the assumption that the nation-state will continue to be the basis of the international system is important on two levels:

The present stability has been based on more than U.S.-Soviet choice, though this is clearly important; it has been based on U.S. political/military and economic/technological dominance of a nation-state system. This dominance has been generally accepted and is now largely taken for granted, but it has been by no means unreal.

It is popular today to argue that both sides have "overkill" and thus the notion of strategic superiority is meaningless--degenerating simply to a useless superiority in number and/or quality of weapons which provides no intelligible advantage. But until 1968 or 1969, this was probably not true. Until then the U.S. strategic forces were relatively well protected and more numerous than Soviet forces. In a crisis, a serious analyst on either side would have to take into account that a Soviet attack on U.S. strategic forces could not be decisive. But the contrary was not true. It was thus theoretically possible for the U.S. to destroy the great part of Russia's forces. A large portion would, of course, survive but they would be relatively limited in effectiveness, whereas the U.S. would still have a residual force sufficient to destroy Russia. While the details were largely unknown they were all important, and both the American and Soviet people and governments seem to have had some inkling that the above threat was possible.

In a sense the implicit bargaining advantage which this imbalance provided was more important than the actual threat. This is a psychological issue. Even a pro forma and operationally meaningless "superiority" may lead to a feeling on the part of the "superior" nation that it is entitled to political advantages for its extra strength and that it is the other government that should back down.

Without going into detail, we would merely note that one important factor in the 1970's is that the American strategic advantage either will have disappeared or come close to disappearing. For the first time since World War II the Soviets will have a justified sense of strategic parity with the United States and conceivably even superiority. We know that the last time the Soviets acted out of an assumed parity or a feeling of impending superiority (during the so-called missile gap period of the late 1950's

and very early 1960's) they tried to convert this into immediate political gain. If they should do so again, and particularly if this should result in some tangible success, the impact on the other major powers could be decisive. If, for example, the "Nixon Doctrine" is interpreted, correctly or incorrectly, as a general move toward isolationism by America's allies and an American backdown during crisis is interpreted as evidence of strategic inferiority, it would be surprising if the major powers of the free world did not make serious efforts to arm.

The point here is that the nation-state system is one that naturally lends itself to individual alliances and actions, to multi-party balances of power. The bipolar world under American dominance which has provided the current stability has for all practical purposes obviated this characteristic on a political/military level. As this era ends, a multi-polar political-military world once again becomes a realistic possibility.

Despite all this, there are strong arguments for a continuation of stability. On chart 2 we list some of these. The items on this chart represent a number of moral, political, and economic changes which have occurred since World War II and which make a very great difference between "then" and "now." Today the use of force between nations, or even military calculations about potential use of force, seem largely irrelevant, to many people, even when serious issues are at stake.

Foremost among these new developments is an unprecedented sense of world community. This sense of world community can easily be exaggerated. But it is nonetheless real and represents a decided change. Today, for example, all people are regarded as "fully human," and every nation as having more or less equal sovereign rights. One cannot "discover" a "new" geographical area any longer and legally or morally displace the indigenous rulers as if they had no rights. Almost no group is considered "outlawed," barbarian, as untermenschen--as "objects" whom others have the right to enslave, kill, or plunder. The exploitation of other societies by open chicanery, starkly unfair treaties, or the use of force is condemned by almost everybody--including the domestic public of any nation which attempts such tactics.

Some may feel that Soviet attitudes toward "counter-revolutionary elements," or its Eastern European satellites, provide exceptions to this generalization--and to a degree they are or were. But even here the new attitudes play an important role. The terms of trade between the Soviet Union and Eastern Europe in the first post-war decade were generally onerous and favored the Soviet Union greatly. But with the exception of East Germany this does not seem to be true today. This is not to say that the other five satellites could not often get better terms elsewhere, merely that the Soviet Union is itself often a high-cost producer and does not really gain very much by "forcing" the satellites to trade with it. The basic reasons it "encourages" trade to remain within the bloc today are political and autarchical, rather than exploitative in simple economic terms.

The concepts of power and influence also seem to have undergone a basic change. Internal economic and technical development, perhaps combined with

peaceful trade and overseas investment, rather than imperialism or aggression, seem today the efficient as well as the fashionable techniques for achieving most national objectives. It can in fact be argued that wealth and advanced technology are best acquired by developing existing national assets and resources, rather than seizing a neighbor's property.

Modern technology has also diminished or made transitory the strategic value of geographical areas to a degree which seems almost incredible by comparison with the past. As a result there is less desire or pressure to occupy "strategic" territory for its own sake, or to preempt action by another nation.

Political pressures deriving from charismatic patriotism, militant or proselytizing religion, dynamic ideology, or even the simple desire to seek glory (on the part of a head of state, a general, even the individual soldier) today also seem much weaker than in almost any historical period.

All this hardly means that the world is without hostile emotions. There is plenty of nationalism, racism, greed, resentment, anger, and ambition loose in the world. But many of these impulses are weakened, and in any case they are more or less coerced, restrained, or sublimated. As a result they are not likely, under current conditions, to burst out, leading to attacks across frontiers.

Wars of aggression, if they occurred at all, we think would likely prove to be limited wars rather than absolute or "hyperbolic" wars on the World War I or II scale. One thing which may be at work is a general exhaustion of the emotions as a result of the experience of the 1930's and 1940's. Beyond that is the obvious efficiency of internal economic development as the means for increasing a country's prestige, power, and living standard. Germany and Japan lost World War II yet are among the most prosperous economies today. Europe has decolonized and yet is much richer today.

Thus, one can argue that today's world knows a peace based--in part at least--on satisfaction with the status quo, or at least a general acceptance of the status quo. In part, too, peace is based in a climate of apathy combined with the fear of nuclear weapons. Yet, we have argued, the role of nuclear weapons may actually be rather small; if one overestimates the importance of strictly nuclear deterrence, one risks failing to understand the political structure of our world, and thus not understanding how it might plausibly blow up.

The inability or unwillingness of even leading statesmen of major powers to recognize the political "realities" of our world is probably the greatest danger to continued stability. In this respect a major problem which is likely to grow is the question of a realistic defense of Western Europe. European defense is based on the promise of the U.S. that it will use its nuclear forces if required. It seems increasingly likely that the U.S. would be reluctant to do so except under the most extreme provocation. As a general rule, any foreign policy based on a "myth," an

"Alice-in-wonderland" policy if you will, which NATO seems to be becoming, increases the chances of trouble.

It is also important to point out that the political settlement of World War II seems to be largely over. By this we mean that the constraints on the losers are no longer really viable. One can characterize the current situation by saying that the 5 "winners" of World War II have nuclear weapons. This in itself should not change the balance much. But the acquisition of nuclear weapons by West Germany, should this be the next step, would be very likely to substantially change the situation.

A major fact in our projection of continued peace, therefore, is the observation that the Communist/non-Communist confrontation as it has developed and appears for the next decade can exist with "peace." In Europe at least, the chances of deliberate Soviet expansion or heavy pressures (except in Berlin) seems small. Few West Europeans are interested any longer in the Cold War as an ideological confrontation with the Soviets; in the former satellite states there is a parallel and growing spirit of pragmatism on the part of the regimes (though not uniformly so) and an indifference to ideology on the part of the masses. These are developments in the former Soviet orbit that bode ill for the future of "classical" Communism. Even in the U.S.S.R. there is a growing alienation of the young, an intellectual and moral stagnation among the Communist rank-and-file, and the reemergence of a spirit that is recognizably Russian rather than "Bolshevik."

This is, of course, a very reassuring conclusion--that major war and large-scale violence have been at least temporarily abolished, at least so far as most of the advanced and powerful nations are concerned. The attractiveness of this argument suggests that it is likely to include some wishful thinking. It seems clear, for example, that before the Czech crisis of 1968 most Europeans not only agreed that deliberate war in Europe was virtually "unthinkable," they felt that any major use of illegal force was even less likely than this discussion indicates. They also seemed to believe that this state of "warlessness" was more easily and cheaply acquired and maintained than we would judge to be reasonable. One may suspect that many now have come to recognize that things are more complicated. Czechoslovakia provided a dramatic and concrete reminder to a number of Europeans that political and moral sanctions against the use of force are "political" and "moral" and not physical--and probably not as strong and reliable as they had thought.

Chart 3 is an attempt to list some of the ways in which serious crises may still plausibly occur. One can easily argue, after examining the chart, that the general confidence in peace exhibited today (even though not always verbalized) and the actual degree of stability in today's world is probably exaggerated.

Most people are, of course, worried about issues in the first two lines, but relatively few worry about the third point--that major violence perhaps involving the actual use of nuclear weapons would ever be used deliberately and rationally. One can, however, write entirely plausible

scenarios for the 1975-85 period where nuclear violence could deliberately be committed. Moreover, it is possible that political value systems will change so that the relaxed world described in Chart 2 will erode or disappear. One might foresee, for example, a revival of militant ideology. We see today some renewed taste for violent ideologies, and it is possible that an ideological movement might come into power in some critical area.

The three quotations on Charts 4, 5 and 6 touch upon the most frightening of all the issues we are discussing--that the basic structure of the world, rather than any specific issue, may be making the world more dangerous. There is a growing neo-isolationist movement in the United States and isolationist political sentiments are even more influential in Europe today. This is an odd phenomenon. The old isolationism was based on the assumption that what happens to "far away people of whom we know nothing" (as in Chart 4) cannot concern us very deeply. Today, of course, there are no "far away" countries or people of whom we know nothing. Despite this, it still is possible not to intervene in the affairs of others, but few Americans are really prepared to take the position that the United States' policy should be almost totally indifferent to the rest of the world. Few would be willing to take this position because they are unwilling to live with the arms race or the new alliance structures which would follow upon an explicit or implicit U.S. disengagement from world affairs. The very smallness of the world is a threat--a threat which might prove overwhelming even if we were to act as world policemen.

Finally, we must note a different source of insecurity for the seemingly secure states of Europe and North America, as well as for the Third World. The kind of "law and order issue" which is now a central issue of U.S. domestic politics is likely to take an international form. That is, there may by 1980 be a serious and widespread problem of unauthorized or semi-authorized violence. We think here of the analogous problems occurring from the mid-nineteenth century until about 1914: those raised by anarchists who attempted what they called "propaganda by the deed," the problem exemplified by the assassination of the Archduke Franz Ferdinand, and the like. It seems likely, that there will be decreasing respect paid to authority and to traditional standards, particularly among the more frustrated members of the less developed nations and the more disturbed of the developed. There seems likely to be an increasing number of individuals willing to "bear witness," to "confront" or otherwise communicate their "message" through violent demonstrations, assassination in 1914, or the activities of the Palestine guerrilla movement in attacking Israeli civil aircraft. One might also imagine that while the developed nations--Europe, North America, and even the Soviet Union--may have a common interest in controlling such violence, some of the undeveloped nations might be in sympathy with the perpetrators of this violence and therefore unwilling to allow U.N. or other worldwide measures to control it. This could lead to differentially invidious, or otherwise onerous, controls on the international movement of people, as well as to international tensions and the development of unfortunate political or social attitudes and practices within some states.

In summary, the World of 1980 is likely to be freer of the threat of legal international violence than either the 1950's or 1960's. With the possible exception of China and some other Afro-Asian countries the following seems to be likely:

1. Even with a growth of various kinds of neo-isolationist sentiments in different nations, the world is likely, even more today, to be regarded as one human community. No group will, for ethnic or national reasons, be openly regarded by governing elites or "establishments" as outlawed, inferior, or "untermenschen"; everyone will be conceded human rights. There will be many pluralistic security communities (a political and moral relationship between certain states which makes war between them, or even the use of force, "unthinkable" in most situations).

2. Despite many doubts about GNP and growth, and even attacks on and counteractions against this kind of materialism, internal development is almost certain to continue to be the efficient and "fashionable" technique for achieving most national objectives--including achieving a base for power and influence as well as wealth itself.

3. Modern technology and other developments will continue to obviate, lessen, or make transitory the historic strategic value of many geographical areas (i.e., even today, as far as the U.S. is concerned, there are no "life lines" or "jugular veins"--such as the Suez Canal was in the past for Great Britain).

4. Compared to many past eras, even ideological (and religious) motives for recourse to massive levels of force may continue to wane; despite a likely emphasis on a new "search for meaning and purpose" and the solutions found by many in irrational, violent, and/or messianic movements, this erosion of old ideological and religious pressures for war and in international politics seems likely to continue well through the decade of the 1970's.

## SOME IMPORTANT GENERAL AND BASIC PROPERTIES OF THE CURRENT INTERNATIONAL SYSTEM

## SOME SPECIFIC POLITICAL AND STRATEGIC ISSUES

## ① THE BASIC SYSTEM

1. NATION STATE AS BASIC UNIT CHARACTERIZED BY  
TERRITORIALITY  
SOVEREIGNTY  
CENTER OF LOYALTY AND PROTECTION  
SOME SELF-DETERMINATION
2. ABOUT 150 STATES--OF WHOM MORE THAN HALF ARE "SERIOUS" NATION-STATES
3. EACH STATE MORE OR LESS THE JUDGE OF ITS OWN CAUSE
4. SOME LIMITED INTERNATIONAL AUTHORITY--SOME LIMITED "GREAT POWER" AUTHORITY
5. SOME BIPOLARITY; SOME MULTIPOLARITY
6. DILEMMAS OF COMPETITION AND COOPERATION
7. BOTH BALANCING AND DISRUPTIVE PROCESSES
8. MUCH SELF-RESTRAINT AND SELF-DETERRENCE
9. THE WAR SYSTEM--INCREASINGLY CONSIDERED ABNORMAL, INCREASINGLY UNUSABLE, AND YET ALWAYS THERE
10. HOWEVER "FORCE" AND MILITARY CALCULATIONS DO SEEM INCREASINGLY LESS RELEVANT

## ③ SOME "CLASSICAL" REASONS WHY MAJOR VIOLENCE MAY STILL OCCUR

MISCALCULATIONS OR UNINTENTIONAL ESCALATION  
SHOCKED, HYSTERICAL, OR IRRATIONAL BEHAVIOR  
DELIBERATELY (MOST LIKELY AS A RESULT OF DEFENSIVE REACTIONS, BUT EVEN THIS IS NOT CERTAIN)  
A REVIVAL OF IDEOLOGICAL ZEAL IN RUSSIAN OR OTHER CP'S  
A TASTE FOR VIOLENT IDEOLOGIES (CRYPTO-FASCIST AS WELL AS CRYPTO-COMMUNIST)--PARTICULARLY IN THE THIRD WORLD AND AMONG THE YOUNG  
DEVELOPMENT, IN AFRO-ASIA, OF A DESIRE FOR REVENGE AGAINST THE EX-IMPERIALISTS  
AN AFRO-ASIAN DRIVE AGAINST RHODESIA, SOUTH AFRICA, AND/OR PORTUGAL, OR EVEN AGAINST THE WEST GENERALLY, ETC.  
CLAIMS AND PRESSURES OF CHINA, W. GERMANY, JAPAN, ETC.  
OTHER REVISIONIST TERRITORIAL AND POLITICAL CLAIMS IN CENTRAL EUROPE

- ④ HOW HORRIBLE, FANTASTIC, INCREDIBLE IT IS THAT WE SHOULD BE DIGGING TRENCHES AND TRYING ON GAS MASKS HERE, BECAUSE OF A QUARREL IN A FAR AWAY COUNTRY BETWEEN PEOPLE OF WHOM WE KNOW NOTHING. (ITALICS ADDED)

CHAMBERLAIN  
SEPTEMBER 27, 1938

- ⑤ IF IN THIRTY YEARS WE SHALL NOT HAVE SUCCEEDED IN REORGANIZING THE WORLD IT WILL INEVITABLY RELAPSE INTO BARBARISM...

ALFRED NOBEL  
JANUARY 7, 1893

## ② WHY DO "FORCE" AND MILITARY CALCULATIONS SEEM INCREASINGLY LESS RELEVANT?

1. WORLD IS ONE HUMAN COMMUNITY--THERE ARE NO OUTLAWS, BARBARIANS, OR UNTERMENSCHEN--EVERYBODY HAS HUMAN RIGHTS--INDEED MANY PLURALISTIC SECURITY COMMUNITIES (A POLITICAL AND MORAL CONTEXT THAT MAKES LEGAL WAR AND EVEN THE USE OF FORCE "UNTHINKABLE" IN MOST SITUATIONS)
2. INTERNAL DEVELOPMENT IS BOTH THE EFFICIENT AND THE FASHIONABLE TECHNIQUE FOR ACHIEVING MOST NATIONAL OBJECTIVES--INCLUDING ACHIEVING A BASE FOR POWER AND INFLUENCE AS WELL AS WEALTH ITSELF
3. MODERN TECHNOLOGY AND OTHER DEVELOPMENTS HAVE EITHER OBLIVATED, LESSENED, OR MADE TRANSITORY THE HISTORIC STRATEGIC VALUE OF MANY GEOGRAPHICAL AREAS
4. AS A RESULT OF THE ABOVE, NATIONS NO LONGER, BY AND LARGE, SEEK FOR WAYS TO USE FORCE TO GAIN PLUNDER, SLAVES, FOREIGN TERRITORY, COMMERCIAL ADVANTAGES, INCOME, POWER, MILITARY MANPOWER, OR EVEN TO COLLECT DEBTS, AVENGE INSULTS, ENFORCE INTERNATIONAL LAW, ETC.
5. IDEOLOGICAL AND RELIGIOUS PRESSURES TO USE FORCE ARE--AT LEAST RELATIVE TO MANY PAST ERAS--ALSO WEAK
6. IN ADDITION:
  - A. THE U.S., U.N., AND OTHERS ACT NOT ONLY AS "POLICEMEN" AND PROTECTORS BUT TO LIMIT THE ULTIMATE SUCCESS OF AN INITIALLY SUCCESSFUL AGGRESSION
  - B. ALL-OUT WAR (AND THEREFORE, TO SOME DEGREE, ANY WAR) IS "UNTHINKABLE" OR "IMPOSSIBLE"
  - C. LITTLE "SERIOUS" IRREDENTISM IN EUROPE (EXCEPT POSSIBLY FOR GERMANY), NORTH AND SOUTH AMERICA, AND JAPAN
  - D. GENERAL (BUT WANING) FEAR OF EXTREMISM
  - E. CURRENT RELATIVELY HIGH STANDARDS OF BEHAVIOR
  - F. AS A RESULT THERE SEEMS TODAY TO BE A PEACE BASED AS MUCH ON SATISFACTION AND ACCEPTANCE AS ON DETERRENCE AND WEAKNESS
  - G. AS WELL AS SOME ILLUSIONIST AND/OR WISHFUL THINKING ABOUT THE LIKELIHOOD OF CERTAIN AREAS OF THE WORLD BEING KEPT--UNDER ALMOST ANY POLICY--FREE OF NATIONAL WARS

- ⑥ "THE GREAT GLOBE ITSELF IS IN A RAPIDLY MATURING CRISIS--A CRISIS ATTRIBUTABLE TO THE FACT THAT THE ENVIRONMENT IN WHICH TECHNOLOGICAL PROGRESS MUST OCCUR HAS BECOME BOTH UNDERSIZED AND UNDERORGANIZED...

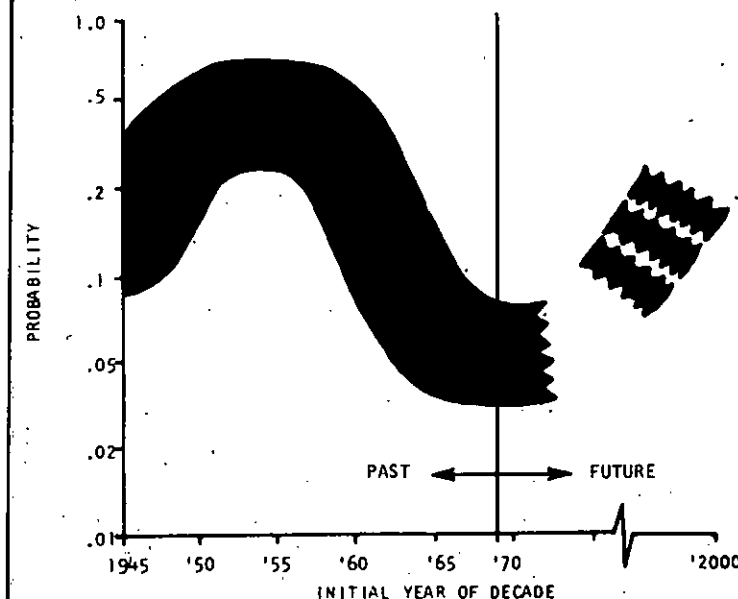
IN THE FIRST HALF OF THIS CENTURY... THIS SAFETY... WAS ESSENTIALLY A MATTER OF GEOGRAPHICAL AND POLITICAL LEBENSRAUM: AN EVER BROADER GEOGRAPHICAL SCOPE FOR TECHNOLOGICAL ACTIVITIES, COMBINED WITH AN EVER BROADER POLITICAL INTEGRATION OF THE WORLD. WITHIN THIS EXPANDING FRAMEWORK IT WAS POSSIBLE TO ACCOMMODATE THE MAJOR TENSIONS CREATED BY TECHNOLOGICAL PROGRESS.

NOW THIS SAFETY MECHANISM IS BEING SHARPLY INHIBITED; LITERALLY AND FIGURATIVELY, WE ARE RUNNING OUT OF ROOM. AT LONG LAST, WE BEGIN TO FEEL THE EFFECTS OF THE FINITE, ACTUAL SIZE OF THE EARTH IN A CRITICAL WAY.

THUS THE CRISIS DOES NOT ARISE FROM ACCIDENTAL EVENTS OR HUMAN ERRORS. IT IS INHERENT IN TECHNOLOGY'S RELATION TO GEOGRAPHY ON THE ONE HAND AND TO POLITICAL ORGANIZATION ON THE OTHER... IN THE YEARS BETWEEN NOW AND 1980 THE CRISIS WILL PROBABLY DEVELOP FAR BEYOND ALL EARLIER PATTERNS. WHEN OR HOW IT WILL END--OR TO WHAT STATE OF AFFAIRS IT WILL YIELD--NOBODY CAN SAY.

JOHN VON NEUMANN  
FORTUNE, JUNE 1955

## ⑦ SUBJECTIVE ESTIMATES (BOTH CURRENT AND AD HOC) OF THE PROBABILITY OF A MAJOR EAST-WEST WAR CRISIS IN THE NEXT DECADE



## ⑨ ONE CAN TALK PERSUASIVELY ABOUT:

## A SOVIET LOSS OF ENTHUSIASM:

1. DISAPPOINTING PERFORMANCE SINCE 1958--BOTH RELATIVELY AND ABSOLUTELY
2. EXPERIENCE OF CHINA--A COMMUNIST ENEMY
3. EXPERIENCE OF CUBA--A COMMUNIST "CRACKPOT"
4. GENERAL DISARRAY OF INTERNATIONAL COMMUNISM
5. INTERNAL CHANGES
6. GROWING NATIONALISM

## AND EVEN OF A LOSS OF NERVE:

1. YUGOSLAV AND CHINESE CHALLENGES
2. ROMANIAN CHALLENGES
3. U.S. CHALLENGES
4. CZECH CHALLENGES (?)

## ⑪ SOME GENERAL POLITICAL TRENDS

THE CURRENT SMALL WORLD IS GETTING SMALLER AND LEADING TO:  
WORLD-WIDE WELFARE STATE  
"URBAN" INDIFFERENCE  
A DISAPPEARANCE OF LEBENSRAUM--MANEUVER SPACE--SAFETY FACTORS

## FRUSTRATED EXPECTATIONS:

RE-RAISE SOCIAL ORDER VS. SOCIAL JUSTICE ISSUES  
EXACERBATE DOMESTIC DIVISIONS  
MAY TEND TO INCREASE EXISTING ENVY, RACISM, NATIONALISM, CLASS CONFLICT, AND MESSIANIC MOVEMENTS  
ARE TURNING U.S. TOWARD NEO-ISOLATIONISM

WEST MAY HAVE TENDENCY TOWARD A LACK OF ASSURANCE (OR ANCIEN REGIME MORALE) IN DEALING WITH "PROGRESSIVE" AND/OR HUMANIST LEFT REVOLUTIONS OR EVEN CRITICISMS

NEW POLITICAL ISSUES AND GROUPINGS AND RELIGIONS--OR QUASI-RELIGIOUS--MOVEMENTS

GRADUAL EROSION OF POLITICAL, MORAL, AND MORALE LEGACY OF WORLD WAR II, COLONIALISM, AND EVEN THE COLD WAR

## ⑧ SOME SPECIFIC REASONS WHY THE WORLD SEEMS RELATIVELY SAFE:

## IN GENERAL:

1. RECOVERY OF EUROPE AND JAPAN
2. WEAKNESS OF GERMANY (AND JAPAN?)
3. HOLDING OF AFRICA, MIDDLE EAST, CHINESE RIM & L.A.
4. WEAKNESS OF UNDERDEVELOPED NATIONS
5. U.S.-S.U. DETENTE & GROWING BELIEF IN STABILITY
6. INCREASED CRISIS INCREDULITY
7. CONTINUED (?) U.S. STRATEGIC SUPERIORITY OVER S.U.
8. SOVIET THERMIDOR--LOSS OF ENTHUSIASM AND/OR NERVE

## IN STRATEGIC AREA:

9. U.S. (AND S.U.) STRATEGIC FORCES RELATIVELY INVULNERABLE (?)
10. ORGANIZATIONAL & TECHNICAL SAFEGUARDS--ARMS CONTROL
11. CONTROLLED RESPONSE AND CRISIS MANAGEMENT POLICIES
12. NUCLEAR INCREDULITY (NUCLEAR WAR IS UNTHINKABLE)

## IN LIMITED WAR AREA:

13. FEW POWER VACUUMS
14. GREATER (U.S. & S.U.) CAPABILITY & UNDERSTANDING

## IN TECHNOLOGY

15. EXPENSE AND COMPLEXITY OF STRATEGIC WEAPONS SYSTEMS
16. NEW STRAINS OF RICE AND WHEAT

## ⑩ THE BASIC POLITICAL ENVIRONMENT

FEELING OF BOTH RELATIVE SAFETY AND DISINTEREST IN TERRITORIAL AGGRANDIZEMENT WITHIN "OLD NATIONS"

GENERAL DISTRUST AND/OR DISILLUSIONMENT IN GOVERNMENT--APPEARANCE OF ANARCHIST AND NIHILISTIC MOVEMENTS

RELATIVELY STRONG, BUT PROBABLY WEAKENING, SANCTIONS AGAINST NUCLEAR DIFFUSION

U.S.-S.U. DETENTE--TWO-WAY DETERRENCE--ALMOST NO POWER VACUUMS

SINO-SOVIET SPLIT--NATO AND WARSAW PACTS IN "DISARRAY"

COMPLEX MIXTURE OF BIPOLARITY, POLYCENTRISM, MULTIPOLARITY, AND OBSOLETE SOVEREIGNTY

INCREASING NATIONALISM AND REGIONALISM GENERALLY, BUT EUROPEAN NATION-STATE SYSTEM IN FLUX

"EXTREME" AND "NATIONALISTIC" BEHAVIOR IN FRANCE, ROMANIA, CHINA, CUBA AND MANY PLACES IN THE THIRD WORLD. BUT NOT YET WEST GERMANY, JAPAN, CANADA, POLAND, BRAZIL, ETC.

LIMITED RETROGRESSION OF U.N.--GROWTH OF AD HOC GROUPS

MANY OLD HOSTILE EMOTIONS (NATIONALIST, RACIAL, GREEDY, VENGEFUL, AMBITIOUS, ETC.) PARTLY ERODED BUT MOSTLY COERCED, RESTRAINED, DIVERTED OR SUBLIMATED

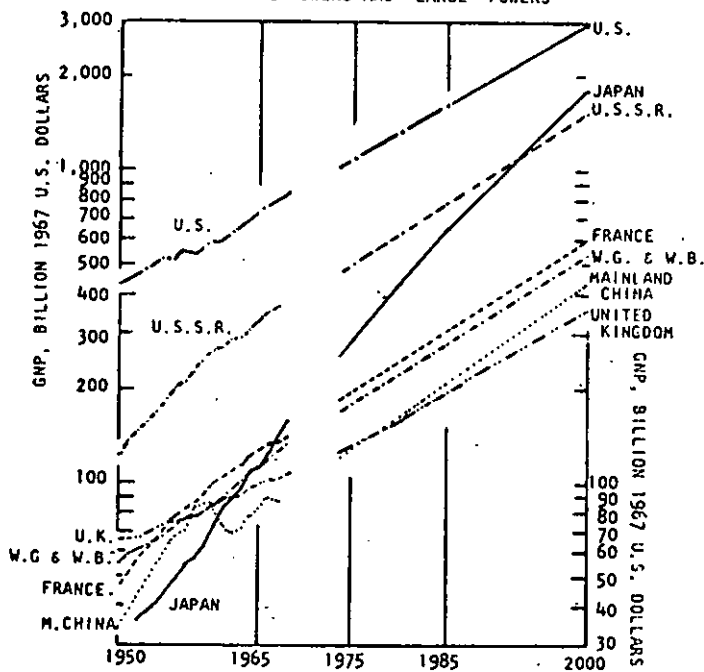
MANY NEW HOSTILE EMOTIONS

## ⑫ SOME POSSIBLE TURNING POINT ISSUES

1. OUTCOME OF VIETNAMESE WAR
2. CENTRAL EUROPEAN CRISIS
3. REBELLION IN EASTERN EUROPE
4. SINO-SOVIET RAPPROCHEMENT
5. SUCCESSFUL AND CHARISMATIC SOVIET OR CHINESE LEADERSHIP
6. A SOVIET "TAKEOVER" OF INDIAN OCEAN
7. OUTCOME OF CURRENT MIDDLE EAST CONFRONTATION
8. A "REVERSAL OF ALLIANCES"
9. JAPANESE NUCLEAR ARMAMENT
10. CREATION OF A EUROPEAN DEFENSE COMMUNITY
11. "CASTROITE" SUCCESS IN LATIN AMERICA
12. NUCLEAR USE AND/OR PROLIFERATION

# THE WORLD OF 1980

POSTWAR ECONOMIC GROWTH AND MEDIUM PROJECTION  
FOR THE SUPERPOWERS AND "LARGE" POWERS



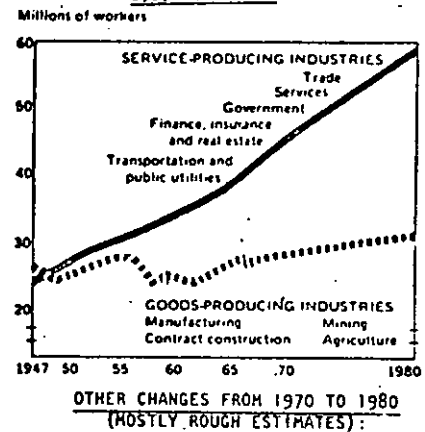
THE ECONOMIC CONTEXT OF 1970 AND A  
SIMILAR PROJECTION FOR 1980  
(AN APPROXIMATE BUT ORIENTING ESTIMATE)

AREA	YEAR	GNP (IN BILLIONS OF 1970 DOLLARS)		POPULATION (IN BILLIONS)		GNP/CAP (THOUSANDS OF 1970 DOLLARS)	
		70	80	70	80	70	80
UNITED STATES		1.0	1.5	.2	.22	5.0	6.7
REST OF OECD		1.2	2.0	.5	.54	2.4	3.8
COMMUNIST EUROPE		.7	1.2	.35	.38	2.0	3.2
D.C. SUB-TOTAL		2.9	4.7	1.05	1.14	2.8	4.1
NON-COM. LDC'S		.4	.7	1.65	2.0	.24	.35
COMMUNIST ASIA		.1	.2	.8	1.0	.12	.20
LDC SUB-TOTAL		.5	.9	2.45	3.0	.22	.30
TOTAL OR AVERAGE		3.4	5.6	3.5	4.2	.97	1.36

THE LARGE NATIONS IN 1980  
(GNP BILLIONS OF \$)

- 1.5 UNITED STATES
- .8 U.S.S.R.
- .5 JAPAN
- .25 FRANCE, WEST GERMANY
- .1-.2 CHINA, UNITED KINGDOM, ITALY, CANADA, INDIA
- .05-.1 (PERHAPS BRAZIL, EAST GERMANY, MEXICO, SWEDEN, POLAND AND/OR AUSTRALIA)

U.S. WORKFORCE



OTHER CHANGES FROM 1970 TO 1980  
(MOSTLY ROUGH ESTIMATES):

	IN BILLIONS OF 1970 DOLLARS	% OF GROSS WORLD PRODUCT
GNP	3400 TO 5600	- TO -
WORLD EXPORTS*	300 TO 600	8.7 TO 10.7
TOTAL SALES OF MNC'S*	500 TO 1200	14.5 TO 21.4
TOTAL FOREIGN SALES OF MNC'S*	350 TO 900	10.2 TO 16.1
TOTAL FOREIGN SALES OF U.S. MNC'S*	200 TO 450	5.7 TO 8.0
TOTAL U.S. EXPORTS	40 TO 75	1.6 TO 1.3
WORLD TOURISM	15 TO 50	.5 TO .9

\*ALL THESE NUMBERS INCLUDE A GOOD DEAL OF DOUBLE COUNTING--E.G., WHEN A COUNTRY EXPORTS ITEMS THAT ARE IN PART MADE OF IMPORTS OR WHEN THE OUTPUT OF ONE MNC IS PART OF THE INPUT OF ANOTHER MNC

## THE MULTINATIONAL CORPORATION MAY SOON BE THE DOMINANT SOURCE AND/OR INSTRUMENT OF:

- RAISING AND INVESTING CAPITAL
- CREATING AND MANAGING ORGANIZATIONS
- INNOVATING, PERFECTING AND TRANSFERRING TECHNOLOGY
- DISTRIBUTION, MAINTENANCE, MARKETING AND SALES (INCLUDING FINANCING ALL OF THESE)
- FURNISHING LOCAL ELITES WITH SUITABLE--PERHAPS IDEAL--CAREER CHOICES
- EDUCATING AND UPGRADING BOTH BLUE COLLAR AND WHITE COLLAR LABOR (AND ELITES)
- FINALLY, IN THE NOT-TOO-DISTANT FUTURE, SERVING AS A MAJOR SOURCE OF SAVINGS AND TAXES.

## TEN ASPECTS OF THE WORLD CONTEXT THAT ENCOURAGE MNC GROWTH

1. CONTINUATION OF WORLD PEACE, RELATIVE POLITICAL STABILITY, AND WORLDWIDE ECONOMIC GROWTH
2. DISPERSION OF RESOURCES AND MARKETS - DISPARITIES IN LABOR COSTS
3. NEW OR EMERGING TECHNOLOGIES, SOURCES OF RESOURCES, MARKETS, AND METHODS OF RATIONALIZING THE ECONOMIES OF VARIOUS INDUSTRIES
4. INCREASING "SIMILARITY" OR STANDARDIZATION OF MARKETS
5. IN SOME CASES CONTINUED PROTECTIONIST POLICIES BUT IN OTHERS DECREASING PROTECTIONISM
6. INCREASING IMPORTANCE OF ECONOMIES OF SCALE--REQUIREMENTS FOR LARGE AMOUNTS OF CAPITAL, COMPETENT MANAGEMENT, AND ADVANCED OR NEW TECHNOLOGY TO ACCOMPLISH DESIRED OR REQUIRED TASKS
7. PROPORTIONATE DECREASE IN TRANSPORTATION AND COMMUNICATION COSTS
8. PRESSURES TO MAINTAIN A COMPETITIVE MARKET SHARE
9. 'MOMENTUM' FROM CURRENT INVESTMENT AND EXPERIENCE
10. NO PERVERSIVE AND/OR EFFECTIVE INTERFERENCE FROM POLITICAL AUTHORITIES

RELATIVELY A-MILITARY, RELATIVELY A-POLITICAL,  
"SURPRISE-FREE," "BUSINESS-AS-USUAL," PROJECTIONS  
FOR THE NEXT DECADE OR TWO

- A. A RELATIVELY MULTIPOLAR AND ANARCHIC BUT ALSO RELATIVELY ORDERLY AND UNIFIED WORLD; BETTER--INDEED THE CREATION OF A TRUE "GLOBAL MARKET" UNDERSTANDING AND TECHNIQUES FOR SUSTAINED ECONOMIC DEVELOPMENT OF RICH AND POOR--HIGH (2-10%) ANNUAL GROWTH IN GNP/CAP ALMOST EVERYWHERE BUT FIVE AREAS SHOW A SPECIAL DYNAMISM; THE "GREEN REVOLUTION" BECOMES WORLDWIDE; ALSO A WORLDWIDE CAPABILITY FOR MODERN INDUSTRY AND TECHNOLOGY; GROWING IMPORTANCE--BOTH RELATIVELY AND ABSOLUTELY OF MULTINATIONAL CORPORATIONS AND CONGLOMERATES AS AN INNOVATOR AND ENGINE OF RAPID GROWTH AND AS A POWER AND INSTITUTION IN ITS OWN RIGHT; ALSO AN IMPRESSIVE SUSTAINED AND PERVERSIVE GROWTH IN WORLD TRADE, COMMUNICATIONS AND TRAVEL; THUS WORLD IS INCREASINGLY UNIFIED BY TECHNOLOGY, PRIVATE INDUSTRY, AND INSTITUTIONS (BUT NOT BY INTERNATIONAL LEGAL INSTITUTIONS); SOME RELATIVE DECLINE IN THE POWER, INFLUENCE AND PRESTIGE OF U.S. AND U.S.S.R.; A POSSIBLE CHALLENGE BY JAPAN FOR WORLD LEADERSHIP OF SOME SORT, CHINA AND EUROPE BOTH RISE AND FALL IN INFLUENCE; EMERGENCE OF NEW "INTERMEDIATE" OR REGIONAL POWERS, E.G., E. GERMANY, BRAZIL, MEXICO, INDONESIA, EGYPT, ARGENTINA, ETC. WHOSE INFLUENCE IS HELD TO BE INCREASINGLY IMPORTANT
- B. "POLITICAL SETTLEMENT: OF WORLD WAR II--INCLUDING THE RISE OF JAPAN TO BECOME A SUPERSTATE AND PERHAPS A SUPERPOWER, THE RE-EMERGENCE OF BOTH GERMANIES AS POWERFUL AND INDEPENDENT ACTORS ON THE WORLD STAGE, THE LIKELY CREATION OF A WESTERN EUROPEAN EEC AND POSSIBLE NEW ROLE FOR FRANCE AND/OR EUROPE, AND THE OPENING UP OF ALL KINDS OF POSSIBILITIES--MOST OF THEM UNLIKELY
- C. FURTHER INTENSIFICATION OR ONSET OF MANY OF THE ISSUES ASSOCIATED WITH THE 1985 TECHNOLOGICAL CRISIS--NEED FOR WORLDWIDE (BUT PROBABLY AD HOC) "ZONING ORDINANCES" AND OTHER CONTROLS--A POSSIBLE FORCED TOPPING OUT AND OTHER MODIFICATIONS OF THE MULTIFOLD TREND AND POST-INDUSTRIAL SOCIETY MENTIONED IN POINTS "D" AND "E" BELOW.
- D. CONTINUATION AND/OR TOPPING OUT OF THE BASIC 1,000 YEAR MULTIFOLD TREND OF WESTERN CULTURE.
- E. AN INITIAL EMERGENCE OF VARIOUS POST-INDUSTRIAL CULTURES IN NATIONS WITH ABOUT 20 PERCENT OF THE WORLD'S POPULATION AND IN ENCLAVES ELSEWHERE.

TWO "BELLES EPOQUES" PERIODS 1901-1913 & 1953-1964

WORLD-WIDE THERE WAS:

1. RELATIVE PEACE
2. RELATIVELY RAPID ECONOMIC GROWTH
3. VAST EXPANSION OF WORLD TRADE, INVESTMENT, TRAVEL, COMMUNICATION
4. RELATIVELY FREE MOVEMENT OF WORLD LABOR, GOODS, CAPITAL
5. AMONG THE UPPER CLASSES GROWTH OF CONCEPT OF "ONE WORLD" AND "WORLD COMMUNITY" EXCEPT PERHAPS WORLD GOVERNMENT AND/OR WORLDWIDE GOVERNMENTAL INSTITUTIONS IN FIRST BELLE EPOQUE (THESE BECAME POPULAR AFTER WORLD WAR I)
6. IN FIRST LA BELLE EPOQUE THERE WERE SERIOUS ATTEMPTS IN U.S. AND NORTHWEST EUROPE TO IMPOSE UPPER MIDDLE CLASS "BOURGEOIS" MORALITY UPON LOWER CLASSES--(E.G. ANTI-PROSTITUTION, GAMBLING, ALCOHOL, DRUG LAWS, PURE FOOD AND DRUG LAWS, "REFORM POLITICS," WOMEN RIGHTS, ETC., (COMPARABLE TO CAMPAIGNS IN '50S AND '60S--E.G. WOMEN'S RIGHTS, CIVIL RIGHTS AND FREEDOM, WORLDWIDE CONCERN FOR POOR, "REFORM POLITICS," ETC.)
7. ERODING FAITH IN TRADITIONAL LEFT AND RIGHT IDEOLOGIES, SOME TURNING TO "FIN DE SIECLE" IDEOLOGIES--ANARCHISM, SYNDICALISM, RACISM, NATIONALISM, IMPERIALISM
8. GREAT FEAR OF WAR ACCOMPANIED BY A GROWING FEELING THAT "WAR IS UNTHINKABLE"
9. ARMS COMPETITION CONTINUES DESPITE SERIOUS ATTEMPTS AT ARMS CONTROL AND TO SOME DEGREE BECAUSE OF ARMS RACE
10. INCREASING (AND PUBLIC) HEDONISM AMONG UPPER CLASSES. ARTISTS TURN AWAY FROM "VICTORIAN" STANDARDS TOWARD ALIEN & VIOLENT STYLES AND THEMES--ROUSSEAU, GAUGUIN, PICASSO, STRAVINSKY, WILDE, D'ANNUNZIO
11. SOME BREAKDOWN OF PUBLIC MANNERS AND CONTROLS AND RELATIVELY GREAT TOLERATION OF "DISCRETIONARY BEHAVIOR"--E.G. VIOLENT STRIKES, MILITANT FEMINISM, PROHIBITIONISTS, ETC.
12. VAGUE SENSE OF "INDIAN SUMMER" AND "FIN DE SIECLE" AMONG UPPER CLASSES

- F. WITH IMPORTANT EXCEPTIONS, AN EROSION OF THE TWELVE TRADITIONAL SOCIETAL LEVERS, A CORRESPONDING SEARCH FOR MEANING AND PURPOSE AND THE CREATION OF SOME CULTURAL CONFUSION, POLARIZATION, AND CONFLICT--THIS IS PROBABLY MOST DRAMATIC AND INTENSE IN THE NORTHWEST EUROPE CULTURE AREA (INCLUDING U.S.).
- G. ONSET AND IMPACT OF VARIOUS NEW POLITICAL MILIEUX; E.G., RISE OF A "HUMANIST LEFT"--"RESPONSIBLE CENTER" CONFRONTATION IN AT LEAST PART OF THE HIGH (VISIBLE) EUROPEAN CULTURE--IN PARTICULAR IN THE UNITED STATES AND IN THE NORTHWEST TIER OF EUROPE MENTIONED IN F ABOVE.
- H. INCREASINGLY "REVISIONIST" COMMUNISM, CAPITALISM, AND CHRISTIANITY IN EUROPE AND WESTERN HEMISPHERE AND PERHAPS A "CRISIS OF LIBERALISM."
- I. AS A RESULT OF THE GENERAL DECREASE IN CONSENSUS AND AUTHORITY AND OF THE SEARCH FOR MEANING AND PURPOSE, THERE WILL BE A GENERAL INCREASED DIVERSITY (AND SOME INCREASED POLARIZATION) IN IDEOLOGY, VALUE SYSTEMS AND LIFE STYLES--AND PERHAPS A GROWTH IN THE ESTABLISHED NATIONS OF A MOSAIC CULTURE (HAVING MANY ENCLAVES OF ESOTERIC, DEVIANT, COMMUNAL, AND/OR COUNTERCULTURE GROUPS PURSUING INDIVIDUALISTIC AND/OR EXPERIMENTAL LIFE STYLES)--SOME INCREASE IN ANARCHISTIC AND NIHILISTIC BEHAVIOR AND MOVEMENTS.
- J. A CONTINUING GROWTH IN DISCRETIONARY UNDERGROUND, AND/OR "PROPAGANDA BY THE DEED" BEHAVIOR AND CORRESPONDING WORLDWIDE (FOREIGN AND DOMESTIC) "LAW AND ORDER" ISSUES. SOME GROWTH IN ORDINARY VIOLENT, AND CRIMINAL BEHAVIOR.
- K. POPULIST AND/OR "CONSERVATIVE" BACKLASH, REVOLTS, AND THE POSSIBILITY OF A "COUNTERREFORMATION."
- L. INCREASING PROBLEM (WORLDWIDE) OF EDUCATED INCAPACITY AND/OR ILLUSIONED, IRRELEVANT, OR THEOLOGICALLY COMMITTED ARGUMENTATION.
- M. NATIVIST, MESSIANIC, OR OTHER "IRRATIONALLY" EMOTIONAL MASS OR ELITIST MOVEMENTS--DECREASE IN RATIONAL POLITICS.
- N. MANY CHRONIC CRISES PERISTS (E.G., FOUR DIVIDED COUNTRIES, ARAB-ISRAELI CONFLICT, SINO-SOVIET-U.S. TRIANGULAR HOSTILITY, PERHAPS INCREASING SINO-JAPANESE TENSION, ETC.).
- O. MUCH NEW CONFLICT AND TURMOIL IN AFRICA, MIDDLE EAST AND SOUTH ASIA AND PERHAPS LATIN AMERICA AND PACIFIC ASIA.
- P. SOME IMPORTANT BUT "NON-SIGNIFICANT" SURPRISES AND PERHAPS SOME SIGNIFICANT ONES AS WELL.

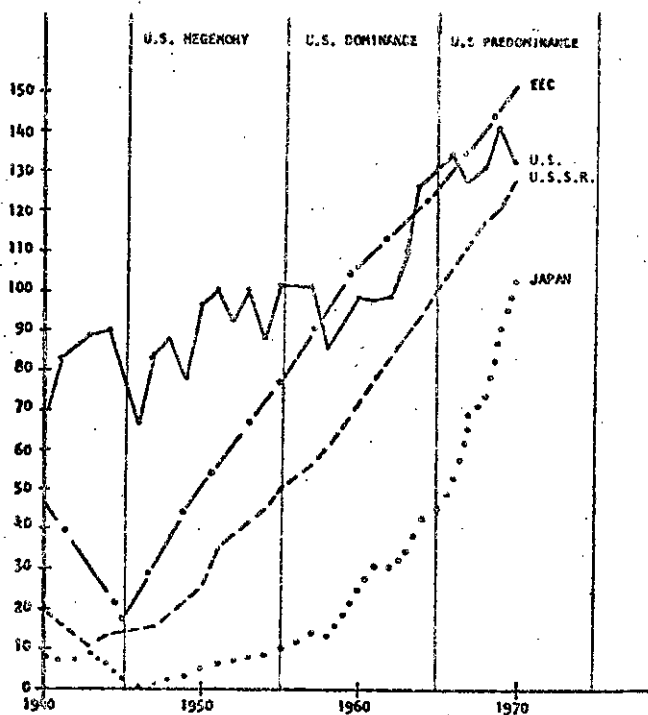
1971-1985 IN RELATION TO  
LA DEUXIEME BELLE EPOQUE OF 1953-1964

- I. CONTINUED EROSION (AND EVENTUAL EXTINCTION) OF LA DEUXIEME BELLE EPOQUE, BY
  - A. RETROGRESSION
  - B. "INTERNAL CONTRADICTIONS"
  - C. REVOLUTION (OR REVOLUTIONARY EVOLUTION)
  - D. SOME COMBINATION OF THE ABOVE
- II. LA DEUXIEME BELLE EPOQUE BASICALLY CONTINUES
  - A. AS A HOLDING OPERATION (COUNTERVAILING FORCES EMERGE)
  - B. COUNTERVAILING FORCES STAGE PARTIAL COMEBACK (E.G., "COUNTERREFORMATION")
  - C. COUNTERVAILING FORCES PREVAIL (E.G., "RESTORATION" OF EARLY SIXTIES ENVIRONMENT)
  - D. A NEW SYNTHESIS EMERGES

1985 TECHNOLOGICAL CRISES

- A. INTRINSICALLY DANGEROUS TECHNOLOGY
- B. GRADUAL DEGRADATION OF ENVIRONMENT
- C. SPECTACULAR DEGRADATION OF ENVIRONMENT
- D. DANGEROUS INTERNAL POLITICAL ISSUES
- E. UPSETTING INTERNATIONAL CONSEQUENCES
- F. DANGEROUS PERSONAL CHOICES
- G. BIZARRE ISSUES

**RAW STEEL PRODUCTION**  
U.S., U.S.S.R., JAPAN AND EEC (INCLUDING U.K.)  
(MILLIONS OF NET TONS)



**INDUSTRIAL ECONOMIES PROBABLY HAVE A  
COMPARATIVE ADVANTAGE IN:**

1. MASS MARKET CONSUMER ELECTRONICS
2. CONVENTIONAL SHIPS (INCLUDING SUPER LARGE SHIPS)
3. STEEL, OTHER BASIC METALS (BUT NOTE REINFORCING BARS)
4. MOTOR VEHICLES, PARTS
5. SOME PETROCHEMICALS
6. LOW AND MEDIUM PRICED TEXTILES (NATURAL AND SYNTHETIC)
7. MOST MACHINE TOOLS, EXPENSIVE BUT CONVENTIONAL COMPONENTS, ETC.
8. SIMPLE AERONAUTICS
9. BICYCLES, TOYS, MOTOR SCOOTERS AND MOTORCYCLES
10. LOW-PRICED SHOES AND STAPLE, MASS-PRODUCED CLOTHING
11. TYPEWRITERS, SIMPLER OFFICE MACHINES
12. SEWING MACHINES
13. CHINAWARE, SILVER, COOKWARE
14. SOME CONSUMER KITCHEN APPLIANCES
15. ORDINARY AND MOST PRECISION OPTICAL EQUIPMENT, CAMERAS--STILL AND MOVIE (BUT NOTE KODAK INSTAMATIC)

**U.S. ISSUES OF THE 1970'S**

PERSISTENCE BUT SOME EROSION OF EDUCATED CAPACITY--HOWEVER IT BECOMES AN INCREASED ISSUE

CONTINUED (PERHAPS INCREASED) POLARIZATION AND STRAIN BETWEEN "PROGRESSIVE MIDDLE CLASSES" AND "TRADITIONAL MIDDLE CLASSES" (E.G., THE PERSISTENCE OF THE COUNTER-CULTURE AND THE "COUNTER REFORMATION")

TRADE AND PROTECTIONISM - EROSION OF TRADITIONAL U.S. FAVORABLE COMPETITIVE POSITION IN MANY MASS-PRODUCTION INDUSTRIES. PERSUASIVE ARGUMENTS FOR POSSIBLE NEED FOR PROTECTION FOR CERTAIN ESTABLISHED INDUSTRIES (E.G., AUTOS, STEEL, PETRO-CHEMICALS)

CONTINUATION OF U.S. DOLLAR AS THE MAJOR RESERVE CURRENCY

INCREASED DISCRETIONARY BEHAVIOR - PUBLIC AND SOCIAL REACTION TO LIBERATED BEHAVIOR OF VARIOUS "DEVIAN'T" SOCIAL GROUPS AND MOVEMENTS--PERHAPS INCREASED SYNDICALISM? MILITANCY? TERRORISM?

CONTINUATION OF BOTH "ENVIRONMENTALISM" AND "CONSUMERISM" AND SOME BACKLASH AGAINST THEM

**EMERGING POST-INDUSTRIAL ECONOMIES PROBABLY  
HAVE A COMPARATIVE ADVANTAGE IN:**

1. SERVICES--HUMAN AND ORGANIZATION (E.G., TECHNICAL SKILLS, MANAGERIAL CAPABILITY, SYSTEMS DESIGN AND SYSTEMS IMPLEMENTATION, ETC.)
2. INVESTMENT (IN HAVING OR GETTING CAPITAL AND IN THE TACTICS AND STRATEGY OF USING CAPITAL)
3. OTHER KNOWLEDGE (AND KNOWLEDGE RELATED, E.G. PUBLISHING, TRAINING, ETC.) INDUSTRIES
4. ADVANCED TECHNOLOGY (E.G., BIG AIRPLANES, BIG COMPUTERS, COMPLEX ELECTRONICS, HIGH QUALITY SCIENTIFIC, NUCLEAR, POWER, CONSTRUCTION, AND OTHER TECHNOLOGICAL EQUIPMENT, ETC.)
5. IN MANY CASES ADVANCED AGRICULTURE (E.G., DAIRY PRODUCTS, IN DENMARK AND NEW ZEALAND, CORN, WHEAT, SOY BEAN, POULTRY IN U.S., ETC.)
6. IN MANY CASES RAW MATERIALS (E.G., URANIUM, FOREST PRODUCTION IN CANADA, COAL, IRON ORE IN THE U.S., ETC.)
7. SPECIALIZED, PROPRIETARY, AND/OR ESOTERIC OR FASHIONABLE CONSUMER GOODS (E.G., HIGH FASHION, WINE, PERFUMES, CHEESE IN FRANCE, CHILDREN'S CLOTHES, SOFT DRINKS, BOURBON IN THE U.S., SCOTCH, WOOLENS, IN THE UNITED KINGDOM, CALIFORNIA SPORTS CLOTHES, ETC.)
8. SOME HEAVY INDUSTRY AND PETROCHEMICALS--PARTICULARLY THOSE WHICH ARE CAPITAL OR TECHNOLOGY INTENSIVE--OR WHICH CAN BE MADE SO
9. PERHAPS LARGE CONSTRUCTION JOBS, OIL EXPLORATION, PROSPECTING, COMPUTERIZED ANALYSIS OF ABOVE, ETC.
10. POP AND MASS CULTURE AND ENTERTAINMENT

**U.S. DOMESTIC ISSUES WHICH EITHER FIRST EMERGED  
IN THE 1960'S OR WHICH ACQUIRED CRITICAL SALIENCY  
AS MAJOR PROBLEMS IN THAT DECADE**

1. VARIOUS CREDIBILITY GAPS AND VARIOUS "BACKLASHES" AGAINST U.S. ELITES (E.G., PERCEIVED GOVERNMENT AND ESTABLISHMENT INADEQUACIES IN DEALING WITH VIETNAM, POVERTY, CIVIL RIGHTS, ETC.) BUT ALSO A PERCEIVED EDUCATED INCAPACITY OF MANY U.S. ELITES (PARTICULARLY THE "TRANSCENDENTAL ETHNICS")
2. THE EIGHT "PROBABLY UNHEALTHY" RESPONSES TO THE SEARCH FOR MEANING AND PURPOSE
3. MANY OTHER MANIFESTATIONS OF THE COUNTER CULTURE AND OF REVOLUTIONARY OR EXTREMIST REFORM GROUPS
4. POLLUTION
5. WELFARE
6. CRIME ON THE STREETS
7. EDUCATION
8. SPIRALING LABOR COSTS COMBINED WITH DECREASING OR STAGNANT PRODUCTIVITY
9. CHRONIC INFLATION
10. BALANCE OF PAYMENTS DEFICITS
11. UNPROFITABILITY OF RAIL, AIR TRANSPORT
12. HIGH INTEREST RATES AND INSURANCE, ETC., AND SPECTRE OF BANKRUPTCY
13. STATE AND LOCAL FINANCES AND CREDIT STATUS

SLOWDOWN OF GROWTH CAUSED BY (OR BLAMED ON) "WELFARE STATE," "CRIPPLING REGULATIONS," UNDISCIPLINED LABOR OR UNIONS, ETC.

CREEPING OR EVEN GALLOPING INFLATION

UNEEMPLOYED OR UNDEREMPLOYED INTELLECTUALS--SLOWDOWN OF GROWTH OF EDUCATIONAL SYSTEMS--MILITANCY IN THE SCHOOLS?--OR, MORE LIKELY, INCREASED "DOCILITY"--BUT POSSIBLY AGITATION OR OTHER PRESSURE TO EXPAND THE BUREAUCRACY?

PERCEIVED FAILURE OF DEMOCRATIC AND/OR MANY THIRD WORLD GOVERNMENTS TO PERFORM TRADITIONAL FUNCTIONS ADEQUATELY--NATIONAL DEFENSE, INTERNAL "LAW AND ORDER," MAINTENANCE OF CONTRACTS, STABLE CURRENCY, CONTROL OF ANY OR MANY OF THE OTHER TRENDS ON THIS CHART

## CHANGING U.S. ECONOMIC POSITION

### FINANCIAL CONTEXT (1970/1971) OF WORLD MONETARY ISSUES (IN BILLIONS OF DOLLARS)

#### WORLD MONETARY RESERVES

GOLD (COUNTRY'S HOLDINGS)	37
INTERNATIONAL AGENCY GOLD	4
TOTAL GOLD	41
FOREIGN EXCHANGE	51
DOLLARS	30
STERLING	7
DIFFERENCE (OTHER)	14
SDR'S	6
IMF POSITION	7
TOTAL	104

WORLD IMPORTS 300

#### U.S. CURRENCY FLOW

IMPORTS (GOODS AND SERVICES)	-65
EXPORTS (GOODS AND SERVICES)	+65
NET	0
U.S. TOURISM IN	+3
U.S. TOURISM OUT	-5
NET TOURISM	-2
U.S. MILITARY AID	-5
(DIRECT DEFENSE EXPENDITURES)	
OTHER GOVERNMENT EXPENDITURES	-2
U.S. DIRECT INVESTMENT ABROAD	-4
REINVESTED EARNINGS	-3
U.S. INVESTMENT IN FOREIGN SECURITIES	-1
DIRECT FOREIGN INVESTMENT IN U.S.	+1
FOREIGN INVESTMENT IN U.S. SECURITIES	+2
REPATRIATED FROM OVERSEAS INVESTMENTS	+9
NET	-5

#### BASIC REASONS FOR PREDICTING A CONTINUING U.S. POLICY OF RELATIVE FREE TRADE

1. CLASSICAL FREE TRADE ARGUMENTS BACKED UP BY PRESSURES FROM EXPORTERS, CONSUMERS AND IMPORTERS--"HOW IS OUR ECONOMY HURT IF FOREIGN SUPPLIERS (PARTICULARLY BRANCHES OF OUR OWN MNC'S) SELL US HIGH QUALITY AND LOW COST GOODS AND SERVICES?" (AND ALSO (NECESSARILY) SUPPLY OUR OWN EXPORTERS WITH DIRECT OR INDIRECT MARKETS.).
2. GENERAL IDEOLOGICAL AND PROFESSIONAL COMMITMENT BY POLITICAL AND EXPERT ELITES (AND TO SOME DEGREE, BY MANY OTHERS) TO TRADE, AID, COLLECTIVE DEFENSE AND/OR INTERNATIONALISM (OFTEN AS A PACKAGE)
3. OTHER NATIONAL INTEREST AND NATIONAL COMMITMENT ISSUES:
  - A. FEAR OF ESCALATION TO FULL SCALE TRADE WAR, COMPETITIVE PROTECTIONISM, AND/OR COMPETITIVE DEVALUATIONS (AND PERHAPS A TOTAL BREAKDOWN OF CURRENT TRADE AND MONETARY ARRANGEMENTS)
  - B. FEAR OF SHORT RUN OR POTENTIAL IMPACT ON:
    1. RELATIONS WITH MAJOR ALLIES (U.S. IS PARTICULARLY CONCERNED WITH JAPAN AND EUROPE; WEST GERMANY AND THE U.K. WITH THE U.S., ETC.)
    2. FUTURE OF DEVELOPING NATIONS (AND A SENSE OF OBLIGATION TO THEM)
    3. REPUTATION, PRESTIGE AND HONOR--U.S. HAS CHAMPIONED FREE TRADE FOR MORE THAN A THIRD OF A CENTURY. TO REVERSE THIS POLICY WHEN IT HURTS THE U.S. WOULD BE REGARDED BY MANY AS A "BETRAYAL" OF ITS PRINCIPLES.
4. WIDESPREAD RECOGNITION OF AN INEVITABLE "LONG-TERM SHIFT TOWARD POST-INDUSTRIAL, SERVICE-ORIENTED ECONOMY AND SOME FEELING THAT THIS IS DESIRABLE
  - A. DECLINING WORK ETHIC
  - B. COST-PUSH INFLATION ISSUES
  - C. SERVICE EMPHASIS
  - D. INCREASING COST OF AND ANIMOSITY TOWARD MANY GOODS PRODUCING ACTIVITIES

### 9 IMPORTANT CAVEATS TO ADAM SMITH FREE TRADE THEORY

1. CAN CAUSE EXCESSIVE DEPENDENCE ON FOREIGN SOVEREIGNTIES.
2. IF THE ADJUSTMENT HAS OCCURRED TOO RAPIDLY THERE MAY BE GREAT DISLOCATION OR OTHER DYNAMIC COSTS (I.E., "CREATIVE DESTRUCTION" BECOMES MORE DESTRUCTIVE THAN CREATIVE--AT LEAST IN THE SHORT RUN.)
3. ONE MAY LOSE A POSSIBLE ADVANTAGE TO BE GAINED BY EXPLOITING DOMESTIC LEARNING CURVES AND THUS LOSE A POTENTIALLY IMPORTANT TECHNOLOGICAL AND COMPETITIVE CAPABILITY.
4. DISREGARDING THE TECHNICAL "LEARNING CURVE" ARGUMENT, ONE MAY SIMPLY WISH TO PROTECT INFANT INDUSTRIES. (THIS MAY ALSO BE A MATTER OF LEARNING AND EXPERIENCE, BUT IT USUALLY IS MORE A MATTER OF SIZE, MATURITY, TIME, ESTABLISHED MARKET POSITION, AND VOLUME.)
5. BEING PREPARED FOR WAR, BLOCKADE, OR SOME COMPLEX SITUATION IN WHICH ONE LOSES ACCESS TO FOREIGN SUPPLIES, AND/OR ONE WISHES TO BE ABLE, AS FAR AS POSSIBLE, TO SUPPLY IMPORTANT DEFENSE, MOBILIZATION OR OTHER NEEDS LARGELY FROM WITHIN THE COUNTRY.
6. BUSINESS CYCLE PROBLEMS CAN BE MUCH WORSENERD, PARTICULARLY IF ONE IS HEAVILY DEPENDENT ON FOREIGN TRADE WITH COUNTRIES WHOSE ECONOMIC POLICIES ARE RELATIVELY INDEPENDENT AND SOMETIMES ADVERSARY.
7. ONE MAY NOT LIKE THE POLITICAL, CULTURAL, GEOGRAPHICAL PATTERNS AND/OR WAY OF LIFE ASSOCIATED WITH THE INDUSTRIES WHICH WOULD OTHERWISE BE MOST APPROPRIATE FROM THE POINT OF VIEW OF NARROW ECONOMIC COMPARATIVE ADVANTAGE--INDEED MANY SOCIAL/CULTURAL/DEMOGRAPHIC ISSUES OF THIS TYPE CAN ARISE.
8. ONE MAY ATTACH PRESTIGIOUS, AESTHETIC OR OTHER INTRINSIC WORTH TO MANY ACTIVITIES WHICH WOULD NOT BE JUSTIFIED SOLELY BY CALCULATIONS OF COMPARATIVE ECONOMIC ADVANTAGE.
9. ONE MAY WISH TO HEDGE AGAINST FUTURE CHANGES.
5. INCREASING INCOME FROM MULTINATIONALS ABROAD COMPENSATING FOR TRADE IMBALANCE AND DEMONSTRATING THE "ISSUE OF THE FUTURE"
6. OPPOSITION BY MANAGEMENT OF MNC'S TO PROTECTIONIST POLICIES (OTHER THAN MEASURES TO "REDRESS IMBALANCES") WHICH MIGHT EFFECT OVERSEAS OPERATIONS OR HARM LONG RUN COMPETITIVE POSITIONS
7. MULTINATIONALS HARD TO CONTROL EFFECTIVELY BECAUSE OF POSSIBILITY
  - A. PROTECTIONIST POLICIES STIMULATE INVESTMENT
  - B. INVESTMENTS MADE FROM FOREIGN PROFITS OR FOREIGN FUNDS (E.G., AS DURING PERIOD OF "VOLUNTARY RESTRAINTS")
  - C. INTRA-COMPANY SALES, LICENSING, ETC.
8. LIKELY "INEFFECTIVENESS" OF LABOR OPPOSITION
  - A. UNION MEMBERSHIP, INCREASINGLY WHITE COLLAR, GOVERNMENT AND SERVICE
  - B. DIFFERENT INDUSTRIES EFFECTED AT DIFFERENT TIMES
  - C. MITIGATING EFFECT OF ADJUSTMENT ASSISTANCE UNDER 1962 TRADE ADJUSTMENT ACT
9. DECREASING IMPORTANCE OF MAJOR INDUSTRIES TO NATIONAL DEFENSE IN A NUCLEAR AGE, AND PARTICULARLY POPULAR AND EVEN EXPERT OVERESTIMATE OF THIS DECREASING IMPORTANCE
10. SOME SURVIVAL OF AN ATTITUDE OF "FAIR PLAY" AND SUPPORT OF FREE ENTERPRISE SYSTEM. (IF A NATION'S INDUSTRY CANNOT "MEET THE COMPETITION" ITS ARGUMENTS ARE NOT LIKELY TO IMPRESS OTHER AMERICANS EXCEPT WHERE THEY ARE DIRECTLY INVOLVED. AS GOODS PRODUCING INDUSTRIES DECLINE AS A TOTAL SHARE OF POST-INDUSTRIAL ECONOMIES IN TERMS OF EMPLOYMENT, OUTPUT AND NATIONAL SECURITY IMPORTANCE, THESE ATTITUDES OF "TOO BAD" LIKELY TO BE REINFORCED)

"IT WOULD NOT BE INCONSISTENT WITH A "RELATIVE FREE TRADE POLICY" TO INSIST ON PRESERVING IN A COUNTRY SUCH AS THE U.S. A MINIMUM LEVEL OF CERTAIN CAPABILITIES--E.G., 50,000,000 TONS/YEAR OF A SPECIFIED MENU OF IRON AND STEEL PRODUCTS, REASONABLY EFFECTIVE DOMESTIC CAPABILITY TO MANUFACTURE 5,000,000 CARS AND TRUCKS/YEAR ETC.

## SECTION 5

## THE CHANGING ROLE OF THE U.S. IN THE WORLD ECONOMY

If we go back to our analogy of the 1953-1965 period as "La Deuxieme Belle Epoque," one can think of this period as the high water mark of both American global economic dominance and, essentially, of U.S. autarchy and economic invulnerability. By the beginning of this period the Western European and Japanese economies were clearly (in retrospect) on their way to recovery, the fragile economies of the new nations were in many cases showing promise and even some signs of "takeoff" (again in retrospect) and the American economy had survived the post war fears of depression and was preparing itself (once more in retrospect) for its longest and most stable "boom" period. By the period's end the European and Japanese economies were clearly decreasing the U.S. lead. Some new nations had displayed "economic miracles," others had reached or passed into "takeoff" and a "booming" U.S. economy was embarked on a course of increasing commitment to an "internationalized economic world." The basic scenario of an eroding and/or evolving but persisting La Deuxieme Belle Epoque is one of continued expansion, prosperity, and stability for almost everyone, but one which embodies some basic structural shifts; especially a steady decline in U.S. domestic share of world production in most major industries; a much slower decline, but still a decline, in the U.S. share of ownership of world production; and the rise of Japan, Europe, and perhaps the Soviet Union--and others--to more or less full participation in the world economy.

The basic structural change can be described as being both an "internationalization" and a "shift from the U.S." of the factors of production for most major established industries, and, to some degree, for some industries associated with advanced technology. The first "Belle Epoque" was in some ways even more internationalized economically than the current one will be even by 1980. It differed, however, in that this internationalization mostly reflected the trade and finance of a European dominated world, one in which the center of gravity was just beginning to shift to Russia and the United States. The current shift is almost the opposite--it is from the U.S. and Soviet Union to Europe, Japan, Pacific Asia, and to an increasing degree China, Latin America and even elsewhere.

The current period also differs in that it has been characterized by the physical establishment of industry in foreign lands which often retain a foreign or multinational--often U.S.--corporate identity. Thus, one common description of U.S. industry abroad as "economic colonialism" is not unreasonable. It is less reasonable in its implication that these industries represent a "tool of the American government" or the reverse charge that "the American government is a tool of these industries," or that there is almost always flagrant and one-sided exploitation. There are, of course, senses in which these statements have a degree of validity, but it is small compared to the accusations. However, these companies are definitely American in terms of values, outlooks, attitudes and interests with each other and with the American government.

One big change which seems likely in the next decade or two is a worldwide rationalization of production where MNC's increasingly produce for home markets at foreign subsidiaries where production costs justify this. This is obviously likely to increase pressures for protection on the part of the host countries. But it is also likely to increase pressures for working out solutions to common problems. As these companies grow in importance in terms of their influence on worldwide production, marketing, financial, technological, etc. capabilities, they should increasingly play the dominant role in international economic relations (as discussed in Sections 6 and 7). The often considerable influence which these companies exert which leads nation-states to take measures to curb them or to protect themselves also creates pressures to cooperate and come to terms with them in order to take advantage of the great economic benefits which they bring.

One major danger to the possibility of free trade, is that the U.S., the great advocate for free trade measures in the past two decades, will no longer take this position, in fact, might even reverse it. It is little wonder that the U.S. has been a willing campaigner for free trade. If a free-trade environment had really existed in this period, the rest of the free-world nations would have run the risk that U.S. industries could have eliminated almost any particular industry and could perhaps have almost completely dominated the world economic picture at least for a time, since the U.S. accounted for the great majority of major finished goods production in the world at this time (see Chart 2). Even if foreign companies began to achieve a certain dynamism it would have been relatively easy for American companies just to buy them out or take them over via the merger route. Most likely the resulting corporate structure would have had a general resemblance to an American multinational corporation today, even if foreigners held more U.S. portfolio securities. From the economic point of view, growth rates might have been even higher than they have been and the standard of living of the world might be even greater than it is today. But it would have been an American world in a much more fundamental sense than it is or has been. It also would have been a much more integrated and unified world economy.

In any case, for a number of reasons (see Chart 11), the free-world chose to favor a nation-state focus in the economic sphere, to reject interdependence in favor of creating "balanced economies" by artificially supporting or protecting national "infant industries." One can say that the major characteristic of today's economic world is that these "infant industries" are "growing up" in the major economies of Europe and Japan. These industries do not represent "pieces" of a global economy based on comparative advantage; they represent potentially directly competitive "balanced" industries serving major markets (from this viewpoint multinationals in the manufacturing sector can be viewed as "national" industries, that is firms producing in foreign countries for markets in those countries rather than firms producing in, say, America for export to Europe though this may, as indicated above, change appreciably in the next ten years).

①

GMP BILLION 1967 U.S. DOLLARS

The world economy is thus evolving into what one might refer to as a multipolar and partially competitive economic world where the U.S. domestic economy is but one of several mass economies with not too dissimilar economic bases or mixes. As the Japanese and European economies, in particular, increase their productive capacities, the possibility for major economic dislocation vis-a-vis the United States increases. Below and in the next section we argue that this evolution also makes it increasingly likely that the multipolar economic world will evolve a new synthesis; that is, as the chances for major problems from direct competition between national or regional economies increase, so do the pressures for evolving a new stability based on the shift in economic power. As we argue below, we are betting on a successful synthesis.

W.G.

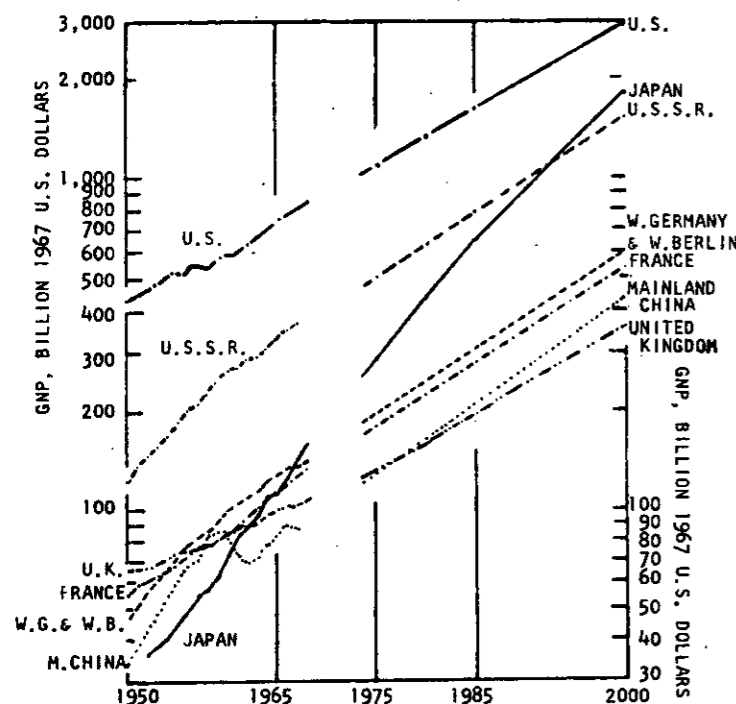
⑤

Basically, we are suggesting that the U.S., while still in a dominating position as compared to other countries, is no longer in the unique position where its major industries are largely immune to serious competition and displacement. In this respect it is now no different from other countries. Presumably this need not change anything very fundamentally, since almost all countries have had to be like this. But it is a new role for the U.S. and likely to arouse certain fears--one being a serious concern about protectionism and another about the need for nurturing business. Both concerns probably will be influential, but despite a general movement in the U.S. (discussed elsewhere) against American business we expect U.S. government/business relationships will largely improve. This potential improvement is one reason why a major protectionist movement does not appear to us to be an extremely probable possibility (other reasons are given in Chart 4).

PI

SI

① POSTWAR ECONOMIC GROWTH AND MEDIUM PROJECTION FOR THE SUPERPOWERS AND "LARGE" POWERS



② DECLINING DOMESTIC U.S. SHARE OF WORLD PRODUCTION FOR SELECTED INDUSTRIES

	1953	1968
AUTOMOBILES	75%	30%
RUBBER	80	50
TIRES	50	30
STEEL	50	20
ALUMINIUM	50	35
RADIOS	50	25
TELEVISIONS	75	30
COMMERCIAL VEHICLES	50	30

③ THE 1969 U.S. BALANCE OF PAYMENTS AND A 1980 MODEL (BILLIONS OF U.S. DOLLARS)

BALANCES	1969	1980
TRADE	0.7	-5.0
INVESTMENT INCOME & FEES	5.8	16.0
OTHER SERVICES	-4.4	-3.0
GOODS AND SERVICES	2.1	8.0
U.S. PRIVATE CAPITAL	-5.0	-10.0
FOREIGN PRIVATE CAPITAL	9.9	7.0
NET PRIVATE CAPITAL	4.9	-3.0
U.S. GOVERNMENT GRANTS & LOANS AND PRIVATE TRANSFERS (NET AFTER REPAYMENT)	-4.2	-5.0
OVER-ALL BALANCE	2.8	0.0

④ BASIC REASONS FOR PREDICTING A CONTINUING U.S. POLICY OF RELATIVE FREE TRADE

1. CLASSICAL FREE TRADE ARGUMENTS BACKED UP BY PRESSURES FROM EXPORTERS AND CONSUMERS AND IMPORTERS--"HOW IS THE AMERICAN ECONOMY HURT IF FOREIGN SELLERS SUPPLY US WITH HIGH QUALITY LOW COST GOODS AND SERVICES?"
2. GENERAL IDEOLOGICAL POLITICAL AND ELITES AND COMMITMENT BY EXPERTS AND, TO SOME DEGREE OTHERS, TO INTERNATIONALISM
3. OTHER NATIONAL INTEREST AND NATIONAL COMMITMENT ISSUES
  - A. IMPACT OF TRADE WARS ON FOREIGN RELATIONS WITH MAJOR ALLIES, PARTICULARLY JAPAN
  - B. IMPACT OF TRADE WARS ON DEVELOPING NATIONS
  - C. IMPACT OF TRADE WARS SET-OFF BY U.S. IN TERMS OF "TRADITIONAL" U.S. POLICY (WE HAVE CHAMPIONED FREE TRADE, TO REVERSE THIS POLICY WHEN IT HURTS US WOULD BE A "BETRAYAL" OF OUR PRINCIPLES)
4. WIDESPREAD RECOGNITION OF AN INEVITABLE "LONG-TERM SHIFT TOWARD POST-INDUSTRIAL, SERVICE-ORIENTED ECONOMY AND SOME FEELING THAT THIS IS DESIRABLE
  - A. DECLINING WORK ETHIC
  - B. COST-PUSH INFLATION ISSUES
  - C. SERVICE EMPHASIS
  - D. INCREASING COST OF AND ANIMOSITY TOWARD MANY GOODS PRODUCING ACTIVITIES
5. INCREASING INCOME FROM U.S. MULTINATIONALS ABROAD COMPENSATING FOR TRADE IMBALANCE AND DEMONSTRATING THE "ISSUE OF THE FUTURE"
6. OPPOSITION BY MANAGEMENT OF U.S. MNC'S TO PROTECTIONIST POLICIES (OTHER THAN MEASURES TO "REDRESS IMBALANCES") WHICH MIGHT EFFECT OVERSEAS OPERATIONS OR HARM LONG RUN COMPETITIVE POSITIONS

⑤ WESTERN EUROPEAN/U.S. RECIPROCAL INVESTMENTS & DEPOSITS

	U.S. ASSETS IN WESTERN EUROPE		EUROPEAN ASSETS IN THE U.S.	
	1957	1968	1957	1968
PRIVATE LONG TERM INVESTMENTS	5,944	24,687	9,451	26,037
DIRECT	(4,151)	(19,386)	(3,753)	(7,750)
BONDS	(193)	(756)	(284)	(3,352)
STOCKS	(516)	(2,899)	(4,415)	(12,989)
OTHER	(1,084)	(1,646)	(999)	(1,946)
SHORT TERM ASSETS AND GOVERNMENT OBLIGATIONS	10,958	14,971	8,266	21,899
TOTAL	16,902	39,658	17,717	47,936

SOURCE: SURVEY OF CURRENT BUSINESS ISSUES

⑦ U.S. IMPORTS OF MOTOR VEHICLES (IN THOUSANDS)

	PASSENGER CARS		TRUCKS & BUSES	TC
	NEW	USED		
1950.....	21			
1955.....	57	1	1	1
1960.....	444	26	23	49
1965.....	559	8	30	598
1966.....	913	5	57	976
1967.....	1,020	4	88	1,114
1968.....	1,620	9	129	1,759
1969.....	1,846	8	171	2,026

⑥ PLANT AND EQUIPMENT EXPENDITURES IN WESTERN EUROPE BY U.S. AFFILIATES

	1964	1968	1969	1970
EEC				
PETROLEUM	395	416	533	677
MANUFACTURING	707	1,195	1,466	2,201
OTHER	65	121	142	189
REST OF EUROPE				
PETROLEUM	250	466	437	557
MANUFACTURING	621	817	1,076	1,475
OTHER	141	141	171	222
TOTAL EUROPE	2,179	3,156	3,825	5,320

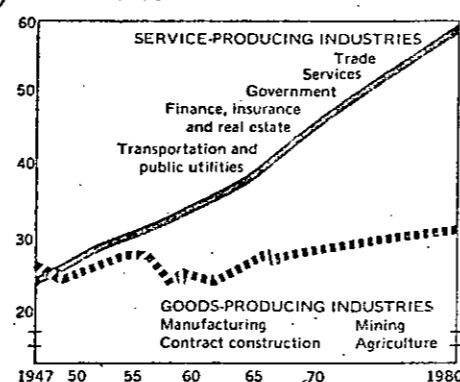
⑧ U.S. VEHICLE PRODUCTION OUTSIDE NORTH AMERICA

	1968	1967
1968	3,116,000	82,477
1969	3,532,000	110,566
1970	3,727,000	116,417

⑨ U.S. CAPTIVE IMPORTS (CARS)

	1967	1968
1967	82,477	110,566
1968	110,566	116,417

⑩ Millions of workers



⑪ 9 IMPORTANT CAVEATS TO ADAM SMITH FREE TRADE THEORY

1. CAN CAUSE EXCESSIVE DEPENDENCE ON FOREIGN SOVEREIGNTIES.
2. IF THE ADJUSTMENT HAS OCCURRED TOO RAPIDLY THERE MAY BE GREAT DISLOCATION OR OTHER DYNAMIC COSTS (I.E., "CREATIVE DESTRUCTION" BECOMES MORE DESTRUCTIVE THAN CREATIVE--AT LEAST IN THE SHORT RUN.)
3. ONE MAY LOSE A POSSIBLE ADVANTAGE TO BE GAINED BY EXPLOITING DOMESTIC LEARNING CURVES AND THUS LOSE A POTENTIALLY IMPORTANT TECHNOLOGICAL AND COMPETITIVE CAPABILITY.
4. DISREGARDING THE TECHNICAL "LEARNING CURVE" ARGUMENT, ONE MAY SIMPLY WISH TO PROTECT INFANT INDUSTRIES. (THIS MAY ALSO BE A MATTER OF LEARNING AND EXPERIENCE, BUT IT USUALLY IS MORE A MATTER OF SIZE, MATURITY, TIME, ESTABLISHED MARKET POSITION, AND VOLUME.)
5. BEING PREPARED FOR WAR, BLOCKADE, OR SOME COMPLEX SITUATION IN WHICH ONE LOSES ACCESS TO FOREIGN SUPPLIES, AND/OR ONE WISHES TO BE ABLE, AS FAR AS POSSIBLE, TO SUPPLY IMPORTANT DEFENSE, MOBILIZATION OR OTHER NEEDS LARGELY FROM WITHIN THE COUNTRY.
6. BUSINESS CYCLE PROBLEMS CAN BE MUCH WORSENERD, PARTICULARLY IF ONE IS HEAVILY DEPENDENT ON FOREIGN TRADE WITH COUNTRIES WHOSE ECONOMIC POLICIES ARE RELATIVELY INDEPENDENT AND SOMETIMES ADVERSARY.
7. ONE MAY NOT LIKE THE POLITICAL, CULTURAL, GEOGRAPHICAL PATTERNS AND/OR WAY OF LIFE ASSOCIATED WITH THE INDUSTRIES WHICH WOULD OTHERWISE BE MOST APPROPRIATE FROM THE POINT OF VIEW OF NARROW ECONOMIC COMPARATIVE ADVANTAGE--INDEED MANY SOCIAL/CULTURAL/DEMOGRAPHIC ISSUES OF THIS TYPE CAN ARISE.
8. ONE MAY ATTACH PRESTIGIOUS, AESTHETIC OR OTHER INTRINSIC WORTH TO MANY ACTIVITIES WHICH WOULD NOT BE JUSTIFIED SOLELY BY CALCULATIONS OF COMPARATIVE ECONOMIC ADVANTAGE.
9. ONE MAY WISH TO HEDGE AGAINST FUTURE CHANGES.

\*IT WOULD NOT BE INCONSISTENT WITH A "RELATIVE FREE TRADE POLICY" TO INSIST ON PRESERVING IN THE U.S. MINIMUM LEVEL OF CERTAIN CAPABILITIES--E.G., 50,000,000 TONS/YEAR OF A SPECIFIED MANUFACTURE OF STEELS, REASONABLY EFFECTIVE CAPABILITY TO MANUFACTURE 5,000,000 CARS AND TRUCKS/YEAR, ETC.

## SECTION 6

## A GENERAL SCENARIO FOR THE WORLD ECONOMY: 1970-1980

1. Basic Context (or Basic Projection)--Surprise-Free and Mostly Business-As-Usual

The central issue of this section, and perhaps the most important projection, is our assumption that most of the OECD countries will continue to move into the post-industrial culture, and that, even though these countries will not be largely post-industrial by 1980--or even 1985--that many of the initial patterns will already have been set and some important part of attendant dislocations will have occurred. This entry into a post-industrial culture will hasten--and be hastened by--the development of the following world-wide trends:

1. The continued trend toward a multipolar and competitive but essentially unified world economy which should include about half of the world's population and about 90% of the GWP and have a relatively high degree of emphasis on trade and comparative advantage. While the limitation to half is very important the compromises and adjustments entailed as a result of being multipolar and competitive as well as unified are probably not excessively costly in terms of loss in potential GWP or in potential growth rates\* (as compared with what would have happened if there had been almost full unification).
2. The continued rise of the multinational corporation and growth in world trade.

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\*There is a very interesting technical point to be noticed here. If one sets up a (non-pathological) mathematical game or optimization problem and then examines possible solutions or near solutions it often turns out that the payoff (or gain) is not very insensitive to the exact form of the solution. This means that near solutions can often differ a great deal from the theoretical solution for optimum without changing the actual results as measured by payoffs or gains achieved by using the new solution.

We believe that something like this is going to occur for that half of the world which is central to the world economy. It will not be an integrated economy, say, like the United States, but a competitive multipolar economy. Most of the compromises with the theoretical optimum that are necessary because of the competitiveness and multipolarity may be very dramatic and significant in terms of institutions, organizations, geographical location of activities, precise allocation of resources and so on, but may not affect GWP or the growth rate enormously. If true this is largely due to the fact that the extra entrepreneurs, competitiveness, flexibility, self discipline and (certain kinds of) stability which are encouraged by having this competitive, multipolar structure largely make up for structural and efficiency losses due to deviations from a theoretical optimum that exploits comparative advantage more than the real world can or does.

3. The rapid industrialization of many underdeveloped areas and the continued rapid growth of many already developed areas.
4. The almost instantaneous spread of ideas and products throughout the free world.
5. In OECD countries an increased sophistication of all segments of business, in almost all areas, including product design, marketing, distribution, production, financing, and organization. Most of this increased sophistication also accelerates a movement toward "services" even in primary and secondary industries.

In many developed countries, as a direct result of a changing competitive position in labor-intensive and many "exportable technology" categories, companies will be forced into multinational or even world strategies in order to be able to compete effectively in their own home market. Even then outside companies will also find these home markets lucrative and will expand into them. As some of the less developed economies mature, they will become spectacular markets for managerial and technical services as well as goods, both of which will often be provided by the MNC. Eventually these less developed countries will also become exporters--including perhaps to the original home country as well as others.

## 2. The Overall Gross Economic Dimensions

We expect that the 1970 GWP (gross world product) of about 3.4 trillion dollars will grow by 1980 to about 5.6 trillion (1970 dollars). About 28 percent of the 1980 GWP (1.5 trillion dollars) should be produced by the U.S. and almost 36 percent (2.0 trillion dollars) should be produced by the other members of OECD (roughly the rest of the non-Communist developed world). Thus in 1980 OECD should produce about \$3.5 trillion or about five-eighths of the GWP. The Soviet Union should produce about one trillion dollars, the rest of Communist Europe about \$.2 trillion, and another .2 trillion dollars or so should represent the gross national product of Communist Asia. Thus the Communist areas together should produce about 1.4 trillion dollars or about one-quarter of the GWP. This leaves the non-Communist less-developed countries producing about .7 trillion dollars or about one-eighth of the GWP (see Charts 1 and 2).

The world of 1980 will be even more of a global market than the world of 1970. Considering the world as a whole, the net portion of the GWP exported from one nation to another should increase from the current 8.7 percent of GWP to about 10.7 percent. In absolute terms it should approximately double, or go from \$300 billion to about \$600 billion. About one-eighth of world exports will probably come from the U.S. and another one-eighth from Japan--making these by far the two largest export nations in the world.

The export trade of the U.S. now is dwarfed by the sales of foreign subsidiaries of U.S. owned MNCs (multinational corporations), and this will be even more true in the future. Today, for every dollar of goods that the United States exports, U.S. MNCs sell about four or five dollars through foreign based subsidiaries. By 1980 U.S. MNC foreign sales should increase to roughly six dollars for every dollar of U.S. exports. Measured this way, the major economic impact of the United States, at least as far as the sale of goods abroad is concerned, already is overwhelmingly through multinational corporations rather than through the usual export channels.. This will increasingly be so. But the same thing will not be true for the world as a whole. Even by 1980, the total foreign (i.e., host country) sales of non-U.S. multinational corporations should still be less than the total of exports by the home countries, as opposed to the likely six-to-one ratio of the United States. But as far as the United States is concerned, the sales by U.S. MNCs through foreign based subsidiaries should compensate for a good proportion of the likely loss of world-wide market shares of U.S. based plants (as well as perhaps contributing to this loss).

Today, about 50 percent of the business done by multinational corporations outside their home countries is by American corporations, with about another 20 percent by the British. Perhaps surprisingly, a large proportion of the remainder is by Swiss, Swedish and Dutch firms. German, French and Italian industry has lagged somewhat in this field, though it now seems that in this respect the Germans are beginning to move much more rapidly than before. One can argue that one reason for the relatively low growth rate in Germany over the last decade or so is that Germany, having acquired about \$15 billion of foreign currency holdings, did not invest this huge reserve of capital but, on the whole, simply put it "in the bank" and let it draw interest at low rates relative to direct investment (Germany has grown at about three-quarters the rate of France in the last decade). Germany did get many advantages from its large reserves,\* but greater investment probably would have produced more important advantages. (The propensity for savings carried some other disadvantages as well: for example, continued pressure for upward revaluation of the mark.)

There now is an increasing tendency for companies to go into multinational business in the developed countries. From 1970 to 1980 the total sales of non-U.S. multinational corporations outside their home countries should grow by about a factor of three--from about \$150 billion to about \$450 billion. The total foreign sales of all MNCs should grow from about \$350 billion or 10 percent of the 1970 GWP to about \$900 billion or 16 percent of the 1980 GWP (the discussion here concerns gross sales and not the value added by foreign branch or subsidiary and has a good deal of double counting in it). This \$900 billion of sales, though an overestimate because of the double counting, will still have a greater visibility and a greater impact than one might think from considering only percentage of GNP or GWP; these sales tend to be in leading sectors, or in sensitive, visible areas.

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\*One of them which is not usually considered is some leverage on the U.S. because of the need by the U.S. Treasury for cooperation by German bankers and the German government.

It should be noted that in the late seventies, in terms of investment and of exports as a percent of GWP, the international economy still will probably not reach pre-1930 levels. In other words, this internationalization of the Western economies is not unprecedented. However the further growth of internationalization in the eighties--if it goes as expected--will indeed be unprecedented.

One of the driving forces of the seventies--and a likely source of many problems and opportunities--will be the emerging industrial economies (4 of the 5 dynamic areas we describe in Chart 3): Eastern Europe, Southern Europe, the "European" parts of Brazil and Mexico (and perhaps such countries as Argentina and Venezuela), and the non-Communist and non-Japanese Sinic Culture area of Pacific Asia, these areas should be fairly well into the industrialization process and approaching the mature industrial level. We feel that these areas may well become the work shops of the world--not so much in terms of the total value of their output as in the character of their output and the percentage of national effort devoted to inputs to industrial activities. That is, there may be many more people working at industrial tasks in these areas than in the emergent post-industrial economies.

### 3. Some Comments on the Above Prognosis

There are, of course, a number of potential roadblocks to the possible economic progress suggested in this report; two of the most important being a relatively uncontrollable inflation and/or rise of protectionism. We suspect that both issues will plague the world economy during the entire period of the seventies but not to the extent of changing very much of the projection set forth--just marring and complicating the picture and making both the longer run future much less certain and the present (i.e., the '70's) more crisis prone. Another roadblock could come from the counterculture (which emerged so dramatically in the sixties and which we argue elsewhere has largely crested) or some successor movement which might suddenly re-emerge with even greater force and importance. On the other hand, also as discussed elsewhere, various kinds of year 2000 type ideologies may emerge and there may be new dynamisms, self-assurance, and general acceptance of the capital system and the MNC as it is now developing--an emphasis, in effect, on solving economic and political problems mainly by increasing the size of the total pie to be divided and to do this by using the almost magical workings of the principle of "compound interest."

Not all will share in the extremely high levels of growth and income which we are indicating. In particular, there should be about a billion people in China and Communist Asia and another billion or so in the Indic culture area (India, Pakistan, Ceylon and Burma) who will remain largely out of the economic mainstream. But they will interact with it. This will also be largely true of many of the roughly 150 million people in Black Africa. While these groups will remain peripheral to what we may think of as the global market, they too should increase their per capita income by about 50% or so.

In summary, some of the major characteristics of this world economy will be its basically competitive multipolar nature, and, rather paradoxically, the central, perhaps dominant role of global enterprises, which will be mostly owned and managed by the emerging post-industrial countries but will affect all economies. There also will be many unsolved problems, particularly the lack of a consensus on how international monetary and liquidity problems are to be dealt with and a general lack of adequate world, legal and political institutions. One consequence of these lacks might be some fairly serious potential weaknesses and vulnerabilities. All of these issues are likely to become much more dramatic in the longer run future but are not likely to be occasions of dramatic, catastrophic or even intense prolonged crisis in the seventies, though there will doubtless be many intense crises and crisis-prone situations. The difference here is sort of the difference between the depressions of the late 19th and early 20th centuries which governments succeeded in muddling through in a relatively short time and the trauma of the great depression of 1929.

Finally we might comment on our use of such terms as "global economy" (or "global metropolis") and "global market" (or "global exchange") instead of the often used images of "global village" and "global market place": but a village and village marketplace are characterized by the involvement of people with one another, by complex ties and emotional interrelationships within the village and between vender and customer. A village is not a private place. It has strong communal strengths of mutual aid and support, a strong commitment to communal political action.

In contrast, the terms "global metropolis" and "global exchange or market," more realistically characterize the world which we expect. Individuals who live in a metropolis and work, say, on a stock exchange, have very different relationships from village people. The image is one of individuality, impersonality, privacy in personal relationships to compensate for the physical closeness, crowdedness of life. Politics, social action, charity, tend to be organized, professionalized. Community action is often ad hoc, enlisting in transient, particular causes people who otherwise are strangers.

While we do not wish to quibble over phrasing, we feel that the distinction is extremely important. The image of a "global metropolis" is also important to an understanding of at least the reasoning that underlies a number of HI terms and expectations. We have included in our surprise-free projection, for example, the possibility that world-wide "law and order" problems may become a major issue by the late 1970's or early 1980's. This is a characteristic "city problem." Banditry in the countryside has often been common. But it is usually external to the village. Traditionally village societies have been almost immune to internal crime and disorder whereas crime and disorder are characteristic of all urban civilizations.

Similarly, the "global metropolis" image is important to an understanding of our conceptualization of an emerging "mosaic" culture, in contrast to a uniform, homogeneous culture. Characteristically, the city has been a place where many cultures and peoples mix, maintaining within established constraints, their own customs, dress, language; living in close proximity, but generally in their own quarters; bargaining and conducting business in the marketplace, but maintaining a very separate private existence.

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### Supplementary Discussion of Chartpage on World Economic Scenario

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The first 3 charts on this page are rough macro-economic projections which form the background for the 1980 world economic scenario discussed in this section.

Charts 4 and 5 represent a first attempt at differentiating those areas where an emergent post-industrial economy is likely to have a comparative advantage from those areas where an industrial economy is likely to have a comparative advantage. These lists are illustrative rather than exact. Obviously there are basic caveats. Each country is different, with different skills and conditions; new technology, new processes can dramatically change comparative advantage; trade barriers or transportation costs can offset differences. The point we are making, however, is that in the long run, barring permanent, major barriers or national subsidies the trend is inexorable. An emergent post-industrial economy, if it is to be a healthy economy in a reasonably open world economy, will early have to emphasize those areas in which it has a natural comparative advantage.

Chart 6 lists 8 basic issues related to the worldwide inflation problem particularly in the developed world. Together, these issues comprise our argument for why we believe chronic inflation will not be curbed in the foreseeable future. The first two points are the most important. As long as the western democracies, the governments and the people they represent, are unwilling to undergo the painful belt-tightening required to curb inflation, an unwillingness which we believe tends to increase with affluence and general prosperity, chronic inflation seems unavoidable. This inflation problem alone, we feel, forms the crux of the argument for why emerging post-industrial economies can be expected to lose their comparative advantage in many traditional areas. In short, they are too rich, their standard of living too high, to be able to afford to make certain products competitively in a free trade environment.

Chart 7 lists what we feel will be the 5 dynamic areas in the seventies and eighties and some of their characteristics. It is important to note that these areas will not represent the highest volume of industrial output. It seems inevitable that the established industrial areas, even though rapidly becoming post-industrial, will still account for the largest share of world production. But these are the areas we expect to be growing fast, providing the major new markets and perhaps the major increase in total world production of established industries. In a reasonably free trade environment, production for these areas should increasingly be making a difference.

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① (AN APPROXIMATE BUT ORIENTING ESTIMATE)  
THE ECONOMIC CONTEXT OF 1970 AND A  
SIMILAR PROJECTION FOR 1980

AREA	QUANTITY	YEAR	GNP (IN BILLIONS OF 1970 DOLLARS)		POPULATION (IN BILLIONS)		GNP/CAP (THOUSANDS OF 1970 DOLLARS)	
			70	80	70	80	70	80
UNITED STATES			1.0	1.5	.2	.22	5.0	6.7
REST OF OECD			1.2	2.0	.5	.54	2.4	3.8
COMMUNIST EUROPE			.7	1.2	.35	.38	2.0	3.2
D.C. SUB-TOTAL			2.9	4.7	1.05	1.14	2.8	4.1
NON-COM. LDC'S			.4	.7	1.65	2.0	.24	.35
COMMUNIST ASIA			.1	.2	.8	1.0	.12	.20
LDC SUB-TOTAL			.5	.9	2.45	3.0	.22	.30
TOTAL OR AVERAGE			3.4	5.6	3.5	4.2	.97	1.36

② (AN APPROXIMATE BUT ORIENTING ESTIMATE)  
THE ECONOMIC CONTEXT OF 1970 AND A  
SIMILAR PROJECTION FOR 1980

AREA	QUANTITY	YEAR	GNP AS PERCENT OF OF GWP		CHANGE (IN PERCENT)	POPULATION AS PERCENT OF TOTAL WORLD POPULATION		CHANGE (IN PERCENT)	GNP/CAP (THOUSANDS OF 1970 DOLLARS)	
			1970	1980		1970	1980		1970	1980
UNITED STATES			.30	.27	-.03	.06	.05	-.01	5.0	6.7
REST OF OECD			.35	.36	+.01	.14	.13	-.01	2.4	3.8
COMMUNIST EUROPE			.20	.21	+.01	.10	.09	-.01	2.0	3.2
DEVELOPED COUNTRIES SUB-TOTAL:			.85	.84	-.01	.30	.27	-.03	2.8	4.1
NON-COMMUNIST LDC'S			.12	.125	+.005	.47	.48	+.01	.24	.35
COMMUNIST ASIA			.03	.035	+.005	.23	.24	+.01	.12	.20
LESS DEVELOPED COUNTRIES SUB-TOTAL:			.15	.16	+.01	.70	.72	+.02	.22	.30

③ OTHER CHANGES FROM 1970 TO 1980  
(MOSTLY ROUGH ESTIMATES):

	IN BILLIONS OF 1970 DOLLARS	% OF GROSS WORLD PRODUCT
GWP	3400 TO 5600	- TO -
WORLD EXPORTS*	300 TO 600	8.7 TO 10.7
TOTAL SALES OF MNC'S*	500 TO 1200	14.5 TO 21.4
TOTAL FOREIGN SALES OF MNC'S*	350 TO 900	10.2 TO 16.1
TOTAL FOREIGN SALES OF U.S. MNC'S*	200 TO 450	5.7 TO 8.0
TOTAL U.S. EXPORTS	40 TO 75	1.6 TO 1.3
WORLD TOURISM	15 TO 50	.5 TO .9

\*ALL THESE NUMBERS INCLUDE A GOOD DEAL OF DOUBLE COUNTING--E.G., WHEN A COUNTRY EXPORTS ITEMS THAT ARE IN PART MADE OF IMPORTS OR WHEN THE OUTPUT OF ONE MNC IS PART OF THE INPUT OF ANOTHER MNC

④ EMERGING POST-INDUSTRIAL ECONOMIES PROBABLY  
HAVE A COMPARATIVE ADVANTAGE IN:

- SERVICES--HUMAN AND ORGANIZATION (E.G., SKILLS, MANAGERIAL CAPABILITY, ETC.)
- INVESTMENT (IN HAVING OR GETTING CAPITAL AND IN THE TACTICS AND STRATEGY OF USING IT)
- OTHER KNOWLEDGE INDUSTRIES
- ADVANCED TECHNOLOGY (E.G., BIG AIRPLANES, BIG COMPUTERS, COMPLEX ELECTRONICS, HIGH QUALITY SCIENTIFIC NUCLEAR POWER AND TECHNOLOGICAL EQUIPMENT, ETC.)
- IN MANY CASES ADVANCED AGRICULTURE (E.G., DAIRY PRODUCTS, IN DENMARK AND NEW ZEALAND, CORN, WHEAT, SOY BEAN, POULTRY IN U.S., ETC.)
- IN MANY CASES RAW MATERIALS (E.G., URANIUM, FOREST PRODUCTION IN CANADA, COAL, IRON ORE IN THE U.S., ETC.)
- PROPRIETARY CONSUMER GOODS (E.G., HIGH FASHION, WINE, PERFUMES, CHEESE IN FRANCE, CHILDREN'S CLOTHES, SOFT DRINKS, BOURBON IN THE U.S., SCOTCH, WOOLENS, IN THE UNITED KINGDOM, ETC.)
- SOME HEAVY INDUSTRY AND PETROCHEMICALS--PARTICULARLY THOSE WHICH ARE CAPITAL OR TECHNOLOGY INTENSIVE--OR WHICH CAN BE MADE SO

⑤ INDUSTRIAL AND EARLY-INDUSTRIAL ECONOMIES  
PROBABLY HAVE A COMPARATIVE ADVANTAGE IN:

- MASS MARKET CONSUMER ELECTRONICS
- SHIPBUILDING
- STEEL, OTHER BASIC METALS
- MOTOR VEHICLES, PARTS
- SOME PETROCHEMICALS
- TEXTILES, NATURAL AND SYNTHETIC
- SIMPLE MACHINE TOOLS
- SIMPLE AERONAUTICS
- BICYCLES, TOYS, MOTOR SCOOTERS AND MOTORCYCLES
- LOW-PRICED SHOES AND STAPLE, MASS-PRODUCED CLOTHING
- TYPEWRITERS, SIMPLER OFFICE MACHINES
- SEWING MACHINES
- CHINAWARE, SILVER, COOKWARE
- SOME CONSUMER KITCHEN APPLIANCES
- OPTICAL EQUIPMENT, CAMERAS--STILL AND MOVIE

⑥ SOME BASIC ISSUES RELATED TO THE WORLDWIDE INFLATION  
PROBLEM OF THE 1960'S WHICH COULD CONTINUE INTO THE 1970'S

- THE ONE-SIDED READING OF KEYNES BY ALMOST ALL WESTERN GOVERNMENTS AND THE CORRESPONDING TENDENCY TOWARD INFLATIONARY FISCAL AND MONETARY POLICIES.
- THE UNWILLINGNESS OF SOCIETY AS A WHOLE AND OF LABOR IN PARTICULAR FOR WORKERS TO BEAR THE MAJOR COST OF RECESSIONS--AT LEAST NOT IN QUITE AS EXTREME AND DRAMATIC A FASHION AS HAS BEEN CUSTOMARY IN INDUSTRIAL SOCIETY.
- THE HIGH PROPORTION OF CONSUMPTION TO GNP IN THE UNITED STATES, THE CORRESPONDING LOW PROPORTION SAVED AND INVESTED, AND THE USE OF BALANCE OF PAYMENTS DOLLAR DEFICITS TO FINANCE U.S. FOREIGN ACTIVITIES AND INVESTMENTS.
- THE EFFECT ON THE AVAILABILITY AND ALLOCATION OF CAPITAL WHEN LONG-TERM INTEREST RATES CONTAIN AN ALMOST PERMANENT HEDGE AGAINST INFLATION.
- THE CURRENT POLITICAL, SOCIAL AND CULTURAL FORCES THAT ADD TO THE NORMAL ECONOMIC AND BARGAINING ASPECTS OF COST-PUSH PRESSURES BY LABOR UNIONS.
- THE MOMENTUM ALREADY BUILT UP BY INFLATION.
- THE SOCIETAL FUNCTIONS FULFILLED BY INFLATION AND SOME OF THE COSTS OF LOSING THIS TACTIC.
- THE OBVIOUS INEFFECTIVENESS OF CURRENT GOVERNMENTAL PROGRAMS TO PREVENT INFLATION OR EVEN TO LIMIT IT TO A FEW PERCENT A YEAR.

⑦ THE FIVE ESPECIALLY DYNAMIC AREAS

- JAPAN
- SOUTHERN EUROPE (SPAIN, PORTUGAL, SOUTH ITALY, GREECE)
- EASTERN EUROPE
- PARTS OF LATIN AMERICA (SOUTH BRAZIL, ARGENTINA, MEXICO)
- PARTS OF PACIFIC ASIA (SOUTH KOREA, TAIWAN, SINGAPORE, AUSTRALIA, NEW ZEALAND, POSSIBLY INDOCHINA)

CHARACTERISTICS

- ABOUT 100 MILLION PEOPLE IN EACH AREA WHICH ARE CLEARLY RISING, FAST
- AREA GROWTH RATES OF 6-15%/YR.
- SKILLED DISCIPLINED WORK FORCES
- LIKELY TO HAVE HIGH MORALE, WORTH ETHIC, AND A HIGH DEGREE OF ACHIEVEMENT AND ADVANCEMENT ORIENTATION
- LIKELY TO EMERGE BY 1980 AS "WORKSHOPS" OF THE WORLD AND AS EXTREMELY IMPORTANT COMMERCIAL MARKET AREAS

## SECTION 7

## SOME GENERAL COMMENTS ON MULTINATIONAL CORPORATIONS

Though the term "Multinational Corporation" has been widely used for years, there does not exist today any established definition and it is not easy to make a satisfactory one.\* As far as we are concerned, Charts 1 through 4 on the first chart page give as much of a definition as we need at the moment. The important point about the multinational corporation is not its precise definition, but the central role which this kind of organization will be playing in developing an interdependent world economy as discussed in earlier sections. What matters is the degree to which the factors of production become internationalized and the world economies become interdependent and to some degree unified and integrated despite pronounced tendencies towards regional and national multipolarity and competition.

One way of looking at this role from a corporate or organizational point of view, is to see the MNC as the next great instrument or engine for economic expansion. We would compare it to the formation of the great corporate organizations in the United States at the turn of the century. By the time of the first "Belle Epoque" the great U.S. combinations were made and the transition to a continental economy was underway. These great organizations were both a cause and a result of the expansion during this period. They were justified by the creation of a continental economy resulting from the tremendous development of the railroads in the previous decades and were characterized by large, vertically-oriented, departmental, professional organizations and national marketing practices. In a very real sense, these major corporate organizations have been the central instrument of expansion in the U.S. economy.

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\*One problem is that it is not clear what criteria should be used for a definition. We are willing to start with the qualitative and incomplete statement that, "a multinational corporation is one which does relatively large amounts of on site business (other than just import/export) in a number of different sovereignties." The difficulty comes in defining what we mean by "large amount" and "number of different sovereignties." In the first case it has often been suggested that "large amounts" should mean at least 10 percent of the corporation's volume or perhaps more than 10 million dollars--or at least one of these two--or both simultaneously. It has also been suggested that "a number of different sovereignties" should imply at least five foreign sites.

We will not get into the definitions argument here. We do note that, despite the difficulty in precise definition, there is little or no difficulty in practice. One can, in fact, list the largest two or three hundred multinational concerns and find almost no argument about the right of any of the companies to be on the list. It is true that there are many other concerns which are marginal to this category, making it difficult to decide whether they should be included or not, but these tend to be small and their inclusion or exclusion would not change any of our results. (This is one of the common cases where the lack of rigor of preciseness is very annoying in principle but not in practice.)

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In much the same way, we feel that the great international corporate organizations, which have grown up in the past two decades, will be the major instrument in the creation of a truly international or global economy in the next decade or two. They may or may not account in the next decade or two for the majority of international business transacted, but they should set the tone for this expansion and, further, act as a carrier of capitalist values. In this role, the most important characteristics of these organizations are their extreme competence at performing the following functions:

- raising and investing capital
- creating and managing organizations
- innovating, perfecting and transferring technology
- distribution, maintenance, marketing and sales (including financing all of these)
- furnishing local elites with suitable--perhaps ideal--career choices
- educating and upgrading both blue collar and white collar labor (and elites).
- finally, in the not-too-distant future, being a major source of savings and taxes.

It is because of their enormous capability at carrying through all of the above functions that they are so efficient at supplying the missing factors of production for any particular area or economy. Another very important likely characteristic of these organizations--and almost certainly of their technostucture elites--(if not of everybody else associated with them) may be the intangible factor of morale.

Generally, any organization that is growing rapidly and profitably, that is the center of interest for the nation or community (or world) is going to have high morale. We expect this to be particularly true for companies operating in the five dynamic areas in comparison to the "decadent," "low morale" atmospheres projected for much domestic business activity in the United States and part of Western Europe. As a major instrument for expansion in the dynamic areas, these organizations, entirely or almost entirely staffed by nationals, are likely to be very much an exciting career opportunity for ambitious and talented individuals.

Another point that we would make is that it seems likely that it will be increasingly difficult for any one country to act unilaterally in resisting MNC or international investment in this multi-polar economic world. Almost every country with the possible exception of the United States (and the United States may be a little too blasé in its lack of concern) worries about the special problems presented by having a large multinational corporation operate within its borders. There are many concerns that arise--all the way from fear of internal political manipulation to a perceived inability by the government of the nation-state to control the multinational corporation. (See Chart 5) Actually, today, even though multinational corporations appear to many states to be a threat and in some cases bigger and more powerful than them, in fact the multinational corporation is a rather weak political instrument as compared to the nation-state. It is

simply not the locus of a cluster of loyalties the way a nation-state is. The greatest and often almost the only power or leverage the multinational corporation has comes from the fact that it does not have to enter a country, expand its facilities in any country in which it is already operating. Usually this leverage is small. One can almost guarantee today that in almost any serious direct confrontation between a nation-state and a multinational corporation, at least on most issues, the multinational corporation is likely to lose (unless in the specific case at issue its ability to withdraw or to refuse to increase its investment gives it more leverage than usual).

Despite the enormous importance and impact of the multinational concern, therefore, we expect that in the World of 1980 the MNC will be largely apolitical or at least politically passive. That is, basically the multinational concern will try to adapt itself to the political atmosphere it finds itself in. Its major reaction to local and national politics in the host country and to international politics generally is likely to be that of taking account of these politics in its calculations and adjusting to them without trying very hard to influence them directly. Of course such adjustment can, even unintentionally affect the politics since if, for example, such politics are radical or irrational or erratic, the multinational concern may choose to deemphasize or ignore the particular country and the country itself may find it important to adjust its politics to prevent such "boycott."

Further, any country which discriminates strongly against multinational corporations in general is likely to find itself falling behind. Even in the sixties the multinational corporation has demonstrated its unique effectiveness for innovation, capital, technology, technological transfer, distribution, sales, marketing, nongovernmental administration, of business, technical and even scientific careers and so on. The multinational corporation--under the proper circumstances--is almost ideally suited to innovate or accelerate sustained growth. (Some of the characteristics which tend to encourage their growth are shown in Chart 8).

For example in 1963 the French more or less began a campaign of discrimination against multinational concerns, particularly American multinational concerns. They soon found that these concerns then set up operations in Belgium, Germany, and so on, and that they were falling behind and by 1970 the French Government had largely changed its policy. Thus the multinational concern has had a rather big effect on the politics of France, but they did not set about doing this in any deliberate conscious fashion except in addition to simply taking account of the factual situation and adjusting to it.

There are forces at play, particularly in the developing countries, which cause them at once to be attracted and repelled by the presence of multinational corporations. The appeal of added taxes and employment, and the development of unexploited resources and necessary infrastructure is in conflict with challenges which major foreign activities present to sovereignty and self-determination. In most of the developing world the decision has been, and will likely continue to be, made in favor of opening the doors to foreign investment.

Canada provides an example of this ambivalence in a developed country. Many Canadians have resented greatly the fact that U.S. multinational corporations own such a high percent of the Canadian productive plant and of many key areas of Canadian industry and commerce, however by and large they have refused to take any really serious action which would slow down the rate of investment of the U.S. in their country. One of the most important reasons for this is that it seems likely that any such slowdown by the U.S. would almost be immediately reflected in the slowdown of the growth of Canadian GNP. It is true that the Canadians, as many countries have done, have a tendency to encourage multinational corporations from other sovereignties currently having a particular interest in Japan and England, but this positive encouragement of the other multinational companies has had very little effect in terms of slowing down U.S. involvement.

In addition to host country actions to keep foreign investment and its disruptive influences under control, there are other factors which might slow the growth of multinational business expansion (see Chart 7). Continued agitation by labor which threatens disruption of operations and unfavorable cost increases may retard major investment commitments even though official government policy is conducive to such investment.

There are also a set of internal conditions which are created for those corporations operating in a number of countries whose laws, policies, customs and mores differ and may even conflict (see Chart 7 on second chart page). The complexity of dealing with this environment suggests that those corporations which are today large and have an accumulated international experience have a distinct and probably enduring advantage over new entrants into multinational expansion. In addition to effects derived from activities of multinational corporations themselves, there are a number of elements of the world context which provide a supportive environment in which they can grow and prosper. (See Chart 6 on second chart page) Countries in Pacific Asia, Latin America and underdeveloped areas of Europe typically may have raw materials but more likely they have excellent sources of labor and once they start developing, become an excellent market for products. Given the scarcity of suitable labor today, having such labor available under reasonable legal and financial terms can be almost as exciting a resource as raw materials.

The above of course ignores the fact that the multinational corporation often controls very large resources, particularly relative to the arena in which it is operating. A certain degree of influence comes almost automatically from such control. In a serious confrontation this also is likely to turn out to be a relatively weak source of influence and power, but in day-to-day operations it may be quite important from the political point of view.

It is also worth noting that the power that derives from the possibility of a boycott or of the ability to discriminate against some nation-state may increase over time--partly as a result of learning by nation-states and partly because other multinational corporations may follow the lead of any particular aggrieved company. They may do this simply because they use basically the same criteria, or it may become deliberate policy. This was, in fact, the technique used before World War II by the bankers of Europe.

They were almost unanimous in refusing to lend money to any country which was in default to legitimate creditors. Until that country had made some kind of a settlement with its previous debtors, it generally found it almost impossible to gain access to international credit on any scale. We do not think that an overt policy of this type is particularly likely in the future. If the multinational corporations all came from the same country or belonged to the same milieu it would be different. But we do feel that at least an "unwritten rule" of this type may actually make it at least very dangerous or expensive for any nation-state flagrantly to break agreed upon rules or expectations that were either set up by the multinational corporations themselves or came about through bargaining and custom.

We do not attach a high probability to this, however. There are a number of reasons for this, part of them being the general anti-capitalist psychological and political environment which would make such behavior seem outrageous, part of it being legal difficulties particularly in the United States where such agreements or even expectations might be in violation of anti-trust laws or interpretations, and partly simply the heterogeneity of the multinational corporations themselves and the lack of real "class consciousness" among the owners and operators. However, even without such a widespread consensus, any multinational corporation on its own can refuse to deal with any particular country.

In conclusion, it seems likely that in the last third of the twentieth century the multinational corporation will emerge as one of the major driving forces of the world economy and to some degree of world culture and society. Indeed, the many phenomena associated with this process may turn out to be--in historical perspective--more important than many trends and issues which are currently more publicized. To put this issue in perspective, let us note that most national economies grow at about the rate of 5 percent a year; but the 200 or so top multinational corporations seem to grow at around 10 percent. It seems quite likely that these rates will more or less persist. The multinational corporations may have more than a 2.5 percent edge over world trade and a 5 percent margin over GWP. Under these circumstances, during the seventies and eighties the multinational corporation will likely become the major engine of development for both the less developed countries and those countries which we now think of as developed but which have not yet attained American standards of living.

**1** DEFINITION OF THE MULTINATIONAL CORPORATION (MNC)

CORPORATIONS WHICH DO RELATIVELY LARGE AMOUNTS OF "ON SITE" BUSINESS (OTHER THAN JUST IMPORT/EXPORT) IN A NUMBER OF DIFFERENT SOVEREIGNTIES

THE MULTINATIONAL CORPORATION MAY SOON BE THE DOMINANT SOURCE AND/OR INSTRUMENT OF:

CAPITAL INVESTMENT  
INNOVATION  
TECHNOLOGY TRANSFER  
DEVELOPMENT  
PRODUCTION  
DISTRIBUTION  
SALES  
MARKETING  
NON-GOVERNMENT ADMINISTRATION  
BUSINESS, TECHNICAL, AND PERHAPS  
EVEN SCIENTIFIC CAREERS  
TAXES  
SAVINGS

AND YET REMAIN LARGELY A-POLITICAL OR POLITICALLY PASSIVE; AT LEAST FOR A TIME.

**5** MOST GOVERNMENT FEAR OF MULTINATIONAL CORPORATIONS

- I. POSSIBLE PROBLEMS OF POLITICAL INTERFERENCE
  1. NATIONAL PRESTIGE, DOMESTIC AND FOREIGN
  2. FOREIGN POLITICAL MANIPULATION
    - A. COOPERATION WITH PARENT COUNTRY INTELLIGENCE ORGANIZATIONS
    - B. MNC PRESSURES ON HOST COUNTRY FOREIGN POLICY
    - C. CONTROL OF STRATEGIC INDUSTRIES
  3. MNC LOCAL POLITICAL INVOLVEMENTS
    - A. FINANCING THE OPPOSITION
    - B. BRIBING GOVERNMENT OFFICIALS
    - C. ADVERTISING AND PROPAGANDA
    - D. DIRECTLY FORMENTING POLITICAL UNREST OR REVOLUTION
  4. DOUBLE NATIONAL ALLEGIANCE OF MANAGEMENT AND LABOR
  5. PREEMPTION OF RESOURCES FROM HOST-GOVERNMENT PRIORITIES
  6. MNC IMMUNITIES TO NORMAL POLITICAL PRESSURES AND LEVERS
- II. POSSIBLE ECONOMIC PROBLEMS
  1. CAPABILITY AND LOYALTY OF LOCAL LABOR AND MANAGEMENT
  2. INFLATION
  3. CAPITAL RESTRICTIONS ON:
    - A. REPATRIATION
    - B. IMPORTATION OF RESOURCES AND PARTS
  4. NEW "PREFERENTIAL" COMPETITION
  5. FAULTY MARKETING ESTIMATES AND NEW VENTURE RISKS
    - A. LACK OF DATA
    - B. PROBLEMS OF BEING FIRST
    - C. CULTURAL/SOCIETAL UNKNOWNNS
  6. DISCRIMINATING LEVEES AND TAXES
- III. POSSIBLE ACCULTURALIZATION AND SOCIETAL PROBLEMS
  1. IMPOSITION OF FOREIGN STYLES AND VALUES
    - A. "AMERICANIZATION," "EUROPEANIZATION," "JAPANIZATION?"
    - B. OPPOSITIONS TO RULING "ANCIEN REGIME" VALUES
    - C. LOCAL UNREST CREATED BY "WINDOW" TO AN UNOBTAINABLE WORLD
    - D. REJECTION OF TRADITIONAL VALUES WITHOUT "SUCCESSFUL" ACQUISITION OF NEW VALUES
  2. UPSETTING NATIONAL LABOR/MANAGEMENT PRACTICES:
    - A. HIGHER PAY SCALES
    - B. LOYALTY TO FIRM VERSUS COUNTRY
    - C. "BRAIN DRAIN" (FROM LOCAL INDUSTRY AND GOVERNMENT, OR FROM THE NATION ITSELF)

**2** OUR DEFINITION OF MULTINATIONAL CORPORATION CAN INCLUDE:

1. CONVENTIONAL INTERNATIONALS
2. NOT FOR PROFIT CORPORATIONS
3. FINANCIAL ORGANIZATIONS
4. RETAILERS, DISTRIBUTORS, WHOLESALERS
5. PROJECT ORIENTED CORPORATIONS
6. JOINT VENTURES
7. ETC.

**6** MULTI-NATIONAL CORPORATION FEARS OF DIRECT FOREIGN INVESTMENT

- I. POSSIBLE PROBLEMS FROM HOST COUNTRY GOVERNMENT
  1. NATIONALIZATION AND EXPROPRIATION
  2. EXPLOITATIONS OF FOREIGN CORPORATE RELATIONS FOR HOST COUNTRIES NATIONAL INTERESTS
  3. LIMITATIONS ON LOCAL LEGAL RECOURSE
  4. DISCRIMINATING LEVEES AND TAXES
  5. RESTRICTIONS ON PROPERTY OWNERSHIP
  6. POST FACTO OFFICIAL ACTIONS
    - A. LIMITING CAPITAL REPATRIATION
    - B. REQUIREMENTS FOR LOCAL OWNERSHIP, MANAGEMENT, ETC.
  7. POLITICAL PRESSURES ON LOCAL MANAGEMENT AND LABOR
  8. INORDINATE DEMANDS FOR KICKBACKS, BRIBERY
  9. LOCAL VIOLENCE AND CONFLICT SITUATIONS
- II. POSSIBLE PROBLEMS OF ECONOMIC INTERFERENCE
  1. NATIONAL PRESTIGE: DOMESTIC AND FOREIGN
  2. CONTROL OF INTERNAL MARKETS: "UNFAIR COMPETITION."
    - A. BETTER MANAGEMENT, TECHNOLOGY, MARKETING, ETC.
    - B. RESOURCES OF MNC
    - C. LOCAL PREFERENCES FOR SOME FOREIGN PRODUCTS
  3. PRECLUDING FUTURE DEVELOPMENT OF HOST COUNTRY BUSINESS
  4. MILKING THE BEST DEVELOPMENT POSSIBILITIES
  5. CREAMING THE BEST RESOURCES
  6. CONTROL FOREIGN CURRENCY EXCHANGE
    - A. REPATRIATION OF CAPITAL
    - B. SELECTION OF USES FOR EXCHANGE EARNED
  7. ABILITY OF MNC TO AVOID NATIONAL CONTROLS ON COMMUNICATIONS, TAXES, MONEY MOVEMENTS, ETC.
  8. VULNERABILITY TO FOREIGN ECONOMIC MANIPULATION
- III. POSSIBLE CULTURAL/SOCIETAL PROBLEMS
  1. ANTI-AMERICANISM--EUROPEANISM--JAPANESEISM RESULTING IN:
    - A. DESTRUCTION OF PROPERTY
    - B. STRIKES--WALKOUTS--RESIGNATIONS
    - C. "BUY NATIONAL" CAMPAIGNS
    - D. PRODUCT BOYCOTTS
    - E. STUDENT RIOTS, ACADEMIC/IDEOLOGICAL OPPOSITION
  2. LANGUAGE PROBLEMS
  3. CULTURAL DIFFERENCES
    - A. NON-WORK ORIENTED LABOR
    - B. DISHONESTY, GRAFT, BRIBERY
    - C. LOCAL PRIDE AND PRESENT SELF-RESPECT VS. PATERNALISM
    - D. "SILENT LANGUAGE" ISSUES
    - E. EDUCATIONAL LEVELS

**3** SIX BASIC "ETHNIC STYLES" OF OPERATION

INTERNATIONAL: BASICALLY THE COMPANY OPERATES MUCH THE SAME AS IN THE HOME COUNTRY; IT SIMPLY HAS SITES IN OTHER SOVEREIGNTIES

ETHNOCENTRIC: EMPHASIS ON DECISIONS BY AND USE OF NATIONALS FROM HDQ'S COUNTRY EVEN IN HOST COUNTRIES

BICENTRIC: AS IN ETHNOCENTRIC BUT WITH TWO COUNTRIES OF ORIGIN (BOTH BEING MORE OR LESS ON AN EQUAL FOOTING)

POLYCENTRIC: MAJOR EMPHASIS ON USE OF HOST'S COUNTRIES NATIONALS, CAREFUL ATTENTION PAID TO LOCAL CUSTOMS AND MORES, AND/OR DECENTRALIZED OPERATION AND DECISION MAKING

COSMOPOLITAN: CONSCIOUS RECOGNITION OF AND ADAPTATION TO ETHNIC AND NATIONAL ISSUES BUT NO SIMPLE RULE. DELIBERATE MIXING OF STYLES, BACKGROUNDS, LEADERSHIP, AND NATIONALITIES WITH AN EMPHASIS ON HARMONY, BEST MAN FOR JOB, AND PERHAPS "IMPEDANCE MATCHING" OR INTERPRETATION/TRANSLATION FUNCTIONS (THE DELIBERATE USE OF APPROPRIATE THIRD COUNTRY NATIONALS BECAUSE THEY OFTEN FIND IT EASIER TO AVOID BOTH SIDES PAROCHIALISMS AND YET ALSO TO EMPHASIZE AND UNDERSTAND BOTH SIDES)

GEOCENTRIC: A BASIC LOSS OF NATIONAL IDENTITY--DELIBERATE DEEMPHASIS ON NATIONAL DIFFERENCE IN ALL FORMAL TRANSACTIONS AND AN EMPHASIS ON HAVING A WORLD STYLE AND PERHAPS THAT EACH INDIVIDUAL IN MANAGEMENT SHOULD HAVE AT LEAST A SURFACE COSMOPOLITANISM. AN AGGRESSIVE "BEST MAN FOR JOB" ATTITUDE BUT LITTLE ATTENTION IS PAID TO ETHNIC OR NATIONAL ISSUES IN MAKING THAT EVALUATION

**7** FOREIGN INVESTMENT BY MNC'S MIGHT BE CURTAILED OR SLOWED BECAUSE OF:

1. GROWING FEAR OF AN ECONOMY BEING DOMINATED BY FOREIGN FIRMS OR EVEN FOREIGN GOVERNMENTS MAY LEAD TO INCREASINGLY STRINGENT HOST COUNTRY LEGISLATION AGAINST FOREIGN OWNED FIRMS (SUCH AS STRICTER REQUIREMENTS FOR LOCAL OWNERSHIP, REPATRIATION RESTRICTIONS, HIGHER LOCAL TAXES, NATIONALIZATION, TARIFFS, ANTI-TRUST LAWS, ETC.) WHICH WOULD CUT PROFITABILITY AND/OR CURTAIL INVESTMENT
2. INCREASING LABOR PROBLEMS AND/OR COSTS: ALSO, MARKET SATURATION, OVER-COMPETITION OR OTHER FACTORS COULD MAKE FOREIGN-BASED OPERATIONS LESS ATTRACTIVE
3. A SEVERE INTERNATIONAL "MONETARY CRISIS" MAKING EXPANSION TOO COSTLY OR EVEN IMPOSSIBLE IN SOME CASES.
4. AN ECONOMIC RESURGENCE IN THE HOME COUNTRY WHICH SHIFTS CORPORATE ATTENTION BACK TO THE DOMESTIC ECONOMY
5. DISCOURAGEMENT BY HOME COUNTRY OF FOREIGN MANUFACTURE, EVEN INDIGENOUSLY OWNED

**4** ONE SCHEME FOR IDENTIFYING MULTINATIONAL COMPANIES\*

NUMBER OF FIRMS WITH SIX OR MORE PRODUCING PLANTS IN OTHER COUNTRIES:

62 AMERICAN  
49 NON-AMERICAN  
111 TOTAL

NUMBER OF FIRMS WITH 25% OR MORE OF ITS EARNINGS, ASSETS, EMPLOYMENT, OR SALES (INCLUDING EXPORTS) COMING FROM OR IN FOREIGN COUNTRIES:

75- 80 AMERICAN  
ABOUT 75 EUROPEAN  
150-155 TOTAL (EXCLUSIVE OF UK AND JAPAN)

\*SEE SIDNEY E. ROLFE, THE MULTINATIONAL CORPORATION, HEADLINE SERIES NO. 199, THE FOREIGN POLICY ASSOCIATION, FEBRUARY 1970. THESE DEFINITIONS ARE ARBITRARY.

**8** TEN ASPECTS OF THE WORLD CONTEXT THAT ENCOURAGE MNC GROWTH

1. CONTINUATION OF WORLD PEACE, RELATIVE POLITICAL STABILITY, AND WORLDWIDE ECONOMIC GROWTH
2. DISPERSION OF RESOURCES AND MARKETS - DISPARITIES IN LABOR COSTS
3. NEW OR EMERGING TECHNOLOGIES, SOURCES OF RESOURCES, MARKETS, AND METHODS OF RATIONALIZING THE ECONOMIES OF VARIOUS INDUSTRIES
4. INCREASING "SIMILARITY" OR STANDARDIZATION OF MARKETS
5. IN SOME CASES CONTINUED PROTECTIONIST POLITICS BUT IN OTHERS DECREASING PROTECTIONISM
6. INCREASING IMPORTANCE OF ECONOMIES OF SCALE--REQUIREMENTS FOR LARGE AMOUNTS OF CAPITAL, COMPETENT MANAGEMENT, AND ADVANCED OR NEW TECHNOLOGY TO ACCOMPLISH DESIRED OR REQUIRED TASKS
7. PROPORTIONATE DECREASE IN TRANSPORTATION AND COMMUNICATION COSTS
8. PRESSURES TO MAINTAIN A COMPETITIVE MARKET SHARE
9. "MOMENTUM" FROM CURRENT INVESTMENT AND EXPERIENCE
10. NO PERVERSIVE AND/OR EFFECTIVE INTERFERENCE FROM POLITICAL AUTHORITIES

# 1 THE BASIC THESIS A CHANGING BALANCE OF ECONOMIC POWER

## VARYING RATES OF GROWTH

WORLD GNP	5%
WORLD TRADE	7.5%
MULTINATIONAL CORPORATION	10%
WORLD TOURISM	12.5%

THE MULTINATIONAL CORPORATION MAY SOON BE THE DOMINANT SOURCE AND/OR INSTRUMENT OF:

CAPITAL INVESTMENT  
INNOVATION  
TECHNOLOGY TRANSFER  
DEVELOPMENT  
PRODUCTION  
DISTRIBUTION  
SALES  
MARKETING  
NON-GOVERNMENT ADMINISTRATION  
BUSINESS, TECHNICAL, AND PERHAPS  
EVEN SCIENTIFIC CAREERS  
TAXES  
SAVINGS

AND YET REMAIN LARGELY A-POLITICAL OR POLITICALLY PASSIVE; AT LEAST FOR A TIME.

# 5 PRESENT OR COMING MAJOR MULTINATIONAL WORLD CAPITALS

NEW YORK	PARIS
TOKYO	HAMBURG
LONDON	MOSCOW?
BRUSSELS	LOS ANGELES
CHICAGO	STOCKHOLM
GENEVA	
<u>SUBSIDIARY CAPITALS:</u>	
MONTREAL	HONG KONG
BUENOS AIRES	SYDNEY
SINGAPORE	CAPETOWN
GENEVA	SAO PAULO
ZURICH	EINTHOVEN
ROTTERDAM	

# 9 POSSIBLE IMPACT OF MULTINATIONAL CORPORATION ON DEVELOPING NATIONS

A POTENTIALLY PRIMARY MEANS FOR PROVIDING MISSING FACTORS OF PRODUCTION; SUSTAINED ENERGY AND CONTINUITY; AND APPROPRIATE LEADERSHIP, CONTEXT, TRAINING, & EDUCATION FOR ELITES AND CADRES

THUS CAN PROVIDE ALMOST "INSTANT DEVELOPEMNT" & ACCESS TO WORLD MARKETS WITH CONSEQUENT LARGE-SCALE VOLUME OF EXPORTS, EMPLOYMENT OF LABOR, PAYMENT OF TAXES, & CREATION OF LOCAL MARKETS, SUPPLIERS, INFRASTRUCTURE, AND OTHER SUCH ACTIVITIES AND RESOURCES

CAN ALSO SUPPLY PRINCIPLE VEHICLE FOR TECHNOLOGY TRANSFER, AND OTHER INNOVATION FOR NATIONS IN "CATCH UP" STAGE

BUT MAY CHALLENGE SOVEREIGNTY, SELF DETERMINATION AND DESIRE FOR APPROPRIATE SELF IDENTITY AND/OR AMOUR PROPRE

AND ALSO CREATES MANY OPPORTUNITIES FOR ABUSE AS WELL AS FOR NATION-BUILDING -- FOR NEGATIVE SERENDIPITIES AND EXTERNALITIES AS WELL AS POSITIVE ONES

# 2 MULTINATIONAL CORPORATION - BASIC SCENARIO FOR SEVENTIES AND EIGHTIES

THE TOTAL ACTIVITY OF MULTINATIONAL CORPORATIONS SHOULD GROW FOR NEXT TWO DECADES AT BETTER THAN 10% PER ANNUM

REDUCED GLAMOUR, IMPORTANCE, AND POWER OF PURELY DOMESTIC BUSINESSES

BY MID-1980'S REVENUES OF MANY ENTERPRISES WILL EXCEED THE GNP OF ALL BUT 10 OR 15 MAJOR COUNTRIES

SOME CONTINUATION (COMBINED WITH SOME EROSION) OF THE CURRENT ESPECIALLY IMPORTANT ROLE OF U.S., U.K., SWEDISH, DUTCH, AND SWISS MANAGEMENT--MUCH GREATER IMPORTANCE OF GERMAN, FRENCH, & JAPANESE--AND PRESUMABLY OTHER NATIONALITIES AS WELL

INCREASINGLY BUT LARGELY INEFFECTIVE ATTEMPTS TO PUT MNC'S UNDER MORE SYSTEMATIC & COMPREHENSIVE POLITICAL CONTROLS

HOWEVER SOME PROTECTIONIST TREND; SOME BARS TO CAPITAL FLOW, PROFIT REPATRIATION, ACCESS TO MARKETS & RESOURCES, BUT NOT ENOUGH TO DAMPEN SERIOUSLY THE GROWTH OF MULTINATIONAL FORMS

# 6 SOME SPECIFIC IMPACTS OR CHARACTERISTICS OF MULTINATIONAL CORPORATIONS

PRINCIPALLY IT FACILITATES "EXPORTATION" OF PRODUCTIVE CAPACITY TO LOW LABOR COST AREAS, AREAS WITH OTHER COMPARATIVE ADVANTAGES, OR AREAS WITH SOME "PROTECTIONISM" THUS IT:

COMBATS HIGH DOMESTIC LABOR COSTS--WHATEVER THEIR CAUSE

ALLOWS PENETRATION OF TARIFF BARRIERS

GAINS ACCESS TO FOREIGN LABOR, MARKETS, AND EVEN CAPITAL AND SKILLS

PROVIDES LOW COST SOURCES FOR FURTHER EXPORT OR REIMPORTATION OF PRODUCTS OR SUBASSEMBLIES

PERMITS WORLDWIDE TRADE-OFFS, COUNTRY AGAINST COUNTRY, TO CREATE BALANCED, LEAST-COST MANUFACTURING AND DISTRIBUTION PATTERNS

ESTABLISHES DISTRIBUTED RISK INVESTMENTS LOWERING VULNERABILITY TO WHIMS OF ANY SPECIFIC NATIONAL GOVERNMENT OR ECONOMY

CREATES FRAMEWORK FOR SHORT TURNAROUND REALLOCATION OF MANAGEMENT MANPOWER, MARKET PENETRATION & CAPITAL DISTRIBUTION AS CIRCUMSTANCES CHANGE

GIVES FINANCIAL LEVERAGE TO PARENT CORPORATION BY ALLOWING SYSTEMATIC FINANCIAL MANIPULATION (E.G. UNDERSTATING OF NONDOMESTIC PROFITS)

# 3 EXCEPT FOR THE FOLLOWING ELEMENTS OF THE SURPRISE-FREE PROJECTION, THE SURPRISE-FREE AND THE BUSINESS-AS-USUAL PROJECTIONS COINCIDE:

PROTECTIONISM MAY BE INSTITUTED TO CREATE EQUILIBRIUM AT STRATEGIC LEVELS IN SOME DEVELOPED COUNTRIES, (E.G. IN U.S., 5MM CARS, 50MM TONS OF RAW STEEL).

DEVELOPING COUNTRIES MAY TIGHTEN UP PARTNERSHIP AND OPERATING REQUIREMENTS BUT WILL PROBABLY CHOOSE ACCELERATED DEVELOPMENT OVER EXCLUSION (E.G. NOCPA, LATIN AMERICA).

A CONSCIOUS ETHNIC OF "ALTRUISM" AND HOST COUNTRY IMPROVEMENT (AND PERHAPS OF A YEAR 2000 IDEOLOGY) MAY DEVELOP IN THE TECHNOSTRUCTURE AND TOP MANAGEMENT OF MNC'S.

THERE WILL ALMOST CERTAINLY BE ATTEMPTS TO ACHIEVE MORE GOVERNMENTAL CONTROL--PARTICULARLY WITH RESPECT TO SUCH FINANCIAL ISSUES AS "MOVEMENT OF THE EURO-DOLLAR" AND PERHAPS OTHER ASPECTS OF WORLD TRADE, FINANCE, & BUSINESS. AT PRESENT WE ARE OPEN MINDED AS TO THE LIKELY DEGREE OF SUCCESS OR FAILURE OF THESE ATTEMPTS.

# 7 ONE MAIN PROBLEM CONFRONTING THE MULTINATIONAL ENTERPRISE IS:

1. TAXATION
2. ANTITRUST
2. PATENTS
4. MEASUREMENT STANDARDS
5. SECURITIES REGULATION
6. FOREIGN EXCHANGE POLICY AND TARIFF BARRIERS
7. LABOR STANDARDS
8. OPERATING STANDARDS
9. RELATIONS WITH VARIOUS GROUPS

# 10 FOUR BASIC BARRIERS TO TRADE

1. TARIFFS
2. NON-TARIFF BARRIERS WHICH IMPEDE IMPORTS
3. DIRECT ECONOMIC AIDS TO STIMULATE EXPORTS
4. INDIRECT ECONOMIC AIDS TO STIMULATE EXPORTS (STIMULATING OR SUPPORTING DOMESTIC PRODUCTION TO AVOID IMPORTS)

# 11 CURRENT U.S. QUOTAS OR VOLUNTARY RESTRAINTS INCLUDE SUCH ITEMS AS:

1. MEAT
2. SUGAR/SUGAR PRODUCTS
3. FIBERS
4. PETROLEUM
5. DAIRY PRODUCTS
6. WHEAT
7. PEANUTS
8. COTTON
9. TEXTILES
10. STEEL

# 4 HIGH MORALE AND SURVIVAL CONSCIOUS MNC'S:

- WILL CONTINUALLY APPRAISE THEIR OWN "VULNERABILITY," THE QUALITY OF "TARGET" THEY REPRESENT, AND GENERATE PROGRAMS AND IDEAS TO REDUCE VULNERABILITY AND INCREASE ABILITY TO MAINTAIN FRANCHISE.
- MUST BE IN THE LOCAL "NATIONAL INTEREST" AND SO IDENTIFIED.
- MUST DEVELOP A DYNAMIC LABOR SITUATION RATHER THAN A STATIC ONE (CONTINUAL RETRAINING OF SKILLED LABOR).
- WILL BE JUDGED LOCALLY BY ABILITY TO CREATE "NEW WEALTH" FOR NATION, NOT JUST BY MAINTENANCE OF FRANCHISE.
- MUST BE CREDIBLY RELATED TO NATIONAL DEVELOPMENT IN A POSITIVE MANNER.

# 8 NON-TARIFF BARRIERS TO TRADE

1. GOVERNMENT PROCUREMENT
  - BIDDING PROCEDURES
  - "BUY NATIONAL"
  - DISCRETIONARY BUREAUCRATIC FAVORITISM
2. STANDARDS FOR "CONSUMER PROTECTION" OR ENVIRONMENTAL CONTROL"
  - HEALTH
  - SAFETY
  - POLLUTION
  - EXPERIMENTATION OR TESTING
  - PACKAGING, LABELING, MARKING
3. BORDER TAXES
  - TVA
  - CASCADE
4. QUOTAS
5. "VOLUNTARY" IMPORT (EXPORT) RESTRICTIONS
6. OTHER BILATERAL AGREEMENTS
7. CUSTOMS PROCEDURES
8. MINIMUM PRICES
9. GOVERNMENT IN BUSINESS
  - STATE UTILITIES
  - TRADING MONOPOLIES--LIQUOR, ALCOHOL, ETC.
10. TOURIST RESTRICTIONS
11. DIRECT EXPORT SUBSIDIES
  - TAX CREDITS
  - DOMESTIC SALES TAXES
  - LONG TERM LOANS
  - GUARANTEES, INSURANCE
  - PRICE SUPPORT PROGRAMS
12. INDIRECT SUBSIDIES - STIMULATING DOMESTIC PRODUCTION
  - INVESTMENT CREDITS
  - GOVERNMENT R&D SUPPORT
  - "SPECIAL DEVELOPMENT" AREAS
  - IMPORT SUBSTITUTION--TRADE DIVERTING INVESTMENT
13. CAPITAL INVESTMENT RESTRICTIONS
  - PERCENTAGE OF OWNERSHIP
  - PERCENTAGE OF FOREIGN CAPITAL
  - REPATRIATION
14. LICENSING ARRANGEMENTS
15. PRIOR DEPOSITS ON IMPORTS

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Supplementary Discussion of Chart Page on the Multinational Corporation

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Chart 1 is a summary of the basic thesis of our economic scenario as developed in the last three sections. We will just comment here on our inclusion of world-tourism. In absolute terms this is a relatively minor factor. But in overall impact we feel it will be increasingly major. For example, it should impact on retirement patterns. People used to vacationing in foreign countries are less hesitant to retire there. As travel costs decrease (permitting trips home to visit children and grandchildren and vice versa), as communications improve (bringing international TV programs), as world markets increase (making available familiar products), this phenomenon should increase. Retired couples should be able to stretch their incomes further, afford servants, more luxurious housing, high quality, relatively inexpensive medical care, etc., without sacrificing a feeling of connection with their home country. As international tourism and retirement increase, we feel these will be a momentum effect at some point, the "expatriate" communities providing increasingly important markets, leading to tailored services, which in turn should encourage this phenomenon. In Phase II we will be studying this issue in greater depth, particularly with regard to its possible impacts on international trade and financial flows.

Charts 2, 3 and 4 outline some basic characteristics of our surprise-free projection for the MNC.

Chart 5 makes the point that certain cities are being chosen as MNC "capitals." As the MNC's gain in importance and number, these cities should similarly grow and benefit by the location of headquarters of major firms in their area.

Chart 6 lists some specific impacts or characteristics of MNC's.

Chart 9 lists some impacts the MNC may have on developing nations.

Chart 7 outlines one of the fundamental issues confronting the MNC, the difference between nations in virtually every area of operation. As we have discussed elsewhere, these differences are particularly important during the initial stages. Expertise in foreign tax laws, patent laws, antitrust laws, etc., is not acquired quickly. A company just starting to operate in another country can be expected to begin small, gradually building up a staff capable of dealing with the wide and basic operating differences. For a very large number of the world's largest corporations, this learning process is now completed or well underway in a number of countries. We would argue that this now gives them the potential to move quickly and on a large scale.

Charts 8, 10 and 11 outline different types of tariff and non-tariff barriers. We are emphasizing here what we expect to be the increasing importance of non-tariff barriers. In Phase II we will be giving increasing attention to the possible problems and issues which these barriers seem likely to create.

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## SECTION 8

## THE SPECIAL CASE OF JAPAN

Although it is impossible to specify an economic growth pattern over such a period as 30 years, nonetheless it seems to us illuminating to suggest alternative patterns particularly for Japan. Since WW II annual gains in real GNP for Japan have typically exceeded 10 percent. On Chart 1 on the accompanying page we array four patterns from high to low each described by successively declining average annual growth rates for each decade to 2000. While many would argue that these rates of growth are too high, we would argue, on the contrary, that given Japan's record for over two decades, the burden of proof is on those who would argue that this consistent high growth pattern will turn down any faster. We would also note that at least for the medium term, these rates are completely consistent with the best Japanese projections. (See Charts 8 and 9) and that one can, in fact, make a reasonable argument that they will stay at about 10% for the long range.

The point of tracing out these growth rates is not, of course, to predict that Japan will surpass the U.S. in total GNP by the end of the century. Although we feel this to be a perfectly reasonable possibility, it is all but impossible to even guess at what a 3 or 4 trillion dollar economy would be like either for the U.S. or Japan, let alone both. The point is rather to emphasize that Japan is now entering a new phase, going from a major economic power to an economic superpower which will have serious implications not only for Japan but for the rest of the world as well.

In the 1950's Japan grew by a factor of 2 from a small to a medium size power. In the 1960's it grew by a factor of 3 from a medium to a large power surpassing West Germany to become the third largest country in the world. By 1980 it should grow by a factor of 2 or 3 again to become an economy roughly the size of the EEC today. When a power grows from large to gigantic, its impact is of a different nature, it now is liable to upset balances, change established patterns. It is destabilizing in that it is likely to require increasingly large adjustments on the part of the major powers and major established industries. This can have negative effects if severe adjustment problems or dangers lead to "trade wars" (e.g., between Japan and the U.S. and/or Europe) or difficulties in international relations. On the other hand, it can be beneficial in the long run if adjustments are made successfully. In other words, as postulated in the free trade argument, high rates of growth for Japan should raise U.S. and European growth rates as they have and should continue to do in Southeast Asia.

On Chart 2 we list 15 reasons why we think Japan should continue to grow. Probably none is more important than point 7--high morale and commitment to economic growth and surpassing the West. Throughout this study we have continually emphasized this intangible morale factor.

Many readers will recall the use of the Matsushita Song as an example of employee morale. This sort of example is easy to deride. It is, of course, only an indication. But we think the point is central. It reflects much the same spirit which we feel has made America the great power that it is, the spirit which raised great skyscrapers even in the midst of the great depression as monuments to the accomplishments of capitalism. We feel that this spirit has dramatically declined in America and with it the confidence necessary to take great risks, to undertake great tasks. Many Japanese also feel that their cohesiveness, their traditional values are eroding. Without debating the point, we would point out that this is a slow process. By most historians' judgment, our traditional values in the West, have been "eroding" since the Victorian age. Japan's are just beginning to "erode." As a specific example, one can compare union problems in Japan with those in the U.S. or Western Europe. At least until last year, no major union ever asked for a price increase out of line with productivity increases. It just was unheard of. And strikes, for example, often meant wearing armbands or submitting formal protests without stopping or even slowing production. In short, it's a different order of problem.

On Chart 4 we list some factors which are often said to favor the "topping out" or even the slowing of the Japanese economy. On Chart 5 we state our disagreement. In general, we feel that most of these reflect either a failure to think through the problems over the longer term or to think of them in terms of comparative problems in the West. Consider, for example:

1. High investment and savings. The Japanese saving and investment rate is almost 40% of a GNP growing at about 10 or 12% a year. This gives their economy a degree of stability and flexibility unprecedented in the West. Charts 6 and 7 illustrate this. The point they make is that over the next decade the Japanese will be able to afford to correct obvious inadequacies in their infrastructure without seriously slowing their growth and have money to spare. (This is generally not realized. We refer the interested reader to our detailed reports on this subject for a discussion of this issue). If one considers their current National Development Plan, it is also clear that they have at least a preliminary blueprint for making these corrections (in most cases they are ahead of schedule).

2. Superior education and training. It is often argued that Japanese growth has been heavily dependent on technology which has been "borrowed" from the West, that the "cream has been skimmed," and that Japan's growth will top out or slow as a result. It is, of course, true that much of the technology behind Japanese industry has been "borrowed" from the West, but Japan has also improved on the original technology in many important instances. Furthermore, Japan is rapidly improving its R&D capabilities and is now investing as much in R&D as either West Germany or France and much more than Italy. Its investment also appears to be more efficient than that of most countries. The government portion of this investment is also lower than that of the major European countries or the U.S. and there is less emphasis on military products. Finally, one might note the quality of Japanese education and that it is the only country besides the U.S. and Russia that aims its education

at the masses. In short, we consider Japanese R&D to be a factor that supports an argument for continued high rates of growth, rather than the reverse.

3. A chronic balance of payments surplus in favor of Japan. It may seem remarkable to many Westerners, but there has been serious concern in Japan that a continuous favorable balance of trade might force Japan to slow their growth in order to slow exports. As it appears likely at the time of this writing that the Japanese will revalue the Yen this should have some impact on redressing their favorable balance, though this is really only a short run answer. We feel that the long run answer to this "problem" lies in three areas. It should come from both an increase in imports and an increase in overseas personal spending particularly by tourists, (Japanese tourism grew from about 265,000 in 1965 to about 712,000 in 1969 and probably to over 1 million in 1970), and, even more importantly, we expect that Japan will use its trade surplus to invest abroad, partly through its foreign aid program which is really a long-range loan program, and partly in direct investments both in long-term purchases of necessary resources and in terms of direct investment in goods producing industries overseas.\*

4. Inadequate capitalization. The debt/equity ratio of Japanese firms, which is often as much as 10 to 1 has been commonly thought of as a weakness in the Japanese system. It is important to point out that it makes little or no difference to the productivity of a machine whether the money used was debt or equity capital. The point is that the context is different from that in the West. Clearly such debt equity ratios would be very dangerous in terms of a western economy, not so in Japan. If a large firm is in trouble in Japan, it is almost certainly going to be bailed out by the government, by the banks extending loans. (This is not true, of course, for the small firms, what we call the throw away industries, which have been severely hurt in times of financial crisis.) In Japan the large firm gets its capital cheaper than the American firm and is in many respects in a much safer position. This also makes it much easier for the Japanese to expand. Most importantly behind this assurance is the high motivation for growth, for competitive position and market share, that makes the Japanese in many ways more "adequately capitalized" and ready to take risks than their western counterparts.

Of the various factors often said to favor the topping out or slowing of Japanese growth, we would say that the two most important are the declining size of the Japanese work force in proportion to the expected needs, and the possibility of barriers to Japanese exports on the part of the major economies, particularly the United States. Again we feel these are not insurmountable obstacles, that the Japanese

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\*We might note here that another reason for Japanese commitment to economic growth is their long-term purchases of raw materials which at this time appear to be committing them to high levels of production as much as 5 or 10 years hence.

will deal with these problems in the ways suggested below, but that these two factors constitute the two most important question marks in terms of continued rapid Japanese economic growth in the next decade.

1. The requirements for labor. There are two ways of overcoming a labor shortage: one is to bring the work to the labor and the other is to take the labor to work. A classic example of the first approach is that of the U.S. particularly around the turn of the century at the time of the great immigrations. The major recent immigration of labor in Western Europe (e.g., from Greece and Southern Italy and into Northern Italy and Western Germany), provides another good example. For a number of reasons we believe the Japanese will not choose this approach. But that they will in effect "send the work to the laborer" by establishing their labor intensive industries in other countries, particularly the areas which we refer to in this study as Non-Communist Pacific Asia (NOCPA). This is in fact going on already and the Japanese presence is very evident throughout this non-Communist Pacific Asian region, in some cases painfully so. The question is whether or not the Japanese will be able to successfully increase their operations and presence in this area. If they are successful, as we expect they will be, then we think that this will be one of the most dynamic areas in the world, mutually benefiting by combining Japanese management, technology, and capital with a "Chinese culture" labor force. In the past few years there has been mounting opposition to the Japanese in this region. This includes countries which have not been traditionally hostile to Japan such as Indonesia. This is perhaps particularly significant when one considers that the Japanese were regarded as liberators when they occupied Indonesia during World War II and even a few years ago were highly regarded in that country. If Japan does not solve its mounting problems with its fellow Asian nations, it is hard to imagine that the increased economic ties that we are suggesting will be feasible. We might add here that one of the most important factors is whether or not the U.S. will maintain an active presence in this area, to act in effect as a balance to Japanese economic power. We would argue that the most important reason for the United States staying in Asia is precisely this: to increase the probability of a successful evolution toward interdependence between this area and Japan by maintaining a counterbalance to the Japanese presence.

2. The possibility of rising trade barriers. In this chapter we refer to Japan as a special case. We believe it to be a special case in that it is one of the most dynamic growth areas in the world, one of the five areas which we have specified earlier in this report, but the only one of these areas which is really a mature industrial society moving towards a post-industrial economic level. While its GNP per capita is at a level comparable to those of the developed Western European countries and the United States, its industrial growth and its potential for continued rapid industrial growth are quite different. Chart 10 reflects the dramatic growth of industrial production in Japan. It is interesting to note in this respect that in 1969 Japan was the world's leading producer of ships, radio sets, cameras, transistorized TVs, commercial vehicles, motorcycles, and the second leading producer of television sets,

computers, rayon and acetate filaments, cotton yard, aluminum, copper, crude steel, caustic soda, cement, plastic resin among others. In each case Japan has grown from an insignificant producer in these industries to a major producer or the major producer. If their current rapid growth reflects the same attention to these industries that it has in the past and they continue to grow as rapidly as well, then Japan could find itself in a position where it might have at least a potential to fill some major world markets almost alone. In such a situation Japan would be likely to pose a direct threat to producers in the U.S., Europe and elsewhere sufficient to greatly increase the possibilities of strong protectionist measures.

It is important to note here that Japan is not really as dependent on trade with the developed world as is often believed. While it is dependent on raw materials (about \$10 billion per year) these are available from a number of sources and it is hard to see how Japan could be put in a situation where it could not fill its requirements. Its trade with the developed world is important, of course, but if it were largely cut off today it would have little effect on Japan's overall growth rates. What we are arguing here is that this situation may change depending upon Japan's course in the next few years. If the trend is toward increasing concentrations of its energies in established industries more or less directly competitive with the West, it may find itself much more dependent. If, as we believe, it shifts its focus to high technology and service areas, among others, it should be able to maintain its traditional relatively independent stance with regard to specific markets or suppliers.

Let us take for example, the Japanese automobile industry. Japanese automobile production has grown from an insignificant 9,000 cars in 1953 and 165,000 in 1960 to over 3 million passenger cars by 1970. Growth rates in recent years have been 36 percent in 1966; 51 percent in 1967, 49 percent in 1968, 15 percent in 1969 and about 28 percent in 1970. Significantly domestic sales have slowed down in the past years and appear likely to remain at least much less than potential production growth rates in the foreseeable future. As a result much attention has been given to exports (which exceeded 20 percent of total car production in 1970 for the first time). If one postulates that the Japanese automobile production will grow at perhaps about half of its average growth rate of the past, or say 20 percent in the next decade, this would result in the total production of 18 million cars per year by 1980. It is all but impossible to conceive of Japan successfully marketing anywhere near such a number of cars without taking a very major share of the markets in the U.S. and/or Western Europe. The question then seems to be whether Japan will continue to emphasize major industrial products such as automobiles or whether it will change its emphasis to more advanced products and services. We suggest that the likely possibility is that it will both continue to grow relatively rapidly in these areas, probably in at least some combination with non-Japanese firms (e.g., the recent agreement between American and Japanese automobile manufacturers) and also that it will significantly shift its national emphasis towards advanced products such as aeronautics and electronics and towards services such as

housing and construction, and finance and management in terms of production facilities abroad. The issue of how directly and in what degree Japanese industrial production will challenge established industries in major markets, however, is open and is probably the most important single economic issue facing the free world in the next decade.

Japan is also a special case in terms of its potential military might. Whether or not Japan decides to obtain nuclear weapons in the next decade will certainly depend largely upon its relationship with the United States. If the United States physically withdraws its presence from the Pacific, (e.g., after a very dramatic, disastrous ending to the Vietnam conflict), Japan will really have no alternative but to seriously rearm and obtain nuclear weapons. Whether or not Japan does rearm is a matter which is strictly up to the Japanese themselves. We would suggest, however, that if they do rearm they have an obligation to do so in a way which does not touch off an arms race in general and particularly in a way which does not upset the delicate balance with regard to the two Germanies. Again it is an open issue and represents a decision which the Japanese alone will have to make.

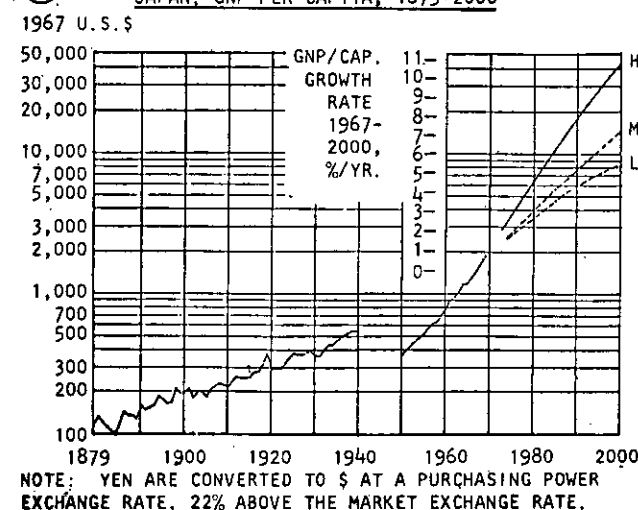
In conclusion, we feel that the next decade will be an extremely important one because of the growth of Japan, perhaps deciding international economic patterns and international relations for decades to come. As Japan becomes a major factor in the balance, this will create strains for both Japan and the world. There will have to be give and take on both sides. Japan, for example, will no longer be able to talk "poor mouth," to take the approach that they are a small, relatively poor country (this attitude has already changed considerably in the past year). This will create certain problems for Japan. They will almost certainly find it more difficult to get along with all countries, e.g., with the two Koreas, the two Vietnams, the two Chinas, etc. They will have to make choices. It will be difficult to bargain on details. The Japanese as wealthy, powerful people will have to act the Statesman, to give way on small points. Other nations in both the developed and developing world will also obviously have to make adjustments. They will have to accept a larger Japanese role in world trade, perhaps world affairs. They will have to learn more about the Japanese and Japanese customs and practices if they are to successfully negotiate and deal with them.

If the transition of Japan to economic superpower is to be reasonably smooth for Japan and the world, as we think it can and will be, major attempts to resolve political problems will have to begin in the immediate future. Besides the general possibilities for major economic dislocations referred to above, there are many specific problems that are likely to become of great importance in the near future. The U.S. anti-trust laws, for example, are not just difficult to reconcile with Japanese business practices, they reflect a different viewpoint on life. In a fundamental sense the structure of Japanese business and society itself is such that it is virtually impossible to reconcile it with current interpretations of U.S. anti-trust laws. If solutions to such problems are to be successfully arrived at before they reach crisis dimensions, it is clear that there will early have to be serious thinking done on all sides and from the start a willingness to seriously negotiate acceptable, feasible compromises.

## ① FOUR SURPRISE-FREE SCENARIOS FOR JAPANESE GROWTH

CHARACTERIZATION	% GROWTH RATE DURING			GNP (TRILLIONS OF 1970 DOLLARS). IF GNP=\$200 B. THEN		
	1970'S	1980'S	1990'S	1980	1990	2000
HIGH	12	10	8	.6	1.6	3.5
HIGH MEDIUM	11	9	7	.6	1.4	2.7
LOW MEDIUM	10	8	6	.52	1.1	2.0
LOW	9	7	5	.5	1.0	1.6

## ② JAPAN, GNP PER CAPITA, 1879-2000



## ③ FIFTEEN REASONS FOR THE LIKELY CONTINUED RAPID (~10%) GROWTH OF JAPANESE ECONOMY

1. HIGH SAVINGS AND INVESTMENT RATES (ABOUT TWICE U.S.)
2. SUPERIOR EDUCATION AND TRAINING (I.E., AMERICAN SCALE AND EUROPEAN QUALITY THROUGH HIGH SCHOOL)
3. "ADEQUATE CAPITALIZATION"
4. "RISK CAPITAL" READILY AVAILABLE
5. TECHNOLOGICAL CAPABILITIES COMPETITIVE TO WEST
6. ECONOMICALLY AND PATRIOTICALLY ADVANCEMENT-ORIENTED, ACHIEVEMENT-ORIENTED, WORK-ORIENTED, DEFERRED GRATIFICATION, LOYAL, ENTHUSIASTIC EMPLOYEES--PROBABLY INCREASINGLY SO
7. HIGH MORALE AND COMMITMENT TO ECONOMIC GROWTH AND TO SURPASSING THE WEST--BY GOVERNMENT, BY MANAGEMENT, BY LABOR, AND BY GENERAL PUBLIC
8. WILLINGNESS TO MAKE NECESSARY ADJUSTMENTS AND/OR SACRIFICES--RELATIVELY MOBILE CAPITAL AND LABOR
9. EXCELLENT MANAGEMENT OF THE ECONOMY--BY GOVERNMENT, BY BUSINESS, AND, TO SOME DEGREE, BY LABOR--THIS RESULTS IN A CONTROLLED AND, TO SOME DEGREE, COLLECTIVIST ("JAPAN, INC.") BUT STILL COMPETITIVE AND MARKET-ORIENTED (BUT NOT MARKET-DOMINATED) CAPITALISM
10. ADEQUATE ACCESS--ON GOOD AND PERHAPS IMPROVING TERMS--TO SUFFICIENT WORLD RESOURCES AND MARKETS
11. RELATIVELY FEW AND/OR WEAK PRESSURES TO DIVERT EXCESSIVE RESOURCES TO "LOW ECONOMIC PRODUCTIVITY" USES
12. CURRENT HIGH MOMENTUM OF GROWTH FACILITATES FURTHER RAPID GROWTH
13. INCREASED EMPHASIS ON R&D
14. AVAILABILITY OF SKILLED WORK FORCE IN NOCPA
15. ALMOST ALL FUTURE TECHNOLOGICAL AND ECONOMIC AND MOST CULTURAL AND POLITICAL DEVELOPMENTS SEEM FAVORABLE TO CONTINUATION OF THE ABOVE

## ④ FACTORS OFTEN SAID TO FAVOR "TOPPING OUT" OR EVEN DOWNTURN IN JAPANESE GROWTH

- CREAM HAS BEEN SKIMMED OFF EUROPEAN AND U.S. TECHNOLOGY
- SIZE OF JAPANESE WORK FORCE NO LONGER INCREASING RAPIDLY
- LAGGING INFRASTRUCTURE
- GREATER DEFENSE EXPENDITURE
- HEDONISTIC TENDENCIES OF YOUNGER GENERATION
- YOUNG RESIST SYSTEM IN GENERAL AND IN PARTICULAR "ESCALATOR SYSTEM"
- DOMESTIC DEMANDS FOR "AMENITIES" AND SOCIAL INVESTMENT AND EXPENDITURE
- LIKELY DIFFICULTIES WITH FOREIGN TRADE
- ECONOMY MAY BECOME OVERHEATED BY EXCESSIVE EQUIPMENT INVESTMENTS, WHICH MIGHT EVENTUALLY LEAD TO OVERSUPPLY WHEN THE EXPANSION OF EXPORTS LEVELS OFF
- RIISING BARRIERS TO AMERICAN AND OTHER FOREIGN INVESTMENTS WILL INTRODUCE MANAGERIAL TECHNIQUES THAT WILL REVOLUTIONIZE FIRMS STILL ADHERING TO VERTICAL ORGANIZATIONS
- JAPAN IS BECOMING A SERVICE ECONOMY--SOON WILL BE POST-INDUSTRIAL
- SERIOUS POLITICAL STRAINS WITHIN THE EXISTING SYSTEM
- SERIOUS AMERICAN RECESSION

## ⑤ BUT SUCH FACTORS LARGELY TO BE:

1. OVERSTATED
2. ASSUMED TO HAVE TOO GREAT EFFECTIVENESS AND/OR
3. ASSUMED TO AFFECT GROWTH RATES TOO RAPIDLY--IF THEY DO SO AT ALL IT WILL TAKE TIME
4. SUBJECT TO COUNTERACTION--OR AT LEAST LIMITED THROUGH PROPER POLICIES AND/OR LIKELY EVENTS
5. POTENTIALLY--AT LEAST IN SOME CASES AND TO SOME EXTENT --MORE POSITIVE THAN NEGATIVE IN ULTIMATE EFFECT

## ⑥ SO I WANT TO STRIKE THE MIDDLE COURSE BETWEEN THE TWO EXTREMES AND ESTABLISH IT AS A BASIC LINE OF JAPANESE ECONOMIC GROWTH FOR MANY YEARS TO COME.

IF WHAT I AM TRYING TO DO ACTUALLY MATERIALIZES, THEN THE JAPANESE ECONOMY WILL VEER NEITHER TOWARD OVERHEATING NOR TOWARD RECESSION; WE WILL NO LONGER HAVE TO GO THROUGH A SEVERE VICISSITUDE OF UPS AND DOWNS; NOR SHALL WE BE ENJOYING A VERY RAPID SPEED OF ECONOMY WITH ALL ITS IMPLICATIONS ON SPIRALING CONSUMER PRICES AND ENVIRONMENTAL DESTRUCTION. MY POLITICAL SLOGAN IS STABILIZED GROWTH, AND I WANT TO SEE JAPANESE ECONOMY REALLY STABILIZED AND GROWING STEADILY. NOW THIS IS TO BE REALIZED AT A RATE OF 10% GROWTH.

THE HONORABLE MR. TAKEO FUKUDA  
FINANCE MINISTER OF JAPAN, FROM  
THE PRESENTATION GIVEN AT H.I.  
CONFERENCE IN KYOTO, 6 APRIL 1971

## ⑦ A HEURISTIC PICTURE OF THE 1970 ECONOMY

GNP = \$200 B      GROWTH IN CAPACITY = 12.5%

## ALLOCATION OF GNP:

50% TO PRIVATE CONSUMPTION	= \$100 B
10% TO GOVERNMENT CONSUMPTION (AND "LOW" OUTPUT INVESTMENT)	= 20 B
15% TO MEDIUM OUTPUT (C.O.R. = 6) USES	= 30 B
25% TO HIGH OUTPUT (C.O.R. = 2.5)	= 50 B
100%	\$200 B

$$\frac{15\%}{6} + \frac{25\%}{2.5} = 2.5\% + 10\% = 12.5\%$$

## ⑧ A HEURISTIC SURPRISE FREE 1980 JAPANESE ECONOMY

GNP = \$500 B      GROWTH RATE = 10%

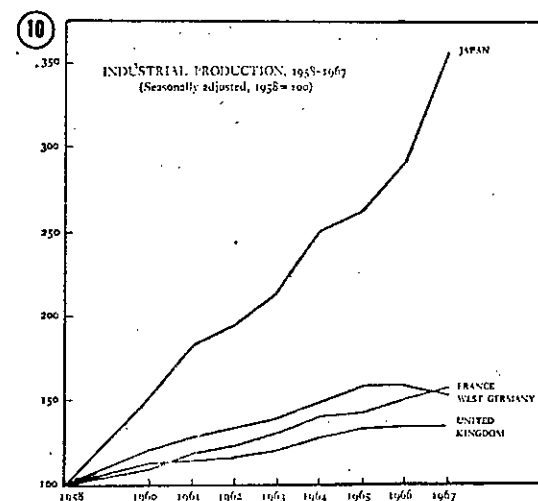
## ALLOCATION OF GNP:

44% TO PRIVATE CONSUMPTION	= \$220 B
17% TO GOVERNMENT CONSUMPTION (AND "LOW" OUTPUT INVESTMENT)	= 85
24% TO MEDIUM OUTPUT (C.O.R. = 6) USES	= 120
15% TO HIGH OUTPUT (C.O.R. = 2.5) USES	= 75
100%	\$500 B

$$\frac{24\%}{6} + \frac{15\%}{2.5} = 4\% + 6\% = 10\%$$

## ⑨ COMPARISON OF VARIOUS INSTITUTIONS' MEDIUM-RANGE FORECASTS

INSTITUTION	FORECAST PERIOD	AVERAGE ANNUAL GROWTH RATES OF	
		GNP (NOMINAL)	GNP (REAL)
MITSUBISHI ECONOMIC RESEARCH INSTITUTE	1967-1977	15.5	10.4
NOMURA RESEARCH INSTITUTE	1967-1973	15.0	10.3
NATIONAL ECONOMIC RESEARCH ASSOCIATION	1969-1973	16.1	11.8
INDUSTRIAL BANK OF JAPAN	1969-1975	15.1	11.2
LONG-TERM CREDIT BANK OF JAPAN	1968-1975	15.9	11.3
JAPAN LIFE INSURANCE COMPANY	1967-1975	14.5	10.5
SANWA BANK	1970-1975	--	9.3
JAPAN ECONOMIC RESEARCH CENTER	1970-1975	17.6	12.4



⑪ JAPAN IS PERHAPS THE MOST COHESIVE AND CULTURALLY INTEGRATED OF THE MAJOR INDUSTRIALIZED COUNTRIES IN THE WORLD. NEXT TO THE U.S. AND THE U.S.S.R. IT HAS THE LARGEST POPULATION OF ANY INDUSTRIALIZED NATION. NO POLITICAL COMBINATION SUCH AS THE COMMON MARKET IS LIKELY TO BE ABLE TO ACHIEVE THE COMBINATION OF SIZE AND CULTURAL COHESIVENESS THAT IS REQUIRED TO ACHIEVE THE MAXIMUM POTENTIAL IN INDUSTRIAL PRODUCTIVITY. THE U.S.S.R. IS IN FACT A VERY DIVERSE COLLECTION OF CULTURES AND INFLEXIBLY ADMINISTERED. JAPAN WOULD APPEAR TO BE THE NATION MOST LIKELY TO EQUAL OR SURPASS THE U.S. IN STANDARD OF LIVING AND INDUSTRIAL PRODUCTIVITY IN THIS CENTURY.

JAPAN'S INDUSTRIAL ECONOMIC SYSTEM APPEARS TO BE THE BEST IN THE WORLD FOR OBTAINING HIGH PRODUCTIVITY. NEITHER STATE SOCIALISM WITH ITS BUREAUCRATIC RIGIDITY NOR WESTERN CAPITALISM WITH ITS OWN RIGIDITIES IN LABOR UTILIZATION AND CAPITAL MOBILITY SEEM AS WELL SUITED TO THE NEEDS OF A HIGH GROWTH HIGH OUTPUT ECONOMY.

IF THIS IS TRUE, JAPAN WILL CONTINUE TO GROW AND CHANGE EVEN MORE RAPIDLY AND WITHIN A GENERATION IT WILL BECOME THE MOST AFFLUENT SOCIETY ON EARTH.

## SECTION 9

## MAJOR WORLD CULTURES AND THEIR FUTURE

Differences among, and continuities within, cultures exist and often have tremendous persistence over time--so that each culture (or subculture) may have its own characteristic and different reactions to certain pressures and trends. For any particular culture (or subculture) there are, at any time, often relatively identifiable and homogenous forms of and attitudes toward technology, life styles, religion, economic activity, war, etc. Given this contention, in order to project intelligently the characteristics and interplay of nations over the next fifteen years it is necessary to begin from some historical perspective. Of greatest interest to this study are the five great modern historical culture areas of the world: the Far East (including China, Japan, Korea and Vietnam), the Moslem world, the Byzantine or Eastern Orthodox zone, (including not only the Ukraine, Great Russia, and Byelorussian in the Soviet Union but also Bulgaria, Greece, South-eastern Rumania and Southeastern Yugoslavia, the India Culture (most of India, Ceylon, Burma and parts of Pakistan) and Europe. Obviously there are very important differences within cultural areas, some of which will be developed in more detail later, but it is instructive to set down broad delineations as a starting point.\*

It is useful to divide the Far Eastern culture area into China and Japan, for certain fundamental differences exist. As indicated in Chart 1, China has been for over two thousand years a monolithic society with a tradition of autocratic centralism. Its goals and sense of values are largely communal rather than individualistic. The individual is almost always seen as subordinate to some group (in Confucian as well as in Communist theory). On the national level, however, China is egotistic, thinking of its culture as the norm for all mankind. For many centuries the Chinese were a most innovative culture; however this characteristic seems to have ossified about the 15th or 16th century. Even after the 16th century, China more frequently gave ideas to the world than accepted them and even today is slow to absorb most external ideas. It has been a speculative, intellectual culture, strongly concerned with ethnic and ethical behavior. For the last 2,000 years or so, war has been considered

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\*It is probably worth noting that we have shown the map and charts of this Section, and of the next section on the Sub-Cultures of Europe to several hundred Europeans and some Asians, many of them quite expert in relevant disciplines, and have had no disagreement with the basic thesis but only with data (many of which are incorporated in this version). We mention this only because many people, particularly in America, tend to be antagonistic to this kind of analysis and to what seems to them "sweeping and unwarranted generalizations," if not sheer bias and/or racism. We should add that we believe everything stated in this section could be stated more carefully and more rigorously and of course with more complexity and at much greater length--without changing the essential thrust of the argument, but it is obviously not possible to do so in such a short document.

instrumental by the Chinese rather than romantic or a function of honor. Attitudes toward money were complex. To be wealthy was esteemed, but the social ideal was to lead a life of austere and learned poverty. Wealth was a by-product of status and no significant middle class ever developed. China's attitude toward history is basically pessimistic, seeing history as a cyclical rhythm of dynasties. The ideal type has been the cultivated sage or wise ruler with semi-magical character--a type which accurately fits Mao Tse-Tung--and the whole Communist takeover fits in very well with the traditional Chinese cycle: interregnum--a bad unifier (Chiang) and a good unifier (Mao)--restoration of China to the status of Middle Kingdom (halfway between heaven and earth; all other sovereignties are, of course, on earth).

Japan differs from China in several key respects as shown in Chart 2, while sharing many aspects of Chinese culture, particularly many of the aesthetic and religious sensibilities and attitudes. But, in striking contrast to communal and monolithic China is Japan's history of pluralism accompanied by strong ties of loyalty. Another difference is that while China has had in the last two thousand years an instrumental and cynical attitude toward war, Japan has almost always imbued it with a romantic quality such as the redemptive power of futile heroism.\* In technology the Japanese did not have the inventiveness of the Chinese. However, they have been competent, assimilative and perfective. The Japanese have been historically approving toward wealth and trade. Their ideal type has been the faithful warrior rather than China's wise ruler.

The Hindu or Indian culture, Chart 3, is most strongly marked by its pervasive ambiguity. It is pluralist in the extreme, tolerant of incompatibilities, omniverous in its ability to absorb discordant influences and remarkable in its ability to live with contradictions. India has a history of regionalism and separatism with a series of political instabilities and foreign incursions. While technology has been generally weak, consistent with their passive attitude toward nature, the Indian speculative nature lent itself well to mathematics.

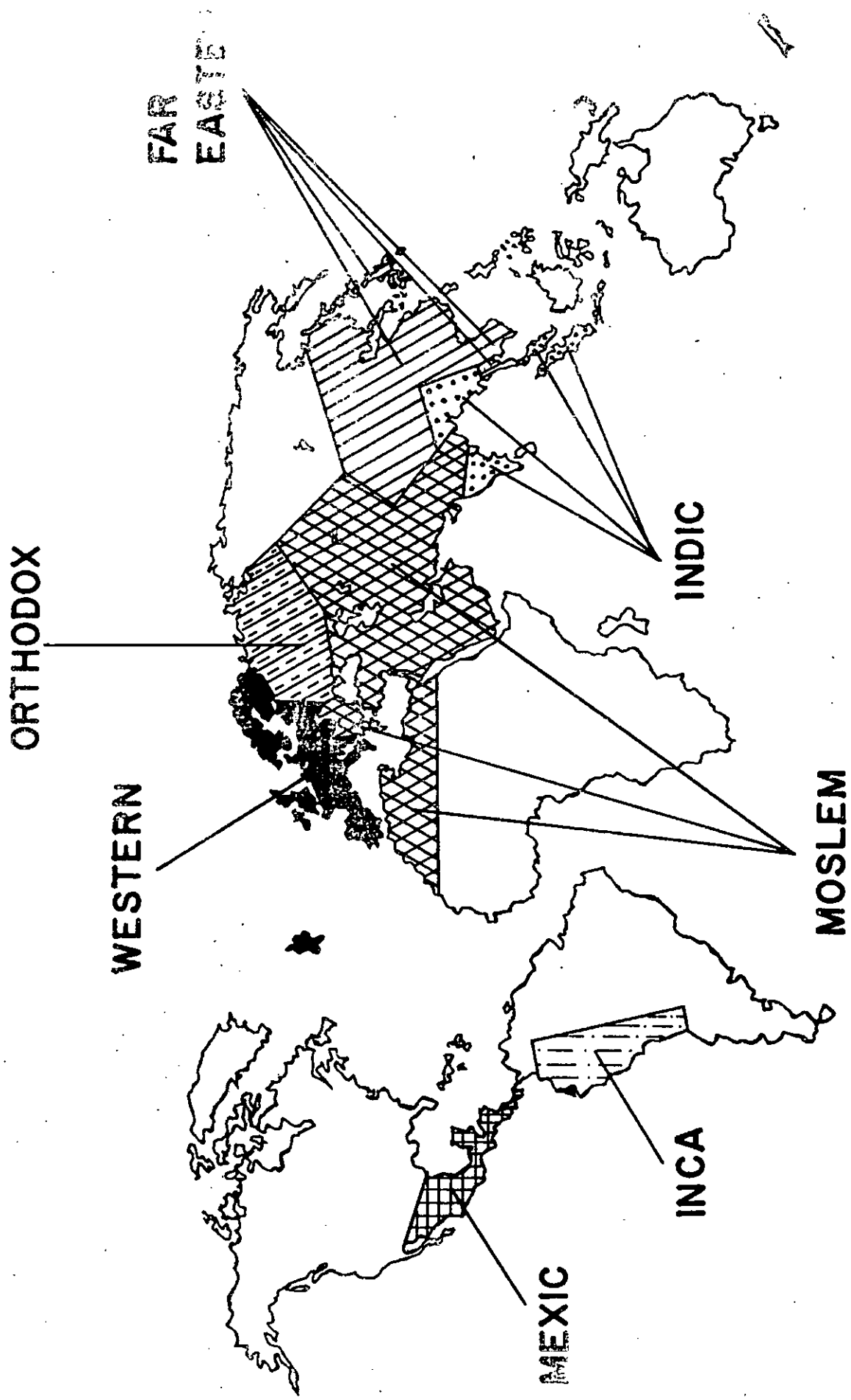
In a way that is alien to the Western world, the classical Indian concern is with eluding the physical world, with the extinguishing of corporeal desire. It is not an antimaterialist notion but rather the idea that for the elevated spirit the material does not exist. This is in direct opposition to the manipulative Indeo-Christian tradition of the west and in large measure explains India's attitudes and actions with respect to development.

The Moslem Culture, Chart 5, is monolithic and authoritarian. It is a literary culture but is emotionally and religiously austere and fatalistic. This has been a commercial civilization for centuries, approving of trade and private gain, without however having a commercial class which acquired important political power. There has been little interest in rationalized production. Intellectually the Moslem world remains rather barren to this day, and its politics remain as centrifugal and primarily rhetorical as they have been for the last thousand years. A longstanding rival to the west, it has displayed in recent times a persistent difficulty in borrowing western technology.

The Byzantine Culture, Chart 6, (Byzantine Culture, Russia) of which Russia is today the chief representative, is a Christian civilization derived from the best Roman (or late Greek) element of the classical tradition while the western civilization was influenced more by the best Roman or Latin tradition. The quasi-sacred character of the ruler, his authoritarian position in society and the duty of the citizens to follow rules transmitted from on high are ancient traditions in the Byzantine world. It is striking that not a single Orthodox society is a democracy today. It has been an assertive and missionary culture but one which was largely communal and hostile to material wealth. The Byzantine culture has a purposive attitude toward history, a sense of acting out a destiny through divine will.

Finally, a brief profile of Western culture is given in Chart 7. It has a history of pluralism and lacks a tradition of strong central organizations. It has been legalistic to the degree that the secular power is thought to be bound by laws, even when that power has issued the laws. The culture is essentially atomistic and non-communal, with an intense interest in the individual personality. Its technology has been profoundly innovative, in large measure accounting for the economic and industrial development which characterize it today. The West has always felt that nature should be manipulated and subdued.

Using these cultural characterizations, some speculations can be made about the rapidity of economic and industrial development over the next fifteen years. Chart 8 arranges the countries within the non-western world on a rough development scale for 1985.



THE WORLD IN 1500: MAJOR CULTURE AREAS

① FAR EASTERN CULTURE (CHINA)

MONOLITHIC  
 AUTHORITARIAN  
 COMMUNAL  
 EGOISTIC AND MODERATELY ASSIMILATIVE  
 SPECULATIVE (ETHICS, AESTHETICS)  
 ATTITUDE TO WAR: CYNICAL, INSTRUMENTAL  
 TECHNOLOGY: COMPETENT, LATER OSSIFIED  
 ATTITUDE TO ENVIRONMENT: ASSERTIVE  
 ATTITUDE TO PRIVATE PROPERTY: APPROVING  
 (DOMINANT TRADITION), RADICAL COMMUNALISM  
 (MINORITY TRADITION)  
 ATTITUDE TO HISTORY: CYCLICAL, DEGENERATIVE  
 IDEAL TYPES: CULTIVATED SAGE, WISE RULER

③ HINDU OR INDIC CULTURE

PLURALIST  
 AUTHORITARIAN - AMBIGUOUS  
 COMMUNAL  
 TOLERANT AND OMNIVEROUS  
 SPECULATIVE (THEOLOGY)  
 ATTITUDE TO WAR: ROMANTIC (VEDIC), PACIFIC  
 (BRAHMANIC)  
 TECHNOLOGY: WEAK  
 ATTITUDE TO ENVIRONMENT: REJECTION, COOPERATION  
 ATTITUDE TO PRIVATE PROPERTY: AMBIGUOUS  
 ATTITUDE TO HISTORY: DENIAL  
 IDEAL TYPE: ASCETIC; EROTIC ADEPT

⑤ BYZANTINE CULTURE (RUSSIAN)

MONOLITHIC (CAESAROPAPISM)  
 AUTHORITARIAN  
 COMMUNAL  
 INTOLERANT AND MISSIONARY  
 SPECULATIVE (THEOLOGY)  
 ATTITUDE TO WAR: LARGELY INSTRUMENTAL  
 TECHNOLOGY: WEAK  
 ATTITUDE TO ENVIRONMENT: ASSERTIVE  
 ATTITUDE TO PRIVATE PROPERTY: LARGELY  
 HOSTILE  
 ATTITUDE TO HISTORY: PURPOSIVE (REVE-  
 LATION OF DIVINE WILL THROUGH NATION)  
 IDEAL TYPE: SAINT OR WONDER WORKER

② FAR EASTERN CULTURE (JAPAN)

PLURALIST  
 AUTHORITARIAN  
 COMMUNAL  
 EGOISTIC AND ASSIMILATIVE  
 "SPECULATIVE" (AESTHETICS)  
 ATTITUDE TO WAR: ROMANTIC  
 TECHNOLOGY: COMPETENT, "PERFECTIVE"  
 ATTITUDE TO ENVIRONMENT: ASSERTIVE  
 ATTITUDE TO PRIVATE PROPERTY: APPROVING  
 ATTITUDE TO HISTORY: PURPOSIVE (WORKING  
 OUT OF NATIONAL DESTINY)  
 IDEAL TYPE: FAITHFUL, CULTIVATED WARRIOR

④ MOSLEM CULTURE

MONOLITHIC  
 AUTHORITARIAN  
 COMMUNAL  
 INTOLERANT AND GENERAL; NON-MISSIONARY  
 NON-SPECULATIVE  
 ATTITUDE TO WAR: ROMANTIC  
 TECHNOLOGY: DERIVATIVE  
 ATTITUDE TO ENVIRONMENT: SUBMISSIVE  
 (ISLAM)  
 ATTITUDE TO PRIVATE PROPERTY:  
 APPROVING  
 ATTITUDE TO HISTORY: PURPOSIVE  
 (REVELATION OF DIVINE WILL)  
 IDEAL TYPE: HADJI AND WEALTHY MERCHANT

⑥ WESTERN CULTURE

PLURALIST  
 LEGALISTIC  
 INDIVIDUALIST  
 INTOLERANT AND MISSIONARY  
 SPECULATIVE (SCIENCE)  
 ATTITUDE TO WAR: ROMANTIC  
 TECHNOLOGY: INNOVATIVE  
 ATTITUDE TO ENVIRONMENT: "COERCIVE"  
 ATTITUDE TO HISTORY: PURPOSIVE  
 (WORKING OUT OF HUMAN DESTINY)  
 ATTITUDE TO PRIVATE PROPERTY: ONCE  
 HOSTILE; SINCE 15TH-16TH CENTURIES  
 APPROVING  
 IDEAL TYPE: FAUST (WORLDLY CONQUEROR,  
 SCIENTIST, CAPITALIST, EXPLORER)

⑦ SOME POSSIBLE REACTIONS TO CONTACT BETWEEN  
UNEQUAL CIVILIZATIONS (OUTLINE)

- I. NONVIOLENT REJECTIONS OF INTRUDING CULTURE  
 A. RATIONAL  
 B. "APOCALYPTIC"
- II. VIOLENT REJECTION OF INTRUDING CULTURE  
 A. "AUSTERE" AND LARGELY RATIONAL  
 B. "MANIC"
- III. NONVIOLENT SYNTHESIS WITH INTRUDING CULTURE  
 A. "TALISMANIC" (OR MAGICAL)  
 B. SEMI-TALISMANIC  
 C. RATIONAL
- IV. VIOLENT SYNTHESIS WITH INTRUDING CULTURE  
 A. "TALISMANIC" (OR MAGICAL)  
 B. SEMI-TALISMANIC  
 C. RATIONAL

II. VIOLENT REJECTION OF INTRUDING CULTURE

- A. "AUSTERE" AND LARGELY RATIONAL  
 MACCABEANS  
 BAR KOCHABA  
 WAHABIS  
 SEPOY REBELLION  
 SLAVOPHILES (DANILEVSKY)
- B. "MANIC"  
 ZEALOTS  
 MAHDISTS  
 BOXERS  
 MAU-MAU  
 MANY AMERINDIAN UPRISINGS

IV. VIOLENT SYNTHESIS WITH INTRUDING CULTURE

- A. "TALISMANIC" (OR MAGICAL)  
 TAI-PING  
 CAO-DAI  
 LUMPA  
 SOME AMERINDIAN UPRISINGS
- B. SEMI-TALISMANIC  
 BOLSHEVIKS  
 POST-1930 JAPAN  
 MAOISTS  
 AFRO-ASIAN SOCIALISM (MILI-  
 TANT, AS IN EGYPT)
- C. RATIONAL  
 SELIM III  
 PETER I  
 MEHMET ALI  
 YOUNG TURKS  
 MUSTAPHA KEMAL  
 ATTATURK  
 JAPANESE OFFICER  
 CORPS (1906)  
 SUN YAT SEN

I. NONVIOLENT REJECTION OF INTRUDING CULTURE

- A. RATIONAL  
 PHARISEES  
 SLAVOPHILES (TOLSTOYAN)  
 GHANDI  
 LATIN AMERINDIANS  
 NEGRITUDE  
 DUTCH GUIANA BUSH NEGROES
- B. "APOCALYPTIC"  
 ESSENES  
 PRIMITIVE CHRISTIANS (JERUSALEM COMMUNITY)  
 SOUTH AFRICAN "ZIONISTS"

III. NONVIOLENT SYNTHESIS WITH INTRUDING CULTURE

- A. "TALISMANIC" (OR MAGICAL)  
 "RICE CHRISTIANS"
- B. SEMI-TALISMANIC  
 PRIMITIVE CHRISTIANS (GNOSTICS)  
 "AFRO-ASIAN SOCIALISM" (PACIFIC, AS IN BURMA,  
 CEYLON, INDIA, ETC.)
- C. RATIONAL  
 SADDUCEES  
 PRIMITIVE CHRISTIANS (PAULINE)  
 BRAMO-SAMAJ  
 NEW TIDE REFORMERS  
 MEIJI JAPAN (1880-1900)

## SECTION 10

## THE NINE "EUROPEAN" SUB CULTURES.

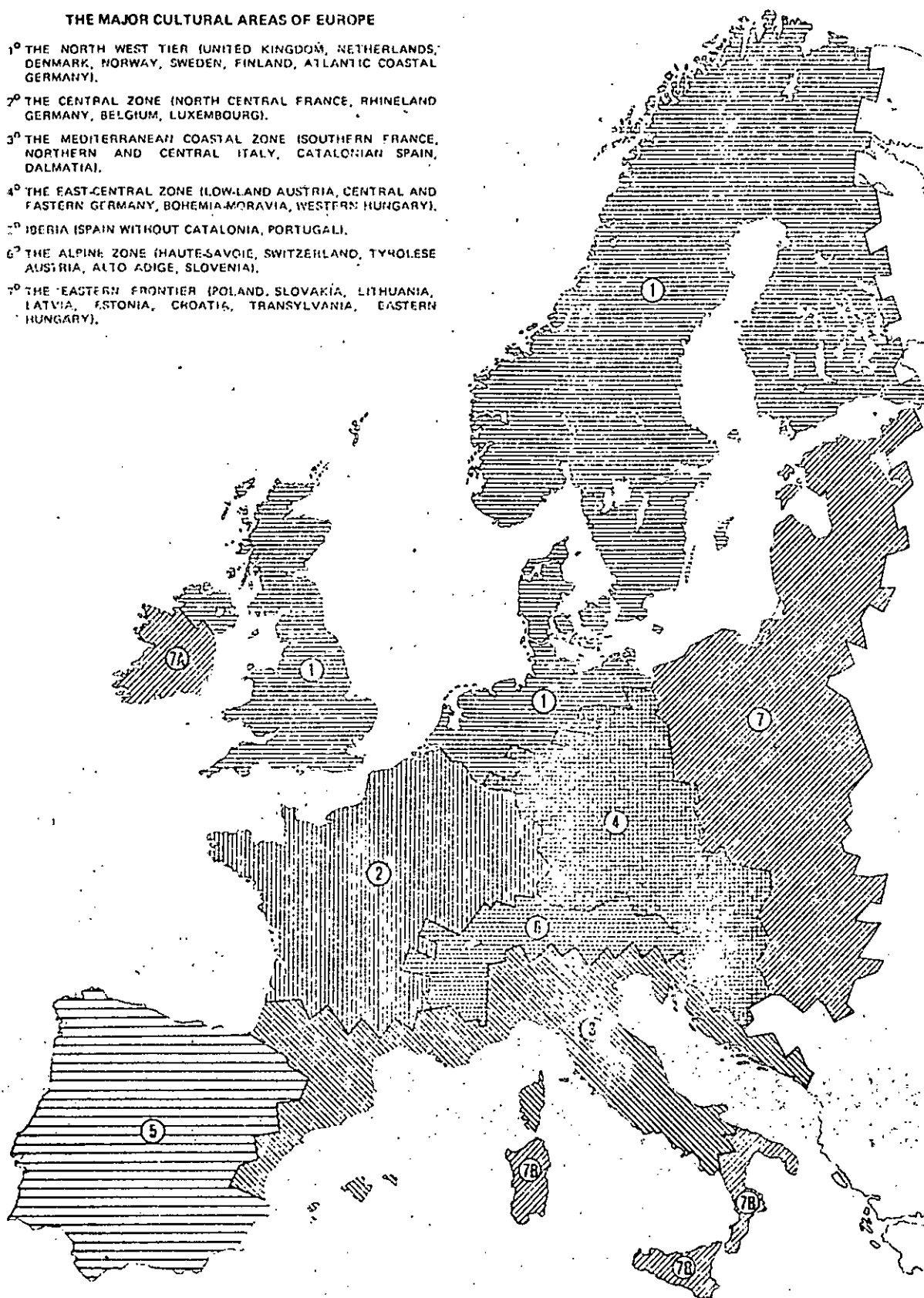
Few would argue against the concept of Europe as a characteristic civilization, but within this overarching Europe there are important distinctions to be made. For the more we look at Europe--from the point of view of family, culture hero, social ideal, characteristic economic activities as well as characteristic arts, etc.--the clearer it becomes that the political subdivisions of Europe do not suffice as the sole analytical tool classifying people by geography.

First of all; there are important parts of Europe geographically which probably do not really belong to the European culture. We would include in this what could be thought of as a Byzantine (or Orthodox Christian) enclave (Russia and the Ukraine in the Soviet Union, South-eastern Yugoslavia, Southeastern Rumania, Bulgaria and Greece outside the Soviet Union) and a Moslem enclave (Albania, Kosmet district of Yugoslavia, Western Macedonia, Bosnia-Herzegovina). Some would argue that Eire is a kind of Celtic cultural enclave in Europe; others that the Southern end of Italy, Sicily, and Sardinia (or what was in ancient times Magna Graecia!) still has characteristics so different as to make controversial its inclusion as a sub-culture of European culture.

But European culture itself does have important sub-cultures, which may not be as different from the central characteristics of European culture as the enclaves mentioned above, but still different enough to be worthy of note--particularly in any attempt to discuss the future. For example, few would attempt to study Sweden in isolation since Sweden clearly belongs to a larger unity called "Scandinavia" (along with Denmark, Iceland, Norway and possibly Finland). In the scheme we are about to show (due to Edmund Stillman of the Hudson Institute) Europe is divided into nine cultural zones, or sub-cultures and the Scandinavian zone is included in a larger category which we call the "Northwest Tier" and which includes not only Scandinavia but the United Kingdom, the Netherlands, and a fringe (including Hamburg and Schleswig Holstein) of Baltic and Atlantic Germany. It is this Northwest Tier area, with the addition of the United States (which clearly belongs in this same area) and largely only this area which has a large middle class drug culture, many hippies, significant numbers of largely atheist, agnostic or deist churches, and so on. Indeed on the whole the citizens of Southern France are closer in income per capita, style of life, etc., to fellow members of what we call the Mediterranean zone sub-culture (which also includes Northern Italy and Catalonia) than they are to their fellow citizens in Northern France. Nor does France stand up under analysis as one integral cultural entity despite centuries of political centralization in Paris. Clearly there is a cultural-economic, indeed "psychological," distinction between France north of a line that might be drawn from Bordeaux to Geneva, and south of it. To the South lies the "Midi"--a region with a separate political and cultural history, even a separate linguistic history, and a contemporary reality as expressed in economics as well as life style, which differs profoundly from the North.

# THE MAJOR CULTURAL AREAS OF EUROPE

- 1° THE NORTH WEST TIER (UNITED KINGDOM, NETHERLANDS, DENMARK, NORWAY, SWEDEN, FINLAND, ATLANTIC COASTAL GERMANY).
- 2° THE CENTRAL ZONE (NORTH CENTRAL FRANCE, RHINELAND GERMANY, BELGIUM, LUXEMBOURG).
- 3° THE MEDITERRANEAN COASTAL ZONE (SOUTHERN FRANCE, NORTHERN AND CENTRAL ITALY, CATALUNYAN SPAIN, DALMATIA).
- 4° THE EAST-CENTRAL ZONE (LOW-LAND AUSTRIA, CENTRAL AND EASTERN GERMANY, BOHEMIA-MORAVIA, WESTERN HUNGARY).
- 5° IBERIA (SPAIN WITHOUT CATALUNYA, PORTUGAL).
- 6° THE ALPINE ZONE (HAUTE-SAVOIE, SWITZERLAND, TYROLESE AUSTRIA, ALTO ADIGE, SLOVENIA).
- 7° THE EASTERN FRONTIER (POLAND, SLOVAKIA, LITHUANIA, LATVIA, ESTONIA, CROATIA, TRANSYLVANIA, EASTERN HUNGARY).



The scheme which we will use is shown on the map on the opposite page. We have many reservations about the scheme, and are still working on improving it and hope to get contributions from others in the study. However we should also note that we have already had the areas sketched out on the map and two chart pages following examined by several hundred Europeans and none has protested the basic breakdown (though many objected to certain specific characteristics or to the exact boundaries of the zones--indeed many of the objections have been incorporated in the material given here). We hope in the second phase of the study to carry this scheme much further and perhaps after some more documentation and refinement use it as a major methodological tool in our projections and predictions. In order to describe these cultures on a more or less comparable basis, thirteen separate criteria have been chosen for discussion:

Religion	Characteristic Arts
Social	Science and Technology
Imperial Role (in history)	Family
Politics	Racial Attitudes
Class System	Attitude Toward Foreigners
Dominant Philosophy	Standard of Living
Life Style	

Corresponding to the scheme shown on the map opposite we set forth seven charts on the accompanying two chart pages which try to give a panoramic view of these cultures as they existed in 1900 and somewhat more tentatively as they exist in 1970, in terms of the criteria mentioned above.

It should be noted that while all of these sub-cultures change, and the changes are more or less in accord with the major characteristics of the multi-fold trend, still the sub-cultures are sticky and change at different rates--and despite all these changes each of these separate culture zones seem pretty well to preserve characteristic differences. Indeed, recent studies of the United States have indicated that while the "melting pot" "melted rather well" and that all who came here eventually became Americans, the fact that they are "hyphenated Americans" one, two or even three or four generations back makes (as every politician knows) a difference in voting behavior and also makes (as every sociologist knows) a likely difference in average income, average education, and general style of life. These aspects of both "stickiness" and "separateness" are even more pronounced when one follows the path of various cultural groups from Europe to Latin America and elsewhere in the world (for example think of the differences between Argentina, Brazil, Columbia, and Haiti, and compare these with the cultural differences of the original immigrants.)

It is the thesis of this section that as the regions of Europe evolve further, and meet common problems, they will meet them in differing and characteristic styles. Thus, what we refer to as a long-term multifold trend is far more advanced within the Northwest Tier (to which by extension the United States belongs) than elsewhere in Europe. The Northwest Tier, characteristically the citadel of parliamentary democracy, pragmatic philosophies, Protestantism, and literary (as distinct from visual or musical) arts, is today the realm of the underground culture (or "counter-culture"). This underground culture, will be slow in developing outside the Northwest Tier.

## The Nine "European" Sub Cultures

### I - THE NORTH-WEST TIER

(UNITED KINGDOM, NETHERLANDS, DENMARK, NORWAY,  
SWEDEN, FINLAND, ATLANTIC COASTAL GERMANY).

	<u>1900</u>	<u>1971</u>
<u>RELIGION</u>	-STRONGLY PROTESTANT (OFTEN CALVINIST) WITH SMALL CATHOLIC MINORITY.	-PROTESTANTISM IN DECLINE (APATHY, ATHEISM). CATHOLICISM SHOWING SIGNS OF "PROTESTANT" RADICALISM WHEN NOT ALSO THREATENED BY APATHY.
<u>SOCIAL IDEAL</u>	-STRONGLY MERCANTILE AND BOURGEOIS. LANDED ARISTOCRACY HAS GREAT SOCIAL PRESTIGE BUT IS POLITICALLY WEAK. PEASANT IDENTITY WEAK OR NON-EXISTENT. COSMOPOLITAN INTELLIGENTSIA, USUALLY WELL INTEGRATED INTO SOCIETY.	-STILL STRONGLY MERCANTILE AND BOURGEOIS BUT MIDDLE-CLASS VALUES UNDER INCREASING ATTACK. LANDED ARISTOCRACY HAS LARGELY DISAPPEARED. INTELLIGENTSIA SPLIT BETWEEN "ESTABLISHMENT" AND ANTI-NATIONAL RADICAL WING.
<u>IMPERIAL ROLE</u>	-MARITIME ("OUTWARD-LOOKING") AND ORIENTED TO OVERSEAS EMPIRE.	-STILL MARITIME AND COMMERCIAL-COSMOPOLITAN, BUT EMPIRES HAVE DISAPPEARED. STRONG SENTIMENTS OF "ANTI-IMPERIALISM" (SWEDEN, U.K. HOSTILE TO SOUTH-AFRICA, RHODESIA, PORTUGAL, U.S. IN VIETNAM).
<u>POLITICS</u>	-PARLIAMENTARY AND DEMOCRATIC (WITH THE POSSIBLE EXCEPTION OF ATLANTIC COASTAL GERMANY WHICH HAS BEEN SUBJECTED TO PRUSSIANISM). ANTI-IDEOLOGICAL, ANTI-PROGRAMMATIC	-PARLIAMENTARY AND DEMOCRATIC. THE DEMOCRATIC TRADITIONS OF ATLANTIC COASTAL GERMANY ARE STRENGTHENED BY THE DISAPPEARANCE OF EAST-CENTRAL GERMAN (LGST TO U.S.S.R., POLAND, DDR). STILL LARGELY ANTI-IDEOLOGICAL, ANTI-PROGRAMMATIC; BUT A YOUTHFUL AND INFLUENTIAL MINORITY IS IDEOLOGICAL, VISIONARY, ROMANTIC AND QUASI-TOTALITARIAN.
<u>CLASS SYSTEM</u>	-RELATIVELY CLASS MOBILE, (BUT VERY STRONG CLASS BARRIERS IN THE U.K.) IN COMPARISON WITH OTHER REGIONS OF EUROPE.	-IMPROVED CLASS MOBILITY BUT THERE IS LINGERING PROLETARIAN RESENTMENT AGAINST THE "BOSS CLASS."
<u>DOMINANT PHILOSOPHY</u>	-PRAGMATIC-UTILITARIAN.	-STILL PRAGMATISM AND UTILITARIANISM, BUT THIS STYLE UNDER ATTACK FROM ANTI-RATIONAL "MYSTICAL" MINORITY.
<u>LIFE STYLE</u>	-PESSIMISTIC AND SELF-DENYING; AUSTERE.	-MARKED CHARACTERISTICS OF "LATE-SENSATE" CULTURE. GROWING HEDONISM, CONTEMPT FOR PURITAN VIRTUES; BLATANT PUBLIC SEXUALITY.
<u>CHARACTERISTIC ARTS</u>	-RELATIVELY WEAK IN MUSIC AND THE VISUAL ARTS, BUT VERY STRONG IN LITERATURE.	-THERE IS A DECLINE IN CREATIVITY; BUT BY CONTEMPORARY EUROPEAN STANDARDS LITERATURE STILL STRONG.
<u>SCIENCE AND TECHNOLOGY</u>	-STRONG THEORETICAL SCIENCE, INNOVATIVE TECHNOLOGY.	-STILL STRONG INNOVATIVE TECHNOLOGY. SOME SIGNS OF DRIFT FROM SCIENCE AMONG THE ELITE YOUNG.
<u>FAMILY</u>	-AMONG ARISTOCRACY THERE IS AN "EXTENDED" FAMILY, BUT LITTLE PERSONAL CONTACT BETWEEN GENERATIONS. FAMILY IN MIDDLE AND WORKING CLASSES "NUCLEAR," WITH SLIGHT PERSONAL CONTACT.	-FAMILY STRUCTURE HIGHLY FRACTIONALIZED AT ALL LEVELS OF SOCIETY. THERE IS LITTLE DIALOGUE BETWEEN GENERATIONS.
<u>RACIAL ATTITUDES</u>	-RACIALLY INTOLERANT (WITH POSSIBLE EXCEPTION OF NETHERLANDS WHICH PRACTICES SOME INTER-MARRIAGE IN COLONIES).	-STILL RACIALLY INTOLERANT. THE PROBLEM IS ALLEVIATED SOMEWHAT IN ATLANTIC COASTAL GERMANY BY DISAPPEARANCE OF JEWISH POPULATION, BUT EXACERBATED IN U.K. BY APPEARANCE OF LARGE "COLORED" MINORITIES.
<u>ATTITUDE TOWARD FOREIGNERS</u>	-SOMEWHAT XENOPHOBIC, WITH PRONOUNCED TENDENCY TO MOCK, DISPARAGE ALIEN CULTURES (EXCEPT AMONG INTELLECTUAL ELITES AND ARISTOCRACY WHICH ARE FRANCOPHILE).	-XENOPHOBIA SOMEWHAT ABATED. EXTENSIVE TOURISM IN OTHER CULTURE AREAS; LARGE FOREIGN WORKING-CLASS MINORITIES (PORTUGUESE, ITALIAN, YUGOSLAV, ETC.).
<u>STANDARD OF LIVING</u>	-VERY HIGH MATERIAL STANDARD OF LIVING (HIGHEST IN EUROPE).	-HIGH STANDARD OF LIVING, BUT THE GAP BETWEEN THE NORTH-WEST TIER AND CENTRAL ZONE IS NARROWING.

IRELAND (EIRE) CONSTITUTES ZONE 1-A--ESSENTIALLY A RETARDED ENCLAVE OF ZONE 1 WHERE THE CONSERVATIVE URBAN CULTURE IS ESSENTIALLY THAT OF ENGLAND 1910 WITH THE PROVISIO THAT THE MASSES ARE CATHOLIC AND THE ZONE 1 CULTURE HISTORICALLY THAT OF AN EXPANSIVE MINORITY.

## II - THE CENTRAL ZONE

(NORTH-CENTRAL FRANCE, RHINELAND GERMANY, BELGIUM, LUXEMBOURG)

	1900	1971
<u>RELIGION</u>	-LARGELY CATHOLIC, BUT THERE IS A DIS- PROPORTIONATELY INFLUENTIAL PROTESTANT MINORITY. CATHOLICISM STRONG, BUT AMONG BOURGEOISIE AND ARISTOCRACY BASED MORE OFTEN ON SOCIAL CONSIDERATIONS RATHER THAN ON PIETY. PROTESTANT MI- NORITY IS INWARD-LOOKING AND CONSERVA- TIVE.	-A GENERAL DECLINE OF PIETY BUT (EXCEPT AMONG VERY YOUNG) RELIGION IS STILL PROPPED UP BY SOCIAL VALUES (CLASS, FAMILY). PROTESTANT MINORITY STILL TENDS TOWARD CONSERVATISM, MAINTAINS RELIGIOUS FORMS AS MEANS OF SELF- IDENTIFICATION.
<u>SOCIAL IDEAL</u>	-THE ARISTOCRATIC IDEAL IS URBAN. IT REMAINS STRONG FOR MOST MEMBERS OF SO- CIETY ALTHOUGH THE ACTUAL CLASS IS FRAG- MENTED AND WITHOUT MUCH POLITICAL POWER. IN SOCIETY AS A WHOLE, THERE IS LITTLE PREJUDICE AGAINST MERCANTILE OPERATIONS, BANKINGS, STRONG MONEY VALUES AMONG THE MIDDLE-CLASS. THE WORKING CLASS IS RAD- ICAL, ALIENATED. INTELLECTUALS ARE DIVIDED INTO AN ESTABLISHMENT AND A REVOLUTIONARY RADICAL WING, BUT THE IDEA OF AN INTELLECTUAL IS RESPECTED BY NEARLY ALL CLASSES.	-THE OLD ARISTOCRATIC IDEAL IS LARGELY REPLACED BY AGGRESSIVE "MODERN" MARKET MENTALITY, WHICH IS ALSO ATTACKING CON- SERVATIVE BOURGEOIS BUSINESS VALUES. A SMALL (AND YOUTHFUL) REVOLUTIONARY MI- NORITY ASSAULTS GENERAL VALUES, BUT WORK- ING CLASS (AND COMMUNIST PARTY) INCREAS- INGLY ARE MIDDLE-CLASS. THE POSITION OF THE INTELLECTUALS IS LITTLE CHANGED.
<u>IMPERIAL ROLE</u>	-AMBIVALENT MARITIME TRADITION. THE STRONGER PULL IS TOWARD CONTINENTAL EMPIRE, DOMINANCE; BUT FRANCE AND BELGIUM HOLD SIZEABLE OVERSEAS EMPIRES.	-MAJORITY HAS LITTLE PREJUDICE AGAINST CONCEPT OF EMPIRE; FRANCE AND BELGIUM HAVE "DECOLONIZED" BUT MAINTAIN SIGNIFI- CANT INFLUENCE OVER FORMER COLONIES.
<u>POLITICS</u>	-PARLIAMENTARY AND DEMOCRATIC (LESS SO IN GERMAN DISTRICTS WHICH ARE UNDER PRUSSIAN INFLUENCE) BUT WITH RATHER PRONOUNCED TENDENCIES TO POLITICAL INSTABILITY. IDEOLOGICAL, PARTISAN, ANTI-PRAGMATIC IN GOVERNMENT STYLE.	-PARLIAMENTARY AND DEMOCRATIC WITH APPARENT- LY REDUCED TENDENCIES TO POLITICAL IN- STABILITY; DEMOCRATIC VALUES IN SAAR, RHINELAND GERMANY GAIN FROM SEPARATION FROM EAST-CENTRAL GERMANY. STILL STRONG TENDENCIES TOWARD IDEOLOGICAL PARTISAN- SHIP AND ANTI-PRAGMATIC POLITICS, THOUGH THERE IS SOME ABILITY TO COMPROMISE DEVELOPING.
<u>CLASS SYSTEM</u>	-RELATIVELY HIGH CLASS MOBILITY BETWEEN BOURGEOISIE AND ARISTOCRACY; BUT THERE IS CONSIDERABLE ANTI-PATHY TO THE WEALTHY AMONG WORKING CLASS. PEASANT IDENTITY STRONG.	-CONSIDERABLE INCREASED CLASS MOBILITY THROUGHOUT SOCIETY. PEASANT IDENTITY SEVERELY WEAKENED.
<u>DOMINANT PHILOSOPHY</u>	-POSITIVIST AND ANTI-PRAGMATIC (CARTESIAN).	-STILL MAINTAINS IDEAL OF ABSTRACTION, POSITIVISM, "LOGIC."
<u>LIFE STYLE</u>	-SKEPTICAL AND "REALISTIC"; DESPITE A LIFE STYLE THAT ELABORATES PLEASURABLE ACTIVITY, THE OUTLOOK IS BASICALLY PES- SIMISTIC.	-SKEPTICAL AND "REALISTIC" TO THE POINT OF CYNICISM; DESPITE MUCH MATERIAL IM- PROVEMENT, THE OUTLOOK REMAINS PESSIMISTIC ABOUT HUMAN POSSIBILITIES.
<u>CHARACTERISTIC ARTS</u>	-A BALANCED CULTURE, VERY STRONG IN THE VISUAL ARTS, SLIGHTLY LESS SO IN MUSIC, LITERATURE. MUCH EMPHASIS ON STYLE, ELEGANCE, SOMETIMES TO THE DETRIMENT OF SUBSTANCE.	-CULTURE STILL STRONG BY GENERAL EUROPEAN STANDARDS. EMPHASIS ON STYLE IS REPLACING CONTENT. ART OF PAINTING REGISTERS MOST SIGNIFICANT DECLINE.
<u>SCIENCE AND TECHNOLOGY</u>	-STRONG SCIENCE WITH SOMEWHAT LESS INTER- EST IN APPLIED MASS TECHNOLOGY.	-MAINTAINING STRONG SCIENCE, TECHNOLOGY.
<u>FAMILY</u>	-MORE-OR-LESS EXTENDED FAMILY. FAMILY CO- HESION IS STRONGEST AMONG PEASANTRY, WEAK- EST AMONG URBAN WORKING CLASS.	-STILL MORE-OR-LESS EXTENDED FAMILY (BUT SOME TENDENCY AMONG VERY YOUNG TO EMULATED NORTH-WEST TIER IN FAMILY ATTITUDES, PERSON- AL BEHAVIOUR).
<u>RACIAL ATTITUDES</u>	-MORE-OR-LESS RACIST.	- "MODERATELY" RACIST.
<u>STANDARD OF LIVING</u>	-MODERATE TO HIGH MATERIAL STANDARD OF LIVING.	-RAPIDLY INCREASING MATERIAL STANDARD OF LIVING; BY GENERAL STANDARDS, STILL GREAT ATTENTION TO FOOD.

## III - THE MEDITERRANEAN COASTAL ZONE

(SOUTHERN FRANCE, NORTHERN AND CENTRAL ITALY, CATALONIAN SPAIN, DALMATIA)\*

	1900	1971
<u>RELIGION</u>	-CATHOLIC WITH ONLY MINOR EXCEPTIONS; IDENTIFI- CATION WITH A CONSERVATIVE CHURCH STRONG, BUT ACTUAL CODE OF CONDUCT LAISSEZ-FAIRE.	-ATTACHMENT TO THE CHURCH STILL RELATIVELY STRONG. LOCAL VERSION OF CATHOLICISM RESISTS THE MORE EXTREME FEATURES OF "NEO-PROTESTANT- ISM" OF NORTH-WEST TIER, BUT ACTUAL STANDARD OF PIETY IS NOT DEEP.
<u>SOCIAL IDEAL</u>	-ARISTOCRATIC-URBAN RATHER THAN ARISTOCRATIC- RURAL; THERE IS A MERCANTILE-ARISTOCRATIC TRADITION AS WELL. PROLETARIAT IS RADICAL; PEASANT IDENTITY IS STRONG. INTELLIGENTSIA TENDS TO BE NATIONALIST (ITALY), OR REGION- ALIST (SOUTHERN FRANCE AND CATALONIA).	-ARISTOCRATIC-URBAN IDEAL NOT ENTIRELY DISCARD- ED, BUT AN AGGRESSIVE MERCANTILE-INDUSTRIAL MIDDLE-CLASS HAS GROWN CONSIDERABLY IN NUMBERS AND IMPORTANCE, TAKING ON SOME OF THE CHARACTER- ISTICS OF THE CENTRAL ZONE. MODERATE CLASS MO- BILITY; WORKING CLASS STILL RELATIVELY RADICAL (THOUGH LEADERS CLAIM LIBERAL IDEOLOGY). PEAS- ANT IDENTITY EXISTS BUT IS WEAKENING. INTEL- LECTUALS SOMEWHAT ALIENATED.
<u>IMPERIAL ROLE</u>	-MARITIME AND COMMERCIAL TRADITION CONFINED TO MEDITERRANEAN; SLIGHT AND IMITATIVE IM- PERIAL TENDENCY.	-OVERSEAS TERRITORIES LOST; VIRTUALLY NO EVID- ENCE OF REGRET.
<u>POLITICS</u>	-LONG-STANDING REPRESENTATIVE-PARLIAMENTARY TRADITIONS (LOMBARD COMMUNES, RENAISSANCE REPUBLICS, CAVOUR), BUT THERE IS A TENDENCY TOWARD POLITICAL CRISIS AND OCCASIONALLY TO AUTHORITARIANISM, IDEOLOGICAL, PARTISAN, AND ANTI-PRAGMATIC.	-REPRESENTATIVE-PARLIAMENTARY GOVERNMENT STILL PRECARIOUS. ONLY SLIGHTLY IMPROVED CAPACITY FOR POLITICAL COMPROMISE.
<u>CLASS SYSTEM</u>	-RELATIVELY STRONG CLASS BARRIERS.	-IMPROVED CLASS MOBILITY.
<u>DOMINANT PHILOSOPHY</u>	- "RATIONALIST" IN PHILOSOPHY; ACCOMMODATING IN ETHICS.	-STILL "RATIONALIST" IN PHILOSOPHY; ACCOMMODAT- ING IN ETHICS.
<u>LIFE STYLE</u>	-LIFE-ACCEPTING; EPICUREAN; OCCASIONALLY HEDONIST.	-LIFE-ACCEPTING; EPICUREAN; OCCASIONALLY HEDONIST.
<u>CHARACTERISTIC ARTS</u>	-HIGHLY DEVELOPED MUSIC AND VISUAL ARTS; MODERATELY DEVELOPED LITERATURE.	-DECLINE OF MUSIC; MODERATE LEVEL LITERATURE; VISUAL ARTS.
<u>SCIENCE AND TECHNOLOGY</u>	-STRONG SCIENCE; WEAKER IN APPLIED TECH- NOLOGY.	-STRONG SCIENCE; IMPROVED APPLIED TECHNOLOGY.
<u>FAMILY</u>	-EXTENDED FAMILY; MUCH RESPECT FOR ELDERS.	-EXTENDED FAMILY LARGELY INTACT; GENERATION GAP SLIGHT BY NORTHWEST TIER STANDARDS.
<u>RACIAL ATTITUDES</u>	-MORE OR LESS RACIALLY ACCEPTING.	-MORE OR LESS RACIALLY ACCEPTING.
<u>STANDARD OF LIVING</u>	-LOW TO LOW-MODERATE MATERIAL LIVING STAND- DARD; MUCH ATTENTION TO LIFE-STYLE, FOOD.	-LOW-MODERATE TO MODERATE MATERIAL LIVING STAND- DARD; MUCH ATTENTION TO LIFE-STYLE, BUT ALSO TO AUTOMOBILES, TELEVISION, ETC.

\*THE AREA EXCLUDES GREECE AND THE BALKANS WHICH ARE TAKEN AS LYING IN THE "ORTHODOX" CULTURE ZONE. SIMILARLY, SOUTHERN-ITALY AND SICILY DISPLAY MANY ABERRANT FEATURES, LINKING THEM SIMULTANEOUSLY TO THE ORTHODOX WORLD AND THE UNDERDEVELOPED MOSLEM ENCLAVE (SEE ZONES 8 AND 9)

The Nine "European" Sub Cultures cont'd.IV - THE EAST-CENTRAL ZONE

(LOW LAND AUSTRIA, CENTRAL AND EASTERN GERMANY, BOHEMIA-MORAVIA, WESTERN HUNGARY)

19201971RELIGION

-LARGELY CATHOLIC (BUT THERE IS A STRONG MINORITY PROTESTANT TRADITION). BOTH CHURCHES TEND TOWARD CONSERVATISM IN DOCTRINE, RITE, SOCIAL PHILOSOPHY.

-THE CATHOLIC CHURCH STILL TENDS TOWARD CONSERVATISM (ALTHOUGH IN CZECHOSLOVAKIA AND HUNGARY THERE IS A STRONG COMMUNIST PRESSURE TO "RADICALIZE." THE PROTESTANT CHURCHES HAVE BEEN SOMEWHAT WEAKENED BY THE DESTRUCTION OF THE GERMAN POPULATION ENCLAVES IN PRUSSIA, SILESIA AND POMERANIA, AND THE IMPOSITION OF A COMMUNIST REGIME IN THE DDR, A REGION CORRESPONDING TO THE REMAINDER OF FORMER PROTESTANT GERMANY.

SOCIAL IDEAL

-THERE IS A STRONG COMMERCIAL MIDDLE CLASS, BUT THE CHIEF PRESTIGE GOES TO AN AGRARIAN-MILITARY ARISTOCRACY. THIS MILITARY CASTE HOLDS POWER (OR BALANCE OF POWER), APPROVES OF INDUSTRY IN FURTHERANCE STATE INTERESTS, BUT IS ANTI-MERCANTILE. PROLETERIAT IS MILITANT.

-THE AGRARIAN MILITARY ARISTOCRACY (AND THEIR RECRUITS) ARE LARGELY DESTROYED. IN MOST OF THE REGION, THE MERCANTILE-BOURGEOIS IDEOLOGY IS UNDER ATTACK BUT SURVIVES AND INFECTS THE PROLETERIAT WITH ITS ATTITUDES. EVEN IN EAST GERMANY, THE SOCIALISM IS PETIT-BOURGEOIS RATHER THAN PROLETERIAN.

IMPERIAL ROLE

-INWARD-LOOKING AND ORIENTED TOWARD LAND EMPIRE.

-ZONE SUBJECT TO EXTERNAL POWERS.

POLITICS

-EXCEPT FOR BOHEMIA-MORAVIA (NOW WESTERN CZECHOSLOVAKIA) GOVERNMENT LARGELY AUTHORITARIAN, MILITARY. IDEOLOGICAL AND CHAUVINIST IN POLITICS.

-AUTHORITARIAN-MILITARY (EXCEPT FOR AUSTRIA, AND AREAS LIKE BAVARIA, NOW IN WEST GERMANY, WHICH REGION HOWEVER MAINTAINS CONSERVATIVE TRADITION). IDEOLOGICAL (AND POSSIBLY STILL CHAUVINIST).

CLASS SYSTEM

-RELATIVE CLASS IMMOBILITY. THERE IS A STRONG PEASANT IDENTITY, HIERARCHICAL.

-MARKEDLY IMPROVED CLASS MOBILITY (BY STATE ACTION); BUT ASPECT OF MANY SO-CALLED "PROLETERIAN" COMMUNIST STATES IS NEVERTHELESS "PETIT-BOURGEOIS." WEAKENED PEASANT IDENTITY.

DOMINANT PHILOSOPHY

-A DUALISTIC PHILOSOPHY: IT IS SEVERELY PRACTICAL IN EVERY-DAY, ESPECIALLY MILITARY AFFAIRS, BUT THERE IS A SPECULATIVE, POSSIBLY TRANSCENDENTAL PHILOSOPHY OF SOCIETY.

-TRANSCENDENTALISM SUBDUED BUT STILL PRESENT. MATERIALISM IN THE OFFICIAL PHILOSOPHY.

LIFE STYLE

-PESSIMISTIC, XENOPHOBIC, NATIONALISTIC.

-PESSIMISTIC, XENOPHOBIC, NATIONALISTIC.

CHARACTERISTIC ARTS

-HIGHLY DEVELOPED LITERATURE; HIGHLY DEVELOPED MUSIC; RELATIVELY WEAK IN VISUAL ARTS.

-MARKED LITERARY DECLINE (PARTLY POLITICAL IN ORIGIN); MODERATE MUSICAL ATTAINMENT. VISUAL ARTS STILL WEAK (EXCEPT FOR CINEMA IN CZECHOSLOVAKIA AND HUNGARY).

SCIENCE AND TECHNOLOGY

-STRONG SCIENCE; APPLIED TECHNOLOGY

-STRONG SCIENCE; APPLIED TECHNOLOGY.

FAMILY

-EXTENDED FAMILY; MUCH RESPECT FOR ELDERS.

-EXTENDED FAMILY; STILL RESPECT FOR ELDERS.

RACIAL ATTITUDES

-RACIALLY INTOLERANT.

-RACIALLY INTOLERANT.

STANDARD OF LIVING

-MODERATE TO HIGH STANDARD OF LIVING.

-MODERATE TO HIGH STANDARD OF LIVING.

# The Nine "European" Sub Cultures cont'd

## V - IBERIA

(SPAIN EXCLUDING CATALONIA, PORTUGAL)

	1900	1971
<u>RELIGION</u>	-CATHOLIC AND HIGHLY INTOLERANT; DEVOUT.	-CATHOLIC AND SOMEWHAT LESS INTOLERANT; STILL DEVOUT.
<u>SOCIAL IDEAL</u>	-THERE IS A STRONG ARISTOCRATIC ETHOS, CONTEMPTUOUS OF MANUAL LABOR. IN SPAIN, THE ETHOS IS AGRARIAN-MILITARY AND DECIDEDLY ANTI-MERCANTILE; IN PORTUGAL THERE IS ALSO AN URBAN-MERCANTILE ARISTOCRACY. MIDDLE CLASS IS WEAKLY DEVELOPED.	-ARISTOCRATIC ETHOS WEAKENING BUT STILL PRESENT. THERE IS A DEVELOPING MIDDLE CLASS MENTALITY.
<u>IMPERIAL ROLE</u>	-MARITIME AND HIGHLY ORIENTED TOWARD OVERSEAS EMPIRE.	-STILL TENACIOUS OF INHERITED EMPIRES.
<u>POLITICS</u>	-AUTHORITARIAN; "THEOCRATIC." IDEOLOGICAL AND CHAUVINIST IN POLITICS.	-AUTHORITARIAN; "THEOCRATIC." IDEOLOGICAL AND CHAUVINIST IN POLITICS.
<u>CLASS SYSTEM</u>	-RELATIVELY CLASS IMMOBILE; STRONG PEASANT IDENTITY; HIERARCHICAL.	-RELATIVE CLASS IMMOBILITY. THERE IS STILL A STRONG PEASANT IDENTITY, BUT INDUSTRIALISM LEADS TO A SOCIETY SLIGHTLY LESS HIERARCHICAL.
<u>DOMINANT PHILOSOPHY</u>	-HIGHLY PESSIMISTIC (BUT "CERTAIN" OF ALLEGED NATIONAL REDEPTIVE MISSION). THERE IS A RELATIVELY AUSTERE PUBLIC LIFE STYLE.	-STILL PESSIMISTIC (BUT LESS CERTAIN OF MISSION). THERE IS SOMEWHAT WEAKENED PREJUDICE AGAINST PUBLIC DISPLAY OF WEALTH.
<u>CHARACTERISTIC ARTS</u>	-STRONG VISUAL ARTS; RELATIVELY STRONG MUSIC; LITERATURE.	-GENERAL DECLINE.
<u>SCIENCE AND TECHNOLOGY</u>	-WEAK TECHNOLOGY.	-STILL WEAK NATIVE TECHNOLOGY, BUT IMPORTING AND LEARNING EUROPEAN SCIENCE TO GREATER DEGREE.
<u>FAMILY</u>	-EXTENDED FAMILY, LITTLE GENERATION GAP.	-EXTENDED FAMILY; COMPARATIVELY LITTLE GENERATION GAP.
<u>RACIAL ATTITUDES</u>	-RACIALLY TOLERANT.	-RACIALLY TOLERANT.
<u>STANDARD OF LIVING</u>	-LOW STANDARD OF LIVING.	-LOW-MODERATE STANDARD OF LIVING.

## VI - THE ALPINE ZONE

(HAUTE-SAVOIE, SWITZERLAND, TYROLESE AUSTRIA, ALTO ADIGE, SLOVENIA)\*

	1900	1971
<u>RELIGION</u>	-LARGELY CATHOLIC, BUT THERE IS AN INFLUENTIAL PROTESTANT MINORITY. BOTH CHURCHES TEND TO CLING TO CONSERVATIVE FORMS. CONSIDERABLE PIETY.	-THERE IS A GENERAL DECLINE OF RELIGIOUS INTEREST, BUT THE LEVEL OF PIETY REMAINS QUITE HIGH BY GENERAL EUROPEAN STANDARDS.
<u>SOCIAL IDEAL</u>	-A CONSERVATIVE BOURGEOIS ETHIC STRESSING LABOR AND WEALTH. THE INTELLIGENTSIA AS A CLASS IS RATHER WEAKLY DEVELOPED THOUGH STANDARDS OF PRACTICAL EDUCATION ARE EXTREMELY HIGH.	-THE CONSERVATIVE BOURGEOIS ETHIC REMAINS STRONG. THERE IS LITTLE CHANGE IN THE POSITION OF THE INTELLIGENTSIA.
<u>IMPERIAL ROLE</u>	-THERE IS LITTLE TRACE OF A MILITANT PAST. THE STRONG TENDENCY IS TO NEUTRALITY.	-STILL NEUTRAL IN TENDENCY, "ISOLATIONIST."
<u>POLITICS</u>	-GENERALLY DEMOCRATIC AND TOLERANT WHERE EXTERNAL PRESSURES (E.G., ITALIAN CENTRALISM, YUGOSLAV CENTRALISM) DO NOT DISTORT THE TRADITION.	-GENERALLY DEMOCRATIC AND TOLERANT WHEN EXTERNAL PRESSURES DO NOT DISTORT THE TRADITION.
<u>CLASS SYSTEM</u>	-THE ARISTOCRACY IS WEAKLY DEVELOPED, BUT THERE ARE STRONGLY ENTRENCHED BOURGEOIS FAMILIES WHO TEND TO DOMINATE SOCIAL LIFE. PEASANT IDENTITY IS STRONG.	-THERE IS SOMEWHAT IMPROVED SOCIAL MOBILITY, BUT THE ESSENTIAL FEATURES OF THE CLASS SYSTEM ARE INTACT (EXCEPT IN SLOVENIA WHERE THE COMMUNIST SYSTEM HAS INTERVENED).
<u>DOMINANT PHILOSOPHY</u>	-UTILITARIAN-PRACTICAL.	-UTILITARIAN-PRACTICAL.
<u>LIFE STYLE</u>	-COMFORT-LOVING, BUT ANTI-HEDONIST.	-COMFORT-LOVING, BUT ANTI-HEDONIST. STILL RELATIVELY CONSERVATIVE.
<u>CHARACTERISTIC ARTS</u>	-THE ARTS ARE NOT HIGHLY DEVELOPED ALTHOUGH THE STANDARDS OF PRACTICAL EDUCATION ARE EXTREMELY HIGH. OF THE MAJOR ARTS, LITERATURE IS THE MOST HIGHLY DEVELOPED.	-THERE IS LITTLE CHANGE IN THE CONDITION OF THE ARTS. STANDARDS OF EDUCATION REMAIN ESSENTIALLY AS BEFORE.
<u>SCIENCE AND TECHNOLOGY</u>	-THERE IS FAR GREATER INTEREST IN APPLIED TECHNOLOGY THAN IN PURE SCIENCE. STANDARDS OF CRAFTSMANSHIP ARE EXTREMELY HIGH.	-THERE IS LITTLE CHANGE IN THE ATTITUDE TOWARD TECHNOLOGY AND SCIENCE.
<u>FAMILY</u>	-MORE OR LESS EXTENDED FAMILY. FAMILY COHESION IS STRONGEST AMONG THE PEASANTRY.	-MORE OR LESS EXTENDED FAMILY. FAMILY COHESION REMAINS HIGH BY GENERAL EUROPEAN STANDARDS.
<u>RACIAL ATTITUDES</u>	-GENERALLY TOLERANT, BUT NOT WELCOMING TO RESIDENT FOREIGNERS.	-GENERALLY TOLERANT, BUT NOT WELCOMING TO FOREIGNERS.
<u>STANDARD OF LIVING</u>	-HIGH.	-HIGH.

\*THE AREA ENCOMPASSES PORTIONS OF SIX COUNTRIES: SOUTHEASTERN FRANCE, ALPINE ITALY, SWITZERLAND (ENTIRE), LICHTEINSTEIN, HIGHLAND AUSTRIA, NORTHWEST YUGOSLAVIA.

## VII - THE EASTERN FRONTIER

(POLAND, SLOVAKIA, LITHUANIA, LATVIA, ESTONIA, CROATIA, TRANSYLVANIA, EASTERN HUNGARY)\*

	1900	1971
<u>RELIGION</u>	-CATHOLIC AND HIGHLY INTOLERANT; DEVOUT	-CATHOLIC AND HIGHLY INTOLERANT; CHURCHES UNDER OFFICIAL PRESSURE TO "RADICALIZE" BUT RESIST. STILL RELATIVELY DEVOUT (PARTLY BY WAY OF POLITICAL PROTEST).
<u>SOCIAL IDEA</u>	-AN ARISTOCRATIC-AGRARIAN-MILITARY ETHOS HOSTILE TO BOURGEOIS, MONEY VALUES. THE MIDDLE CLASS IS WEAKLY DEVELOPED.	-ARISTOCRATIC ETHOS DESTROYED BY MILITARY-POLITICAL EVENTS; CLASS EXPUNGED. BUT AREA REMAINS HOSTILE TO BOURGEOIS, MONEY VALUES. THERE IS A NEW TECHNICAL MIDDLE-CLASS, BUT IS WEAKLY DEVELOPED.
<u>IMPERIAL ROLE</u>	-CHAUVINIST BUT USUALLY SUBORDINATE TO EXTERNAL EMPIRES.	-CHAUVINIST BUT SUBORDINATE TO EXTERNAL EMPIRES.
<u>POLITICS</u>	-AUTHORITARIAN, IDEOLOGICAL AND CHAUVINIST IN POLITICS.	-IDEOLOGICAL AND CHAUVINIST IN POLITICS; AUTHORITARIAN (COMMUNIST).
<u>CLASS SYSTEM</u>	-CLASS IMMOBILITY; HIERARCHICAL. THERE IS A STRONG PEASANT IDENTITY.	-THERE IS A GREATER CLASS MOBILITY (BY VIRTUE OF POLITICS). THE STRONG PEASANT IDENTITY IS ONLY SLOWLY GIVING WAY.
<u>DOMINANT PHILOSOPHY</u>	-PESSIMISTIC PHILOSOPHIES OF HISTORY ARE CHARACTERISTIC, BUT THERE IS A STRONG EMPHASIS ON NATIONAL "MESSIANIC" MISSION.	-PESSIMISTIC AND MESSIANIC STILL.
<u>CHARACTERISTIC ARTS</u>	-STRONG MUSICAL ARTS; LESSER DEVELOPMENT OF VISUAL ARTS, LITERATURE.	-STRONG MUSICAL ARTS BY CONTEMPORARY STANDARDS; SOME DEVELOPMENT OF LITERATURE.
<u>SCIENCE AND TECHNOLOGY</u>	-SOME ABSTRACT SCIENCE, WEAK TECHNOLOGY.	-DEVELOPING SCIENCE, TECHNOLOGY.
<u>FAMILY</u>	-EXTENDED FAMILY.	-EXTENDED FAMILY; COMPARATIVELY SLIGHT GENERATION GAP.
<u>RACIAL ATTITUDES</u>	-HIGHLY PREJUDICED RACIALLY. XENOPHOBIC.	-HIGHLY PREJUDICED RACIALLY. XENOPHOBIC
<u>STANDARD OF LIVING</u>	-LOW STANDARD OF LIVING.	-LOW TO MODERATE STANDARD OF LIVING.

\*IN A NUMBER OF RESPECTS, BOTH (7A) IRELAND, ON THE ONE HAND, AND (7B) SICILY, SARDINIA, AND SOUTHERN ITALY, AS FRINGE AREAS OF WESTERN EUROPE, AND HENCE "RETARDED," DISPLAY CERTAIN RESEMBLANCES TO THE EASTERN ZONE; THEY HAVE, HOWEVER, ESCAPED SOVIET IMPERIALISM AND THE POLITICAL DISTORTIONS INVOLVED. SOUTHERN ITALY, SARDINIA AND SICILY ALSO SHOW A NUMBER OF AFFINITIES WITH THE MOSLEM ORTHODOX WORLDS.

# The Nine "European" Sub Cultures cont'd

## EUROPE

### A PROBABLE 1980 DEVELOPMENT SCENARIO

<u>APPROACHING POST INDUSTRIAL</u>	<u>LATE INDUSTRIAL</u>	<u>INDUSTRIAL</u>	<u>EARLY INDUSTRIAL</u>	<u>LARGELY TRANSITIONAL</u>
<p><u>ZONE I</u> (U.K., SCANDINAVIA, NETHERLANDS, ATLANTIC COASTAL GERMANY).*</p> <p><u>ZONE II</u> (NORTH-CENTRAL FRANCE, BELGIUM, RHINE-LAND GERMANY).</p> <p><u>ZONE IV</u> (CENTRAL GERMANY, LOWLAND AUSTRIA, BUT EXCLUDING BOHEMIA-MORAVIA, WESTERN HUNGARY, EAST GERMANY WHICH ARTIFICIALLY RETARDED).</p> <p><u>ZONE VI</u> (SWITZERLAND HAUTE-SAVOIE, BUT PROBABLY EXCLUDING TYROLESE AUSTRIA, ALTO ADIGE, SLOVENIA).</p>	<p><u>ZONE III</u> (SOUTHERN FRANCE, NORTHERN &amp; CENTRAL ITALY, CATALONIA, BUT EXCLUDING ISTRIA AND DALMATIA).</p> <p><u>ZONE IV RETARDED</u> (BOHEMIA-MORAVIA, WESTERN HUNGARY, EAST GERMANY).</p> <p><u>ZONE VI RETARDED</u> (TYROLESE AUSTRIA, ALTO ADIGE, SLOVENIA).</p> <p><u>ZONE VIII</u> (EUROPEAN U.S.S.R.).</p>	<p><u>ZONE III RETARDED</u> (ISTRIA, DALMATIA).</p> <p><u>ZONE V</u> (PORTUGAL, SPAIN, EXCLUDING CATALONIA).**</p> <p><u>ZONE VII</u> (POLAND SLOVAKIA, LITHUANIA, LATVIA, ESTONIA, CROATIA TRANSYLVANIA, EASTERN HUNGARY).</p> <p><u>ZONE I-A</u> (EIRE)</p> <p><u>ZONE VIII RETARDED</u> (SOUTH EASTERN ROMANIA, SOUTH EASTERN YUGOSLAVIA, BULGARIA, GREECE).</p>	<p><u>ZONE III-A</u> (SOUTHERN ITALY, SICILY, SARDINIA).</p>	<p><u>ZONE IX</u> (ALBANIA).</p>

\*OVERSEAS OFFSHOOTS OF ZONE I (U.S., CANADA, AUSTRALIA, NEW ZEALAND, SOUTH AFRICA) ARE APPROACHING POST-INDUSTRIAL AS WELL.

\*\*SELECTED OVERSEAS OFFSHOOTS (BRAZIL, MEXICO, POSSIBLY ARGENTINA AND CHILE) HAVE REACHED A SIMILAR PHASE.

## SECTION 11

## CRITIQUES OF CAPITALISM

There are today numerous doubts and criticisms with respect to the traditional emphasis in western culture on materialism, science, technology, reason and progress (and even of the "left over" earlier emphasis on doctrinaire religions, martial virtues, nationalism and puritanical societies). These doubts are evidencing themselves in the rise of such movements as consumerism, environmentalism, zero economic growth proposals, etc. Traditional critiques have emphasized the gross features of capitalism such as the concentration of wealth and the condition of the industrial proletariat. Today's critiques are more indirect but may in fact be more serious. They emphasize the assumptions and consequences underlying the industrial culture. In the past the critics accepted industrialism and recognized its benefits but questioned the distribution of wealth and class contrasts; attacking the physical, social and psychic consequences of such a system. The 19th century socialist reformers proposed that workers should own the wealth they produced and equated capital with unearned income and injustice. Their criticisms contributed to the emergence of welfare reformist capitalism in areas not dominated by revolutionary socialists, who in turn favored the violent overthrow of enthusiasm. Even though the older critiques persist, it appears that enthusiasm for industrialism does not. The new critics have a basic distrust of science and technology and hold the romantic view of pre- or post-industrial society and of man's nonrational potential and values. Further, they spurn traditional socialism and communism, seeing them as tyrannical, repressive, revisionist--even commercialized--state capitalism rather than the alternative to capitalism.

There are a number of philosophies which underly these critiques. One school of thought basically accepts a political system, mixed economy, private sector and marketplace schemes which characterize an industrial society. The emphasis is rather on the society's unfinished humanitarian business, pointing out the plight of the system of victims and the human costs incurred by capitalism. The range of solutions proposed lies mainly in two camps, one which advocates radical transformation of the system and the other which advocates special programs to overcome its shortcomings while retaining the basic characteristics of capitalism. Next, there is the critique held by the technocrat socialist who emphasizes the system's irrationalities and who places his faith in the disinterested application of knowledge and on a belief that more rational equals more humane. A third school of thought lies with the consumer and conservation advocates who emphasize waste, resource depletion, environmental damage, and the erosion of human and aesthetic values. Closely related are the critics who believe that monopoly, advertising, business and industrial power distort the market and manipulate the consuming public.

There have been long-standing critiques of capitalism but recently there has been a decline, particularly in America, in confidence in both the industrial and political systems, leading to attacks on policies and on the elites of both. The expressions of New Left unrest go beyond traditional, political and economic categories with emphasis on quality, moral content and humanness of life in industrial society and a requirement for transformation or revolution to cure these ills. Further, expressions of populist unrest emphasize government inefficiency and unresponsiveness in addition to the individual's remoteness for power and the general incompetence of government. The tangible issues include dissatisfaction with industrial living conditions and work, inadequate or deteriorating services, unresponsive or corrupt local administration and little sense that reform or improvement is underway; on a more subtle plane, discontentment expressed about values and identity. There is a sense of moral anxiety, alienation and anomie. There appears to be a decline of community, religion, tradition and ritual and impermanence of the physical and the cultural and, continuing with the "future shock" thesis, confusing and contradictory secular values. There seems to be little faith among the critics in economic solutions or, in fact, in centralized planning and authority as a means for coping with these conditions. A frequently advocated solution, participatory power, is popular and increasingly recognized by political parties and governments within their policies and programs. But inarticulate anxieties are possibly more significant in the long run. A sense of alienation and existential dread in part stem from material conditions but do not seem susceptible to material remedies. Mobility and affluence create a general sense of dislocation and indeterminacy. Secular science and rationalism destroy traditional standards without providing an alternative. Limited empirical, organizational and economic reformist policies cannot remedy this problem.

It seems most likely that a liberal, rational, representative political society will survive and both reform and adapt but the lasting effects of the western crisis in values may include increasing social constraints on business and anti-commercial life styles. For those nations moving toward post-industrial era these pressures may be alleviated by the decreasing importance of industrial sector and by the decreasing predominance of production oriented work. However it is likely that the 1970's will be marked by continuing efforts to replace 19th century values and institutions and by ideological struggles between technocrats, anti-technocrats and conservative reformers.

## ① THE PREDICTION OF SCHUMPETER

CAN CAPITALISM SURVIVE? NO. I DO NOT THINK IT CAN... THE THESIS I SHALL ENDEAVOR TO ESTABLISH IS THAT THE ACTUAL AND PROSPECTIVE PERFORMANCE OF THE CAPITALIST SYSTEM IS SUCH AS TO NEGATIVE THE IDEA OF ITS BREAKING DOWN UNDER THE WEIGHT OF ECONOMIC FAILURE, BUT THAT ITS VERY SUCCESS UNDERMINES THE SOCIAL INSTITUTIONS WHICH PROTECT IT, AND "INEVITABLY" CREATE CONDITIONS IN WHICH IT WILL NOT BE ABLE TO LIVE AND WHICH STRONGLY POINT TO SOCIALISM AS THE HEIR APPARENT. MY FINAL CONCLUSION THEREFORE DOES NOT DIFFER, HOWEVER MUCH OF MY ARGUMENT MAY, FROM THAT OF MOST SOCIALIST WRITERS AND IN PARTICULAR FROM THAT OF ALL MARXISTS. BUT IN ORDER TO ACCEPT IT ONE DOES NOT NEED TO BE A SOCIALIST. PROGNOSIS DOES NOT IMPLY ANYTHING ABOUT THE DESIRABILITY OF THE COURSE OF EVENTS THAT ONE PREDICTS. IF A DOCTOR PREDICTS THAT HIS PATIENT WILL DIE PRESENTLY, THIS DOES NOT MEAN THAT HE DESIRES IT. ONE MAY HATE SOCIALISM OR AT LEAST LOOK UPON IT WITH COOL CRITICISM AND YET FORSEE ITS ADVENT. MANY CONSERVATIVES DID AND DO.

JOSEPH A. SCHUMPETER  
CAPITALISM SOCIALISM AND DEMOCRACY  
P. 61

## ② THE NATURE OF THE DEBATE

...THE PUBLIC MIND HAS BY NOW SO THOROUGHLY GROWN OUT OF HUMOR WITH IT AS TO MAKE CONDEMNATION OF CAPITALISM AND ALL ITS WORKS A FOREGONE CONCLUSION--ALMOST A REQUIREMENT OF THE ETIQUETTE OF DISCUSSION. WHATEVER HIS POLITICAL PREFERENCE, EVERY WRITER OR SPEAKER HASTENS TO CONFORM TO THIS CODE AND TO EMPHASIZE HIS CRITICAL ATTITUDE, HIS FREEDOM FROM "COMPLACENCY," HIS BELIEF IN THE INADEQUACIES OF CAPITALIST ACHIEVEMENT, HIS AVERSION TO CAPITALISM AND HIS SYMPATHY WITH ANTI-CAPITALIST INTERESTS. ANY OTHER ATTITUDE IS VOTED NOT ONLY FOOLISH BUT ANTI-SOCIAL AND IS LOOKED UPON AS AN INDICATION OF IMMORAL SERVITUDE. THIS IS OF COURSE PERFECTLY NATURAL. NEW SOCIAL RELIGIONS WILL ALWAYS HAVE THAT EFFECT. ONLY IT DOES NOT MAKE IT EASIER TO FULFILL THE ANALYST'S TASK: IN 300 A.D. IT WOULD NOT HAVE BEEN EASY TO EXPOUND THE ACHIEVEMENTS OF ANCIENT CIVILIZATION TO A FERVENT BELIEVER IN CHRISTIANITY. ON THE ONE HAND, THE MOST OBVIOUS TRUTHS ARE SIMPLY PUT OUT OF COURT A LIMINE; ON THE OTHER HAND, THE MOST OBVIOUS MISSTATEMENTS ARE BORNE WITH OR APPLAUDED.

JOSEPH A. SCHUMPETER  
CAPITALISM SOCIALISM AND DEMOCRACY  
P. 63

## ③ THE BASIC ARGUMENT AGAINST

ARE THERE ALTERNATIVES TO CORPORATE CAPITALISM? FEW VOICES ARE HEARD NOWADAYS SUGGESTING THE PUBLIC OWNERSHIP OF MAJOR INDUSTRIES, AND IT IS JUST AS WELL; FOR THE ODDS ARE THAT NATIONALIZATION WOULD END IN DISILLUSION. THE PROBLEM IS THAT THERE IS NO REAL MIDDLE GROUND. THIS WAS KNOWN TO BOTH ADAM SMITH AND KARL MARX, BUT IT IS A FACT HARD TO SWALLOW IN AN AGE THAT SEEKS REASON ALONG THE COURSE OF MODERATION. SUPPOSE THAT AMERICA FOLLOWED THE BRITISH PATTERN AND NATIONALIZED A FEW INDUSTRIES SUCH AS RAILROADS, ELECTRICITY, AND THE COAL MINES. INSTEAD OF BECOMING AGENCIES OF THE PUBLIC INTEREST THESE INDUSTRIES WOULD SOON ENTER SERVICE AS HANDMAIDENS OF THE PRIVATE SECTOR OF THE ECONOMY... IN SHORT, PARTIAL NATIONALIZATION WOULD NOT MAKE ECONOMIC DECISIONS ACCOUNTABLE TO THE PUBLIC BUT WOULD INSTEAD CREATE YET ANOTHER SET OF OFFICIAL AGENCIES TO BE CAPTURED BY CORPORATE ENTERPRISE.

THERE REMAINS IN MANY AMERICAN MINDS THE BELIEF THAT POWER SHOULD BE REPRESENTATIVE, THAT THE ABILITY TO CONTROL RESOURCES SHOULD ACT IN THE NAME OF HUMAN BEINGS IF IT IS TO BE LEGITIMATE. THE CORPORATION, HOWEVER, IS POWER--THE POWER OF PRODUCTIVE ASSETS--WITHOUT A HUMAN CONSTITUENCY. IT HAS INTERESTS TO PROMOTE AND DEFEND, BUT THEY ARE THE INTERESTS OF A MACHINE MORE THAN THOSE OF THE PEOPLE WHO GUIDE, AND PROFIT FROM, ITS WORKINGS. THE MANAGERS WHO SIT ASTRIDE THE CORPORATE COMPLEXES DO INDEED HAVE POWER; BUT IT IS THE POWER BESTOWED ON THEM BY THE RESOURCES OF THE ENTERPRISES THEY TEND. EXECUTIVES COME AND GO, AND THEIR TERMS OF OFFICE IN THE TOP POSITIONS ARE SURPRISINGLY SHORT. BUT THE PRODUCTIVE ASSETS REMAIN, CONTINUALLY DEVELOPING NEW INTERESTS TO BE SAFEGUARDED AND NEW DEMANDS TO BE FULFILLED.

IT MAY WELL BE THAT TWO AMERICAS ARE EMERGING, ONE A SOCIETY PROTECTED BY THE CORPORATE UMBRELLA AND THE OTHER A SOCIETY WHOSE MEMBERS HAVE FAILED TO AFFILIATE THEMSELVES WITH THE DOMINANT INSTITUTIONS. WHAT OF THIS SECOND AMERICA? IN PART IT WILL CONSIST OF SMALL BUSINESSMEN AND OTHER INDEPENDENT SPIRITS WHO MANAGE TO DO WELL WITHOUT CORPORATE ATTACHMENTS. BUT, MORE IMPORTANTLY, IT WILL COMPRISE THE UNEMPLOYED, THE ILL-EDUCATED, AND THE ENTIRE RESIDUE OF HUMAN BEINGS WHO ARE NOT NEEDED BY THE CORPORATE MACHINE... IF THIS POOL GROWS TO SUBSTANTIAL PROPORTIONS, IF IT FINDS POLITICAL LEADERSHIP, IF IT GIVES VENT TO ITS RESENTMENTS AND FRUSTRATIONS--THEN, AND PERHAPS THEN ONLY, WILL A FORCE ARISE TO CHALLENGE THE GREAT CORPORATE INSTITUTIONS. FOR THEN WILL POWER MEET POWER, THE POWER OF A MASS MOVEMENT CONFRONTING THE POWER OF THE MACHINE.

ANDREW HACKER  
THE CORPORATION TAKE-OVER

③ IF WE CONTINUE TO BELIEVE THAT THE GOALS OF THE INDUSTRIAL SYSTEM--THE EXPANSION OF OUTPUT, THE COMPANION INCREASE IN CONSUMPTION, TECHNOLOGICAL ADVANCE, THE PUBLIC IMAGES THAT SUSTAIN IT--ARE COORDINATE WITH LIFE, THEN ALL OF OUR LIVES WILL BE IN THE SERVICE OF THESE GOALS. WHAT IS CONSISTENT WITH THESE ENDS WE SHALL HAVE OR BE ALLOWED; ALL ELSE WILL BE OFF LIMITS. OUR WANTS WILL BE MANAGED IN ACCORDANCE WITH THE NEEDS OF THE INDUSTRIAL SYSTEM; THE POLICIES OF THE STATE WILL BE SUBJECT TO SIMILAR INFLUENCE; EDUCATION WILL BE ADAPTED TO INDUSTRIAL NEED; THE DISCIPLINES REQUIRED BY THE INDUSTRIAL SYSTEM WILL BE THE CONVENTIONAL MORALITY OF THE COMMUNITY. ALL OTHER GOALS WILL BE MADE TO SEEM PRECIOUS, UNIMPORTANT OR ANTISOCIAL. WE WILL BE BOUND TO THE ENDS OF THE INDUSTRIAL SYSTEM. THE STATE WILL ADD ITS MORAL, AND PERHAPS SOME OF ITS LEGAL, POWER TO THEIR ENFORCEMENT. WHAT WILL EVENTUATE, ON THE WHOLE, WILL BE THE BENIGN SERVITUDE OF THE HOUSEHOLD MAINTAINER WHO IS TAUGHT TO LOVE HER MISTRESS AND SEE HER INTERESTS AS HER OWN, AND NOT THE COMPELLING SERVITUDE OF THE FIELD HAND, BUT IT WILL NOT BE FREE. M.

J. K. GALBRAITH  
THE NEW INDUSTRIAL STATE  
PP. 398-9

## ④ THE RADICAL ARGUMENT AGAINST

THE BOURGEOISIE CANNOT EXIST WITHOUT CONSTANTLY REVOLUTIONIZING THE INSTRUMENTS OF PRODUCTION, AND THEREBY THE RELATIONS OF PRODUCTION AND WITH THEM THE WHOLE RELATIONS OF SOCIETY. CONSERVATION OF THE OLD MODES OF PRODUCTION IN UNALTERED FORM, WAS, ON THE CONTRARY, THE FIRST CONDITION OF EXISTENCE FOR ALL EARLIER INDUSTRIAL CLASSES. CONSTANT REVOLUTIONIZING OF PRODUCTION, UNINTERRUPTED DISTURBANCE OF ALL SOCIAL CONDITIONS, EVERLASTING UNCERTAINTY AND AGITATION DISTINGUISH THE BOURGEOIS EPOCH FROM ALL EARLIER ONES. ALL FIXED, FAST-FROZEN RELATIONS, WITH THEIR TRAIN OF ANCIENT AND VENERABLE PREJUDICES AND OPINIONS, ARE SWEEPED AWAY, ALL NEWLY-FORMED ONES BECOME ANTIQUATED BEFORE THEY CAN OSSIFY. ALL THAT IS SOLID MELTS INTO AIR, ALL THAT IS HOLY IS PROFANED, AND MAN IS AT LAST COMPELLED TO FACE WITH SOBER SENSES, HIS REAL CONDITIONS OF LIFE, AND HIS RELATIONS WITH HIS KIND.

THE NEED OF A CONSTANTLY EXPANDING MARKET FOR ITS PRODUCTS CHASES THE BOURGEOISIE OVER THE WHOLE SURFACE OF THE GLOBE. IT MUST NESTLE EVERYWHERE, SETTLE EVERYWHERE, ESTABLISHED CONNECTIONS EVERYWHERE.

"THE BOURGEOISIE, WHEREVER IT HAS GOT THE UPPER AND, HAS PUT AN END TO ALL FEUDAL, PATRIARCHAL, IDYLIC RELATIONS. IT HAS PITILESSLY TORN ASUNDER THE MOTLEY FEUDAL TIES THAT BOUND MAN TO HIS 'NATURAL SUPERIORS,' AND HAS LEFT REMAINING NO OTHER NEXUS BETWEEN MAN AND MAN THAN NAKED SELF-INTEREST, THEN CALLOUS 'CASH PAYMENT.' IT HAS DROWNED THE MOST HEAVENLY ECSTASIES OF RELIGIOUS FERVOR, OF CHIVALROUS ENTHUSIASM, OF PHILLISTINE SENTIMENTALISM, IN THE ICY WATER OF EGOTISTICAL CALCULATION. IT HAS RESOLVED PERSONAL WORTH INTO EXCHANGE VALUE, AND IN PLACE OF THE NUMBERLESS INDEFEASIBLE CHARTERED FREEDOMS, HAS SET UP THAT SINGLE, UNCONSCIONABLE FREEDOM--FREE TRADE. IN ONE WORD, FOR EXPLOITATION, VEILED BY RELIGIOUS AND POLITICAL ILLUSIONS, IT HAS SUBSTITUTED NAKED, SHAMELESS, DIRECT, BRUTAL EXPLOITATION.

THE BOURGEOISIE HAS STRIPPED OF ITS HALO EVERY OCCUPATION HITHERTO HONORED AND LOOKED UP TO WITH REVERENT AWE. IT HAS CONVERTED THE PHYSICIAN, THE LAWYER, THE PRIEST, THE POET, THE MAN OF SCIENCE, INTO ITS PAID WAGE-LABORERS.

THE BOURGEOISIE HAS TORN AWAY FROM THE FAMILY ITS SENTIMENTAL VEIL, AND HAS REDUCED THE FAMILY RELATION TO A MERE MONEY RELATION....

KARL MARX  
COMMUNIST MANIFESTO

## THE COMMUNIST THEORY

④ WE, THE WORKERS, SHALL ORGANIZE LARGE-SCALE PRODUCTION ON THE BASIS OF WHAT CAPITALISM HAS ALREADY CREATED, RELYING ON OUR OWN EXPERIENCE AS WORKERS... WE SHALL REDUCE THE ROLE OF... OFFICIALS TO THAT OF SIMPLY CARRYING OUT OUR INSTRUCTIONS AS RESPONSIBLE, REVOCABLE, MODESTLY PAID "FOREMEN AND ACCOUNTANTS" (OF COURSE, WITH THE AID OF TECHNICIANS OF ALL SORTS, TYPES, AND DEGREES)... SUCH A BEGINNING... WILL OF ITSELF LEAD TO THE GRADUAL "WITHERING AWAY" OF ALL BUREAUCRACY, TO THE GRADUAL CREATION OF AN ORDER... UNDER WHICH THE FUNCTIONS OF CONTROL AND ACCOUNTING BECOMING MORE AND MORE SIMPLE, WILL BE PERFORMED BY EACH IN TURN, WILL THEN BECOME A HABIT AND WILL FINALLY DIE OUT AS THE SPECIAL FUNCTIONS OF A SPECIAL SECTION OF THE POPULATION.

LENIN (1917)  
THE STATE AND REVOLUTION

BUSINESS CONSIDERED IN ITSELF HAS A CERTAIN BASENESS IN- AS MUCH AS IT DOES NOT OF ITSELF INVOLVE ANY HONORABLE OR NECESSARY END.

ST. THOMAS AQUINAS

## ⑤

WITH INCREASING INCOME, PEOPLE STOP DRINKING WATER AS MUCH; AS A RESULT WE SPREAD 48 BILLION RUST PROOF CANS AND 26 BILLION NONDEGRADABLE BOTTLES OVER OUR LANDSCAPE EVERY YEAR. WE PRODUCE 800 MILLION POUNDS OF TRASH A DAY, A GREAT DEAL OF WHICH ENDS UP IN OUR FIELDS, OUR PARKS, AND OUR FORESTS. ONLY ONE THIRD OF THE BILLION POUNDS OF PAPER WE USE EVERY YEAR IS RECLAIMED. NINE MILLION CARS, TRUCKS, AND BUSES ARE ABANDONED EVERY YEAR, AND WHILE MANY OF THEM ARE USED AS SCRAP, A LARGE THOUGH UNDETERMINED NUMBER ARE LEFT TO DISINTEGRATE SLOWLY IN BACKYARDS. IN FIELDS AND WOODS, AND ON THE SIDES OF HIGHWAYS, THE EIGHT BILLION POUNDS OF PLASTICS WE USE EVERY YEAR ARE NON-DEGRADABLE MATERIALS. AND MANY OF OUR STATES ARE THREATENED WITH AN EVEN MORE PRESSING SHORTAGE OF DRINKING FLUID BY THE INCREASING POPULATION, BUT BECAUSE PEOPLE ARE GETTING RICHER AND USING MORE WATER FOR AIR-CONDITIONING, SWIMMING POOLS, AND VASTLY EXPANDED METAL AND CHEMICAL INDUSTRIES.

JEAN MAYER  
COLUMBIA FORUM  
1969

## ⑥

...THE TYPICAL LEADERS OF BOURGEOIS SOCIETY DO NOT AROUSE THE SAME RESPECT AS THAT WHICH IS FELT FOR THE CORRESPONDING FIGURES IN THE OLD REGIME. WE INSTINCTIVELY FEEL THAT THERE IS SOMETHING HONORABLE ABOUT A KING, A NOBLE, OR A KNIGHT, WHICH THE BANKER, THE STOCKBROKER OR THE DEMOCRATIC POLITICIAN DOES NOT POSSESS.

...ALTHOUGH THE BOURGEOIS NOW POSSESSED THE SUBSTANCE OF POWER HE NEVER REALLY ACCEPTED SOCIAL RESPONSIBILITY AS THE OLD RULERS HAD DONE. HE REMAINED A PRIVATE INDIVIDUAL--AN IDIOT IN THE GREEK SENSE--WITH A STRONG SENSE OF SOCIAL CONVENTIONS AND PERSONAL RIGHTS, BUT WITH LITTLE SENSE OF SOCIAL SOLIDARITY AND NO RECOGNITION OF HIS RESPONSIBILITY AS THE SERVANT OF A SUPER-PERSONAL ORDER. IN FACT HE DID NOT REALIZE THE NECESSITY OF SUCH AN ORDER, SINCE IT HAD ALWAYS BEEN PROVIDED FOR HIM BY OTHERS, AND HE HAD TAKEN IT FOR GRANTED.

THIS, I THINK, IS THE FUNDAMENTAL REASON FOR THE UNPOPULARITY AND LACK OF PRESTIGE OF BOURGEOIS CIVILIZATION. IT LACKS THE VITAL HUMAN RELATIONSHIP WHICH THE OLDER ORDER WITH ALL ITS FAULTS NEVER DENIED.

THE BOURGEOISIE UPSET THE THRONE AND THE ALTAR, BUT THEY PUT IN THEIR PLACE NOTHING BUT THEMSELVES. HENCE THEIR REGIME CANNOT APPEAL TO ANY HIGHER SANCTION THAN THAT OF SELF INTEREST. IT IS CONTINUALLY IN A STATE OF DISINTEGRATION AND FLUX. IT IS NOT A PERMANENT FORM OF SOCIAL ORGANIZATION, BUT A TRANSITIONAL PHASE BETWEEN TWO ORDERS.

CHRISTOPHER DAWSON

## ⑦

"NO PERSON WITH A STRONGLY DEVELOPED AESTHETIC SENSE, A LOVE OF NATURE, A PASSION FOR MUSIC, A DESIRE FOR REFLECTION, OR A STRONGLY MARKED INDEPENDENCE, COULD POSSIBLY BE HAPPY OR CONTENTED IN A FACTORY OR WHITE COLLAR JOB.

CHARLES A. REICH  
THE GREENING OF AMERICA

## ⑧

I HAVE A THEORY OF POWER THAT IF IT'S GOING TO BE RESPONSIBLE, IT HAS GOT TO BE INSECURE.

WHAT WE NEED IS TO RESURRECT THE IDEA ADVOCATED FOR SO LONG BY (THE LATE) SENATOR JOSEPH C. MCHONEY (DEMOCRAT OF WYOMING) FOR FEDERAL CHARTERING OF CORPORATIONS.

I WOULD REQUIRE A COMPLAINT PROCEDURE TO BE ESTABLISHED BY EVERY CORPORATION. OF COURSE, YOU'D SET MINIMUM STANDARDS. AND UNDER THAT COMPLAINT PROCEDURE, COMPLAINTS WOULD BE CATEGORIZED AND FED INTO A NATIONAL COMPUTERIZED SYSTEM WHERE IT WOULD BE INSTANTANEOUSLY AVAILABLE TO THE CITIZEN. THIS SOUNDS LIKE BUCK ROGERS BUT THE INFORMATION UTILITY MUST BE JUST LIKE AN ELECTRIC OR TELEPHONE UTILITY, A MASS INFORMATION SYSTEM THAT IS ACCESSIBLE TO ANY CITIZEN.

WHY NOT REQUIRE COMPANIES TO APPOINT A COMPLIANCE OFFICIAL, JOE DOE, WHO IS RESPONSIBLE FOR COMPLIANCE WITH FEDERAL REGULATIONS? NOW BY DOING THAT, YOU WILL BUILD A VESTED INTEREST FOR LAW COMPLIANCE. MAYBE THE COMPANY DOESN'T CARE BECAUSE IT CAN JUST BE FINED, BUT JOE DOE REALLY CARES BECAUSE HIS CAREER IS ON THE LINE.

IT'S POSSIBLE THAT ONCE CORPORATIONS GET BEYOND A CERTAIN SIZE OR DOMINANT POSITION IN A MARKET THAT A PORTION OF THEIR BOARDS OF DIRECTORS SHOULD BE PUBLICLY ELECTED.

WHY SHOULD THE RELATIONS BETWEEN THE TREASURY AND CORPORATIONS, IN THE TAX FIELD, BE SO COMPLETELY IMPENETRABLE? ONE THING THE FEDERAL CHARACTER WOULD DO WOULD BE TO BEGIN TO DISTINGUISH MUCH MORE CLEARLY BETWEEN INDIVIDUAL RIGHTS AND CORPORATE RIGHTS. A CORPORATION DOESN'T HAVE THE RIGHT OF PRIVACY, LIKE AN INDIVIDUAL. YOU JUST CANNOT TREAT A COMPANY LIKE STANDARD OIL WITH THE SAME CONSTITUTIONAL SENSITIVITY AS A PERSON.

I THINK WE SHOULD HAVE A CONCEPT OF SOCIAL BANKRUPTCY, WHERE THE COMPANY IS THROWN INTO RECEIVERSHIP. IF A COMPANY CAN BE THROWN INTO BANKRUPTCY BECAUSE IT'S NOT PAYING ITS BILLS, WHY SHOULDN'T IT BE THROWN INTO BANKRUPTCY FOR MAKING THOUSANDS OF PEOPLE SICK AND DESTROYING AND DEPRECIATING OTHER PEOPLE'S PROPERTY WITHOUT COMPENSATION, WHICH IS WHAT CONTAMINATION AND POLLUTION DO.

RALPH NADER, NEW YORK TIMES  
INTERVIEW, JANUARY, 1971.

## SECTION 12

## SOME SPECIAL CURRENT ISSUES OF MANAGEMENT ORGANIZATION AND BUREAUCRACY

Before discussing any specific aspects and issues of the emerging post-industrial society, it seems appropriate to cover briefly some related problems which seem likely to be increasingly important. The most important, what we call the problems or paradoxes of "educated incapacity" and "the powerlessness of the powerful"--are particularly important in connection with large bureaucracies and organizations. While they are most likely to be of greatest importance in the United States (and perhaps in the Northwest Tier culture area of Europe), they are issues which exist at least to some degree in many corporate businesses around the world.

"Educated Incapacity" (See Chart 1)

This term refers to an acquired or learned inability to understand or even see a problem, much less a solution. The original phrase, "trained incapacity," is due to the economist, Veblen, who uses it specifically to refer to the inability of those with an engineering or sociology training to see certain kinds of issues which they would have been able to see if they had not had this training. We use the phrase more generally to refer to the increasing number of situations which seem to arise in which the more "expert"--or at least the more educated person is the less likely to see a solution. The basic concept is that the very process of acquiring a certain kind of education involves selection, indoctrination, and a very special intellectual environment as well as requiring the development of a framework, of accepting "givens" or "facts" and learning to think about something in a certain way. When a possibility comes up that is ruled out by the accepted framework, an "expert" is often less likely to see it than an amateur. It is in a sense one way of describing the limitation of the expert. For example, one naturally prefers to consult a trained doctor to an untrained man about one's health. But when a really new type of cure, one that is at variance with accepted concepts, is developed the doctor is often the last to accept it. The history of medicine shows over and over again the reluctance of the medical profession to accept really new methods. Essentially this is a problem in all professions.

This problem has always existed but it tends to be accentuated under modern conditions--at least on issues associated with organizations and expertise. In the modern world large organizations have a tendency to proliferate new forms of expertise and specialists who are in turn largely drawn from a very special social and cultural milieu. It is almost a basic characteristic of current bureaucracies and of technological society today to depend heavily upon graduates of universities who themselves have often gone through a milieu which emphasizes liberal, progressive ideologies and viewpoints, almost to the exclusion of what might be thought of as hard or

tough perspectives. Even the practice of business seems to be in danger of becoming a "professional specialty." We would guess that, as a result, the more prestigious the business school, the more academically difficult the training program, the more likely that the graduate will be both "ideological" and yet a narrow technician rather than a "decision-maker" in contact with pressures and insights of the "real world."

The kind of educated incapacity of importance in the United States today seems to be less that which derives from very specific education than that which derives from the general educational and intellectual milieu--a milieu which one finds in clearest form at prestige universities in the U.S.--particularly in the departments or schools of psychology, sociology and history and to a degree in the humanities generally. Individuals "raised" in this milieu often find themselves having difficulty with relatively simple degrees of reality testing on issues related to the attitudes or behavior of lower middle classes, national security, national prestige, welfare and race. This is not to say that other groups might not be equally biased and illusioned--only that their illusions and biases tend to be quite different and generally reflected in more traditional ways.

#### The Powerlessness of the Powerful (Chart 2)

This term refers to the paradox especially common today where large "powerful" organizations or individuals are often blocked, pushed around or successfully heckled by small and weak organizations or individuals. For example, the apparent ability of Rumania to push around the Soviet Union or North Korea or North Vietnam, the United States, or Ralph Nader vs. General Motors. This paradox reflects the tendency of large organizations to become constrained, or at least for their leadership to believe they have become constrained, by their own rules or the rules of the milieu in which they are operating. It is obvious that the U.S. could defeat North Vietnam if it chose. But to a remarkable degree massive punitive action was never seriously considered. The point here is not that the constraints are necessarily wrong or illegitimate. In this particular example we would wholeheartedly support them. The point is that in these circumstances a large organization or power must find effective means of dealing with a small organization within the constraints of the existing milieu. Particularly in today's milieu, an organization's power and size do not guarantee its success against seemingly powerless competitors or opponents. There is a definite need for creativity and imagination in dealing with problems.

One aspect of this problem which we are particularly interested in, is the common inability of a new administration in a large political or private bureaucracy, to effectively change policies. In the U.S. Federal Government this has gotten to the point where political scientists assert that a President cannot change the policies of a typical bureau or department

unless he furnishes new money for the new policies. The old will not be dropped.\*

### Excessive Institutionalization (Chart 3)

This term does not refer to the almost universal tendency for any organization or its personnel to tend to serve their own narrow interests rather than the interests of the larger society or of the ostensible goals and purposes of the organization. Institutionalization, of course, is almost certain to occur to some degree or other. The relevant question is not does it occur at all but how much and what are the consequences. In particular does the institutionalization involve an excessive perhaps self-defeating (in terms of the ostensible purposes of the organization), diversion of resources or basic policies.

The other charts on the accompanying page outline other more or less relatively clear issues which we expect will become increasingly important for large business organizations operating in the developed world. They are issues which, if they arise, are often complicated by the tendencies that are discussed above. There is no simple answer to these issues. As Max Weber pointed out in defense of bureaucracy, one simply cannot have a modern, technological society without large bureaucratic organizations, and, of course, without all the limitations inherent to them.

Obviously one main major question is how does one reduce or mitigate the problem itself or the bad effects which arise from these problems. Some large American corporations have used some relatively esoteric techniques to try to make themselves more creative or more in touch with reality (e.g., brainstorming, T-groups, organizational development, graduate courses for executives etc.). It is too early to see how well these work out but we would suggest that one additional useful technique is future-oriented policy research such as that being done in this study. That is, one basic technique is to broaden perspective and literally look for problems, opportunities, and insights that are normally overlooked by the specific methods (see report on Basic Methodology). There are of course no panaceas and there is no substitute for having realistic assumptions and reasonable theories.

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\*One way of putting this is to say that if there is "fat" in an organization it is generally because someone wanted it, otherwise it simply would not be there. If, there is an attempt at cutting by the organization or a given department, even as a supposedly cost-effectiveness basis, it is often the "lean" which goes since it is not represented by any internal lobby or pressure group whereas the "fat" is, or because no one knows where the fat is.

## ① WHY "EDUCATED INCAPACITY?"

1. CLASSIC TENDENCY TO EXERCISE FAVORITE OR ACCUSTOMED MUSCLES (SKILLS OR FORMULATIONS)
2. NORMAL PAROCHIAL PROFESSIONALISM AND EMPHASIS
3. MISLEADING OR CONSTRAINING BUREAUCRATIC OR ORGANIZATIONAL GROUND RULES OR COMMITMENTS
4. MISPLACED GLAOUR OR INCENTIVES
5. IDEOLOGICAL (POLITICAL OR APOITICAL) BIASES
6. INSUFFICIENT IMAGINATION, COURAGE, EXPERTISE, ETC.; FOR USEFUL INNOVATION OR CREATIVITY
7. AND (PERHAPS MOST IMPORTANT OF ALL) AN INCREASING USE OF IRRELEVANT EXPERIENCE & INTUITION; A GROWTH OF SIMPLISTIC THEORETIC, ILLUSIONED, AND/OR WISHFUL THINKING & UTOPIAN OBJECTIVES; AND A GENERAL LACK OF REALITY TESTING & HARD-HEADED OR "TOUGH-MINDED" ANALYSIS
8. OTHER EFFECTS OF THE "NEW POLITICAL MILIEU"

## ⑤ LIKELY CORPORATE PROBLEMS AND ISSUES ARISING FROM ECONOMIC/BUSINESS ENVIRONMENT

1. WORLDWIDE RISING LABOR COSTS, MORE EQUALIZATION OF RATES AMONG ADVANCED NATIONS
  - A. PAY-BENEFITS-ESCALATOR CLAUSES-WORK RULES
  - B. SHUTDOWN AND DISRUPTION CAUSED BY STRIKES
  - C. COST/PUSH INFLATION
  - D. UNIONS "WIN", MANAGEMENT "LOSES" MOST LABOR DISPUTES
2. WORLDWIDE INFLATIONARY ISSUES
3. DIFFICULTIES IN RAISING EITHER EQUITY OR DEBT CAPITAL
  - A. EXPECTATION OF INFLATION AND/OR OTHER LACK OF CONFIDENCE BY BUSINESS IN FUTURE
  - B. LOW SAVINGS RATE IN U.S.
  - C. HIGH INTEREST RATES (IN PART A RESULT OF A AND B ABOVE)
  - D. STOCK VALUES LOW--EITHER IN PRICE OR PRICE/EARNINGS RATIO (MAINLY BECAUSE OF POOR OR UNCERTAIN EXPECTATIONS IN THE SPECIFIC BUSINESS BUT IN PART AN EFFECT OF GENERAL LACK OF CONFIDENCE).
4. PRESSURES FOR MERGERS AND ACQUISITIONS
5. SATURATION, TOPPING OUT, OR, PERHAPS EVEN DECLINE OF MANY OF TODAY'S MAJOR CONSUMER AND INDUSTRIAL MATURE MARKETS
6. EMERGENCE OF MAJOR NEW MARKETS INCLUDING SOME IN TRADITIONALLY "NON-BUSINESS" AND/OR QUATERNARY SERVICE AREAS (E.G., TOURISM, EDUCATION, POLLUTION CONTROL, HEALTH, AMUSEMENT, RECREATION)
7. EXPANDING IN FOREIGN MARKETS VS EMPHASIS ON DOMESTIC MARKET AND/OR EXPANDING FOREIGN PRODUCTION VS EXPANDING DOMESTIC PRODUCTION TO SERVE HOME MARKET
8. FOREIGN COMPETITION AND/OR PRODUCTION OVERSEAS
  - A. LIKELIHOOD OF INCREASED FOREIGN COMPETITION BASED MORE ON SERVICES AND MARKETING, LESS ON PRICE
  - B. INCREASING FLEXIBILITY AND RAPIDITY OF MAJOR MULTINATIONAL OR INTERNATIONAL CORPORATIONS IN LARGE SCALE MOVEMENTS OF CAPITAL MANAGEMENT, ALSO
  - C. POSSIBLE INCREASE OF TARIFF AND/OR NON-TARIFF BARRIERS
  - D. OTHER POSSIBLE ACTIONS OF GOVERNMENTS IN DEALING WITH BALANCE OF PAYMENTS ISSUES (UNCERTAIN RESTRICTIONS OR CONSEQUENCES)

## ② THE POWERLESSNESS OF THE POWERFUL

1. IS IT TRUE THAT THE ONLY TWO SUPERPOWERS ARE NORTH KOREA AND NORTH VIETNAM? (HOW ABOUT ROMANIA, CZECHOSLOVAKIA, FRANCE, AND CHINA?)
2. THE POWERFUL (E.G., U.S., JOHNSON ADMINISTRATION, BERKELEY AND COLUMBIA ADMINISTRATIONS, SOVIET UNION, CPSU, ETC.) USUALLY BELIEVE THEY CAN GET AWAY "WITHOUT THINKING" (I.E., WITH MORE OF THE SAME AND/OR BUSINESS AS USUAL).
3. THE "POWERLESS" KNOW THEY HAVE TO BE INGENIOUS, CLEVER, DEDICATED, DISCIPLINED, OR SOMETHING. THEY ALSO KNOW THEY SHOULD TRY TO USE JUJITSU (USE THE STRENGTH AND MIGHT OF THE OPPONENT TO GET LEVERAGE).
4. THIS IS AN ENORMOUS ADVANTAGE THE FLEXIBLE, AGILE, AND AUDACIOUS POWERLESS HAVE OVER THE RIGID, SECURE, SHUG, AND DOGMATIC POWERFUL.

## ⑥ LIKELY CORPORATE PROBLEMS AND ISSUES ARISING FROM CHANGING VALUES AND LIFESTYLES

1. POSSIBLE DIFFICULTIES RECRUITING MANAGERS THAT ARE CAPABLE, DEDICATED, LOYAL, AND PART OF THE "CORPORATE CULTURE"--PERHAPS MANY RECRUITS WITH ANTI-BUSINESS AND MANAGEMENT ATTITUDES
2. NEW AND/OR INTENSIFIED LABOR PROBLEMS AND ISSUES
3.
  - A. WORKMANSHIP, PRODUCTIVITY, EFFICIENCY
  - B. MORALE--"BLUE COLLAR BLUES"--YOUTH CULTURE
  - C. COUNTER REFORMATION ATTITUDES
3. "PUBLIC INTEREST" PRESSURES
  - A. STRIKES, SLOWDOWNS
  - B. ANTI-BUSINESS AND/OR ANTI-TECHNOLOGY LOBBIES, BOYCOTTS, MASS MEDIA CAMPAIGNS ("NADER EXPOSES"), AND "ACADEMIC" EXPOSES
  - C. SABOTAGE, RIOTS, TERRORIST ACTS
  - D. LAWSUITS
  - E. "PUBLIC INTEREST" BOARD MEMBERS
  - F. GROWING CHALLENGE TO "TRADITIONAL MANAGEMENT BELIEFS AND ATTITUDES"
  - G. OTHER PRESSURES TOWARD "SOCIAL RESPONSIBILITY"
4. CHANGING LEGAL CONCEPTS
  - A. NEW KINDS OF PROPERTY RIGHTS (IN JOB, IN PENSIONS, IN EQUAL OPPORTUNITY, ETC.)
  - B. LEGALLY REQUIRED "SOCIAL" OR "NATIONAL" RESPONSIBILITY
5. DRUGS AND CRIME (ALSO NEW LAW & ORDER ISSUES)
6. POLLUTION-ENVIRONMENTAL ISSUES AND PRESSURES
7. "RISING EXPECTATIONS" AND SOCIETAL COSTS FOR HOUSING, MEDICINE, WELFARE, EDUCATION, ETC.
8. DECLINE IN TECHNICAL EXPERTISE, SKILLED LABOR, HIGH QUALITY MAINTENANCE--PERHAPS WORLDWIDE ISSUE ANALOGOUS TO CURRENT "AMERICA THE INCOMPETENT" ISSUE
9. NEW-BUT PERHAPS HARD TO RECOGNIZE OR ADJUST TO-WAYS OF DOING BUSINESS AND BUSINESS OPPORTUNITIES
10. INCREASING REQUIREMENT OR DEMAND FOR AN ADEQUATE IDEOLOGY TO DEAL WITH THE ABOVE

## ③ CHARACTERISTICALLY BUREAUCRACIES SHOW INCREASING TENDENCIES TOWARDS INSTITUTIONALIZATION

1. MEANS BECOME ENDS
  - A. DEPARTMENTAL GOALS RATHER THAN CORPORATE GOALS
  - B. NO CRITERIA FOR HOW MARGINAL EFFORTS CONTRIBUTE TO OVERALL OBJECTIVES--INEVITABLE CREEPING EXPANSION
  - C. INFLEXIBILITY OF POLICIES
  - D. COMPARTMENTALIZATION
2. LOW LEVELS OF ADAPTABILITY
  - A. MANAGERS ARE NARROW, NEITHER "PROFESSIONALS" NOR TRULY BROAD THINKERS
  - B. "EXPERTS" ARE MANY LEVELS REMOVED FROM "DECISION-MAKERS"
  - C. NIH, PAROCHIALISM AND TRAINED INCAPACITY ISSUES
  - D. SLOW, TENDENCY TO WAIT FOR A CRISIS BEFORE CHANGING
  - E. PRECONCEIVED NOTIONS
  - F. GOOD AT QUANTITATIVE ACTIONS (E.G., MOVING MEN AND MATERIAL) NOT QUALITATIVE (E.G., ADAPTING TO NEVER CHANGING REQUIREMENTS)
  - G. NO CAPABILITY FOR SYSTEMATICALLY STUDYING OVERALL POLICIES
3. RIGIDITY OF OPERATIONS
  - A. STATISTICS FOR THEIR OWN SAKE
  - B. DOMESTICATION OF DISSENT--PATRONIZING CLUBBINESS
  - C. "RELIGIOUS" DOGMAS
4. STEREOTYPED LANGUAGE
  - A. ABSTRACT VS. CONCRETE TERMS
  - B. EUPHEMISMS CLOUD REALITY
5. INSTITUTIONALIZATION
  - A. TENDENCIES TO BECOME ORGANIZATIONALLY AND INSTITUTIONALLY RIGIDIFIED
  - B. ORGANIZATION BECOMES PROTECTIVE, RESPONSIVE ALMOST COMPLETELY TO INTERNAL PRESSURES RATHER THAN OUTSIDE NEEDS
  - C. "FAT" STAYS, "LEAN" GOES

## ⑦ CHANGING GOVERNMENT RELATIONS AND POLITICAL MILIEU - PROBLEMS AND ISSUES

1. PERSISTENCE OF "NEW POLITICAL MILIEU" - SOME POSSIBILITY OF A FOCUS ON ANTI-BUSINESS ISSUES
2. GENERALLY INCREASED SPENDING AND TAXES
3. CONTRACTING PROBLEMS
4. "ANTI-BUSINESS" POLICIES
  - A. TRADE RESTRAINTS OR LACK OF RESTRAINTS
  - B. INSUFFICIENT LABOR LAWS OR TOO STRINGENT LABOR LAWS
  - C. EXPANSIVE OR IRRATIONAL ANTI-TRUST ACTIONS
  - D. POLLUTION AND CONSUMERISM ISSUES
  - E. TAXES
  - F. OVERSEAS INVESTMENT RESTRICTIONS
5. GOVERNMENT REGULATIONS FOR SPECIAL PURPOSES: E.G. ECOLOGY, CONSUMERISM, REGIONALISM, DECENTRALIZATION, ETC.

## ④ AS A THIRD CONDITION, DEMOCRATIC GOVERNMENT IN MODERN INDUSTRIAL SOCIETY MUST BE ABLE TO COMMAND THE SERVICES OF A WELL-TRAINED BUREAUCRACY OF GOOD STANDING AND TRADITION, ENDOWED WITH A STRONG SENSE OF DUTY AND A NO LESS STRONG ESPRIT DE CORPS.

IT IS NOT ENOUGH THAT THE BUREAUCRACY SHOULD BE EFFICIENT IN CURRENT ADMINISTRATION AND COMPETENT TO GIVE ADVICE. IT MUST ALSO BE STRONG ENOUGH TO GUIDE AND, IF NEED BE, TO INSTRUCT THE POLITICIANS WHO HEAD THE MINISTRIES. IN ORDER TO BE ABLE TO DO THIS IT MUST BE IN A POSITION TO EVOLVE PRINCIPLES OF ITS OWN AND SUFFICIENTLY INDEPENDENT TO ASSERT THEM. IT MUST BE A POWER IN ITS OWN RIGHT. THIS AMOUNTS TO SAYING THAT IN FACT THOUGH NOT IN FORM APPOINTMENT, TENURE AND PROMOTION MUST DEPEND LARGELY--WITHIN CIVIL SERVICE RULES THAT POLITICIANS HESITATE TO VIOLATE--ON ITS OWN CORPORATE OPINION IN SPITE OF ALL THE CLAMOR THAT IS SURE TO ARISE WHENEVER POLITICIANS OR THE PUBLIC FIND THEMSELVES CROSSED BY IT AS THEY FREQUENTLY MUST.

JOSEPH A. SCHUMPETER  
CAPITALISM SOCIALISM AND DEMOCRACY  
(1942) P. 293

## CONTINUED EMPHASIS ON GROWTH?

1. MERGERS AND ACQUISITIONS
2. EMPHASIS ON COMPARATIVE ADVANTAGE
3. EMPHASIS ON MULTINATIONAL
4. GROWTH COMPANIES
  - A. SCIENCE BASED
  - B. AFFLUENCE EXPLOITING
  - C. EXPLOITING POST INDUSTRIAL TRENDS

## CONTINUED EMPHASIS ON MERGERS

1. OFFENSIVE VS DEFENSIVE
2. TAKEOVER OR MUTUALLY NEGOTIATED
3. COMPLEMENTARY OR SYNERGISTIC
  - A. HORIZONTAL (DOMESTIC OR FOREIGN)
  - B. VERTICAL (DOMESTIC OR FOREIGN)
  - C. SPECIAL COMPLEMENTARITY
  - D. SPECIAL NEED
4. DIVERSIFICATION
5. ASSET MANAGEMENT (OR MANIPULATION)
  - A. IMPROVED CAPABILITY OF MANAGEMENT
  - B. IMPROVED CONTEXT OR OPPORTUNITIES
6. OPPORTUNISTIC

## SECTION 13

## THE EMERGING POST-INDUSTRIAL SOCIETY

We expect that the central aspect of the post-industrial society will be that which is implied by the term "post-industrial," that is, we expect it to be a society in which traditional industrial activities play an ever decreasing role. This does not imply that industry will decline in absolute terms (although it might) and it certainly does not imply that industry will not play a vital role in the society. It should also be pointed out that industry itself evolves towards the service sector in that it uses less and less blue collar labor and more white collar labor; the traditional industrial jobs are mechanized and more service functions are required which in turn reinforces and makes more rapid the change. We might mention that a similar sort of thing happens of course, in agriculture, when the farmer spends more and more of his time as a buyer and an organizer rather than a man who tills, plows and reaps.

In the long run the general idea is that industry will follow the road of agriculture. Food is still the basic product of society and in most developed economies agricultural output has enormously increased over the last century. But in these societies the importance of agriculture to the society as a whole continues to decline--it employs fewer people, it has little of the political power it once had (although it often has considerable power in many ways disproportionate to its actual economic importance) and its problems and successes are of little interest to the public at large. In a sense the very success of agriculture has been the real reason why it has come to be commonly thought of as dull and uninteresting. This is what we expect for industrial society and (as Chart 1 on the first chart page points out) the trends are already quite evident.

Before suggesting some possibilities and probable characteristics, it is worthwhile to comment on the magnitude of the change that we expect. For illustrative purposes, at Hudson we often divide the world into broad economic categories:

1. Pre-agricultural or pre-civilized economies with per capita incomes of roughly (obviously very roughly) \$50 to \$250.
2. Agricultural or pre-civilized economies or civilizations with per capita incomes roughly the same as above but population densities go up and larger cities become possible.
3. Transitional societies with per capita incomes of roughly \$200 to \$600 (actually overlap is bigger) e.g., China is not an agricultural society but a transitional society with a per capita income of not much more than \$100).
4. Industrial societies with per capita incomes of roughly \$500 to \$5,000.

5. Traditional mass consumption societies with per capita incomes of \$2,000 to \$6,000 (e.g., for this purpose the U.S.S.R. has today a large per capita income (\$2,500) but is not a mass consumption society, whereas Japan when below \$2,000 per capita, had achieved many or most characteristics of a mass consumption society).
6. Post-industrial with per capita incomes of \$5,000 to \$20,000.

We are arguing here that man is now about to cross another threshold, to a society with a per capita income of \$5,000 to \$20,000 and that this "jump" is likely to be as significant or even more significant than those of the past. One can also point out that this is happening at an incredible pace (see Charts 2, 3, 4). Whereas pre-civilized or pre-agricultural economies characterized man's history for roughly 2 million years (from about 2 million B.C. to about 8,000 B.C.) and agricultural and traditional civilizations have characterized man's history for about 10,000 years (from about 8,000 B.C. to about 2,000 A.D.) the transition from industrial to post-industrial society is liable to take place in about 250 years (from about 1750 to about 2000)!

Obviously this is a very oversimplified, very general point of view. But it puts a perspective on the incredible pace of the changes which modern societies are going through today. Furthermore, it emphasizes the very recent nature of many of the values and life styles (e.g., Protestant ethic achievement-orientation) which we tend to think of as "traditional" today. From this perspective the real "traditional" values are those of man the hunter, of tribal communal living. This is not to say that these "ancient traditional values" will come back, but rather to point out that our current traditions are likely to be superseded by new values and life styles much more rapidly and completely than one might suspect. It is also important to note that many of the old values subsist in sublimated form, such as the "hunting ethic" as a hobby in many advanced societies.

To a large degree the values or life-styles of a post-industrial society will reflect the central focus of the society. The question then is, if industry is no longer the focus, what will the central occupational interest of advanced societies be? At least 4 have been suggested:

1. A learning or knowledge society. This is a society envisioned by many or perhaps most futurists. Not surprisingly, these people are mostly academics. While we think that the current trend toward a greater emphasis on education will continue in most of the world we think it highly unlikely that education in itself will play the central role in society and it may easily play a lesser role in a highly educated society such as the United States. In essence, few people are academically oriented. Most people want to "do" something.
2. A leisure oriented society. For the same reason, we think that it is unlikely that the central focus will be leisure. As we point out on Charts 2 and 5 on the second chart page, we believe that the post-industrial society will be increasingly

leisure-oriented in that there will be more, perhaps much more leisure time. Partly this will cause and partly this will reflect a decline in the traditional work ethic. We feel most people will continue to work hard and derive satisfaction from working hard, certainly for the next decade or two, but that the need to work, at least for the majority of people, in the emerging post-industrial societies will decline as the level of affluence and productive efficiency of the society at large increases. The point here is that leisure itself is not a focus for society; it is rather a focus for an individual or indicative of an individualistic focus on life. As leisure time increases in these societies we expect that the societies will increasingly reflect this individualistic approach, that they will be what we have called "mosaic" societies, where many life-styles and many behavior patterns are reflected within the overall context.

3. A new "religiosity" characterized by an interim search for meaning and purpose. We think that this is a more likely possibility. It is clear that there is a definite trend in this direction today. At this point we would say that the major issue is the nature of the interim responses to the current search for meaning and purpose that we see reflected in society today (see Chart 1 on the second page) and whether the current search will reflect an effort to find meaning and purpose through government or quasi-government organizational structures or through largely independent institutions or private organizations fitted into a mosaic society.\*
4. A "hellenistic" society with a focus on individualism and sub-cultures within a unifying or dominating world-culture. We would consider this the most likely possibility, one which would include elements of the first three but one where this focus would very definitely be central. As in the actual hellenistic age, we think that this society would be characterized by a widespread sense of this civilization being the culmination of history, by a sense of decadence, by monumental, but not heroic, architecture, by great works projects (e.g., great transport systems, space exploration) which will in themselves be an exciting fulfillment of modern technology but will probably be regarded by "civilized" men with a sense of ennui or boredom. To a considerable extent this is a reasonable extrapolation of the upper middle classes in the United States, England and to some extent other nations today. If our surprise-free projection is correct, it should be more evident and more widespread by 1980.

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\*We would note here that the western emphasis on individualism and private enterprise is not characteristic of most societies (as discussed in Section 9). A communal or tribal emphasis has been much more common. It is not at all impossible then that our current society will end up by returning to "normal." But at this point we would still suggest that a healthy response to current problems and issues would be one which preserves the values of individualism and private enterprise.

We are not arguing here that there is an inevitable historical transition to a pre-determined form or society. Rather the opposite, we suspect that there are many different kinds of societies which will all be lumped together under the term "post-industrial," and one of the big issues is which one of these societies will be dominant. It also seems very likely that there will be many false steps or premature changes. The very rapidity of change makes this likely. The transition should also be less smooth because there will inevitably be much resistance and in many cases those steps which might otherwise have resulted in a viable society will be at least temporarily by-passed. We ourselves would argue that many of the things brought about by the counterculture, for example, are correct in certain perspectives, though with many limitations. But those advocated by the counterculture in general are not viable in themselves. So while these and other patterns, which are apparently indicative of the future will certainly be important in at least starting things moving, they may well not be characteristic of the system which will eventually develop. In this sense the forces of the "counterreformation" may be as important in molding the final society as the "reformation forces," and in many cases may be as creative and perhaps even more creative.

From the viewpoint of corporate executives, perhaps the most important aspect of this projection is our belief that most important economic activities will be quaternary activities, rather than primary, secondary or tertiary activities (see Chart 9 on the first chart page). These are services for their own sake, such as recreation activities, the arts, etc., and most importantly, certain forms of government services. Everyone is familiar with how bureaucracies can grow to the point where they "exist for their own sake" as much as they exist for their originally intended function. What we are suggesting is that when a society grows to the point where it can increasingly afford to have people working in government, as a larger and larger percentage of the society becomes a part of it, so do the pressures to continue to increase its size increase. We would suggest that the increasing trend, particularly in the United States, of depending on government to solve major problems including that of unemployment by employing the unemployed, (see point 3 on our surprise-free projection) represents a potentially very dangerous trend. As production becomes more efficient in traditional industries, requiring ever fewer people, the new areas of opportunity, the new services, can either be based on the efficiencies of a system privately operated in accordance with traditional market criteria or on a system where the majority of the people just "turn wheels" and accomplish very little beyond what the business system has already accomplished in itself.

We would suggest that the choice is still very much an open one--that is whether the challenges which face the next generation in emergent post-industrial societies are effectively met or are made subservient to systems which no longer reflect efficiency is open. In short, the next age will be "post-industrial" but it may or may not be "post-business."\* In conjunction

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\*Whether or not "post-industry" comes to mean "post-business" is likely to depend on many factors. In the United States business seems increasingly anxious and willing to take over functions that were formerly performed by government (e.g. medical care, care of the aged, urban renewal,

with this we would also suggest that the great challenges and opportunities facing the emergent post-industrial societies today--and individual businessmen as members of these societies--will not lie in the traditional industrial areas but rather in new areas which are opening up.

Another great danger that we think will be facing emerging post-industrial societies will be an increasing vulnerability to what we call trained incapacities and illusioned thinking. Societies have motivated their members throughout history by means of levers such as traditional restricting taboos, rituals, totems, customs and charismas which have often been irrational in the sense that they reflect specific beliefs of that culture rather than actual physical realities. Generally, however, even seemingly irrational levers have been originally developed to meet real needs. Where they have not or at least where they have come to be rigidified or outdated societies have often fallen (e.g., the Inca's before Pizzaro after their leader was captured). In any case, all societies have depended upon controlling levers based at least in part upon reality. The Indian hoeing his maize knows that if he does not raise a crop that year his people will starve in the months ahead, that if he does not keep his weapons in readiness he may be overwhelmed by a hostile neighboring tribe or wild animals.

We are arguing here that, as man becomes increasingly affluent and detached from the physical realities of life he loses touch with them, the traditional levers (see Chart 3 on the second chart page) which have tied modern, industrial man to reality are breaking down and that the danger for illusioned thinking thereby increases, just as the need for new values increases. (See Charts 6, 7, 8 and 9 on the second chart page).

We are not pointing out here that the world inevitably is going into illusion-oriented thinking, we are only pointing out that the farther one is from the obvious reality tests which history has provided in the past--from starvation, from physical enemies nearby, from disease--the more likely it will be that one of the great dangers or problems if not the great danger of the emerging post-industrial society will be coping with this situation.

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education, contracting for city services, etc.). If this trend continues it seems quite likely that the United States will not be "post-business." On the other hand there does not seem to be any such tendency in Europe, where it seems much more likely that a "post-business" society might evolve.

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Supplementary Discussion of Chart Page on The Emergent Post-Industrial Culture: Some Probable Characteristics and Some Long-Range Implications and Questions

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The charts on this page illustrate a number of different ways at looking at historical change.

Chart 1 indicates the current trend toward service-producing industries (see Sections 5 and 6).

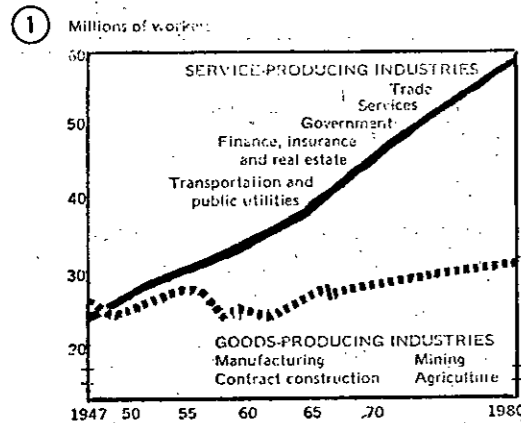
Charts 2, 3, and 4 are examples of broad economic viewpoints which are used as illustrations in this section.

Charts 5, 6, 7, and 8 are illustrative of alternative macro-historic ways of viewing change and the future. Chart 5 is a very brief outline of the positions of four major historians. The point this chart makes is that all of these men have a cyclical concept of history, of all civilizations passing through successive phases which are broadly similar. Each of these men believe that the arts are a basic indication; that the literature, music, painting, sculpture, architecture of a period early reflect a change that is underway in the culture as a whole and which is essentially irreversible. Without debating the theory, which we do not by any means completely agree with, we leave it up to the reader to decide what phase we are in and what this means. We could only point out here, that if the macro-historians are correct, there is strong evidence that we are passing into a late sensate phase and that the next phase will be ideational in nature.

Chart 9 is our surprise-free projection for the emergent post-industrial culture, representing another way of looking at historical change.

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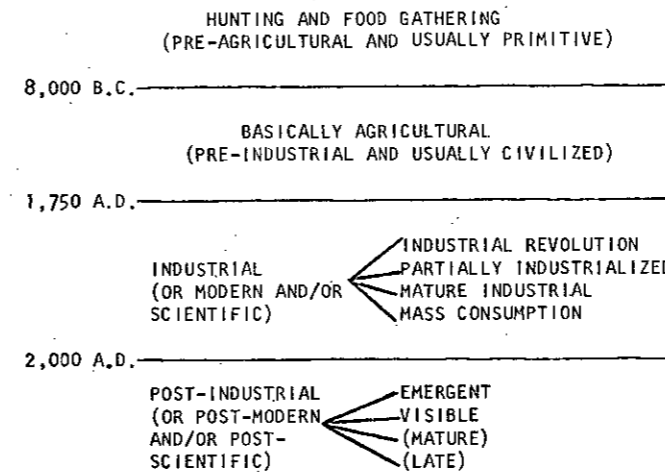


## ② ONE WAY TO LOOK AT MAN'S ECONOMIC PROGRESS

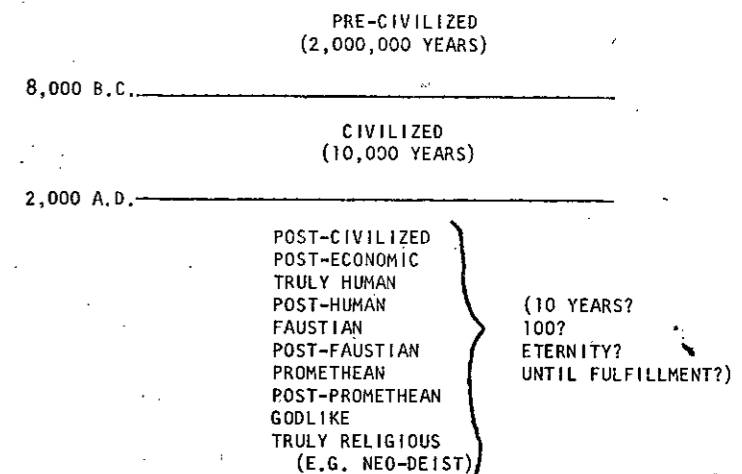
ANNUAL PER CAPITA PRODUCT IN 1965 \$	ECONOMIC SYSTEM	LEADING SECTORS AND MOST OF DEVELOPMENT
\$50 - 250	PRE-AGRICULTURAL OR PRIMITIVE	1ST 500,000 TO 2,000,000 YEARS
200 - 300	PRE-INDUSTRIAL OR AGRICULTURAL	8TH-1ST MILLENNIUM B.C.
200 - 1,000	(INDUSTRIAL REVOLUTION)	1760 - 1790
200 - 1,000	(INDUSTRIALIZATION)	19TH-21ST CENTURIES
500 - 2,500	MATURE INDUSTRIAL	MID 20TH-21ST CENT.
1,000 - 10,000	(MASS CONSUMPTION)	MID 20TH-21ST CENT.
5,000 - 25,000	POST-INDUSTRIAL	21ST CENTURY
50,000 - 250,000	ALMOST POST-ECONOMIC	22ND CENTURY. (ASSUMES AVERAGE ANNUAL INCREASE IN GNP/CAP OF 2.3% OR SO)
500,000 - 2,500,000	?	23RD CENTURY

## ③ THE ECONOMIC DEVELOPMENT OF MANKIND

TODAY WE TEND TO DIVIDE MAN'S ECONOMIC HISTORY INTO FOUR BASIC STAGES



## ④ FUTURE MAN MAY USE ONLY THREE STAGES



## THREE STANDARD CULTURAL PHASES

SOROKIN	SPENGLER, TOYNBEE, ET AL.	SCHUBART	BERDYAEV
IDEATIONAL	GROWTH, SPRING CHILDHOOD	ASCETIC-MESSIANIC	BARBARIC-RELIGIOUS
IDEALISTIC	MATURITY, SUMMER	HARMONIOUS	MEDIEVAL-RENAISSANCE
SENSATE	AUTUMN, WINTER, CIVILIZATION	HEROIC-PROMETHEAN	HUMANISTIC-SECULAR

THERE ARE OF COURSE ALWAYS MINOR THEMES, RELUCTANT OR NOMINAL CONFORMERS, UNDERGROUNDS, HOLDOVERS, DROPOUTS, DISSENTERS, SCHISMATICS, HERETICS, UNBELIEVERS, AND OTHER DEVIANTS OR EXCEPTIONS. (THESE MAY BE A MAJORITY OF THE POPULATION, BUT STILL NOT VERY VISIBLE.)

## ⑥ ONE COULD CONTRAST THE IDEATIONAL, INTEGRATED (IDEALISTIC), SENSATE AND LATE SENSATE SYSTEMS OF THE:

FINE ARTS	MUSIC
TRUTH	LAW
FAMILY RELATIONSHIPS	ECONOMICS
GOVERNMENT	CIVIC RELATIONSHIPS
PERFORMING ARTS	LITERATURE
ARCHITECTURE	EDUCATION
ETHICS & MORALITY	ETC.

ONE MUST OF COURSE ALSO WORRY ABOUT THE THEORY OF CONSISTENCY AND LEADING AND LAGGING SECTORS AS WELL AS THE EXCEPTIONS PREVIOUSLY MENTIONED.

## ⑨ PROBABLE CHARACTERISTICS OF EMERGENT POST-INDUSTRIAL SOCIETY WHICH SHOULD BE INCREASINGLY EVIDENT BY 1980

- MOST IMPORTANT "ECONOMIC" ACTIVITIES ARE QUATERNARY (LARGELY PERSONAL & SELF-SERVING, SERVICES TO SUCH ACTIVITIES, OR SERVICES TO SUCH SERVICES) RATHER THAN PRIMARY, SECONDARY OR TERTIARY (ORIENTED TOWARD CONSTRUCTION; THE EXTRACTION, PRODUCTION, AND DISTRIBUTION OF ENERGY AND GOODS; SERVICES TO SUCH ACTIVITIES OR SERVICES TO SUCH SERVICES).
- PER CAPITA INCOME \$5,000 TO \$25,000/YEAR (OR ABOUT TEN TIMES INDUSTRIAL, & A HUNDRED TIMES PRE-INDUSTRIAL LEVELS).
- NARROW ECONOMIC "EFFICIENCY" NO LONGER A PRIMARY CRITERION-ATTENTION IS FOCUSED ON MEANS AND ON EXTERNALITIES AS WELL AS ON ACHIEVING NARROW ECONOMIC ENDS WHILE MINIMIZING ACCOUNTABLE RESOURCES.
- MARKET FORCES PROBABLY IN A DIMINISHED ROLE BY COMPARISON TO PUBLIC AND POLITICAL FORCES AND "SOCIAL ACCOUNTS."
- OFFICIAL FLOOR OF INCOME AND WELFARE FOR "DESERVING POOR"--EFFECTIVE FLOOR FOR OTHERS.
- PERHAPS MORE ORGANIZATIONS THAT ARE SELF-ACTUALIZING, "CONSENSITIVE," OR ANARCHIC IN STYLE (VS. "MARKETIVES" & "COMMAND SYSTEMS").
- BUSINESS FIRMS (WITH THE EXCEPTION OF THE MULTINATIONAL CORPORATION) NO LONGER THE MAJOR SOURCE OF INNOVATION OR CENTER OF PUBLIC ATTENTION; EMERGING ORGANIZATIONAL AND INSTITUTIONAL PLURALISM.
- WIDESPREAD USE OF AUTOMATION, COMPUTERS, CYBERNATION.
- SMALL WORLD--BUT MORE AS "GLOBAL METROPOLIS" AND "GLOBAL MARKET" RATHER THAN "GLOBAL VILLAGE" OR "GLOBAL MARKETPLACE."
- EMPHASIS ON "KNOWLEDGE SOCIETY," AND "KNOWLEDGE ELITES" AND THEORY.
- TYPICAL "DOCTRINAL LIFE TIME" REDUCED TO TWO TO TWENTY YEARS.
- "LEARNING SOCIETY"--EMPHASIS ON LATE KNOWLEDGE, IMAGINATION, COURAGE IN INNOVATION; DE-EMPHASIS OF EXPERIENCE, JUDGMENT, CAUTION, PERHAPS OF WISDOM.
- RAPID IMPROVEMENT IN INSTITUTIONS & TECHNIQUES FOR TRAINING AND TEACHING--"EDUCATION" MAY LAG.
- EROSION (IN SOME UPPER AND UPPER MIDDLE CLASSES) OR WORK-ORIENTED, ACHIEVEMENT-ORIENTED, ADVANCEMENT-ORIENTED, DEFERRED GRATIFICATION VALUES.
- PERHAPS AN EVEN WIDER EROSION OF THE OTHER "TWELVE TRADITIONAL SOCIETAL LEVERS"--MUCH APPARENT "LATE SENSATE CHAOS AND POLARIZATION."
- SENSATE, SECULAR, HUMANIST, PERHAPS SELF-STYLES OF IMPORTANT GROUPS--AT LEAST DURING THIS TRANSITION PERIOD.
- BUT INCREASING EMPHASIS ON ENVIRONMENTALISM, CONSUMERISM, CONSERVATISM, HUMAN WORKING CONDITIONS, AND OTHER SUCH CONSTRAINTS ON THE SYSTEM.
- LIKELY MULTIPLICATION OF SUB-CULTURES WITHIN INDUSTRIAL SOCIETY DEVELOPMENT OF A "MOSAIC SOCIETY" AND MANY INDIVIDUALS AND GROUPS LEADING "DEVIANT" LIFE STYLES.
- A SEARCH FOR "MEANING & PURPOSE," WHICH FOR THE MOST PART WILL FIND AT LEAST INTERIM SOLUTIONS IN VARIOUS COUNTER-CULTURES, IN A "YEAR 2000" IDEOLOGY, IN SOME OTHER ESSENTIALLY TECHNOCRATIC OR ECONOMIC MISSION (THE MNC MAY PLAY SIGNIFICANT ROLE HERE) BUT ALSO INCLUDING SOME REFORM, PROTEST, OR REVOLUTIONARY MOVEMENTS.
- SOME OF THESE SOLUTIONS MAY ON THE ONE HAND CONTAIN IMPORTANT "ANTI-PROGRESSIVE" ELEMENTS AND/OR CONTRADICT TRENDS 14 TO 18 ABOVE; OTHERS MAY GO AGAINST RATIONALITY AND/OR "WESTERN CULTURE," OR BE HOSTILE TO THE YEAR 2000 IDEOLOGY, THE MNC TECHNOSTRUCTURE, OR OTHER TECHNOCRATIC-CAPITALIST TENDENCIES OR SOLUTIONS.

## ⑦ FOUR BASIC CULTURAL PHASES IN FINE ARTS

IDEATIONAL	IDEALISTIC OR INTEGRATED	SENSATE	LATE SENSATE	IDEATIONAL	SENSATE	LATE SENSATE
TRANSCENDENTAL	MIXED STYLE	WORDLY	UNDERWORLDLY	REVEALED	EMPIRICAL	CYNICAL
SUPERSENSORY	HEROIC	NATURALISTIC	PROTEST	CHARISMATIC	PRAGMATIC	DISILLUSIONED
RELIGIOUS	NOBLE	REALISTIC	REVOLT	CERTAIN	OPERATIONAL	NIHILISTIC
SYMBOLIC	UPLIFTING	VISUAL	OVERRIPE	DOGMATIC	PRACTICAL	ORWELLIAN
ALLEGORIC	SUBLIME	ILLUSIONISTIC	EXTREME	MYSTIC	SCIENTIFIC	BLASE
STATIC	PATRIOTIC	EVERYDAY	SENSATION SEEKING	INTUITIVE	SKEPTICAL	TRANSIENT
WORSHIPFUL	MORALISTIC	AMUSING	TITILLATING	INFALLIBLE	TENTATIVE	SUPERFICIAL
ANONYMOUS	BEAUTIFUL	INTERESTING	DEPRAVED	RELIGIOUS	FALLIBLE	WEARY
TRADITIONAL	FLATTERING	EROTIC	FADDISH	SUPERSENSORY	SENSORY	SOPHISTRY
IMMANENT	EDUCATIONAL	SATIRICAL	VIOLENTLY NOVEL	UNWORLDLY	MATERIALISTIC	FORMALISTIC
		NOVEL	EXHIBITIONISTIC	SALVATIONAL	MECHANISTIC	ATHEISTIC
		ELECTIC	DEBASED	SPIRITUAL	RELATIVISTIC	TRIVIAL
		SYNCRETIC	VULGAR	ABSOLUTE	AGNOSTIC	CHANGEABLE
		FASHIONABLE	UGLY	SUPERNATURAL	INSTRUMENTAL	MEANINGLESS
		SUPERS. TECHNIQUE	DEBUNKING	MORAL	EMPIRICALLY OR	ALIENATED
		IMPRESSIONISTIC	NIHILISTIC	EMOTIONAL	LOGICALLY VERIFIABLE	CONVENIENT
		MATERIALISTIC	PORNOGRAPHIC	MYTHIC		ABSOLUTELY
		COMMERCIAL	SARCASTIC			RELATIVISTIC
		PROFESSIONAL	SADISTIC			

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Supplementary Discussion of Chart Page on The Emerging  
Post Industrial Society cont'd

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On this page we present some supporting material for the argument made in this section and on the previous chart page. For the most part the charts are self-explanatory.

Chart 3 lists 12 traditional societal levers characteristic of western society in general but particularly the U.S. We argue in our discussion of the Post-industrial Society and elsewhere that for a variety of reasons these levers have been eroding for many years and that for many individuals, especially in the upper middle classes, they have lost their effectiveness.

The basic question which this chart suggests is what happens when these levers no longer work (e.g. when people no longer feel a sense of moral compunction or guilt if they steal or kill); can society function without them or will it develop new ones and if so what will they be? We would suggest that no society can function without controlling levers of some sort. None have in the past, at least. Even the most primitive societies have had customs, traditions, taboos for maintaining order.

We would call the reader's attention particularly to those charts at the bottom of this page (6 through 10). These together illustrate our argument for why a large portion of America, which has in the past been characterized by the work ethic, may be losing this motivation and why we feel this may have very significant long-range implications.

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# ① SOME POSSIBLE REACTIONS TO A LIKELY "YEAR 2000" POST-INDUSTRIAL WORLD

1. A GENERAL AND/OR SELECTIVE EROSION OF THE TEN ADDITIONAL LEVERS
2. A GENERAL AND/OR SELECTIVE SEARCH FOR MEANING AND PURPOSE--FOR NEW VALUES AND NEW GOALS
3. EUROPE PRESUMABLY RETURNS TO THE TRADITION OF THE GENTLEMAN--ELITIST, HUMANISTIC, TRADITIONALISTIC
4. JAPAN WILL PROBABLY SEARCH FOR PRESTIGE AND STATUS
5. SOVIETS & CHINESE MAY BOTH TURN INWARD & PROSELYTIZE--THE LATTER MAINLY FOR INTERNAL MORALE
6. U.S. MIDDLE & UPPER CLASS WILL CHOOSE BETWEEN "LOS ANGELES," "DALLAS," "EUROPE," EXCESSIVE REJECTION OF PRE-AFFLUENT VALUES, SOCIAL ENGINEERING--INTERNAL OR EXTERNAL. EPICUREAN OR STOIC PESSIMISM, OR SOME OTHER CHOICE GIVEN IN CHART 4 OR EVEN SOME UNEXPECTED INNOVATION
7. U.S. NEGROES WILL PROBABLY CHOOSE BETWEEN PASSING, NEGRO POWER, ACCEPTANCE OF LOWER STATUS, NEGRITUDE, BLACK MUSLIM-TYPE ASSIMILATION, BLACK POWER, CULTURE OF POVERTY, PROFESSIONAL AGITATION, EFFECTIVE MILITANT OR EXTREMIST NATIONALISM, OR A MILITANT OR FUNDAMENTALIST RELIGION
8. OTHER U.S. MINORITIES ARE LIKELY TO ASSIMILATE AND/OR EMPHASIZE PARTICULARISM
9. THE UNDERDEVELOPED WORLD & INDUSTRIALIZING WORLD WILL HAVE CHOICES "SIMILAR" TO U.S. MINORITIES EXCEPT THAT NEW IDEOLOGIES & MASS MOVEMENTS ARE LIKELY TO DEVELOP AS WELL

⑥ YET THERE IS NO COUNTRY AND NO PEOPLE. I THINK, WHO CAN LOOK FORWARD TO THE AGE OF LEISURE AND OF ABUNDANCE WITHOUT A DREAD. FOR WE HAVE BEEN TRAINED TOO LONG TO STRIVE AND NOT TO ENJOY. IT IS A FEARFUL PROBLEM FOR THE ORDINARY PERSON, WITH NO SPECIAL TALENTS TO OCCUPY HIMSELF, ESPECIALLY IF HE NO LONGER HAS ROOTS IN THE SOIL OR IN CUSTOM OR IN THE BELOVED CONVENTIONS OF A TRADITIONAL SOCIETY. TO JUDGE FROM THE BEHAVIOR AND THE ACHIEVEMENTS OF THE WEALTHY CLASSES TODAY IN ANY QUARTER OF THE WORLD, THE OUTLOOK IS VERY DEPRESSING! FOR THESE ARE, SO TO SPEAK, OUR ADVANCE GUARD--THOSE WHO ARE SPYING OUT THE PROMISED LAND FOR THE REST OF US AND PITCHING THEIR CAMP THERE. FOR THEY HAVE MOST OF THEM FAILED DISASTROUSLY, SO IT SEEMS TO ME--THOSE WHO HAVE AN INDEPENDENT INCOME BUT NO ASSOCIATIONS OR DUTIES OR TIES--TO SOLVE THE PROBLEM WHICH HAS BEEN SET THEM.

SIGMUND FREUD  
CIVILIZATION AND ITS DISCONTENTS  
(1930)

# ② A LEISURE-ORIENTED "POST-INDUSTRIAL" SOCIETY (1100 WORKING HOURS/YEAR)

- |     |                     |
|-----|---------------------|
| 7.5 | HOUR WORKING DAY    |
| 4   | WORKING DAYS/WEEK   |
| 39  | WORKING WEEKS/YEAR  |
| 10  | LEGAL HOLIDAYS      |
| 3   | DAY WEEKENDS        |
| 13  | WEEKS/YEAR VACATION |

(OR 147 WORKING DAYS AND 218 DAYS OFF/YEAR)\*

\*THUS IN A LEISURE-ORIENTED SOCIETY ONE COULD SPEND:

- |     |   |
|-----|---|
| 40% | OF HIS DAYS ON A VOCATION                                 |
| 40% | OF HIS DAYS ON AN AVOCATION                               |
| 20% | (OR MORE THAN 1 DAY/WEEK) ON NEITHER--I.E., JUST RELAXING |

# ⑤ IN A "NORMAL" POST-INDUSTRIAL AFFLUENT SOCIETY OF THOSE (40%) NORMALLY IN THE LABOR FORCE:

- |      |                               |
|------|-------------------------------|
| 50%  | WORK NORMAL YEAR              |
| 20%  | MOONLIGHT                     |
| 10%  | "HALF-TIME HOBBYISTS"         |
| 5%   | FRICTIONAL UNEMPLOYMENT       |
| 5%   | SEMI-FRICTIONAL UNEMPLOYMENT  |
| 5%   | "BEATNIK" OR "REVOLUTIONARY!" |
| 5%   | "VOLUNTARILY" UNEMPLOYED      |
| 100% |                               |

⑦ LAYING STRESS-UPON IMPORTANCE OF WORK HAS A GREATER EFFECT THAN ANY OTHER TECHNIQUE OF LIVING IN THE DIRECTION OF BINDING THE INDIVIDUAL MORE CLOSELY TO REALITY; IN HIS WORK HE IS AT LEAST SECURELY ATTACHED TO A PART OF REALITY, THE HUMAN COMMUNITY....AND YET....THE GREAT MAJORITY WORK ONLY WHEN FORCED BY NECESSITY, AND THIS NATURAL HUMAN AVERSION TO WORK GIVES RISE TO THE MOST DIFFICULT SOCIAL PROBLEMS.

SIGMUND FREUD  
CIVILIZATION AND ITS DISCONTENTS  
1930, p. 34, NOTE 1

⑧ ...MY SONS OUGHT TO STUDY MATHEMATICS AND PHILOSOPHY, GEOGRAPHY, NATURAL HISTORY AND NAVAL ARCHITECTURE, IN ORDER TO GIVE THEIR CHILDREN A RIGHT TO STUDY PAINTING, POETRY, MUSIC, ARCHITECTURE, STATUARY, TAPESTRY AND PORCELAIN...

JOHN ADAMS

# ③ TWELVE TRADITIONAL LEVERS

1. RELIGION, TRADITION, AND/OR AUTHORITY
2. BIOLOGY & PHYSICS (E.G., PRESSURES AND STRESSES OF THE PHYSICAL ENVIRONMENT, THE MORE TRAGIC ASPECTS OF THE HUMAN CONDITION, ETC.)
3. DEFENSE OF FRONTIERS (TERRITORIALITY)
4. EARNING A LIVING
5. DEFENSE OF VITAL STRATEGIC & ECONOMIC INTERESTS
6. DEFENSE OF VITAL POLITICAL, MORAL, AND MORALE INTERESTS
7. THE "MARTIAL" VIRTUES SUCH AS DUTY, PATRIOTISM, HONOR, HEROISM, GLORY, COURAGE ETC.
8. THE MANLY EMPHASIS--IN ADOLESCENCE: TEAM SPORTS, HEROIC FIGURES, AGGRESSIVE AND COMPETITIVE ACTIVITIES, REBELLION AGAINST "FEMALE ROLES" IN ADULTHOOD: PLAYING AN ADULT MALE ROLE (SIMILARLY A WOMANLY EMPHASIS)
9. THE "PURITAN ETHIC" (DEFERRED GRATIFICATION, WORK-ORIENTATION, ACHIEVEMENT-ORIENTATION, ADVANCEMENT-ORIENTATION, SUBLIMATION OF SEXUAL DESIRES, ETC.)
10. A HIGH DEGREE (PERHAPS ALMOST TOTAL) OF LOYALTY, COMMITMENT AND/OR IDENTIFICATION WITH NATION, STATE, CITY, CLAN, VILLAGE, EXTENDED FAMILY, SECRET SOCIETY, AND/OR OTHER LARGE GROUPING
11. OTHER SUBLIMATION AND/OR REPRESSION OF SEXUAL, AGGRESSIVE, AESTHETIC, AND/OR "OTHER" INSTINCTS
12. OTHER "IRRATIONAL" AND/OR RESTRICTING TABOOS, RITUALS, TOTEMS, MYTHS, CUSTOMS, AND CHARISMAS

# ⑨ TRADITIONAL VALUES FULFILLED BY WORK

- | BASIC ATTITUDE TOWARD WORK IS AS AN: | BASIC ADDITIONAL VALUE FULFILLED BY WORK   |
|--------------------------------------|--|
| 1. INTERRUPTION                      | SHORT-RUN INCOME   |
| 2. JOB                               | LONG-TERM INCOME--SOME WORK-ORIENTED VALUES (ONE WORKS TO LIVE)  |
| 3. OCCUPATION                        | EXERCISE AND MASTERY OF GRATIFYING SKILLS--SOME SATISFACTION OF ACHIEVEMENT-ORIENTED VALUES  |
| 4. CAREER                            | PARTICIPATING IN AN IMPORTANT ACTIVITY OR PROGRAM. MUCH SATISFACTION OF WORK-ORIENTED, ACHIEVEMENT-ORIENTED, ADVANCEMENT-ORIENTED VALUES |
| 5. VOCATION (CALLING)                | SELF-IDENTIFICATION AND SELF-FULFILLMENT   |
| 6. MISSION                           | NEAR FANATIC OR SINGLE-MINDED FOCUS ON ACHIEVEMENT OR ADVANCEMENT (ONE LIVES TO WORK)  |

# ④ RECENT IDEOLOGICAL TRENDS

1. 1916-1940: WORLD WAR I PROVIDED VINDICATION OF PACIFIST AND RELATIVIST CRITIQUES  
DEPRESSION SUPPORTED REFORMIST CRITIQUE & GAVE POWER TO INTELLECTUALS--WEAKENED "ESTABLISHMENT" AUTHORITY  
THE INTELLECTUAL ANTI-WAR LITERATURE OF THE PERIOD POWERFULLY REINFORCED SUCH ATTITUDES AS RELATIVISM, COSMOPOLITANISM, PACIFISM, ANTI-MILITARISM, REFORMISM, SOCIAL DEMOCRACY
2. 1941-MID-1950'S: HITLER, STALIN, WORLD WAR II, COLD WAR, AND KOREA UNDERMINED RELATIVISM, COSMOPOLITANISM, PACIFISM, ANTI-MILITARISM, AND VIOLENT REFORMISM  
NEVERTHELESS 1948 WALLACE MOVEMENT PROVIDED EXAMPLE OF AMERICAN INTELLECTUAL REASSERTION OF THOSE VIEWS  
INTELLECTUALS WITHDREW IN 1950'S--STUDENTS (I.E., "SILENT GENERATION") RESPONDED TO ATTITUDE OF THEIR TEACHERS
3. BY THE LATE 1960'S: WORLD WAR II EXPERIENCE & LESSON HAD RECEDED INTO PAST--THERE WAS REVITALIZED RELATIVISM--OUR SYSTEM WAS NO LONGER SEEN AS GOOD FOR OWN SAKE  
NUCLEAR WEAPONS AND VIETNAM WAR REVITALIZED PACIFISM, ANTI-MILITARISM AND COSMOPOLITANISM  
THE CIVIL RIGHTS AND POVERTY CAUSES REVITALIZED REFORMISM AND SOCIAL DEMOCRACY  
INEVITABLE POLITICAL DEFEATS OF INTELLECTUAL CAUSES REVITALIZED ELITISM (AND, IN CURRENT MILIEU, RECOURSE TO VIOLENCE)
4. SEVENTIES MAY BE "WORSE" THAN 1916-1940, BUT BACKLASH (OR "COUNTER REFORMATION") MAY CHANGE PROGNOSIS.

# ⑩ SOME OF THE REASONS WHY AMERICANS MIGHT REJECT CURRENT WORK-ORIENTED, ACHIEVEMENT-ORIENTED, ADVANCEMENT-ORIENTED ATTITUDES

1. WHY NOT (JOHN ADAMS QUOTE)
2. BESIDES ANYONE CAN MAKE \$10-\$25,000/ANNUM BY GOASTING
3. THERE WILL BE A MINIMUM INCOME GUARANTEED BY THE GOVERNMENT--OTHER FREE AND WELFARE BENEFITS
4. IT WILL BE EASY TO OBTAIN AN ADDITIONAL \$1-\$10,000/ANNUM FROM RELATIVES OR FRIENDS
5. THE MARGINAL UTILITY OF MONEY WILL GO DOWN
6. SOCIETY WILL FEEL IT CAN AFFORD SLACKNESS & DEVIATION
7. EFFECTS OF CHANGED CHILD-REARING PATTERNS
8. EXCESSIVE REACTIONS--INTELLECTUAL & BEATNIK--AGAINST "BOURGEOISE," "MANAGERIAL," "BUREAUCRATIC," "INDUSTRIAL," "PURITANICAL," & "PRE-AFFLUENT" VALUES--ADVANCEMENT OF THE IDEA OF THE SHEER INDECENCY OF GETTING RICHER--OF BEING GUILTY OF "MISERLY" BEHAVIOR OR CONTRIBUTING TO THE "EFFLUENT SOCIETY" AND/OR THE 1985 TECHNOLOGICAL CRISIS

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Supplementary Discussion of Chart Page on The Emerging  
Post-Industrial Society cont'd

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This chart page provides an introduction to some of the issues which the new political milieu is likely to raise for emergent post-industrial societies particularly in the U.S. and Europe. The charts on this page directly reflect the U.S. milieu which is discussed in greater detail in our report on the U.S. In Phase II of this Study we expect to be developing similar classifications and breakdowns for other areas of the world and particularly for Japan and Europe. To some extent, and in varying depth, we have already done this, and we refer the reader to the various area chartbooks for these discussions.

Chart 1 is essentially taxonomic in nature, illustrating an attempt to break down the U.S. milieu into various categories which reflect positions and attitudes rather than traditional labels.

Chart 2 is a surprise-free projection based on the categories of Chart 1.

The rest of the charts on this page are an attempt to differentiate between the humanist left and responsible center; as a descriptive elaboration of the categories established in Chart 1.

We think these two categories are particularly important in that they represent a large portion of the "ruling" and "literate" classes of America. They are also often overlapping with the result that (what we at least think of as) important distinctions are not made or are confused.

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# ① ONE CHARACTERIZATION OF THE EMERGENT NEW POLITICAL MILIEU

**HUMANIST LEFT:** OFTEN APOLITICAL AND A MOVEMENT OF CULTURAL CHANGE--OF "COUNTERCULTURE," "CONSCIOUSNESS III," INTERESTED IN HUMAN PERSONAL RELATIONSHIPS, PROBLEMS OF ALIENATION, ETC.; HOSTILE TO HIERARCHY AND BUREAUCRACY, FAVORING PARTICIPATORY DEMOCRACY AND INCLINED TOWARDS ANARCHY, OFTEN A SENTIMENTAL ANARCHY WITHOUT INTELLECTUAL RIGOR AND RESPONSIBILITY. THRUST OF THE MOVEMENT IS INDIVIDUALIST, TOWARDS SELF-ACTUALIZATION. LARGELY A MOVEMENT OF THE YOUNG AND OF FAIRLY NON-POLITICAL MEMBERS OF MIDDLE CLASS ELITES.

**"RESPONSIBLE" OR "TECHNOCRATIC" CENTER:** PROGRESSIVE AND REFORMIST GROUP INCLUDING TECHNOCRATS CONCERNED WITH KEEPING THE SYSTEM GOING AND "ESTABLISHMENT" MEMBERS WITH A REASONED COMMITMENT TO "THE SYSTEM." INCLUDES MANY FORMER LIBERALS: IS CLEARLY REFORMIST WITHIN PRAGMATIC LIMITS; IS NOT INDIFFERENT TO THE VALUE CHALLENGE OF THE HUMANIST LEFT AND OFTEN IS MARKED BY A FRANKLY CONSERVATIVE STYLE WHILE BEING CLEARLY DISTINGUISHABLE FROM THE OLD CONSERVATIVES IN TERMS OF POLITICAL PROGRAM.

**CONSERVATIONIST:** TRYING TO CONSERVE OLD VALUES. HIGHLY SKEPTICAL OF TECHNOLOGICAL, CULTURAL AND POLITICAL PROGRESS; EMPHASIZE MANY OF THE SAME IDEOLOGIES AS THE "ALIENATED LOWER MIDDLE CLASS" WITHOUT NECESSARILY TENDING TOWARDS RACISM, REACTIONARISM, AUTHORITARIANISM, CHAUVINISM, OR ANTI-INTELLECTUALISM.

**TRADITIONALIST:** (E.G., THE "LOWER MIDDLE CLASS"): EXTREMELY CONSCIOUS OF BEING ALIENATED FROM "LIBERAL ESTABLISHMENT;" UPWARDLY MOBILE BUT FINANCIALLY HARD PRESSED; RELATIVELY RACIST BUT UNWILLING TO USE RACIST ARGUMENTS; ENJOY HUNTING, NON-INTELLECTUAL, NON-SOPHISTICATED TV AND MOVIES; DEMOCRATIC WAYS; MANLY BEHAVIOR; PATRIOTIC AND RELIGIOUS VALUES. A POLITICALLY IMPORTANT MOVEMENT, BUT MOSTLY COMPOSED OF POLITICALLY UNSOPHISTICATED PEOPLE.

**NEO-LIBERALS:** STILL LARGELY ATTACHED TO LIBERAL CAUSE AND BELIEFS. INCREASINGLY CONCERNED THAT MANY OF HIS OLD BELIEFS AND ATTITUDES ARE OBSOLETE OR IRRELEVANT TO CURRENT ISSUES AND CRISES, YET HOSTILE TO THE COMPLACENCE OF THE "RESPONSIBLE CENTER" AND THE CONSERVATIVE CHARACTER OF THEIR PROGRAMS. TEND TO BE CONCERNED WITH THE STABILITY OF THE SYSTEM AND WITH PRESERVING ATTITUDES, EXPECTATIONS, CUSTOMS, AND MORES THAT CONSTITUTE THE "SOCIAL CONTRACT" AND SEEM JEOPARDIZED BY SOME CURRENT TRENDS--TRADITIONALLY A CONCERN OF CONSERVATIVES. ON THE OTHER HAND, SOME INCREASINGLY BELIEVE THAT THE EXISTING SYSTEM IS NOT RESPONSIVE TO CURRENT NEEDS AND EVOLUTIONARY AND CONCEIVABLY REVOLUTIONARY CHANGES MAY BE NEEDED. ANOTHER CHARACTERISTIC IS LACK OF CONFIDENCE IN BOTH ANALYSIS AND PRESCRIPTION.

**NEO-CONSERVATIVES:** USUALLY TOLERANT OF ECOLOGICAL AND CONSUMERISM-TYPE ISSUES, BUT, POLITICALLY, DISTINCTLY CONSERVATIVE. CAPITALIST IN ECONOMIC IDEOLOGY BUT OFTEN CONCERNED WITH BUSINESS' SOCIAL RESPONSIBILITY. MAY BE WILLING TO AGREE TO SYNTHESIS OF THE NEW AND THE OLD VALUES. LIKE THE NEO-LIBERAL, HIS IS A POSITION OF COMPROMISE AND PRACTICAL CHANGE, OFTEN FAIRLY UNCLEAR OR ANXIOUS ABOUT PRINCIPLES AND ABOUT THE FUTURE.

**NEO-"NATIONALISTS":** BLACK POWER GROUPS, CERTAIN ETHNIC GROUPS, AND OTHER SPECIAL-INTEREST GROUPS OFTEN BEST CONSIDERED SIMPLY AS DYNAMIC OR PARTICULARLY AGRIEVED PRESSURE GROUPS. HOWEVER, THE EMOTIONAL FERVOR THEY GENERATE AND THEIR HOSTILITY TOWARDS THE "ESTABLISHMENT" SUGGEST THE INTENSITY AND POLITICALLY DISRUPTIVE QUALITIES ASSOCIATED, IN THE PAST, WITH NATIONAL AND IRREDENTIST MOVEMENTS.

## ② PROBABLE CHARACTERISTICS OF THE CHANGING POLITICAL AND SOCIAL CONTEXT FOR THE 1970'S AND 1980'S

1. CONTINUATION OF MULTIFOLD TREND TOWARDS A SENSATE CULTURE EMPHASIZING COSMOPOLITAN, HUMANISTIC, ANTI-MILITARIST, ANTI-NATIONALIST, INTELLECTUAL, RELATIVISTIC, SCIENTIFIC, RATIONALISTIC, MANIPULATIVE, SECULAR, AND HEDONISTIC VALUES. DEVELOPMENT OF POST-INDUSTRIAL CULTURE. (IN THE "SECURE AREAS," THE "SECURITY COMMUNITIES," OF THE WEST THESE ARE LIKELY TO BE ALMOST OVERWHELMINGLY IMPORTANT--AT LEAST FOR UPPER-MIDDLE CLASSES--AND TEND TO REINFORCE OR ACCELERATE THE TRENDS MENTIONED BELOW.)
2. REVIVAL IN THE WEST OF POST-WWI REACTION AGAINST NATIONALISM, MILITARISM, MILITARY AND GOVERNMENTAL BUREAUCRACIES, ETC.
3. A GENERAL REACTION (NOW EVIDENT IN NEW LEFT) AGAINST RATIONALIST VALUES OF MODERN SCIENCE AND TECHNOLOGY, ECONOMIC AND ADMINISTRATIVE BUREAUCRACIES, ETC.
4. A CRISIS OF LIBERALISM CHARACTERIZED BY POPULIST AS WELL AS RADICAL REACTIONS AGAINST CERTAIN CHARACTERISTICS OF MODERN GOVERNMENT AND ECONOMY, AND CHIEFLY AGAINST WHAT ARE SEEN AS IRRESPONSIBLE AND INACCESSIBLE STRUCTURES OF POWER.
5. INCREASING SOCIAL IMPORTANCE OF THE INTELLECTUAL, WITH A TENDENCY TOWARD CHALLENGE OF ALL "IRRATIONAL" AND RESTRICTING TABOOS, TOTEMS, MYTHS AND CHARISMAS; AND TOWARD A QUESTIONING OF TRADITIONAL CLAIMS, FACTS, ASSUMPTIONS, AND LOYALTIES; A GENERAL HOSTILITY TO AUTHORITY AND INSISTENCE THAT LEGITIMACY MUST BE RATIONALIZED AND JUSTIFIED BY SELECTIVE AND PERHAPS ARBITRARY CRITERIA.
6. A CONTINUING AND PERHAPS INCREASING HOSTILITY ABROAD TO THE UNITED STATES GOVERNMENT, IN PART AN INEVITABLE REACTION AGAINST ITS POSTWAR SUPERPOWER STATUS, SHARPLY EXACERBATED BY THE VIETNAM WAR, THE NUCLEAR "ARMS RACE," AND A NUMBER OF POSTWAR INCIDENTS.
7. CONTINUED, EVEN STIMULATED RISING EXPECTATIONS (INTERNALLY AMONG THE LOWER INCOME GROUPS AND EXTERNALLY WITHIN THE LESS DEVELOPED COUNTRIES) AND A LOWER TOLERANCE BY INTELLECTUALS AND UPPER CLASSES GENERALLY FOR THE EXISTENCE OF "IRRATIONAL," "INDEFENSIBLE," AND "UNJUST" INEQUITIES--COMPLICATED IN MANY NATIONS BY UPPER AND UPPER-MIDDLE CLASS "GUILT COMPLEXES" AND ANTI-ANTI-LEFT IDEOLOGIES.
8. A SURPRISINGLY INTENSE GENERATION/CLASS GAP--CAUSED IN PART BY THE TENDENCY AMONG THE AFFLUENT CLASSES TO RAISE THEIR CHILDREN IN A PERMISSIVE, GRATIFICATION-ORIENTED ENVIRONMENT THAT CONTRASTS MARKEDLY WITH "THE PURITAN ETHIC," AS WELL AS THE DEPRESSION AND WORLD WAR II MILIEU IN WHICH THE CURRENT 40 TO 50-YEAR OLD "GOVERNING CLASS" WAS RAISED, AND IN PART BY THE CHANGES INDICATED ABOVE. HOWEVER, IT IS MORE A CLASS THAN A GENERATION GAP.
9. IN THE UNITED STATES A SPOTLIGHT ON--AND START OF--THE RESOLUTION OF SUCH "SOCIETAL FAILURES" AS RACIAL DISCRIMINATION AND RACIST PRACTICES, PERSISTENT POVERTY, POLLUTION, URBAN DIFFICULTIES OF VARIOUS SORTS, TENDING TO CAUSE AN OVEREMPHASIS ON THESE ISSUES, UNREALISTIC EXPECTATIONS AND SOME SUBSEQUENT FRUSTRATION, DISILLUSIONMENT, AND/OR ALIENATION.
10. ALIENATION OF MANY UPPER AND UPPER-MIDDLE CLASS YOUTH--IN PART STIMULATED BY SEEMING APATHY OF OLDER GENERATION TOWARD VARIOUS UNRESOLVED INJUSTICES, IN PART A REACTION AGAINST BUREAUCRACY AND "THE SYSTEM," WHICH IS OFTEN SIMPLY AN EXTREME VERSION OF THE FIRST FIVE TRENDS, IN PART A NORMAL GENERATIONAL PHENOMENON.
11. FINALLY, VARIOUS EFFECTS OF CURRENT MASS COMMUNICATIONS, TENDING TO INTENSIFY AND EXACERBATE ALMOST EVERY ONE OF THE ABOVE TRENDS.

## ③ SIMILARITIES BETWEEN HUMANIST LEFT AND RESPONSIBLE CENTER

1. ULTRA MODERN, BUT IN DIFFERENT WAYS CLOSE TO VARIOUS EIGHTEENTH-CENTURY CONCEPTS AND IDEOLOGIES--ESPECIALLY ENLIGHTENMENT AND ROMANTICISM
2. MOSTLY MIDDLE AND UPPER CLASS IN ORIGIN--I.E., EDUCATED
3. INNOVATIVE (BUT IN DIFFERENT AREAS)
4. CHANGE ORIENTED (BUT ONE IS EVOLUTIONARY, THE OTHER IS REVOLUTIONARY)
5. "INTELLECTUAL" AND MOVING FROM "CONSCIENCE" TO "IMPLUSE"
6. INTERESTED IN SOCIAL JUSTICE
7. ANTI-NUCLEAR USE (INDEED ANTI ANY USE OF UNNECESSARY FORCE)
8. COSMOPOLITAN (I.E., ANTI-NATIONALIST)--IF WESTERN EUROPEAN OR AMERICAN
9. ANTI-MILITARIST, ANTI-ARISTOCRATIC, ANTI-HIERARCHICAL, ANTI-AUTHORITARIAN, ANTI-BUREAUCRATIC (BUT IN DIFFERENT DEGREES AND WAYS)
10. BOTH BELIEVE WE ARE IN A "CRISIS OF VALUES"

## ⑤ BOTH GROUPS BELIEVE THIS IS A CRISIS OF VALUES

HUMANIST LEFT	RATIONAL CENTER
REVOLUTIONARY END OF INDUSTRIAL SOCIETY	THRESHOLD OF NEW TECHNOLOGICAL, AFFLUENT, AND HUMANIST SOCIETY
FAVORS DESTRUCTIONS OF SYSTEM, CONFRONTATION TACTICS USED TO "SHOCK" THE MASSES	FAVORS REBUILDING SYSTEM FROM WITHIN, PREVENT CONFRONTATION SO AS NOT TO "ANTAGONIZE" MASSES AND VARIOUS VESTED INTERESTS
ADULTS SHOULD IN EFFECT SURRENDER TO THE YOUNG RESPONSIBILITIES TO MAKE MORAL DECISIONS	CONCESSIONS SHOULD NOT BECOME THE PREVAILING PATTERN. FIRM AND MORAL DECISIONS NEEDED FROM LEADERS
RADICAL TRANSFORMATION OF INSTITUTIONS IS NEEDED. ELECTORAL PROCESS HAS BECOME INADEQUATE. INCREASINGLY THE POLITICIZED GROUPS SEARCH FOR APPEALING ISSUES TO RADICALIZE AND MOBILIZE MASSES	REVOLUTIONARY SITUATIONS CAN ARISE ONLY IF SOCIETY IS ALLOWED TO UNDERGO SERIOUS MALAISE AND ITS VALUES AND AUTHORITIES ARE QUESTIONED. ONLY CHANGE TO CONFIDENT, COMPETENT, DYNAMIC LEADERSHIP AND CHARISMATIC PROGRAMS CAN NOW PREVENT MALAISE AND EROSION OF MORALE.

## ⑦ OPPONENTS OF THE HUMANIST LEFT (OR BARELY TOLERANT OF THEM)

LOWER CLASS--PARTICULARLY UPWARDLY MOBILE MEMBERS--INCLUDES MOST NEGROES--BUT THIS MAY BE CHANGING

LOWER MIDDLE CLASS--INCLUDING MOST WORKERS AND "SQUARISH" NEGROES

ORTHODOX OLD LEFT--E.G., C.P. MEMBERS

AFL-TYPE LIBERAL

JEFFERSONIAN DEMOCRAT

DOGMATIC, DOCTRINAIRE, OR DISCIPLINED OLD RIGHT

## ④ GROUPS BELONGING TO HUMANIST LEFT

THE YOUNGER MARX

LITERARY AND ARTISTIC AVANT GARDE

ROMANTIC OLD LEFT

MANY EXISTENTIALISTS

SOME NEGRITUDE OR BLACK POWER MOVEMENTS

MANY STUDENT MOVEMENTS

NEO-ELITIST SOCIOLOGISTS

NEW LEFT POLITICAL MOVEMENTS

MANY OTHER "PROGRESSIVES"

BEATNIKS

HIPPES

OTHER DROPOUTS

## ⑥ ALLIES, "SYMPATHIZERS," AND MORAL ACCOMPLICES (IN THE U.S.) OF HUMANIST LEFT

LIBERAL PROGRESSIVES (E.G. AMNY IN ADA)

SURPRISING NUMBERS OF UPPER-CLASS AMERICANS--BOTH CONVENTIONAL (E.G., PROGRESSIVE BUSINESSMEN, BANKERS, LAWYERS) AND UPPER-CLASS BOHEMIANS, AND ARTISTS, AND INTELLECTUALS

SURPRISING NUMBER OF TECHNOCRATS

SURPRISING HIGH PERCENT OF CERTAIN "ETHNIC" GROUPS--JEWISH, UNITARIAN, QUAKER, UPPER CLASS CONGREGATIONALIST AND EPISCOPALIAN, OLD YANKEE ABOLITIONIST FAMILIES, ETC.

SOME MEMBERS OF THE OLD ARISTOCRATIC, ANTI-BOURGEOIS, ANTI-INDUSTRIAL RIGHT

MANY SOCIAL WORKERS

MANY LIBERAL PROFESSORS AND INSTRUCTORS (BUT SOME ARE SHARPEST CRITICS)--PARTICULARLY SOCIOLOGISTS, HISTORIANS, PSYCHOLOGISTS, HUMANITARIANS, AND TO A LESSER DEGREE LAW AND ECONOMICS

MANY STUDENTS AT PRESTIGE UNIVERSITIES

LIBERAL CLERGY (MANY ARE ACTUALLY A KIND OF AVANT GARDE HUMANIST LEFT)

MOST YOUNG AND SOME OLD JESUITS--IN NORTH AND SOUTH AMERICA

## SECTION 14

THE "1985 TECHNOLOGICAL CRISES" AND THE REVOLT  
AGAINST TECHNOLOGICAL PROGRESS AND ECONOMIC GROWTH

Today for the first time in the West the very class that has in the past today been most committed to "progress"--the upper middle class bourgeoisie--is becoming disillusioned with the concept. There are a number of reasons for this (some of which we consider in Section 11). We would like to focus now on the degree to which advancing technology and economic growth are themselves regarded as villains. In the past the attack has generally come from traditionalists of various sorts mainly interested in preserving feudal, heroic, religious, or "humanist" relationships and values. Many who today have joined in the attack against progress have or have acquired some such perspective, but the current attack basically arises directly out of negative reactions to technological change and economic growth. Some of the most common charges and complaints are listed below (and repeated as Chart 1 on the Chart page):

1. Defunctionalization--increasing loss of meaning of many traditional activities through the development of short-cuts to gratification, erosion of "traditional societal levers" and/or loss of human scale and perspective.
2. For some a dehumanization of social life or even of the psycho-biological self--for others changes that are too rapid or cataclysmic to permit successful adjustment (future shock).
3. Potential increase of governmental and/or private power over individuals.
4. Growth of dangerously vulnerable, deceptive or degradable centralization of administrative or technological systems.
5. Loss of privacy and solitude (See Chart 2).
6. Posing of choices that are too large, complex, important, uncertain, or comprehensive to be safely left to fallible humans (See Charts 3 and 4).
7. The "technological crisis" issues (See Charts 5 to 12).

We have left out (somewhat arbitrarily) the Luddite charge of mounting unemployment and economic suffering, and the classical religious and humanist attack against the immoral, even blasphemous and/or heretical nature of what we call Faustian power. It should be noted that in Goethe's Faust, Faust gets into trouble only when he tries to stop the process--to halt further progress because he is satisfied. Thus Goethe has Faust say:

If to the moment I should say:  
Abide, you are so fair--  
Put me in fetters on that day,  
I wish to perish then I swear.  
Then let the death bell ever toll...

And it should be noted that it is exactly those today who have two cars, a dishwasher, a washing machine and so on--who are satisfied or even satiated, who are most upset about the need to reduce consumption, to protect the environment, to preserve living space, and so on. The vast majority, of course, still strongly wish to enjoy material progress, value such progress greatly, and will fight to get it. In effect only those who have grown up with the fruits of material progress and have never seen serious deprivation except in a semi-voluntary situation (such as when one drops out) are arguing for some equivalent of asceticism. This is not necessarily a charge against them, for it makes sense that such a critique is more likely to come for these people. Those who have not achieved these goals, in fact, may overvalue what they are missing.

A negative attitude towards further technological progress and economic growth may well become increasingly relevant and forceful as our society becomes "post-industrial." We may come to see--some already see--our situation as similar to one that appears many times in nature in which the limiting factor to further growth is--pollution--the problem of getting rid of waste products. Thus it is exactly this which limits the size of a colony of bacteria on a nutrient surface--not the availability of air, food, or space. It can be argued that that our situation is similar, that the Western capitalist industrial "growth" in technological and economic terms is limited by its unavoidable waste products. It can also be argued that we are now rich enough, that our values will and should change, and that the threat of catastrophe is real enough so that we must control and limit technology even at the cost of "progress" and growth.

We at Hudson largely reject this position (and think most will) at least for the next ten to twenty years. We feel that technological growth and economic progress will be able to make the rest of the world rich; and that with advancements in technology itself along with self-restraint, proper policies and designs, and the allocation of sufficient resources (mostly money), we will be able to cope with the problems of pollution. Under today's political and economic conditions more money and more technology seem essential in order to meet the problem. But the argument that, in a post-industrial society, we no longer need nor can tolerate unbridled technological and even economic "progress" is powerful and may become increasingly relevant and, in fact, restraining in the long run.

A turning away from progress and growth has been heralded for a long time, but it was only when the issues listed above became really critical (as described below) that it became a strong movement--perhaps the strongest and most successful movement of the last decade. These issues can be grouped under the rubric "1985 technological crises."

The concept of the "1985 technological crises" originally derived (at least as far as Herman Kahn and most of Hudson is concerned) from an article by John von Neumann in the June 1955 issue of Fortune magazine, in which he argued that "the environment in which technological progress must occur has become undersized and underorganized"; this is happening not accidentally or as a mistake, but is inherent in technology's relation to geography on the one hand to political organization on the other.

Von Neumann suggested 1980 as the year in which we will really have to face the effects of the finite actual size of the earth in a critical way. We take this to mean a decade or two of crises--starting in the seventies, but really culminating in the eighties--hence the term "1985 technological crises," and we use the phrase to include issues other than simply those involving the finite size of the earth (see Charts 6-12 for a list of these issues). As far as we know today, any one of these issues could be associated, in the next decade or two, with enormous difficulties if not tragedies. It is hard to believe, as one looks over this list of relatively imminent technological dangers, that we will cope successfully with all of them, though we might. Many, of course, may prove to be non-problems or non-issues. But nothing has happened since 1955 to challenge von Neumann's basic assertion--indeed most events have made the basic concept broader and deeper.

The rubric "1985 technological crises" is a broad one, covering many issues, some of which are fairly self-explanatory, some of which have received and are now receiving much publicity. But three points should be made about this crisis as a whole: we are faced with the spectre of many different technologies breaking down or developing of our control almost simultaneously; many of the crises we are discussing are simply bigger than those of the past; and due to the fact that both pollution and technology tend to grow exponentially, we often do not know about the problems until they are already critical, and have little time left to deal with them.

Let us present perhaps the most alarmist possible view of the first point (but one which is now believed by many). Imagine you were building a Hollywood film set, and wanted it to last until 1980. Someone points out that the paint will have cracked by 1978. So you use a better paint. Another critic points out that the concrete may begin to crumble, so more reinforcing rod and more cement and less sand is used. But he also points out that the plumbing will wear out in 1982. This does not bother you; the set will be abandoned in 1980. The electrical wiring is going to wear out in 1988; this does not bother you either. The set is going to be abandoned in 1980. In some ways the world today looks like that kind of a Hollywood set, designed--or at least currently operated--to be abandoned at some point in the early eighties.

While we would not accept this formulation as a wholly accurate estimate of current practices, a case can be made that things are simply going to fall apart; there is a similar but different threat that we will lose control of technological progress and application. And the two possibilities are not mutually exclusive. In any case, it seems highly likely that some of the 70 or so technologically threatening issues listed on Charts 6 to 12, if not corrected soon, will come to dominate some aspects of our lives and endeavors during the next two or three decades.

Furthermore, many of the threats (e.g., the "greenhouse effect," or a general cooling of the earth's temperature) are worldwide. It is true that historically, most predictions of world-wide effects of various sorts have not been validated by events; but not only do we not know at the present time that this will continue to be true for many--not to say all--of

the threats we include under the rubric "1985 technological crisis" but there is a definite change in the underlying situation. Hence the typical --and to some degree justifiable--apocalyptic language--particularly with regard to many of the pollution issues.

Not only may some of these pollution issues be worldwide; we may have little time to correct them. Assume, for example that some reservoir--one can think of a bathtub if he wishes--is filling with a pollutant at a constant rate; at some point the bathtub will run over--that is, there will be a disaster. Let us also assume that people pay effective attention to the problem when they notice that the reservoir is 10 percent filled. At that point almost all the interested parties can see--or have to concede--that there is a problem. Assume that this reservoir (or bathtub) took one year to become 10 percent filled. Since it will take 10 years in all to fill, 9 years are now left to fix the problem. That is a lot of time. If the same reservoir were filled by some kind of an exponential process in which there was an e-folding rate\* of one year to fill it to ten percent, then only 2.3 years are left before the reservoir will be totally filled. This property of exponentials--that by the time you notice that you are in trouble you often have very little time left--can prove disastrous; for it is often too late to react adequately. This is one reason for the current concentration on pollution issues. When President Nixon said on January 1st of this year that we have a decade to fix these problems or it would be too late, he was not in empty rhetoric. He was probably quoting from a report from the President's Science Advisory Committee or other expert and responsible groups which today often use this kind of language in describing the problem. Many of the processes which trouble us today are exponential processes with e-folding times of from 2 to 20 years.

Partly for the above reasons, everyone today is against pollution; it has become almost a religious issue. But the issue has a special radiance for the left. In the past the left often talked about the "increasing misery of the masses," arguing the false or illusionary character of the seeming success of society in general and the benefits of modern affluence and technology in particular. In the middle and late twentieth century it has been increasingly difficult to make this position convincing. But thanks to the pollution issue the left, rather than talk about the affluent society, now talks about the effluent society; rather than talk about gross national product the left now talks about gross national pollution. As a result, if you are a man of the left, you can argue that all this marvelous technology, all this unbelievable affluence created by industrialism and capitalism, has been

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\*An exponential process is one which proceeds at a rate proportional to the accumulated total of the past. An e-folding time corresponds to the length of time it takes to accumulate 2.72 times as much as some original amount. An annual growth rate of 10 percent corresponds to an e-folding time of slightly more than a decade, 5 percent to two decades, and 20 percent to 5.5 years.

unmasked: progress has proven to be only a complicated way to produce garbage, to destroy the ecology and landscape, to dehumanize the individual. Thus the traditional negative picture of economic "progress" held by much of the left, especially by today's new left, is regarded as having been validated.

Ecology was in the past the concern of those (including conservatives) who were not overly fond of industrial society; in the U.S. in the sixties, it was a major concern of the counterculture before being co-opted, in a way, by everyone else. Many of those who first became very concerned about the pollution issue a few years ago regarded it as yet another count in their indictment of and attack on modern industrial society. But what was seen originally by one radical as "a piece of the revolutionary puzzle" now seems to be accepted, and enthusiastically so, by society as a whole.

This is an interesting and important development. Society as a whole seems to be embracing an issue that has been in the past part of a broad anti-bourgeois, anti-industrialism platform. The rise of a strong concern about pollution does not mean that everyone is rejecting industrialism; but it does mean that everyone is not accepting it as automatically or wholeheartedly as before. This is not necessarily bad, but it does represent a change. There is no mention of pollution in the Horatio Alger novels, for example, even though cities were filthier then with horse manure and soot than they are today.

The pollution issue represents one of the possible "1985 technological crises," all of which can potentially be serious, not to say crucial. And our handling of the pollution issue represents an important change, or at least modification, of our traditional attitude toward material progress and technology, and perhaps toward modern industrial society itself. Dealing with some of the other prospective "1985 technological crises" may similarly lead to or accelerate important changes in our attitudes and values.

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Supplementary Discussion of Chart Page on The "1985 Technological Crises"  
and the Revolt Against Technological Progress and Economic Growth

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Chart 1 lists some familiar but increasingly pressing problems that have been raised by advances in modern technology. One of the main points dramatized by this chart is that to a growing degree, young people are manifesting at best a mixed or equivocal attitude towards this technological progress. That is, the five- or six-hundred-year-old tradition that says the future will be better than the past is no longer firmly and universally upheld, especially by upper-middle-class youngsters in the United States. In particular, they no longer look upon technology and science as basically beneficial.

Chart 2 is one of many charts one could write which illustrates the above-mentioned fear of the advance of technology, affluence and sheer numbers of people.

Chart 3 gives some typical ways we can go wrong in addressing these fears, describing changes in our culture. The basic point, of course, is that it seems unlikely that we will blunder through or muddle through successfully. (It may also be true that we cannot even plan our way without some major catastrophes.) Oddly, the best combination, as discussed later, is probably some combination of muddling through and planning which might be called "a planned muddling through."

Chart 4 is the prediction of John von Neumann that the world is approaching a technological crisis.

Chart 5 deals with some of the areas in which we expect the "1985 Technological Crisis" to occur, and the next seven charts elaborate on the various areas of Chart 5. It should be stressed, however, that the 1985 focus does not suggest that all of these trends will have culminated at this point, but rather that in that time frame we shall have to understand these problems much better than we do today, and be able to make some hard choices based on this understanding. It seems likely that the early 80's will bring most of these issues to a head, though; of course, many of them are present as important issues even today.

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# ① SOME MIXED BLESSINGS OF TECHNOLOGICAL PROGRESS IN THE LAST THIRD OF THE TWENTIETH CENTURY

1. DIFUNCTIONALIZATION--PARTIAL (BUT INCREASING) LOSS OF MEANING OF MANY TRADITIONAL ACTIVITIES THROUGH THE DEVELOPMENT OF SHORT-CUTS TO GRATIFICATION, EROSION OF "TRADITIONAL SOCIETAL LEVERS" AND/OR LOSS OF HUMAN SCALE AND PERSPECTIVE.
2. FOR SOME A DEHUMANIZATION OF SOCIAL LIFE OR EVEN OF THE PSYCHO-BIOLOGICAL SELF--FOR OTHERS CHANGES THAT ARE TOO RAPID OR CATAclysmic TO PERMIT SUCCESSFUL ADJUSTMENT (SO-CALLED FUTURE SHOCK).
3. POTENTIAL INCREASE OF GOVERNMENTAL AND/OR PRIVATE POWER OVER INDIVIDUALS.
4. GROWTH OF DANGEROUSLY VULNERABLE, DECEPTIVE OR DEGRADABLE CENTRALIZATION OF ADMINISTRATIVE OR TECHNOLOGICAL SYSTEMS.
5. LOSS OF PRIVACY AND SOLITUDE (SEE CHART 2).
6. POSING OF CHOICES THAT ARE TOO LARGE, COMPLEX, IMPORTANT, UNCERTAIN, OR COMPREHENSIVE TO BE SAFELY LEFT TO FALLIBLE HUMANS (SEE CHARTS 3 AND 4).
7. THE "TECHNOLOGICAL CRISIS" ISSUES (SEE CHARTS 5 TO 12).

## BY 1985 THE FOLLOWING AREAS ARE LIKELY TO GIVE RISE TO SPECIAL TECHNOLOGICAL DANGERS

- I. INTRINSICALLY DANGEROUS TECHNOLOGY
- II. GRADUAL AND/OR NATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT
- III. SPECTACULAR AND/OR MULTINATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT
- IV. DANGEROUS INTERNAL POLITICAL ISSUES
- V. UPSETTING INTERNATIONAL CONSEQUENCES
- VI. DANGEROUS PERSONAL CHOICES
- VII. BIZARRE ISSUES

## ⑨ IV. DANGEROUS INTERNAL POLITICAL ISSUES

- A. COMPUTERIZED RECORDS
- B. OTHER COMPUTERIZED SURVEILLANCE
- C. OTHER ADVANCED TECHNIQUES FOR SURVEILLANCE
- D. EXCESSIVELY DEGRADABLE (OR UNRELIABLY REASSURING) CENTRALIZED CAPABILITIES
- E. IMPROVED KNOWLEDGE OF AND TECHNIQUES FOR AGIT-PROP AND OTHER MEANS OF CREATING DISTURBANCES
- F. IMPROVED KNOWLEDGE OF AND TECHNIQUES FOR PREVENTING DISTURBANCES
- G. COMPLEX OR CRITICAL GOVERNMENTAL ISSUES LEADING TO EITHER "TECHNOCRACY" OR "CAESARISM"
- H. NUCLEAR WEAPONS AFFECTING INTERNAL POLITICS
- I. EXCESSIVELY ILLUSIONED ATTITUDES
- J. OTHER DANGEROUS ATTITUDES

# ② SOME ASPECTS OF PRIVACY

- I. RIGHT TO IDIOSYNCRATIC
  - A. THOUGHTS
  - B. UTTERANCES
  - C. VALUES
  - D. WAY OF LIFE
  - E. STYLE AND MANNERS
  - F. METHODS OF SELF-EXPRESSION
- II. ISOLATION OR PROTECTION FROM:
  - A. SELECTED ASPECTS OF THE PHYSICAL ENVIRONMENT
  - B. SELECTED ASPECTS OF THE SOCIAL ENVIRONMENT
  - C. MANY PRESSURES AND/OR OTHER INTRUSIONS BY INDIVIDUALS, ORGANIZED PRIVATE GROUPS AND BUSINESSES, AND POLITICAL AND GOVERNMENTAL ORGANIZATIONS
- III. RIGHT TO:
  - A. WITHHOLD INFORMATION
  - B. MAKE MANY FAMILY AND PERSONAL DECISIONS
  - C. BE ONESELF
- IV. ENOUGH ELBOW ROOM:
  - A. TO BE UNOBSERVED OCCASIONALLY
  - B. FOR AESTHETIC PURPOSES
  - C. TO GET THINGS DONE
  - D. AS A VALUE IN ITS OWN RIGHT

## ⑥ INTRINSICALLY DANGEROUS TECHNOLOGY

- A. MODERN MEANS OF MASS DESTRUCTION
- B. NUCLEAR REACTORS--FISSION OR FUSION
- C. NUCLEAR EXPLOSIVES, HIGH-SPEED GAS CENTRIFUGES, ETC.
- D. RESEARCH MISSILES, SATELLITE LAUNCHERS, COMMERCIAL AIRCRAFT, ETC.
- E. "BIOLOGICAL AND CHEMICAL "PROGRESS"
- F. MOLECULAR BIOLOGY AND GENETICS
- G. "MIND CONTROL"
- H. NEW TECHNIQUES FOR INSURGENCY, CRIMINALITY, TERROR, ORDINARY VIOLENCE
- I. NEW TECHNIQUES FOR COUNTERINSURGENCY OR IMPOSITION OF ORDER
- J. NEW "SERENDIPITIES" AND SYNERGISMS

## ⑩ V. UPSETTING INTERNATIONAL CONSEQUENCES

- A. BOTH NEW AND "TRADITIONAL" DEMONSTRATION EFFECTS
- B. TECHNOLOGICAL OBSOLESCENCE OF "UNSKILLED" LABOR
- C. NEW SYNTHETICS--E.G., COFFEE, OIL, ETC.
- D. FORCED MODERNIZATION
- E. GROWING GUILT FEELINGS BY MANY IN WEALTHY NATIONS--PARTICULARLY AMONG THE ALIENATED OR YOUNG
- F. INEXPENSIVE AND WIDELY AVAILABLE "REALISTIC" COMMUNICATIONS AND PHYSICAL TRAVEL
- G. ACCELERATED "BRAIN DRAINS"
- H. CHEAP (SYNTHETIC?) FOOD
- I. CHEAP EDUCATION
- J. CONTROL AND EXPLOITATION OF THE OCEANS, SPACE, MOON

# ③ A DYSTOPIAN SEQUENCE

1. A SERIES OF RELATIVELY SMALL CHANGES IS PROPOSED.
2. IN EACH CASE THE CHANGED SITUATION IS THOUGHT TO BE PREFERABLE (BY, SAY, A VOTE OF THE RELEVANT DECISION-MAKERS OR RELEVANT COMMUNITY) TO THE OLD SITUATION.
3. THE CHANGES ARE CUMULATIVE.
4. ONLY AFTER THE SERIES OF CHANGES HAS BEEN MADE DO PEOPLE THINK OF THE NEW SITUATION AS UNDESIRABLE OR EVEN DISASTROUS (OR THE SITUATION BECOMES ONE WHICH THOSE WHO INITIATED THE PROCESS WOULD JUDGE UNDESIRABLE).
5. YET IT IS NOW IMPOSSIBLE TO REVERSE THE SEQUENCE BECAUSE THE CHANGES ARE IRREVOCABLE, WOULD HAVE TO BE WRITTEN OFF, TOO GREAT AN INVESTED INTERESTS WITH TOO MUCH POWER HAVE BEEN CREATED, OR VALUES HAVE SO CHANGED THAT THE EVALUATION HAS CHANGED.

## ⑦ GRADUAL AND/OR NATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT

- A. RADIOACTIVE DEBRIS FROM VARIOUS PEACFUL NUCLEAR USES
- B. POSSIBLE GREENHOUSE OR OTHER EFFECTS FROM INCREASED CO<sub>2</sub> IN THE ATMOSPHERE
- C. WASTE HEAT
- D. OTHER SPECIAL WASTES
- E. OTHER WASTES, DEGRIS, AND JUST PLAIN GARBAGE
- F. NOISE, UGLINESS, ETC., ASSOCIATED WITH MANY MODERN ACTIVITIES
- G. EXCESSIVE URBANIZATION
- H. EXCESSIVE OVERCROWDING
- I. EXCESSIVE TOURISM
- J. INSECTICIDES, FERTILIZERS, GROWTH "CHEMICALS," FOOD ADDITIVES, ETC.

## ⑪ VI. DANGEROUS PERSONAL CHOICES

1. SEX DETERMINATION
2. OTHER GENETIC ENGINEERING
3. PSYCHEDELIC AND MOOD-AFFECTING DRUGS
4. ELECTRONIC STIMULATION OF PLEASURE CENTERS
5. OTHER METHODS OF SENSUAL SATISFACTION
6. EXCESSIVE PERMISSIVENESS AND INDULGENCE
7. DROPPING OUT AND OTHER ALIENATION
8. EXCESSIVE NARCISSISM OR OTHER SELF-REGARD
9. SUPER-COSMETOLOGY
10. LENGTHY HIBERNATION

# ④ THE ISSUE OF TECHNOLOGY

"THE GREAT GLOBE ITSELF IS IN A RAPIDLY MATURING CRISIS--A CRISIS ATTRIBUTABLE TO THE FACT THAT THE ENVIRONMENT IN WHICH TECHNOLOGICAL PROGRESS MUST OCCUR HAS BECOME BOTH UNDERSIZED AND UNDERORGANIZED..."

IN THE FIRST HALF OF THIS CENTURY...THIS SAFETY...WAS ESSENTIALLY A MATTER OF GEOGRAPHICAL AND POLITICAL LEbensraum: AN EVER BROADER GEOGRAPHICAL SCOPE FOR TECHNOLOGICAL ACTIVITIES, COMBINED WITH AN EVER BROADER POLITICAL INTEGRATION OF THE WORLD. WITHIN THIS EXPANDING FRAMEWORK IT WAS POSSIBLE TO ACCOMMODATE THE MAJOR TENSIONS CREATED BY TECHNOLOGICAL PROGRESS.

NOW THIS SAFETY MECHANISM IS BEING SHARPLY INHIBITED; LITERALLY AND FIGURATIVELY, WE ARE RUNNING OUT OF ROOM. AT LONG LAST, WE BEGIN TO FEEL THE EFFECTS OF THE FINITE, ACTUAL SIZE OF THE EARTH IN A CRITICAL WAY.

THUS THE CRISIS DOES NOT ARISE FROM ACCIDENTAL EVENTS OR HUMAN ERRORS. IT IS INHERENT IN TECHNOLOGY'S RELATION TO GEOGRAPHY ON THE ONE HAND AND TO POLITICAL ORGANIZATION ON THE OTHER...IN THE YEARS BETWEEN NOW AND 1980 THE CRISIS WILL PROBABLY DEVELOP FAR BEYOND ALL EARLIER PATTERNS. WHEN OR HOW IT WILL END--OR TO WHAT STATE OF AFFAIRS IT WILL YIELD--NOBODY CAN SAY.

JOHN VON NEUMANN  
FORTUNE, JUNE 1955

## ⑧ SPECTACULAR AND/OR MULTINATIONAL CONTAMINATION OR DEGRADATION OF THE ENVIRONMENT

- A. NUCLEAR WAR
- B. NUCLEAR TESTING
- C. BACTERIOLOGICAL AND CHEMICAL WAR OR ACCIDENT
- D. ARTIFICIAL MOONS
- E. PROJECTS WEST FORD, STORM FURY, ETC.
- F. SUPERSONIC TRANSPORTATION (SHOCK WAVES)
- G. WEATHER CONTROL
- H. BIG "GEOMORPHOLOGICAL" PROJECTS
- I. MILLION-TON TANKERS (TORRE CANYON WAS ONLY 111,825 TONS) AND MILLION-POUND PLANES
- J. OTHER ENTERPRISE OR MECHANISM OF "EXCESSIVE" SIZE

## ⑫ VII. BIZARRE ISSUES

- A. GENERATIONAL CHANGES; E.G. EXTENDED LONGEVITY
- B. MECHANICALLY DEPENDENT HUMANS; E.G. PACEMAKERS
- C. LIFE AND DEATH FOR AN INDIVIDUAL; E.G. ARTIFICIAL KIDNEYS, ETC.
- D. NEW FORMS OF HUMANITY; E.G. "LIVE" COMPUTERS
- E. "FORCIBLE" BIRTH CONTROL FOR "IMPOSSIBLE" GROUPS
- F. OTHER EXTERNAL CONTROLS OR INFLUENCE ON WHAT SHOULD BE A PERSONAL OR EVEN INSTITUTIONALLY PRIVATE CHOICE
- G. LIFE AND DEATH OR OTHER CONTROL OF "OUTLAW" SOCIETIES WHICH HAVE NOT YET COMMITTED ANY TRADITIONAL CRIME
- H. EVEN THE CONTINUATION OF THE NATION-STATE SYSTEM
- I. CONTROLLING AND LIMITING CHANGE AND INNOVATION
- J. RADICAL ECOLOGICAL CHANGES ON A PLANETARY SCALE
- K. INTERPLANETARY CONTAMINATION

## SECTION 15

## SPECIAL DEVELOPMENT ISSUES AND PROJECTS

One of the major efforts of this study has involved looking for possibilities for large-scale development projects and new forms of business to implement them. This work has largely been under the direction of the Economic Development Studies Group at Hudson Institute. The Group in cooperation with consultants throughout the world, as well as many of our CES participants, is trying to develop projects which would have significant impact on the development potential of both developed and developing areas. Considerable effort has been made in generating studies of what we call Frontier Zones. These zones are "frontiers" in that they are relatively inaccessible or unexploitable due to geographic constraints or economic or psychological barriers to development. Hudson Institute has often acted in the past, and thinks of itself in this case, as a catalytic agent in devising plans to develop such areas bringing together those who are politically responsible for the area with those who could have technical and economic interests in that area.

Among the major projects we have done both in connection with this study and separately are a number of studies in Latin America and Africa which we feel suggest ways of developing natural resources and electrical power in these areas. Examples 1-3 of this Section are summaries of proposals for such large scale projects in South America. In each case, the basic technical and economic parameters of the undertaking were evaluated, resulting in a preliminary feasibility study, as was done with the Congo Dam and Seaport and Mekong Delta projects (Examples 4 and 5). Implementation of each of these would bring about basic, long term social, political, and economic changes in the country or countries effected. The necessary investments would not be very great in comparison to (we think less successful) projects already underway, and the technology needed is available but untried, but require some changes in conventional thinking.

Examples 6-8 are examples of projects in developed areas of the world. Example 6 is a proposal for a circumferential highway for the northeast corridor of the United States; it would stimulate development of a region which is today depressed, producing an additional site for industrial development in a congested region of the country. The Welfare Island project takes a currently unused and underdeveloped area within New York and suggests that it can become a great asset to the city. The English Channel Causeway is a new alternative to a problem which has foundered for decades.

The methodological requirements for the generation and pursuit of such projects have led to new ways of viewing large geographic regions for development potential. The overflight technique is the most notable example of this. A small interdisciplinary group surveys the regions under consideration in a few days of low-level overflights, with frequent, unplanned stops. Systematic debriefing is combined with the spontaneous, impressionistic ideas generated during the flights and on the ground, frequently producing insights which escape standard, meticulous, ground-level surveys by experts. The

overflights have been used in Latin America, Africa and Europe, including the Amazon, Great Lakes and Choco projects.

Many of these projects require new ways of amassing capital, of coalescing intra- or intergovernmental organizations, and of operating the projects during their various stages. A number of such new business forms are discussed on the attached Chart page. We feel that these give a fair example of some of the types of work we expect to be doing in this area in Phase II.

Example 1

### A SOUTH AMERICAN GREAT LAKES SYSTEM--THE LOW DAM CONCEPT

There are few products of modern engineering more spectacular than the high dam and the hydroelectric plant. Yet "low dams," which at first glance seem to represent the technology of the last century, primitive in appearance<sup>1</sup> and unchallenging technically, have in recent years found new applications.<sup>2</sup>

It is our belief that in South America and, perhaps other parts of the world, the "low dam" may be peculiarly suited to topographic conditions and development requirements. For example, it appears from a series of preliminary studies and exploratory trips undertaken by Hudson Institute and consultants<sup>3</sup> that it should be possible to create a number of artificial "Great Lakes"<sup>4</sup> in the interior of South America through construction of a series of "low" dams (10 to 50 meters<sup>5</sup> above mean river elevations), flooding portions of existing river basins, and that such a program might be realized at practical cost (see example 2 and 3).

The rivers provide the only permanent all-weather transportation system in the interior of the continent. Canoes, outboards, and small shipping in the 50- to 100-ton class provide communication between villages. Yet the primary rivers of the interior are not now fully navigable even though they are among the largest in the world,<sup>6</sup> (tributaries of the Amazon are the size of the Mississippi and Missouri Rivers).

<sup>1</sup>Generally constructed with earth or hydraulic fill, low dams resemble dikes or levees and are characterized by wide crests and long sloping sides.

<sup>2</sup>Recent new applications include damming of large tidal basins in Europe, the Arkansas waterway and Russian projects on the Dnieper and Volga.

<sup>3</sup>Coyne et Bellier; Laboratoire Hydraulique de France; Woodward, Clyde and Associates of San Francisco; Marcello de Leva and others.

<sup>4</sup>The term "Great Lakes" is used to indicate large water surface areas and river-waterway systems. Artificially created in South America, the large areas flooded would resemble the U.S.-Canadian Great Lakes system and the St. Lawrence Seaway.

<sup>5</sup>While the International Commission on Large Dams defines a large dam as 15 meters or higher, we have used a 10 to 50-meter elevation for illustrative purposes to distinguish this type of project from the "high" dam of 50 meters elevation and up which clearly presents different design and engineering problems and alternatives than those below 50 meters (which, of course, may present technical challenges themselves).

<sup>6</sup>The Amazon is, of course, the largest river in the world. Having a flow of 250,000 m<sup>3</sup>/sec, it is 14 times the size of the Mississippi and 6 times the size of the Congo and carries 20% of all the water that flows into all the seas from all the rivers of the world. (USGS-Amazon River Investigation, 1963).

The area of the Amazon Basin is 2,500,000 square miles. The rivers follow tortuous, winding courses and large quantities of sediment are carried by the rivers and the combination of shifting currents and deposits results in continual changes in channel depths and widths. Currents vary from season to season from four to fifteen kilometers per hour, causing large differences in navigation times between upstream and downstream voyages.<sup>1</sup> Rapids, trees, debris, and other navigational hazards make night operations on the rivers extremely dangerous and only possible with great care at reduced speeds. The flood stages vary from three to ten meters and major changes in river level often occur quickly with little warning. Notwithstanding these difficulties, the rivers are today used for transport, but only limited tonnage, traffic and draft. Highly skilled personnel and little dependency on time in transit characterize river operations.<sup>2</sup> affected by the river as far out as 300 kilometers from the coast. A dam on the Amazon would

Navigation on artificial "Great Lakes," on the other hand, would be almost unrestricted, much like navigation on the U.S.-Canadian Great Lakes system. Water levels would be stabilized, sedimentation problems would be reduced, only minimal currents would exist and debris control would be easy. At each of the "low dams," facilities would be required to transfer cargo and craft between water levels. For present traffic this might consist only of large cranes. As traffic increased, ramps, elevators and/or locks could be phased in.<sup>3</sup> The agricultural lowlands flooded out.

So, the artificial "Great Lakes" might serve to bridge the divide areas between river basins, while improving the navigation potential of both the river basins themselves, and they would serve as a powerful stimulus to economic development; these are ecological changes which might not prove advantageous, such as widespread changes in the oceanic marine life brought about by cutting off the tremendous daily outflow of sediment from the river system. Climatic and other changes might also come about, which might or might not be desirable. It is clear that considerable additional study will be required before the total effects of such a project will become visible.

<sup>1</sup>For example, Iquitos to Belem is a voyage of ten days, the return trip about twenty days, according to the Peruvian Naval Commandant at Iquitos. (December 1966).

<sup>2</sup>One of the most incomplete discussions of the navigation difficulties on these rivers can be found in "Los Rios de la Amazonia Peruana" by Capt. Guillermo Faura Gaig (Peruvian Navy, Ret.), 1962.

<sup>3</sup>Ramps, inclined railways, elevators and cranes are solutions to inland waterway level changes and experiments and actual installations are under construction in Europe at this time by such groups as Schneider of France.

Example 2

## THE AMAZON

The Amazon is the largest river, has the flattest river basin, and drains the largest area in the world. It is known for its high flood stages and surrounding rain forest. The central part of the basin and its primary tributaries are permanently flooded. The topography of the area is complex. The Amazon area has long been one of the great development challenges of the world.

At Monte Alegre where the river is at minimum width, a low ridge (at least 50 meters above the river level) runs from the highlands of Central Brazil to the riverbank. At this point on the northern bank of the Amazon River high ground is about 30 kilometers to the north. The river banks and bottom are sand, gravel and rock. There would seem to be no reason why a dam could not be constructed at this point. The dike would vary in length from 30 to 50 kilometers, depending on the height of the crest. Due to the size of the river and the amount of water involved, the engineering required would need research and planning and would be complex.

If the Amazon were dammed to a height of thirty meters above low river level just upstream from Monte Alegre, a large "Great Lake" or inland sea would be created. This lake would follow the course of the mainstream, the Tapajos, the Madeira, and the Negro and would extend beyond Manaus (without flooding that city), forming some large islands and a new "coast." Navigation distances would be reduced; towns on high ground would not be flooded.<sup>1</sup> The electrical potential would be enormous and the number and regional development alternatives would proliferate. The lake or artificial inland sea would probably stretch from Monte Alegre to Tefe, more than one thousand kilometers.

Highlands not now accessible due to interspersed swamps and rapids will become accessible. Greater land values would more than make up for the values of the land lost, and the known, currently inaccessible riches of the area may be more readily exploited to the benefit of Brazilian society than by any other development alternative.

In addition to the possible advantages of electric power, of large-scale floating wood industries, of new well-drained inland sea coasts, of industrialized fishing operations, and of navigation with deep draft shipping, there may be other advantages of interest such as:

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<sup>1</sup> Losses would include low river towns between Monte Alegre and Manaus, probably the entire jute industry of Brazil and, in addition, almost all currently cultivated agricultural zones in the Amazon as a result of the flooding. At least 100,000 people would probably have to be moved to high ground.

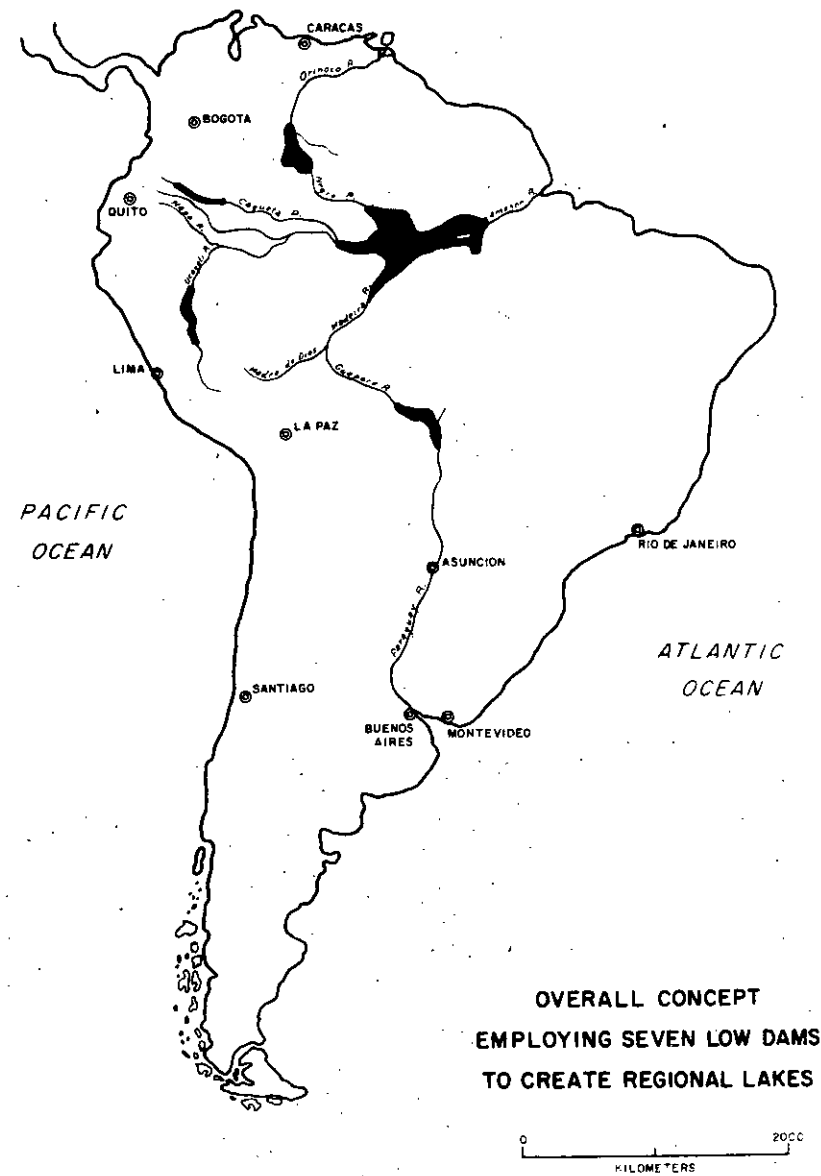
1. All of the zone of the Amazon Delta from Monte Alegre to Belem, which today is difficult to develop due to flooding and river changes, would become a stable and highly fertile agricultural area (over 100,000 square kilometers).
2. Many of the rapids on the tributaries of the Amazon which block passage to the interior of Brazil would be flooded, allowing passage of shipping to the high ground of the interior.
3. The amount of sediment that today flows from the Amazon is enormous and the color of the Atlantic is affected by the river as far out as 300 kilometers from the coast. A dam on the Amazon would be to reduce this outflow of sediment to a minimum.
4. As the inland sea would have many areas that would be shallow and have minimal currents, it can be assumed that in these shallow areas new land would be created rapidly by sediment deposited from the high ground. It may well be that these new lands in the shallow zones of the lake will have as much value as the agricultural lowlands flooded out.

In addition to various advantages which might occur, there are doubtless numerous other effects of a project of such magnitude which are not readily apparent. Among these are ecological changes which might not prove advantageous, such as widespread changes in the oceanic marine life brought about by cutting off the tremendous daily outflow of sediment from the river system. Climatic and other changes might also come about, which might or might not be desirable. It is clear that considerable additional study will be required before the total effects of such a project will become visible.

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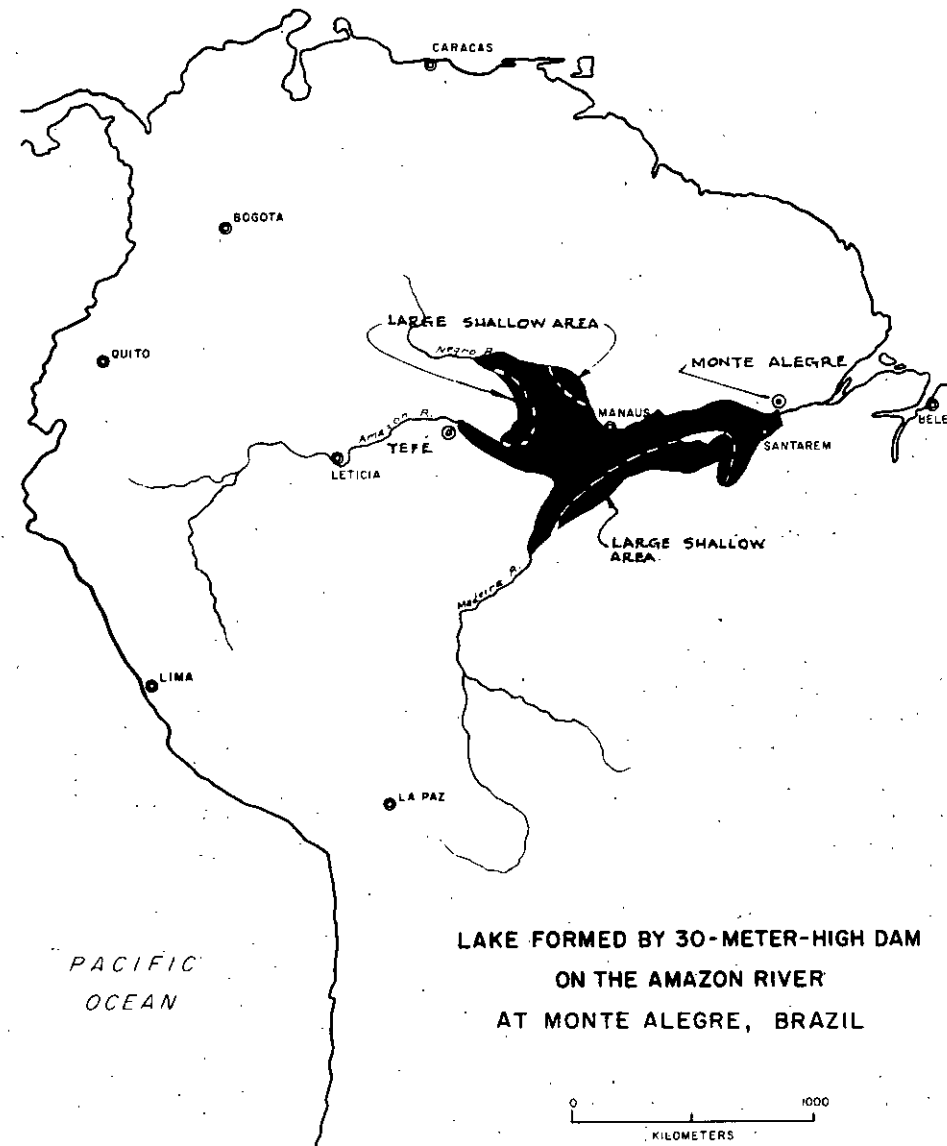
1

A SOUTH AMERICAN GREAT LAKES SYSTEM--  
THE LOW DAM CONCEPT



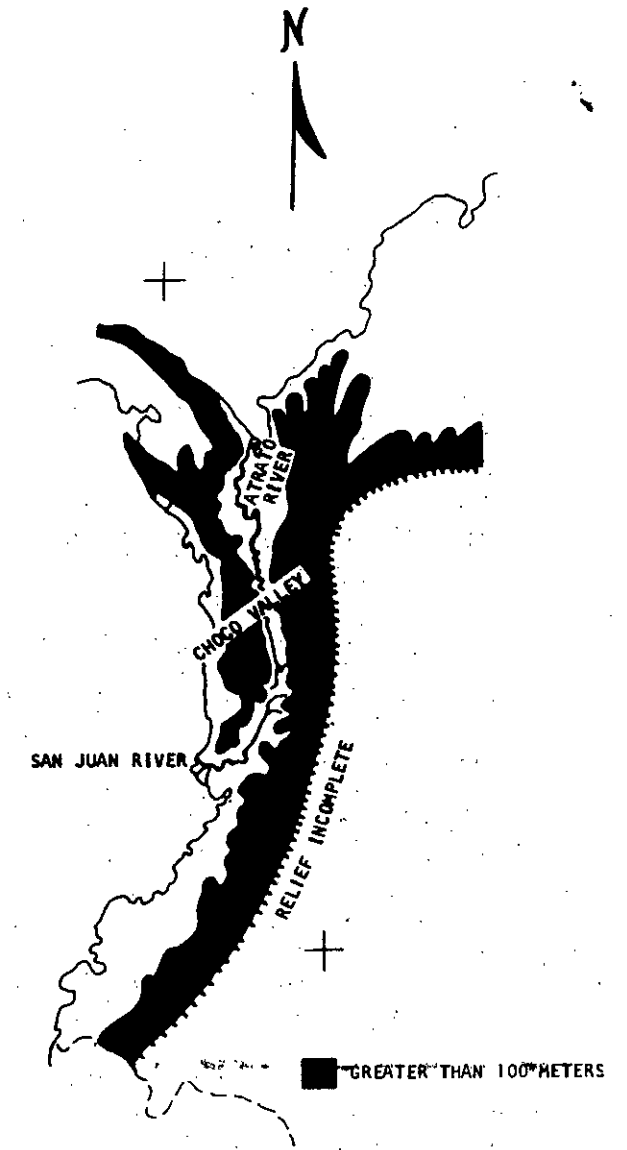
2

THE AMAZON



3

CHOCO DEVELOPMENT PROJECT



Example 4

## A CONGO DAM AND SEAPORT

The Congo is the second largest river in the world. Unlike other large rivers, there is no delta at its mouth. The Congo is part of the northern boundary separating Angola from the Republic of the Congo (the ex-Belgian Congo).

The river flows down from the mountains on a fairly steep grade and flattens out near the river port of Matadi. From there to the sea the river is narrow and has high ground on either side.

It should be possible to dam the Congo at relatively low cost with a low dam 25 to 40 meters high and with a crest length of from 2 to 10 kilometers. The dam would be near the sea, certainly less than 100 kilometers upstream. The dam would be capable of producing from 5,000 to 10,000 megawatts on a continuous basis at internationally competitive prices. Since the cost of the dam itself would be low, it should provide the world's cheapest electricity.

The availability of large quantities of power at competitive prices at the mouth of the Congo should allow development of refining plants for bauxite, copper and other minerals that require cheap power. Near the mouth of the Congo River is a deep underwater canyon which extends into the inner mouth, and the Continental Shelf is quite near the coast. This combination of deep water and cheap power is also unique.

Thus, a major industrial port serving the world could be developed at this location. Both the port and power would be multi-national, and the entire zone from Cabinda to San Antonio de Zaire could serve as a harbor. The huge ore carriers planned for the late 1970's with a draft of over one hundred feet could use this port without special dredging or construction.

The dam itself should be of interest to the Congolese Republic since its proximity to the sea allows the sale of the power. On a 50-50 basis for the government, such a power plant producing around 80 billion KWH/year and selling at 2 (U.S.) cents average would produce 160 million dollars per annum for the government. The proposed high dam projects on the Congo are all inland, costly in terms of construction cost, and far from the sea and world markets.

The proposed dam could also be a "bridge" between a black African and a European state. It might aid in the amelioration of some of Africa's problems and in development of racial or cultural harmony.

Example 5

## THE CATALYTIC DEVELOPMENT PROJECTS IN THE MEKONG DELTA

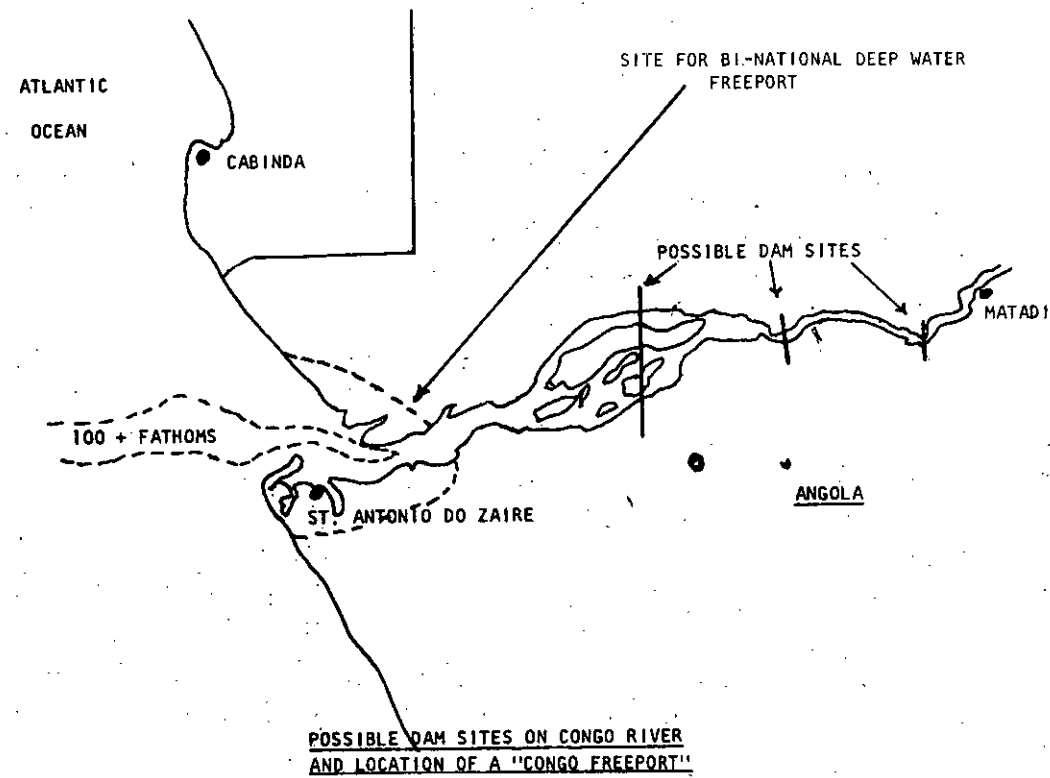
The development of a series of major waterworks in the Mekong Delta could make it more productive economically and resistant to drought and flood.

The waterworks would include an off-shore sea dike, an overflow diversion spillway near the Cambodian border to divert flood waters, and a new primary water distribution and collection system consisting of a Delta-wide canal network fed by rivers, reservoirs, and wells. The project would involve a major transformation of the entire area south and west of Saigon, which includes the portion of the Mekong Delta located in South Vietnam. The area affected is around 14,700 square miles. The project would simulate the development of much of the South Vietnamese economy and facilitate the attainment of political stability in the Delta. The system is also designed to convert the Mekong-Bassac Delta area into the world's most advanced agricultural sector in terms of supply and control of water, hydraulic and farm-to-market transport. It would:

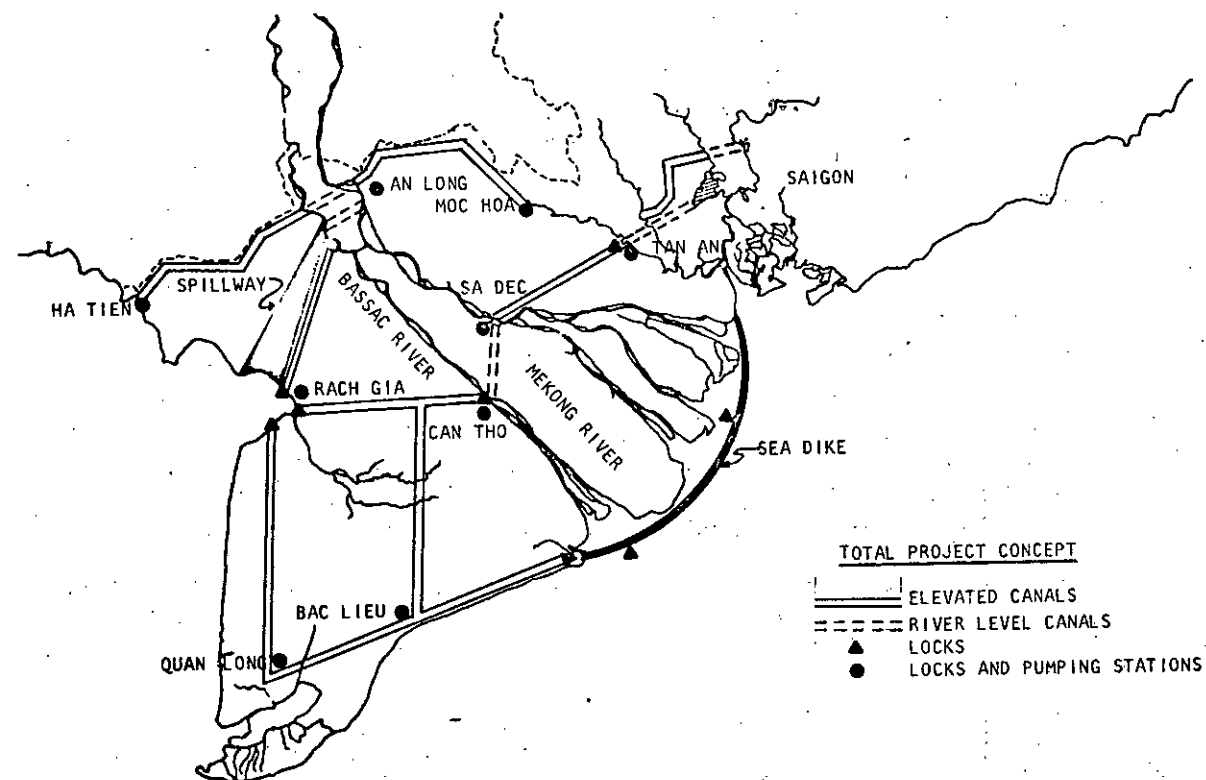
- a. eliminate almost all salt-water intrusion
- b. eliminate most flooding
- c. provide dry-season water storage in high quantities
- d. provide a Delta-wide overhead primary irrigation water distribution network fed by central pumping and deep well stations for supply of irrigation water from existing river systems and new reservoirs and wells
- e. improve existing canals for water distribution and navigation
- f. provide a new, high-capacity land and water transport network connecting farm areas in the Delta to major markets and to Saigon

The project could be carried out largely by use of dredges, which are in abundant supply in Vietnam, and the use of which is readily understood by Vietnamese. It could be accomplished in stages, with the primary canals initially cut at sea level and subsequently elevated by installation of locks and pumping stations. Earth removed during dredging operations could be employed to build the embankments, which could provide the foundation for a series of canal-side roads, thus providing a dual transportation system for the Delta. Preliminary engineering studies indicate that the project, which is estimated to cost less than \$1 billion, is well within the present state-of-the-art and requires no significant engineering or technological advances to carry out.

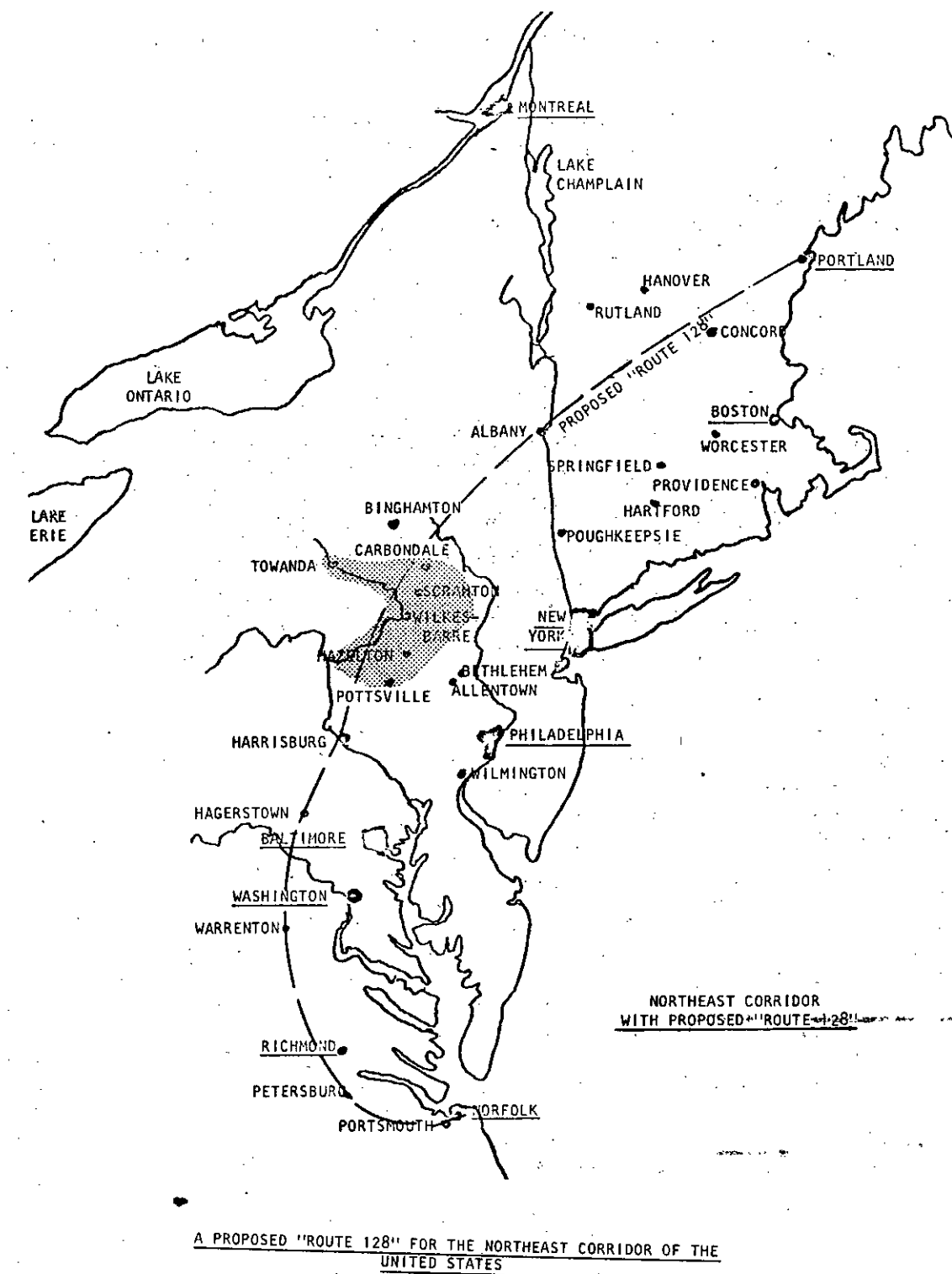
④  
A CONGO DAM AND SEAPORT



⑤  
THE CATALYTIC DEVELOPMENT PROJECTS IN THE MEKONG DELTA



⑥  
A "ROUTE 128" FOR THE NORTHEAST CORRIDOR OF THE UNITED STATES



Example 6

## A "ROUTE 128" FOR THE NORTHEAST CORRIDOR OF THE UNITED STATES

Several years ago a circumferential highway was built around Boston to provide a bypass for through traffic and to encourage development of an industrial zone outside the central Boston area. The highway, Route 128, succeeded admirably in both respects. It is lined with a wide variety of industries which were attracted by the combination of easy access, low land costs, and ready availability of desirable suburban housing for employees. The project was so successful that the City of Boston had to renovate the center of the City to stem the flow of business and industry from the city to the peripheral area. Land values in the vicinity of the highway increased considerably, and areas which had been depressed or stagnant were economically revitalized by the influx of the industry.

The Northeast Corridor of the United States is in the process of becoming a megalopolis extending from Boston in the north to Washington, D.C. (or perhaps Richmond, Va.) in the south. Dubbed "Boswash" by Kahn and Wiener in "The Year 2000," the eventual configuration of the area remains a matter for conjectures ranging from that of a linear city with the existing principal cities of the region connected, to that of an urban area bounded on the east by the Atlantic Ocean and on the west by the Appalachian Mountains. But whatever its shape and dimensions, there has been little planning to control or direct the growth of the region.

A "Route 128" around the Northeast Corridor might serve both to define the dimensions of the region and to promote industrial and economic development along the Route. Such a route might run from Portland, Maine in the north, to the Portsmouth-Norfolk area in the south. If it were routed along the New Hampshire and Vermont borders, past Albany, through the anthracite coal region of Pennsylvania, past Hagerstown, Maryland and Warrenton and Richmond, Virginia, the highway would pass through an area much of which is stagnant and depressed. The highway could serve to stimulate development all along its route, increasing land values and attracting industry to areas which would be ideal for development except for their present inaccessibility. The effect should be similar to that of the railroads a century ago. In addition, the highway could serve to define a western boundary for the Northeast Corridor, providing finite dimensions to the region and allowing planners to focus on it. It is interesting that a private group recently proposed to build a highway from Portland to Albany along the general route we have described. The proposal was reported to have the support of the governors of the affected states: New York, Vermont, New Hampshire, Massachusetts and Maine.

Example 7

## DEVELOPMENT OF WELFARE ISLAND

Welfare Island, 140 acres in area, lies in the middle of the East River which separates Manhattan from Long Island City, Queens and extending from Manhattan's 50th Street to 86th Street. Two under-utilized hospitals, a Fire Department training site, and abandoned buildings are all that is presently located on it. A little used drawbridge connects the island to Long Island City, and the Queensboro Bridge which connects Manhattan and Long Island City at 59th Street crosses over it. Land values on Welfare Island (and the section of Long Island City parallel to it) are quite low, on the order of \$10 per square foot, while 200 yards away in mid-Manhattan they are perhaps the highest in the world. It is our belief that with proper development, Manhattan property values could come close to be duplicated on Welfare Island and Long Island City and south to the Newtown Creek area where Queens and Brooklyn meet, and a new center of gravity equal to those already existing in the downtown and midtown section of Manhattan could be created.

There are several ways in which this could be accomplished. Extending Welfare Island to Belmont Island by rock fill would create an additional 60 acres of land. A bridge could be built connecting 42nd Street in Manhattan to the extension and to Long Island City, providing a direct link between the present mid-Manhattan center of gravity and the proposed new one in Brooklyn-Queens.<sup>1</sup> In addition a number of lightweight and inexpensive bridges could be built between Welfare Island and Manhattan and between Welfare Island and Long Island City. These bridges could be of different types. Some could be broad "esplanades" with landscaping. Others could be pedestrian bridges, and at least a few could be vehicular. Such bridges would permit Welfare Island to become similar to Ile de la Cite in Paris, and would stimulate the development of a "Left Bank" in Long Island City. Manhattan real estate values would be transferred to the Island and to Long Island City. At least three or four of the bridges mentioned could be "Ponte Vecchios"<sup>2</sup>, commercial and entertainment centers between residential areas on the Island and Manhattan and Long Island City. The entire zone could have high residential, commercial, entertainment and cultural value.

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<sup>1</sup>At present the East River is used for ocean-going shipping and a channel must be kept open. To carry out this plan the present regulations would have to be changed and the East River closed to all but small craft and barge traffic. There appears to be no valid reason why this could not be done. Such restrictions presently apply to the Harlem River which joins the East River at its northern end.

<sup>2</sup>The original "Ponte Vecchio" is a Florentine bridge on which shops, etc., are located.

Example 8

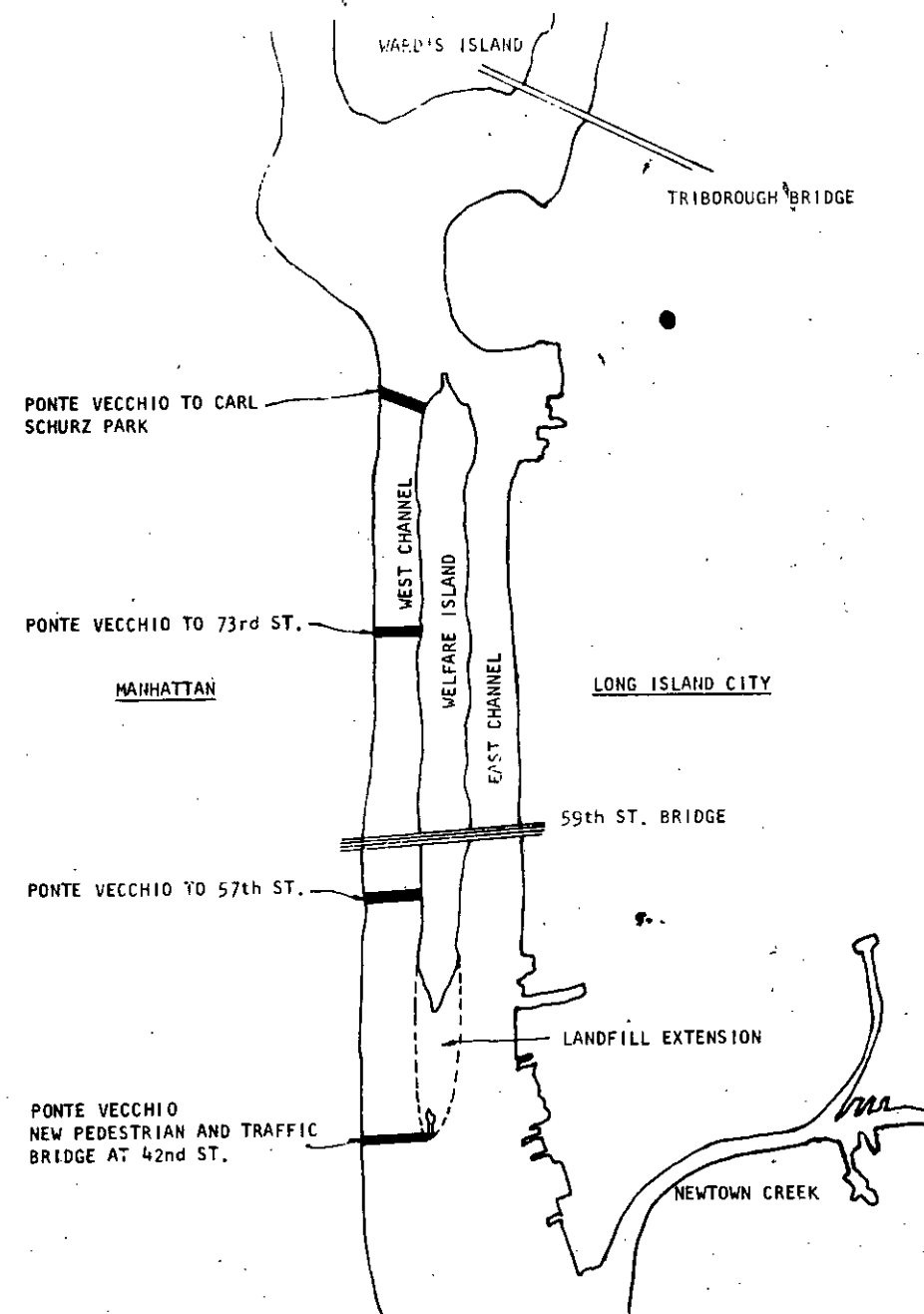
## ENGLISH CHANNEL CAUSEWAY-BRIDGE

The English Channel between Calais and Dunquerque in France and the Folkestone-Deal area of England is narrow and shallow and contains a number of shoal areas which build up and shift with time. As a result, shipping in the area is limited (north-bound traffic is restricted to one side, south-bound traffic to the other to avoid collisions). With the advent of supertankers and ore carriers drawing 100 feet of water and more, the Channel will become unusable unless prohibitively expensive dredging operations are engaged in on a continuing basis to keep the channels open. It will be necessary to route such ships around the north of Scotland to reach channel ports in Belgium, Holland and Germany. In light of this, building a causeway-bridge across the channel in lieu of the presently planned tunnel becomes feasible.

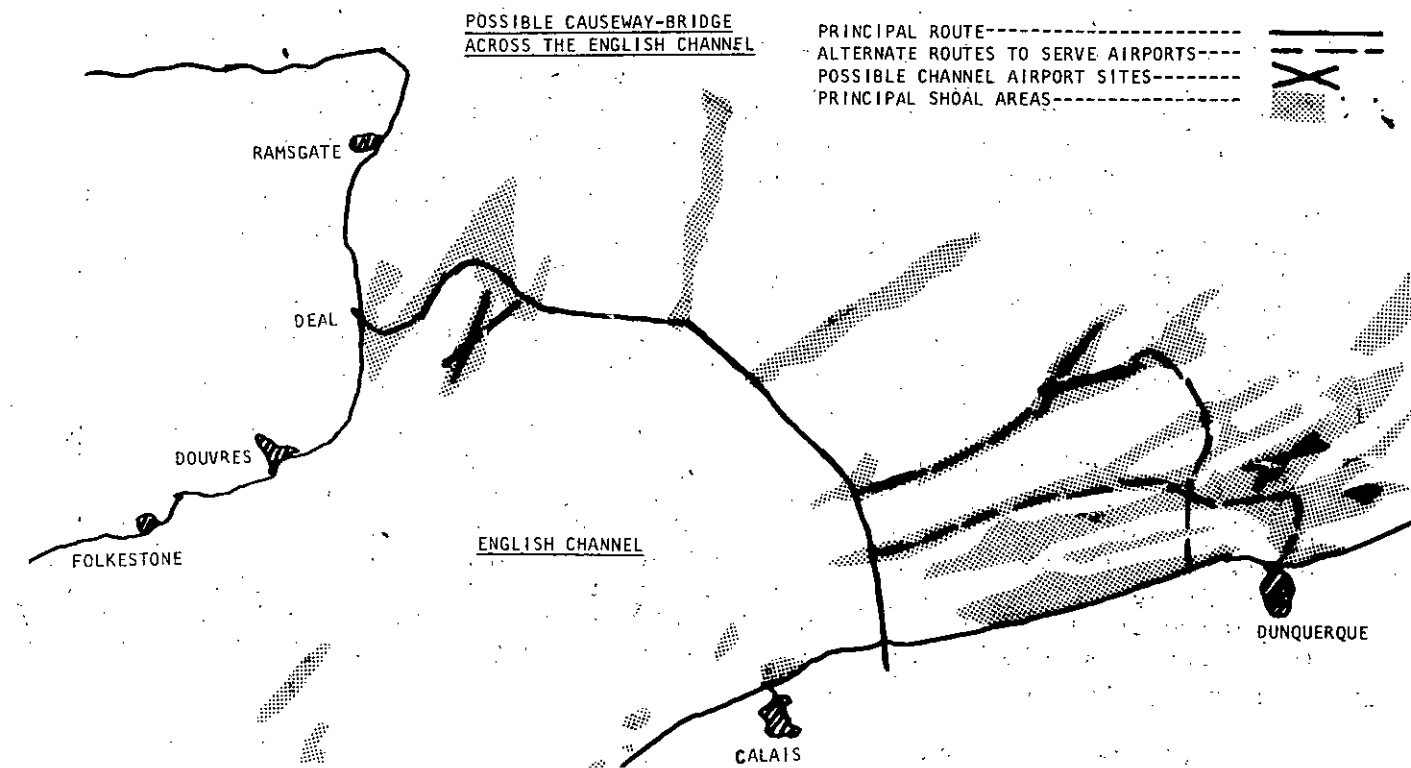
Such a causeway-bridge combination could take advantage of existing shoal areas and new ones which could be developed by placing of barriers or break-waters in appropriate places. Shipping channels could be spanned by bridges high enough to permit the continuing passage of medium-sized ships. Airports might be built on shoal areas adjacent to the respective coasts to serve those nearby sections of England and France, thus eliminating the problems associated with building land-locked airports in developed areas. Such airports could be served by the causeway-bridge, eliminating the access problem.

Development of a causeway-bridge across the channel would eliminate the need for the proposed channel tunnel and would provide considerably more flexibility. It should prove more economical to build and maintain. It could be multi-modal in design, e.g. rail and road as opposed to a rail-only tunnel and could handle a much greater volume of traffic than could a tunnel. Such a project would seriously interfere with Channel shipping, but with the trend toward giant bulk carriers which cannot use that part of the Channel, such restriction becomes considerably less significant and the benefits derived from the causeway-bridge may well outweigh the disadvantages.

7 DEVELOPMENT OF WELFARE ISLAND



8 ENGLISH CHANNEL CAUSEWAY-BRIDGE



## SECTION 16

A PRELIMINARY DISCUSSION OF APPLICATIONS OF THE  
CORPORATE ENVIRONMENT STUDY

This section is intended more as an introduction to what we expect to be doing in Phase II than as a summary of work done--or even as an initial exercise in developing alternative means of presenting implications in business language and from a business viewpoint. The points made, therefore, are more illustrative of the kinds of issues we expect to consider than of well thought out conclusions (although we do feel that many of them are valid and likely to stand the test of more careful analysis).

When we initially conceived this study we felt, and tried to stress to our participants that it would not be possible for the Hudson staff to try to spell out implications for any specific business or industry.

First of all, we recognized that the skills and interests of our staff traditionally have not been directed toward corporate problem solving and we had no intention of changing the focus of our organization from policy research to management consulting. It is neither what we are interested in nor what we think we can do best, and, furthermore, would not serve the best interests of the participants of the study (or for that matter the public interest). We also recognized that the problem of application to business is a complex one because of the differences in the effects of various trends in different parts of the world, for firms in different industries, for multinational versus national firms, for conglomerates compared to less diversified firms, and so on. The development of relevant and actionable recommendations involves not only having the proper skills but a far deeper knowledge of, and involvement in, the specific situation of a sponsor firm than will normally be possible for Hudson Institute to develop. Thus many of our judgments on the implications to be drawn for sponsor firms are inevitably going to have a heavy intuitive element and likely to lack some of the thoroughness and detail required to be seriously considered as a basis for action.

In spite of these caveats, we recognize the need to bridge the gap between the traditional policy research approach of Hudson Institute and the need for relatively specific application of findings to the problems and concerns of corporate participants. We also believe that providing such a bridge will be a useful input to the total study and will stretch and stimulate the Hudson staff. Therefore, the Translation/Application/Integration committee has been set up to provide a format and a forum for making a systematic and joint attempt at developing and evaluating relevant implications for corporate sponsors. One such committee has already been set up in the United States and we plan others in Europe and Japan.

While we plan to do as much along these lines as we feel reasonable, as much as we think will have useful results, we do not expect, at the moment, to be able to make a fair representation of the current findings

in any systematic and comprehensive fashion. There are of course many individual items and issues that are turning up in the study that are of immediate interest and relevance to our participants. And, of course, the general context or background is already being widely used by the participants. But reformulating all of the relevant findings to be directly applicable is in many ways as difficult a task as developing them in the first place.

Our second objective, therefore, (in addition to increasing somewhat the immediate usefulness of the study) is to gain experience in making such applications. In effect we want to learn and practice how to make this transitional bridge so that when we reach Phase III, when this bridging will be of greatest importance, we will be able to perform this task effectively.

There are a number of ways one could organize the information that we are now trying to present. One could, for example, look at various functions of the corporation, such as personnel, finance, production, sales, advertising, etc., and go through the entire study and ask what are the implications (including likely or surprise-free projections) for each of these functions. We will call this the functional organization of the results. Or one could take either specific or general areas of the study and ask what are the implications of these for the corporation as a whole. This would be an "area organization"--first select an area of the study that affects the corporation and apply each area to major functions of the corporation that it affects. What this should result in is a matrix with a list on one side of the functions of the corporation, and on the other side, of the areas of the study. The elements of the matrix can then be filled in by asking how does one particular area of the study affect one particular function. In presenting this matrix in a "linear book" one can choose to present it by columns or by rows. Both methods of presentation have some merit.

The above method of making up a matrix in which one analyzes each interaction--one by one--if done rather mechanically and rigidly would increase the chances that many issues could slip through the net. We feel, therefore, that a useful supplement would be to have in addition a more contextual or integrated analysis.

In order to illustrate some of the above issues we append to this section three chart pages; the first one giving some preliminary examples of what we call the area approach, the second one giving examples of the functional approach and the last illustrating the kinds of issues which arise in considering some of the complexities of trading between "social responsibilities" and "succeeding as a business venture."

## ① LONG-RANGE PLANNING AND FORECASTING

1. MORE MONEY AND PEOPLE ASSIGNED TO PLANNING AND ESPECIALLY LONG-RANGE (BEYOND THREE YEARS) PLANNING. ESTABLISHMENT OF FORMALIZED TOTAL PLANNING FUNCTIONS, DISTINCT FROM "MERGERS AND ACQUISITIONS" GROUPS. MULTI-DISCIPLINARY STAFFING OF PLANNING GROUPS--ECONOMISTS, PSYCHOLOGISTS, SOCIOLOGISTS, MANAGEMENT SCIENCES, AS WELL AS BUSINESS TRAINED PEOPLE. BUT A PROBLEM IN COORDINATING EFFORTS OF SPECIALISTS TOWARD RELEVANT ISSUES AND IN IMPROVING THE QUALITY, RELEVANCE AND UTILITY OF PLANNING INPUTS.
2. SOME IMPROVEMENT IN FORECASTING TOOLS AND TECHNIQUES FOR LONG-RANGE DECISIONS, BUT NOT WITHOUT CONSIDERABLE TRIAL AND ERROR. UTILIZATION OF VARIOUS SIMULATION, MODELING AND OTHER MATHEMATICAL TECHNIQUES FOR SIMPLE ASPECTS OF THE FIRM. DEBUGGING, MIXING IN OF TRADITIONAL TECHNIQUES AND DEVELOPMENT OF CUSTOM-TAILORED APPROACHES TO FORECASTING A WIDE RANGE OF OUTCOMES BY ADVANCED INDUSTRIAL FIRMS. BUT IN MANY CASES NO INCREASE IN ACCURACY OR SERIOUS IMPROVEMENT IN REAL INPUT INTO MANAGEMENT DECISIONS.
3. LESS RELIANCE ON CONVENTIONAL FIVE-YEAR PLANS, SALES BUDGETS AND SHORT-TERM FORECASTS AS BASES FOR MANAGEMENT DECISIONS. GREATER EMPHASIS ON INCLUSION OF NON-ECONOMIC (POLITICAL, SOCIAL, CULTURAL) INPUTS INTO PLANNING MODELS AND TECHNIQUES. BUT DIFFICULTY IN QUANTIFYING INTANGIBLES LIMITS VALUE OF THIS APPROACH.
4. INCREASED EMPHASIS ON RELEVANCE AND TIMELINESS OF FORECASTS FOR SPECIFIC PURPOSES AND FOR DEVELOPING MONITORING AND FEEDBACK TECHNIQUES FOR UPDATING AND REVISING FORECASTS ON PERIODIC OR CONTINUING BASIS. MORE EXCEPTION REPORTING, TAILORING REPORTS TO VERY SPECIFIC NEEDS OF VARIOUS LEVELS OF MANAGEMENT AND VARIOUS AREAS OF RESPONSIBILITY.
5. CONTINUED EMPHASIS ON DEVELOPING EFFECTIVE COMMUNICATION AND INTERACTION BETWEEN PLANNERS AND DOERS. "TRAINED INCAPACITY" OF SPECIALIST PLANNERS TO FOCUS ON RELEVANT PROBLEMS, AND OF DOERS TO ACT UPON INFORMATION AND ADVICE OF PLANNERS, WILL RETARD PROGRESS TOWARD MORE "SCIENTIFIC" MANAGEMENT.
6. INCREASING PRESSURE FOR ACCURACY IN FORECASTING FINE CHANGES IN SPECIFIC MARKETS OR AREAS OF INTEREST, ALONG WITH DEVELOPMENT OF SENSORS TO DETECT AND INTERPRET MAJOR NON-BUSINESS TURNING POINTS THAT RELATE TO CORPORATE POSTURES. MORE TECHNICAL PROFICIENCY IN MANIPULATING DATA BUT LITTLE IMPROVEMENT IN ACCURACY OF EXTERNALLY GENERATED (PRIMARY RESEARCH) DATA.
7. CHIEF EXECUTIVE TO BE REAL LONG-RANGE PLANNER, UTILIZING INPUTS FROM STAFF SPECIALISTS BUT RETAINING CONTROL AND RESPONSIBILITY FOR FORWARD PLANNING.

## ④ TYPICAL SOCIAL RESPONSIBILITY GOALS

1. INCREASED MINORITY GROUP AND HARD CORE HIRING, COMPENSATORY TRAINING IN 3 R'S AND BASIC SKILLS.
2. HIGH LEVEL OF EXPENDITURE TO REDUCE POLLUTION, RECYCLE WASTES.
3. PLAN LOCATION DECISIONS TO AID DEPRESSED AREAS, EMPLOY HARD CORE UNEMPLOYED, PREVENT DETERIORATION OF ERODING AREAS, AVOID DEGRADING SOCIAL, SCENIC OR ECOLOGICAL ENVIRONMENT.
4. TERMINATE OPERATIONS IN OR STAY OUT OF RACIST, DICTATORIAL NATIONS.
5. TAKE FIRM CORPORATE POSITIONS ON LEADING ISSUES.
6. GENEROUS SUPPORT FOR COLLEGES, FOUNDATIONS, MEDICAL RESEARCH, COMMUNITY CAUSES AND ORGANIZATIONS.
7. ENCOURAGE/REQUIRE EMPLOYEE PARTICIPATION IN COMMUNITY SERVICE ACTIVITIES, PROVIDE TIME-OFF FOR SAME.
8. KEEP UNPROFITABLE PLANTS OPEN TO AVOID UNEMPLOYMENT DISLOCATION--PARTICULARLY IF UNEMPLOYMENT RATES ARE HIGH OR BUSINESS CYCLE IS TURNING DOWN.
9. SELF ACTUALIZATION AND PERSONAL FULFILLMENT OF EMPLOYEES.
10. FULL DISCLOSURE OF FINANCIAL DATA.
11. USE PROFITS TO SUBSIDIZE WORTHWHILE CAUSES, ACTIVITIES.
12. GUARANTEED ANNUAL WAGE.

## ② ORGANIZATION OF THE FIRM

1. INCREASING PACE OF REORGANIZATION, OFTEN HASTY, OFTEN OVERREACTING TO TRANSITORY PROBLEMS BUT OFTEN NECESSARY REACTION TO QUICKENING PACE OF CHANGE IN BUSINESS MILIEU
2. EXPERIMENTATION WITH SOME NEW FORMS OF ORGANIZATION. TEMPORARY AD HOC TASK FORCE APPROACH DEVELOPED IN AEROSPACE AND MISSILE PROGRAMS WIDELY USED--AND MISUSED--IN INDUSTRY, NEED FOR COST CONTROL WITHOUT DOMINATION BY FINANCIAL PEOPLE
3. DECLINE OR BY PASSING OF HIGHLY STRUCTURED REPORTING RELATIONSHIP, BUREAUCRATIC FORM BECOMING TOO SLOW FOR EFFECTIVE DECISIONS, INCREASED DELEGATIONS OF REAL AUTHORITY FOR DAY TO DAY DECISIONS TO MIDDLE MANAGEMENT.
4. CONTINUING CYCLES OF MERGERS, FOLLOWED BY DIGESTING OR DIVESTING OF NEW OPERATIONS. MERGERS MORE RATIONAL, MORE EMPHASIS ON REAL SYNERGY, LESS ON PYRAMID BUILDING. INCREASING GOVERNMENT CONSTRAINTS AND GUIDELINES ON MERGERS
5. SOME WORLDWIDE TREND TOWARD A SYNTHESIS AND MELDING OF ORGANIZATION STYLES AND APPROACHES--AS EUROPEAN, JAPANESE AND AMERICAN FIRMS FURTHER INTERACT, COMPETE AND EVALUATE EACH OTHERS' MANAGEMENT TECHNIQUES. HOWEVER DISTINCT NEW STYLES AND APPROACHES EVOLVE TO MEET NEW COMPETITIVE OR MARKET CONDITIONS
6. INCREASING "REAL" AUTONOMY GRANTED TO DIVISIONS OF CONGLOMERATES AND BRANCHES OF MNCs, PARTLY IN RESPONSE TO COMPETITIVE REALITIES AND PARTLY BASED ON DEMANDS OF DIVISION MANAGERS
7. MORE HORIZONTAL INTERACTION--TECHNICAL MANAGERS IN DIFFERENT HIERARCHIES INTERACTING DIRECTLY, INCREASINGLY BY PASSING "CHAIN OF COMMAND" TYPE OF COMMUNICATION AND CONTROL TO IMPROVE REACTION TIME
8. TOP MANAGEMENT INCREASINGLY UTILIZES STAFF TECHNICAL SPECIALISTS FOR FORMULATING POLICY OPTIONS. DICHOTOMY BETWEEN PLANNERS AND DOERS INTENSIFIES. STATUS OF STAFF SPECIALISTS IS RAISED BUT LINE MANAGERS STILL MAKE NEARLY ALL DECISIONS OFTEN ON INTUITION AND EXPERIENCE RATHER THAN STAFF RESEARCH
9. TRAINED INCAPACITY PROBLEM BECOMES ACUTE AS BUSINESS PROBLEMS INCREASINGLY REQUIRE NON-ECONOMIC INPUTS. INTERDISCIPLINARY PROJECT TEAMS AND COMMITTEE DECISIONS INCREASED AS HEDGE AGAINST "TRAINED INCAPACITY" PROBLEM
10. RETURN OF "CHARISMATIC LEADER" TO EXECUTIVE SUITE AS ROLE OF CHIEF EXECUTIVE INCREASINGLY AS PROPHET, PRIEST, CHIEF SALESMAN FOR THE FIRM ITS POLICIES AND ITS RIGHT TO CONTROL ITS OWN DESTINY AND ORDER ITS PRIORITIES

## ⑤ POSSIBLE ANTI-CORPORATE STRATEGIES

1. BOYCOTTS
  - A. OF CUSTOMERS
  - B. OF EMPLOYEES
  - C. OF MANAGEMENT
2. ANTI-BUSINESS LOBBIES
  - A. GOVERNMENT LEGISLATION
  - B. NEW REGULATING AGENCIES OR MORE SEVERE POLICIES FROM EXISTING AGENCIES
3. STRIKES
4. SLOW DOWNS
5. MASS MEDIA CAMPAIGNS ("NADER EXPOSEES")
6. RESIGNATIONS
7. SABOTAGE, RIOTS, TERRORIST ACTS
8. LAWSUITS
9. PUBLIC INTEREST REPRESENTATIVES ON BOARDS
10. COMPETING INTERESTS (UNIVERSITIES, ETC.) AND GENERAL DISCONTENT

## ③ PERSONNEL POLICIES AND EMPLOYEE RELATIONS

1. THERE SHOULD BE BOTH A "GREENING" AND A "BLUEING" OF AMERICA. THAT IS, SOME MOVEMENT TO "HUMANIZE" THE WORK SITUATION; TO SUBSTITUTE, SUPPORT, AND/OR COMPLEMENT THE "CARROT AND STICK" TYPE MOTIVATIONS (SPECIFIC MONETARY OR PRESTIGE AWARDS, GUILT, FEAR, SHAME, PUNISHMENT) IN FAVOR OF MORE USE OF SELF-ACTUALIZATION.
2. THERE SHOULD ALSO BE SOME SHIFT IN RECRUITING AWAY FROM PRESTIGE UNIVERSITIES AND TOWARDS THE MIDDLE CLASS COLLEGES WHICH ARE STILL PRODUCING GRADUATES WITH MUCH OF THE OLD PURITAN ETHIC.
3. SIMILARLY THERE WILL BE CONTINUED RECRUITING OF AND USE OF "ORGANIZATION MEN" IN ALMOST ALL CORPORATE INDUSTRIES AND YET INCREASING USE OF INDIVIDUALS WHOSE BASIC LOYALTY IS TO THEIR CRAFT OR PROFESSION (COMPUTER TECHNOLOGY, MANAGEMENT INFORMATION SYSTEMS, INNOVATION, ETC.) TO CERTAIN KINDS OF CAREER EXPERIENCES, OR TO PROBLEMS AND ISSUES RATHER THAN TO THE FIRM.
4. BASICALLY BOTH AMERICAN AND FOREIGN INDUSTRY SHOULD HAVE LITTLE DIFFICULTY IN STAFFING ITSELF WITH LOYAL AND ENTHUSIASTIC "ORGANIZATION MEN" WHO HAVE A HIGH LEVEL OF THE WORK ETHIC INCLUDING ADVANCEMENT ORIENTATION, ACHIEVEMENT ORIENTATION, WORK ORIENTATION AND DEFERRED GRATIFICATION.
5. VERY LIKELY PORTABLE PENSION SCHEMES AND (POSSIBLY) VESTED PROFIT SHARING WILL ACCELERATE THIS LAST MOVEMENT.
6. SERIOUS AND PERSISTENT BRAIN DRAIN FROM LARGE CONSERVATIVE FIRMS PARTICULARLY IN "DULL" INDUSTRIES AND ESPECIALLY AMONG YOUNG EXECUTIVES AND HIGH TECHNOLOGY PEOPLE. ENTREPRENEUR TYPES WILL INCREASINGLY FORM SPIN-OFF COMPANIES; SOCIALLY CONSCIOUS INDIVIDUALS WILL LEAVE INDUSTRY FOR GOVERNMENT, ACADEMIA, FOUNDATIONS, AND/OR SOCIALLY ORIENTED POSITIONS.
7. ATTEMPTS (MOSTLY INEFFECTIVE) TO DEVELOP GUILDS OR UNIONS OF MANAGERS AND VARIOUS TYPES OF TECHNICIANS (BUT TEACHERS AND SOME GOVERNMENT WORKERS MAY BE AN EXCEPTION HERE). ALSO ATTEMPTS TO ORGANIZE UNIONS AS A COUNTERVAILING POWER TO THE MULTINATIONAL CORPORATION.
8. UNION ATTEMPTS TO GAIN A VOICE IN MORE SUBSTANTIVE MANAGEMENT DECISIONS SHOULD CONTINUE BUT PROBABLY WITH ONLY LIMITED SUCCESS. TRADE-OFF OF MANAGEMENT ROLE FOR HIGHER WAGES BY UNIONS SHOULD CONTINUE.
9. THERE MAY BE IMPORTANT INTERNAL LAW AND ORDER ISSUES--PARTICULARLY IF SOME OF THE PERSONNEL ARE RECRUITED FROM UNIVERSITIES IN WHICH THEY HAVE BEEN TAUGHT THEIR RIGHT OR EVEN OBLIGATION TO CARRY THROUGH "PROPAGANDA BY THE DEED" OR TO HAVE SOME KIND OF "EMPLOYEE POWER" (PEACEFUL IF POSSIBLE BUT VIOLENT IF NECESSARY). THERE MAY ALSO BE, IN SOME SPECIAL CASES, A RETURN TO THE USE OF SABOTAGE AS A BARGAINING DEVICE.
10. INDUSTRIAL SABBATICALS WILL BECOME FAIRLY COMMON-PLACE (SOMETIMES AS A PALATABLE WAY TO SEPARATE AN INDIVIDUAL) EARLY RETIREMENT AT 55 TO 60 WILL BE INCREASINGLY CHOSEN BY SOME EMPLOYEES (ESPECIALLY EXECUTIVES), EARLY PENSIONING OF OBSOLETE TECHNICIANS AND EXECUTIVES WILL BE ACTIVELY PROMOTED BY MANAGERMENTS--ESPECIALLY IN NEWLY MERGED COMPANIES.
11. MUCH EXPERIMENTATION WITH PARTICIPATIVE, CONSENSUAL AND "MANAGEMENT BY OBJECTIVE" TECHNIQUES BY SOME FIRMS. IN SOME CASES, REACTION AGAINST PROBLEMS CREATED BY THESE TECHNIQUES AND RETURN TO PREVIOUS POLICIES.
12. INCREASING PROBLEM IN MATCHING SUPPLY AND DEMAND FOR VARIOUS TYPES OF TECHNICIANS: CYCLE OF OVERTRAINING OF TECHNICAL SPECIALISTS (COMPUTER PROGRAMMERS) FOLLOWED BY OVERSUPPLY AND UNEMPLOYMENT AND PERHAPS RETRAINING (EVEN THOUGH LATER GROWTH IN DEMAND WOULD EVENTUALLY CORRECT THE PROBLEM).
13. SEVERE PROBLEMS OF MIDDLE CAREER MALAISE AND OBSOLESCENCE, WITH ONLY LIMITED RETRAINING POSSIBILITIES, FOR LARGE NUMBERS OF TECHNICIANS, EXECUTIVES AND SKILLED WORKERS.
14. THERE WILL PROBABLY BE MANY ORGANIZATIONS WHICH STILL HEAVILY EMPHASIZE THE OLD PURITAN ETHIC AND HIERARCHICAL ORGANIZATIONS AND MANY OF THEM WILL BE EFFECTIVE--PARTICULARLY WHEN THIS KIND OF ORGANIZATION SUITS THE STYLE AND CHARACTER OF TOP MANAGEMENT. HOWEVER, IN MANY CASES THESE ORGANIZATIONS WILL HAVE TO PAY A PREMIUM IN ORDER TO GET REALLY COMPETENT PEOPLE.
15. HOWEVER, THE FACT THAT THE MANY "OLD-FASHIONED" AND EVEN "REACTIONARY" TYPE ORGANIZATIONS WILL STILL BE QUITE SUCCESSFUL, WILL PUT SOME LIMITS TO THE MOVEMENT AND ACCEPTANCE OF NEW AND "PROGRESSIVE" IDEAS.

## ⑥ MANUFACTURING, PRODUCTIVITY, PHYSICAL DISTRIBUTION

1. INCREASING PRESSURE BY TOP MANAGEMENT AND R&D GROUPS FOR PRODUCTIVITY INCREASES. AS MUCH EMPHASIS ON INCREASING "PEOPLE PRODUCTIVITY" IN FACTORY AND OFFICE AS IN TECHNOLOGY IMPROVEMENTS.
2. DECLINING IMPORTANCE OF THE CLASSIC TYPE PRODUCTION ON SOME PRODUCTION LINES IN WHICH MARKET SEGMENTS, MODELS AND OPTIONS PROLIFERATE, REDUCTION OF MODELS AND CHOICES IN PRODUCTS THAT ARE LOSING THEIR GLAMOUR AS LEISURE AND AFFLUENCE ORIENTED PRODUCTS BECOME MORE IMPORTANT.
3. CONTINUED EMPHASIS ON FACTORY OR FOOLPROOF REPAIR SYSTEMS, MODULES AND REPLACEMENT KITS.
4. INCREASED FOCUS ON "MAKE VS. BUY" DECISIONS, PRODUCTION/INVENTORY (COST OF MONEY & SPACE TRADEOFFS), IMPROVED PRODUCTION PLANNING TECHNIQUES, "IN HOUSE" VS. CONTRACT MAINTENANCE, ETC., RATIONALIZATION OF PRODUCTION AND DISTRIBUTION.
5. MORE EMPHASIS ON THE PHYSICAL MOVEMENT, HANDLING, TRANSPORTATION AND STORAGE OF FOODS AS AREAS FOR COST REDUCTION AND PRODUCTIVITY INCREASE WITH LESSENER EMPHASIS ON MANUFACTURING PRODUCTIVITY INCREASES, PARTICULARLY IN SOME MATURE INDUSTRIES.
6. FAILURE OF PRODUCTIVITY GAINS TO OFFSET HIGHER WAGES, COST OF CAPITAL IN MANY INDUSTRIES.
7. SIGNIFICANT ATTEMPTS, POSSIBLY WITH SOME SUCCESS, TO MEASURE AND TO INCREASE PRODUCTIVITY IN TERTIARY AND QUATERNARY SERVICE INDUSTRIES AND GOVERNMENT. INCREASED USE OF PARA-PROFESSIONALS AND LOWER LEVEL TECHNICIANS TO AUGMENT HIGH TECHNOLOGY PROFESSIONALS AND EXPAND THEIR EFFECTIVENESS.
8. CONTINUED PROGRESS IN SYSTEMS TO MASS PRODUCE SOME SERVICES. PROLIFERATION OF "PACKAGE PROGRAMS" WITH MULTIPLE OPTIONS FOR A WIDE VARIETY OF SERVICE MARKETS. CONTINUED PRESSURE TO "PACKAGE" SERVICE AND PRODUCT TOGETHER TO GAIN COMPETITIVE ADVANTAGE AND INCREASE PROFIT POTENTIAL.
9. HEAVY PUBLIC AND GOVERNMENT PRESSURE FOR PRODUCTIVITY BREAKTHROUGHS IN MEDICAL SERVICES AND HOME CONSTRUCTION INDUSTRIES. WIDESPREAD MODIFICATION OF BUILDING CODES--SOME REDESIGN OF THE CODES TO STRESS PERFORMANCE CRITERIA AND NOT TECHNIQUES OR MATERIALS.
10. RAPID RATE OF R&D AND INNOVATION CREATING NEED FOR HIGH RISK INVESTMENTS, UNCERTAINTIES, OTHER PRESSURE ON MANAGEMENT, SHORTER PAYOUT PERIOD ON INVESTMENTS.

SOME POSSIBLE IMPLICATIONS OF LEARNING AND KNOWLEDGE SOCIETY IN ADVANCED ECONOMIES

1. CONSTANT RETRAINING OF MANAGERS, TECHNICIANS, WORKERS
2. MORE PLANNERS, FEWER "PRODUCERS", MORE LEARNERS
3. SHORTER THEORY-APPLICATION-OBSOLESCENCE CYCLE
4. RAPID GROWTH BY PROFESSIONAL SERVICE FIRMS--ENGINEERS, CPAs, CONSULTANTS, LAWYERS
5. BRAIN DRAIN PROBLEM IN SOME INDUSTRIES
6. JOB SEEN AS LEARNING, SELF-ACTUALIZATION EXPERIENCE
7. KNOWLEDGE INDUSTRIES PRIME GROWTH AREAS
8. INCREASING OVERHEAD COSTS IMPLIED BY ALL OF ABOVE
9. BUSINESS NOT IN "HARMONY" WITH THIS ENVIRONMENT WILL FIND IT INCREASINGLY DIFFICULT TO COMPETE
10. COMPETITORS MOVING OPERATIONS ABROAD WILL REINFORCE THIS

SOME POSSIBLE AREAS FOR FURTHER STUDY AND REFINEMENT

1. SELL KNOWLEDGE
2. FOCUS ON "KNOWLEDGE HEAVY" BUSINESS (E.G., ADVANCED TECHNOLOGY, FINANCE, CERTAIN SERVICES)
3. IMPROVE PRODUCTIVITY OF PROFESSIONAL SERVICE OPERATIONS
4. MARKET AND PROMOTE PRODUCTS AND SERVICES AS LEARNING EXPERIENCES (TRAVEL AS LEARNING EXPERIENCE, HOBBY AS EXPANDING SKILLS AND CREATIVE POTENTIAL)
5. ASSUME RESPONSIBILITY AND COST OF RETRAINING, UPDATING AND FULFILLING INTELLECTUAL NEEDS OF EMPLOYEES
6. ORIENT EXPANSION, R&D, NEW PRODUCT DEVELOPMENT TOWARD KNOWLEDGE INDUSTRIES
7. MOVE OPERATIONS TO DYNAMIC AREAS
8. RECRUIT MANAGEMENT FROM THOSE AREAS OR SCHOOLS AND LOCALITIES WHICH STILL HAVE "PRACTICAL" APPROACH
9. NEW TECHNOLOGY BUSINESSES

5 SOME IMPLICATIONS OF EDUCATED INCAPACITY

1. POOR FORECASTS, DUE TO FAILURE TO FACTOR INTO FORECAST RELEVANT INFORMATION OUTSIDE PLANNERS' EXPERTISE
2. SHORTSIGHTED UNCREATIVE DECISIONS
3. FAILURE TO ACCURATELY PROJECT COMPETITIVE REACTIONS
4. SKEPTICISM/DISILLUSIONMENT BY MANAGERS WITH NEW FORECASTING TECHNIQUES AND TECHNICAL SPECIALTIES AND RETURN TO "SEAT OF PANTS" METHODS, AT LEAST FOR A TIME
5. BREAKDOWN IN COMMUNICATION/INTERACTION BETWEEN LINE AND STAFF, PLANNERS AND DOERS
6. SUPERFICIAL, NARROWLY CENTERED RESEARCH
7. LATE OR INAPPROPRIATE RESPONSE ON SOCIAL RESPONSIBILITY QUESTIONS AND OTHER ISSUES THAT CONCERN CORPORATION

9 SOME POSSIBLE AREAS FOR FURTHER STUDY AND REFINEMENT

1. PROVIDE STRONG DIRECTION AND ORIENTATION TO SPECIALISTS BY GENERALIST MANAGERS
2. UTILIZE INTERDISCIPLINARY AD HOC GROUP OF SPECIALISTS TO REINFORCE AND ANALYZE EACH OTHER'S WORK AND RESEARCH TO DEFINE REAL PROBLEM IN ALL CASES PRIOR TO RESEARCH ON PROBLEM SOLUTION
3. USE SCENARIOS AND OTHER VERBAL FORMS AS WELL AS QUANTITATIVE MEANS TO DEFINE PROBLEMS
4. REQUIRE REALITY TRAINING (LINE SALES AND/OR PRODUCTION EXPERIENCE FOR TECHNICAL SPECIALISTS)
5. EXPERIMENT WITH SYSTEMATIC ATTEMPTS TO REDUCE TECHNICAL ARGUMENTS TO LANGUAGE INTELLIGIBLE TO MANAGEMENT
6. ATTEMPT TO LEARN STANDARD IDEOLOGICAL BIASES, BLINDSPOTS OF THE SPECIALIST-OR FORECASTER AND COMPENSATE FOR THESE
7. COMPANY BROADENING EXPERIENCES AND COUNTER-INSTRUCTION COURSES
8. RESTRUCTURE ORGANIZATION TO REMOVE OR MINIMIZE BUREAUCRATIC OR HIERARCHICAL APPROACHES THAT ENCOURAGE AND FOSTER EDUCATED INCAPACITY

2 SOME POSSIBLE IMPLICATIONS OF VAST NUMBERS OF AFFLUENT CONSUMERS

1. PROLIFERATION OF SMALL SUB-MARKETS
2. VERY RAPID PRODUCT OBSOLESCENCE
3. MUCH FADDISM, FRIVOLOUS HIGH-TECHNOLOGY GADGETS
4. NON-RATIONAL CONSUMER BUYING MOTIVES (SELF-FULFILLMENT RATHER THAN NEED)
5. NEW SPECIALIZED TYPES OF RETAIL OUTLETS, SOME COSTLY AND INEFFICIENT
6. MUCH MORE DISCRETIONARY INCOME TO BE AVAILABLE FOR SELF-ACTUALIZATION, SELF-INDULGENCE
7. MOSAIC OF SUBMARKETS, CONSUMERS TO SPLIT PURCHASES TO SUIT PERSONALITY AND LIFESTYLE

SOME POSSIBLE AREAS FOR FURTHER STUDY AND REFINEMENT

1. IMPROVE MARKET RESEARCH, FORECASTING NEEDS AND WHIMS OF CONSUMER EARLIER AND BETTER, TOOLS FOR MEASURING CONSUMER REACTION
2. QUICKEN REACTION TIME IN BRINGING NEW PRODUCT TO MARKET
3. DEEMPHASIZE "RATIONAL" SALES APPROACHES, SELL SELF-ACTUALIZATION, FULFILLMENT
4. DEEMPHASIZE PRODUCTION EFFICIENCY, DISTRIBUTION EFFICIENCY, TO MAXIMIZE REACTION TIME/PLACE UTILITY
5. PLAN ON SHORTER PAYBACK PERIOD ON INVESTMENTS ON AFFLUENT PRODUCTS
6. MAXIMIZE SHORT-RUN PROFITS, SKIM THE MARKET

6 SOME POSSIBLE IMPLICATIONS OF LIKELY CONTINUED GROWTH OF JAPANESE ECONOMY

1. RAPID GROWTH OF NCPA COUNTRIES AS MANUFACTURING AND LABOR POOLS, ECONOMIC SATELLITES OF JAPAN
2. EROSION OF MARKET SHARE FOR WESTERN PRODUCERS WHO LACK COMPARATIVE ADVANTAGE (STEEL, AUTOMOBILES, CONSUMER ELECTRONICS, ETC.)
3. INCREASED PROTECTIONIST PRESSURE BY UNIONS AND MANAGEMENT IN AREAS OF NON-COMPARATIVE ADVANTAGE
4. CONSIDERABLE DISLOCATION UNEMPLOYMENT IN MATURE NON-COMPETITIVE INDUSTRIES IN U.S.A., EUROPE
5. INCREASED SURVEILLANCE OF DUMPING; COUNTERMEASURES LEGAL AND EXTRALEGAL
6. LARGER TRADE DEFICITS, RESTRICTIONS ON CAPITAL MOVEMENT
7. MOVEMENT TOWARD WORLD ECONOMY BASED ON ADAM SMITH, COMPARATIVE ADVANTAGE
8. GROWING IMPORTANCE OF YEN PERHAPS TO KEY CURRENCY STATUS
9. JAPAN BECOMES WORLD'S LARGEST TRADER AND SOURCE OF INVESTMENT CAPITAL
10. MAJOR SHIFT IN TRADE PATTERNS, FINANCIAL ARRANGEMENT INVESTMENT PATTERNS

SOME POSSIBLE AREAS FOR FURTHER STUDY AND REFINEMENT

1. STUDY JAPANESE TECHNIQUES AND APPLY WHERE RELEVANT POSSIBLE TO MANAGEMENT OF FIRM
2. PHASE OUT NON-COMPETITIVE OPERATIONS IN HOME COUNTRY
3. REDIRECT CAPITAL TO GROWTH, HIGH TECHNOLOGY SERVICE AREAS
4. RELOCATE OPERATIONS IN AREA OF COMPARATIVE ADVANTAGE TO COMPETE MORE EFFECTIVELY
5. EXPORT KNOWLEDGE, HIGH TECHNOLOGY, AFFLUENT PRODUCT AND SERVICES TO JAPAN
6. EXPLORE JOINT VENTURES, MUTUAL INTERESTS WITH JAPAN FIRMS
7. EXCHANGE PROGRAMS FOR WESTERN AND JAPANESE EXECUTIVES TO GAIN GREATER AWARENESS OF EACH OTHERS STYLES (E.G., BARGAINING TECHNIQUES, CULTURAL HERITAGE,

3 SOME POSSIBLE IMPLICATIONS OF THE EROSION OF SOCIETAL LEVERS AND PURITAN ETHIC

1. LESS LOYALTY TO FIRM, DECLINE OF ORGANIZATION MAN
2. FREQUENT JOB HOPPING
3. MONETARY INCENTIVES LESS EFFECTIVE
4. INSTINCT OF WORKMANSHIP DECLINES AMONG WORKERS AND MANAGERS
5. HIGH ABSENTEEISM, TENDENCY TO LOWER HUMAN PRODUCTIVITY: PEOPLE "TURNING OFF" ON THE JOB
6. "TRAINED ELITE" NOT TECHNICALLY COMPETENT OR SUITABLE FOR MANAGER, SPECIALIST ROLES
7. RISING INDUSTRIAL THEFT, SABOTAGE BY EMPLOYEES
8. DECLINE IN QUALITY IN PERSONAL SERVICE INDUSTRIES
9. INCREASING CYNICISM AND TURNOFF BY CONSUMERS
10. ADVERTISING LESS EFFECTIVE IN STIMULATING PURCHASES
11. UPWARD MOBILITY LESS IMPORTANT AS A MOTIVATION TO MANY
12. CONSUMER DURABLES, STATUS AND CONVENIENCE PRODUCTS LOSE APPEAL TO INCREASINGLY LARGER GROUP (MODERN KITCHENS, COLOR TV)
13. POWER, HIGH EARNINGS, PRESTIGE IN FIRM, CONSIDERED LESS IMPORTANT OR IRRELEVANT BY MANY
14. SHORT MEMORY LIFE IN THE ORGANIZATION DUE TO TURNOVER
15. INCREASING OPERATING COSTS IMPLIED BY ALL OF ABOVE

7 SOME POSSIBLE AREAS FOR FURTHER STUDY AND REFINEMENT

1. PERMIT SOME INDIVIDUAL WORK STYLE AND HABIT PATTERNS
2. TOLERATE AND ENCOURAGE SOME LOW OR MARGINALLY PRODUCTIVE ACTIVITIES THAT PROVIDE SELF-FULFILLMENT, HIGH MORALE
3. REORIENT WORK ATMOSPHERE--SUBURBAN, CAMPUS LOCATION
4. PROVIDE ON-THE-JOB SELF-FULFILLMENT OPPORTUNITIES--RECREATION HOUR, ARTS & CRAFTS, RAP SESSIONS, ETC.
5. EMPHASIZE JOB AS INSTRUMENT FOR PERSONAL SELF-DEVELOPMENT, SELF-ACTUALIZATION, NEW WORK ETHIC THEORY
6. MINIMIZE TEDIUM, REPETITION, MAKE-WORK PROCEDURES AND ACTIVITIES
7. FREQUENT JOB ROTATIONS FOR MANAGERS
8. MINIMIZE RANK DISTINCTIONS (OFFICE SIZE AND APPOINTMENTS, SPECIAL PERQUISITES)
9. EMPLOYEE PARTICIPATION IN DECISIONS WHERE POSSIBLE AND USEFUL. MOVE DECISION-MAKING TO LOWEST EFFECTIVE LEVEL
10. PROVIDE FULLER, MORE TIMELY, MORE CREDIBLE AND SOPHISTICATED BRIEFINGS AND DISCLOSURES OF CORPORATE PLANS AND DECISIONS TO ALL LEVELS OF EMPLOYEES; OR
11. SEARCH OUT, HIRE, SUITABLY REWARD AND MOTIVATE INDIVIDUALS WHO STILL STRIVE FOR UPWARD MOBILITY AND STILL BELIEVE IN WORK ETHIC (MIDDLE AMERICANS FROM NON-ELITE SCHOOLS AND AREAS--TEXAS, OKLAHOMA, PARTS OF MIDWEST, SOUTHWEST), CONSCIOUS "BLUEING" OF THE MANAGER AND TECHNICIAN CLASS
12. FORM NEW TYPES OF ORGANIZATIONS (E.G., QUASI-PUBLIC OR PUBLIC SERVICES)
13. SEEK MANAGERS AND WORKERS ELSEWHERE
14. DEVELOP "SOCIAL RESPONSIBILITY" CORPORATE IMAGE
15. PERHAPS DEVELOP CORPORATE "MYSTIQUE" (E.G., PROCTER & GAMBLE OF TOUGH, "OLD LINE" FIRM)
16. DEVELOP NEW "IDEOLOGY" OF BUSINESS (E.G., "YEAR 2000," PERHAPS, LIKE AGRICULTURE, "A WORTHY PROFESSION," ETC.)

10 NEW, EMERGING, OR POSSIBLE AREAS FOR ADMINISTRATIVE/SERVICES DIVERSIFICATION

1. HIGHER EDUCATION (E.G. CORPORATE OPERATED BUSINESS SCHOOLS, MANAGEMENT SEMINARS, TRAINING, RE-TRAINING, T-GROUPS, OD, ETC.)
2. SECONDARY/GRAMMAR EDUCATION (E.G. LEARNING CENTERS, EXPERIMENTAL SCHOOLS, "CONTRACT-PUBLIC SCHOOLS")
3. VOCATIONAL EDUCATION (E.G. BLACK OR MINORITY CAPITALISM PROGRAMS, "PRECISION" SKILL REQUIREMENTS, EDP AND OTHER NEW JOBS)
4. COMMUNICATIONS (E.G. PRIVATE POSTAL SERVICES, DATA TRANSFER, DATA BANKS, ETC.)
5. LAW ENFORCEMENT (E.G. FROM CORPORATE PROPERTY PROTECTION TO GENERAL PROPERTY PROTECTION, COMMUNITY PROTECTION, INVESTIGATION, ETC.)

4 TRADITIONAL MANAGEMENT BELIEFS IN QUESTION TODAY

1. PROFIT IS LEGITIMATE AND ESSENTIAL TO SUCCESSFUL BUSINESS OPERATIONS
2. THE STRENGTH AND SUCCESS OF OUR BUSINESS IS THE BASIS FOR AMERICA'S SUCCESS
3. THE WORLD IS BETTER OFF TODAY THAN EVER BEFORE BECAUSE OF THE PROSPERITY BROUGHT ABOUT BY OUR BUSINESS SUCCESS.
4. MANAGEMENT IS NOT A "PROFESSION" REQUIRING SPECIAL SKILLS AND TRAINING BUT AN ART WHICH FEW "PROFESSIONALS" (E.G. SCIENTISTS, LAWYERS,) DO WELL AT
5. EFFICIENCY IS BEST MEASURED BY PROFIT CRITERIA AND MARKET COMPETITION AND ESSENTIAL TO BUSINESS SUCCESS
6. MANAGEMENT SHOULD BE LOYAL TO THE FIRM AND TO ITS GOALS OF PROFIT AND/OR PROFIT/EXPANSION
7. BUSINESS SHOULD BE SEPARATE FROM GOVERNMENT
8. "DOING GOOD" OR HUMANITARIAN EFFORTS ARE NOT A FUNCTION OF BUSINESS
9. MANAGEMENT IS AN EXCITING AND VITAL JOB WHICH IS WORTH DEDICATING ONE'S LIFE TO EVEN AT THE EXPENSE OF HEALTH AND LEISURE HOURS
10. MANAGEMENT KNOWS BEST WHAT THE FUNCTIONS AND ROLE OF ITS ENTERPRISE IS AND SHOULD BE.

8 TODAY THE PROSPECTIVE MANAGER NOW TENDS TO ASK:

1. WHAT IS THE NEIGHBORHOOD (OR WAY OF LIFE) LIKE?
  2. HOW ARE THE SCHOOLS?, AND, IN GENERAL,
  3. WHAT IS THE IMPACT ON MY FAMILY?
- HE MAY ALSO ASK
4. WHAT ARE THE FRINGE BENEFITS?
  5. WHAT DO YOU DO (OR MAKE)?
  6. WHAT KIND OF AN ORGANIZATION ARE YOU?
  7. WHAT IS THE SALARY?
  8. WHAT ARE THE CHANCES FOR ADVANCEMENT?

BUT HE STILL USUALLY ASKS THESE LAST TWO QUESTIONS

6. FIREFIGHTING/FIRE PROTECTION
7. SANITATION/WASTE REMOVAL FOR INDUSTRIES AND/OR COMMUNITIES
8. URBAN/SUBURBAN (E.G. URBAN RENEWAL, DEVELOPMENT, HOUSING, RESEARCH OR PLANT FACILITIES, ETC.)
9. MEDICAL SERVICES (E.G. "PLANT COMMUNITY" HOSPITALS, "CONTRACT-HOSPITAL" SERVICE, ETC.)
10. "POLITICALLY ORIENTED" COMMUNITY SERVICES (PERHAPS "BUSINESS MANAGEMENT" TRAINING FOR "NON-BUSINESS" OR GOVERNMENT OCCUPATIONS BY RUNNING "CONTRACT COLLEGES," PROFESSIONAL SCHOOLS, FOREIGN SERVICE SCHOOLS, FUNDING SPECIFIC ACADEMIC RESEARCH AT PRIVATE SCHOOLS, TOWN MANAGEMENT, PLANNING, ETC.)

## ① CONSUMERS AND MARKETS

1. PROBABLE TRIPLING AFFLUENT (OVER 15,000 ANNUAL INCOME) FAMILY UNITS BY 1980, CREATING FIRST "MASS" MARKET OF WEALTHY. GREATER IMPORTANCE IN GENERAL OF DISCRETIONARY INCOME MARKETS.
2. MOSAIC CONSUMER SOCIETY, HIGH DEGREE OF MARKET SEGMENTATION, PRODUCT UNIQUENESS AND DIFFERENTIATION, OFFERING PRODUCT/SERVICE COMBINATIONS RATHER THAN PRODUCTION MARKETING OR EFFICIENCY BUT ALSO EMPHASIS ON UTILITY AND COST-EFFECTIVENESS. SIMPLICITY AND "ORDINARINESS" OF APPEARANCE AS A "VIRTUE."
3. MARGINAL UTILITY, PRICE/VALUE TRADEOFFS AND OTHER RATIONAL CONSIDERATIONS LESS IMPORTANT THAN NEED FOR PERSONAL GRATIFICATION, FULFILLMENT OF PSYCHOLOGICAL NEEDS AND OF STYLE OF LIFE. (BUT IN MANY MEMBERS OF THE UPPER AND UPPER MIDDLE CLASS THIS MEANS AN EMPHASIS ON HEDONISTIC SIMPLICITY--WHILE FOR THE NEWLY AFFLUENT IT MEANS HIGH QUALITY AND PRESTIGE PRODUCTS AT DISCOUNT PRICES.)
4. IN MANY CASES VERY RAPID PRODUCT OBSOLESCENCE, EXTREME FADISMS, APPLICATION OF HIGH TECHNOLOGY TO "FRIVOLOUS" USES, SMALL BUT HIGHLY PROFITABLE SUBMARKETS--SOME WITH HIGH TIME-PLACE UTILITY AND NEW TYPES OF SPECIALIZED DISTRIBUTION OUTLETS.
5. RAPID EXPANSION OF LEISURE TIME ACTIVITIES, EDUCATIONAL AND SPECIAL INTEREST AVOCATIONAL PURSUITS, TRAVEL TO EXOTIC AND "OFF-BEAT" AREAS; SOME BIZARRE, UNHEALTHY, EVEN SELF-DESTRUCTIVE ACTIVITIES PURSUED BY AFFLUENT. PARTICIPANT SPORTS ACTIVITIES AND INVOLVEMENT IN SELF-FULFILLMENT (MUSIC, PAINTING, ARTS AND CRAFTS).
6. LESS DEMAND OR ASSOCIATION OF QUALITY, VALUE OR RELIABILITY WITH BRAND OR CORPORATE NAME. INCREASING TENDENCY FOR SOME AFFLUENT CONSUMERS TO PICK AND CHOOSE SOME PRODUCTS AND SERVICES ON PERSONAL, RANDOM, CAPRICIOUS (BUT TO THEM RELEVANT) BASES AS OPPOSED TO THE "RATIONAL ECONOMIC MAN" BASIS OF PRODUCT OR BRAND SELECTION, WHILE EXTREMELY UTILITARIAN BEHAVIOR IN OTHER CONTEXTS. ADVERTISING OFTEN LESS EFFECTIVE, EVEN COUNTERPRODUCTIVE IN MANY CONTEXTS.
7. AMONG NEWLY AFFLUENT LUXURY, PRESTIGE AND COMFORT-ORIENTED PRODUCTS, ESTABLISHED BRAND NAMES AND ADVERTISING STILL VERY EFFECTIVE. MORE DEMAND FOR VARIETY, OPTIONS, NEW AND IMPROVED MODELS AND FEATURES.
8. LESSENER EMPHASIS ON PERSONAL SALESMEN FOR ROUTINE ORDER TAKING BY MANUFACTURERS. MORE COMPLEX INTERDEPENDENT COMPUTERIZED ORDERING AND INVENTORY SYSTEMS. MUCH UPGRADING OF SALESMEN TO BE MERCHANDISING AND MARKETING PROFESSIONALS. BREAKDOWNS, "DEBUGGING" PROBLEMS (WHILE THESE PROPORTIONATELY DECREASE, IT IS LIKELY TO APPEAR TO THE CUSTOMER THAT THEY ARE INCREASING AS A RESULT OF THE GREATER USE OF AUTOMATION).
9. IN SOME AREAS A DECLINE OR DISAPPEARANCE OF INDEPENDENT WHOLESALERS, BUT THE EMERGENCE OF A NUMBER OF SPECIAL WHOLESALERS--OR QUASI-WHOLESALERS FOR SPECIALIZED RETAILERS, TO TAKE OVER SOME OF THE MANUFACTURERS TASKS WHEN THE INDUSTRY IS STRONGLY UNIONIZED, TO DEAL WITH FOREIGN AND SPECIAL MARKETS, ETC. IN PARTICULAR, AN IMPORTANT ROLE WILL BE PLAYED BY THE BIG JAPANESE TRADING COMPANIES.
10. CONTINUED RAPID GROWTH BY MASS MERCHANDISERS AND DISCOUNT HOUSES--ESPECIALLY IN FOREIGN MARKETS. BUT A COMEBACK OF THE SMALL RETAILER WHO CATERS IN DEPTH TO NEEDS OF AFFLUENT SUBMARKETS.
11. FRANCHISING, MANUFACTURER OWNED STORES, RETAILER OWNED MANUFACTURERS OR WHOLESALERS AND OTHER FORMS OF INTEGRATING MANUFACTURER, WHOLESALER AND RETAILER INTO ONE SYSTEM WILL BE ATTEMPTED.
12. REACTION BY SIZEABLE SEGMENTS OF CONSUMERS AGAINST FORCED OBSOLESCENCE IN AUTOMOBILES, CONSUMER DURABLES AND HOUSEHOLD ELECTRONICS. BUT CONTINUED SEARCH FOR NOVEL PRODUCTS, GADGETS, DEVICES AND FRILLS FOR HIGHER LIVING STANDARDS, ACTIVE HOBBIES AND HEDONISTIC OR AMUSING LEISURE TIME PURSUITS.

## ② PERSONAL AND CORPORATE FINANCE--FINANCIAL SERVICES

1. A CONCERTED AND CONTINUING MOVEMENT BY BANKS, INSURANCE COMPANIES, BROKERAGE FIRMS AND OTHER FINANCIAL SERVICE ORGANIZATIONS TO BROADEN THEIR "PRODUCT LINE" AND EXPAND THE RANGE OF THEIR SERVICES. RISE IN THE LATE SEVENTIES OF THE "FINANCIAL SUPERMARKET" FIRM THAT OFFERS A VERY WIDE RANGE OF SERVICES TO BUSINESSES AND CONSUMERS.
2. ADAPTATION OF THE SYSTEMS APPROACH BY THESE FIRMS, TO OFFER VARIOUS PACKAGES OF INSURANCE, VARIABLE ANNUITIES, STOCKS, AND OTHER FORMS OF INVESTMENT, TAILORED TO INDIVIDUAL NEEDS AND BASED ON PROVIDING OPTIMUM MIX OF INCOME FLOOR, CAPITAL APPRECIATION OR DIVIDEND PAYMENT FOR VARIOUS STAGES IN THE CONSUMER'S LIFE CYCLE.
3. CONTINUED TREND TOWARD A "CASH FREE" CREDIT CARD SOCIETY AND PROGRESS TOWARDS A CHECKLESS SOCIETY, INCREASED USE OF CREDIT CARDS FOR ALL CONSUMER PURCHASES.
4. CONTINUED IMPROVEMENT IN MONEY MANAGEMENT TECHNIQUES BY MNC'S AND CONGLOMERATES. WIDESPREAD ATTEMPT TO COPY THESE TECHNIQUES BY OTHER FIRMS. PROBABLE ELIMINATION OF "FLOAT" BY TIGHTENING AND AUTOMATING OF FEDERAL RESERVE SYSTEMS AND BY DIRECT ON-LINE ELECTRONIC COMMUNICATION BY VARIOUS FINANCIAL INSTITUTIONS. METHODS OF BYPASSING THE HARD LEGAL DOCUMENTS--CHECKS, STOCK CERTIFICATES--TO BE EXPLORED WITH LEGAL CONSIDERATIONS THE MAIN OBSTACLE TO CHANGE.
5. MOVEMENT TOWARD ONE NATIONAL STOCK OR SECURITY EXCHANGE MARKET. NEW SAFEGUARDS FOR THE PRIVATE INVESTOR AND INCREASED GOVERNMENT MONITORING OF THE ACTIVITIES OF MAJOR FINANCIAL FIRMS AND MULTINATIONAL CORPORATIONS.
6. EXPERIMENTATION WITH NEW METHODS OF RAISING CAPITAL BY INDUSTRY AND FINANCIAL INSTITUTIONS. NEW AND LOW-COST METHODS OF MARKETING VARIOUS TYPES OF SECURITIES, FUNDS AND SERVICES TO THE GENERAL PUBLIC.
7. CONCERTED EFFORTS BY CORPORATE TREASURERS TO IMPROVE LIQUIDITY, AND RESTRUCTURE FINANCIAL FRAMEWORK OF THE FIRM TO OPTIMIZE GROWTH POTENTIAL AND COST OF CAPITAL. SOME FADISM, SOME BANKRUPTCIES OR FAILURES CAUSED BY EXCESSIVE EXPERIMENTATION, BUT ON BALANCE REAL PROGRESS IN IMPROVING FINANCIAL MANAGEMENT PRACTICES.
8. PRESSURES FROM LARGE MNC'S TOWARD ONE GLOBAL MONEY MARKET. COUNTERPRESSURE FROM GOVERNMENTS TO RESTRICT FLOW OF CAPITAL AND TO PROTECT THEIR CURRENCY.
9. MANY MINI-CRISES IN ONE OR ANOTHER PARTS OF THE FINANCIAL SECTOR BUT AVOIDANCE, OFTEN BY NARROW MARGIN, OF A WORLD-WIDE FINANCIAL OR MONETARY CRISIS OR PANIC. AGGRESSIVE ATTEMPTS BY FEDERAL RESERVE, EUROPEAN CENTRAL BANKS AND OTHER RESPONSIBLE CONTROLLING FORCES TO BUILD MORE FLEXIBILITY AND SAFETY MARGIN INTO WORLD AND NATIONAL MONETARY AND FINANCIAL SYSTEMS. CLOSER COORDINATION OF POLICIES. "BAILOUTS" OF TROUBLED FIRMS AND NATIONS ON WORLDWIDE BASIS BY CENTRAL BANKS AND STRONG CORPORATIONS WITH INTEREST IN AVERTING PANIC, CRISIS OR RADICAL CHANGES IN THE SYSTEM.
10. SOME BYPASSING OF TRADITIONAL SOURCES OF FINANCING AS MNC'S AND CONGLOMERATES ACQUIRE THEIR OWN FINANCIAL UNITS, AND DEAL DIRECTLY WITH EACH OTHER AND/OR INVESTMENT PUBLIC TO ARRANGE FINANCING, TRANSFERS OR FUNDS, ETC.

## ③ ADVERTISING AND CORPORATE COMMUNICATION

1. INCREASING NEO-CYNICISM ON PART OF CUSTOMERS, EMPLOYEES, STOCKHOLDERS, GENERAL PUBLIC TO ADVERTISING, PUBLIC RELATIONS AND OTHER FORMS OF COMMUNICATION.
2. LEADING TO A NEED FOR INCREASED CANDOR, FULLER DISCLOSURES OF PLANS, OPERATING FIGURES, NEED TO DEFEND DECISIONS AGAINST HOSTILE, ANTI-BUSINESS GROUPS AND INDIVIDUALS.
3. INCREASING BUSINESS CREDIBILITY GAP ESPECIALLY AMONG LIBERAL LEFT, COUNTERCULTURE. SOME MINORITY GROUPS, YOUNG PEOPLE BUT A RALLYING TO DEFEND THE CORPORATION BY COUNTER-REFORMATION PEOPLE.
4. DECLINE OF HARD SELL, ADS. VIEWED AS ART FORM, ENTERTAINMENT, NOT COMMERCIAL MESSAGE BY MANY.
5. NEW METHODS, MEDIA AND APPROACHES TO ADVERTISING AND COMMUNICATION AS SPECIAL MARKETS, INTEREST GROUPS PROLIFERATE.
6. LIKELY REQUIREMENT TO DOCUMENT OR SUBSTANTIATE ALL ADVERTISING CLAIMS, "CLASS ACTIONS" AGAINST MISLEADING ADS, HARASSMENT OF ADVERTISERS BY INTELLIGENTSIA. MOVEMENTS FOR STRICTER GOVERNMENT MONITORING OF ADS. RISE OF AD HOC CONSUMER WATCHDOG OR TRUTH SQUADS TO VERIFY EVERY CLAIM MADE IN ADVERTISEMENTS.
7. INSTITUTIONAL MESSAGES TO SELL THE FIRM AS A GOOD CORPORATE CITIZEN. PROBABLY LESS PRODUCT-ORIENTED ADVERTISING. PERHAPS ADVERTISING AS MEANS OF POPULARIZING NEO-CAPITALIST THEORY, IF ONE IS DEVELOPED.
8. INCREASING DIFFICULTY IN ATTRACTING "CREATIVE TALENT" TO ADVERTISING/PUBLIC RELATIONS TYPE CAREERS. SOME COUNTERCULTURE PEOPLE IN ADVERTISING AND MEDIA ACTING AS "UNDERGROUND MOVEMENT" SUBVERTING ADVERTISING MESSAGES OR ORIENTING ADS TO SOCIAL RATHER THAN ECONOMIC ISSUES.
9. POSSIBILITY OF INCREASING HOSTILITY CONFRONTATIONS BETWEEN "CONSERVATIVE MIDDLE" ADVERTISERS AND "LIBERAL LEFT" MEDIA, PERHAPS AN UNEASY TRUCE BASED ON MEDIA NEED FOR ADVERTISING REVENUE AND ADVERTISERS' NEED FOR EXPOSURE FOR THEIR MESSAGES WITH CENSORSHIP, MEDDLING, BIAS CHARGES AND COUNTERCHARGES.

## ⑤ POSSIBLE COUNTERPRODUCTIVE REACTIONS TO CORPORATE ATTEMPT TO COPE WITH NEW VALUES

1. PUTS COMPANY IN SPOTLIGHT (WHERE AN UNNOTICED COMPANY SUDDENLY BECOMES THE FOCUS OF CRITICISM)
2. DOESN'T PUT COMPANY IN SPOTLIGHT (CONSIDERABLE EXPENSE WITH LITTLE PAYOFF)
3. ONCE STARTED IT MAY BE HARD TO STOP
  - A. EMPLOYEES MORE INTERESTED IN POLITICS THAN BUSINESS
  - B. NEGATIVE ANTI-ESTABLISHMENT VALUES OUTWEIGH ANY REASONABLE CONTRIBUTIONS
  - C. ANTI-PROFIT SENTIMENTS

NEW BUSINESS DIFFICULTIES (I.E., GETTING INTO POLLUTION BUSINESS)

- A. COMPANY KNOWS WHAT IT IS DOING BEST
- B. GOVERNMENT INVOLVEMENT AND EXCESSIVE INTEREST IN PUBLIC CAREER BUSINESSES
- C. PUBLIC SPOTLIGHT

## ④ SOME POSSIBLE STRATEGIES FOR COPING WITH "NEW VALUE" PRESSURES (NOT RECOMMENDATION)

1. DO NOTHING
2. CHANGE CORPORATE IMAGE
  - A. ANALYZE LIKELY PROBLEM AREAS
  - B. CHANGE BUSINESS PRACTICES TO CONFORM WITH POPULAR INTERESTS
    - (1) SPECIAL OR SPECIALLY FOCUSED PUBLIC RELATIONS PERSONNEL
    - (2) OUTSIDE APPEARANCE OF PLANT FACILITIES AND OTHER EXTERNAL POINTS OF CONTACT
    - (3) NEW ADVERTISING APPROACHES
  - C. DEVELOP CORPORATE "LITANY" EMPHASIZING CORPORATE CONTRIBUTIONS PAST/PRESENT/FUTURE
    - (1) FOCUS ON CORPORATION
    - (2) FOCUS ON CORPORATE PERSONNEL
  - D. TAKE A CORPORATE POSITION ON MAJOR PUBLIC ISSUES
  - E. PERFORM AND PUBLICIZE CHARITABLE CONTRIBUTIONS
    - (1) COMMUNITY PROJECTS
    - (2) BASIC RESEARCH
    - (3) FOUNDATION GRANTS, SCHOLARSHIPS, ETC.
    - (4) PROGRAMS DESIGNED TO BE HIGHLY VISIBLE PUBLIC RELATIONS (I.E., YOUTH FARMS, ACADEMIC CONTESTS, MATCHING GRANTS, ETC.)
3. CHANGE INTERNAL OPERATIONS/ATTITUDES
  - A. RECRUIT AND HIRE "NEW VALUE" MANAGEMENT
  - B. "EDUCATE" CURRENT EMPLOYEES
  - C. "PUBLIC INTEREST" REPRESENTATIVES ON BOARD OF DIRECTORS
  - D. EMPLOYEE RELATIONS (I.E., ESTABLISH A "PLANT COMMUNITY" GOVERNMENT, COMPANY HOUSING, ETC.)
  - E. OTHER EDUCATIONAL AND SPECIAL BENEFIT POLICIES DESIGNED TO DEMONSTRATE CORPORATE CONCERN
4. CHANGE COMPANY OPERATIONS/OBJECTIVES
  - A. DROP RESEARCH/MANUFACTURING IN "UNDESIRABLE" OR CONTROVERSIAL AREAS (I.E., NAPALM)
  - B. MODIFY OR ELIMINATE CONTROVERSIAL PRACTICES
    - (1) ADOPT POLLUTION CONTROL DEVICES
    - (2) EMPHASIZE ESPECIALLY DESIRABLE RESEARCH--DEEMPHASIZE UNDESIRABLE RESEARCH
    - (3) REDESIGN PRODUCT (PERISHABLE CONTAINERS)
  - C. ACQUIRE OR ESTABLISH BUSINESS IN DESIRABLE AREAS
    - (1) ACQUIRE OR ESTABLISH PROFITABLE BUSINESS OPERATIONS IN RELATED AREAS (I.E., POLLUTION CONTROL IN YOUR INDUSTRY)
    - (2) ESTABLISH SUBSIDIARIES (PERHAPS JOINT VENTURES WITH OTHER COMPANIES IN THE SAME INDUSTRY) TO DEAL WITH MUTUAL PROBLEMS
    - (3) ACQUIRE OR ESTABLISH PART OF SUBSIDIARY IN ENTIRELY NEW AREAS (PROFITABLE OR UNPROFITABLE)
5. POLITICAL INVOLVEMENT
  1. LOBBY AND PRESSURE GROUPS FOR PUBLIC CAUSES AS WELL AS BUSINESS
  2. EMPLOYEE POLITICAL PARTICIPATION
    - A. CORPORATE ENCOURAGEMENT TO DO THIS AS INDIVIDUALS
    - B. AS PART OF THE JOB (I.E., TIME OFF TO CAMPAIGN)
  3. CORPORATE CONTRIBUTIONS TO POLITICAL CAUSES (DIRECTLY OR INDIRECTLY)
  4. CORPORATE STAND ON PUBLIC AND/OR POLITICAL ISSUES

## SECTION 17

## RECAPITULATION

We introduced this volume with an extremely brief abstract of the conclusions of Phase I of the study. The volume itself is an Executive Summary of the more than forty volumes of material (listed at the end of this report) and the dozens of briefings on specialized topics developed during this phase. Nevertheless, it seems desirable at this point to recapitulate the Executive Summary so as to pull together not only the conclusions, but some of the analysis and evidence on which they are based. Thus this chapter may be read as a recapitulation of the main lines of argument of this Executive Summary, or as an expansion of the brief abstract with which we began.

One Characterization of the Basic Context (or Basic Projection)...

One useful analogy for thinking about the post-war period is as a kind of second "belle epoque" era characterized, like the era preceding World War I, by rapid expansion, relative peace and stability, but also by an uneasy feeling of impermanence and "end of an era" psychology. While the first "belle epoque" terminated in catastrophic war, our analyses of contemporary trends suggest that the coming decade will see a gradual erosion or shift towards a new balance of economic and strategic power. We acknowledge possibilities for serious disequilibrium, stemming, for instance, from U.S. isolationist tendencies or serious economic dislocations, but we are more impressed by the many ways in which the world appears structurally safer than it has been in the past.

The basic surprise-free projection is shown on the next page.

Factors Which Could Change the Basic Projection Greatly

We listed in the summary (page 3-1) ten examples each of (1) improbable but not impossible events that could profoundly change even our most basic trends, and (2) smaller-scale "surprising" developments which appear more probable and might or might not substantially modify the basic projection. Obviously, nothing could be more surprising than full realization of a "surprise-free projection" involving a host of interrelated variables. Nonetheless, our analyses indicate that our basic projection could assimilate an array of the developments to which we accord a rather low order of probability without becoming invalid as a general guide to policy-making.

The most important area of uncertainty is the possibility, which can never be wholly discounted, of basic misperceptions or blind spots resulting from culturally conditioned biases. The list of issues on p. 17-3 represents our judgment about the major branch points to the surprise-free projection. We expect these issues to be the key issues of the decade, but to be successfully dealt with so that they do not seriously change the surprise-free projection.

SURPRISE-FREE (AND LARGELY "BUSINESS AS USUAL") PROJECTION

1. REVIVAL, EVOLUTIONARY DEVELOPMENT AND PERHAPS SOME EROSION OF "LA DEUXIEME BELLE EPOQUE": TOWARD A HALF UNIFIED\* BUT MULTIPOLAR WORLD WITH COUNTERVAILING TENDENCIES TOWARD ANARCHY AND ORDER. NET MOVEMENT IS PROBABLY A GENERAL BUT FRAGILE TENDENCY TOWARD SYNTHESIS AND UNITY FOR THE HALF WHICH PARTICIPATES.
2. BUT POLITICALLY AN INCREASINGLY MULTIPOLAR WORLD WILL SEE IN THE 70'S THE "END" OF THE "POST WW II" ERA (INCLUDING AN EFFECTIVE POLITICAL SETTLEMENT OF THAT WAR)
  - A. RELATIVE DECLINE OF THE TWO SUPERPOWERS IN POWER, PRESTIGE, AND INFLUENCE.
  - B. RISE OF JAPAN AS SUPERSTATE (AND SUPERPOWER?)
  - C. FULL REEMERGENCE OF BOTH GERMANIES.
  - D. AN ENLARGED EEC, WITH PERHAPS A NEW ROLE FOR FRANCE AS THE "LEADING NATION" OF THE COMMUNITY.
  - E. POSSIBLE CREATION OF AN EASTERN EUROPEAN EEC.
  - F. MANY NEW POSSIBILITIES BY 1980: E.G. "INTERMEDIATE" POWERS--NEW ALLIANCES, NEW ARMS RACES, CHALLENGES FOR WORLD LEADERSHIP, POLITICALLY UNIFIED EUROPE.
3. ABOVE SETS CONTEXT FOR FURTHER DEVELOPMENT OF A UNIFIED BUT MULTIPOLAR AND (PARTIALLY) COMPETITIVE (HALF) GLOBAL ECONOMY.
  - A. A GENERAL UNDERSTANDING OF THE PROCESS AND TECHNIQUES FOR SUSTAINED ECONOMIC DEVELOPMENT
  - B. A WORLDWIDE "GREEN REVOLUTION"; ALSO A WORLDWIDE CAPABILITY FOR MODERN INDUSTRY AND TECHNOLOGY;
  - C. GROWING IMPORTANCE OF MNC'S AS INNOVATORS OF ECONOMIC ACTIVITY AND ENGINES OF RAPID GROWTH
  - D. HIGH (3-15%) GNP GROWTH ALMOST EVERYWHERE--5 ESPECIALLY DYNAMIC AREAS
  - E. SUSTAINED GROWTH IN TRADE, COMMUNICATIONS, TRAVEL
  - F. INCREASING UNITY FROM TECHNOLOGY, PRIVATE INDUSTRY, COMMERCIAL AND FINANCIAL INSTITUTIONS, BUT RELATIVELY LITTLE BY INTERNATIONAL LEGAL AND POLITICAL INSTITUTIONS.
  - G. SOME DEVELOPMENT OF YEAR 2000 (AND/OR COMPOUND INTEREST) IDEOLOGIES.
4. ONE RESULT IS A RELATIVELY ANARCHIC BUT ALSO RELATIVELY ORDERLY AND UNIFIED WORLD WITH NEW ISSUES OF INTERNATIONAL CONTROL:
  - A. CONTINUING GROWTH IN DISCRETIONARY BEHAVIOR, CORRESPONDING WORLDWIDE (FOREIGN AND DOMESTIC) "LAW AND ORDER" ISSUES. SOME GROWTH IN VIOLENT, DEVIANT, OR CRIMINAL BEHAVIOR.
  - B. PROBABLY INCREASE IN TERROR, VIOLENCE, SUBVERSION, UNILATERAL CHANGES OF INTERNATIONAL RULES, ETC.
  - C. PROBABLE INCREASED INFLUENCE OF ANARCHISM, SYNDICALISM, NEO-NATIONALISM, COUNTERCULTURE.
  - D. PERSISTENCE (DESPITE SOME ALLEVIATION AND NORMALIZATION) OF CHRONIC CONFRONTATIONS (E.G., FOUR DIVIDED COUNTRIES, ARAB-ISRAELI, INDIA-PAKISTAN, AND SINO-SOVIET-U.S. TRIANGLE). PERHAPS A SINO-JAPANESE CONFRONTATION.
  - E. NEW CONFLICT AND TURMOIL IN AFRICA, MIDDLE EAST, SOUTH ASIA, PERHAPS LATIN AMERICA AND PACIFIC ASIA.
  - F. NATIVIST, MESSIANIC, AND/OR "IRRATIONALLY" EMOTIONAL AND VIOLENT MOVEMENTS; SOME DECREASE IN RATIONALIST AND (MATERIALISTIC) INTEREST ORIENTED POLITICS
5. SOME ACCELERATION, SOME CONTINUATION BUT ALSO SOME SELECTIVE TOPPING OFF OF MULTIFOLD TREND (AND PERHAPS SOME TEMPORARY REVERSALS)
  - A. FURTHER INTENSIFICATION OF MANY ISSUES ASSOCIATED WITH 1985 TECHNOLOGICAL CRISIS; GROWING NEED FOR WORLDWIDE (BUT PROBABLY AD HOC) "ZONING ORDINANCES" AND OTHER ENVIRONMENTAL AND SOCIAL CONTROLS.
  - B. OTHER PROBLEMS IN COPING WITH SHEER NUMBERS, SIZE, AND BIGNESS.
  - C. WITH IMPORTANT EXCEPTIONS, EROSION OF 12 TRADITIONAL SOCIETAL LEVERS; A SEARCH FOR MEANING AND PURPOSE, SOME CULTURAL CONFUSION, POLARIZATION, CONFLICT.
  - D. INCREASINGLY "REVISIONIST" COMMUNISM, CAPITALISM AND CHRISTIANITY IN EUROPE AND THE WESTERN HEMISPHERE; PERHAPS A "CRISIS OF LIBERALISM."
  - E. POPULIST, CONSERVATIVE, BACKLASH, AND/OR "COUNTER-REFORMATION" MOVEMENTS.
  - F. INCREASING PROBLEM (WORLDWIDE) OF EDUCATED INCAPACITY AND/OR ILLUSIONED, IRRELEVANT, OR IDEOLOGICAL ARGUMENTATION--GREATER EXPLICIT EMPHASIS ON FEELING AND EMOTION.
6. EMERGENCE OF VARIOUS STYLES OF POST-INDUSTRIAL CULTURE FOR NATIONS WITH ABOUT 20 PERCENT OF WORLD'S POPULATION AND IN ENCLAVES ELSEWHERE CHARACTERIZED BY:
  - A. NEW POLITICAL MILIEUS; RISE OF "HUMANIST LEFT"--"RESPONSIBLE CENTER" CONFRONTATION IN AT LEAST HIGH CULTURE OF DEVELOPED NATIONS (BUT IN PARTICULAR IN THE U.S. AND NORTHWEST TIER OF EUROPE).
  - B. EMERGENCE OF "MOSAIC CULTURES" (AT LEAST IN U.S.) INCORPORATING ESOTERIC, DEVIANT, COMMUNAL, AND/OR EXPERIMENTAL LIFE STYLES. SOME INCREASE IN ANARCHISTIC BEHAVIOR AND MOVEMENTS
  - C. POSSIBLE SUCCESSFUL SYNTHESIS BETWEEN OLD AND NEW IN FRANCE, JAPAN, SCANDINAVIA, NORTHWEST TIER, OR ELSEWHERE
7. SOME IMPORTANT BUT "NON-SIGNIFICANT" SURPRISES AND PERHAPS SOME SIGNIFICANT ONES AS WELL.

\*ABOUT 50% OF THE WORLD'S POPULATION LIVE IN TWO RELATIVELY ISOLATED CULTURES--25% IN COMMUNIST ASIA (A RELATIVELY ISOLATED SINIC CULTURE) AND 25% IN A RELATIVELY ISOLATED INDIAN CULTURE (INDIA, CEYLON, BURMA, AND PERHAPS PAKISTAN).

INTERNATIONAL ISSUES AND TRENDS OF THE 1970'S  
(COMPATIBLE WITH THE BASIC PROJECTION  
OF SPECIAL INTEREST TO BUSINESS

1. CONTINUED RAPID GROWTH OF JAPAN TO BECOME WORLD'S THIRD "SUPERSTATE" RATHER THAN FIRST "SECONDARY POWER"
2. ISSUES RELATED TO U.S. AND TO SOME EXTENT WESTERN EUROPEAN POLITICAL AND CULTURAL MILIEU
3. GROWING DOMINANCE OF INTERNATIONAL AND MULTINATIONAL CORPORATIONS IN WORLD ECONOMY
  - A. HIGH-MORALE "NEW MANAGERIAL ELITE" (THIS MAY BE, IN PART, A SELF-FULFILLING PROPHECY)
  - B. UNPARALLELED ABILITY FOR RAPID, LARGE-SCALE MOBILIZATION OF COMPLEMENTARY FACTORS OF PRODUCTION SUCH AS: CAPITAL, MANAGEMENT, MARKETING, TECHNOLOGY, TECHNOLOGY TRANSFER, AND LABOR
  - C. LARGELY UNSUCCESSFUL ATTEMPTS OF MANY NATION STATES TO CURB POWER AND INDEPENDENCE OF MNC'S WITHOUT INCURRING UNACCEPTABLE COSTS
4. WORLD LIQUIDITY AS A CONTINUOUS PROBLEM, PERHAPS LEADING TO RADICAL RETRENCHMENT, DEPRESSION, REFORM MONETARY CRISES, PERHAPS A GRADUALLY EVOLVING SOLUTION
5. CREEPING OR EVEN GALLOPING COST-PUSH INFLATION IN DEVELOPED WORLD (WITH LIKELY EXCEPTION OF JAPAN WHERE IT IS BETTER DESCRIBED AS DEMAND-PULL INFLATION)
6. INCREASINGLY IMPORTANT, PERHAPS CRITICAL, "TECHNOLOGICAL" OR "MAINTENANCE" CRISES AS A RESULT OF:
  - A. RAPID GROWTH OF COMPLEX TECHNOLOGICAL SYSTEMS AND ORGANIZATIONS
  - B. MORE "ESTABLISHED" SYSTEMS (E.G., TELEPHONE, TRANSPORTATION, POWER, MAJOR MANUFACTURING; POSTAL SYSTEM) REQUIRING FIRST-RATE MANAGEMENT AND MAINTENANCE MANPOWER WHICH WILL BE GOING ELSEWHERE
  - C. REAL DECLINE IN ABILITY OR INTEREST OF WESTERN (PARTICULARLY U.S.) EDUCATIONAL SYSTEMS TO SUPPLY NECESSARY PERSONNEL
7. INCREASING DANGER OF MAJOR WAR OR "TURNING POINTS" WHICH GREATLY INCREASE PROBABILITY OF MAJOR WAR. THESE COULD EASILY RESULT FROM THE FOLLOWING DEVELOPMENTS.
  - A. MILITARY SUPERIORITY OF SOVIET UNION
  - B. U.S. "ISOLATIONISM"
  - C. SINO-JAPANESE CONFRONTATION
  - D. WEST GERMAN REARMAMENT
  - E. EITHER "PREMATURE" WEAKENING OF SOVIET CONTROL IN EASTERN EUROPE OR TOO SLOW AN EVOLUTION
  - F. ESCALATION FROM THE EIGHT CHRONIC CONFRONTATIONS
  - G. GENERAL DETERIORATION OF INTERNATIONAL STANDARDS
8. PERCEIVED FAILURE OF DEMOCRATIC GOVERNMENTS AND CAPITALIST SYSTEM TO PERFORM ADEQUATELY (IN EITHER DEVELOPED OR LESS DEVELOPED COUNTRIES)
9. WORLDWIDE LAW AND ORDER PROBLEMS AND A TENDENCY TO FOCUS ON OR EXPLOIT CERTAIN TYPICAL VULNERABILITIES OR OTHER CHARACTERISTICS OF MANY BIG CORPORATIONS
10. AS PART OF EMERGENCE OF POST-INDUSTRIAL SOCIETY
  - A. CONTINUED TREND TOWARD WHITE COLLAR JOBS AND SERVICE INDUSTRIES
  - B. DECLINE IN NUMBER OF BLUE COLLAR WORKERS IN DEVELOPED WORLD
  - C. EMERGENCE OF MAJOR NEW ACTIVITIES AND DECLINE OF IMPORTANCE OF MAJOR ESTABLISHED ACTIVITIES
  - D. CHANGING MORALE, ATTITUDES, VALUES, AND COMMITMENTS
  - E. IMPACTS OF POINTS A, B, C, AND D ON THE ABOVE 9

### The Changing Strategic Balance

During the 25 years after World War II the U.S. largely dominated world politics, partly because of American superiority in strategic nuclear weapons. During the '70's the Soviet Union is likely to bring its nuclear force up to the level of the U.S. force, and in quantitative terms may even go substantially ahead (although there is no clearly correct way to make the comparison.)

While for many purposes the shift in strategic force balances is irrelevant, in a major crisis it can be important, and in the past the Soviet Union has seemed to try to get political benefit when it has improved its strategic position. If the Soviets think they are entitled to political gains because of their expenditures to change the balance of strategic forces, the next decade may see some political tension. Nevertheless, the balance remains fundamentally quite stable and does not seem to have the technical proclivity to lead to war of the accident-prone forces of the '50's or the mobilization systems of 1914.

### The Changing Role of the U.S. in the World Economy

The world economy in the 1970's will be marked by continued growth, stability and prosperity. But the U.S. position in that world economy will change.

The second "belle epoque"--1953-1965--was a time of American global economic dominance. But in the next decade the United States' domestic share of world production will continue to decline. This decline fulfills the hope of U.S. postwar policy of encouraging economic growth in Europe, Japan and elsewhere. But it carries with it new problems as well as opportunities. The major U.S. producing industries have been all but invulnerable in the past. As production facilities abroad increase in size, they make possible major U.S. import problems, opening up the possibility of major shifts in international trade and monetary policies as well as lending new importance to U.S. domestic policies (e.g., through effective productivity, encouraging exports, etc.)

The increasing economic power of nations outside the United States is partly the result of protectionist trade policies on the part of other nations who have, to a remarkable degree, successfully discouraged excessive competition by U.S. companies despite recent American world-wide economic dominance. The multipolar economic world of the 1970's will include several major sources of competition based on "balanced" or "mixed" economies--economies developed to achieve near national self-sufficiency by rejecting extreme specialization, limiting imports and artificially supporting national "infant industries," particularly in Japan and Europe.

Expectations of a reduced world economic role for the United States have important implications for America's internal economy. Primarily

it means that it may be more common for particular industries to suffer drastic decline. Of course, similar declines have been caused by domestic interindustry shifts (e.g., railroad employment fell from 1,400,000 in 1945 to 600,000 in 1965, coal mining from 440,000 in 1950 to 190,000 in 1960), but declines due to foreign competition could have different economic as well as political consequences.

Some have adopted an alarmist view of domestic forces--such as the consumer protection and environmental movements--which they believe to be capable of many separate steps that might add up to a generally unfavorable climate for business, which would reduce the international competitive position of U.S. business. On the other hand, there are reasons to believe that relationships between business and at least some agencies of government will improve, not deteriorate to the point where they could result in significant restraints on economic growth. The pressure of foreign competition might be a force tending to produce more cooperation between government and business.

#### A General Scenario for the World Economy: 1970-1980

In the 1970's most OECD countries will continue to move toward the "post-industrial" culture--participating in a multipolar, competitive, but increasingly interdependent world economy compromising about half the world's population and 90% of the Gross World Product (GWP).

The 1970 GWP of about \$3.4 trillion will grow by 1980 to about \$5.6 trillion (1970 dollars), with about 28% of the 1980 GWP produced by the United States and almost 36% by other members of the OECD.

#### A Reasonable Scenario for Distribution of GWP in 1980 (In trillions of 1970 Dollars)

U.S.	1.5	27%	)	5/8	Non-Communist Developed
Other OECD	2.0	36%	)		
Soviet Union	1.0	18%	)	1/4	Communist
Communist Europe	.2	3.5%	)		
Communist Asia	.2	3.6%	)		
Non-Communist LDC	.7	12.5%	)	1/8	Non-Communist less Developed
Total		5.6			

The world market--that portion of GWP exported from one nation to another--should increase from the current 8.7% to about 10.7% of GWP--doubling in volume from about \$300 billion to about \$600 billion. The United States and Japan will be the two largest export nations in the world, dividing about 25% of the world export market. Sales by foreign

subsidiaries of U.S.-owned multinational corporations (MNC's) will continue to dwarf U.S. exports, increasing from four or five to six dollars for every dollar of U.S. exports by 1980. But the total foreign subsidiary sales of non-U.S. MNC's will still be less than the total exports of their home countries.

Total foreign sales of all MNC's should grow from about \$350 billion (10% of 1970 GWP) to about \$900 billion (16% of 1980 GWP). However, this vigorous international economy, in terms of the sum of investment and exports as a percentage of GWP, will not exceed its pre-1930 level until the 1980's.

Within this world economy of the 1970's, four regions will emerge as particularly dynamic industrial economies: Eastern Europe; Southern Europe; the "European" areas of Brazil, Mexico, and perhaps some other Latin American countries; and the non-Communist, non-Japanese Sinic Culture area of Pacific Asia. These areas may become the industrial workshops of the world. (That is, they may be the fastest growing manufacturing economies and the economies most devoted to manufacturing.)

Two related potential roadblocks to this picture are inflation and protectionism on the part of the highly developed nations which could create an atmosphere of long-run uncertainties that may not actually create substantial limitations on the world economy during the 1970's. but which could have this effect in the 1980's.

Large areas of the world will remain outside the mainstream of economic growth, though the per capita income in these areas should increase by about 50%.

Communication and distribution systems will facilitate the almost instantaneous spread of ideas and products throughout the advanced sectors of the world economy and many less developed areas. But socially and culturally it is misleading to view this as a "global village" or "global market place." A more realistic metaphor for the coming decade is a "global metropolis," characterized by the impersonal, diverse, professionalized human relationships and culture of cities, rather than the communal life of rural areas and villages.

The image of a "global metropolis" is basic for a realistic grasp of the world economy's social impact: the breakdown of many traditional values, the severing of intimate, communal ties that support homogeneous cultures, and the emergence of a mosaic culture marked by the familiar benefits and dangers of urban life: great diversity, privacy, some sense of dislocation and alienation, and crime and disorder.

Some General Comments on Multinational Corporations

The multinational corporation\* will play a role in world economic development analogous to the development of the great national corporations and marketing organizations at the turn of the century in the U.S. and to their significance in building a continental economy. The MNC's many areas of unusual technical competence make it the central instrument of a dynamic world economy, an instrument enormously efficient at providing the missing factors required for growth of any single region or national economy.

The MNC's capacity for rapid growth and its profitability also make it a center of high morale and a source of values and goals that set the tone for world economic growth. The MNC is the center of gravity for that growth.

Though many people fear that MNC's will have an important and undesirable influence on the political life of host countries, it seems more likely that the MNC will seek out areas with a generally favorable climate for business, and then adapt to existing political conditions. The MNC's basic political power lies in its decision to enter or withdraw from a country--not in political involvement once there.

Host country attitudes toward MNC's--in the developed and developing areas--will continue to be ambivalent. Host countries will weigh fears of threats to their sovereignty against the appeals of added taxes, employment, development of resources, and the creation of developmental infrastructure. MNC's will tend to bypass countries with an unfavorable political climate and such countries may well fall behind in world economic growth. On balance, the benefits to host countries will usually seem to outweigh possible costs. Thus, the doors to foreign investment will be open to most of the world. Moreover, sensitivity, responsibility, tact, and good judgment will ordinarily constrain the MNC's activity for political ends. Joint action by MNC's in any single country or region might discredit MNC's in general and reduce their ability to rationalize the world economy. On balance, basic practical considerations will tend to keep MNC's "above politics," as well as in good grace with the public in host countries, although there will be many exceptions and many irrational controls and restrictions.

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\*We use the term to refer to the several thousand companies that operate in several countries, as distinguished from the hundreds of thousands that merely trade internationally. Few if any firms are multinational in the sense of having more than one "home" country or in the sense that every country of operation is equally "home" and "host."

In the final analysis, the fact that the top 200 MNC's have growth rates double the average annual rate for most national economies and a 2.5% edge over the growth rate of world trade will give the MNC its most basic selling point and source of worldwide appeal to governments, investors and to talented ambitious nationals seeking exciting careers.

#### The Special Case of Japan

By 1980, Japan will become an economic superpower, comparable in economic power to the EEC today. This development will require worldwide adjustments by many nations and industries. Successful accommodation should accelerate economic growth in the U.S., Europe, and Southeast Asia.

In the 1950's, Japan grew by a factor of 2, and in the 1960's by a factor of 3--surpassing West Germany to become the third largest national economy in the world. While the precise extent of future Japanese growth is of course uncertain, the general expectation of continued vigorous development is not disputed, despite recent setbacks in international trade.

The chief factors likely to support continued Japanese growth (in the range of 8-10% during the '70's) are a relatively homogeneous culture, high morale, strong traditions, national commitment to economic growth, and a desire to surpass the West. Having industrialized after the West, Japan's traditional social disciplines have just begun to dissolve. But this is a very slow process. Traditional values will last long enough to sustain economic growth during an era when traditional values are farther along the road to decline in mature industrial and post-industrial nations.

Other key factors in Japanese growth are (1) high investment and savings; (2) efficient research and development investment and mass education; (3) a high level of education in the work force; and (4) abundant and cheap capital.

Uncertainties that could slow Japanese growth include:

- (1) an inadequate supply of labor relative to expected manpower needs. Japan will attempt to solve this problem by establishing its own MNC's throughout Asia. But hostility to Japan is mounting in Asia and an active U.S. presence in this area may be necessary to balance Japanese economic power and ameliorate tensions.
- (2) rising tariff barriers to Japanese exports. Japan could easily become a victim of its own success. If recent growth rates continue, Japan could almost supply some major world markets on its own. The capacity for such threats to other producers would result in widespread protectionist reactions.

But Japan may not choose to concentrate on established industries that are directly competitive with those in the West. Rather, it may emphasize advanced technology and services: aerospace, electronics, housing and construction, and international finance and management of and through its own MNC's.

The continuing growth of Japan in the 1970's may prove to be one of the truly central factors determining international economic and political relations for decades to come. If Japan's transition to economic superpower is to be reasonably smooth, as it can be, major attempts to achieve accommodation must begin in the very near future.

#### Major World Cultures and Their Future and The Nine "European" Sub-Cultures

Is it possible to chart the course of changing values and life styles for entire civilizations and regions? Can such projections influence estimates of the economic future of these areas and help multinational corporate leaders develop broad guidelines for personnel operating in them? Work in progress suggests that such ambitious projections and guidelines can in fact be made useful for long-range planning purposes.

While most current research on changing values and life styles attempts to secure and interpret data for a few key consumer market trends within individual nations or national sub-groups, far broader trend panoramas may also need to be considered.

##### A. Major World Cultures and Their Future

Five great historical culture areas of the world are of greatest interest in this study: the Far East, the Moslem World, the Byzantine or Eastern Orthodox zone, the Indic Culture, and Europe.

Cultural profiles of these areas are designed to be taken into account in considering the rate of economic and industrial development for the next 15 years. (See chart on the following page.)

##### B. The Nine "European" Sub-Cultures

National borders are an inadequate framework for understanding European social and cultural trends. Europe can be divided into nine sub-cultures, each with its own territory, or "culture zone," that cuts across national frontiers. The major culture areas of Europe we have identified are illustrated and defined on page 10-2.

THE NON-WESTERN WORLD  
A PROBABLE 1985 DEVELOPMENT SCENARIO

APPROACHING POST-INDUSTRIAL:

FAR EASTERN CULTURE (JAPAN)

LATE INDUSTRIAL:

ORTHODOX CULTURE (RUSSIA)

INDUSTRIAL:

FAR EASTERN (MAINLAND CHINA, TAIWAN, NORTHERN  
AND SOUTHERN KOREA, SINGAPORE, HONG KONG)  
ORTHODOX (RETARDED) (SOUTH EASTERN RUMANIA,  
SOUTH EASTERN YUGOSLAVIA, BULGARIA, GREECE)

EARLY INDUSTRIAL:

FAR EASTERN (RETARDED) (NORTH AND SOUTH  
VIETNAM)  
INDIC CULTURE (INDIA, CEYLON, THAILAND)

LARGELY TRANSITIONAL:

MOSLEM (RETARDED) (LIBYA, SUDAN, ARABIA, ETC.)  
INDIC (RETARDED) (BURMA, CAMBODIA, LAOS)  
SUB-SAHARAN AFRICA

In order to describe these cultures on a more or less comparable basis, thirteen separate criteria have been chosen for discussion:

Religion	Characteristic Arts
Social	Science and Technology
Imperial Role (in history)	Family
Politics	Racial Attitudes
Class system	Attitude toward foreigners
Dominant philosophy	Standard of living
Life Style	

We have developed a panoramic view of these cultures as they existed in 1900, and as they are today. World-wide, long-term trends affect each of these cultures differently. They meet common problems with differing characteristic styles and they adjust to change at different rates. While many people have offered extremely helpful comments about our interpretation of specific cultural phenomena and suggested revisions of the exact boundaries of these zones, most Europeans agree that such a cultural map is generally accurate and provides a highly useful framework for tracing recent history and future trajectory of major social trends affecting local business styles and commercial development of various parts of Europe.

### Critiques of Capitalism

Traditionally, critiques of capitalism have emphasized features such as the concentration of wealth and the supposedly inevitable impoverishment of the industrial proletariat. By and large, socialist critics were as enthusiastic about industrialism as were their foes. This enthusiasm has now been greatly shaken. The new critics of industrialism feel a basic distrust of science and technology, emphasize the importance of man's non-rational potential and values, and hold a romantic view of pre- or post-industrial society. They find industrial communism and socialism as distasteful as capitalism.

The new critiques find moderate forms of expression in such movements as consumerism, environmentalism, and proposals for zero population growth, but these reformist impulses, particularly in the U.S., coexist with and shade off into a decline in confidence in both the industrial and political systems. It seems likely that a liberal, rational, representative political society will survive, reform and adopt, but the lasting effects of the current Western crisis in values may include increasing social constraints on business as well as continued growth of counter-culture life styles. Ideological conflict among technocrats, anti-technocrats, and conservative reformers should be a conspicuous characteristic of Western culture in the 1970's.

### Some General Issues of Management Organization and Bureaucracy

Two central problems will continue to pose persistent challenges to large bureaucracies--whether they are corporations, various levels of government, or other major social institutions. These problems will have the greatest impact in the United States and Europe, but will also affect institutions throughout the world to some degree.

a. Educated incapacity is the acquired or learned inability to solve, understand, or even see a problem. Experts in any field tend to become prisoners of their habitual frame of reference. Corporations are increasingly dependent on specialized technologies and skills that are proliferating within business. "Business" itself has for some people become a kind of academic discipline. Business school graduates, especially of the more prestigious and academically oriented schools, often are "executive technicians" rather than traditional decision-makers. Older, experienced, top-level, "real world" decision-makers will find it increasingly difficult to deal with the parochial perceptions of experts, professionals, specialists and technicians who are narrowly trained. By becoming so involved in new techniques of management, business may lose its ability to see the world, to find common-sense solutions to practical problems, and to make tough decisions.

In the United States, there are indications that an entire social class may develop limitations on its understanding of other groups in society and on its sense of realism about national policy issues. Upper middle and upper class elites who depend on secondary sources for an

understanding of American society may find that scholarly and mass media are providing an increasingly narrow, doctrinaire treatment of daily news and social trends. Among the results can be policies addressed to illusions and alienation of social groups whose needs are deemed "un-news-worthy," or "un-researchable" and are therefore ignored.

b. The Powerlessness of the Powerful refers to a familiar paradox: small "weak" organizations can "heckle" a large powerful one with amazing success (North Vietnam vs. the United States, Albania vs. the U.S.S.R., Ralph Nader vs. General Motors, the early Christians vs. the Roman Empire). In a sense, this phenomenon is the organizational analogy of educated incapacity, leading an institution to rigidities and dogmatism that make it vulnerable to flexible, agile, and audacious small challengers.

The individual tendency to "educated incapacity" and the organizational tendency to institutionalize "powerlessness" appear to be inherent limitations of large bureaucracies. New techniques are clearly needed to reduce their ill effects as many central institutions become even larger than they are today. Policy studies such as the Corporate Environment Study can be used in part as a device to broaden perspective and offer insights to problems and opportunities that would otherwise be overlooked--including the muscle-bound institution's educated incapacity and its vulnerability to "hecklers" who don't play by its rules.

### The Emerging Post-Industrial Society

Man is about to cross another major threshold in the history of civilization. The transition from advanced, mature industrial society (as in the U.S. today) to post-industrial society may bring about changes comparable in magnitude and scope to those associated with the evolution from pre-civilized to agricultural economies, and from the agricultural to industrial era. These changes will affect the structure of economic institutions, the character of work, and the personal values of individuals living under new economic and technological conditions.

The essential characteristic of post-industrial society is a shift in human activity away from primary concern with the production and acquisition of material necessities and comforts and toward an expanding service sector especially services directly to consumers. Societies where per capita incomes are between \$5,000 to \$25,000 probably will move increasingly toward post industrial characteristics. A major issue will be the uses of affluence, and a major problem will be an extremely rapid rate of change in most areas of human life. Many current traditions are likely to be gradually superseded by new values and life styles, although probably not by the values and life styles currently offered by the "fore-runners" of post-industrial society.

What will be the central occupational interest of advanced societies--the interest most likely to shape post-industrial life styles? Contrary to some expectations, it seems doubtful that such a society will have a

single dominant theme. We do not anticipate that education, religion or leisure will provide a central focus. Trends toward a "knowledge" or "learning" society, toward a leisure-oriented life, and toward a persistent search for new meaning and purpose are all likely to be subsumed within a "hellenistic" society emphasizing individualism and many diverse sub-cultures within a broadly unifying world culture in which work and the struggle for survival become less difficult, important and critical.

Two overarching post-industrial issues are most relevant to corporate executives today.

- (a) Traditional industrial activities will play a vital but ever-decreasing role in society in the next 15 years. The status and political power of business may also decline, but that depends in part on business's ability to respond to the conditions of the post-industrial society. Business can adapt to a service economy in the way agriculture could not adapt itself to industrial society.
- (b) The service sector will expand--recreation, education, the arts, government services, communications, finance, and transportation.

These two issues are closely linked. If corporations can develop services responsive to the needs of a changing culture, "post-industrial" need not mean "post-business." Potential dangers of post-industrialism--particularly in the transition period when the problems are sharply felt and dimly understood--include:

possible decline in confidence in traditional criteria of efficiency and in market criteria

increased vulnerability to "illusion-centered" thinking that is remote from an understanding of the realities of work and survival in traditional societies. (The farther we get from the obvious reality tests which history provided in the past--starvation, disease, physical enemies nearby--the greater this hazard seems likely to become.)

Affluent man, because he is protected from the physical realities of life, loses touch with these realities. This may represent the critical social challenge in post-industrial areas.

#### The "1985 Technological Crisis" and the Revolt Against Technological Progress and Economic Growth

Increasingly skeptical and negative attitudes toward advanced technology and economic growth may be a major issue as we move toward a post-industrial society. These attitudes, sometimes expressed in extreme forms,

are basically a response to early premonitions of forces that we believe will lead to what we call the "1985 technological crisis." We are confronted with a very large number of technological developments, either current or imminent, that create new social problems or make old problems worse, almost simultaneously. Some of these involve breakdown or loss of control over large-scale technological systems, some affecting entire cities, others the whole human race. Others involve the making of social or individual choices for which people are ill-equipped, as in the emerging capacity to alter genetic information, or to control the weather. Moreover, rapid change often means that we do not become aware of problems until they are already at a critical point and we have little time left to deal with them.

The pollution issue is a good current case study of the issues involved: regulating technology, understanding the exponential character of some accumulating threats, interpreting the philosophical and political views brought to bear on the actual problems, and evaluating technical and policy solutions.

In the past, aversion to the industrial era's concept of "progress" was associated with small colonies and disaffected and typically conservative intellectuals and esthetes. Today these sentiments characterize much of the upper middle class.

Those who are disdainful of material progress on philosophical grounds are often those who already have easy access to abundant material goods. This does not invalidate their position, but it suggests that we should expect a conflict between groups disillusioned with goals they have already achieved and those who still pursue such goals. By contrast, the association of unrestricted economic growth with dangers to ecological balances, while originating with the "counterculture," has become widely and rightly appreciated and accepted.

Among those who are not simply following an intellectual fashion for apocalyptic thinking, serious attention to such matters may result in important modifications of our traditional attitude toward material progress and technology, and perhaps toward modern industrial society itself.

#### Special Development Issues and Projects

One of the major efforts of this study has involved looking for possibilities for large-scale development projects and new forms of business to implement them. In cooperation with consultants throughout the world, as well as many of the Study participants, the Hudson Institute is trying to develop projects which would have significant impact on the development potential of both developed and developing areas. Considerable effort has been made in generating studies of "Frontier Zones." These areas are relatively inaccessible or unexploitable due to geographic constraints or economic or psychological barriers to development.

Interest in these areas has led to new ways of viewing large geographic regions for development potential. The low-level overflight technique is the most notable example of this, frequently producing insights which escape standard, meticulous, ground-level surveys by experts.

Examples of Frontier projects studied thus far are:

1. A South American Great Lakes System
2. A Low Dam on the Amazon River
3. Choco Development Project
4. A Congo Dam and Seaport
5. A Catalytic Development Project in the Mekong Delta
6. A "Route 128" for the Northeast Corridor of the United States
7. Development of Welfare Island
8. English Channel Causeway-Bridge

#### The Next Phase

In the first phase of our study of the 1975-1985 environment for corporations we made a comprehensive survey, attempting to identify elements of change, and where the changes seemed likely to have a significant impact on business. In the second phase we will devote more concentrated study to the points identified as most significant, while continuing to make use of and to refine the general context which has been outlined in this summary volume. We will also explore, in cooperation with the corporate participants, the business significance of the critical developments in the Corporate Environment 1975-1985.

A GLOSSARY OF USEFUL TERMS FOR  
THE HUDSON INSTITUTE CORPORATE ENVIRONMENT STUDY

A-country

Developed urban-industrial areas.

agreement

First-order agreement is agreement on substantive issues.

Second-order agreement is an agreement as to what a first-order agreement or disagreement is about.

Third-order agreement is agreement on why second-order agreement can or cannot be reached.

"Alice-in-Wonderland" policy

A policy based more on hopes and desires (and perhaps wishful, ideological, and/or desperate thinking) than on analysis and reality. (From the children's book, "Alice in Wonderland" by Lewis Carroll.)

B-country

Rural developed areas used for agriculture, stock raising, isolated extractive industries, dispersed industry, dispersed commerce, dispersed residence, etc.

backlash

The emergence, as a result of a reaction, of hostility counteractions, or other limiting forces to a trend, program or movement.

bipolarity

The condition obtaining at the beginning of the cold war (1946 or 1947) when political and military power were concentrated in two actively hostile centers, Moscow and Washington (as opposed to a centralized hegemony, polycentrism and/or pluralism.)

Blueing of America

This concept is a response to the Greening of America idea put forth by Reich and asserts that Darwin is not dead. It says that while the governing classes in this country (including corporate leadership) may be developing a new consciousness, this does not mean that the country will be taken over by Consciousness III. Instead, those who go in the other-worldly direction of Consciousness III will simply be replaced in positions of responsibility and power by men moving out of the lower (blue collar) classes, or at least by those who share the views of the blue collar, working, lower-middle class majority of our society. People who believe that the blueing of America is a more important trend than the greening of America believe that the existing values of American leadership will not greatly change soon, although the personnel of our governing class will change.

**C-country**

The undeveloped and almost uninhabited (often potentially productive) backlands and frontier areas.

**cashless, checkless society**

This phenomenon should be referred to as a relatively cashless and relatively checkless society operating largely on "real time" computerized transactions and communication systems.

**The Chinese Five Guarantees**

Refers to Communist Chinese position that basically the government owes every citizen adequate (by Chinese standards) food, clothing, shelter, medical care, and funeral expenses--and, of course, one might wish to add "protection from the moral, social, and psychological corruption of the West."

**conglomerates**

Business organizations (corporations) which engage in multiple and seemingly unrelated enterprises (generally acquired through mergers.)

**conservationist**

A political attitude which emphasizes the retention, conservation and only gradual modification of existing values. In short, it represent a conscious but cautious approach to what we call "the search for meaning and purpose," and the introduction of new values appropriate to the post-industrial culture.

**Counterculture**

Counterculture is a broad and rather loose term covering those who in varying degrees reject current and traditional American values and systems. The New Left and some hippies would be part of the counterculture.

**Counter-reformation**

Counter-reformation refers to a response, centered in Middle America, to the counterculture and to the greening of America idea. It is a movement toward reasserting traditional values in the areas such as keeping pornography and related materials out of public view, emphasizing patriotism and respect for American symbols, concern for discipline in the schools, commitment to the work ethic, etc. The counter-reformation has both a popular side, for whom Agnew and Reagan might be potential leaders, and an intellectual side, which includes Eric Hoffer, Norman Podhoretz, and Irving Kristol.

**cultural shock**

A disorientation (and sometimes frenzy) caused by the introduction of an alien culture or technology.

**cutting of apron strings**

Severance of constraining or emotional influences of a real or figurative mother or father--e.g., of a powerful patron.

**"The Emperor has no clothes"**

A reference to large-scale self-deception, blindness or even hallucination, through fear, false pride, educated incapacity, or just plain (but often self-serving) fashion (from the fairy tale by Hans Christian Andersen.)

**envelope curve**

A curve which envelopes a group of subsidiary curves and indicates their performance if taken as a whole, used in technological forecasting.

**exploratory forecast**

A forecast largely oriented toward available opportunities, rather than toward goals. (Compare with "normative" forecast.)

**forecast**

A probabilistic statement, at a relatively high level of confidence, about future events, situations, attitudes, etc.

**futuribles**

A contraction of "future possibilities" invented by de Jouvenal to indicate the necessity for studying a range of "possible futures."

**futurology**

A scientific or "prescientific" activity which proposes to undertake the more-or-less systematic study of various aspects of the future, often with an ideological or policy research emphasis.

**globalist**

One who believes in the relative indivisibility of peace and supports U.S. intervention globally to discourage and/or punish unjustified and/or dangerous violence and aggression.

**greenhouse effect**

A possible effect on climate of increase in CO<sub>2</sub> or other change in atmosphere, which may produce a rise in temperature by a mechanism similar to that which occurs in a greenhouse (the easy transmission of ultra-violet energy from the sun, and the trapping of the infra-red energy reemitted by the earth.)

**Greening of America**

This phrase refers to the concept, brought to wide public attention by Charles Reich in his book of the same name, which foresees a change in American society happening automatically and inevitably through a changing of the consciousness of the people. Consciousness

I was rugged individuality, Consciousness II is the corporate state, and, according to the view of the Greening of America, we are developing toward Consciousness III, which is spontaneous and communal.

heuristic

A method designed to help the recipient to discover, learn, and/or develop some theory or perspective further by himself.

infrastructure

The necessary foundations, political, social, economic, technological, and public and private preparations for a development, policy or program.

Instrument (or institution) of expansion

This refers to an organizational device such as the new corporate forms exploited first by the East India or Hudson Bay Companies, or in a later phase of development, the U.S. Steel Company, which is used to carry new technology or new forms of organization, so that they have wide influence on the world. We think the MNC is the next great instrument of expansion for the world.

Is Darwin Dead?

Darwin, of course, described evolution working through a process of "survival of the fittest." A somewhat similar process has worked in human affairs in the past. Carthage failed to survive at all and Greece failed to survive as a major power, because of the greater strength of Rome. If, however, stronger societies cannot or do not want to take over weaker societies, then all societies survive, not just the fittest, and one great pressure to be "fit" is taken away. It is clear today that many weak societies are surviving, at least for quite awhile. The question is, How long will this continue to be true? and, Is it also true for the United States? Or, on the other hand, do the other weak societies survive in part because of the strength of the United States?

La Belle Epoque

This is the period from 1901 to 1913 which was, until that time, a period of unrivalled peace and prosperity for the world.

La Deuxieme Belle Epoque

The 1953-1964 period, another period of unequalled peace and prosperity.

Model A

A relatively early but also still currently usable technology (from the Ford Model A, the second automobile mass-produced in the U.S.)

Model T

An even earlier but normally currently unusable stage of technology (from the Ford Model T, the first automobile mass-produced in the U.S.)

**mosaic culture**

A culture which contains many sub-cultures of widely differing mores and attitudes; it may or may not have a dominant or relatively pervasive sub-culture.

**multifold trend**

A trend made up of many simultaneously occurring elements and trends which are more or less interrelated and dependent--the basic trend which has characterized Western culture for the last 200-900 years.

**multipolar**

- 1) Having or expressing different, sometimes contradictory, ideas, positions, or qualities; or
- 2) An array of countries each with significant effective power as opposed to a bipolar system (e.g., U.S.A.-U.S.S.R.)

**neo-isolationist**

One who may support the idea of an important U.S. international role but wishes to scale down or phase out the current U.S. global commitment.

**normative forecast**

A programmatic (or self-fulfilling prophecy) forecast largely oriented toward missions and goals, rather than toward opportunities (compare with "exploratory" forecast.)

**occupations**

- 1) primary: basic and extractive occupations going back to primitive cultures, i.e., hunting, agriculture, mining, fishing, lumbering.
- 2) secondary: those occupations concerned with processing the products of the primary occupations--i.e., manufacturing and construction
- 3) tertiary: occupations which render service to primary or secondary occupations or to other tertiary activities--e.g., transportation, communication, finance, specialized education to further above, etc.
- 4) quaternary: activities which are done for personal or non-business private reasons, services to such activities, and services to such services; e.g., air travel is 60% quaternary, for about that number of the travelers are traveling for personal rather than business or public reasons.

**organizational development**

An effort to manage all of a company's resources, including its management style and behavior in relationship to each other.

**organization man**

An individual who is career-minded and a "team player" (perhaps to the extent of suppressing his individual personality for the sake of the company.)

## paradigm

- 1) Usually a broadly applicable example.
- 2) A formulation of some issue which is somewhat more rigorous, relevant and powerful than a metaphor or analogue, but not as rigorous and/or complete as a realistic theoretical model.

## polarization

A division of groups, forces or interests around two or more conflicting or contrasting positions, with an accompanying weakening of consensus and common or communal bonds.

## post-industrial culture (emergent)

We know very little about this culture but we can construct scenarios of mores and modi vivendi in countries which have more or less completely industrialized and are now leaving that stage, and thus are adjusting to an emphasis on quaternary occupations and knowledge industries and on the corresponding changing value systems and attitudes.

## propaedeutic

Material especially prepared to be useful to the uninitiated, inexperienced, or non-professional--generally neither simple nor elementary.

## Quaternary occupations

(See "occupations.")

## sensate

- 1) Basically a "positivist" or "reductionist" approach towards life or philosophy, or 2) (As used by Sorokin and elaborated by Kahn and Wiener) an empirical, this-worldly, secular, humanist, pragmatic, manipulative, explicitly rational, utilitarian, contractual, epicurean, hedonistic, etc., culture--recently an almost complete decline of the sacred and a relative erosion of "irrational" taboos, totems and charismas.

## sensitivity groups

One of several approaches (which include encounter groups and T-groups) seeking: to release human potential, to increase individual awareness, growth and development, and to assist in the achievement of authenticity, by open confrontation and guided exchange of feelings, usually in a supervised group.

## sidewise in technology

Technology which is neither more nor less advanced than the usual practice of industrial nations, but is designed to be appropriate to special conditions. Usually sidewise in technology implies a technique not typical of the current practice of advanced nations.

"standard" and "canonical" worlds (concepts from the book The Year 2000)

standard world: consensus usually associated with some group and which bases its consensus on a surprise-free (to the group) projection or prediction forecast.

canonical world: some important and useful variations from the standard world. Within this context they are often especially structured to facilitate or increase the range of discussion of a "standard world" or of some specially interesting and relevant issues.

synergism

Some situation in which the whole seems to be more than the sum of the parts--the marrying of two or more activities to gain ends that are more powerful, impressive or useful than would normally be estimated by a simple summation.

synoptic

Refers to a general view of the whole, characterized by comprehensiveness or breadth of view.

1985 Technological Crisis

This phrase summarizes the hypothesis that a variety of problems that result from modern technology and increasing population and affluence will come to a crisis stage in the mid-1980s.

time frame

The period--usually a decade or two rather than centuries--under discussion, as in the "1975-85 time frame" of the current Hudson Policy Studies Project.

topping out

The cessation or leveling of a growth trend; in a graph, a slope (derivative) changing from highly positive toward zero or even negative values.

U.S. area of responsibility

This concept is based upon the observation that if many areas of the world were suddenly and blatantly attacked, the United States would feel responsible to help defend them, even if we had no formal treaty commitments. A prime example is Sweden. We have no alliance with Sweden, but it does seem clear that if Russia, or for that matter, Germany, suddenly attacked Sweden, the United States would not stand idly by.

work ethic

The traditional (Protestant) belief that work is a virtue in itself and a condition of Godliness--the reverse of the pleasure principle.

#### Year 2000 Ideology

The Year 2000 Ideology is a way of looking at the world designed to help restore high morale, or at least to combat low morale, by focusing on a time period sufficiently long so that relatively slow favorable processes have time to fulfill themselves. For example, most of Latin America is growing at 3 to 4% per year per capita. If these growth rates continue until the end of the century, roughly a generation, the people in those areas will be 2 or 3 times as rich as they are today; they will be as rich as Europeans are today. Despite this fact, many people in this area think of themselves as badly failing, either because they compare themselves with the United States, or because they do not realize the effect of compound interest, and don't notice relatively 'slow' growth rates of 3 to 4%. By establishing goals for the charismatic Year 2000, and trying to create dramatic "Year 2000 projects" which take 30 years to accomplish, the Year 2000 Ideology tries to arm the people of these areas against pessimism, defeatism, and a tendency to give up or risk the system which is producing slow but important growth.

#### zoning ordinances

Agreements regulating access to and/or use (and abuse) of land, resources, density of population, ecological effects, waste disposal, etc. Sometimes used to refer to arms control or technology control laws, rules, or procedures.

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 HI-1448-CC A Basic Context for the Discussion of Current Public  
 Policy Issues  
 HI-1418 Glossary  
 HI-1473-CC The Major Cultural Areas of Europe  
 -- Card - Summary Outline of the Basic Synoptic Context  
 -- One Synoptic Context (& Summary) for Discussing the  
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 HI-1309-CC Some "Surprise-Free" Economic Projections:  
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Volume II

HI-1323-CC The Rising Sun (3 Volumes)  
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 -- Summary Card of Japan

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# HUDSON INSTITUTE

(3)

JAPAN - VOLUME I

## JAPANESE PERSONALITY AND NATIONAL CHARACTER

Edited by

Andrew Caranfil  
Herman Kahn  
Garrett Scalera

HI-1323/7-CC

25 May 1971

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## 1. BACKGROUND INFORMATION

## BASIC STATISTICS OF JAPAN

## THE COUNTRY

Area (1 000 sq. km.)	370.0	Major cities, October 1969 estimates (1 000 inhabitants)	
Cultivated agricultural land (1 000 sq. km. 1968)	59.0	— Tokyo (Ku area only)	9 005
Forest (1 000 sq. km. 1965)	244.9	— Osaka	3 018
Densely inhabited districts <sup>1</sup> (1 000 sq. km. 1965)	4.6	— Yokohama	2 144
		— Nagoya	2 014
		— Kyoto	1 421

## THE PEOPLE

Population, October 1969 estimate (1 000)	102 650	Labour force in per cent of total population, 1969	50.4
Number of persons per sq. km. in 1969	277	Percentage distribution of employed persons:	
Percentage of population living in densely inhabited districts <sup>1</sup> in 1965	48.1	— Agriculture, forestry and fishery	18.8
Net annual rate of population increase (per 1 000 inhabitants, 1965-1969)	10.9	— Manufacturing and construction	34.0
		— Others	47.2

## PRODUCTION

Gross national product in 1969 (billion yen)	59 902	Growth of real fixed investment 1965-1969 average (annual rate, per cent)	17.4
Growth of real GNP, 1965-1969 average (annual rate, per cent)	12.5	Gross value of agricultural production in 1968 (billion yen)	4 257
Gross fixed investment in 1969 (in per cent of GNP)	35.2	Growth of production in manufacturing (per man-day) 1965-1969 average annual rate, per cent	14.7

## THE GOVERNMENT

Public consumption in 1969 (in per cent of GNP)	8.2	Government employees in per cent of total employment in 1969	3.1
Public works in 1969 (in per cent of GNP)	8.5	Outstanding long-term central bonds in per cent of current receipts (FY 1969)	45.2
Current public revenue in 1969 (in per cent of GNP)	20.6		

## LIVING STANDARDS

Gross national product per capita in 1969 (US dollars)	1 620	Number of persons per 100 dwellings in 1965	408
Growth of real GNP per capita 1965-1969 (annual rate, per cent)	11.3	Number of hospital beds per 1 000 inhabitants in 1969	10
Average monthly cash earnings of regular male manufacturing workers in establishments of more than 30 workers, 1969 (US dollars)	210	Number of passenger cars per 1 000 inhabitants in March 1969	87
		Number of telephones per 1 000 inhabitants in October 1969	121
		Number of TV sets per 1 000 inhabitants in October 1969	212

FOREIGN TRADE AND PAYMENTS  
(1969 million US dollars)

Commodity exports fob	15 728	Percentage distribution:	
Commodity imports fob	11 976		
Services, net	-1 382	Exports	Imports
Transfers, net	-185	to/from OECD countries	47.2 41.6
Current balance	2 185	of which: North America	34.4 31.7
Long-term capital	-165	Far East Asia	25.9 15.2
Basic balance	2 020	Others	26.9 43.2
Exports of goods and services in per cent of GNP	11.4	Crude materials and fuels (SITC 2, 3, 4)	2.2 56.2
Imports of goods and services in per cent of GNP	10.0	Semi-manufactured goods (5, 6)	40.5 16.1
		Machinery (7)	38.6 10.0
		Others (0, 1, 8, 9)	18.7 17.7

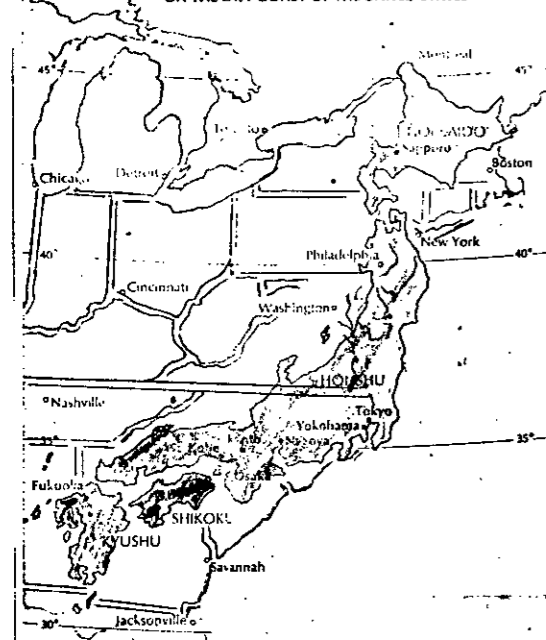
## THE CURRENCY

Currency unit: 1 yen = 0.00278 US dollar.

<sup>1</sup> Areas whose population density exceeds 4,000 persons per sq. km.

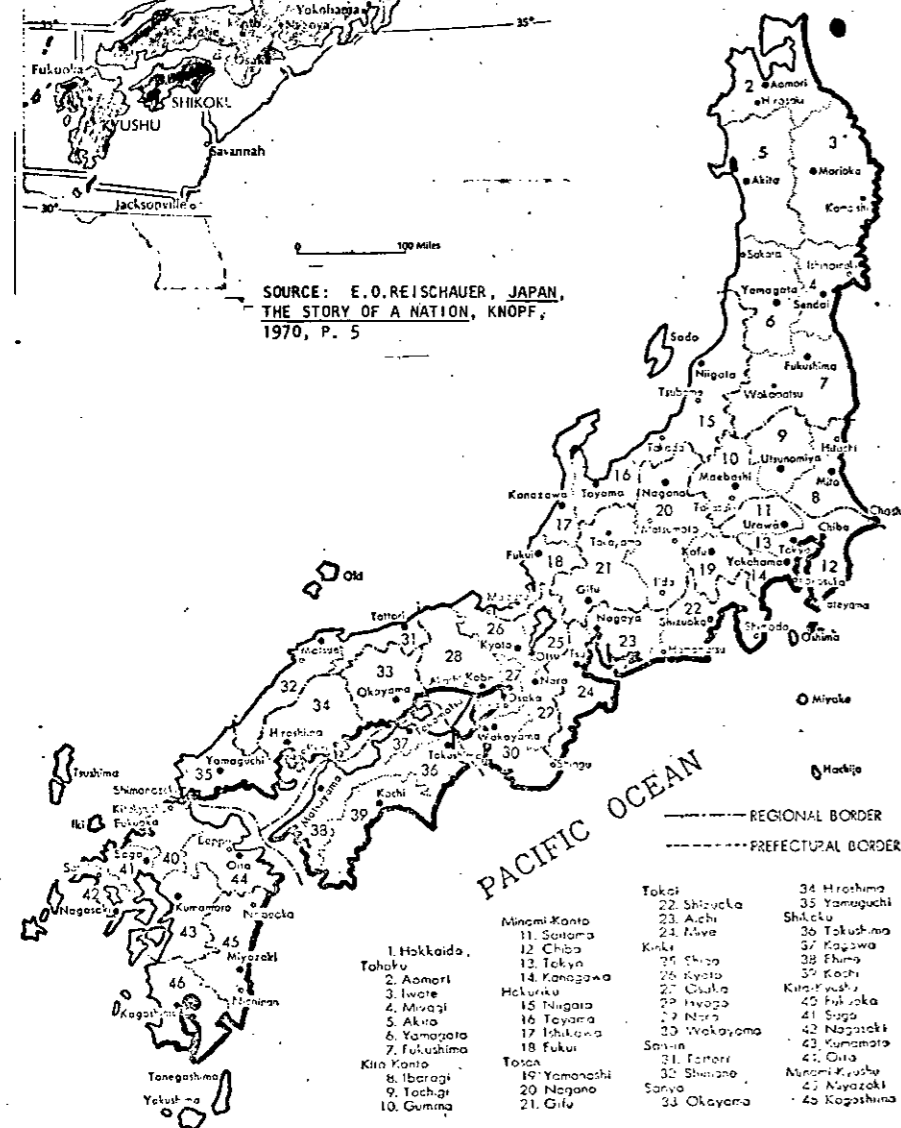
SOURCE: OECD ECONOMIC SURVEYS, JAPAN, JULY 1970

JAPAN SUPERIMPOSED AT THE SAME LATITUDE  
ON THE EAST COAST OF THE UNITED STATES

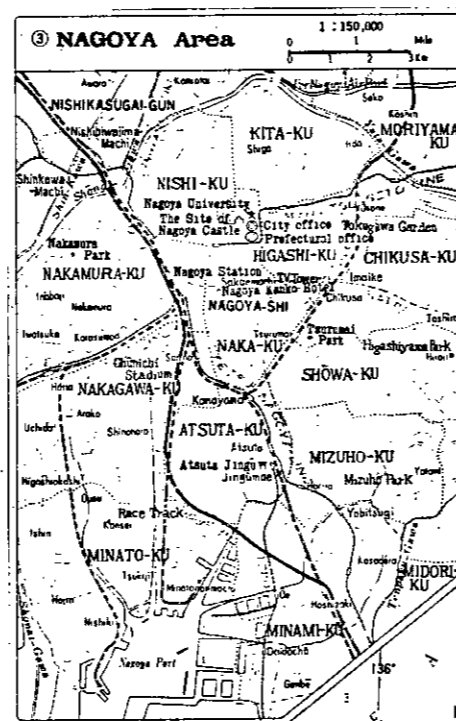


SOURCE: E.O. REISCHAUER, JAPAN,  
THE STORY OF A NATION, KNOPF,  
1970, P. 5

## ADMINISTRATIVE MAP OF JAPAN

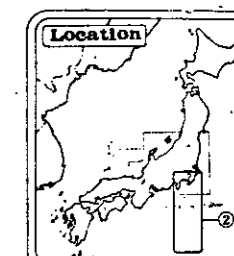
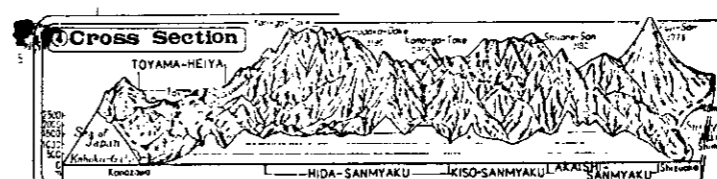
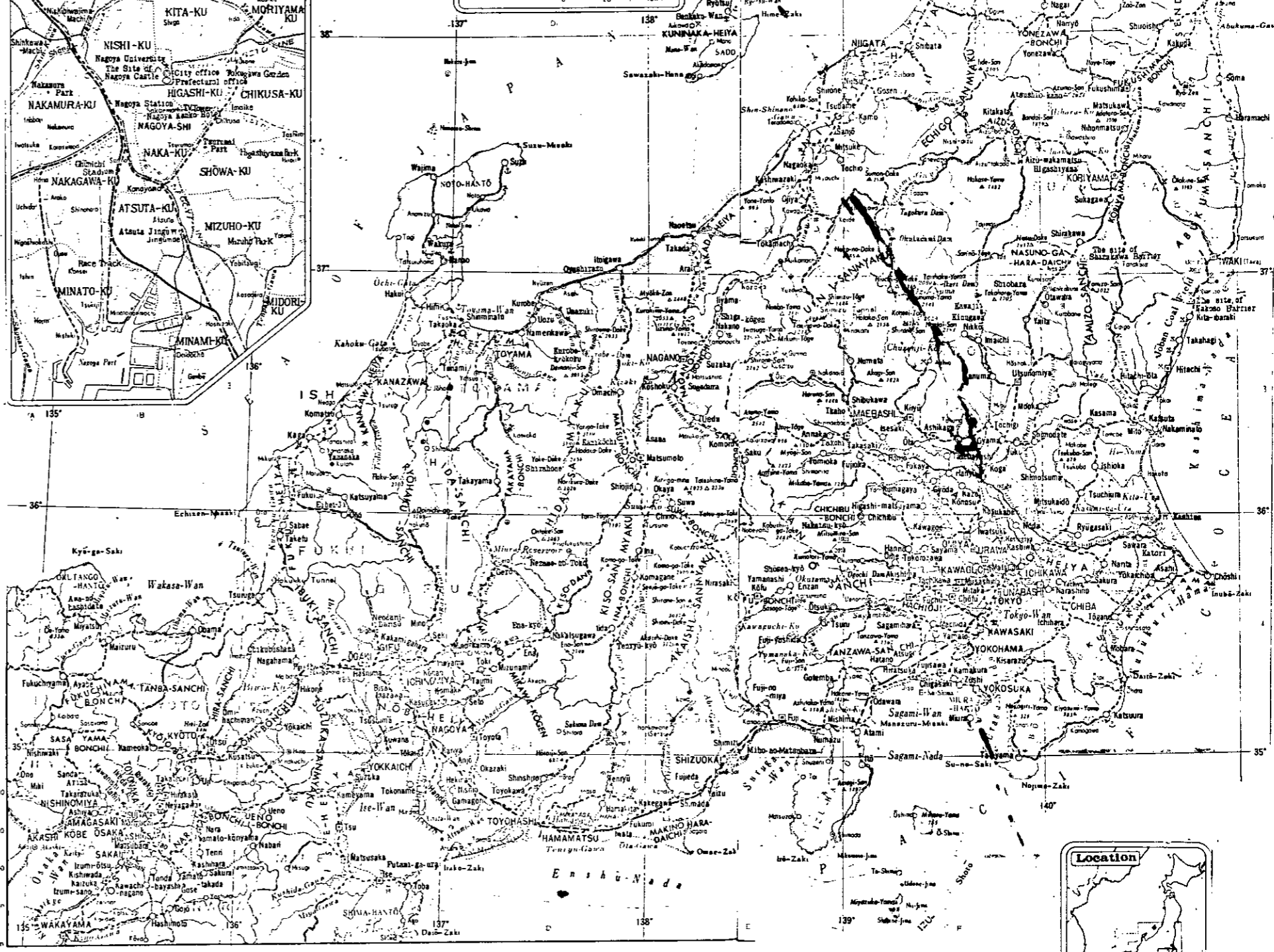


SOURCE: JAPAN ECONOMIC YEARBOOK,  
THE ORIENTAL ECONOMIST,  
1968.



## CHUBU and KANTO Districts

1:1,800,000



## Population Statistics and Projections

This page presents some basic data on the Japanese population. Chart 1 is a naive pre-World War II projection of population growth from 1870 to the year 2000. By this projection Japan's population should have been about 130,000,000 by 1970.

Chart 2 gives some very recent data on Japan's population today.

Chart 3 is a sophisticated estimate of Japan's population growth to the year 2000. Contrast this with Chart 1.

Charts 4, 5, and 8 give further information on the growth of the Japanese population.

The chart below is a breakdown of overseas Japanese by region--or by country where immigration has been of significant size. It is immediately obvious from this that relatively few Japanese have emigrated and that the majority of them that have, have gone to the Americas.

### REMNANT OVERSEAS RESIDENTS OF JAPANESE ANCESTRY - ESTIMATES AS OF OCTOBER, 1969

N. AMERICA	509,400
UNITED STATES	474,300
CANADA	35,100
CENTRAL AMERICA	7,926
MEXICO	6,700
OTHER	1,226
S. AMERICA	735,917
BRAZIL	635,000
ARGENTINA	20,200
PARAGUAY	7,732
PERU	63,000
BOLIVIA	8,100
OTHER	1,885
ASIA	7,981
REPUBLIC OF CHINA	4,000
REPUBLIC OF KOREA	3,000
OTHER	981
OCEANIA	904
AUSTRALIA	726
NEW ZEALAND	108
AFRICA	12
EUROPE	1,244
TOTAL	
TOTAL	1,263,384

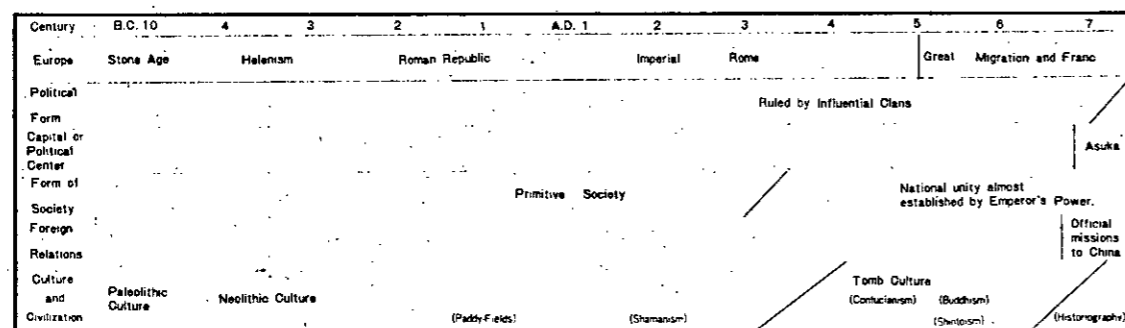
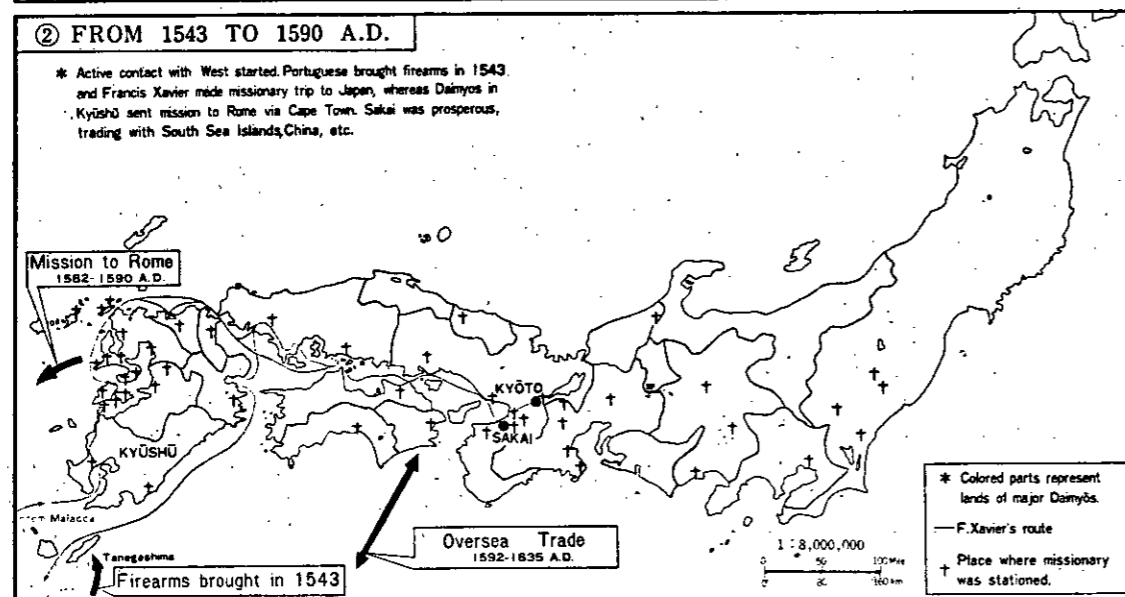
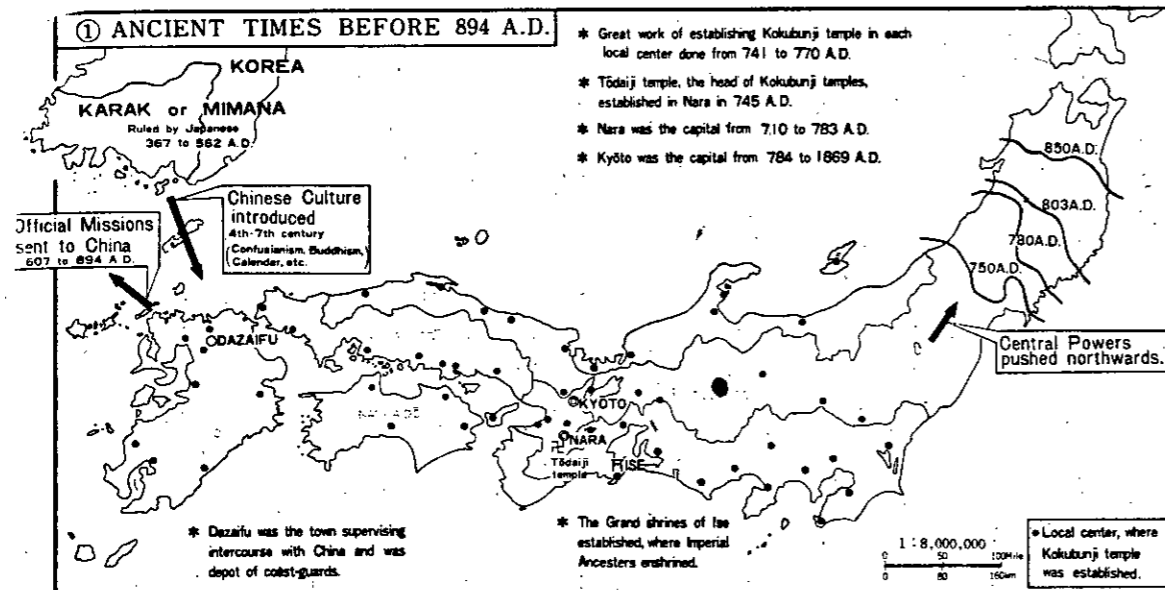
ASAHI EVENING NEWS  
MAY 13, 1970

NOTE: THE MAJORITY OF PEOPLE LISTED ABOVE ARE CITIZENS OF THE COUNTRY OF THEIR RESIDENCE. THE LIST INCLUDES ONLY PERMANENT RESIDENTS, AND IT DOES NOT INCLUDE JAPANESE DIPLOMATIC AND CONSULAR OFFICIALS, OVERSEAS BUSINESS REPRESENTATIVES, STUDENTS OR OTHER SHORT-TERM VISITORS.

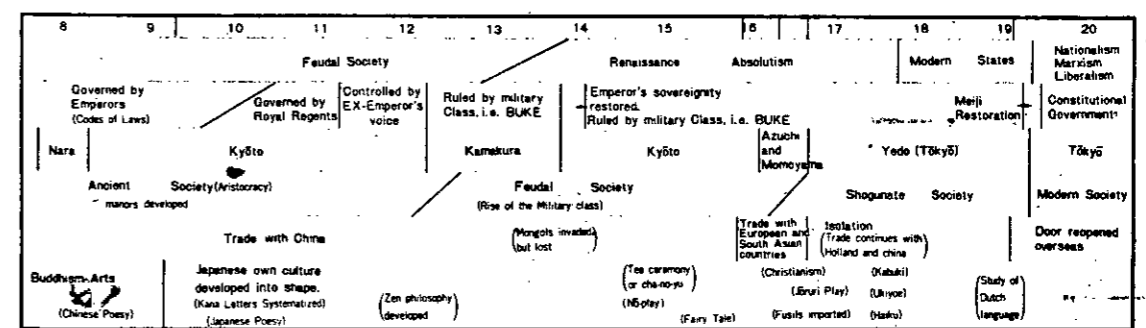
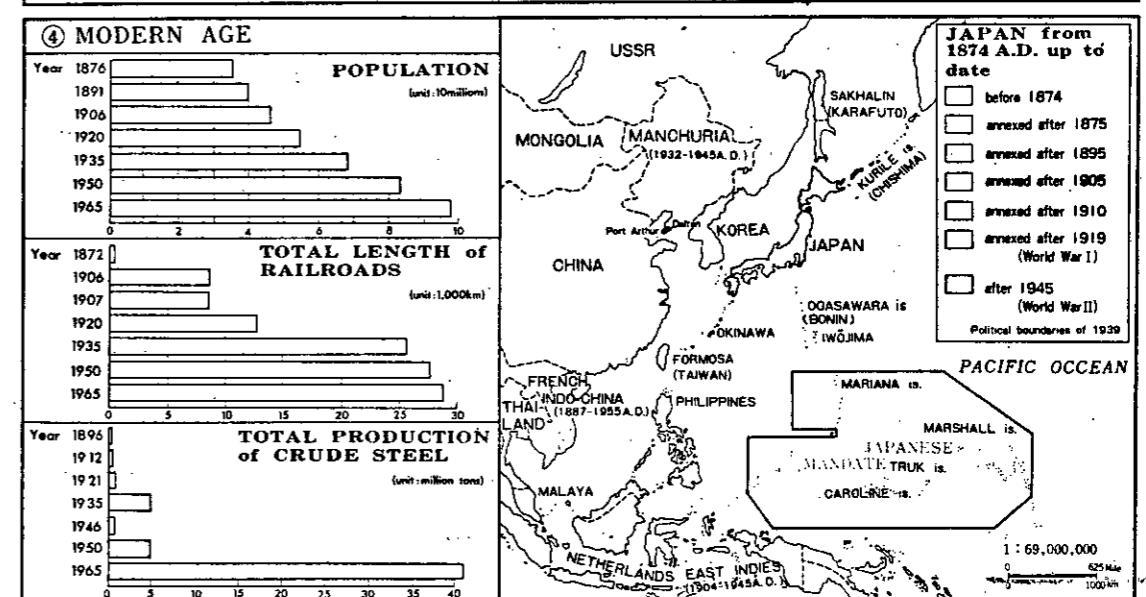
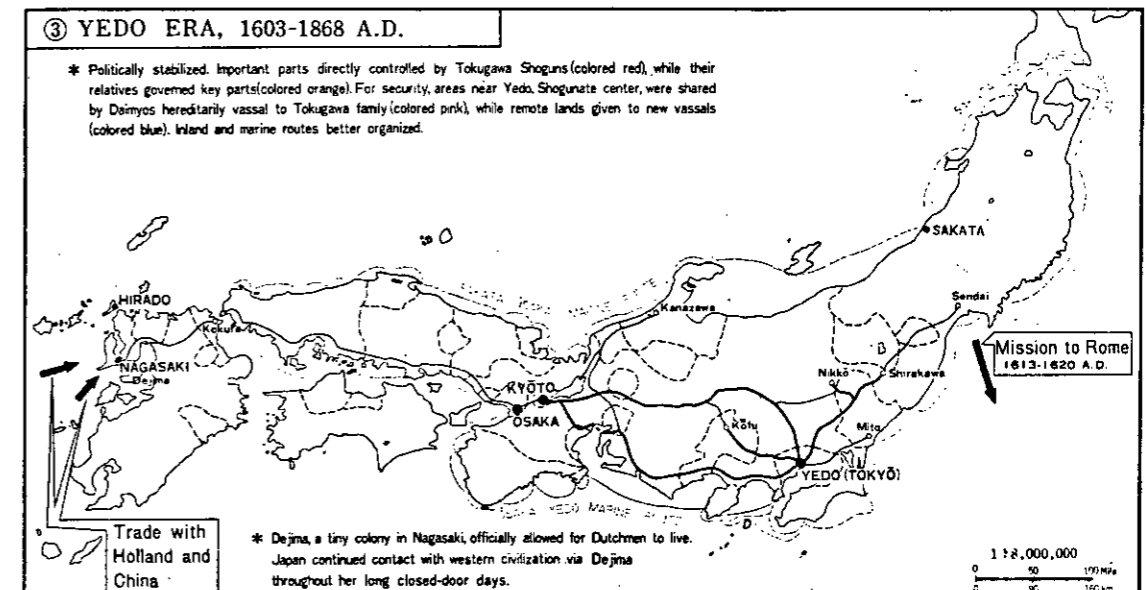
Population Statistics and Projections

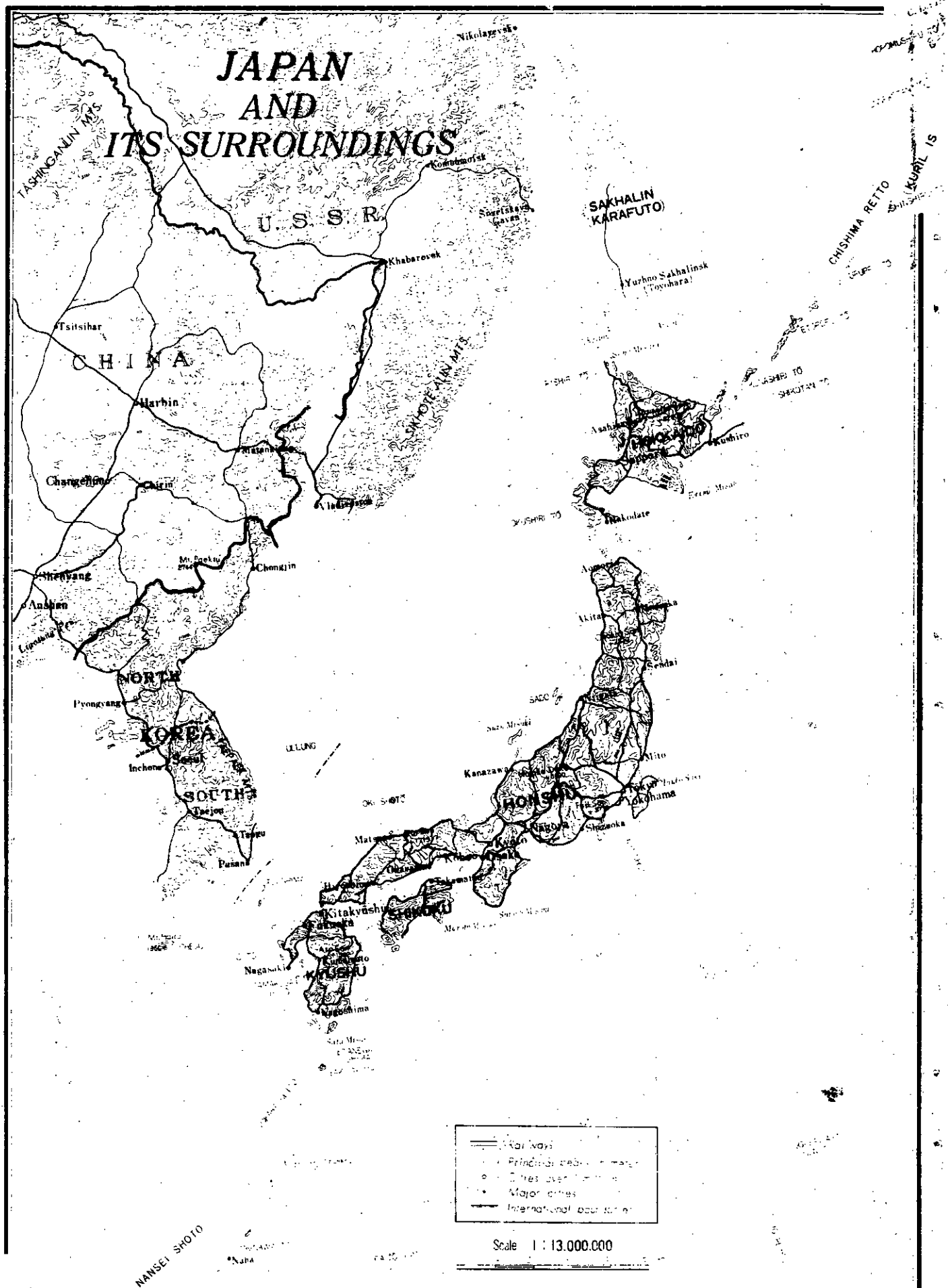


## HISTORY



## HISTORY





Some Historical Background

### Some Useful Chronologies

Chart 1 provides a standard chronology of Japanese history, emphasizing eras and denoting their political and military character. The most interesting thing to note is that Japan developed in relative isolation from continental Asia, and that most of the contacts which took place were on Japan's initiative. Only twice were there serious attempts to invade Japan, both by the Mongols during the Kamakura period, and both attempts, of course, failed.

The chronology in Chart 2 emphasizes the historic development of Japanese culture from the viewpoint of a Macro-historian describing this development in terms of four stages: the aesthetic; the religious, the political, and a modern "age of enlightenment." The author of the chart, Kosaka Masaaki, points out that Ruth Benedict's description of Japanese society and Japanese national character is basically accurate for the Tokugawa period and to some degree subsequently, but it is not all accurate for the earlier periods.

From our point of view an equally important chronology is that in Chart 3 which explains recent significant dates. It begins with Admiral Perry's arrival and the weakness of the Bakufu. In signing the treaty of Kanagawa the Bakufu did not really intend to accept a resident minister from abroad but found they had to. The chagrin of some Japanese at these contacts with the U.S. and at the "unequal treaties" was demonstrated by the assassination of the Japanese who signed them. Yet signing these treaties probably gave the Japanese the breathing space--i.e., the time and freedom they needed, in order to assimilate the experience of these first contacts and make themselves sufficiently strong to prevent Western domination.

The next three items take note of the Satsuma and Choshu clans' initial antagonism to the foreigner. Reprisals were swift and painful, yet rather than becoming angry, the Satsuma clan in effect invited "to dinner" the British and French who had bombarded them so as to find out more about the foreigners' weapons and methods. Subsequently the Choshu, who were bombarded later in the same year, also established a liaison with European forces. These two groups later applied their learning to establishing, respectively, the Japanese Navy and Army. In short, episodes which would have caused bitterness in most cultures brought the Japanese to admire and emulate their "enemies."

1869 notes the surrender of the Daimyo fiefs to the emperor. After some preliminary confusion the younger Samurai in particular managed to effect a number of changes. First, they got the great daimyo to voluntarily resign their feudal privileges. In effect, they convinced the upper class to carry through a voluntary social revolution--probably the first and only occasion in history where an upper class voluntarily resigned its privileges in order to accelerate modernization.

Some Useful Chronologies

There is a lot of controversy about exactly what did happen at this point in Japanese history, and there is a certain tendency, especially among Japanese intellectuals, to downgrade this feat--particularly since it left the composition of the middle and upper classes more or less the same. But several historical examples have shown that most revolutions, including the Russian and the French, did not change the class structure anywhere near as much as most people think. The important thing was that this Japanese revolution was initiated by the upper classes and carried through by and with their cooperation. Although there was some resistance and some bloodshed, the entire program was accomplished from the top downward, and not, as is usually regarded as normal today, with the active revolutionary presence--or even revolutionary cooperation--of the lower classes, or in any other way from the bottom up.

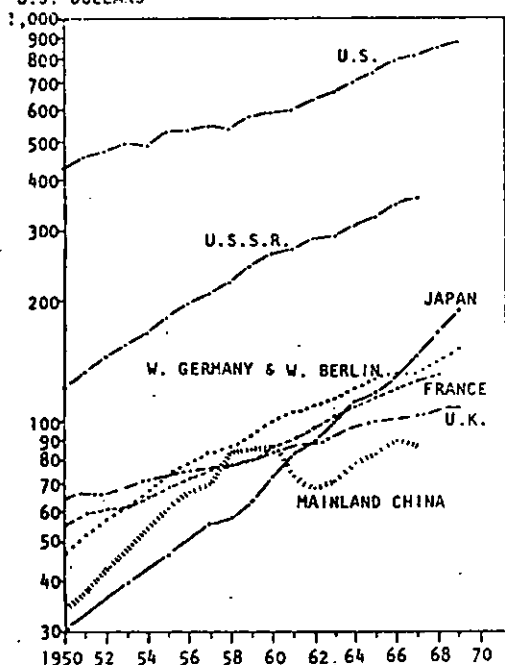
In the last part of this chronology, after World War II, and to some degree before, we emphasize the increasing importance of business and economic events.

# SUMMARY OUTLINE OF JAPANESE ECONOMIC DEVELOPMENT

## HUDSON INSTITUTE STUDY ON POLICY ISSUES: 1975-1985

### ① POSTWAR ECONOMIC GROWTH OF THE SUPERPOWERS AND "LARGE" POWERS, 1950-69

GNP, BILLION 1967  
U.S. DOLLARS



NOTE: PURCHASING POWER EXCHANGE RATES ARE USED.

### ④ RECENT ECONOMIC PERFORMANCE

	REAL GROWTH RATE (%)	BALANCE OF PAYMENTS (BILLION \$)
1966	11.4	0.06
1967	12.9	0.54
1968	14.3	1.63
1969	14.2	1.85
1970	12.0	1.90

EST. BY JERC, NOVEMBER 1969

### ② JAPANESE "NATIONAL CHARACTER" TRAITS WHICH CONTRIBUTED TO POST-1947 GROWTH

1. A GREAT DEAL OF AVAILABLE ENERGY AND DEDICATION AND THE GENERAL JAPANESE CAPACITY FOR PURPOSEFUL, COMMUNAL ACTION
2. CAPABILITY FOR STRINGENT POPULATION LIMITATION
3. APPROPRIATE AND AVAILABLE ORGANIZATIONAL SKILLS, JUDGMENT, AND MOTIVATION--BOTH GOVERNMENTAL AND PRIVATE
4. RELATIVELY HIGH TECHNOLOGICAL AND EDUCATIONAL LEVELS
5. HIGH SAVINGS AND INVESTMENT RATE
6. JAPANESE VERSION OF FREE ENTERPRISE
7. SKILLFUL GOVERNMENT DIRECTION AND INTERVENTION--(AND A REASONABLY COOPERATIVE AND SENSIBLE U.S.)
8. ALL KINDS OF PRESSURES TO ATTAIN "HIGHER MARKET SHARES" AND TO GO INTO ADVANCED TECHNOLOGY AND INDUSTRIES OF THE FUTURE
9. RUTHLESS ABOUT NON-SUPPORT--OR EVEN ACTIVE "SABOTAGE" AGAINST--"OBSOLETE" OR "NOT FOR JAPANESE" BUSINESSES
10. WILLINGNESS TO SWITCH TO "ECONOMIC GROWTH" AS MAJOR TACTIC IN "CATCHING UP WITH THE WEST"
11. DESIRABLE WORK FORCE READILY AVAILABLE

### ⑤ "THROWAWAY INDUSTRIES" (JAPAN UNCOMPETITIVE)

COAL  
NON-FERROUS METALS  
PAPER PULP  
AGRICULTURAL PRODUCTS, ETC.

### "SECOND STAGE INDUSTRIALIZATION" SECTOR (WARTIME STIMULUS; POSTWAR GROWTH)

IRON AND STEEL  
SHIPBUILDING  
TRUCKS AND BUSES  
TELEVISION AND RADIO  
RAILROAD ROLLING STOCK  
OPTICAL EQUIPMENT, ETC.

### "EARLY STAGE INDUSTRIALIZATION" SECTOR (NO LONGER WISHES TO COMPETE)

COTTON TEXTILES  
SEWING MACHINES  
BICYCLES  
POTTERY, ETC.

### "THIRD STAGE INDUSTRIALIZATION" SECTOR (OFFICIAL STIMULUS TODAY)

AUTOMOBILES  
PRECISION TOOLS  
LARGE-SCALE CONSTRUCTION EQUIPMENT  
COMPUTER ELECTRONICS, ETC.

### ③ DOMESTIC AND INTERNATIONAL POLITICAL AND ECONOMIC CONDITIONS WHICH CONTRIBUTED TO POST-1947 JAPANESE GROWTH

1. SKILLED, INEXPENSIVE, DISCIPLINED WORK FORCE, VERY AVAILABLE
2. PRE-WAR BASE OF EXPERIENCE IN ECONOMIC, TECHNICAL & MANAGERIAL SKILLS
3. LESS THAN 1% OF GNP ALLOTTED TO DEFENSE
4. STIMULUS OF KOREAN WAR
5. INFUX OF AMERICAN CAPITAL
6. U.S. A PROSPERING AND AVID CUSTOMER
7. TECHNOLOGY AVAILABLE AT BARGAIN RATES--FIRST FROM THE AMERICANS & LATER FROM THE EUROPEANS
8. GENERAL ATMOSPHERE OF FREE TRADE
9. LARGE DISCOVERY IN AUSTRALIA & ELSEWHERE OF NEW MINERAL DEPOSITS
10. DEVELOPMENTS IN OCEAN TRANSPORT

### ⑥ SOME SEEMING JAPANESE "WEAKNESSES" (1950-1970)

1. LOW RATIO OF NATURAL RESOURCES TO PEOPLE
2. A LOW TO ALMOST NONEXISTENT LABOR MOBILITY IN THE BIG FIRMS
3. PROMOTION MAINLY--AND INDEED UP TO V.P. ALMOST COMPLETELY--BY SENIORITY
4. DIFFUSED RESPONSIBILITY AND DECISION MAKING
5. NONCOMPETITIVE PRACTICES
6. FINANCIAL OPERATION AT A VERY HIGH DEBT-EQUITY RATIO
7. POSTWAR LEGACY OF "WILL WILL"
8. OVER-DEPENDENT ON U.S. TECHNOLOGY, CAPITAL, TRADE (ESPECIALLY DUE TO KOREAN/VIETNAMESE WAR AND ONE-SIDED TRADE POLICIES)

① FIFTEEN REASONS FOR THE LIKELY CONTINUED GROWTH OF JAPANESE ECONOMY

1. HIGH SAVING AND INVESTMENT RATES
2. SUPERIOR EDUCATION AND TRAINING
3. "ADEQUATE CAPITALIZATION"
4. "RISK CAPITAL" READILY AVAILABLE
5. TECHNOLOGICAL CAPABILITIES COMPETITIVE TO WEST
6. ECONOMICALLY AND PATRIOTICALLY MOTIVATED
7. HIGH MORALE AND COMMITMENT TO ECONOMIC GROWTH
8. WILLINGNESS TO MAKE NECESSARY ADJUSTMENTS
9. EXCELLENT MANAGEMENT
10. ADEQUATE ACCESS TO RESOURCES AND MARKETS
11. RELATIVELY WEAK PRESSURES TO DIVERT RESOURCES FROM GROWTH
12. CURRENT MOMENTUM
13. RECENT EMPHASIS ON R & D
14. AVAILABILITY OF EXTERNAL LABOR FORCE IN NOCPA
15. ALMOST ALL FUTURE DEVELOPMENTS SEEM FAVORABLE

④ JAPANESE PERSONALITY AND CULTURE: SOME IMPORTANT ASPECTS, TRAITS, CONCEPTS

1. SEEMINGLY CONTRADICTORY PERSONALITY TRAITS
2. HIERARCHICAL AND AUTHORITARIAN
3. SOCIAL AND GROUP UNITY AND HARMONY (COMMUNAL)
4. UNSURPASSED CAPACITY FOR PURPOSEFUL, DEDICATED AND COMMUNAL ACTION
5. A SITUATIONAL ETHIC
6. SENSE OF BEING ON DISPLAY AND BEING JUDGED
7. POLITICALLY PLURALIST
8. NATIONALLY EGOISTIC AND ASSIMILATIVE
9. AESTHETIC ATTITUDES AND VALUES
10. EMPHASIS OF THE SPIRITUAL (AND APPARENT) OVER THE MATERIAL (AND REAL)
11. JAPANESE PATRIOTISM--KOKUTAI--MYSTIC SENSE OF BEING SPECIAL AND DISTINCT
12. JAPANESE "RACISM" AND EXCLUSIVENESS
13. "DAMAGED" OR "INADEQUATE" PEOPLE OR THINGS ARE (USUALLY) REGARDED AS EXPENDABLE
14. IDEAL TYPES ARE: FAITHFUL SAMURAI WARRIOR; RESPONSIBLE, PATERNALISTIC CONFUCIAL MASTER; AND CONFORMING DUTIFUL "JAPANESE" CITIZEN
15. PRE WORLD WAR II ROMANTIC ATTITUDE TOWARD WAR--WHICH PERSISTS TO SOME DEGREE TODAY IN LITERATURE, MOVIES, TV, NEWS MEDIA, ETC.
16. ASSERTIVE ATTITUDE TOWARDS: COMPETENT PERFECTIVE TECHNOLOGY, ENVIRONMENT, PRIVATE PROPERTY, HISTORY (A WORKING OUT OF THE NATIONAL DESTINY)
17. TENKO TRANSFORMATION
18. LANGUAGE (KANJI) BARRIER
19. JAPANESE CONCEPTS OF DUTY--GIRI, NINJO, ON, ETC.
20. SPECIAL ATTITUDES TOWARD: PRIDE, SHAME, GUILT, SELF-DISCIPLINE, RIDICULE

② FOUR SURPRISE-FREE SCENARIOS FOR JAPANESE GROWTH

CHARACTERIZATION	% GROWTH RATE DURING			GNP (TRILLIONS OF 1970 DOLLARS). IF GNP=\$200 B. THEN		
	1970'S	1980'S	1990'S	1980	1990	2000
HIGH	12	10	8	.6	1.6	3.5
HIGH MEDIUM	11	9	7	.6	1.4	2.7
LOW MEDIUM	10	8	6	.52	1.1	2.0
LOW	9	7	5	.5	1.0	1.6

⑤ A HEURISTIC PICTURE OF THE 1970 ECONOMY

GNP = \$200 B      GROWTH IN CAPACITY = 12.5%

ALLOCATION OF GNP:

50% TO PRIVATE CONSUMPTION = \$100 B

10% TO GOVERNMENT CONSUMPTION = 20 B  
(AND "LOW" OUTPUT INVESTMENT)

15% TO MEDIUM OUTPUT (C.O.R. = 6) USES = 30 B

25% TO HIGH OUTPUT (C.O.R. = 2.5) = 50 B

100%      \$200 B

$$\frac{15\%}{6} + \frac{25\%}{2.5} = 2.5\% + 10\% = 12.5\%$$

⑥ A HEURISTIC SURPRISE FREE 1980 JAPANESE ECONOMY

GNP = \$500 B      GROWTH RATE = 10%

ALLOCATION OF GNP:

44% TO PRIVATE CONSUMPTION = \$220 B

17% TO GOVERNMENT CONSUMPTION = 85  
(AND "LOW" OUTPUT INVESTMENT)

24% TO MEDIUM OUTPUT (C.O.R. = 6) USES = 120

15% TO HIGH OUTPUT (C.O.R. = 2.5) USES = 75

100%      \$500 B

$$\frac{24\%}{6} + \frac{15\%}{2.5} = 4\% + 6\% = 10\%$$

③ FACTORS OFTEN SAID TO FAVOR "TOPPING OUT" OR EVEN DOWNTURN IN JAPANESE GROWTH

- CREAM HAS BEEN SKIMMED OFF EUROPEAN AND U.S. TECHNOLOGY
- SIZE OF JAPANESE WORK FORCE NO LONGER INCREASING RAPIDLY
- LAGGING INFRASTRUCTURE
- GREATER DEFENSE EXPENDITURE
- HEDONISTIC TENDENCIES OF YOUNGER GENERATION
- YOUNG RESENT SYSTEM IN GENERAL AND IN PARTICULAR "ESCALATOR SYSTEM"
- DOMESTIC DEMANDS FOR "AMENITIES" AND SOCIAL INVESTMENT AND EXPENDITURE
- LIKELY DIFFICULTIES WITH FOREIGN TRADE
- ECONOMY MAY BECOME OVERHEATED BY EXCESSIVE EQUIPMENT INVESTMENTS, WHICH MIGHT EVENTUALLY LEAD TO OVERSUPPLY WHEN THE EXPANSION OF EXPORTS LEVELS OFF
- RIISING BARRIERS TO AMERICAN AND OTHER FOREIGN INVESTMENTS WILL INTRODUCE MANAGERIAL TECHNIQUES THAT WILL REVOLUTIONIZE FIRMS STILL ADHERING TO VERTICAL ORGANIZATIONS
- JAPAN IS BECOMING A SERVICE ECONOMY--SOON WILL BE POST-INDUSTRIAL
- SERIOUS POLITICAL STRAINS WITHIN THE EXISTING SYSTEM
- SERIOUS AMERICAN RECESSION

⑦ BUT SUCH FACTORS SEEM LARGELY TO BE:

1. OVERSTATED
2. ASSUMED TO HAVE TOO GREAT EFFECTIVENESS AND/OR
3. ASSUMED TO AFFECT GROWTH RATES TOO RAPIDLY-- IF THEY DO SO AT ALL IT WILL TAKE TIME
4. SUBJECT TO COUNTERACTION--OR AT LEAST LIMITED THROUGH PROPER POLICIES AND/OR LIKELY EVENTS
5. POTENTIALLY--IN SOME CASES AND TO SOME EXTENT--MORE POSITIVE THAN NEGATIVE IN ULTIMATE EFFECT

⑧ MATUSHITA WORKERS' SONG

FOR THE BUILDING OF A NEW JAPAN,  
LET'S PUT OUR STRENGTH AND MIND TOGETHER,  
DOING OUR BEST TO PROMOTE PRODUCTION,  
SENDING OUR GOODS TO THE PEOPLE OF THE WORLD,  
ENDLESSLY AND CONTINUOUSLY,  
LIKE WATER GUSHING FROM A FOUNTAIN.  
GROW, INDUSTRY, GROW, GROW, GROW!  
HARMONY AND SINCERITY!  
MATSUSHITA ELECTRIC!

Some Background Material on Tokugawa Japan

Chart 1, a constitution from the early 7th century, is chiefly of interest because it illustrates the continuity and "spirituality" of Japanese ideals, and how early the tradition of paternalistic and "moralizing" government was established. This chart embodies the synthesis of Confucian values, borrowed during the Han Empire some 300 years earlier, and Japanese culture.

Charts 2 through 7 indicate some of the aspects of Tokugawa Japan that were important in preparing the country for the subsequent modernization. Tokugawa Japan was not only an example in its own right of social engineering but a very important historical transition period. Japan developed much of the necessary background for creating a modern culture during this period. A good deal of this is bound up with the so-called Sankin-Kotai system in which the great Daimyo had to live six months a year in Tokyo. This had an influence on secularization, the creation of a monetary economy and strengthening of the merchant class, and so on.

Some Background Material on Tokugawa Japan

## ① SHOTOKU'S 17-ARTICLE CODE (604 A.D.)

- 1) HARMONY IS TO BE VALUED, AND AN AVOIDANCE OF WANTON OPPOSITION TO BE HONORED. ALL MEN ARE INFLUENCED BY PARTISANSHIP, AND THERE ARE FEW WHO ARE INTELLIGENT. HENCE THERE ARE SOME WHO DISOBEY THEIR LORDS AND FATHERS, OR WHO MAINTAIN FEUDS WITH THE NEIGHBORING VILLAGES. BUT WHEN THOSE ABOVE ARE HARMONIOUS AND THOSE BELOW ARE FRIENDLY, THERE IS CONCORD IN THE DISCUSSION OF BUSINESS, RIGHT VIEWS OF THINGS SPONTANEOUSLY GAIN ACCEPTANCE. THEN WHAT IS THERE WHICH CANNOT BE ACCOMPLISHED?
- 2) SINCERELY REVERENCE THE THREE TREASURES--BUDDHA, THE LAW, THE MONASTIC ORDERS...
- 3) WHEN YOU RECEIVE THE IMPERIAL COMMANDS, FAIL NOT SCRUPULOUSLY TO OBEY THEM. THE LORD IS HEAVEN, THE VASSAL IS EARTH. HEAVEN OVERSPREADS AND EARTH UPBEAR. WHEN THIS IS SO, THE FOUR SEASONS FOLLOW THEIR DUE COURSE AND THE POWERS OF NATURE OBTAIN THEIR EFFICACY. IF THE EARTH ATTEMPTED TO OVERSPREAD, HEAVEN WOULD SIMPLY FALL IN RUIN. THEREFORE IS IT THAT WHEN THE LORD SPEAKS, THE VASSAL LISTENS; WHEN THE SUPERIOR ACTS, THE INFERIOR YIELDS COMPLIANCE. CONSEQUENTLY WHEN YOU RECEIVE THE IMPERIAL COMMANDS, FAIL NOT TO CARRY THEM OUT SCRUPULOUSLY.
- 4) THE MINISTERS AND FUNCTIONARIES SHOULD MAKE DECOROUS BEHAVIOR THEIR LEADING PRINCIPLE, FOR THE LEADING PRINCIPLE OF THE GOVERNMENT OF THE PEOPLE CONSISTS IN DECOROUS BEHAVIOR. IF THE SUPERIORS DO NOT BEHAVE WITH DECORUM, THE INFERIORS ARE DISORDERLY: IF INFERIORS ARE WANTING IN PROPER BEHAVIOR, THERE MUST NECESSARILY BE OFFENSES. THEREFORE IT IS THAT WHEN LORD AND VASSAL BEHAVE WITH DECORUM, THE DISTINCTIONS OF RANK ARE NOT CONFUSED: WHEN THE PEOPLE BEHAVE WITH DECORUM, THE GOVERNMENT OF THE COMMONWEALTH PROCEEDS OF ITSELF.
- 5) CEASING FROM GLUTTONY AND ABANDONING COVETOUS DESIRES, DEAL IMPARTIALLY WITH THE SUITS WHICH ARE SUBMITTED TO YOU----IF THE MAN WHO IS TO DECIDE SUITS AT LAW MAKES GAIN HIS ORDINARY MOTIVE, AND HEARS CASES WITH A VIEW TO RECEIVING BRIBES, THEN WILL THE SUITS OF THE RICH MAN BE LIKE A STONE FLUNG INTO WATER, WHILE THE PLAINTS OF THE POOR WILL RESEMBLE WATER CAST UPON A STONE.
- 6) CHASTISE THAT WHICH IS EVIL AND ENCOURAGE THAT WHICH IS GOOD... CONCEAL NOT... THE GOOD QUALITIES OF OTHERS AND FAIL NOT TO CORRECT THAT WHICH IS WRONG WHEN YOU SEE IT. FLATTERERS AND DECEIVERS ARE A SHARP WEAPON FOR THE OVERTHROW OF THE STATE AND A POINTED SWORD FOR THE DESTRUCTION OF THE PEOPLE. SYCOPHANTS ARE ALSO FOND, WHEN THEY MEET, OF DILATING TO THEIR SUPERIORS ON THE ERRORS OF THEIR INFERIORS; TO THEIR INFERIORS, THEY CENSURE THE FAULTS OF THEIR SUPERIORS. MEN OF THIS KIND ARE ALL WANTING IN FIDELITY TO THEIR LORD, AND IN BENEVOLENCE TOWARDS THE PEOPLE. FROM SUCH AN ORIGIN GREAT CIVIL DISTURBANCES ARISE.
- 7) LET EVERY MAN HAVE HIS OWN CHARGE, AND LET NOT THE SPHERES OF DUTY BE CONFUSED----IN THIS WORLD, FEW ARE BORN WITH KNOWLEDGE: WISDOM IS THE PRODUCT OF EARNEST MEDITATION. IN ALL THINGS, WHETHER GREAT OR SMALL, FIND THE RIGHT MAN, AND THEY WILL SURELY BE WELL MANAGED: ON ALL OCCASIONS, BE THEY URGENT OR THE REVERSE, MEET BUT WITH A WISE MAN AND THEY WILL OF THEMSELVES BE AMENABLE....
- 8) LET THE MINISTERS AND FUNCTIONARIES ATTEND THE COURT EARLY... AND RETIRE LATE. THE BUSINESS OF THE STATE DOES NOT ADMIT OF REMISSNESS, AND THE WHOLE DAY IS HARDLY ENOUGH FOR ITS ACCOMPLISHMENT....
- 9) GOOD FAITH IS THE FOUNDATION OF RIGHT... IF THE LORD AND THE VASSAL OBSERVE GOOD FAITH ONE WITH ANOTHER, WHAT IS THERE WHICH CANNOT BE ACCOMPLISHED? IF THE LORD AND THE VASSAL DO NOT OBSERVE GOOD FAITH TOWARDS ONE ANOTHER, EVERYTHING WITHOUT EXCEPTION ENDS IN FAILURE.
- 10) LET US CEASE FROM WRATH, AND REFRAIN FROM ANGRY LOOKS. NOR LET US BE RESENTFUL WHEN OTHERS DIFFER FROM US. FOR ALL MEN HAVE HEARTS, AND EACH HEART HAS ITS OWN LEANINGS. THEIR RIGHT IS OUR WRONG, AND OUR RIGHT IS THEIR WRONG. WE ARE NOT UNQUESTIONABLY SAGES, NOR ARE THEY UNQUESTIONABLY FOOLS. BOTH OF US ARE SIMPLY ORDINARY MEN. HOW CAN ANYONE LAY DOWN A RULE BY WHICH TO DISTINGUISH RIGHT FROM WRONG? FOR WE ARE ALL, ONE WITH ANOTHER, WISE AND FOOLISH, LIKE A RING WHICH HAS NO END....
- 11) GIVE CLEAR APPRECIATION TO MERIT AND DEMERIT, AND DEAL OUT TO EACH ITS SURE REWARD OR PUNISHMENT....
- 12) LET NOT THE PROVINCIAL GOVERNORS OR THE LOCAL CHIEFTANS LEVY EXACTIONS UPON THE PEOPLE. IN A COUNTRY THERE ARE NOT TWO LORDS, THE PEOPLE HAVE NOT TWO MASTERS. THE SOVEREIGN IS THE MASTER OF THE PEOPLE OF THE WHOLE COUNTRY, THE OFFICIALS TO WHOM HE GIVES CONTROL ARE HIS VASSALS. HOW CAN THEY, AS WELL AS THE GOVERNMENT, PRESUME TO TAX THE PEOPLE?
- 13) LET ALL PERSONS ENTRUSTED WITH OFFICE ATTEND EQUALLY TO THEIR FUNCTIONS. OWING TO ILLNESS AND THEIR BEING SENT ON MISSIONS, THEIR WORK MAY SOMETIMES BE NEGLECTED. BUT WHENEVER THEY BECOME ABLE TO ATTEND TO BUSINESS, LET THEM BE AS ACCOMMODATING AS IF THEY HAD HAD COGNIZANCE OF IT FROM BEFORE, AND NOT HINDER PUBLIC AFFAIRS ON THE SCORE OF THEIR NOT HAVING HAD TO DO WITH THEM.
- 14) ...BE NOT ENVIOUS... FOR IF WE ENVY OTHERS, THEY WILL ENVY US. THE EVILS OF ENVY KNOW NO LIMIT....
- 15) THE PATH OF A MINISTER IS TO TURN AWAY FROM THAT WHICH IS PRIVATE AND TO SET HIS FACE TOWARD THAT WHICH IS PUBLIC. NOW IF A MAN IS INFLUENCED BY PRIVATE MOTIVES, HE WILL ASSUREDLY FEEL RESENTMENTS, IF HE IS INFLUENCED BY RESENTFUL FEELINGS, HE WILL ASSUREDLY FAIL TO ACT HARMONIOUSLY WITH OTHERS... WHEN RESENTMENT ARISES, IT INTERFERES WITH ORDER, AND IS SUBVERSIVE OF LAW....
- 16) LET THE PEOPLE BE EMPLOYED AT SEASONABLE TIMES, (AS) IN WINTER MONTHS, WHEN THEY ARE AT LEISURE. BUT FROM SPRING AND AUTUMN, WHEN THEY ARE ENGAGED IN AGRICULTURE, ...THE PEOPLE SHOULD NOT BE EMPLOYED....
- 17) DECISIONS ON IMPORTANT MATTERS SHOULD NOT BE MADE BY ONE PERSON ALONE. THEY SHOULD BE DISCUSSED WITH MANY. SMALL MATTERS ARE OF LESS CONSEQUENCE, ...BUT IN THE CASE OF DISCUSSION OF WEIGHTY AFFAIRS, ...ONE SHOULD ARRANGE MATTERS IN CONCERT WITH OTHERS, SO AS TO ARRIVE AT THE RIGHT CONCLUSION.

## ② TOKUGAWA JAPAN

1. TWO HUNDRED YEARS OF ALMOST COMPLETE ISOLATION OF AN ALREADY RELATIVELY HOMOGENEOUS COUNTRY
2. "HOSTAGE SYSTEM" FORCES:
  - A. TRAVEL, ROADS, COMMUNICATION, CENTRALIZATION, ETC.
  - B. GROWTH OF MONETARY ECONOMY
  - C. ENRICHMENT OF MERCHANT CLASS
3. IMPOVERISHMENT OF SAMURAI
4. GROWTH OF LITERACY
5. CENTRALIZED NATION-STATE
6. BASIS LAID FOR "PURITAN ETHIC," "WORK ORIENTATION" AND "COMMERCIAL SOCIETY"
7. ORIENTATION TOWARD "DUTY," COMMUNALISM, HIERARCHY, ETC. FIRMLY LAID

④ THE PERIOD PRECEDING THE "RESTORATION" OF THE EMPEROR WAS ON THE WHOLE PEACEFUL, WITH THE CLASS SYSTEM RIGIDLY ENFORCED. AT THE TOP STRODE THE TWO-SWORDED SAMURAI, THE WARRIOR; THEN CAME THE FARMER; THEN THE ARTISAN; AND WAY AT THE BOTTOM STOOD THE MERCHANT, THE MAN ENGAGED IN "THE UNSPEAKABLE BUSINESS OF BUYING AND SELLING." IF THE MEIJI GOVERNMENT WAS GOING TO BUILD A NATION THAT WAS STRONG BOTH ECONOMICALLY AND MILITARILY, THE SYSTEM WOULD HAVE, TO A CERTAIN EXTENT, TO BE REVERSED. THE MERCHANT AND THE BANKER WOULD HAVE TO BE GRANTED THE RESPECT THAT THEY RECEIVED IN OTHER COUNTRIES, AND THE IMPERIAL ARMY WOULD HAVE TO BE COMPOSED OF "WARRIORS" OF ALL CLASSES. THE TRANSFORMATION, BEFORE IT WAS COMPLETE, WAS TO PARTAKE OF SOME OF THE ELEMENTS OF A REVOLUTION--GENERALLY UNBLOODY, BUT A REVOLUTION NONETHELESS, WHILE VESTIGES OF THE OLD SYSTEM LINGERED ON FOR MANY YEARS. AS RECENTLY AS THIRTY YEARS AGO, FOR PURPOSES OF OFFICIAL RECORDS, ALL JAPANESE HAD TO BE REGISTERED AS EITHER SHIZOKU (SAMURAI) OR HEIMIN (ORDINARY PEOPLE). I SHALL NOT GO INTO THE QUESTION OF THE ETA, THE OUTCASTS, SINCE THEY DID NOT THEN, AND DO NOT NOW, BELONG ANYWHERE IN THE HIERARCHY; RECENT JAPANESE CLAIMS THAT THEY NO LONGER EXIST ARE, HOWEVER, FALSE.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

⑤ "UNDER THE FEUDAL SYSTEM INDIVIDUAL MAN COULD NOT HAVE HIS OWN VALUE. INSTEAD, HE COULD HAVE HIS RAISON D'ETRE ONLY IN THE HIERARCHICAL SYSTEM FROM FEUDAL LORD DOWN TO SERVANTS... HIS VALUE AS A HUMAN BEING INCREASED AS HIS POSITION GOT CLOSER TO THE LORD AND DECREASED AS IT GOT CLOSER TO THE SERVANTS. IT WAS THEREFORE CONCEIVED THAT THE HIGHEST VIRTUE OF THE HUMAN BEING CONSISTS IN SERVING THE SUPERIOR, THE FEUDAL LORD, INSTEAD OF REGARDING ONE'S INDIVIDUAL SELF AS INDEPENDENT FROM OTHERS WHILE LIVING FAITHFUL TO ONE'S SELF."

MOORE, CHARLES A., EDITOR, THE JAPANESE MIND: ESSENTIALS OF JAPANESE PHILOSOPHY AND CULTURE (HONOLULU: EAST-WEST CENTER PRESS, 1967), p. 235.

## ③ BUSHIDO

CONFUCIANISM GAVE THE TRADITIONAL MILITARY CODE OF ETHICS--BUSHIDO--A NEW INTERPRETATION, CONSISTENT WITH THE PEACEFUL TOKUGAWA SOCIETY. THE SAMURAI CODE OF ETHICS THAT THUS EMERGED DURING THE TOKUGAWA PERIOD WAS A BLENDING OF CONFUCIAN MORALITY AND THE INDIGENOUS FEUDAL CODE OF MILITARY HONOR.

THE TWO CENTRAL TEACHINGS OF BUSHIDO STRESSED ABSOLUTE LOYALTY TO ONE'S LORD AND UNSWERVING FILIAL PIETY. ONE COULD NEVER REALLY HOPE TO REPAY IN FULL THE BENEVOLENCE RECEIVED FROM ONE'S LORD OR FROM ONE'S PARENTS. BUSHIDO ALSO EXTOLLED LEARNING AND SCHOLARSHIP.

BUSHIDO NOT ONLY SERVED AS OFFICIAL CODE OF ETHICS FOR THE SAMURAI CLASS, BUT ALSO SERVED AS ETHIC OF THE TOKUGAWA SOCIETY. FARMERS, ARTISANS AND MERCHANTS USED BUSHIDO AS A MODEL IN STRUCTURING MASTER-SERVANT OR TEACHER-APPRENTICE RELATIONSHIPS.

(M.Y. YOSHINO, JAPAN'S MANAGERIAL SYSTEM, M.I.T. PRESS, 1968, PP. 5-6).

⑤ AS FAR BACK AS THE BEGINNING OF THE EIGHTEENTH CENTURY, LOCAL ARTISANS HAD LEARNED HOW TO CAST CANNON, TO MAKE FINE STEEL, TO WEAVE COTTON AND WOOL, AND TO USE DYES FOR DESIGN. THE JAPANESE SWORD WAS UNSURPASSED IN ALL THE WORLD, SAVE PERHAPS BY THE FINEST TOLEDO BLADE; AND HAND-DYED CLOTH, STILL IDENTIFIABLE AS TO ITS PLACE OF ORIGIN, IS GREATLY ADMIRABLE TODAY. IN ADDITION TO METAL WORKERS, THERE WERE WORKERS IN WOOD WHO FOUND MORE USES FOR THE LOWLY BAMBOO THAN ANY FOREIGNER HAD EVER CONCEIVED OF, MASONS, AND PAPER MAKERS; THERE WERE SMALL SHIPYARDS, SAKI DISTILLERIES, MINES, CERAMIC KILNS, AND SILK-SPINNING MILLS. THE JAPANESE PROBABLY KNEW MORE ABOUT FISH AND FISHING THAN ANY OTHER PEOPLE--FOR FISH WAS, AND IS, SECOND ONLY TO RICE AS A STAPLE OF JAPANESE LIFE....

...THE UNPARALLELED THREE HUNDRED YEARS OF PEACE THAT JAPAN ENJOYED DURING THE TOKUGAWA PERIOD PERMITTED NOT ONLY THE DEVELOPMENT OF LOCAL SKILLS BUT ALSO BROUGHT GREAT PROGRESS IN EDUCATION IN GENERAL. MOST COMMUNITIES HAD AT LEAST ONE TEACHER, EVEN IF ONLY IN THE "SHRINE OR TEMPLE SCHOOL," AND THE LITERACY RATE IN JAPAN IN THE 1800'S WAS EQUAL TO THAT OF THE MOST DEVELOPED COUNTRIES OF EUROPE. HIGHER EDUCATION WAS USUALLY IN THE HANDS OF THE CLAN SCHOOLS. BY 1868, THE NUMBER OF PRIVATE ELEMENTARY SCHOOLS TOTALLED TWENTY-EIGHT THOUSAND....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

⑦ A GREAT GULF SEPARATED THE SAMURAI FROM THE OTHER THREE CLASSES: THE FARMERS, THE ARTISANS AND THE MERCHANTS. THESE LAST THREE WERE 'COMMON PEOPLE.' THE SAMURAI WERE NOT. THE SWORDS THE SAMURAI WORE AS THEIR PREROGATIVE AND SIGN OF CASTE WERE NOT MERE DECORATIONS. THEY HAD THE RIGHT TO USE THEM ON THE COMMON PEOPLE.

RUTH BENEDICT  
THE CHRYSANTHEMUM AND THE SWORD

### Some Background Material on the Meiji Restoration

Chart 1 provides a rather succinct and yet very explicit and clear description of the changing Japanese mood during the early part of the Meiji restoration.

Chart 2 comments on the Charter Oath of April 1868. Of all the declarations made in the name of the Emperor Meiji the Charter Oath best symbolized the progressive side of his reign. It was drawn up by a few young advisers, representative of the low-ranking samurai who provided the real leadership of the Western clans opposed to the Tokugawa. Generally hostile to the old aristocracy and eager to make room for new leadership, they nevertheless confined themselves to a statement of general principles which might attract the most support to the Restoration by assuring everyone of a part in the new regime, while threatening no one with a diminution of his power. Its vagueness, reminiscent of the constitution of Prince Shotoku, was by no means wholly a defect, but left room for adjustment in a rapidly changing situation.

The enthusiasm of the Japanese for the Western culture is illustrated in the Children's Civilization Song of 1879, given in Chart 3. The children count from 1 to 10, at each number reciting a desirable object of civilization.

Chart 4 suggests how dramatic and shocking was the Japanese victory over the Russians in 1905. We are told that people in central Africa who had never heard of Russia or Japan nonetheless knew that a non-European people had defeated Europeans in war.

Charts 5 and 6, excerpts from 20th century Japanese poems, suggests the ambivalence of the Japanese reaction to the West. The "heretic" confesses his admiration of the "red hairs"--the foreigners. But in the second excerpt the poet asks how to restore the lost wholeness of Japanese society.

Chart 7 comments on some of the characteristics of the Meiji elite which was helpful in the process of modernization.

Some Background Material on the Meiji Restoration

① THE MEIJI "RESTORATION"  
(GUIDING PRINCIPLES AND POPULAR SLOGANS)

"HONOUR THE EMPEROR, EXPEL THE BARBARIAN"

POPULAR SLOGAN OF  
THE ANTI-SHOGUNATES

"KNOWLEDGE SHALL BE SOUGHT FROM ALL OVER THE WORLD AND  
THUS SHALL BE STRENGTHENED THE FOUNDATION OF IMPERIAL  
POLITY."

CHARTER OATH, EMPEROR MEIJI, 1868

"WE SHALL TAKE THE MACHINES AND TECHNIQUES FROM THEM,  
BUT WE HAVE OUR OWN ETHICS AND MORALS."\*

HASHIMOTO SANAI

"A RICH COUNTRY AND A STRONG ARMY!"  
"WESTERN SCIENCE, EASTERN ETHICS!"\*

POPULAR SLOGANS OF  
MEIJI MODERNIZERS

"LAY ASIDE THE PRINCIPLE OF DEPENDENCE (ON EUROPE),  
IMPROVE OUR INTERNAL GOVERNMENT AFFAIRS, MAKE OUR  
COUNTRY SECURE BY MILITARY PREPARATION...AND THEN  
WAIT FOR THE TIME OF THE CONFUSION OF EUROPE WHICH  
MUST COME EVENTUALLY."

VISCOUNT TANI

\*NOTE SIMILARITY OF THESE POSITIONS WITH NINTH CEN-  
TURY SLOGAN, "CHINESE KNOWLEDGE, JAPANESE SPIRIT."

⑤ SECRET SONG OF THE HERETICS  
(1909)

I BELIEVE IN THE HERETICAL TEACHINGS OF A DEGENERATE AGE,  
THE WITCHCRAFT OF THE CHRISTIAN GOD,  
THE CAPTAINS OF THE BLACK SHIPS, THE MARVELOUS LAND OF THE  
RED HAIRS,  
THE SCARLET GLASS, THE SHARP-SCENTED CARNATION,  
THE CALICO, ARRACK, AND VINHO TINTO OF THE SOUTHERN  
BARBARIANS....

--KITAHARA HAKUSHU (1885-1943)

② THE CHARTER OATH

BY THIS OATH WE SET UP AS OUR AIM THE ESTABLISHMENT OF THE  
NATIONAL WEAL ON A BROAD BASIS AND THE FRAMING OF A CON-  
STITUTION AND LAWS.

1. DELIBERATIVE ASSEMBLIES SHALL BE WIDELY ESTABLISHED  
AND ALL MATTERS DECIDED BY PUBLIC DISCUSSION.
2. ALL CLASSES, HIGH AND LOW, SHALL UNITE IN VIGOR-  
OUSLY CARRYING OUT THE ADMINISTRATION OF AFFAIRS OF STATE.
3. THE COMMON PEOPLE, NO LESS THAN THE CIVIL AND  
MILITARY OFFICIALS, SHALL EACH BE ALLOWED TO PURSUE HIS OWN  
CALLING SO THAT THERE MAY BE NO DISCONTENT.
4. EVIL CUSTOMS OF THE PAST SHALL BE BROKEN OFF AND  
EVERYTHING BASED UPON THE JUST LAWS OF NATURE.
5. KNOWLEDGE SHALL BE SOUGHT THROUGHOUT THE WORLD SO  
AS TO STRENGTHEN THE FOUNDATIONS OF IMPERIAL RULE.

- ④ "I, YOUR HUMBLE SERVANT, AN OBSCURE STUDENT, HAVING HAD  
OCCASION TO STUDY NEW BOOKS AND NEW DOCTRINES, HAVE DIS-  
COVERED IN A RECENT HISTORY OF JAPAN HOW THEY HAVE BEEN  
ABLE TO CONQUER THE IMPOTENT EUROPEANS. THIS IS THE  
REASON WE HAVE FORMED AN ORGANIZATION...WE HAVE SELECTED  
FROM YOUNG ANNAMITES THE MOST ENERGETIC, WITH GREAT CAPACI-  
TIES FOR COURAGE, AND ARE SENDING THEM TO JAPAN FOR  
STUDY....OUR ONLY AIM IS TO PREPARE THE POPULATION FOR  
THE FUTURE."

LEAFLET DISTRIBUTED IN ANNAM, c. 1905

- ⑥ THE ROAD THAT HAS NEWLY BEEN OPENED HERE  
GOES, I SUPPOSE, STRAIGHT TO THE CITY.  
I STAND AT A CROSSWAY OF THE NEW ROAD,  
UNCERTAIN OF THE LONELY HORIZON.  
DARK, MELANCHOLY DAY.

THE SUN IS LOW OVER THE ROOFS OF THE ROW OF HOUSES.  
THE UNFELLED TREES IN THE WOODS STAND SPARSELY.  
HOW, HOW TO RESTORE MYSELF TO WHAT I WAS?  
ON THIS ROAD I REBEL AGAINST AND WILL NOT TRAVEL,  
THE NEW TREES HAVE ALL BEEN FELLED.

HAGIWARA SAKUTARO (1886-1942)

③ CIVILIZATION BALL SONG

A POPULAR CHILDREN'S SONG COMPOSED IN 1878 IN  
WHICH CHILDREN COUNTED THE BOUNCES OF A BALL,  
RECITING TEN DESIRABLE WESTERN OBJECTS - GAS  
LAMPS, STEAM ENGINES, HORSE CARRIAGES, CAMERAS,  
TELEGRAMS, LIGHTNING CONDUCTORS, NEWSPAPERS,  
SCHOOLS, LETTER-POST, AND STEAM BOATS.

B.B. SANSON, THE WESTERN WORLD AND  
JAPAN, LONDON, THE CRESSET PRESS,  
1950, p. 401.

⑦ THREE SPECIAL ASPECTS OF JAPANESE MODERNIZATION

THE GREAT MOTIVE FORCE IN JAPANESE MODERNIZATION WAS THE  
THREAT OF ABSORPTION OR DESTRUCTION BY THE WEST....BECAUSE  
OF IT, AN ESSENTIALLY CONSERVATIVE ELITE ABANDONED EARLIER  
THEORIES AND TURNED WITH GREAT SERIOUSNESS, IF NOT TOTAL EN-  
THUSIASM, TO THE TASK OF MODERNIZING THE NATION. NATURALLY,  
CONSERVATIVE CONTROL OF THE MODERNIZATION PROCESS IN JAPAN...  
VITALLY AFFECTED ITS CHARACTER. UNDER THESE CIRCUMSTANCES,  
IT WAS EASIER TO RESTRUCTURE CERTAIN ASPECTS OF TRADITION-  
ALISM, MAKING IT SERVICEABLE FOR THE MODERN ERA. THE DIS-  
TINCTIVE QUALITY OF JAPANESE MODERNIZATION WAS THE EXTRA-  
ORDINARY DEGREE TO WHICH THE PAST COULD BE ADAPTED TO THE  
NEEDS AND PURPOSES OF THE PRESENT.

IN THE PROCESS OF MODERNIZATION, IT MIGHT BE SAID THAT  
"THE JAPANESE ELITE, IN ADDITION TO BEING ARMED WITH  
AUTHORITY AND A SENSE OF RESPONSIBILITY, WAS ALSO  
PSYCHOLOGICALLY PREPARED FOR THE TASK OF SYNTHESIS. ...  
TWO CONFLICTING INTELLECTUAL TRADITIONS EXIST, EACH  
HAVING DEEP ROOTS IN JAPANESE SOCIETY. ONE IS REPRESENTED  
BY THE SCHOLAR, WHO RETIRES INTO HIS STUDY,  
KEEPING ALOOF FROM EITHER SOCIAL PARTICIPATION OR  
EMPIRICAL RESEARCH, HOLDING FIRMLY TO COSMIC TRUTH OR  
'PURE THEORY'. THE OTHER IS REPRESENTED BY THE  
SCHOLAR-BUREAUCRAT OR POLICY SCIENTIST, WHO HOLDS  
CERTAIN ABSTRACT VALUES BUT IS EXPERIMENTAL AND PRAGMATIC  
BY NECESSITY AND WHO IS ALSO SUFFICIENTLY UNCERTAIN OF  
THE SUPERIORITY OF HIS METHODS (SOMETIMES READ 'CULTURE')  
TO BE RECEPTIVE TOWARD OTHERS. THE MAKING OF MODERN  
JAPAN AND THE AS YET UNRESOLVED CONFLICT WITHIN IT ARE  
INTIMATELY CONNECTED WITH THESE TWO STRIKINGLY  
CONTRADICTORY, COMPETITIVE AND POWERFUL INTELLECTUAL  
TRADITIONS WITHIN THE SOCIETY.

[IN THE MEIJI ERA] IT IS INTERESTING THAT ROUSSEAU HAD  
AN IMMEDIATE APPEAL TO A LARGE NUMBER OF JAPANESE INTELLEC-  
TUALS BECAUSE OF HIS AMBIVALENCE TOWARD INDIVIDUALISM, HIS  
EMPHASIS UPON THE GENERAL WILL, HIS JANUS-FACED APPROACH TO  
DEMOCRACY AND MODERN TOTALITARIANISM. ABOVE ALL, IT WAS  
THE AGE OF NATIONALISM FOR JAPAN, AND THE MEIJI LIBERALS  
ALONG WITH OTHER ELEMENTS OF JAPANESE SOCIETY COULD NOT  
ESCAPE BEING INFLUENCED BY THIS FACT. NATURALLY, THE  
EMPHASIS WAS UPON LIBERALISM AS A METHOD OF ACQUIRING  
"CIVILIZATION," NATIONAL PRESTIGE AND POWER. THE SAME  
STRESS WAS NOT PLACED UPON THE RIGHT OF DISSSENT, PROTEC-  
TION OF MINORITY RIGHTS AND THE IMPORTANCE OF THE INDIVIDUAL.

ROBERT SCALAPINO, "IDEOLOGY AND  
MODERNIZATION: THE JAPANESE CASE,"  
IN D.E. APTER (ED.) IDEOLOGY AND  
DISCONTENT, Pages 96, 97, 107

## II. A SYNOPTIC OVERVIEW OF JAPANESE PERSONALITY AND CULTURE

Introduction to Japanese Personality  
and Culture--A View by CBS

The material on the opposite page is taken from a journalistic introduction to the Japanese personality. It is an impressionistic view which has the advantage of providing a lot of information in a short space. This presentation is part of a CBS television program on Japan and the reader will have to imagine the visual material which accompanied the text.

"THE JAPANESE"

"WE DRAW THE BOW TO HIT THE BULLS EYES. IN JAPAN, IT DOESN'T MATTER MUCH IF HE MISSES THE TARGET ALTOGETHER, SO LONG AS HE DRAWS THE BOW PROPERLY.... WITH CORRECT FORM AND CONCENTRATION. WHAT HE IS WORKING ON IS HIMSELF, NOT THE FLIGHT OF THE ARROW.

IF WE CANNOT UNDERSTAND THE TENSION, EQUALLY WE CANNOT UNDERSTAND THE RELEASE FROM TENSION.

OF AN EVENING IN A MIDDLE CLASS RESORT NOT FAR FROM TOKYO, THE LOCAL ACCOUNTING SECTION OF A JAPANESE FIRM-- WITHOUT THEIR WIVES--CHECKS INTO A HOTEL... MODERN AS MIAMI.

AT PARBOILING TEMPERATURE, NUDE, THE ACCOUNTANTS DE-COMPRESS. HOT BATHS ARE A LUXURY TO US: TO THE JAPANESE THEY ARE A NECESSITY.

"THE JAPANESE ARE NUDE, CRUDE AND LEWD," WROTE AN EARLY AMERICAN VISITOR, SHORTLY AFTER ADMIRAL PERRY'S WAR-SHIPS OPENED JAPAN TO THE WEST.

THE MISUNDERSTANDINGS STARTED THEN.

BOTH SEXES USED TO BATHE TOGETHER. BUT THE WESTERNERS SHAMED JAPAN INTO SEPARATING THE BATHS.

THE JAPANESE FIND NOTHING PRURIENT IN NUDITY....

THE MARK OF OUR DISTANCE FROM JAPAN IS THAT THE AVERAGE WESTERNER DOES NOT KNOW THE NAME OF A SINGLE FAMOUS JAPANESE. THE JAPANESE HAVE A PASSION FOR ANONYMITY, AND A GREATER PASSION TO LOSE THEMSELVES IN A CROWD....

SINCE JAPAN IS ONE OF THE MOST CROWDED NATIONS ON EARTH, SPACE IS THE GREATEST LUXURY. JAPAN IS BUILT FOR EFFICIENCY OF SPACE. AMERICA IS BUILT FOR EFFICIENCY OF TIME.

IN ORDER TO MAINTAIN PSYCHOLOGICAL DISTANCE FROM ONE ANOTHER, THE JAPANESE HAVE INVENTED ALL SORTS OF CONVENTIONS WHICH MAY SEEM STRANGE AT FIRST GLANCE.

FOR INSTANCE, THEY PRETEND THAT THOSE SLIDING PAPER SCREENS ARE REAL WALLS. EARLY IN LIFE THE JAPANESE LEARN THAT WHAT HAPPENS ON THE OTHER SIDE OF A CLOSED SCREEN IS NOT TO BE NOTICED. THOUGH THE SOUND MAY LEAK FROM ONE ROOM TO ANOTHER, A JAPANESE HEARS NOTHING UNLESS HE IS INVITED IN.

THE COMPARTMENTS OF JAPANESE LIFE ARE LIKE THE COMPARTMENTS OF A JAPANESE HOUSE. WITHIN THE SAME INDIVIDUAL, EACH PART OF LIFE IS SEPARATED OFF FROM THE OTHER PARTS....

MR. IMAI WEARS A KIMONO AT HOME AND HE LOOKS AS IF HE RUNS THE SHOW.

MRS. IMAI REALLY RUNS THE HOUSE. SHE JUST NEVER SAYS SHE DOES.

THE OLDER SON IS QUIET AND RESERVED. THE DISCIPLINE OF JAPANESE LIFE HAS ALREADY GONE TO WORK ON HIM.

THE YOUNGER SON HAS NOT YET FELT THE PRESSURES. THE JAPANESE LET CHILDREN RUN REASONABLY FREE UNTIL ABOUT ELEVEN.

THE YOUNGEST NIECE IS THE DARLING OF THE FAMILY. WHAT SHE WANTS, SHE GETS. YOUNG JAPANESE CHILDREN ARE GIVEN FREEDOM THAT EVEN DR. SPOCK MIGHT FIND EXCESSIVE....

THE TWO PERIODS OF PERSONAL FREEDOM ARE CHILDHOOD AND OLD AGE. IN BETWEEN, THE RULES OF SOCIETY EXERT STRONG PRESSURES....

IT'S BEEN SAID THAT THE GREAT DIFFERENCE BETWEEN JAPANESE EDUCATION AND OURS IS THAT IN JAPAN YOU ARE NOT LIBERATED BY EDUCATION--YOU SUCCUMB TO IT.

THE FORCE THAT MAKES HIM SUBMIT IS NOT THE TEACHER, BUT THE JAPANESE WRITING SYSTEM. WE NEED ONLY 26 LETTERS TO WRITE ANYTHING IN ENGLISH. BUT JAPANESE HIGH SCHOOL GRADUATES MUST LEARN HOW TO READ AND WRITE ABOUT 1,800 CHARACTERS, AND IT TAKES TWICE AS MANY TO READ THE SORT OF BOOKS YOU GET IN COLLEGE....

JAPANESE FIRMS RARELY FIRE THEIR EMPLOYEES. BUT AT ABOUT AGE FORTY, THEY'LL MAKE A BASIC DECISION. IF HE'S GOOD HE'LL GO INTO THE POWER STRUCTURE--OTHERWISE HE'LL STAY IN A MINOR JOB UNTIL THEY RETIRE HIM....

THE RICE HARVEST NOW IS WOMEN'S WORK. TRADITIONALLY, THE JAPANESE FARMER IS CONSERVATIVE--BUT NOT IN THE AMERICAN SENSE OF RUGGED INDIVIDUALISM. CONSERVATISM MEANS WORKING WITHIN THE GROUP. OUR KIND OF RUGGED INDIVIDUALISM STRIKES THEM AS A SORT OF NEUROSIS....

A JAPANESE MAN ONCE TOLD ME: "A WIFE SHOULD BE LIKE THE AIR YOU BREATHE. YOU CAN'T DO WITHOUT IT. BUT YOU DON'T THINK ABOUT IT MUCH." HER HUSBAND WON'T BE HOME FOR DINNER. SHE DOESN'T EXPECT HIM....

ONE JAPANESE WOMAN TOLD MY WIFE--"IF MY HUSBAND CAME HOME AT SIX O'CLOCK, I'D BE AFRAID HE WAS A FAILURE."....

MR. IMAI FEELS NEITHER SHAME NOR GUILT ABOUT HIS NIGHTS ON THE TOWN. CUSTOM SUPPORTS HIS MORAL CODE. THE TAX LAWS ACTUALLY UNDERWRITE NIGHT LIFE IN JAPAN. BUSINESS IS PERMITTED TO WRITE OFF A BILLION AND A HALF DOLLARS A YEAR FOR PARTIES IN RESTAURANTS, BARS, AND CABARETS.

THAT'S MORE THAN JAPAN SPENDS FOR HIGHER EDUCATION.

THESE BAR HOSTESSES ARE MORE OR LESS MODERN GEISHA GIRLS.

THEY'RE NOT PROSTITUTES--AS MOST AMERICANS THINK. YOU MIGHT CALL THEM JAPANESE BUNNIES. THE JAPANESE INVENTED THE IDEA OF THE PLAYBOY CLUB CENTURIES AGO....

INCIDENTALLY, THE GIRL WHO'S SINGING DOESN'T SPEAK ENGLISH OR UNDERSTAND IT. SHE'S JUST MEMORIZED THE SOUNDS PHONETICALLY. IT'S SHEER MEMORY-WORK--LIKE LEARNING THOSE THOUSANDS OF CHARACTERS....

A GOOD JAPANESE WIFE ISN'T SUPPOSED TO GO TO SLEEP UNTIL HER HUSBAND RETURNS, NO MATTER HOW LATE. HE MIGHT BE HUNGRY. HE MIGHT EVEN WANT TO TALK TO HER. ONCE IN A RARE WHILE, HE MIGHT BRING HOME SOME OF HIS FRIENDS FOR A FINAL NIGHTCAP....

THE FAMILY COMES BEFORE ALL ELSE.  
FOR HIM.....  
AND FOR HER.....

COMPARTMENTATION-----  
IGNORING WHAT IS NOT TO BE SEEN....

THERE IS NO GUILT....THERE IS NO ACCUSATION....

THEY ARE ALWAYS JAPANESE. IN PSYCHOLOGICAL TERMS, THEY FIND THEIR IDENTITY IN THE GROUP, FAR MORE THAN WE DO....

THEY DON'T BELIEVE MUCH IN IMPROVISATION. THEY BELIEVE SUCCESS IS A RESULT OF CAREFUL GROUP WORK, RATHER THAN PERSONAL INSPIRATION....

IT TAKES TEN YEARS TO LEARN HOW TO MANIPULATE THE LEFT HAND OF A BUNRAKU DOLL....

ANOTHER TEN YEARS OF TRAINING BEFORE THE PUPPETEER TAKES OVER THE HEAD AND BODY....

EACH PUPPETEER MUST KNOW EXACTLY WHAT THE OTHER IS GOING TO DO, OTHERWISE THE DOLL WOULD MOVE AWKWARDLY.

BACKSTAGE THIS BECOMES A KIND OF BALLET.

THE JAPANESE FEEL MOST SECURE WHILE WORKING IN A GROUP. THERE'S SOMETHING SPECIFICALLY JAPANESE IN ALL THIS. FOR IF THE PROJECT FALTERS, THE BLAME FALLS NOT ON THE INDIVIDUAL, BUT ON THE GROUP AS A WHOLE.

TO BE PERSONALLY BLAMED FOR SOMETHING IS ABOUT THE WORST THING THAT CAN HAPPEN.

MORE THAN ANY PEOPLE I KNOW, THE JAPANESE ARE CULTURALLY CONDITIONED TO WORK TOGETHER. THEY ARE ALWAYS AT THEIR BEST WHEN THEY'RE WORKING WITH OTHER PEOPLE.

THE JUDGEMENT OF THE GROUP TAKES THE PLACE OF THE CONSCIENCE OF THE INDIVIDUAL....

RELIGION.

AMERICANS ALWAYS ASSUME THAT ORIENTALS ARE MORE MYSTIC AND SPIRITUAL THAN WE ARE. THAT'S NOT TRUE FOR THE JAPANESE. A SECOND MISTAKE WE MAKE IS TO READ OUR CONCEPTS INTO THEIR RELIGIONS. FOR US, RELIGION PUTS MORALITY INTO OUR DAILY LIVES.

FOR THE JAPANESE -- EVEN THESE JAPANESE ENTERTAINERS WHO HAVE COME TO A TEMPLE BETWEEN SHOWS--RELIGION IS SOMETHING MORE CASUAL. IT MAY BE COMFORTING; IT MAY BE REFRESHING--EVEN FUN. BUT IT DOESN'T AFFECT THEIR DAILY LIVES.

JAPANESE MORALS COME FROM SOME PLACE ELSE THAN HEAVEN.

THE POINT OF GOING TO A TEMPLE IS JUST TO ESTABLISH A MOMENTARY COMMUNION WITH A SUPERIOR BEING.

THE JAPANESE ATTITUDE TO THEIR GODS IS RESPECTFUL, BRIEF AND PRACTICAL. SOME STILL BELIEVE THAT RUBBING SMOKE FROM INCENSE ON THEIR BODIES HELPS CURE AILMENTS.

NEITHER MORALITY NOR POLITICAL PHILOSOPHY DERIVES FROM RELIGION. WHAT DOES COME FROM IT IS SOCIABILITY AND EMOTIONAL RELEASE.... ONE WAY THE JAPANESE GET INVOLVED IN RELIGION IS DURING THE HUNDREDS OF SMALL LOCAL FESTIVALS....

THE FACT THAT JAPANESE RELIGIONS HAVE LITTLE TO DO WITH MORALITY IS SOMETHING DIFFICULT FOR US TO UNDERSTAND. WHAT KEEPS THE JAPANESE SOCIETY IN CHECK, IF THERE ARE NO COMMANDMENTS, AND MORALITY DOESN'T DERIVE FROM GOD?

WHAT KEEPS THESE PEOPLE IN CHECK IS NOT A SENSE OF GUILT BEFORE GOD, BUT SHAME BEFORE THEIR FELLOW MEN. A PARENT DISCIPLINES A CHILD NOT BY SAYING "THIS IS WRONG", BUT BY SAYING "PEOPLE WILL LAUGH AT YOU."

SIN IS NOT THE SAME FOR THEM AS IT IS FOR US. THE GREATEST SIN IN JAPAN IS TO VIOLATE THE SOCIAL CODES....

UNLIKE AMERICA, THE FAMILY DOESN'T PROTECT THE CHILD FROM THE SCORN OF SOCIETY. IT BLAMES THE CHILD FOR HAVING BROUGHT SHAME ON THE FAMILY. IT PRAISES THE CHILD FOR HAVING BROUGHT HONOR TO THE FAMILY....

THIS CONFORMISM CAN TAKE PLACE ONLY IF SOCIETY IS STABLE. THE JAPANESE HAVE HAD HUNDREDS OF YEARS TO WORK OUT THEIR RULES OF SOCIAL CONDUCT. FOR OVER A THOUSAND YEARS, THERE HAS BEEN ALMOST NO IMMIGRATION. THE AVERAGE JAPANESE GOES THROUGH LIFE WITHOUT EVER MEETING ANYONE ELSE BUT OTHER JAPANESE.

IN SUM, THESE ARE AN ISOLATED PEOPLE WHO SEE EVERYONE ELSE IN JAPAN AS A MEMBER OF THE SAME BIG FAMILY....

FOR THE ANATOMY OF BOWING, LET'S WATCH THESE TWO BUSINESS MEN GREETING EACH OTHER. THE MAN ON THE RIGHT GETS DOWN FIRST AND LOWEST. HE'S ADOPTED WHAT THE JAPANESE CALL LOW POSTURE. HE'S BEING OVERLY MODEST.

THIS FORCES THE MAN ON THE LEFT TO TRY TO TAKE AN EVEN LOWER POSTURE. BECAUSE THE SITUATION IS UNCOMFORTABLE THE BOWING STARTS AGAIN.

THE MAN ON THE RIGHT RELENTS AND LETS HIS COMPANION GO LOWER.

THEY'RE EACH WATCHING THE OTHER. THAT'S WHY THEY DON'T BOW HEAD ON. ONE MUST NEVER BE CAUGHT UPRIGHT WHILE THE OTHER IS ON THE WAY DOWN.

THE CONVERSATION IS REALLY UNIMPORTANT. THE BOW GIVES AN EXACT MEASURE OF SOCIAL DISTANCE BETWEEN PEOPLE.

THE WORST THING THAT ANY JAPANESE CAN SAY ABOUT ANOTHER IS THAT HE BEHAVED UNPREDICTABLY. IF YOU STICK TO PRESCRIBED FORM, YOU CAN'T MAKE A MISTAKE.

INTO THIS LAND WHICH SWEARS BY FORMALITY AND HOMOGENEITY CAME WE AMERICANS WHO SWEAR BY INFORMALITY AND INDIVIDUALISM....

JAPAN'S MOTTO OUGHT TO BE-- WE TRY HARDER....

JAPAN HAS BECOME A COUNTRY IN WHICH SUCCESS IS BASED ALMOST ENTIRELY ON EDUCATION....

STUDENTS DEMONSTRATE IN JAPAN FOR MUCH THE SAME REASONS THEY RIOT IN AMERICA: IN PROTEST AGAINST VIETNAM, MIDDLE-CLASS VALUES--AND OUT-DATED UNIVERSITY SYSTEMS.

THE JAPANESE STUDENT HAS BEEN AT IT LONGER THAN HIS AMERICAN COUNTERPART. SERIOUS RIOTING BEGAN ABOUT TEN YEARS AGO, WHEN THE JAPANESE-AMERICAN SECURITY PACT WAS BEING RATIFIED....

THE HELMETS MAKE THESE PROTESTS LOOK A LOT FIERCER THAN WHAT WE'RE ACCUSTOMED TO.

THE FACT IS THAT IN TEN YEARS OF SERIOUS RIOTING, ONLY THREE PEOPLE HAVE BEEN KILLED--ALL OF THEM BY ACCIDENT. THE JAPANESE BRING THE SAME SERIOUS PROFESSIONALISM TO DISORDER AS THEY DO TO ALL THEIR OTHER ACTIVITIES....

THEIR SYSTEM HAS A TYPICALLY JAPANESE FLAVOR. THEY BELIEVE THE VIEWS OF THE MINORITY SHOULD BE RESPECTED. THE RULING PARTY IS SUPPOSED TO TAKE INTO ACCOUNT THE DEMANDS OF THEIR OPPONENTS. CONSENSUS IS WHAT THEY'RE AFTER--NOT JUST SIMPLE MAJORITY RULE....

"THE JAPANESE,"  
WRITTEN BY PERRY WOLFF,  
CBS NETWORK,  
WEDNESDAY, APRIL 23, 1969.

Introduction to Japanese Personality  
and Culture--A CBS View

Japanese Personality and Culture

In outlining some of the major issues with which this particular discussion of Japan's future is concerned, we have taken an intense interest in long-term Japanese prospects, even, if necessary, at the cost of diverting attention from many other important issues and nations. One reason for doing this is the newness of this issue. Another is the widespread unfamiliarity and even ignorance about Japan and the Japanese. It would now seem appropriate, therefore, to give more background and context to our study by considering some of the traditional characteristics of the Japanese that seem relevant to the discussion of current conditions and prospects.

The chart below is a capsulated and synoptic (and therefore superficial but still useful) description of some important aspects of the traditional Japanese culture, society, national character, and political system that are of special interest in this study. The charts on the next eight pages are quotations from various sources which serve to elaborate on each of the points as indicated. The material on the accompanying facing pages has been taken from the discussion of these issues by Mr. Kahn in his book, The Emerging Japanese Superstate: Challenge and Response.

JAPANESE PERSONALITY AND CULTURE:  
SOME IMPORTANT ASPECTS, TRAITS, CONCEPTS

1. SEEMINGLY CONTRADICTORY PERSONALITY TRAITS
2. HIERARCHICAL AND AUTHORITARIAN
3. SOCIAL AND GROUP UNITY AND HARMONY (COMMUNAL)
4. UNSURPASSED CAPACITY FOR PURPOSEFUL, DEDICATED AND COMMUNAL ACTION
5. A SITUATIONAL ETHIC
6. SENSE OF BEING ON DISPLAY AND BEING JUDGED
7. JAPANESE PATRIOTISM--KOKUTAI--MYSTIC SENSE OF BEING SPECIAL AND DISTINCT
8. NATIONALLY EGOISTIC AND ASSIMILATIVE
9. POLITICALLY PLURALIST
10. ASSERTIVE ATTITUDE TOWARDS: COMPETENT PERFECTIVE TECHNOLOGY, ENVIRONMENT, PRIVATE PROPERTY, HISTORY (A WORKING OUT OF THE NATIONAL DESTINY)
11. TENKO TRANSFORMATION
12. JAPANESE "RACISM" AND EXCLUSIVENESS
13. LANGUAGE (KANJI) BARRIER
14. AESTHETIC ATTITUDES AND VALUES
15. EMPHASIS OF THE SPIRITUAL (AND APPARENT) OVER THE MATERIAL (AND REAL)
16. PRE WORLD WAR II ROMANTIC ATTITUDE TOWARD WAR--WHICH PERSISTS TO SOME DEGREE TODAY IN LITERATURE, MOVIES, TV, NEWS MEDIA, ETC.
17. "DAMAGED" OR "INADEQUATE" PEOPLE OR THINGS ARE (USUALLY) REGARDED AS EXPENDABLE
18. IDEAL TYPES ARE: FAITHFUL SAMURAI WARRIOR; RESPONSIBLE, PATERNALISTIC CONFUCIAN MASTER; AND CONFORMING DUTIFUL "JAPANESE" CITIZEN
19. JAPANESE CONCEPTS OF DUTY--GIRL, NINJO, ON, ETC.
20. SPECIAL ATTITUDES TOWARD: PRIDE, SHAME, GUILT, SELF-DISCIPLINE, RIDICULE

## ① SEEMINGLY CONTRADICTORY PERSONALITY TRAITS

## ① ACCORDING TO RUTH BENEDICT, JAPANESE ARE:

1. AGGRESSIVE AND UNAGGRESSIVE
2. MILITARISTIC AND AESTHETIC
3. INSOLENT AND POLITE
4. RIGID AND ADAPTABLE
5. SUBMISSIVE AND RESENTFUL OF BEING PUSHED AROUND
6. LOYAL AND TREACHEROUS
7. BRAVE AND TIMID
8. CONSERVATIVE AND HOSPITABLE TO NEW WAYS

RUTH BENEDICT, THE CHRYSANTHEMUM AND THE SWORD,  
CLEVELAND: MERIDIAN BOOKS, 1969 (COPYRIGHT 1946), P. 2.

④ THE JAPANESE PERSONALITY  
(IN COMPARISON WITH ENGLISHMEN)

JAPANESE ARE	BUT THEY ARE ALSO
MORE AMBITIOUS	LESS WILLING TO STAND UP
MORE IMITATIVE	FOR INDIVIDUAL RIGHTS
MORE INTROVERTED	LESS MEN OF PRINCIPLE
MORE SENTIMENTAL	LESS SELFISH
MORE CHILDISHLY NAIVE	LESS AFRAID OF HARD WORK
MORE SLAVISHLY DILIGENT	LESS BUSYBODY, WITH A MORE
MORE SUBMISSIVE TO SUPERIORS	TOLERANT WILLINGNESS
MORE DISHONEST AND INDIRECT	TO LIVE AND LET LIVE
IN SPEECH	LESS SELF-CONFIDENT AND MORE
MORE SENSITIVE TO, AND LESS	NEUROTICALLY PREOCCU-
WILLING TO OFFEND, THE	PIED WITH RETAINING
FEELINGS OF OTHERS	THE GOOD OPINION OF
MORE WILLING TO FOREGO THE	OTHERS
PLEASURES OF SELF-ASSER-	
TION IN THE INTERESTS OF	
SOCIAL HARMONY	
MORE SHY ABOUT IMPOSING THEIR	
VIEWS AND FEELINGS ON	
STRANGERS	

ADAPTED FROM R.P. DORE, "THE JAPANESE PERSONALITY,"  
GUY WINT (ED.), ASIA HANDBOOK, MIDDLESEX, ENGLAND, PENGUIN  
BOOKS, 1969, P. 568.

## ⑤ PSYCHOLOGICAL CHARACTERISTICS

"THE MENTAL AND EMOTIONAL QUALITIES OF THE JAPANESE--  
ARE EXTREMELY DIVERSE--THEY ARE PROGRESSIVE, AND AT THE SAME  
TIME CONSERVATIVE; AT ONE MOMENT THEY SEEM TO BE PEACE-  
LOVING, AT ANOTHER BELLICOSE. EACH OF THESE ASPECTS, MORE-  
OVER, IS IN ITSELF QUITE STRONG. VIEWED HISTORICALLY,  
HOWEVER, THE JAPANESE AS A RACE HAVE RUN TO EXTREMES ON  
COMPARATIVELY FEW OCCASIONS."

"ONE OF THE MOST CONSPICUOUS FEATURES OF THE JAPANESE  
SEEN IN THE LIGHT OF SOCIAL PSYCHOLOGY IS THEIR CAPACITY  
TO INCORPORATE CONFLICTING PSYCHOLOGICAL TRENDS WITHIN THE  
SAME AGE, THE SAME REGION, OR THE SAME GROUP. UNLESS THIS  
FACT IS RECOGNIZED, THERE IS A DANGER OF MISINTERPRETING  
BOTH THE JAPANESE PSYCHOLOGY AND JAPANESE HISTORY."

NYOZEKAN HASEGAWA  
THE JAPANESE CHARACTER  
KODANSHA INTERNATIONAL LTD.  
1966, p. 87

② INDIVIDUAL MALE JAPANESE OFTEN DESCRIBE THEMSELVES (OR  
OTHER JAPANESE) BY SUCH ADJECTIVES AND PHRASES AS:

1. EGOISTIC
2. EMOTIONAL
3. INTROSPECTIVE
4. ILLOGICAL
5. STOICAL
6. DILIGENT
7. PERSEVERING
8. DISCIPLINED
9. CONFORMIST
10. RESPECTFUL
11. LOYAL
12. HONEST
13. POLITE
14. SENSITIVE
15. REQUIRED TO FULFILL THE VARIOUS REQUIREMENTS OF VARIOUS  
KINDS OF DUTY (E.G., AS EXPLAINED LATER THESE ARE GIRI  
NINJO, ETC.)
16. LESS INTERESTED IN THE LETTER OF A CONTRACT OR WRITTEN  
AGREEMENT THAN ITS EMOTIONAL CONNOTATION AND CONTEXT
17. VERY ANXIOUS TO AVOID UNCERTAINTY AND STARK CONFRONTA-  
TIONS IN ALMOST ALL SITUATIONS (SOCIAL, BUSINESS,  
GOVERNMENTAL)
18. HAVING TENDENCY TO DISLIKE AND LOOK DOWN ON KOREANS
19. HAVING A REALISTIC WILLINGNESS TO LEARN FROM OTHERS

⑥ ACCORDING TO THE JAPANESE, THE QUALITIES  
BEST DESCRIBING THEIR CHARACTER ARE:

	1958	1963	1968
INDUSTRIOUS	55	60	61
REASONABLE	12	8	11
INDEPENDENT	15	10	12
TANPAKU (OPEN, PRACTICAL QUICK-MINDED)	19	15	13
DETERMINED	48	55	58
KIND	50	42	45
ORIGINAL	8	7	8
POLITE	47	43	47
IDEALIST	33	24	23
WARMHEARTED	23	14	13
(DON'T KNOW)	12	8	5

## WHILE DRAWBACKS IN THEIR CHARACTER ARE:

	1963	1968
NERVOUS AND IMPATIENT	52	49
CHANGING MOODS	49	47
INSULAR	42	39
DEVIOUS	21	19
MEAN	20	20
CRUEL	6	5
ARROGANT	9	9
IMITATIVE	29	27
VENGEFUL	23	26
FRIVOLOUS, NOT SINCERE	10	9
DON'T KNOW	11	

SOURCE: Studies of Japanese National Character  
(Annals of the Institute of Statistical Mathematics, Tokyo, 1970)

③ ACCORDING TO R.P. DORE: THE JAPANESE HAVE  
(IN COMPARISON WITH ENGLISHMEN)

A MORE REALISTIC WILLINGNESS TO LEARN FROM OTHERS	LESS SENSE OF SOCIAL RESPON- SIBILITY TO REMOVE A- BUSES IN THEIR OWN SO- CIETY
A MORE GOOD-HUMORED CHEERFUL- NESS	ABILITY TO SHOW GREATER AFFECTIONATE WARMTH AND QUICKER EMOTIONAL RESPONSES IN INTIMATE RELATIONS
A MORE REALISTIC APPRECIATION OF THE NEED TO COOPERATE IN SOCIETY	
A KEENER DESIRE FOR SELF-IM- PROVEMENT	
A KEENER SENSE OF PERSONAL HONOR AND ARE LESS COM- PLACENTLY SELF-RIGHTEOUS	

ADAPTED FROM R.P. DORE, "THE JAPANESE PERSONALITY,"  
GUY WINT (ED.), ASIA HANDBOOK, MIDDLESEX, ENGLAND, PENGUIN  
BOOKS, 1969, P. 568

⑦ AMERICANS BELIEVE THE FOLLOWING ADJECTIVES  
BEST DESCRIBE THE JAPANESE  
(GALLUP POLLS)

	1942	1961	1966
	%	%	%
INDUSTRIOUS	39	47	44
INTELLIGENT	25	35	35
INTEREST IN PROGRESS	19	24	31
ARTISTIC	19	36	31
RELIGIOUS	18	20	20
DEVIOUS	63	24	19
PRACTICAL	9	17	17
COURAGEOUS	24	21	17
BELLICOSE	46	17	11
COMMON	6	11	10
CRUEL	56	14	9
HONEST	2	10	9
ARROGANT	21	8	6
IGNORANT	16	7	4
VAIN	27	6	3
QUICK-MINDED	21	11	6
LACKING IMAGINATION	7	3	2

⑧ ADJECTIVES BEST DESCRIBING THE JAPANESE  
ACCORDING TO THE BRITISH  
(DECEMBER 1967-POLL OF INSTITUTE OF SOCIAL SURVEYS)  
(IN PERCENT)

INDUSTRIOUS	30
PROGRESS-MINDED	18
CRUEL	13
INTELLIGENT	13
BELLICOSE	11
DEVIOUS	10
ARTISTIC	7
PRACTICAL-MINDED	7
ARROGANT	4
COURAGEOUS	3
LAZY	3
RELIGIOUS	3
HONEST	2
GENEROUS	2
LACKING IMAGINATION	1
IGNORANT	1

⑨ WHILE THE JAPANESE, IN ANCIENT AND MODERN TIMES ALIKE,  
HAVE ALWAYS BEEN EXTREMELY SUSCEPTIBLE TO THE INFLUENCE OF  
FOREIGN CULTURE, AND EXTREMELY PROGRESSIVE IN THEIR WILL-  
INGNESS TO ADOPT IT THEMSELVES, ANOTHER SIDE OF THEM HAS  
ALWAYS CLUNG OBSTINATELY TO THE TRADITIONAL JAPANESE THINGS.  
NOT ONLY DO BOTH SIDES EXIST AT THE SAME PERIOD IN THE SAME  
COUNTRY, BUT THEY NOT INFREQUENTLY EXIST SIMULTANEOUSLY IN  
THE SAME INDIVIDUAL AS WELL.

NYOZEKAN HASEGAWA  
THE JAPANESE CHARACTER  
KODANSHA INTERNATIONAL LTD.  
1966, P. 70

### Japanese Personality and Culture

It is the basic thesis of this chartbook that the Japanese differ from Americans and Europeans in many important ways, and that it is important for Americans and Europeans to understand these differences. To do so will give us better estimates of what the Japanese may do, and it will help to avoid certain kinds of misunderstanding and other difficulties. For the general reader wishing to pursue this matter of the similarities and differences between Japanese and American national characters perhaps the best book is The Chrysanthemum and the Sword by Ruth Benedict. While the Benedict book is now almost a quarter of a century old, most of the points it makes still carry a high degree of validity, though with some caveats due to the passage of time and the significant impact of the wartime and postwar experience, especially on young Japanese but on the whole country as well.

On chart 1 on the accompanying page we summarize the beginning of Miss Benedict's discussion. It should be clear from this chart and the others on this page that there are going to be some difficulties in generalizing about so complex a people. In addition to the inherent complexity of the Japanese culture and psychology, we have the complexity of any modern, industrial society--in this case a rapidly changing modern society. This discussion, the discussion on the following pages, and in this section as a whole, therefore, should be seen as an introduction and a rough synoptic one at best; one that is, hopefully, "leading" rather than "misleading."

### Hierarchical and Authoritarian

"The Japanese have very little concept of equality. In fact it would be difficult to find a Japanese word by which one could express the concept, 'all men are created equal.' The various Japanese words we would use as synonyms for 'equal' simply do not have an apposite meaning in that phrase."

"Traditionally every Japanese is part of a hierarchical structure. There are people who rank above every individual, except the Emperor and the shogun, and, except for the youngest daughter of a member of the outcast Burakus, there are people beneath. To say in Japan that certain people are equal generally implies they are an equal distance from some common rank in a pyramidal hierarchical structure."

"The concept starts in the family, where, for example, there is a rigid ordering of rank exhibited in the sequence in which people take their turn using the tub--a sequence from which there is normally no deviation and which faithfully reflects the rank ordering in the family. By learning this sequence each person in the family knows exactly where he stands in the official family hierarchy--and notes that this hierarchical ordering is not only characteristic of his family but is universal: there is nothing idiosyncratic about his family. When he grows older he learns that such an order exists in almost all other spheres as well, and with much the same manner and rigidity of distinction."

### Authoritarian

"Even in today's 'democratic Japan,' despite much public rhetoric, there is very little genuine and deeply held feeling that the mass of people have an inalienable right to choose their leaders or their system of government, although such feeling is increasing. Throughout Japan's history, however, various groups and classes--even those at the bottom--have always had important and traditionally inalienable rights. If these were violated, appeals to the proper governmental authorities for validation of these rights, correction of the damage, and/or punishment of the offender or erring authorities, while dangerous to make, were almost always taken seriously if made appropriately. The system was, in other words, authoritarian rather than totalitarian, dictatorial, or democratic."

### Social and Group Unity and Harmony (Communal)

"In nearly all activities and issues the Japanese traditionally think of themselves as members of a group, and their satisfactions are largely expected to come through group fulfillment of group objectives. In traditional Japanese culture, and to an amazing degree

## ② HIERARCHICAL AND AUTHORITARIAN

## ③ SOCIAL AND GROUP UNITY AND HARMONY (COMMUNAL)

## ④ UNSURPASSED CAPACITY FOR PURPOSE, DEDICATED AND COMMUNAL ACTION

2a.

"JAPANESE ARE CONSTANTLY AWARE OF RANK ORDER, AND THEY ARE CONSTANTLY ASKING THEMSELVES: HOW HIGH DO WE RANK? HOW HIGH SHOULD WE RANK? WHAT CAN WE DO TO IMPROVE OUR RANK? AND SINCE RANKING IS NOT ONLY A MATTER OF SELF-ESTIMATION, BUT THE ESTIMATION OF OTHERS, JAPANESE ARE EXTREMELY ATTENTIVE TO WHAT OTHERS THINK OF THEM. IF AMERICANS--SO WE ARE TOLD--ALWAYS WANT TO BE LOVED AND ARE ANXIOUS ABOUT THEIR POPULARITY RATING, THEN THE JAPANESE ARE EVEN MORE SO. JAPANESE ABROAD SHOW A CONSTANT PREOCCUPATION WITH THIS PROBLEM.

-- HERBERT PASSIN

## 2b. A CRUCIAL JAPANESE CONCEPT

"THERE IS AT ANY GIVEN MOMENT A DEFINABLE WORLD-RANKING ORDER OF SUCH CHARACTER THAT AS BETWEEN ANY TWO NATIONS ONE IS ALWAYS HIGHER AND THE OTHER LOWER. IT IS NEVER THE CASE THAT TWO NATIONS STAND ON EXACTLY THE SAME LEVEL. EVEN WHEN THEY APPEAR CLOSE TO EACH OTHER, THERE IS ALWAYS A SET OF CLUES THAT ALLOW THE SENSITIVE OBSERVER TO DISCRIMINATE BETWEEN THEM AND SEE THEIR PLACE IN THE ULTIMATE RANKING SYSTEM."

--HERBERT PASSIN

2c. ...EVEN A SET OF INDIVIDUALS SHARING IDENTICAL QUALIFICATIONS TEND TO CREATE A DIFFERENCE AMONG THEMSELVES. AS THIS IS REINFORCED, AN AMAZINGLY DELICATE AND INTRICATE SYSTEM OF RANKING TAKES SHAPE.

THERE ARE NUMEROUS EXAMPLES OF THIS RANKING PROCESS. AMONG LATHE OPERATORS WITH THE SAME QUALIFICATIONS THERE EXIST DIFFERENCES OF RANK BASED ON RELATIVE AGE, YEAR OF ENTRY INTO THE COMPANY OR LENGTH OF CONTINUOUS SERVICE; AMONG PROFESSORS AT THE SAME COLLEGE, RANK CAN BE ASSESSED BY THE FORMAL DATE OF APPOINTMENT; AMONG COMMISSIONED OFFICERS IN THE FORMER JAPANESE ARMY THE DIFFERENCES BETWEEN RANKS WERE VERY GREAT, AND IT IS SAID THAT EVEN AMONG SECOND LIEUTENANTS DISTINCT RANKING WAS MADE ON THE BASIS OF RATER OF APPOINTMENT. AMONG DIPLOMATS, THERE IS A VERY WIDE GULF BETWEEN FIRST SECRETARY AND SECOND SECRETARY; WITHIN EACH GRADE THERE ARE INFORMAL RANKS OF SENIOR AND JUNIOR ACCORDING TO THE YEAR WHEN THE FOREIGN SERVICE EXAMINATION WAS PASSED.

CHIE NAKANE  
JAPANESE SOCIETY

2d. WITHOUT CONSCIOUSNESS OF RANKING, LIFE COULD NOT BE CARRIED ON SMOOTHLY IN JAPAN, FOR RANK IS THE SOCIAL NORM ON WHICH JAPANESE LIFE IS BASED. IN A TRADITIONAL JAPANESE HOUSE THE ARRANGEMENT OF A ROOM MANIFESTS THIS GRADATION OF RANK AND CLEARLY PRESCRIBES THE RANKING DIFFERENCES WHICH ARE TO BE OBSERVED BY THOSE WHO USE IT. THE HIGHEST SEAT IS ALWAYS AT THE CENTRE BACKED BY THE TOKOMORA (ALCOVE), WHERE A PAINTED SCROLL IS HUNG AND FLOWERS ARE ARRANGED; THE LOWEST SEAT IS NEAREST THE ENTRANCE TO THE ROOM. THIS ARRANGEMENT NEVER ALLOWS TWO OR MORE INDIVIDUALS TO BE PLACED AS EQUALS. WHATEVER THE NATURE OF THE GATHERING, THOSE PRESENT WILL EVENTUALLY ESTABLISH A SATISFACTORY ORDER AMONG THEMSELVES, AFTER EACH OF THEM HAS SHOWN THE NECESSARY PRELIMINARIES OF THE ETIQUETTE OF SELF-EFFACEMENT. STATUS, AGE, POPULARITY, SEX, ETC., ARE ELEMENTS WHICH CONTRIBUTE TO THE FIXING OF THE ORDER, BUT STATUS IS WITHOUT EXCEPTION THE DOMINANT FACTOR. A GUEST IS ALWAYS PLACED HIGHER THAN THE HOST UNLESS HIS STATUS IS MUCH LOWER THAN THAT OF THE HOST. A GUEST COMING FROM A MORE DISTANT PLACE IS ACCORDED PARTICULARLY RESPECTFUL TREATMENT.

CHIE NAKANE  
JAPANESE SOCIETY

3a. THE JAPANESE PERSONALITY HAS WEAK, INDISTINCT, PERMEABLE BOUNDARIES BETWEEN THE SELF AND OTHER; IS DEPENDENT AS OPPOSED TO INDEPENDENT; GROUP-COOPERATIVE RATHER THAN SELF-RELIANT; CONFORMING RATHER THAN INNOVATIVE; AND ACCEPTING OF PERSONAL RATHER THAN RATIONAL-LEGAL AUTHORITY.

ROBERT HUNTINGTON, "COMPARISON OF WESTERN &amp; JAPANESE CULTURES," MONUMENTA NIPPONICA. VOL. XXIII, NO. 3-4, p. 477.

3c. THE JAPANESE ARE OFTEN THOUGHT BY FOREIGNERS TO BE VERY RESERVED. A MORE ACCURATE DESCRIPTION WOULD BE THAT JAPANESE ON THE WHOLE ARE NOT SOCIABLE. THIS IS PARTLY BECAUSE, ONCE OUTSIDE THEIR IMMEDIATE ORBIT, THEY ARE AT A LOSS FOR APPROPRIATE FORMS OF EXPRESSION. THEY HAVE NOT DEVELOPED TECHNIQUES FOR DEALING WITH PERSONS 'OUTSIDE', BECAUSE THEIR LIVES ARE SO TIGHTLY CONCENTRATED INTO THEIR 'OWN' GROUPS. WITHIN THESE GROUPS, THE JAPANESE COULD NOT BE DESCRIBED AS RESERVED. IN VIRTUE OF THE SENSE OF UNITY FOSTERED BY THE ACTIVITIES AND EMOTIONS OF THE GROUP, EACH MEMBER IS SHAPED TO MORE OR LESS THE SAME MOULD, AND FORCED TO UNDERGO THE KNEADING EFFECTS OF GROUP INTERACTION WHETHER HE LIKES IT OR NOT. THE INDIVIDUAL JAPANESE HAS LITTLE OPPORTUNITY TO LEARN SOCIABILITY. WHATEVER SECURITY HE FEELS IS DERIVED FROM ALIGNING AND MATCHING HIMSELF WITH GROUP PURPOSE AND PLAN; HIS CIRCLE IS ALL HE KNOWS, AND THERE IS LITTLE REAL FUNCTIONAL VALUE IN MORE SOCIALIZING.

CHIE NAKANE  
JAPANESE SOCIETY

## 3e. A JAPANESE PSYCHOANALYST'S VIEW

HOW THE PROBLEM OF GENERATIONS CAN DIFFER IN DIFFERENT CULTURES MAY BE ILLUSTRATED BY A CONTROVERSY BETWEEN AMERICAN AND JAPANESE PSYCHOANALYSTS: IN JAPAN THE PSYCHOANALYST'S TASK WAS SEEN TO CONSIST IN HELPING THE YOUNG INDIVIDUAL TO GIVE UP HIS SEARCH FOR SELF-IDENTITY; HIS SELF-REALIZATION WAS TO BE SOUGHT NOT IN INDIVIDUATION BUT IN ACCEPTING HIS PLACE WITHIN THE FAMILY IN THE TRADITIONAL SUBSERVIENT POSITION OF THE SON TOWARD HIS FATHER. THUS A JAPANESE PATIENT "AS HE APPROACHED THE SUCCESSFUL CONCLUSION OF HIS TREATMENT SAID, 'DURING MY VACATION MY MOTHER TOLD ME ON ONE OCCASION THAT I WAS NOW PLEASING MY FATHER BETTER AGAIN.' THE PSYCHOANALYST, IN REVIEWING THE CHANGES IN THE PATIENT'S PERSONALITY, SAYS, 'HIS PSYCHIC STATE IS NOW AS HARMONIOUS AS ONE AS CAN EVER BE REACHED BY HUMAN BEINGS' I.E., IN ACCORDANCE WITH THE NATIONAL MORES AND ASPIRATIONS OF JAPAN."

BRUNO BETTELHEIM, "THE PROBLEM OF GENERATIONS," AMERICA CHANGING, EDITED BY P. GLEESON (CHARLES E. MORROW, 1968), P. 12.

2e. A JAPANESE FINDS HIS WORLD CLEARLY DIVIDED INTO THREE CATEGORIES, 'SEMPAI' (SENIORS), 'KOHAI' (JUNIORS) AND 'DORYO'. 'DORYO', MEANING 'ONE'S COLLEAGUES', REFERS ONLY TO THOSE WITH THE SAME RANK, NOT TO ALL WHO DO THE SAME TYPE OF WORK IN THE SAME OFFICE OR ON THE SAME SHOP FLOOR; EVEN AMONG 'DORYO', DIFFERENCES IN AGE, YEAR OF ENTRY OR OF GRADUATION FROM SCHOOL OR COLLEGE CONTRIBUTE TO A SENSE OF 'SEMPAI' AND 'KOHAI'. THESE THREE CATEGORIES WOULD BE SUBSUMED UNDER THE SINGLE TERM 'COLLEAGUES' IN OTHER SOCIETIES.

CHIE NAKANE  
JAPANESE SOCIETY

3b. FOR JAPANESE OF ALL AGES, IN VIRTUALLY ANY SITUATION, HAVE A POWERFUL URGE TOWARD GROUP FORMATION: WHEN THEY WISH TO DO SOMETHING STARTLING (INTELLECTUAL, ARTISTIC, SOCIAL, OR POLITICAL), THEY ARE LIKELY TO GO ABOUT IT BY FORMING, JOINING, OR ACTIVATING A GROUP. THE EXTRAORDINARY ARRAY OF STUDENT CIRCLES, OF CULTURAL, PROFESSIONAL, POLITICAL, AND NEIGHBORHOOD GROUPS--THE 'HORIZONTAL' GROUPS SO PROMINENT AT ALL LEVELS OF SOCIETY--MAKES JAPAN ONE OF THE MOST GROUP-CONSCIOUS NATIONS IN THE WORLD.

ROBERT J. LIFTON, "YOUTH AND HISTORY: INDIVIDUAL CHANGE IN POSTWAR JAPAN," THE CHALLENGE OF YOUTH, ED. ERIK H. ERIKSON, NEW YORK, BASIC BOOKS, DOUBLEDAY CO., 1965 (COPYRIGHT 1961), P. 273.

3d. IN NEARLY ALL ACTIVITIES AND ISSUES THE JAPANESE TRADITIONALLY THINK OF THEMSELVES AS MEMBERS OF A GROUP, AND THEIR SATISFACTIONS ARE LARGELY EXPECTED TO COME THROUGH GROUP FULFILLMENT OF GROUP OBJECTIVES. IN TRADITIONAL JAPANESE CULTURE, AND TO AN AMAZING DEGREE TODAY, ONE OF THE WORST OF ALL SINS IS TO DISPLAY AN EGOISTIC DISREGARD OF, DISINTEREST IN, OR RESISTANCE TO GROUP MORES, ATTITUDES, TABOOS, TOTEMS, TRADITIONS OR OBJECTIVES--OR OFTEN JUST TO DISPLAY ANY INDIVIDUALISM AT ALL.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970

3f. IN PARTICULAR, A JUNIOR TAKES EVERY CARE TO AVOID ANY CONFRONTATION WITH HIS SUPERIOR. SUCH ATTEMPTS LEAD TO THE POINT THAT A FLATLY NEGATIVE FORM IS RARELY EMPLOYED IN CONVERSATION: ONE WOULD PREFER TO BE SILENT RATHER THAN UTTER WORDS SUCH AS 'NO' OR 'I DISAGREE'. THE AVOIDANCE OF SUCH OPEN AND BALD NEGATIVE EXPRESSION IS ROOTED IN THE FEAR THAT IT MIGHT DISRUPT THE HARMONY AND ORDER OF THE GROUP, THAT IT MIGHT HURT THE FEELINGS OF A SUPERIOR AND THAT, IN EXTREME CIRCUMSTANCES, IT COULD INVOLVE THE RISK OF BEING CAST OUT FROM THE GROUP AS AN UNDESIRABLE MEMBER. EVEN IF THERE ARE OTHERS WHO SHARE A NEGATIVE OPINION, IT IS UNLIKELY THAT THEY WILL JOIN TOGETHER AND OPENLY EXPRESS IT, FOR THE FEAR THAT THIS MIGHT JEOPARDIZE THEIR POSITION AS DESIRABLE GROUP MEMBERS. INDEED, IT OFTEN HAPPENS THAT, ONCE A MAN HAS BEEN LABELLED AS ONE WHOSE OPINIONS RUN CONTRARY TO THOSE OF THE GROUP, HE WILL FIND HIMSELF OPPOSED ON ANY ISSUE AND RULED OUT BY MAJORITY OPINION. NO ONE WILL DEFEND HIM IN ANY CIRCUMSTANCE.

CHIE NAKANE  
JAPANESE SOCIETY

3g. ...THE REALITY UNFORTUNATELY MAY BE QUITE THE CONTRARY. TO THE JAPANESE SIDE, MANY TIMES, MEETINGS OR DISCUSSIONS SERVE MORE TO DEVELOP AN ATMOSPHERE RATHER THAN COMMUNICATE POSITIONS. WHEN TO THE JAPANESE SIDE A PARTICULAR MEETING HAS THE OBJECTIVE OF DEVELOPING A HARMONIOUS RELATIONSHIP BETWEEN THE TWO SIDES, THEN THE JAPANESE SIDE IS REPRESENTED BY THOSE WHO CAN ACHIEVE THE OBJECTIVE BEST, NAMELY THOSE INDIVIDUALS WHO ARE FRIENDLY AND SYMPATHETIC TO THE FOREIGN VIEW. WE HAVE THE EXAMPLE OF JAPANESE TRADING COMPANY DELEGATES TO PEKING WHO GET CARRIED AWAY WITH THIS APPROACH AND IN THEIR PUBLIC STATEMENTS SOUND MORE LIKE PROPAGANDISTS FOR PEKING THAN LIKE THE HARDHEADED BUSINESSMEN THEY ARE.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

4a. THERE WAS AN OLYMPIC HOOD IN JAPAN IN THE EARLY 1960'S. TOKYO, THE SITE OF THE 1964 OLYMPICS, WAS BEING DOLLED UP AS NEVER BEFORE. NEW ROADS, HIGHWAYS, OVERPASSES, UNDERPASSES, BRIDGES, STADIUMS, THE MONORAIL, HOTELS, ENGLISH LESSONS FOR TAXI DRIVERS WERE ALL PART OF THE PRETTYING PROCESS. THE FIRST OLYMPICS IN THE ORIENT FOR JAPAN WAS THE CULMINATION OF THE DREAM THAT BEGAN ALMOST 100 YEARS EARLIER WITH THE MEIJI RESTORATION. A FOREIGNER MIGHT WONDER IN A BEMUSED SORT OF WAY WHY THERE WAS SUCH A FUSS OVER AN INTERNATIONAL ATHLETIC CONTEST, BUT TO THE JAPANESE IT WAS MUCH MORE. JAPAN WAS TAKING HER PLACE AS AN EQUAL AMONG EQUALS, THE FIRST ORIENTAL NATION TO DO SO....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

4b. AS ANY FOREIGNER WHO WAS IN JAPAN DURING PREPARATIONS FOR THE OLYMPIC GAMES OF 1964 CAN TESTIFY, WHEN THE JAPANESE DECIDE TO TACKLE A PROJECT, PARTICULARLY ONE THAT IS CONSIDERED TO BE OF NATIONAL INTEREST, THEY TACKLE IT WHOLEHEARTEDLY. THE MEN OF MEIJI WERE NO EXCEPTION. REALIZING THAT THE KNOWLEDGE THEY REQUIRED LAY IN THE WEST, THEY WERE AVID BOTH IN HIRING OF WESTERN TALENT AND IN SENDING JAPANESE ABROAD TO STUDY....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

4c. THE TENDENCY TO INTERCOMPANY COOPERATION, UNDOUBTEDLY CONDITIONED BY THE TRADITIONAL 'COMMUNITY-CENTERED' PSYCHOLOGY OF JAPAN, AS OPPOSED TO THE CULT OF THE INDIVIDUAL, SEEMED TO THE JAPANESE THE BEST WAY TO BUILD A TIGHTLY KNIT INDUSTRIAL STRUCTURE, THUS ENSURING THE GROWTH OF THE COUNTRY

T.F.M. ADAMS AND N. KOBAYASHI,  
THE WORLD OF JAPANESE BUSINESS,  
KODANSHA INTERNATIONAL LTD.,  
TOKYO, 1969, P. 48

4d. SINCE 1948--AND ALMOST CERTAINLY SINCE THE SIGNING OF THE JAPANESE PEACE TREATY IN SAN FRANCISCO IN 1952--THE JAPANESE HAVE REENGAGED THEMSELVES IN THE SAME KIND OF COMMON PURPOSE ENTERPRISE, IN THIS CASE "CATCHING UP WITH THE WEST" (EXCEPT THAT THE SLOGAN HAS RECENTLY BEEN QUIETLY CHANGED TO "SURPASSING THE WEST").

HERMAN KAHN, THE EMERGING  
JAPANESE SUPERSTATE, NEW  
JERSEY, PRENTICE-HALL, 1970

4e. ...DECISIONS, OF COURSE, MAY BE DESPERATELY UNWELCOME TO THE INDIVIDUAL WHOSE FATE IS BEING SETTLED. HIS ELDERS, HOWEVER, WHO HAVE THEMSELVES SUBMITTED IN THEIR LIFETIMES TO DECISIONS OF FAMILY COUNCILS, ARE IMPREGNABLE IN DEMANDING OF THEIR JUNIORS WHAT THEY HAVE BOWED TO IN THEIR DAY. THE SANCTION BEHIND THEIR DEMAND IS VERY DIFFERENT FROM THAT WHICH, BOTH IN LAW AND IN CUSTOM, GIVES THE PRUSSIAN FATHER ARBITRARY RIGHTS OVER HIS WIFE AND CHILDREN. WHAT IS DEMANDED IS NOT FOR THIS REASON LESS EXACTING IN JAPAN, BUT THE EFFECTS ARE DIFFERENT. THE JAPANESE DO NOT LEARN IN THEIR HOME LIFE TO VALUE ARBITRARY AUTHORITY, AND THE HABIT OF SUBMITTING TO IT EASILY IS NOT FOSTERED. SUBMISSION TO THE WILL OF THE FAMILY IS DEMANDED IN THE NAME OF A SUPREME VALUE IN WHICH, HOWEVER ONEROUS ITS REQUIREMENTS, ALL OF THEM HAVE A STAKE. IT IS DEMANDED IN THE NAME OF A COMMON LOYALTY.

RUTH BENEDICT  
THE CHRYSANTHEMUM AND THE SWORD

### Social and Group Unity and Harmony (Communal)

today (despite a nominal emphasis on democratic individuality and other erosions of traditional patterns and ties), one of the worst of all sins is to display an egoistic disregard of, disinterest in, or resistance to group mores, attitudes, taboos, totems, traditions, or objectives--or often just to display any individualism at all.

### Unsurpassed Capacity for Purposive, Dedicated and Communal Action

"The remarkable feat of the Japanese in carrying out a conscious and deliberate modernization process in the late nineteenth and early twentieth century (the Meiji era) not only was the first really successful example of modernization by a non-European nation, but it was accomplished with an efficiency, skill, intensity, continuity, and perseverance that is still the wonder of the world. In part this success was due to an increasing flexibility and willingness to experiment--to try almost anything once."

### Sense of Being on Display and Being Judged

"To give some mundane examples of how powerful an agent of change this characteristic can be, consider the following vignettes: Japanese men used to strip down to their undershorts on public conveyances in order to be comfortable. The government notified them that it embarrassed European travelers and made these Europeans judge the country to be uncivilized. Almost overnight the Japanese adopted the European standards--at least in accommodations normally used by Europeans. The same thing occurred when occurred when Haneda Airport was first opened near Tokyo. People who came to watch airplanes come in and take off would gather on a special balcony. In hot weather the men often stripped to their shorts to cool off. No Japanese seemed to mind, but it struck visiting Europeans and Americans odd. So it was stopped."

"Similarly, at one point when I was in Tokyo the Police Department issued a statement that the taxi drivers' excessive use of car horns was bothering foreign visitors, particularly the Americans. I was later told that this resulted in a sharp decrease in that particular source of noise."

### Japanese Patriotism--Kokutai--Mystic Sense of Being Special and Distinct

"The distortion of kokutai by the prewar militarists contributed to the rise of Japanese totalitarianism. The book Fundamentals of Our National Essence, published by the Ministry of Education, expressed the official doctrine of Kokutai No Hongi. Used as a school guide in national ideology, it attempted to reformulate Japan's unique Kokutai, to warn against Western influence, and to stress the importance of the nation over the individual. The book emphasized the values of loyalty, harmony, filial piety, selflessness, the martial spirit of bushido, and devotion to the Emperor. The people were exhorted to create "a new Japanese culture by adopting and sublimating Western cultures with our national essence as the basis."

"It will not be at all surprising if, as many are beginning to expect, the immediate future brings a sharp turn toward the "right" and toward patriotism, as well as a revival of some aspects of kokutai. While no one, including this author, expects the manic intensity of interwar Japan, some of the traditional and not necessarily unhealthy spirit, as characterized for example by Meiji Japan, may be restored."

## ⑤ A SITUATIONAL ETHIC

5a. ACCORDING TO RUTH BENEDICT, THE JAPANESE CHARACTER WAS IN LARGE MEASURE THE PRODUCT OF EXPLICIT TRAINING IN THE NEED FOR SELF-SACRIFICING PURSUIT OF DUTY--OF DUTY TOWARDS THE EMPEROR, THE NATION, THE FAMILY, STATUS SUPERIORS AND PERSONAL BENEFACTORS, AND OF THE DUTY TO MAINTAIN ONE'S GOOD NAME IN ORDER TO RETAIN THE ESTEEM OF ONE'S GROUP--A PRE-OCCUPATION WHICH MADE SHAME RATHER THAN GUILT THE MAJOR MORAL SANCTION. SINCE THE DUTIES WERE PARTICULAR DUTIES RELATING TO PARTICULAR SPHERES OF CONDUCT AND PARTICULAR SOCIAL RELATIONS, LARGE AREAS OF LIFE WERE LEFT FREE FOR INNOCENT SENSUAL ENJOYMENT, UNTRoubLED, IF THERE WAS NO CONFLICT WITH DUTY, BY ANY SENSE OF GUILT. AND THIS DICHOTOMY WAS EXEMPLIFIED AND REINFORCED BY THE DISCONTINUITY OF CHILDHOOD TRAINING--THE INDULGENCE OF EARLY CHILDHOOD CONTRASTING WITH THE SUDDEN REQUIREMENT OF CONFORMIST RESPONSIBLE BEHAVIOR LATER ON. THE JAPANESE HAD, IN SHORT, A "SITUATIONAL ETHIC" WHICH MADE THEM A WELL-DISCIPLINED MORAL PEOPLE IN FAMILIAR SITUATIONS, BUT LACKING IN GUIDE-LINES FOR BEHAVIOR WHEN--AS IN WARTIME--THEY WERE FACED WITH NEW ONES.

ADAPTED FROM R.P. DORE, "THE JAPANESE PERSONALITY," GUY WINT (ED.), ASIA HANDBOOK, MIDDLESEX, ENGLAND, PENGUIN BOOKS, 1969, P. 565.

5b. THERE IS NO ALIENATION, LONELINESS OR IRRITABILITY COMPARABLE TO THAT OF THE JAPANESE WHOSE WORK TAKES HIM TO A FOREIGN COUNTRY. 'THEY'VE PROBABLY COMPLETELY FORGOTTEN ME', AND 'THAT COLLEAGUE OF MINE BACK HOME HAS PROBABLY PLAYED HIS CARDS SO WELL THAT HE'LL BE A MANAGER IN NO TIME'--SUCH APPREHENSIONS SUGGEST THE WRETCHED ATMOSPHERE BUILT ROUND HIMSELF BY THE JAPANESE EXILE. TO DIMINISH THE SENSE OF SEPARATION A LITTLE, HE WRITES LETTERS DILIGENTLY. BUT TO THOSE HE LEFT BACK IN JAPAN HE 'GETS MORE DISTANT DAY BY DAY', SO THE REPLIES GRADUALLY GET FEWER AND FURTHER BETWEEN, AND FINALLY NON-BUSINESS CONNECTIONS CEASE ENTIRELY. HE BECOMES WEARY OF WAITING FOR THE ORDER TO RETURN HOME AND WHEN AT LAST THE LONG-AWAITED PERMISSION IS GRANTED AND HE RETURNS TO HIS OLD JOB IT SOMEHOW JUST IS NOT THE SAME. IT IS CLEARLY A SOCIAL 'MINUS' TO HAVE BEEN AWAY. HE WILL HAVE TO SPEND AN UNCOMFORTABLE PERIOD UNTIL HE AGAIN BECOMES ACCUSTOMED AND READJUSTED TO HIS OLD GROUP, THE CLIMATE OF WHICH MAY WELL HAVE CHANGED SINCE HE LEFT. IN FACT, IT OFTEN HAPPENS THAT THE PROMOTION OF A MAN WHO HAS STAYED ABROAD FOR A CERTAIN PERIOD OF TIME IS DELAYED LONGER THAN THOSE OF HIS COLLEAGUES (DORYO) WHO HAVE SERVED CONTINUOUSLY IN THE MAIN OFFICE. THIS DOES NOT NECESSARILY APPLY, OF COURSE, IN THE CASE OF A COMPANY WHERE BUSINESS REQUIRES ABLE MEN TO RESIDE ABROAD; IN THIS CASE THE VARIOUS BRANCH OFFICES ABROAD ARE RANKED ON THE REGULAR PROMOTION LADDER. EVEN SO, HOWEVER, THE MAN POSTED ABROAD FINDS IT HARD NOT TO FEEL OUT OF THE MAINSTREAM OF DEVELOPMENTS IN HIS FIRM'S AFFAIRS. MOST OF THE JAPANESE MEN ABROAD ARE QUITE HOMESICK, AND VERY CONCERNED WITH PERSONNEL AFFAIRS IN THE HOME OFFICE. IT IS NOT SURPRISING, THEN, THAT THE JAPANESE DOES NOT LIKE TO LEAVE HIS OWN COMMUNITY FOR VERY LONG PERIODS; HE IS VERY PRONE TO THE APPREHENSION THAT TOO LONG A PERIOD OF ABSENCE WILL LEAD AUTOMATICALLY TO AN INABILITY TO KEEP UP-TO-DATE AND TO RETAIN STANDARDS. THIS MEANS BEING EXCLUDED FROM THE ACTIVITIES OF HIS OLD GROUP.

CHIE NAKANE  
JAPANESE SOCIETY

5c. "THERE IS NO MORE PITIFUL SIGHT THAN A JAPANESE ON AN AIRPLANE LEAVING TOKYO AIRPORT FOR HIS FIRST FLIGHT ABROAD...HE WILL BE SO PREOCCUPIED WITH BEHAVING CORRECTLY THAT THE LAST THING HE IS CAPABLE OF IS BEING HELPFUL AND CONSIDERATE. HE IS AS TENSE AS A SOLDIER WHO HAS LANDED IN ENEMY TERRITORY. I KNOW OF NO MORE TELLING OR DEPRESSING EVIDENCE OF THE LACK OF SELF-CONFIDENCE OF JAPANESE MEN, OR AT LEAST OF A LARGE NUMBER OF THEM. AND THESE ARE THE SAME PEOPLE WHO, ONCE SAFELY RETURNED TO JAPAN, WILL BLOSSOM FORTH WITH LOUD CONFIDENT STATEMENTS ABOUT JAPAN'S GREAT NATIONAL STRENGTH."

(LEAD ARTICLE IN NEW YEAR 1966  
ISSUE OF ASAHI JOURNAL)

## ⑥ SENSE OF BEING ON DISPLAY AND BEING JUDGED

6a. THE EXCESSIVE PREOCCUPATION WITH THE SELF MAKES THE JAPANESE, BOTH AS A NATION AND AS INDIVIDUALS, ALMOST MORBIDLY WORRIED ABOUT WHAT OTHERS ARE THINKING OF THEM. AT THE SAME TIME, ONE SHOULD NOT NEGLECT THE FACT THAT, SINCE EVERY WEAKNESS HAS ITS DIRECTLY CORRESPONDING VIRTUE, THIS SAME PREOCCUPATION WITH THE SELF HAS ALSO HELPED BRING JAPAN VERY GREAT ADVANTAGES. IT WAS THE DESIRE NOT TO APPEAR INFERIOR IN THE EYES OF FOREIGNERS WHICH, GIVING AN ADDED SPUR TO THE INNATE VITALITY OF THE JAPANESE PEOPLE, ENABLED THEM TO CARRY THROUGH AN ASTONISHING MODERNIZATION OF THEIR COUNTRY IN SUCH A SHORT TIME. IN THE SAME WAY, THEY BUILD NEW ROADS NOT SO MUCH FOR THEMSELVES BUT SO THAT THEY SHALL NOT BE ASHAMED FOR FOREIGNERS (FOR EXAMPLE, AT THE TIME OF THE OLYMPICS) TO SEE THEM--IN OTHER WORDS, IN ORDER TO PRESENT THEIR NATION IN A BETTER LIGHT TO FOREIGNERS.

MICHIKO INUKAI  
"AGREEING TO DIFFER"  
JAPAN QUARTERLY  
APRIL/JUNE 1966, P. 182

6b. "IT IS NECESSARY TO RESPECT DIFFERENCES IN FOREIGNERS' CUSTOMS AND HABITS, IN DEALING WITH THEM."

"THE FIRST THING IS TO MAKE A GOOD IMPRESSION ON FOREIGNERS."

HAIR SHOULD BE WELL-GROOMED. CHECK IN A MIRROR BEFORE MEETING FOREIGNERS."

"PLAYING WITH YOUR SHOES DURING A CONVERSATION IS DISTURBING. ALSO, NEVER REMOVE THEM OR SIT ON YOUR SHOES ON A SOFA DURING MEETINGS."

"YOUR OPINIONS MAY BE PREJUDICED OR OTHERWISE MISINFORMED. TAKE CARE HOW YOU DEAL WITH THE POLITICS AND RELIGIONS OF ANOTHER COUNTRY..."

"FOR EXAMPLE, ONE MISGUIDED JAPANESE BUSINESSMAN SANG 'AVE MARIA' WHILE VISITING A JEWISH FAMILY. SINCE THE VIRGIN MARY IS NOT A PART OF THAT RELIGION, THIS CAST A CHILL OVER THE PARTY."

"IN AMERICA, THE SECRETARY HAS AN IMPORTANT POSITION. WOMEN IN AMERICAN BUSINESS FREQUENTLY GREET VISITORS WITH A GREAT BIG SMILE IN ORDER TO CREATE A FAVORABLE IMPRESSION. THIS MUST NOT BE MISUNDERSTOOD OR TAKEN PERSONALLY."

"IF TRAVELLING WITH A FOREIGNER, BETTER NOT TO SMOKE OR FALL ASLEEP. WHERE THIS IS UNAVOIDABLE, APOLOGIZE BEFOREHAND."

"THE STAKES IN ASIA," ABC NEWS DEPT., JUNE 28, 1970.

6c. "[THE JAPANESE CHILD IS TAUGHT A WHOLE SERIES OF RESTRAINTS. HE IS TOLD 'IF YOU DO THIS...'] PEOPLE WILL LAUGH AT YOU." THE CHILD IS TAUGHT NOT TO ESCHEW SIN BUT TO AVOID FAUX PAS, EMBARRASSING OR COSTLY ERRORS WHICH WOULD CAUSE OTHERS TO LAUGH AT HIM OR HIS FAMILY TO BE ASHAMED. ALTHOUGH HE IS TAUGHT TO ACQUIRE CERTAIN GENERAL VIRTUES, THE EMPHASIS IS ON WINNING SPECIFIC APPROVAL AND PRAISE...THE FAMILY USES THE HARSH JUDGMENTS OF SOCIETY TO TEACH THE CHILD CONFORMITY AND OBEDIENCE.

"THIS EMPHASIS ON THE JUDGMENT OF SOCIETY MAKES THE INDIVIDUAL JAPANESE A VERY SELF-CONSCIOUS PERSON. 'WHAT WILL THEY THINK OF ME?' IS ALWAYS HIS FIRST THOUGHT, NOT 'WHAT DO I THINK OF THEM?'. EVEN THE MOST HUMBLE JAPANESE FEELS HIMSELF TO BE ON A STAGE BEFORE HIS FELLOW COUNTRYMEN AND THE WHOLE WORLD."

EDWIN O. REISCHAUER, UNITED STATES AND JAPAN (NEW YORK: THE VIKING PRESS, 1968), P. 143.

## ⑦ JAPANESE PATRIOTISM--KOKUTAI--MYSTIC SENSE OF BEING SPECIAL AND DISTINCT

"KOKUTAI IS USUALLY TRANSLATED AS 'NATIONAL POLITY' OR 'NATIONAL ESSENCE,' BUT IT ALSO CONVEYS THE SENSE OF 'BODY' OR 'SUBSTANCE,' AND ITS NATURE IS IMPOSSIBLE TO DEFINE PRECISELY. INCLUDED IN KOKUTAI ARE THE CONCEPTS OF 'NATIONAL STRUCTURE,' PARTICULARLY THE EMPEROR SYSTEM; 'NATIONAL BASIS,' THE MYTH OF THE DIVINE ORIGIN OF JAPAN AND OF ITS IMPERIAL DYNASTY; AND 'NATIONAL CHARACTER,' THOSE SPECIAL JAPANESE MORAL VIRTUES, STEMMING FROM BOTH NATIVE AND CONFUCIAN INFLUENCES, THAT ARE CONSIDERED INDISPENSABLE FOR INDIVIDUAL BEHAVIOR AND SOCIAL COHESION (EMBODIED IN BUSHIDO, OR THE WAY OF THE WARRIOR). ALTHOUGH KOKUTAI IS A RELATIVELY MODERN CONCEPT--MANIPULATED FOR POLITICAL PURPOSES DURING THE MEIJI ERA AND AGAIN IN ASSOCIATION WITH PRE-WORLD WAR II MILITARISM--IT HAD PROFOUND ROOTS IN JAPANESE CULTURAL EXPERIENCE AND EMBRACED SOMETHING IN THE CULTURAL IDENTITY OF ALL JAPANESE.

"MOST YOUNG PEOPLE (WITH THE EXCEPTION OF RIGHTISTS) NO LONGER TAKE KOKUTAI SERIOUSLY; THEY DISMISS IT AS THE PROPAGANDA OF MILITARISTS, AND EVEN FIND IT LAUGHABLE. NEVERTHELESS, THE DISHONORING OF KOKUTAI HAS CREATED IN MANY JAPANESE YOUTH A SENSE OF THEIR OWN PAST AS DISHONORED, OR EVEN OF JAPANESENESS ITSELF AS DISHONORED. THE SUDDEN COLLAPSE OF KOKUTAI REVEALED ITS TENUOUSNESS AS AN IDEOLOGICAL SYSTEM. BUT IT ALSO CREATED AN IDEOLOGICAL VOID AND THUS ENCOURAGED THE POLARIZING TENDENCIES THAT STILL HAUNT JAPANESE THOUGHT--THE URGE TO RECOVER KOKUTAI AND MAKE THINGS JUST AS THEY WERE, AND THE OPPOSITE URGE TO BREAK AWAY ENTIRELY FROM EVERY REMNANT OF KOKUTAI AND MAKE ALL THINGS NEW."

ROBERT J. LIFTON, "YOUTH AND HISTORY: INDIVIDUAL CHANGE IN POSTWAR JAPAN," THE CHALLENGE OF YOUTH, ED. ERIK H. ERIKSON (NEW YORK: BASIC BOOKS, 1965 [COPYRIGHT 1961]), P. 273.

7c. THE POLITICAL THEORY UNDERLYING JAPAN'S IMPERIAL PATRIARCHY IS THE KOKUTAI, TWO IDEOGRAPHS THAT MEAN "NATIONAL" AND "BODY" BUT USUALLY TRANSLATED "NATIONAL ESSENCE" OR "NATIONAL POLITY." IT IS A VAGUELY DEFINED IDEOLOGY, ROOTED IN SHINTO BELIEFS AND OVERLAID WITH CONFUCIAN PHILOSOPHY. IT IS AN EXPRESSION OF IDEALS IN WHICH LOYALTY, FILIAL PIETY, BENEVOLENCE, A SENSE OF UNITY BETWEEN RULERS AND RULED, HARMONY, MUTUAL RESPECT, DUTY TO FAMILY AND EMPEROR, AND SUBMISSION TO AUTHORITY ARE PRIME VIRTUES. KOKUTAI BECAME THE BASIS FOR POLITICAL THOUGHT IN THE MEIJI ERA, PARTICULARLY IN THE CONSTITUTION AND THE IMPERIAL RESCRIPT ON EDUCATION. IN THIS CENTURY, SCHOLARS WHO CONSIDERED THEMSELVES LIBERALS WERE AMONG ITS FOREMOST PROponents. YOSHINO SAKUZO, MIHOBE TATSUKICHI, AND OZAKI YUKIO DEFENDED JAPAN'S KOKUTAI AS UNIQUE AND AS THE FOUNDATION ON WHICH THE NEW POLITICAL ORDER SHOULD BE BUILT. THE PREWAR MILITARISTS TWISTED KOKUTAI AND GAVE IT A HIGHLY MILITARISTIC AND TOTALITARIAN COLORATION, WHICH THE OCCUPATION ELIMINATED.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED A. KNOPF, NEW YORK, 1969, PP. 105-106.

6d. DURING THE WAR THE JAPANESE NEWSPAPERS AND MILITARY COMMANDERS CONTINUALLY REMINDED JAPANESE SOLDIERS THAT "THE EYES OF THE WORLD WERE UPON THEM" AND THAT IT THEREFORE BEHOVED EVERY MEMBER OF THE ARMED FORCES TO BE CONSCIOUS OF HIMSELF AS A REPRESENTATIVE OF JAPAN. JAPANESE SEAMEN WERE WARNED THAT IN THE EVENT AN ORDER WAS GIVEN TO ABANDON SHIP THEY SHOULD MAN THE LIFEBOATS WITH THE UTMOST DECORUM OR "THE WORLD WILL LAUGH AT YOU." INDEED, "THE AMERICANS WILL TAKE MOVIES OF YOU AND SHOW THEM IN NEW YORK."

RUTH BENEDICT, THE CHRYSANTHEMUM AND THE SWORD, NEW YORK, MERIDIAN BOOKS, 1969, P. 29.

7b. IN JAPAN'S LONG HISTORY AND IN THE FORMATION OF HER DISTINCTIVE CULTURE, THERE HAS ALWAYS BEEN A STRONG ELEMENT OF TRANSCENDENTALISM--EPITOMIZED, PERHAPS, IN THE CONCEPT OF KOKUTAI, A VERSION OF THE IDEAL NATIONAL CHARACTER THAT INCLUDES SUCH ELEMENTS AS PURITY OF RACE AND CULTURE, AN EMPEROR-ORIENTED SOCIETY, AND DEDICATED AND SELFLESS PUBLIC SERVICE. UNFORTUNATELY, SUCH A CONCEPT CAN EASILY DEGENERATE INTO ACTUAL ABSOLUTISM AND INTOLERANT CHAUVINISM...

...PRIME MINISTER KIDO, IN HIS DRAFT CONSTITUTION OF 1872, STATED THAT EVERYONE'S NATURAL RIGHTS ARE "INHERENT RIGHTS CONFERRED BY HEAVEN," WHICH SOUNDS LIKE RALPH WALDO EMERSON OR HENRY THOREAU. SO DO SUCH BELIEFS AS THESE: GOVERNMENTS NOT BASED ON CONSTITUTIONS AND LAWS DERIVED FROM THE NATURAL ORDER OF THINGS CANNOT SURVIVE: THERE ARE TWO KINDS OF PRINCIPLE, PHYSICAL AND SPIRITUAL: THE LAW OF NATURE RULES THE ENTIRE UNIVERSE, BUT THE WORLD OF SPIRIT IS DIFFERENT, FOR IT INVOLVES THE MORAL SENSE OF EACH NATION AND PEOPLE. ON THE BASIS OF THIS DISTINCTION, THE CONCLUSION WAS REACHED THAT "OUR" (THAT IS, JAPANESE) CUSTOMS, CONDITIONS, AND TENDENCIES ARE PECULIAR AND ANSWERABLE ONLY TO A HIGHER LAW OF JAPANESENESS RATHER THAN TO ANY HIGHER LAW THAT HAS BEEN POSTULATED BY OUTSIDERS AS BEING THE SUPREME ORDERING FORCE IN THE UNIVERSE--A BELIEF THAT HAS LED TO MANY ABUSES....

MARSHAL E. DIMOCK  
THE JAPANESE TECHNOCRACY

7d. 'IN CASE CHINA CAME TO ATTACK OUR COUNTRY, WITH CONFUCIUS AS GENERAL AND MENCIOUS AS LIEUTENANT-GENERAL AT THE HEAD OF HUNDREDS OF THOUSANDS OF HORSES, WHAT DO YOU THINK WE STUDENTS OF CONFUCIUS AND MENCIOUS OUGHT TO DO?' THE STUDENTS WERE UNABLE TO OFFER AN ANSWER. 'WE DON'T KNOW, WHAT WE SHOULD DO', THEY SAID, 'SO PLEASE LET US KNOW WHAT YOU THINK ABOUT IT.' 'SHOULD THAT EVENTUALITY ARISE,' HE SAID, 'WOULD PUT ON ARMOR AND TAKE UP A SPEAR TO FIGHT AND CAPTURE THEM ALIVE IN THE SERVICE OF MY COUNTRY.'

RIDDLE OF ANSAI YAMAZAKI (1618-82)

KOKUTAI NO HONGI

7e. THE OFFICIAL DOCTRINE OF THE MILITARISTS WAS THE KOKUTAI NO HONGI, OR FUNDAMENTALS OF OUR NATIONAL ESSENCE, PUBLISHED BY THE MINISTRY OF EDUCATION IN 1937. THE BOOK WAS A COURSE IN NATIONAL IDEOLOGY FOR SCHOOLS AND STUDY GROUPS TO DISCUSS AND BRING ABOUT A NATIONAL UNIFORMITY. IT REAFFIRMED JAPAN'S UNIQUE KOKUTAI, WARNED AGAINST WESTERN INFLUENCES, AND STRESSED THE OVERRIDING IMPORTANCE OF THE NATION, NOT THE INDIVIDUAL. IT DWELT ON THE VIRTUES OF LOYALTY AND PATRIOTISM, FILIAL PIETY, HARMONY (MEANING CONFORMITY), THE MARTIAL SPIRIT OF BUSHIDO (WAY OF THE WARRIOR), SELFLESSNESS, AND DEVOTION TO THE EMPEROR. IT CALLED ON THE JAPANESE PEOPLE "TO BUILD UP A NEW JAPANESE CULTURE BY ADOPTING AND SUBLIMATING WESTERN CULTURES WITH OUR NATIONAL ESSENCE AS THE BASIS."

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED A. KNOPF, NEW YORK, 1969, P. 57.

7f. AT FIRST MERCHANT HOUSES WERE RELUCTANT TO GO INTO BANKING OTHER THAN AS SHAREHOLDERS, BUT MANY OF THE SAMURAI CLASS, WHO HAD RECEIVED COMMUTATION PAYMENTS, HAD BOTH THE FUNDS AND THE KNOWLEDGE TO BECOME AT LEAST EMBRYONIC BANKERS. FACE WAS SAVED BY THE FACT THAT BANKS HAD TO BE FORMED IN ORDER TO SERVE INDUSTRY, WHICH SERVED THE STATE AND THUS THE EMPEROR. IT CAME TO BE CONSIDERED ALMOST A PATRIOTIC DUTY FOR EDUCATED SAMURAI TO GO INTO BANKING. THE FIFTEENTH BANK, WHICH WAS ALSO CALLED THE PEERS' BANK, WAS FOUNDED BY THE NOBILITY.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

A Situational Ethic, Sense of Being on Display,  
Japanese Patriotism

Nationally Egoistic and Assimilative

"The Japanese people have almost always had a very clear conception of themselves as being special, as being Japanese and therefore unique. However, this did not prevent them from deliberately adopting all kinds of ideas, practices, techniques, technologies, concepts, and so on from Chinese and later from various European and American examples. But from the very beginning they were consciously selective, as indicated by the ninth-century slogan 'Chinese knowledge, Japanese spirit.'"

Politically Pluralist

"For more than a thousand years national power and authority have nearly always been divided--sometimes between factions and groups (as today) in an almost feudal manner, sometimes between shogun or bakufu and an emperor, sometimes in an even more complex and subtle fashion. Almost never has there been a Caesar-Pope uniting both secular and religious authority in one figure or a totalitarian all-powerful and self-legitimizing dictator."

Assertive Attitude Towards: Competent Perfective Technology,  
Environment, Private Property, History  
(A Working Out of the National Destiny)

A. Competent Perfective Technology. "Throughout their history the Japanese have admired good craftsmanship and have been able to master almost any technology available to them. In addition they not only were able to copy another nation's technology but usually were able to change and perfect it in such a way that it became either typically Japanese or at least better for their purposes than the original model. It is thus clear that they can be reasonably creative with technology--or at least it is clear that they have been so in the twentieth century. It is still an open issue whether their creativity will rank with that of the English, French, Germans, and, to a lesser degree, Americans and Soviets, and in what areas."

B. Assertive Attitude toward Environment. "Here we would argue the Japanese are something between the West, with its general Faustian attitudes and concept of 'dominion over land and animal,' and China, India, and many primitive cultures, which usually try to fit man into the environment in a natural, noncoercive, and nondisturbing manner. The Japanese are somewhat willing to make changes in the environment and to assert their will and fulfill their objectives, but they tend to do so less grossly, less starkly, and with greater moderation, care, and even love for the environment than is characteristic of the root-and-branch restructuring common in Western tradition. Oddly enough, when it comes to such things as gardens everything must be disciplined and planned--the natural and spontaneous have no place unless they are carefully planned for and designed into the system."

⑧ NATIONALLY EGOISTIC AND ASSIMILATIVE

8a. EVER SINCE THE TIME JUST BEFORE MEIJI RESTORATION EDUCATED JAPANESE HAVE LOOKED TO THE WEST WITH A UNIQUELY INTENSE AMBIVALENCE. THEY HAVE FELT IMPULSED TO IMMERSE THEMSELVES IN WESTERN IDEAS AND STYLES OF LIFE IN ORDER TO BE ABLE TO FEEL THEMSELVES THE EQUALS OF WESTERNERS, AND AT THE SAME TIME THEY HAVE WAGED A CONSTANT STRUGGLE AGAINST BEING PSYCHOLOGICALLY INUNDATED BY THESE SAME WESTERN INFLUENCES. IN THE PROCESS THEY HAVE EXPERIMENTED WITH A GREATER VARIETY OF IDEAS, OF BELIEF-SYSTEMS, OF POLITICAL, RELIGIOUS, SOCIAL AND SCIENTIFIC WAYS OF THINKING AND FEELING THAN PERHAPS ANY OTHER PEOPLE IN THE WORLD. AND THEY HAVE AS INDIVIDUALS LEARNED TO MOVE QUICKLY AND RELATIVELY EASILY FROM ONE OF THESE PATTERNS TO ANOTHER, TO COMPARTMENTALIZE THEIR BELIEFS AND IDENTIFICATIONS AND THEREBY MAINTAIN EFFECTIVE PSYCHOLOGICAL FUNCTION.

ROBERT JAY LIFTON, "YOUTH AND HISTORY: INDIVIDUAL CHANGE IN POSTWAR JAPAN," E. ERIKSON (ED.), THE CHALLENGE OF YOUTH, NEW YORK, ANCHOR BOOKS, 1965, P. 269.

8b. TO THE JAPANESE, KNOWLEDGE IS NOT THE WESTERN ABSORPTION OF THE OUTSIDE INTO THE INNER SELF THROUGH SOME KIND OF REDUCTION OF THE SENSIBLE QUALITIES; IT IS A PENETRATION, A COEXISTENCE WITH THE WORLD OF PERSONS AND THINGS. METAPHYSICAL PROPERTIES DO NOT INTEREST THE JAPANESE, WHO ARE ENTHRALLED WITH THE QUALITY OF WHATEVER SURROUNDS THEM. THE JAPANESE ARE ALWAYS IN A STATE OF RAPTURE WITH THINGS. THE WESTERNERS QUESTION THE WORLD, AND KEEP WONDERING "WHY?" THIS "WHY" IS ONE OF THE FEW ATTITUDES WHICH GET ON THE NERVES OF THE JAPANESE. THE WESTERNERS BUILD, CONQUER, ORGANIZE; THE JAPANESE SHELTER THEMSELVES, OBEY, TAKE A DELIGHT IN WHATEVER THEY SEE IN THE NEW CORNER OF THE MAZE THEY INCESSANTLY GO THROUGH. IN THIS PERSPECTIVE, THE BEST GUARANTEE OF THE EXISTENCE OF THINGS IS THEIR AFFECTIVE PERCEPTION. FOR THE JAPANESE TO KNOW IS "TO BE WITH." BY CO-BEING, BY CO-GROWING, BY CO-DEVELOPING WITH NATURE, THEY REALIZE THIS UNITY, WHICH IS THE AIM OF ANY EPISTEMOLOGICAL THEORY.

ROBERT J. BALLON,  
DOING BUSINESS IN JAPAN, 1967.

8c. THE JAPANESE PEOPLE HAVE ALMOST ALWAYS HAD A VERY CLEAR CONCEPTION OF THEMSELVES AS BEING SPECIAL, AS BEING JAPANESE AND THEREFORE UNIQUE. HOWEVER, THIS DID NOT PREVENT THEM FROM DELIBERATELY ADOPTING ALL KINDS OF IDEAS, PRACTICES, TECHNIQUES, TECHNOLOGIES, CONCEPTS AND SO ON FROM CHINESE AND LATER FROM VARIOUS EUROPEAN AND AMERICAN EXAMPLES. BUT FROM THE VERY BEGINNING THEY WERE CONSCIOUSLY SELECTIVE, AS INDICATED BY THE NINTH-CENTURY SLOGAN "CHINESE KNOWLEDGE, JAPANESE SPIRIT."

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970

8d. GEOGRAPHIC ISOLATION AND CULTURAL AND LINGUISTIC DISTINCTIVENESS HAVE MADE THE JAPANESE HIGHLY SELF-CONSCIOUS AND ACUTELY AWARE OF THEIR DIFFERENCES FROM OTHERS. IN A WAY, THIS HAS BEEN A GREAT ASSET TO THEM IN THE MODERN AGE OF NATION-STATES, FOR THEY HAVE FACED NO PROBLEM OF NATIONAL IDENTITY. INDEED, JAPAN CONSTITUTES WHAT MAY BE THE WORLD'S MOST PERFECT NATION-STATE: A CLEAR-CUT GEOGRAPHIC UNIT CONTAINING ALMOST ALL OF THE PEOPLE OF A DISTINCTIVE CULTURE AND LANGUAGE AND VIRTUALLY NO ONE ELSE. ON THE OTHER HAND, EXTREME SELF-CONSCIOUSNESS BRED OF ISOLATION HAS BEEN A HANDICAP IN OTHER WAYS. IT HAS MADE THE JAPANESE SOMEWHAT TENSE IN THEIR CONTACTS WITH OTHERS. THEY HAVE SHOWN RELATIVELY LITTLE SENSITIVITY TO THE FEELINGS OR REACTIONS OF OTHER PEOPLES. AT TIMES THEY HAVE SEEMED OBSESSED WITH A SENSE EITHER OF SUPERIORITY OR OF INFERIORITY TOWARD THE OUTSIDE WORLD. JAPAN'S ISOLATION MAY HELP TO EXPLAIN SOME OF THE EXTREMES IN HER INTERNATIONAL RELATIONS AND ALSO, PERHAPS, THE UNEASINESS JAPANESE FEEL TODAY ABOUT THEIR PLACE IN THE WORLD.

E.O. REISCHAUER, JAPAN: THE STORY OF A NATION, A. KNOPF, NEW YORK, 1970, P. 8

⑨ POLITICALLY PLURALIST

9a. THERE SEEMS TO BE GENERAL AGREEMENT AMONG STUDENTS OF JAPANESE POLITICS THAT THE NATION IS NOW GOVERNED JOINTLY BY ORGANIZED BUSINESS, THE PARTY GOVERNMENT, AND THE ADMINISTRATIVE BUREAUCRACY.

AS TO WHICH OF THE THREE GROUPS IS MOST POWERFUL, THERE IS NO AGREEMENT. ANY JUDGMENT MUST NECESSARILY BE HIGHLY SUBJECTIVE AND IS LIKELY TO BE BIASED. PROFESSIONAL POLITICIANS BELIEVE THAT THE ADMINISTRATORS ARE RUNNING THE COUNTRY. BUSINESSMEN ARE QUICK TO ASSERT THAT THE PARTY POLITICIANS DETERMINE NATIONAL POLICIES. ADMINISTRATORS ARE CONVINCED THAT ORGANIZED BUSINESS, WORKING THROUGH THE PARTY IN POWER, IS IN CONTROL OF NATIONAL POLICIES.

IN TERMS OF ECONOMIC POLICIES, IT IS EASY TO CONCLUDE THAT ORGANIZED BUSINESS RULES SUPREME. THE POWER OF THE ADMINISTRATIVE BUREAUCRACY OVER ORGANIZED BUSINESS IS QUITE APPARENT WHEN IT COMES TO POWER TO REGULATE AND CONTROL BUSINESS, AND TO GRANT OR WITHHOLD LICENSES, GOVERNMENT LOANS, AND SUBSIDIES. THE PARTY IS NO MATCH AGAINST THE POWER OF ORGANIZED BUSINESS. YET THERE HAVE BEEN INSTANCES WHERE THE PARTY IN POWER WAS ABLE TO EXERT A DECISIVE INFLUENCE OVER BUREAUCRACY. THIS THREE-POWER RELATIONSHIP IS ANALOGOUS TO THAT OF THE THREE-SIDED "TOSSING GAME" CALLED JANKEN, IN WHICH PAPER, STONE, AND SCISSORS ARE FEATURED. PAPER IS STRONGER THAN STONE, WHICH IT CAN WRAP; STONE IS STRONGER THAN SCISSORS, WHICH IT CAN BREAK; AND SCISSORS WIN OUT OVER PAPER, WHICH THEY CAN CUT.

CHITOSHI YANAGA  
JAPANESE PEOPLE AND POLITICS  
NEW YORK, JOHN WILEY & SONS,  
1956, pp. 58-59.

9b. TRADITIONAL INHERITANCES, RACIAL AND CULTURAL HOMOGENEITY, STRONG RELATIONS BETWEEN THE BUREAUCRACY, INDUSTRY, AND BUSINESS, GROUP CONSCIOUSNESS INSTEAD OF THE CULT OF THE INDIVIDUAL: ALL THESE WERE STRATEGIC FACTORS IN THE RAPID GROWTH OF JAPANESE ENTERPRISES AND IN ESTABLISHING THEM WITHIN THE OVERALL INDUSTRIAL STRUCTURE, SO THAT BASICALLY THEY SERVED THE STATE.

T.F.M. ADAMS AND N. KOBAYASHI, THE WORLD OF JAPANESE BUSINESS, KODANSHA INTERNATIONAL LTD., TOKYO AND PALO ALTO, 1969, P. 50.

9c. FOR MORE THAN A THOUSAND YEARS NATIONAL POWER AND AUTHORITY HAS NEARLY ALWAYS BEEN DIVIDED--SOMETIMES BETWEEN FACTIONS AND GROUPS (AS TODAY) IN AN ALMOST FEUDAL MANNER, SOMETIMES BETWEEN SHOGUN OR BAKUFU AND AN EMPEROR, SOMETIMES IN AN EVEN MORE COMPLEX AND SUBTLE FASHION. ALMOST NEVER HAS THERE BEEN A CAESAR-POPE UNITING BOTH SECULAR AND RELIGIOUS AUTHORITY IN ONE FIGURE OR A TOTALITARIAN ALL-POWERFUL AND SELF-LEGITIMATING DICTATOR.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970.

9d. JAPAN IS PROBABLY THE ONLY LARGE COUNTRY IN THE WORLD IN WHICH ALMOST EVERYBODY CONCERNED--MANAGEMENT, LABOR, CONSUMERS, FAMILY, THE GENERAL PUBLIC--TENDS TO IDENTIFY THE SUCCESS OF A BUSINESS FIRM WITH THE SUCCESS OF THE NATION AND WITH HIS OWN INDIVIDUAL SUCCESS. THE FIRM'S TRIUMPH IS THE NATION'S TRIUMPH AND ALSO THEIR OWN TRIUMPH.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970

⑩ ASSERTIVE ATTITUDE TOWARDS: COMPETENT PERFECTIVE TECHNOLOGY, ENVIRONMENT, PRIVATE PROPERTY, HISTORY (A WORKING OUT OF THE NATIONAL DESTINY)

10a. BY THE MID-1960'S, TOP LEADERSHIP IN BUSINESS, GOVERNMENT, POLITICS AND OTHER FIELDS WAS STILL IN THE HANDS OF MEN BORN AND RAISED BEFORE THE WAR. HIGHLY SECULAR, THEIR ETHIC WAS OFTEN DESCRIBED AS "SITUATIONAL" OR, IN MORE PEJORATIVE TERMS, OPPORTUNISTIC. THEY COMBINED A RESPECT FOR ORDER, HARMONY, AND DECORUM IN PERSONAL RELATIONS WITH AN INTENSE DESIRE TO ACQUIRE FOR THEIR COUNTRY AND THEMSELVES THE LATEST BENEFITS OF WESTERN SCIENCE AND TECHNOLOGY. IN THEIR PUBLIC LIVES THESE MEN HAD ONE OVERRULING GOAL: TO REBUILD THE JAPANESE ECONOMY AND REENTER WORLD SOCIETY AS A RESPECTED POWER; TO "CATCH UP WITH THE WEST" WAS THE WATCHWORD OF THEIR NATIONAL PLANNING.

LAWRENCE OLSON IN H. PASSIN  
(EDITOR), THE U.S. AND JAPAN,  
PRENTICE HALL, 1966, P. 59.

10c. THUS, IT IS THE CATCHING UP WITH THE AMERICANS IN THE SPHERE OF ECONOMICS, INCLUDING TECHNOLOGY, PRODUCTION, AND CONSUMPTION, THAT HAS BECOME THE BURNING AMBITION OF THE JAPANESE. SO SWEEPING AN ASSERTION MUST OBVIOUSLY BE HEDGED WITH MANY QUALIFICATIONS AND RESERVATIONS, AND I AM NOT FOR A MOMENT SUGGESTING THAT THE JAPANESE HAVE EVER CONSIDERED REMODELLING THEIR COUNTRY IN THE IMAGE OF THE UNITED STATES. FOR ONE THING, THEY NEITHER UNDERSTAND NOR AGREE WITH THE BASIC SOCIAL AND POLITICAL PREMISES OF AMERICA'S ECONOMIC SYSTEM: EQUALITY OF OPPORTUNITY AND RECOGNITION OF INDIVIDUAL COMPETENCE. BUT THEIR GUIDING ECONOMIC PHILOSOPHY, SINCE THE END OF THE WAR, HAS, LIKE THAT OF AMERICA, BEEN EXPANSION. THEIR CONDUCT HAS CONFORMED TO THE PRINCIPLE (OR TO THE TRUISM) THAT ECONOMIC EXPANSION IS THE ONLY WAY TO INCREASE THE STANDARD OF LIVING OF A GROWING POPULATION AND THAT KEEPING A DYNAMIC ECONOMY MOVING FORWARD BY DEFICIT FINANCING IS LESS DANGEROUS THAN LIMITING GROWTH IN ORDER TO ADHERE TO MONETARY ORTHODOXY. NUMEROUS ACTS, BOTH OF OMISSION AND COMMISSION, THAT ARE INCOMPATIBLE WITH THE FULL EXPLOITATION OF POSSIBLE GROWTH OPPORTUNITIES HAVE NATURALLY OCCURRED, BUT BY AND LARGE EXPANSION HAS BEEN THE KEY WORD IN JAPAN'S ECONOMIC VOCABULARY....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

10e. JAPANESE INDUSTRIES, THE WORLD'S LEADING COPYCATS FOR NEARLY A CENTURY, ARE OUTGROWING THEIR OLD ROLE AND EMERGING AS TECHNICAL INNOVATORS IN THEIR OWN RIGHT...JAPANESE INNOVATIONS ARE REACHING INTO THE BEDROCK TECHNOLOGIES OF ELECTRONICS, OPTICS, MATERIALS, MECHANICS, AND CHEMICALS. THEY APPEAR IN COMPUTERS, AIRCRAFT, PLASTICS, FOODSTUFFS, TRANSPORTATION SYSTEMS, EVEN WATCHES...THE JAPANESE HAVE UNLEASHED A NATIONAL CAMPAIGN TO EXCEL AS INNOVATORS. COMPANIES ARE BOOSTING THEIR R&D AND ANNOUNCING NEW PRODUCTS WITH DAILY FANFARE. JAPANESE ENGINEERS ROAM THE WEST SEEKING OUT EMBRYONIC TECHNOLOGIES...LAST YEAR, JAPAN RECEIVED AN ESTIMATED \$50-MILLION FOR INNOVATIONS AND PAID OUT \$350-MILLION. TWENTY YEARS AGO, JAPAN BOUGHT 25 LICENSES FOR EVERY ONE IT SOLD. NOW THE RATE IS 10 TO 1.

"JAPAN: NOW THE IMITATOR SHOWS THE WAY,"  
BUSINESS WEEK, MAY 16, 1970.

10g. "HITHERTO WE HAVE BEEN ABLE TO GET AWAY WITH ADAPTING AND IMPROVING METHODS AND TECHNIQUES FIRST DEVELOPED ABROAD. BUT TODAY WE ARE RIGHT UP IN THE LEAD, AND WE MUST BE INVENTIVE: INVENTIVE IN TACKLING 20TH CENTURY PROBLEMS LIKE CITY PLANNING, HOUSING AND POLLUTION, AND INVENTIVE IN THE MATTER OF AID TO DEVELOPING COUNTRIES. WE ARE SETTING OUT WITH A HANDICAP, FOR OUR UNIVERSITIES ARE ILL-PREPARED TO BE THE CENTER OF RESEARCH INTO THE WORLD OF THE FUTURE THAT THEY SHOULD BE. PRIMARY AND SECONDARY EDUCATION HAS PROVIDED THE STRENGTH OF OUR COUNTRY FOR THE LAST ONE HUNDRED YEARS, BUT OUR HIGHER EDUCATION HAS BEEN LESS IMPRESSIVE."

(MICHIO ROYAMA, RESEARCH PROJECT  
DIRECTOR OF INTERNATIONAL HOUSE  
OF JAPAN, REALITE'S, MAY 1970)

10b. ....NO DOUBT ANY NATION'S SENSE OF IDENTITY--OR LACK OF ONE--IS COMPOUNDED OF A GREAT MANY VARIABLES. IN THE CASE OF JAPAN, ITS ISLAND GEOGRAPHY, LONG POLICY OF EXCLUSION OF FOREIGNERS, SINGLE LANGUAGE, HOMOGENEOUS CULTURE AND SENSE OF RACIAL IDENTITY HAVE ALL CONTRIBUTED. WHATEVER THE CAUSES, JAPANESE SOCIETY EXHIBITS TO A MARKED DEGREE A STRONG FEELING OF "WE, THE JAPANESE" AS CONTRASTED WITH "THEY, ALL NON-JAPANESE." VARIANTS OF THE PHRASE WAGA KUNI, "OUR COUNTRY," RECUR TO HAUNT THE FOREIGN VISITOR. IT HAS BEEN FASHIONABLE OF LATE TO SUGGEST THAT JAPAN LACKS NATIONAL GOALS, OR A SENSE OF NATIONAL DIRECTION. THIS MAY IN SOME WAY BE TRUE, BUT THERE CAN BE LITTLE DOUBT THAT A KEEN SENSE OF NATIONAL PURPOSE DOES EXIST IN A LIMITED WAY--THAT PURPOSE THE AGGRANDIZEMENT OF THE JAPANESE ECONOMY. BUSINESS AND GOVERNMENT ARE ABSOLUTELY ONE IN THEIR DETERMINATION TO CONTINUE AND INCREASE THE ECONOMIC WELL-BEING OF THE COUNTRY.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

10d. ...THE "UNKNOWN" IS TOLERATED AND ACCEPTED ALONG THE WHOLE SCALE OF SITUATIONS, SO THE WORD THAT MAY BE THE MOST USED IN JAPANESE IS WAKARANAI, A TERM WHICH COULD BE TRANSLATED AS "THERE IS NO EXPLANATION." THINGS ARE TAKEN AS THEY ARE, AND THERE IS VERY LITTLE CRITICISM, ALTHOUGH EXPERIENCE OR USE IS A PERMANENT CRITERION OF VALUE. TO EXPECT A REBELLION, WHICH IN OTHER COUNTRIES WOULD BE CALLED AN INITIATIVE, IS CONTRARY TO THE GENERAL ATTITUDE OF ACCEPTANCE. IN THIS CONSTANT CONTACT WITH THINGS, DUE TO THE VIGILANT AND LOVING ATTENTION GIVEN TO WHATEVER EXISTS, A FORTUITOUS COMPLEX OF THINGS CAN REVEAL ITSELF INTERESTING AND CONSTITUTE AN "INVENTION." THE JAPANESE DO NOT IMITATE THINGS; THEY ACCEPT THINGS AS THEY ARE, LOOK AT THEM, PLAY WITH THEM WITH THEIR EYES, THEIR HANDS, THEIR EARS, ALL THEIR SENSES, AND MAKE OUT OF THEM SOMETHING QUITE SIMILAR TO THE MODEL, BUT THERE IS ALWAYS SOMETHING NEW ADDED. MAYBE THERE IS ONLY ONE SCREW WHERE THERE WERE TWO; MAYBE TIN IS USED INSTEAD OF STEEL; THIS CHANGE, THOUGH, RESULTS NOT FROM VOLUNTARY DESIGN, BUT FROM A NEW DISPOSAL. THEY HAVE MADE AN OBJECT SIMPLER AND CHEAPER, NOT WITH THE INTENTION OF SO DOING, BUT BECAUSE THROUGH TRIAL AND ERROR THEY HAVE REPRODUCED THROUGH AND BY THEIR OWN MEANS AN OBJECT WHICH WAS THE FRUIT OF AN IDEA MATERIALIZED.

ROBERT J. BALLON,  
DOING BUSINESS IN JAPAN, 1967.

10f. THROUGHOUT THEIR HISTORY THE JAPANESE HAVE ADMIRER GOOD CRAFTSMANSHIP AND HAVE BEEN ABLE TO MASTER ALMOST ANY TECHNOLOGY AVAILABLE TO THEM. IN ADDITION THEY NOT ONLY WERE ABLE TO COPY ANOTHER NATION'S TECHNOLOGY BUT USUALLY WERE ABLE TO CHANGE AND PERFECT IT. IN SUCH A WAY THAT IT BECAME EITHER TYPICALLY JAPANESE OR AT LEAST BETTER FOR THEIR PURPOSES THAN THE ORIGINAL MODEL. IT IS THUS CLEAR THAT THEY CAN BE REASONABLY CREATIVE WITH TECHNOLOGY--OR AT LEAST IT IS CLEAR THAT THEY HAVE BEEN SO IN THE TWENTIETH CENTURY.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970

10h. ACCORDING TO MATSUSHITA ELECTRIC INDUSTRIAL CO. FOUNDER AND CHAIRMAN, 75-YEAR-OLD KONOSUKE MATSUSHITA, THE COMPANY'S PRIME AIM IS NOT TO MAKE PROFITS BUT TO CONTRIBUTE TO SOCIETY. "I HAVE IMPRESSED ON THE EMPLOYEES THAT EACH MUST PERFORM HIS TASK OR THE SYSTEM BREAKS DOWN," HE SAYS, "EACH MAN IS TAUGHT THAT HE IS MANAGING THE COMPANY THROUGH HIS WORK, AND THAT WITH THIS WORK HE IS DOING SOMETHING FOR SOCIETY." (1969 SALES OF \$1.7 BILLION AND PROFITS OF \$115 MILLION).

BUSINESS WEEK, MARCH 7, 1970, P. 64.

### Assertive Attitude Towards: Competent (Cont'd)

C. Approving Attitude toward Private Property. "While the Japanese have tended to be very communal in the psychological, social and political senses, and have fulfilled many of their basic internalized pressures and drives by satisfying communal objectives and requirements, property has always been, in one way or another, lodged in the individual or his family. Even when the government claimed to own everything, it assigned relatively permanent rights of property use to various people. The Japanese, of course, have had the institution of the extended family, where every member of the family had some kind of claim on the resources of every other member of the family, to be exercised in certain circumstances and under certain conditions. But this did not contradict the essential institution of private property. Yet there was no concept in Japan of laissez-faire--of a basic right to unrestricted use of one's property. Although the property was the individual's (or his family's), he had to use it for traditional objectives and in accord with traditional social obligations."

D. Purposive Attitude toward History (a working out of the national destiny). "Partly as a result of their great consciousness of being Japanese and therefore belonging to a special group; partly because of their isolation, which allowed them to carry through plans of their own, ordinarily without suffering great interference from the outside world (before World War II, in a period of almost 2,000 years, there had been only two serious attempts at an invasion of Japan, both by Mongols in the thirteenth century); and partly because of the nature of the challenges they have been faced with, the Japanese have grown to conceive of history as something to be consciously determined by the national will. This often has been a mystic concept associated in turn with other mystic concepts such as kokutai (national essence or national polity), attaining one's rightful or proper status in the international hierarchy, etc."

### Tenko Transformation

"One of the strongest institutions the Japanese culture has produced, the so-called tenko transformation, is most important to an understanding of the likely future course of many current Japanese protest groups. The word tenko means conversion, with implications of accommodation to a greater power. Thus it has been used to describe the accommodation to militarism made in the prewar years by some formerly Marxist or liberal intellectuals. Tenko is currently said to apply to students who are quite radical while in school but "sell out" their radical views when they leave school and begin their careers. Yet the overtones of the word are not wholly negative. The tenko process has an air of appropriateness an inevitability about it, as if it represents the individual's necessary (and desirable) subordination of himself to the community and its authority."

### Japanese "Racism" and Exclusiveness

"The Japanese do not think of themselves as being racist. I once brought sharp surprise to a number of senior Americans and Japanese with whom I was having dinner by suggesting that in some ways Japan is the most racist nation in the world. One of them asked me to explain what I meant. I started, of course, with the obvious point that the Japanese, at least in comparison with other groups, are relatively pure racially. There are, so to speak, no blond Japanese, no red-haired Japanese, no blue-eyed Japanese. And the attitude of the Japanese toward miscegenation is very different from that of, say, the French or the Chinese. If somebody is born of a mixed marriage in France or China but grows up perfectly familiar with and skilled in the indigenous culture, he is largely accepted. That is not true in Japan. The children of mixed marriages are more or less permanently barred from participating fully and comfortably in the society. Those bars also hold against children born in Japan but of Korean or Chinese parentage. One crucial point in the discussion was that the Japanese do not normally notice that they discriminate against these minorities, because the discrimination is so thorough that the issue usually does not arise. I asked the Japanese if they could imagine, for example, having a General of Korean parentage. They could not. I pointed out that it was perfectly possible in China."

"An important consequence of this is that the Japanese are not going to be willing to import inexpensive labor into their country. Indeed, most Japanese would very much like to get rid of the current indigenous Koreans and Chinese."

# 11 TENKO TRANSFORMATION

## 11a. THE TENKO (INTELLECTUAL TRANSFORMATION) THEME

1. PASSIONATE EMBRACE OF A WESTERN IDEOLOGY
2. ALIENATION FROM AND REBELLION AGAINST JAPANESE SOCIETY
3. SEARCHING INVESTIGATION INTO THE NEW FAITH
4. DISILLUSIONMENT WITH WESTERN PRACTICES (OR EVEN THEORIES)
5. EXCESSIVE REACTION (APOSTASY OR TENKO)
6. CHAUVINISM AND XENOPHOBIA

## 11b. TENKO

"TENKO MEANS CONVERSION. A FORM OF ABOUT-FACE, AND USUALLY SUGGEST SURRENDERING ONE'S INTEGRITY IN ORDER TO MERGE WITH A GREATER POWER. IN THIS SENSE, EVERY YOUTH IS EXPECTED TO HAVE, AND EVERY YOUTH EXPECTS TO HAVE, AN EXPERIENCE OF TENKO ON GRADUATING FROM HIS UNIVERSITY AND 'ENTERING SOCIETY'. THIS IS SOMETIMES COMPARED WITH THE TENKO OF INTELLECTUALS WHO GAVE UP MARXIST AND DEMOCRATIC IDEALS DURING THE 1930'S TO EMBRACE SOME VERSION OF KOKUTAI.

THUS TENKO IS BASIC TO JAPANESE PSYCHOLOGY: IT REFLECTS PATTERNS OF AESTHETIC ROMANTICISM, OBSCURANTISM, AND OFTEN SHALLOW EXPERIMENTATION WITH IDEALS PRIOR TO TENKO ITSELF; AND IT ALSO REFLECTS THE ULTIMATE NEED FELT BY MOST JAPANESE TO SUBMIT AND BECOME PART OF EXISTING AUTHORITY, TO GAIN A SAFE PLACE IN THE HUMAN MATRIX, RATHER THAN RISK STANDING ALONE. YOUNG JAPANESE GO BACK ON THEIR IDEALS BECAUSE THEIR SOCIETY VIRTUALLY FORCES THEM TO; BUT THEIR OWN EMOTIONAL INCLINATIONS CONTRIBUTE TO THIS SELF-BETRAYAL."

ROBERT JAY LIFTON, "YOUTH AND HISTORY: INDIVIDUAL CHANGE IN POSTWAR JAPAN," E. ERIKSON (ED.), THE CHALLENGE OF YOUTH, NEW YORK, ANCHOR BOOKS, 1965, PP. 285-286.

11c. A TYPE OF XENOPHOBIA EXISTS IN CERTAIN JAPANESE INDIVIDUALS WHEREIN THEY EXPRESS DEEP-ROOTED ANTI-FOREIGN FEELINGS. THIS IS A CHARACTERISTIC OF SOME OF THE GENERATION WHO GREW TO MATURITY DURING THE 1930'S, THE SO-CALLED TAISHO GENERATION, NAMED AFTER THE ERA IN WHICH THEY WERE BORN (1912-26). THIS GENERATION IS ONE WHOSE STRONGEST MEMORIES ARE PRE-W.W. II MILITARISTIC JINGOISM AND THE POST-W.W. II DEFEAT AND CHAOS.

JAPAN HAS RISEN AGAIN AND THE YOUNG PEOPLE'S FEELINGS OF WELL-BEING AND AFFLUENCE ENGENDERED BY TODAY'S JAPAN ARE NOT SHARED BY THIS TAISHO GENERATION. THEY FEAR WHAT MIGHT HAPPEN TO JAPAN IF, NOW THAT SHE HAS ALMOST COMPLETELY RID HERSELF OF OCCUPATION FORCES, FOREIGNERS WERE TO RETURN TO JAPAN IN THE GUISE OF FOREIGN CAPITAL INVESTMENT AND TAKE OVER CONTROL OF HER INDUSTRIES. TO NOURISH THIS ZENOPHOBIA, ANCIENT HISTORU IS DREDGED UP OUT OF CONTEXT AND HISTORICAL FEARS OF BLACK SHIPS AND FOREIGN INVASION ARE BEING TAUGHT TO A NEW GENERATION THAT WOULD RATHER LOOK FORWARD TO THE AFFLUENCE WHICH FOREIGN PRODUCTS AND FOREIGNERS REPRESENT....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

# 12 JAPANESE "RACISM" AND EXCLUSIVENESS

## 12a. JAPANESE "RACISM" AND EXCLUSIVENESS

JAPANESE HAVE A SET OF PREJUDICES THAT PARALLELS THOSE OF OTHER PARTS OF THE WORLD.

THERE IS A FAIRLY CLEAR RANKING IN THEIR DEGREE OF DISDAIN FOR FOREIGNERS.

AT BOTTOM OF SOCIAL LADDER ARE THE ETA, OR BURAKUMIN, (SOME ONE MILLION) BELIEVED TO BE DESCENDED FROM TANNERS, BUTCHERS AND OTHERS WHOSE WORK WAS CONSIDERED UNCLEAN. LIVING IN GHETTOES, THE ETA ARE GENERALLY SHUNNED BY OTHER JAPANESE.

A SECOND GROUP AT BOTTOM ARE THE KOREANS--MOST WORK IN LOW-INCOME JOBS AND HAVE OCCASIONALLY REACTED WITH MARCHES, RIOTING AND LOOTING. SOME 60% OF THE OVER HALF MILLION KOREANS LIVE IN GHETTOES.

A THIRD GROUP LOOKED DOWN UPON ARE THE OKINAWANS

STILL ANOTHER GROUP SUFFERING DISCRIMINATION ARE THE MIXED-BLOOD CHILDREN, ESPECIALLY THOSE OF AMERICAN SOLDIERS AND JAPANESE WOMEN.

RICHARD HALLORAN, "RACIST JAPAN ALOOF FROM STRIFE IN U.S.," WASHINGTON POST, APRIL 21, 1968.

12b. ....ONE SOON DISCOVERS THAT WHILE THE JAPANESE WANTS TO DO ANYTHING HE UNDERTAKES BETTER THAN ANYONE ELSE, HIS MANNER OF DOING IS ONE HE CONSIDERS TO BE UNIQUELY "JAPANESE." THOSE WHO RUN BUSINESSES AND THOSE WHO RUN THE GOVERNMENT INSTINCTIVELY ATTEMPT TO TRANSFORM THE FOREIGN OR THE UNIVERSAL INTO SOMETHING PARTICULAR THAT IS CONSISTENT WITH THEIR IDEAS OF JAPAN'S INNER ESSENCE.

MANY WHO KNOW JAPAN INTIMATELY WILL AGREE THAT THIS EXPOSITION IS HISTORICALLY ACCURATE AND THAT MUCH OF THE SPECIAL COHESIVENESS OF THE JAPANESE COMES FROM JAPAN'S HAVING SHUT HERSELF OFF FROM THE OUTSIDE WORLD FOR SO LONG PRIOR TO THE MID-NINETEENTH CENTURY. BUT THEY WILL POINT OUT THAT JAPANESE YOUTH HAS CHANGED SO GREATLY IN THE LAST FEW DECADES, ESPECIALLY IN THE CITIES WHERE MOST OF THE POPULATION IS CONCENTRATED, THAT TOMORROW'S JAPAN (AND TO SOME DEGREE THE JAPAN OF TODAY) WILL BE SO WESTERNIZED IN HABITS AND ATTITUDES THAT THE DISTINCTIVENESS DESCRIBED ABOVE WILL NO LONGER BE A FELT NEED. THIS VIEW MAY PROVE TO BE CORRECT, BUT ON THE BASIS OF THE SINGULARLY STUBBORN STREAK IN JAPANESE CULTURAL INTEGRITY (RESEMBLING THAT OF CHINA) THERE IS REASON TO BELIEVE THAT THE NEED TO BE "JAPANESE" WILL BE A SIGNIFICANT FACTOR IN JAPANESE GOVERNMENT AND MANAGEMENT FOR A CONSIDERABLE TIME INTO THE FUTURE.

MARSHAL E. DIMOCK  
THE JAPANESE TECHNOCRACY

12c. ULTIMATELY, THE JAPANESE VIEW OF THE FOREIGN BUSINESSMAN HAS TWO CLEAR FACETS. FIRST, THE FOREIGNER IS BY DEFINITION AN OUTSIDER, THE LITERAL MEANING OF THE JAPANESE WORD GAJIN. HE MUST, THEREFORE, ALWAYS BE CONSIDERED A POTENTIAL THREAT TO THE INTERESTS OF THE INSIDERS WITHIN THE GROUP. SECONDLY, THE JAPANESE HAVE A VERY DISTINCT INFERIORITY COMPLEX WHEN IT COMES TO WESTERNERS. MUCH OF THIS IS RELATED TO THE MATERIAL WELL-BEING EXHIBITED BY THE WESTERN BUSINESSMAN AND TOURIST. THIS INFERIORITY COMPLEX EXHIBITS ITSELF IN ELABORATE RATIONALIZATIONS TO PROVE THAT THE JAPANESE 'WAY' WHILE POORER MATERIALLY IS INTELLECTUALLY SUPERIOR SINCE IT IS BASED ON A SUPERIOR CULTURE. THUS, THE FOREIGNER IS GRANTED HIS OBVIOUS MATERIAL SUPERIORITY, BUT THE JAPANESE HOLD THAT IT IS NOT MUCH OF A BASIS ON WHICH TO EVALUATE A SOCIETY. IN FACT, THE JAPANESE HAVE ONLY TO POINT TO HOW CHEAPLY WESTERN FIRMS SELL TECHNOLOGY TO JAPAN (LICENSE FEES) TO PROVE THAT WESTERN TECHNOLOGY IS NOT VALUED VERY HIGHLY BY THE WEST, EITHER A FALLACIOUS ARGUMENT, BUT ONE COMMONLY EXPRESSED.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

# 13 LANGUAGE (KANJI) BARRIER

## KANJI BARRIER

13a. THE PROCESS OF EDUCATION AND STYLE OF MIND WAS DEEPLY INFLUENCED BY THE JAPANESE LANGUAGE ITSELF. DESPITE THE SUCCESS IN MODERNIZING THE LANGUAGE, THE RETENTION OF THE IDEOGRAPHS (KANJI) PERPETUATED A HOST OF EDUCATIONAL PROBLEMS. MANY OBSERVERS HAVE CONCLUDED THAT THE COMPLEXITY OF THE LANGUAGE HAS BEEN A FORMIDABLE BARRIER TO EARLY ELEMENTARY EDUCATION AND HAS RESTRICTED THE RAPID AND EXACT COMMUNICATION OF IDEAS EITHER WITHIN THE CULTURE OR FROM OUTSIDE IT.

THE HABITS OF ROTE LEARNING REQUIRED IN MASTERING THE CHARACTERS, IT IS ALSO CLAIMED, HAVE BEEN CARRIED OVER INTO OTHER FIELDS OF LEARNING AND HAVE TENDED TO ENCOURAGE UNCITICAL ACCEPTANCE OF OFFICIALLY APPROVED IDEAS AND DOGMAS.

JOHN W. HALL AND RICHARD K. BEARDSLEY, "EDUCATION AND NATIONAL DEVELOPMENT," TWELVE DOORS TO JAPAN, NEW YORK, MCGRAW-HILL, 1969, P. 409.

## LANGUAGE

## 13b.

"JAPANESE [ARE] DEVOID OF 'SELF-CONSCIOUSNESS' AS [EVIDENCED BY] THE LACK OF CLEAR DISTINCTION BETWEEN THE PARTS OF SPEECH IN JAPANESE AS CONTRASTED WITH THE EUROPEAN LANGUAGES. [IN THE LATTER, ALL SENTENCES ARE COMPOSED OF INDIVIDUAL WORDS, EACH] INDEPENDENT OF ONE ANOTHER...IN JAPANESE, ON THE CONTRARY, THERE ARE... SOME (CHARACTERS) THAT CAN BE CLEARLY DISTINGUISHED AS FORMING INDEPENDENT 'PARTS OF SPEECH' BUT THERE ARE ALSO NOT A FEW THAT CANNOT BE STRICTLY SEPARATED FROM OTHER WORDS...A JAPANESE SENTENCE IS A COMPOSITE WHOLE, AND NOT AN AGGREGATE OF INDIVIDUAL WORDS OR PHRASES. THIS CORRESPONDS WITH THE FACT THAT IN ACTUAL LIFE A JAPANESE HAS NO CLEAR CONSCIOUSNESS OF HIS INDIVIDUAL SELF, BUT RECOGNIZES HIS OWN EXISTENCE ONLY IN THE COMPOSITE LIFE OF THE WORLD....

"...[THE JAPANESE LANGUAGE] IS A PERFECT SYMBOL OF THE... PEOPLE IN ITS PECULIARITY OF LACKING A DEFINITE SENSE OF THE INDIVIDUAL SELF...THIS 'PERFECTLY' CORRESPONDS WITH THE LACK OF THE INDIVIDUAL, THE BLANK OF THE SELF, THAT IS TO BE SEEN IN THE CLOTHING, FOOD AND SHELTER OF THE JAPANESE IN THEIR DAILY LIFE."

INATOMI EIJIRO

MOORE, CHARLES A., EDITOR, THE JAPANESE MIND: ESSENTIALS OF JAPANESE PHILOSOPHY AND CULTURE (HONOLULU: EAST-WEST CENTER PRESS, 1967), PP. 234-235.

12d. FOREIGN REPORTERS CANNOT JOIN THESE JAPANESE PRESS GROUPS AND HENCE THEY ARE NOT ENTITLED TO ATTEND PRESS CONFERENCES. EVEN WHEN A FOREIGN REPORTER TENDS TO FOLLOW UP ON A HANDOUT, HE GETS NOWHERE AND CONFLICTING STORIES ARE ALLOWED TO STAND. NO FOREIGN REPORTERS ACCOMPANY JAPANESE MINISTERS ON OVERSEAS TRIPS, SO THE MINISTERS CAN EASILY CONTROL WHAT IS REPORTED IN THE JAPANESE PRESS. ONE MINISTER WHEN OVERSEAS IN ONE INTERVIEW WITH FOREIGN REPORTERS MADE A FAVORABLE STATEMENT ON U.S. POLICY IN VIETNAM THAT HE KNEW WOULD NOT BE REPORTED TO HIS DISADVANTAGE IN THE JAPANESE PRESS BECAUSE OF HIS CONTROL OVER HIS PRESS GROUP.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

## 12e.

THE JAPANESE ARE CUT-THROAT COMPETITORS BETWEEN THEMSELVES. BUT WHEN IT COMES TO SOMETHING ON THE OUTSIDE, THEY JOIN TOGETHER AND THEY'RE JUST LIKE THAT, JUST LIKE A FAMILY. THE FAMILY MIGHT HAVE THEIR OWN BITTER ARGUMENTS WITHIN THEMSELVES, BUT LET SOMETHING CHALLENGE THE FAMILY FROM THE OUTSIDE, AND THEY'RE ALL AS ONE.

"THE STAKES IN ASIA," ABC NEWS DEPT., JUNE 28, 1970.

### Language (Kanji) Barrier

"From our point of view, perhaps the two most important aspects of the Japanese language are that it is a respect language and that it tends toward what might be called "an emotionally rich ambiguity." This last is a bit like the distinction Marshall McLuhan has made between radio, which he calls "a visual medium," and television, which he thinks of as an "auditory medium." In television everything is within a precise box with all the images specified; therefore, little or nothing is left to the imagination of the viewer, who therefore concentrates on the auditory message. In radio, on the other hand, almost nothing visual is specified. The viewer hears only the voices, suggestive sounds, and some descriptions; he is free to make up his own images, which are often very vivid and attractive to him."

"In general, the Japanese language tends to have exactly this kind of vagueness about it (somewhat like a radio program), while English tends to be relatively precise and limiting (somewhat like the television screen) and to the Japanese quite constraining. Many Japanese have recognized this, and the Japanese Nobel Prize winning physicist Yukawa has stated several times that he personally finds it difficult to think scientifically and precisely in Japanese and much easier to do so in English."

"In addition, it is rather difficult for the Japanese to prepare original material in written form. It is therefore much easier to emphasize the spoken word and face-to-face exchanges in business and professional communication, leaving the written word more for artistic, literary, and emotional purposes. There is little activity in Japan that corresponds to the enormous interchange of correspondence in most American governmental or private offices--indeed, many Japanese secretaries do not take dictation."

### Aesthetic Attitudes and Values

"For at least ten centuries Japanese culture has been characterized by such concepts, issues, and activities as personal style, poetry, artistic skill, sensitive and refined ability to appreciate artistic experiences and objects and to feel in harmony with nature--and indeed an almost "precious" aesthetic attitude toward many relatively ordinary events, special aspects of the environment, and special situations and contexts."

#### Emphasis of the Spiritual (and Apparent) over the Material (and Real)

"This takes a number of different forms. In looking at the duality of the politics of Japan, for example, one notices that historically there have generally been people whom an American would call "front men"; their behavior is honorable and exemplary, and it is almost always in accord with valued principles and traditions; it is to them that loyalty and respect are due. Then there are others behind the scenes who manipulate the system and are often very practical and pragmatic; but they are considered unworthy even of discussion. Indeed, in many cases the Japanese seem to wish to take the apparent as more important than the real. I remember one discussion with a Japanese scientist who worked on experimental rockets despite his being a pacifist. He was very willing to work on the program as long as it was done under the Office of Education, but the moment it went to the Office of Science and Technology (OST), he felt it had officially become a military program and he was no longer willing to work on it. He also realized however, that the major part of his work for the Office of Education was destined to be the basis of the OST program. But he did not care so long as it was not yet official. At least as far as public discussion of issues is concerned, the Japanese often demonstrate an unwillingness to come to grips with simple facts, preferring instead a discussion of the higher moral issues--sometimes in a way that a Westerner would judge to be an outright denial of reality."

#### Romantic Attitude Toward War

"Until their defeat in World War II, the Japanese preserved much of the feudal spirit and feudal attitude toward war, holding it to be an exciting and noble activity of the most exalted kind (and thus, in Tokugawa Japan, restricted to the best classes), in which the finest qualities of human beings were nurtured and brought forth. Further, in Bushido and state Shintoism "patriotic war" was given a religious and nationalistic coloration, connotation, and fervor (coupled with the new concept of universal participation), which had almost completely disappeared from the European West by the end of World War I (although it reappeared in a different form in the European Fascist movements). We will discuss later the current peace-orientation of the Japanese people and argue that their attitude toward war, while greatly changed from the prewar tradition, has many elements of continuity with the past."

14. AESTHETIC ATTITUDES AND VALUES

14a.

AGAIN, THE JAPANESE, WHO ARE ENDOWED BY BIRTH WITH A HIGHLY DEVELOPED AESTHETIC SENSE, TEND TO BE BETTER AT FEELING THINGS THAN AT ANALYZING THEM. AS A RESULT THEY HAVE PRODUCED LESS OF NOTE IN THE ACADEMIC AND INTELLECTUAL FIELDS THAN IN LITERATURE RELYING LESS FOR ITS EFFECT ON RHETORIC AND LOGIC THAN ON INTUITION AND EMOTION. THUS IT WAS THE JAPANESE WHO CREATED THE HAIKU, THAT EXTREME CASE OF THE CONDENSED IN LITERATURE WHICH CAPTURES AND COMPRESSES INTO ARTISTIC FORM THE FLEETING INTUITION AND THE EMOTION OF THE MOMENT. EVEN TODAY, THERE ARE SAID TO BE SEVERAL TENS OF MILLIONS OF HAIKU POETS IN JAPAN--A FACT WHICH I FIND EXTREMELY INTERESTING AND STRIKING. ALTHOUGH THE 17 SYLLABLES WHICH MAKE UP THE HAIKU HAVE, OF COURSE, MEANING SIMPLY AS WORDS, ALMOST THE WHOLE OF ITS EFFECT DERIVES, NOT FROM THE WORDS WHICH ARE ARRANGED VISIBLY INTO THE 17-SYLLABLE FORM, BUT IN THE EMOTIONAL OVERTONES WHICH HOVER INVISIBLY ABOUT THEM. THIS REMARKABLE LITERARY FORM IS OF EXTRAORDINARY BEAUTY AND REFINEMENT, BUT IT LACKS ENTIRELY THE WESTERN-STYLE RHETORIC WHICH PRESENTS THINGS FOR ALL TO SEE, ANALYZES THEM, THEN MAKES DOUBLY SURE THAT ITS MEANING IS QUITE CLEAR. HAIKU IS NOT A LITERATURE OF SPEAKING ONE'S MIND. IN THE SAME WAY, IT SEEMS TO ME THAT THE JAPANESE MANNER OF ARGUING HAS HAIKU-LIKE QUALITIES, AND THAT THEIR WAYS OF THOUGHT IN GENERAL, BETRAY THE SAME TRAITS.\*

\*INUKAI MICHIKO, "AGREEING TO DIFFER," JAPAN QUARTERLY, VOL. XIII, NO. 2, APRIL/JUNE, 1966

17. "DAMAGED" OR "INADEQUATE" PEOPLE OR THINGS ARE (USUALLY) REGARDED AS EXPENDABLE

17a.

DURING THE WAR THE JAPANESE ARMY HAD NO TRAINED RESCUE TEAMS TO REMOVE THE WOUNDED UNDER FIRE AND TO GIVE FIRST AID; IT HAD NO MEDICAL SYSTEM OF FRONT LINE, BEHIND-THE-LINES AND DISTANT RECUPERATIVE HOSPITALS. ITS ATTENTION TO MEDICAL SUPPLIES WAS LAMENTABLE. IN CERTAIN EMERGENCIES THE HOSPITALIZED WERE SIMPLY KILLED. ESPECIALLY IN NEW GUINEA AND THE PHILIPPINES, THE JAPANESE OFTEN HAD TO RETREAT FROM A POSITION WHERE THERE WAS A HOSPITAL. THERE WAS NO ROUTINE OF EVACUATING THE SICK AND WOUNDED WHILE THERE WAS STILL OPPORTUNITY; ONLY WHEN THE "PLANNED WITHDRAWAL" OF THE BATTALION WAS ACTUALLY TAKING PLACE OR THE ENEMY WAS OCCUPYING WAS ANYTHING DONE. THEN, THE MEDICAL OFFICER IN CHARGE OFTEN SHOT THE INMATES OF THE HOSPITAL BEFORE HE LEFT OR THEY KILLED THEMSELVES WITH HAND GRENADES.

RUTH BENEDICT, THE CHRYSANTHEMUM AND THE SWORD  
CLEVELAND: MERIDIAN BOOKS, THE WORLD PUBLISHING COMPANY,  
1967 (COPYRIGHT 1946)

17b. JAPANESE REACTION TO U.S. NAVY'S WARTIME DECORATION OF ADMIRAL JOHN MCCAIN,

...THE OFFICIAL REASON FOR THE DECORATION WAS NOT THAT COMMANDER JOHN S. MCCAIN WAS ABLE TO PUT THE JAPANESE TO FLIGHT, THOUGH WE DON'T SEE WHY NOT SINCE THAT IS WHAT THE NIMITZ COMMUNIQUE CLAIMED... WELL, THE REASON GIVEN FOR ADMIRAL MCCAIN'S DECORATION WAS THAT HE WAS ABLE SUCCESSFULLY TO RESCUE TWO DAMAGED AMERICAN WARSHIPS AND ESCORT THEM SAFELY TO THEIR HOME BASE. WHAT MAKES THIS BIT OF INFORMATION IMPORTANT IS NOT THAT IT IS A FICTION BUT THAT IT IS THE TRUTH...SO WE ARE NOT QUESTIONING THE VERACITY OF ADMIRAL MCCAIN'S RESCUING TWO SHIPS, BUT THE POINT WE WANT YOU TO SEE IS THE CURIOUS FACT THAT THE RESCUING OF DAMAGED SHIPS MERITS DECORATION IN THE UNITED STATES.

\*RUTH BENEDICT, THE CHRYSANTHEMUM AND THE SWORD, MERIDIAN BOOKS, THE WORLD PUBLISHING COMPANY, 1946, PP. 35-36.

15. EMPHASIS OF THE SPIRITUAL (AND APPARENT) OVER THE MATERIAL (AND THE REAL)

15a.

...THE DIFFERENCE BETWEEN JAPAN AND WESTERN NATIONS (BEFORE AND DURING WORLD WAR II) WAS NOT THAT JAPAN WAS CARELESS ABOUT MATERIAL ARMAMENT. BUT SHIPS AND GUNS WERE JUST THE OUTWARD SHOW OF THE UNDYING JAPANESE SPIRIT. THEY WERE SYMBOLS MUCH AS THE SWORD OF THE SAMURAI HAD BEEN THE SYMBOL OF HIS VIRTUE.

JAPAN WAS AS COMPLETELY CONSISTENT IN PLAYING UP NON-MATERIAL RESOURCES AS THE UNITED STATES WAS IN ITS COMMITMENT TO BIGNESS. JAPAN HAD TO CAMPAIGN FOR ALL-OUT PRODUCTION JUST AS THE UNITED STATES DID, BUT HER CAMPAIGNS WERE BASED ON HER OWN PREMISES. THE SPIRIT, SHE SAID, WAS ALL AND WAS EVERLASTING: MATERIAL THINGS WERE NECESSARY, OF COURSE, BUT THEY WERE SUB-ORDINATE AND FELL BY THE WAY. 'THERE ARE LIMITS TO MATERIAL RESOURCES,' THE JAPANESE RADIO WOULD CRY: 'IT STANDS TO REASON THAT MATERIAL THINGS CANNOT LAST A THOUSAND YEARS.' AND THIS RELIANCE ON SPIRIT WAS TAKEN LITERALLY IN THE ROUTINE OF WAR: THEIR WAR CATECHISMS USED THE SLOGAN--AND IT WAS A TRADITIONAL ONE, NOT MADE TO ORDER FOR THIS WAR--'TO MATCH OUR TRAINING AGAINST THEIR NUMBERS AND OUR FLESH AGAINST THEIR STEEL.' THEIR WAR MANUALS BEGAN WITH THE BOLD-TYPE LINE, 'READ THIS AND THE WAR IS WON.' THEIR PILOTS WHO FLEW THEIR MIDGET PLANES IN A SUICIDAL CRASH INTO OUR WARSHIPS WERE AN ENDLESS TEST FOR THE SUPERIORITY OF THE SPIRITUAL OVER THE MATERIAL.

RUTH BENEDICT  
THE CHRYSANTHEMUM AND THE SWORD:  
PATTERNS OF JAPANESE CULTURE

15b. ...FURTHERMORE, THE JAPANESE PARTICIPANT IN BUSINESS SITUATION IS UNABLE TO ANALYTICALLY SURVEY HIS ENVIRONMENT BECAUSE TO HIM IT IS ALL PART OF A SUBJECTIVE EXPERIENCE IN WHICH HEART RATHER THAN INTELLECT RULES. EACH OF THE HUMAN SENSES PRODUCES INPUTS WHICH THE MIND BLENDS INTO AN OVERALL REACTION WHICH MAY BE QUITE DIFFERENT THAN THAT OF A WESTERN PARTICIPANT IN THE SAME ENVIRONMENT....

T.F.M. ADAMS  
THE WORLD OF JAPANESE BUSINESS

15c. THE JAPANESE ULTIMATE IS HARMONY WITH ONE'S ENVIRONMENT. TO ADMIT THAT CUT-THROAT COMPETITION EXISTS IN JAPAN IS NOT TO SAY THAT IT IS THE GOAL OF THE NATION TO INSURE MAXIMUM COMPETITION AT ALL LEVELS OF THE ECONOMY. QUITE THE CONTRARY, THE GOVERNMENT INTERPRETATION AND ADMINISTRATION OF THE ANTI-MONOPOLY LAW MAKES IT QUITE CLEAR THAT THIS IS NOT THE CASE. ABOVE A CERTAIN LEVEL IN THE ENTERPRISE AND IN THE ECONOMY AS WHOLE, HARMONY IS THE MAJOR OBJECTIVE AND THE GOVERNMENT PLAYS A MAJOR ROLE ALONG WITH INDUSTRY ASSOCIATIONS TO LIMIT 'EXCESS' COMPETITION.

HENCE A HARMONIOUS WORKING OUT OF PROBLEMS IN BUSINESS AND ELSEWHERE WHICH IS THE JAPANESE GOAL CONTRASTS SHARPLY WITH THE WESTERN APPROACH WITH ITS DEPENDENCE ON REASONING, PROPOSITIONS, LOGICAL INFERENCE AND THE LIKE. THESE ARE ALL PART OF THE INTELLECTUAL BAGGAGE OF THE FOREIGN BUSINESSMAN IN JAPAN EVEN IF HE HAS NEVER STUDIED LOGIC FORMALLY. MAXIMUM USE OF ALL SENSES IN A BUSINESS DEAL IS SOMETHING THAT THE WESTERN BUSINESSMAN WOULD FIND STRANGE. HE HAS BEEN TRAINED TO REASON OBJECTIVELY, DEALING WITH FACTS NOT MOODS....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

16. PRE-WORLD WAR II ROMANTIC ATTITUDE TOWARD WAR--WHICH PERSISTS TO SOME DEGREE TODAY IN LITERATURE, MOVIES, TV, NEWS MEDIA, ETC.

16a. AFTER THE AIR BATTLES WERE OVER, THE JAPANESE PLANES RETURNED TO THEIR BASE IN SMALL FORMATIONS OF THREE OR FOUR. A CAPTAIN WAS IN ONE OF THE FIRST PLANES TO RETURN. AFTER ALIGHTING FROM HIS PLANE, HE STOOD ON THE GROUND AND GAZED INTO THE SKY THROUGH BINOCULARS. AS HIS MEN RETURNED, HE COUNTED. HE LOOKED RATHER PALE, BUT HE WAS QUITE STEADY. AFTER THE LAST PLANE RETURNED HE MADE OUT A REPORT AND PROCEEDED TO HEADQUARTERS. AT HEADQUARTERS HE MADE HIS REPORT TO THE COMMANDING OFFICER. AS SOON AS HE HAD FINISHED HIS REPORT, HOWEVER, HE SUDDENLY DROPPED TO THE GROUND. THE OFFICERS ON THE SPOT RUSHED TO GIVE ASSISTANCE BUT ALAS! HE WAS DEAD. ON EXAMINING HIS BODY IT WAS FOUND THAT IT WAS ALREADY COLD, AND HE HAD A BULLET WOUND IN HIS CHEST, WHICH HAD PROVED FATAL. IT IS IMPOSSIBLE FOR THE BODY OF A NEWLY-DEAD PERSON TO BE COLD. NEVERTHELESS THE BODY OF THE DEAD CAPTAIN WAS AS COLD AS ICE. THE CAPTAIN MUST HAVE BEEN DEAD LONG BEFORE, AND IT WAS HIS SPIRIT THAT MADE THE REPORT. SUCH A MIRACULOUS FACT MUST HAVE BEEN ACHIEVED BY THE STRICT SENSE OF RESPONSIBILITY THAT THE DEAD CAPTAIN POSSESSED.

JAPANESE BROADCAST DURING WORLD WAR II  
FROM RUTH BENEDICT'S THE CHRYSANTHEMUM AND THE SWORD

16b. UNTIL THEIR DEFEAT IN WORLD WAR II THE JAPANESE PRESERVED MUCH OF THE FEUDAL SPIRIT AND FEUDAL ATTITUDE TOWARD WAR, HOLDING IT TO BE AN EXCITING AND NOBLE ACTIVITY OF THE MOST EXALTED KIND IN WHICH THE FINEST QUALITIES OF HUMAN BEINGS WERE NURTURED AND BROUGHT FORTH. FURTHER, IN BUSHIDO AND STATE SHINTOISM "PATRIOTIC WAR" WAS GIVEN A RELIGIOUS AND NATIONALISTIC COLORATION, CONNOTATION, AND FERVOR (COUPLED WITH THE NEW CONCEPT OF UNIVERSAL PARTICIPATION), WHICH HAD ALMOST COMPLETELY DISAPPEARED FROM THE EUROPEAN WEST BY THE END OF WORLD WAR I.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE,  
NEW JERSEY, PRENTICE-HALL, 1970

18. IDEAL TYPES ARE: FAITHFUL SAMURAI WARRIOR: RESPONSIBLE, PATERNALISTIC CONFUCIAN MASTER: AND CONFORMING DUTIFUL "JAPANESE" CITIZEN

FAITHFUL SAMURAI WARRIOR (AND/OR FAITHFUL SERVITOR) AND RESPONSIBLE PATERNALISTIC CONFUCIAN MASTER AS IDEAL TYPES

18a.

IDEAL TYPES OF CHARACTER ARE AN IMPORTANT INDICATION OF A NATION'S CULTURE. PROBABLY TO A DEGREE UNMATCHED IN ANY OTHER CULTURE, THE JAPANESE HAVE EXALTED SUCH QUALITIES AS LOYALTY, FAITHFULNESS, DEVOTION, DEDICATION, ETC., AS ASSOCIATED WITH THE FAITHFUL CULTIVATED WARRIOR (AND/OR OTHER "COMMITTED" SERVITOR) AND THE CORRESPONDING QUALITIES OF LOYALTY, PROTECTION, METICULOUS REGARD FOR RITUAL, CODES, OBLIGATIONS, RULES, OTHER PROPER BEHAVIOR, ETC., APPROPRIATE TO THE RESPONSIBLE, PATERNALISTIC CONFUCIAN MASTER. THIS IS PRESUMABLY ONE OF THE REASONS THE JAPANESE FACTORY WORKS SO WELL; IT IS ALSO, OF COURSE, ANOTHER SOURCE OF THE UNSURPASSED ABILITY OF THE JAPANESE AT PURPOSEFUL, COMMUNAL ACTION. JAPANESE LITERATURE IN PARTICULAR HAS EMPHASIZED THE REQUIREMENTS FOR AND DESIRABILITY OF THESE TWO TYPES OF HUMAN BEINGS.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE,  
NEW JERSEY, PRENTICE-HALL, 1970

18b. ...ONE OF THE MEN HE (MR. YASUO NOHAGI, CHAIRMAN OF THE KINKADO COMPANY) MOST ADMIRES IS GENERAL NOGI, WHOSE PORTRAIT, ALONG WITH THAT OF THE GENERAL'S WIFE, HANGS IN HIS BEDROOM. HE ADMIRES HIM BECAUSE, LIKE MR. NOHAGI HIMSELF, THE GENERAL SUFFERED TERRIBLY FROM NEURALGIA BUT NEVER ALLOWED HIMSELF TO GIVE ANY OUTWARD SIGN OF HIS SUFFERING; AND HE ADMIRES HIM BECAUSE THE GENERAL, POSSESSING HONOR, POSITION, AND WEALTH, COMMITTED HARA-KIRI ACCORDING TO THE DICTATES OF HIS CONSCIENCE. "THAT," SAYS MR. NOHAGI, "WAS A GREAT THING." "ALTHOUGH I CANNOT DO THE SAME," HE SAYS, "GENERAL NOGI'S FIRM RESOLVE IS AN EXAMPLE TO ME..."

T.F.M. ADAMS (THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

Faithful Samurai Warrior; Responsible, Paternalistic Confucian  
Master; and Conforming Dutiful "Japanese" Citizen

"Ideal types of character are an important indication of a nation's culture. Probably to a degree unmatched in any other culture, the Japanese have exalted such qualities as loyalty, faithfulness, devotion, dedication, etc., as associated with the faithful cultivated warrior (and/or other "committed" servitor) and the corresponding qualities of loyalty, protection, meticulous regard for ritual, codes, obligations, rules, other proper behavior, etc., appropriate to the responsible, paternalistic Confucian master. This is presumably one of the reasons the Japanese factory works so well; it is also, of course, another source of the unsurpassed ability of the Japanese at purposive, communal action. Japanese literature in particular has emphasized the requirements for and desirability of these two types of human being."

Japanese Concepts of Duty--Giri, Ninjo, On, etc.

## ① ON, GIRI AND NINJO

ON IS A BENEFICENCE HANDED DOWN FROM ONE'S SUPERIOR. IT INSTITUTES AN OBLIGATION (ONAGAESHI) TO THE SUPERIOR ON THE PART OF THE PERSON WHO RECEIVES IT OR ENJOYS ITS BENEFITS. BY ITS VERY NATURE, ON ALWAYS CONNOTES A HIERARCHICAL RELATION BETWEEN TWO SPECIFIC ACTORS; THE OBLIGATIONS THAT RISE FROM ON THEREFORE ARE NOT PART OF AN ABSTRACT CODE OR PRINCIPLE BUT HAVE AT LEAST SHADES OF DIFFERENCE, INASMUCH AS THE SPECIFIC PARTICIPANTS IN ONE RELATION DIFFER FROM ANOTHER.

TO SOME JAPANESE TODAY, GIRI IS THE BLANKET TERM FOR OBLIGATIONS BETWEEN SPECIFIC PERSONS IN CONCRETE, ACTUAL SITUATIONS, AS CONTRASTED WITH A UNIVERSALIST ETHIC OF DUTY, AND ON OR ONAGAESHI ARE MERELY SPECIAL FORMS OF GIRI. OTHERS DRAW THE FOLLOWING DISTINCTION: TWO INDIVIDUAL PERSONS ARE ALWAYS HIERARCHICALLY LINKED THROUGH ON, WHEREAS GIRI RELATIONS INCLUDE OBLIGATIONS TOWARDS GROUP AND DO NOT NECESSARILY ESTABLISH SUPERIORITY ON ONE SIDE AND INFERIORITY ON THE OTHER.

NINJO REFERS TO WHAT ONE WOULD LIKE TO DO AS A HUMAN BEING AND EQUALLY TO WHAT ONE FINDS DISTASTEFUL OR ABHORRENT OUT OF PERSONAL SENTIMENT. GIRI PERTAINS TO WHAT ONE MUST DO OR AVOID DOING BECAUSE OF STATUS AND GROUP MEMBERSHIP.

JOHN W. HALL AND RICHARD BEARDSLEY, TWELVE DOORS TO JAPAN, NEW YORK, MCGRAW-HILL, 1965, PP. 94-95.

## ② GIRI

GIRI OBLIGATIONS OFTEN ARE MUTUAL AND RECIPROCAL, ESPECIALLY WITHIN A COLLECTIVITY. IT WORKS WELL IN A SOCIETY OF LIFE-LONG NEIGHBORS AND ASSOCIATES. IT IS MEASURED NOT FROM A SINGLE INCIDENT OR TRANSACTION BUT FROM ITS COLORING OF AN ASSOCIATION THAT IS EXPECTED TO EXTEND INDEFINITELY THROUGH TIME. SINCE MUTUAL SUPPORT OFTEN EXTENDS TO A NETWORK OF PERSONS, GIRI RELATIONS MAY LINK NOT JUST TWO BUT A WHOLE ROW OF PARTICIPANTS.

GIRI INEVITABLY LOSES ITS EFFECT IN AN ENVIRONMENT OF IMPERSONAL TRANSACTIONS AMONG STRANGERS AND INCIDENTAL ACQUAINTANCES.

JOHN W. HALL AND RICHARD BEARDSLEY, TWELVE DOORS TO JAPAN, NEW YORK, MCGRAW-HILL, 1965, PP. 95-96.

## ③ GIRI - HUMAN OBLIGATIONAL RELATIONSHIPS

THE WHOLE GAMUT OF HUMAN OBLIGATIONAL RELATIONSHIPS IS INCLUDED IN THE CONCEPT OF GIRI WHICH IS ALL-EMBRACING IN ITS IMPLICATIONS. NO FACET OF LIFE COULD EXIST OUTSIDE IT. EVERYBODY MUST AND DOES MOVE WITHIN ITS ORBIT. MERELY TO GIVE ALL THE DIFFERENT CONNOTATIONS THE WORD CONVEYS TO A JAPANESE WOULD BE AN IMPOSSIBLE TASK. IT MEANS DUTY, JUSTICE, HONOR, FACE, DECENCY, RESPECTABILITY, COURTESY, CHARITY, HUMANITY, LOVE, CIRCUMSTANCE, GRATITUDE, CLAIM.

GIRI IS AN ALL-PERVADING FORCE IN THE BEHAVIOR OF ALL CLASSES OF PEOPLE AND IN ALL WALKS OF LIFE: THE PRIME MINISTER, THE OFFICIAL, THE POLITICIAN, THE BUSINESSMAN, FINANCIER, INDUSTRIALIST, INTELLECTUAL, STUDENT, PARENT, THE FACTORY WORKER, AND THE FARMER. ALTHOUGH THE COMPLEXITIES AND AMBIVALENCES OF GIRI MUST BE TAKEN INTO ACCOUNT, IT OPERATES BECAUSE OF THE UNIVERSAL NEED FOR RESPECTING AND EXPRESSING 'HUMAN FEELINGS' (NINJO) IN SOCIAL LIFE THAT EXISTS IN CLOSELY KNIT COMMUNITIES...THE SANCTIONS OF GIRI ARE TO BE FOUND IN SOCIETY IN THE MORES, CUSTOMS, AND FOLKWAYS, AND NOT IN THE LAWS.

THE OBSESSIVE BEHAVIOR REGARDING HONOR OR 'FACE' IS INEXTRICABLY TIED IN WITH THE DEMANDS OF GIRI. IN A NEGATIVE SENSE IT OPERATES TO PREVENT SHAME OR DISGRACE TO ONE'S NAME, WHILE IN A POSITIVE SENSE IT BECOMES A DESIRE FOR FAME AND PRESTIGE. IN FEUDAL SOCIETY, LOSS OF HONOR EITHER BY INSULT, DERELICTION OF DUTY, FAILURE, OR COWARDICE CALLED FOR VENDETTA OR SUICIDE, BOTH OF WHICH ARE FORMS OF REDRESSING A WRONG OR A DISGRACE. THERE WAS ALSO ANOTHER WAY OUT OF SUCH DISHONOR, NAMELY, RENOUNCING THE WORLD BY TAKING THE TONSURE AND LEADING A CLOISTERED LIFE IN A BUDDHIST MONASTERY. WHILE THESE METHODS ARE NO LONGER EMPLOYED IN THEIR ORIGINAL FORMS, THE SPIRIT OF VENGEANCE OR RETALIATION IS STILL VERY MUCH IN EVIDENCE ESPECIALLY IN THE POLITICAL SPHERE.

SUICIDE, THE MOST EXTREME FORM OF AGGRESSIVE ACTION THAT A JAPANESE CAN RESORT TO, HAS BEEN A PART OF THE OPERATIONAL CODE OF GIRI. NOT ONLY IS IT CONDONED BUT IN THE TOKUGAWA PERIOD IT WAS EVEN GLORIFIED IN LITERATURE FOR THOSE WHO COMMITTED SUICIDE IN ROMANTIC LOVE PACTS. THERE HAS NEVER BEEN ANY SIGMA OF COWARDICE ATTACHED TO SUICIDE. ON THE CONTRARY THE ACT HAS BEEN REGARDED AS THE FINAL DEMONSTRATION OF A MAN'S COURAGE AND DETERMINATION. PROPERLY CARRIED OUT, IT WILL REMOVE THE STIGMA OR DISGRACE ATTACHED TO A PERSON'S NAME. IT SERVES AS AN APOLOGY TO ATONE FOR ONE'S FAILURE, AS A PROTEST TO INDUCE A CHANGE OF HEART IN SOMEONE THEREBY CHANGING A COURSE OF ACTION, OR AS A FINAL DESPERATE METHOD OF WINNING AN ARGUMENT IN A CONTROVERSY. USED AS A THREAT, IT HAS EFFECTIVELY FORESTALLED, PREVENTED, OR INDUCED ACTION. TO COMMIT SUICIDE TO AVOID THE DISGRACE OF CAPTURE BY THE ENEMY HAS BEEN A COMMON PRACTICE SINCE FEUDAL TIMES. SUICIDE HAS OFTEN BEEN AN ALTERNATIVE TO DESTROYING OTHERS.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, NEW YORK, JOHN WILEY & SONS, INC., 1965, P. 60.

④ SCHEMATIC TABLE OF  
JAPANESE OBLIGATIONS AND THEIR RECIPROALS

- I. ON: OBLIGATIONS PASSIVELY INCURRED. ONE 'RECEIVES AN ON'; ONE 'WEARS AN ON.' I.E., ON ARE OBLIGATIONS FROM THE POINT OF VIEW OF THE PASSIVE RECIPIENT.
  - KO ON. ON RECEIVED FROM THE EMPEROR.
  - OYA ON. ON RECEIVED FROM PARENTS.
  - NUSHI NO ON. ON RECEIVED FROM ONE'S LORD.
  - SHI NO ON. ON RECEIVED FROM ONE'S TEACHER.
  - ON RECEIVED IN ALL CONTACTS IN THE COURSE OF ONE'S LIFE.
  - NOTE: ALL THESE PERSONS FROM WHOM ONE RECEIVES ON BECOME ONE'S ON JIN, 'ON MAN.'
- II. RECIPROALS OF ON. ONE 'PAYS' THESE DEBTS, ONE 'RETURNS THESE OBLIGATIONS' TO THE ON MAN, I.E., THESE ARE OBLIGATIONS REGARDED FROM THE POINT OF VIEW OF ACTIVE-REPAYMENT.
  - A. GIMU. THE FULLEST REPAYMENT OF THESE OBLIGATIONS IS STILL NO MORE THAN PARTIAL AND THERE IS NO TIME LIMIT.
    - CHU. DUTY TO THE EMPEROR, THE LAW, JAPAN.
    - KO. DUTY TO PARENTS AND ANCESTORS (BY IMPLICATION, TO DESCENDANTS).
    - NIMMU. DUTY TO ONE'S WORK
  - B. GIRI. THESE DEBTS ARE REGARDED AS HAVING TO BE repaid WITH MATHEMATICAL EQUIVALENCE TO THE FAVOR RECEIVED AND THERE ARE TIME LIMITS.
    1. GIRI-TO-THE-WORLD.
      - DUTIES TO LIEGE LORD.
      - DUTIES TO AFFINAL FAMILY.
      - DUTIES TO NON-RELATED PERSONS DUE TO ON RECEIVED, E.G., ON A GIFT OF MONEY, ON A FAVOR, ON WORK CONTRIBUTED (AS A 'WORK PARTY').
      - DUTIES TO PERSONS NOT SUFFICIENTLY CLOSELY RELATED (AUNTS, UNCLES, NEPHEWS, NIECES) DUE TO ON RECEIVED NOT FROM THEM BUT FROM COMMON ANCESTORS.
    2. GIRI-TO-ONE'S-NAME. THIS IS A JAPANESE VERSION OF DIE EHRE.
      - ONE'S DUTY TO 'CLEAR' ONE'S REPUTATION OF INSULT OR IMPUTATION OF FAILURE, I.E., THE DUTY OF FEUDING OR VENDETTA. (N.B. THIS EVENING OF SCORES IS NOT RECKONED AS AGGRESSION.)
      - ONE'S DUTY TO ADMIT NO (PROFESSIONAL) FAILURE OR IGNORANCE.
      - ONE'S DUTY TO FULFILL THE JAPANESE PROPRIETIES, E.G., OBSERVING ALL RESPECT BEHAVIOR, NOT LIVING ABOVE ONE'S STATION IN LIFE, CURBING ALL DISPLAYS OF EMOTION ON INAPPROPRIATE OCCASIONS, ETC.

RUTH BENEDICT, THE CHRYSANTHEMUM AND THE SWORD, CLEVELAND. MERIDIAN BOOKS. WORLD PUBLISHING CO., 1948, P. 116.

## ⑤ SENSE OF OBLIGATION

PERHAPS NO OTHER EMOTIONAL FORCE IN JAPANESE SOCIETY IS AS POWERFUL AND PROPULSIVE AS THAT WHICH INHERES IN THE SENSE OF OBLIGATION OR INDEBTEDNESS WHICH IS KNOWN AS ON. FROM THE CRADLE TO THE GRAVE, THIS EMOTIONAL FORCE, IN ALL ITS VARIATIONS AND MANIFESTATIONS, PROPELS THE INDIVIDUAL IN HIS ACTIONS. LIFE IS AN ENDLESS SUCCESSION OF FAVORS RECEIVED FOR WHICH REPAYMENT MUST BE MADE WITH DILIGENCE. THE SOCIAL BEHAVIOR OF THE PEOPLE BECOMES UNINTELLIGIBLE WITHOUT ADEQUATE CONSIDERATION OF THIS PECULIARLY JAPANESE CONCEPT AND PRACTICE. THE FABRIC OF SOCIETY IS THUS WOVEN WITH THE WARP AND WOOF OF MUTUAL AND RECIPROCAL INDEBTEDNESS AND OBLIGATIONS. OBLIGATIONS BIND THE INDIVIDUAL TO INDIVIDUALS AND GROUPS IN A TIGHT WEB OF RELATIONSHIPS WHICH IGNORE INDIVIDUAL RIGHTS AND DESIRES. WHAT EXISTS IS A HIERARCHY OF OBLIGATIONS BEGINNING AT THE TOP WITH LOYALTY TO THE EMPEROR AND THE STATE, TO SOCIETY AT LARGE, TO THE FAMILY AS MANIFESTED IN FILIAL PIETY, TO ONE'S SUPERIORS, TEACHERS, FRIENDS, IN-LAWS, AND EVEN TO SUBORDINATES AND SERVANTS.

TRADITIONALLY LOYALTY TO THE STATE AND THE EMPEROR HAS BEEN AT THE VERY TOP OF THE HIERARCHY OF OBLIGATIONS. IN FEUDAL TIMES, THE PRIMARY LOYALTY WAS TO ONE'S LORD AND ONLY INDIRECTLY AND SECONDARILY DID LOYALTY REACH THE EMPEROR IF AT ALL. BUT IN THE NINETEENTH CENTURY, THIS OBLIGATION WAS TRANSFORMED INTO ABSOLUTE LOYALTY TO THE EMPEROR WHO BECAME THE PERSONIFICATION OF THE STATE. THIS WAS ACHIEVED IN THE IMPERIAL RESCRIPT ON EDUCATION (1890) AND THE RESCRIPT TO THE SOLDIERS AND SAILORS (1882). ALTHOUGH THE OBLIGATIONS TO THE FAMILY AND TO THE STATE ARE UNLIMITED, THE LATTER TAKE PRECEDENCE OVER THE FORMER. IN CHINA, FILIAL PIETY OR FAMILY LOYALTY ALWAYS TOOK PRECEDENCE OVER LOYALTY TO THE EMPEROR BUT WHEN THE JAPANESE TOOK OVER FROM HER CONTINENTAL NEIGHBOR THE POLITICAL PHILOSOPHY OF CONFUCIANISM, THEY REVERSED THE ORDER WHILE REJECTING COMPLETELY THE IDEA OF REVOLUTION.

FILIAL PIETY IS A FORM OF REPAYING THE HEAVY BURDEN OF OBLIGATION TO ONE'S PARENTS AND IS ONE OF THE VERY FIRST LESSONS A CHILD LEARNS IN LIFE. ON THIS OBLIGATION THE AUTHORITY OF THE PARENTS IS FIRMLY BASED, ESPECIALLY THAT OF THE FATHER WHO IS THE HEAD OF THE FAMILY. FILIAL PIETY IS LOYALTY TO THE FAMILY AND AS SUCH IS OF A PRIMARY NATURE. ASIDE FROM THE TWO PRINCIPAL LOYALTIES THERE EXIST A MYRIAD OF LOYALTIES WHICH DETERMINE THE BEHAVIOR OF INDIVIDUALS.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, NEW YORK, JOHN WILEY & SONS, INC., 1966, PP. 58-59.

14b

Japanese Concepts of Duty--Giri, Ninjo, On, etc.

15a

Special Attitudes Toward: Pride, Shame, Guilt, etc.

20 SPECIAL ATTITUDES TOWARDS: PRIDE, SHAME, GUILT, SELF-DISCIPLINE, RIDICULE

1 EMOTION

THE EMOTIONAL DRIVES OF THE JAPANESE ARE GOVERNED BY RULES OF PROPRIETY WHEN NOT ACTUALLY SUPPRESSED. THE MISCONCEPTION THAT THE JAPANESE ARE DEVOID OF EMOTION HAS RESULTED FROM THE FACT THAT THEY DO NOT EASILY SHOW EMOTION IN PUBLIC. OUTWARDLY COMPOSED AND CALM, A MAN NEVERTHELESS CARRIES WITHIN HIMSELF THE MAKINGS OF EMOTIONAL OUTBURSTS IN WHICH ONLY THE TIME AND PLACE ARE THE GOVERNING CONDITIONS. THE CONCEALMENT OF ANXIETY AND GRIEF IS AS NATURAL AS THE CONTROL OF ONE'S TEMPER AND NOT UNLIKE THE ENGLISHMAN'S PHLEGM. BUT BEHIND SUCH RIGID CONTROL LIES A STRONGER EMOTION THAN BEHIND THE HABITUAL OUTBURSTS OF PASSION OF A MORE VOLATILE PEOPLE. REPRESSED EMOTIONS MUST AND DO FIND SAFETY VALVES FOR INDIRECT EXTERNALIZATION IN HUMOR, SPORTS, FINE ARTS, AND LITERATURE.

BENEATH THE RATHER SOLID SURFACE OF STOICISM IS FOUND THE SENTIMENTAL, EMOTIONAL MAKE-UP OF THE JAPANESE WHICH SHOWS UP SO CLEARLY ONCE THE BARRIER IS PENETRATED. WHEN THE LID OF SELF-CONTROL AND DISCIPLINE IS LIFTED THE IMPULSIVE NATURE COMES TO THE FORE. IT IS THIS EMOTIONAL TRAIT THAT SUSTAINS THE VARIOUS PRACTICES AND INSTITUTIONS, THEIR SOCIAL AND POLITICAL AND ECONOMIC ACTIVITIES, AND MAKES THEM VULNERABLE TO EMOTIONAL APPEALS, DIDACTICISM, INDOCTRINATION, SYMBOLS, AND MYTHS.

POLITICS HAS FOR SOME TIME NOW PROVIDED THE JAPANESE WITH A LEGITIMATE ARENA AS AN OUTLET FOR THE EMOTIONS NOT ONLY OF THE REPRESENTATIVES BUT OF THE PUBLIC AS WELL. AS AN ALTERNATIVE TO VIOLENCE, IT IS SERVING A USEFUL FUNCTION AS A SAFETY VALVE. IF POLITICAL ACTIONS ARE TO CARRY THE FORCE OF CONVICTION AND DETERMINATION, ONE CAN HARDLY DENY AN AMPLITUDE OF EMOTION TO THE BODY POLITIC. THE RELEASE OF EMOTION IS OFTEN NECESSARY TO CLEAR THE ATMOSPHERE IN POLITICS BUT IT CAN LEAD TO VIOLENT CLASHES PARTICULARLY WHEN REASON TAKES THE BACK SEAT AND MODERATION IS FORGOTTEN IN THE HEAT OF ARGUMENT, AS FREQUENTLY HAPPENS ON THE FLOOR OF THE DIET.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, JOHN WILEY & SONS, INC., NEW YORK, 1956, PP. 56-57.

6 RIDICULE

RIDICULE IS ONE OF THE MOST POTENT SOCIAL WEAPONS IN COMMUNITY LIFE. TO BE LAUGHED AT IS FAR MORE PAINFUL TO AN INDIVIDUAL WHO FEELS THE PANGS OF SHAME THAN THE MERE PAYMENT OF A MONETARY FINE WHICH DOES NOT ATTRACT ANY WIDESPREAD ATTENTION AND MAY NOT EVEN BE NOTICED BY THE COMMUNITY.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, NEW YORK, JOHN WILEY & SONS, INC., 1956, PP. 86-87.

7 BUSHIDO

BUSHIDO HAS FOR ITS FOUNDATION THE LAYING DOWN OF ONE'S OWN LIFE FOR THE SAKE OF ONE'S LORD. LOYALTY IS THE CENTRALLY SIGNIFICANT GOOD.

"LOYALTY DISCOUNTS DEATH, FOR IT IS FROM THE START A READINESS TO DIE FOR THE CAUSE."

JOSIAH ROYCE

MOORE, CHARLES A., EDITOR, THE JAPANESE MIND ESSENTIALS OF JAPANESE PHILOSOPHY AND CULTURE, HONOLULU, EAST-WEST CENTER PRESS, 1967, P. 234.

2 GUILT

THE JAPANESE SEEM TO SUFFER FROM GUILT WHICH IS NOT ASSOCIATED WITH ANY COMPLEX OF SUPERNATURAL SANCTIONS, BUT IS INSTEAD DERIVED FROM THE SYSTEM OF LOYALTIES WHICH CEMENTS THE STRUCTURE OF THEIR TRADITIONAL SOCIETY. GUILT IN JAPANESE IS HIDDEN FROM WESTERN OBSERVATION BECAUSE WE DO NOT UNDERSTAND JAPANESE FAMILIAL RELATIONSHIPS, AND BECAUSE CONSCIOUS EMPHASIS ON EXTERNAL SANCTIONS HELPS TO DISGUISE THE UNDERLYING FEELINGS OF GUILT WHICH, SEVERELY REPRESSED, ARE NOT OBVIOUS TO THE JAPANESE THEMSELVES. THE KEYSTONE TOWARD UNDERSTANDING JAPANESE GUILT IS HELD TO BE THE NATURE OF INTERPERSONAL RELATIONSHIPS WITHIN THE JAPANESE FAMILY, PARTICULARLY THE RELATIONS OF THE CHILDREN WITH THE MOTHER. THE JAPANESE MOTHER, WITHOUT CONSCIOUS INTENT, HAS PERFECTED TECHNIQUES OF INDUCING GUILT IN HER CHILDREN BY SUCH MEANS AS QUIET SUFFERING. SHE TAKES THE BURDEN OF RESPONSIBILITY FOR THEIR BEHAVIOR AND, AS ALSO WITH BAD CONDUCT ON THE PART OF HER HUSBAND, WILL OFTEN MANIFEST SELF-REPROACH IF HER CHILDREN CONDUCT THEMSELVES BADLY OR IN ANY WAY FAIL TO MEET SOCIAL EXPECTATIONS. WHEN A PERSON DOES WRONG HE THEREBY HURTS HIS MOTHER, AND HE ALSO HURTS OTHER FAMILIAL MEMBERS; AS A RESULT, HE SUFFERS UNHAPPINESS AND FEELINGS OF GUILT.

EDWARD NORBECK AND GEORGE DE VOS, "JAPAN", IN FRANCIS L.K. HSU (ED), PSYCHOLOGICAL ANTHROPOLOGY: APPROACHES TO CULTURE AND PERSONALITY, HOMEWOOD, ILL., 1961, P. 27.

8 PRIDE

THE UNIVERSAL CHARACTERIZATION OF THE JAPANESE WHICH IS WIDELY ACCEPTED IS THAT THEY ARE A VERY PROUD AND SENSITIVE PEOPLE. YET, IN REALITY, THEY ARE NOT MUCH MORE SENSITIVE OR PROUD THAN ANY OTHER PEOPLE IN THE WORLD. THE JAPANESE, IT IS TRUE, ARE HIGHLY SENSITIVE TO ADVERSE OPINION OR CRITICISM, EXPRESSED OR IMPLIED, AND EASILY TAKE OFFENSE. THEY ARE EQUALLY SENSITIVE TO PRAISE AND APPRECIATION. THEIR SENSITIVITY UNDERLIES THEIR STRONG DESIRE TO BE ACCEPTED AND BE WELL THOUGHT OF BY OTHERS. ON THE INTERNATIONAL SCENE THESE ATTITUDES ARE EVEN MORE POIGNANTLY REFLECTED. ANY SLIGHT, SLUR, OR DISCRIMINATORY ACT HAS BEEN STRONGLY RESENTED AS AN AFFRONT TO NATIONAL HONOR. THIS HAS BEEN DUE LARGELY TO THE INFERIOR DIPLOMATIC STATUS TO WHICH SHE WAS RELEGATED AND THE UPHILL STRUGGLE SHE HAD TO CARRY ON BEFORE SHE COULD ACHIEVE A STATUS OF EQUALITY IN THE FAMILY OF NATIONS. IN DEALING WITH THE NATIONS OF THE WEST, JAPAN HAD TO CONDUCT HERSELF WITH THE EYES OF THE WHOLE WORLD UPON HER.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, JOHN WILEY & SONS, INC., NEW YORK, 1956, P. 56.

8 TRADITIONAL FAMILY AND THE CONCEPT OF IE

SOME TIME IN THE HISTORIC PAST, THE CONCEPT OF IE, OR "HOUSE," EMERGED AS AN INSEPARABLE ASPECT OF THE FAMILY.... THE DISTINGUISHING FEATURE OF THE JAPANESE FAMILY SYSTEM IS THE IMPORTANCE OF THE HOUSE AS CONTRASTED WITH AN UNDETERMINATE GROUP OF BLOOD RELATIONS LOOSELY DESCRIBED AS A FAMILY...MEMBERS OF A HOUSE MAY INCLUDE NOT ONLY KINRED OF THE HEAD OF THE HOUSE BY BLOOD RELATIONSHIP, BUT ALSO PERSONS, MALE AND FEMALE, WHO ARE NOT HIS BLOOD RELATIONS AND WHO ENTER THE HOUSE WITH HIS CONSENT. IE IS IN FACT A NAME GROUP AND NOT A BLOOD GROUP...MARRIAGES AND ADOPTIONS WERE VIEWED AS RELATIONSHIPS BETWEEN IE RATHER THAN BETWEEN INDIVIDUALS; THE CONCEPT OF IE EMBODIED MORE THAN A SINGLE HOUSE, FOR IT INCLUDED A NETWORK OF RELATED HOUSEHOLDS.

G.B. SANSON, THE WESTERN WORLD AND JAPAN ALFRED KNOPF, 1951, P. 448

3 AVOID EMBARRASSMENT

THE WORST MISTAKE YOU CAN MAKE, IF YOU WANT TO COMMIT SUICIDE, JUST DO OR SAY SOMETHING THAT PLACES THE JAPANESE IN AN AWKWARD AND EMBARRASSING POSITION. AND I WILL TELL YOU, EVERYTHING THAT YOU'VE DONE FOR THE LAST THREE WEEKS IS DESTROYED RIGHT THEN AND THERE. SO CAREFUL TO AVOID ANY FORM OR TYPE OF EMBARRASSMENT.

"THE STAKES IN ASIA," ABC NEWS DEPT., JUNE 28, 1970.

4 SHAME

THE JAPANESE ARE TAUGHT TO FEEL SHAME BEFORE SOCIETY AND TO FEAR IT. THE RESULT IS A SELF-CONSCIOUSNESS WHICH BORDERS ON AN INFERIORITY COMPLEX. THIS COULD BE PART OF THE ORIGIN OF THE NATIONAL SENSE OF INFERIORITY THE JAPANESE SOMETIMES EXHIBIT TOWARD THE OUTSIDE WORLD. BUT IT DOES NOT SEEM TO HAVE PRODUCED AMONG INDIVIDUALS MUCH OVERT AGGRESSIVENESS, LARGELY BECAUSE INDIVIDUAL AGGRESSIVENESS IS STRONGLY CONDEMNED BY SOCIETY.

TO AVOID SHAME AND WIN APPROVAL THE JAPANESE MUST PRESERVE "FACE" AND SELF RESPECT. A SENSE OF SHAME AND THE NEED FOR SELF RESPECT PROVIDE THE JAPANESE WITH MUCH THE SAME INDIVIDUAL DRIVING FORCE THAT WE DERIVE FROM CONSCIENCE AND A SENSE OF GUILT. SELF RESPECT CAN BE AS HARD A TASKMASTER FOR THEM AS CONSCIENCE WAS FOR THE PURITANS.

EDWIN O. REISCHAUER, UNITED STATES AND JAPAN, NEW YORK, THE VIKING PRESS, 1968, PP. 143-44.

10 SHAME

HOW CAN ONE EXPLAIN THE POWER OF SOCIAL CONFORMITY IN TRADITIONAL JAPAN? NONE OF THE THREE RELIGIONS PRACTICED OFFERED EITHER CONSCIENCE OR UNEQUIVOCAL ETHICAL CONCEPTS AS GUIDES FOR DAILY CONDUCT. OBVIOUSLY, THE TRADITIONAL JAPANESE SOCIETY MUST HAVE HAD A SUBSTITUTE FOR A UNIVERSAL CODE OF ETHICS. THE CONCEPT OF SHAME WAS THE SUBSTITUTE. SHAME ENFORCED THE VERY PARTICULARISTIC ETHICAL CODE AND PROMPTED ONE TO RIGID ADHERENCE TO SPECIFIC RULES OF CONDUCT.

IN TRADITIONAL JAPAN, THE CONCEPTS OF "GOOD" AND "BAD" WERE NOT DETERMINED BY AN ABSOLUTE STANDARD OF VIRTUE, BUT LARGELY BY THE APPROVAL OR DISAPPROVAL OF SOCIETY.... SHAME USUALLY HAD TWO RELATED ASPECTS: PERSONAL SHAME--THE DISAPPROVAL OF THE SOCIETY HEAPED UPON ONESELF; AND "WE-GROUP" SHAME--DISHONOR TO ONE'S COLLECTIVITY AND THE ACCOMPANYING FEAR OF REJECTION BY THE GROUP.

E.O. REISCHAUER, THE U.S. & JAPAN, HARVARD UNIVERSITY PRESS, 1965, PP. 142-3

5 SELF-DISCIPLINE

JAPAN'S SHAME ETHIC DEPENDS ON THE ONE HAND ON A STRONG SENSE OF OBEDIENCE TO AUTHORITY, BUT AT THE SAME TIME THE MAINTENANCE OF SELF-RESPECT ALSO CALLS FOR THE EXERCISE OF WILL POWER. MORE IMPORTANT THAN EXTERNAL CONFORMITY TO AVOID RIDICULE AND SHAME IS THE INNER FORCE OF WILL POWER TO BOLSTER SELF-RESPECT. SELF-DISCIPLINE PARALLELS OBEDIENCE AS A FUNDAMENTAL FORCE SHAPING JAPANESE CHARACTER. THE SELF-RESPECTING JAPANESE CAN FIND NO MORE SATISFACTION IN HIDDEN SHAME THAN THE GOD-FEARING WESTERNER IN CONCEALED SIN. THE "SINCERE," SELF-RESPECTING MAN MUST HAVE WILL POWER, AND TO ACHIEVE WILL POWER HE MUST EMPLOY SELF-DISCIPLINE.

THE AESTHETIC JAPANESE GLORIES IN THE SPARTAN VIRTUES. POET, ARTIST, NATURE LOVER, THOUGH HE BE, AT THE SAME TIME HE BELIEVES IN SUBJECTING HIMSELF TO AN ASCETIC REGIME IN THE NAME OF SELF-DISCIPLINE. COLD BATHS IN WINTER, STRICT DIETARY LIMITATIONS, AND OTHER SUCH DISMAL AUSTERITIES ARE THE STUFF OF WHICH WILL POWER IS MADE. THE JAPANESE PERFORM PHYSICALLY DAMAGING AUSTERITIES TO STRENGTHEN THEIR WILL POWER, TO PERFECT THEIR PERSONALITY AND THUS TO GET THE MOST OUT OF LIFE. ALL SPECIAL SKILLS, THE JAPANESE BELIEVE, START WITH SELF-DISCIPLINE. EXPERTNESS IN CALLIGRAPHY OR FENCING, PAINTING OR JUDO, DEPENDS ON THE ABILITY TO PLACE AN IRON CONTROL OVER THE EMOTIONS. THE EMPHASIS IN ARCHERY IS MORE ON THE SELF-COMPOSURE OF THE ARCHER THAN ON HIS ABILITY TO HIT THE TARGET. COMPLETE SELF-DISCIPLINE WILL RAISE THE INDIVIDUAL ABOVE THE TROUBLING DOUBTS OF SHAME OR THE FEAR OF FAILURE. MIRACLES CAN BE ACCOMPLISHED BY THE MAN WHO KNOWS SELF-DISCIPLINE AND HAS TRUE WILL POWER.

EDWIN O. REISCHAUER, UNITED STATES AND JAPAN, NEW YORK, THE VIKING PRESS, 1968, PP 172-73.

11 HONOR

"I BELIEVE THAT MY HONOR HAS NEVER BEEN GREATER (SINCE I HAVE BEEN SELECTED FOR THE KAMIKAZI FORCE)... BUT LOVE FOR FREEDOM IS AN ESSENTIAL CHARACTERISTIC OF HUMAN BEINGS AND NO ONE CAN TAKE IT AWAY FROM THEM. I BELIEVE, AS BENEDETTO CROCE SAID, THAT ALTHOUGH FREEDOM IS TO BE OPPRESSED AT ONE TIME, IT IS ALWAYS STRUGGLING UP, UNDERNEATH AND WILL FINALLY WIN.... THE GERMANY OF NAZISM HAS ALREADY LOST THE WAR. THE COUNTRIES OF AUTHORITARIANISMS ARE NOW CRUMBLING... MY AMBITION TO MAKE MY BELOVED JAPAN BECOME A GREAT EMPIRE LIKE GREAT BRITAIN IS ALREADY IN VAIN.... JAPANESE WHO COULD WALK ANYWHERE IN THE WORLD, FREELY--THAT WAS THE IDEAL I DREAMT.

"(THE KAMIKAZI PILOT) CAN NEVER BE UNDERSTOOD BY REASONING AND MIGHT BE CALLED A 'SUICIDER'. BUT PROBABLY THIS CAN ONLY BE UNDERSTOOD IN A SPIRITUAL COUNTRY LIKE JAPAN. WE PILOTS AS INSTRUMENTS, HAVE NO RIGHT TO SAY ANYTHING; BUT SINCERELY I WOULD PLEAD TO THE JAPANESE PEOPLE TO MAKE JAPAN A TRULY GREAT NATION SOME DAY.... THE ABOVE IS WHAT I BELIEVE WITHOUT FALSITY AND PLEASE EXCUSE MY DISORDERLY STATEMENT. TOMORROW THERE WILL BE ONE LESS LIBERAL IN THE WORLD. HE MAY LOOK LONELY SEEN IN THE PAST, BUT HE MAY AT LEAST HIMSELF HAVE FULL SATISFACTION IN HIS HEART. GOODBYE."

RYOKJI VEHARA, AGE 22; OKINAWA 1945.

Special Attitudes Toward: Pride, Shame, Guilt, etc.

Current Changes in Traditional Attitudes and Values

On this page we present some recent comments on current changes in traditional Japanese concepts and behavior. The chart below summarizes the major changes being discussed.

On the next page we present some excerpts from recent newspaper articles which serve to illustrate these changes.

CURRENT CHANGES IN TRADITIONAL JAPANESE CONCEPTS

1. TOWARDS A SECULAR LIFE
2. EROSION OF ETHICS
3. DECLINE IN MORAL STANDARDS
4. VALUE CHANGES AMONG WOMEN AND YOUTH
5. NATIONAL ATTITUDE TOWARDS EMPHASIZING  
PERSONAL HAPPINESS

## ① A GROWING INTELLECTUAL GAP

THE GULF BETWEEN OCCUPATIONAL GROUPS WAS SOMETIMES ALMOST AS WIDE, AND CERTAINLY GREATER THAN IN THE PROFESSIONALLY MORE FLUID SOCIETY OF THE UNITED STATES. THE GOVERNMENT OFFICIAL OR BIG BUSINESSMAN LIVED IN A DIFFERENT WORLD FROM THE SO-CALLED INTELLECTUAL, OR INTERI. THE LATTER BECAME A TERM OF PRIDE IN JAPAN, USED FOR A WIDE VARIETY OF PEOPLE, PARTICULARLY UNIVERSITY PROFESSORS, WRITERS, AND THE LIKE, YET INCLUDING ALMOST ANYONE WHO HAD RECEIVED A HIGHER EDUCATION BUT WAS NOT A BIG BUSINESSMAN OR GOVERNMENT OFFICIAL. THE LATTER TWO GROUPS WERE LARGELY THE PRODUCTS OF THE SAME UNIVERSITIES AS THE INTELLECTUALS, RECEIVING THERE THE SAME GERMANIC SORT OF THEORETICAL, IDEALISTIC EDUCATION, BUT THEIR PROFESSIONS HAD FORCED THEM TO BECOME MORE PRAGMATIC MEN OF AFFAIRS, WHILE THE INTELLECTUALS TENDED TO CLING TO THEIR BOOKISH THEORIES, UNSULLIED BY ANY COMPROMISE WITH SUPPOSEDLY SORDID REALITY. SUCH DIFFERENCES ARE NOT UNKNOWN IN THE WEST, BUT THE GAP WAS ON THE WHOLE MUCH GREATER IN JAPAN.

A SIMILAR INTELLECTUAL GAP DEVELOPED BETWEEN RESIDENTS OF RURAL AND SMALL TOWN JAPAN AND CITY INTELLECTUALS AND THEIR YOUNGER COHORTS AMONG UNIVERSITY STUDENTS. RURAL AND SMALL TOWN JAPAN, THE TRADITIONAL STRONGHOLD OF THE OLD POLITICAL PARTIES, HAD ITS OWN WELL-ESTABLISHED PATTERNS OF PRAGMATIC DEMOCRATIC POLITICS BASED ON PERSONAL ASSOCIATIONS, PATRONAGE, AND OTHER LOCAL CONSIDERATIONS--A PATTERN NOT UNLIKE THAT OF MUCH OF THE UNITED STATES. CITY INTELLECTUALS TENDED TO REJECT ALL THIS AS "FEUDALISTIC," INSISTING INTOLERANTLY ON THEIR OWN MORE THEORETICAL CONCEPTS OF DEMOCRACY, SOCIALISM, OR COMMUNISM.

E.O. REISCHAUER, JAPAN: THE STORY OF A NATION, A. KNOPF, NEW YORK, 1970, P. 255.

## ⑤ YOUTH AND SELFHOOD

IN JAPANESE YOUTH, CULTURAL AND HISTORICAL INFLUENCES HAVE BROUGHT ABOUT DIFFUSION AND DISLOCATION OF UNUSUAL MAGNITUDE. ONE OF THE WAYS IN WHICH YOUNG PEOPLE ATTEMPT TO DEAL WITH THIS PREDICAMENT IS BY STRESSING A DEVELOPING AWARENESS OF THEIR OWN BEING, BY DELINEATING THE SELF. THEY SPEAK MUCH OF INDIVIDUAL FREEDOM IN RELATION TO FAMILY AND SOCIETY, AND STRONGLY CRITICIZE THE NEGATION OF THE INDIVIDUAL PERSON IN TRADITIONAL JAPANESE PRACTICE. THEY RESPOND STRONGLY TO THOSE ELEMENTS OF MARXIST THOUGHT WHICH REFER TO SELF-REALIZATION, AND THEY FREQUENTLY COMBINE THEIR MARXISM WITH EXISTENTIALISM.

BUT UNDERNEATH THIS IDEAL OF SELFHOOD, HOWEVER STRONGLY MAINTAINED, ONE CAN FREQUENTLY DETECT AN EVEN MORE PROFOUND CRAVING FOR GROUP LIFE, FOR SOLIDARITY, EVEN FOR THE CHANCE TO MELT COMPLETELY INTO A SMALL GROUP, A PROFESSIONAL ORGANIZATION, OR A MASS MOVEMENT.

ONE FEELS THIS TENSION BETWEEN THE IDEAL OF INDIVIDUALISM AND THE NEED FOR THE GROUP IN THE CONCERN OF YOUNG PEOPLE WITH THAT ELUSIVE, SOMETIMES NEAR-MYSTICAL BUT ALWAYS HIGHLY DESIRABLE ENTITY KNOWN AS SHUTAISEI. IT LITERALLY MEANS "SUBJECTHOOD" AND IS A MODERN JAPANESE WORD DERIVED FROM GERMAN PHILOSOPHY, COINED BY JAPANESE PHILOSOPHERS TO INTRODUCE INTO JAPANESE THOUGHT THE GERMAN PHILOSOPHICAL IDEAL OF HAN AS SUBJECT RATHER THAN OBJECT. CURRENTLY YOUNG PEOPLE USE SHUTAISEI TO MEAN TWO THINGS: FIRST, HOLDING AND LIVING BY PERSONAL CONVICTIONS--HERE SHUTAISEI COMES CLOSE TO MEANING SELFHOOD; AND SECOND HAVING THE CAPACITY TO ACT IN A WAY THAT IS EFFECTIVE IN FURTHERING HISTORICAL GOALS AND JOINING FORCES WITH LIKE-MINDED PEOPLE IN ORDER TO DO SO--HERE THE MEANING IS SOMETHING LIKE SOCIAL COMMITMENT.

ROBERT JAY LIFTON, "YOUTH AND HISTORY: INDIVIDUAL CHANGE IN POSTWAR JAPAN," E. ERIKSON (ED.), THE CHALLENGE OF YOUTH, NEW YORK, ANCHOR BOOKS, 1965, PP 272-74.

## ② TOWARDS A SECULAR LIFE

"DESPITE THE FEVERISH RELIGIOUS ACTIVITY ON THE PART OF SOME SECTORS OF THE POPULATION, THERE HAS BEEN NO NATIONAL REVIVAL OF RELIGION. THE CIRCUMSTANCES ARE TO THE CONTRARY. THE NATION AS A WHOLE MOVES FURTHER AND FURTHER FROM RELIGION AND MEETS THE PROBLEMS OF LIFE IN SECULAR WAYS. PUBLIC OPINION POLLS SHOW THAT APPROXIMATELY TWO-THIRDS OF THE POPULATION DISCLAIMS RELIGIOUS FAITH. A COMMON RESPONSE OF JAPANESE CITIZENS TO QUESTIONS REGARDING RELIGIOUS AFFILIATION IS TO SAY THAT THE 'FAMILY' RELIGION IS ONE OR ANOTHER OF THE NUMEROUS SECTS OF BUDDHISM. FURTHER QUESTIONING REVEALS THAT THE SPEAKER HIMSELF HAS NO RELIGIOUS FAITH. TO MOST PEOPLE RELIGION IS NOT A SUBJECT OF INTEREST.

"GENERALLY REGARDED AS QUITE APART FROM THE REALM OF RELIGION ARE VARIOUS SUPERSTITIONAL BELIEFS CONCERNING GOOD AND BAD LUCK. ALTHOUGH CUSTOMARILY CALLED SUPERSTITIONS, THESE RETAIN CONSIDERABLE LIFE, AND MANY CITIZENS FIND NOTHING ANOMALOUS IN REFERRING TO 'TRUE SUPERSTITIONS.'

"IN THE REALM OF SECULAR LIFE MANY OF THE OLD IDEALS AND ATTITUDES EXIST AMONG PEOPLE OF ALL SOCIAL STRATA. ONE SHOULD BE FAITHFUL TO HIS COMMITMENTS, HOWEVER MUCH THESE MIGHT HAVE CHANGED. THRIFT, INDUSTRY, PERSISTENT STRUGGLES TO SUCCESS AGAINST HEAVY ODDS, AND SELF-IMPROVEMENT IN HUMAN SKILLS AND CAPABILITIES CONTINUE TO BE REGARDED AS VIRTUES. IN COMBINATION THEY REPRESENT ONE OF THE MOST HIGHLY CHERISHED JAPANESE VALUES, THE PREMIUM PLACED UPON ACHIEVEMENT. THIS JAPANESE VALUE HAS SOMETIMES BEEN LIKENED TO THE SO-CALLED 'PROTESTANT ETHIC' OF THE UNITED STATES AND NORTHERN EUROPE, AND THERE ARE INDEED CLOSE RESEMBLANCES. PERHAPS THE MOST CONSPICUOUS DIFFERENCES ARE THAT THE ROLE OF JAPANESE RELIGIONS IN REINFORCING OR ENGENDERING THE ETHIC SEEMS COMPARATIVELY SMALL AND THAT, RATHER THAN CHERISHING WORK FOR ITS OWN SAKE, THE JAPANESE PEOPLE APPEAR TO VALUE INDUSTRY CHIEFLY FOR THE SPECIFIC ECONOMIC, SOCIAL, AND ASSOCIATED PSYCHOLOGICAL REWARDS THAT IT MAY BRING. THESE WORDS ARE NOT TO SAY THAT THE JAPANESE VALUE LACKS MORAL IMPORT. THE LAZY PERSON IN JAPAN IS MORE THAN MERELY LAZY; HE IS REGARDED AS UNTRUSTWORTHY AND MORALLY UNSOUND...

"WHATEVER THE ORIGIN OF THIS IDEAL, THE MODERN JAPANESE 'NATURALLY' VALUES INDUSTRIOUSNESS AND 'NATURALLY' WISHES TO SUCCEED. HE DESIRES ALSO THE VISIBLE SYMBOLS OF SUCCESS IN THE FORM OF MATERIAL POSSESSIONS. SELF-DENIAL OF ORDINARY NECESSITIES OF LIFE IN ORDER TO PURCHASE AT OUTRAGEOUS PRICES SUCH OBJECTS AS ALLIGATOR HANDBAGS, IMPORTED SUITING MATERIALS, SWISS WATCHES, JEWELS, AND SCOTCH WHISKEY IS BY NO MEANS EXCEPTIONAL. THESE ARE THINGS THAT MAY BE DISPLAYED--THE SCOTCH WHISKEY IN A GLASS CASE IN THE LIVING ROOM--AND THEY REFLECT PRESTIGE UPON THE FAMILY OR THE INDIVIDUAL. RATHER THAN BEING THE ANTITHESIS OF THRIFT, THEY ARE MOST OFTEN IN JAPAN ANOTHER ASPECT OF IT, OCCASIONAL REWARDS OF THRIFT THAT BRING GREAT SATISFACTION. IT IS NOT DIFFICULT TO THINK THAT THE JAPANESE EMPHASIS ON HIERARCHY, WHETHER BY ACHIEVEMENT OR PRESCRIPTION, AND ITS ACCOMPANIMENT OF TANGIBLE SYMBOLS OF STATUS CONTINUE TODAY TO REINFORCE THRIFT AND ACHIEVEMENT AS VIRTUES."

EDWARD NORBECK, CHANGING JAPAN, CASE STUDIES IN CULTURAL ANTHROPOLOGY (NEW YORK: HOLT, RINEHART AND WINSTON, 1965), PP. 19-21.

## ⑥ CHANGING GOALS

THERE IS GROWING DOUBT WHETHER OR NOT JAPANESE MANAGEMENT CAN CONTINUE TO EXPECT FROM ITS EMPLOYEES INDIVIDUAL LOYALTY AND TOTAL COMMITMENT TO THE ENTERPRISE. THIS IS PARTICULARLY APPARENT AMONG THE YOUNGER GENERATIONS, WHO ARE NO LONGER WILLING TO PLACE COMPANY LOYALTY OVER EVERYTHING ELSE.

MANY SENIOR EXECUTIVES BELIEVE THEIR YOUNGER MANAGERS HAVE LEARNED TO COMPROMISE THEIR AMBITIONS TO THEIR REALISTIC PROSPECTS, AND... 'HAVE LOWERED THEIR SIGHTS TO A COZY LITTLE HOUSE IN THE SUBURBS, A PRETTY WIFE, A COUPLE OF KIDS AND THE OCCASIONAL GAME OF GOLF.'

R.P. DORE, ASPECTS OF SOCIAL CHANGE IN MODERN JAPAN PRINCETON UNIVERSITY PRESS, 1967, P. 141

## ③ EROSION OF ETHICS

"THE SHARP DIFFERENCES IN BASIC ATTITUDES BETWEEN THE VARIOUS AGE GROUPS IN JAPAN ARE VERY OBVIOUS, AND THEY ILLUSTRATE ANOTHER MORE IMPORTANT POINT, WHICH ITSELF IS NOT SO IMMEDIATELY APPARENT. JAPAN TODAY LACKS ANY CENTRAL CORE OF ETHICS OR ANY SYSTEM OF GUIDING IDEALS. THE JAPANESE RELIGIONS OF BUDDHISM AND SHINTOISM OFFER THE MODERN JAPANESE LITTLE SOLID RELIGIOUS BASIS FOR THEIR ETHICS OR IDEALS; THE FEUDAL AND CONFUCIAN ETHICS OF THE PAST HAVE DECAYED; AND THE STATE-CENTERED SYSTEM OF PREWAR JAPAN HAS BEEN REPUDIATED. ACTUALLY WHAT ETHICS THE JAPANESE HAVE IS A COMPOSITE OF OLD ATTITUDES THAT HAVE SURVIVED PIECEMEAL FROM THE PAST AND ELEMENTS OF THE CHRISTIAN-BASED ETHICS OF THE OCCIDENT, WITH THE LATTER PERHAPS SOMEWHAT IN THE PREPONDERANCE, DESPITE THE INFINITESIMAL NUMBER OF PROFESSING CHRISTIANS.

WHATEVER THE ORIGIN OF MODERN JAPANESE ETHICAL CONCEPTS, HOWEVER, THERE CAN BE NO DENYING THAT THEY LACK ANY SOLID RELIGIOUS BASIS AND VARY WIDELY AMONG DIFFERENT SOCIAL AND AGE GROUPS. AND WITH THEM GOES NO GENERALLY ACCEPTED SET OF GUIDING IDEALS OR PRINCIPLES. THE JAPANESE ARE STILL SELF-CONSCIOUSLY AWARE OF THEIR NATIONAL DISTINCTIVENESS, BUT THE IDEAL OF BLIND OBEDIENCE TO THE STATE NO LONGER SERVES AS A MAJOR UNIFYING PRINCIPLE, AND INSTEAD THEY ARE SOMEWHAT APOLOGETIC AND UNCERTAIN IN THEIR PATRIOTISM. FOR THE MOST PART THEY ARE UNITED IN THEIR DEVOTION TO THE CONCEPTS OF PEACE AND INTERNATIONAL ORDER, BUT THEY ARE NOT AT ALL AGREED AS TO HOW THESE ARE TO BE REALIZED. MOST OF THEM APPROVE OF DEMOCRACY, BUT THE PRINCIPLES ON WHICH DEMOCRACY IS BASED DO NOT SERVE AS GREAT UNIFYING BELIEFS, AS THEY DO IN SUCH COUNTRIES AS THE UNITED STATES AND THE UNITED KINGDOM. IN OTHER WORDS, NEITHER RELIGION, NOR ETHICAL PRINCIPLES, NOR POLITICAL AND SOCIAL IDEALS SERVE AS THE GREAT UNIFYING FORCES THEY DO IN MANY OTHER LANDS. THE KEYSTONE APPEARS TO BE MISSING IN THE INTELLECTUAL OR SPIRITUAL ARCH, AND THIS LACK IN TURN GIVES A CERTAIN INSTABILITY TO THE WHOLE STRUCTURE OF MODERN JAPAN.

EDWIN REISCHAUER, UNITED STATES AND JAPAN, NEW YORK, THE VIKING PRESS, 1968, PP. 310-11.

## ⑦ NATIONAL ATTITUDE TOWARDS EMPHASIZING PERSONAL HAPPINESS

WHAT SEEMS RADICALLY NEW IS THE NATIONAL ATTITUDE TOWARD HAPPINESS. THE PURSUIT OF HAPPINESS, A CONCEPT THAT IMPLIES MAINTENANCE OF MORAL STANDARDS AND THUS DOES NOT PRECISELY COINCIDE WITH PLEASURE, HAS BECOME A WORTH-WHILE GOAL OF LIFE. ONCE VIEWED AS AN IMMORAL DOCTRINE THAT THREATENED THE ACHIEVEMENT OF PROPER GOALS OF FULFILLING OBLIGATIONS, THE QUEST OF HAPPINESS IS AN IDEAL THAT HAS GAINED WIDE CURRENCY THROUGHOUT THE NATION.

EDWARD NORBECK, CHANGING JAPAN, CASE STUDIES IN CULTURAL ANTHROPOLOGY, HOLT, RINEHART AND WINSTON, NEW YORK, 1965, P. 21.

## ④ DECLINE IN MORAL STANDARDS

A PUTATIVE GENERAL DECLINE IN MORAL STANDARDS IS A MATTER OF NATIONAL CONCERN, AT LEAST TO THE EXTENT THAT IT IS FREQUENTLY THE SUBJECT OF PUBLIC EXPRESSIONS OF ALARM. EVERYWHERE CIVIC LEADERS PLEAD FOR IMPROVED STANDARDS OF MORALITY, AND THEY OFTEN REFER TO SEXUAL MORALITY. ALMOST ANY URBAN CITIZEN OF MATURE YEARS WILL STATE THAT THE FAMILY SYSTEM HAS COLLAPSED, THAT OLD VALUES HAVE DISAPPEARED, AND THAT CONFUSION REIGNS. BUT HE GENERALLY MAKES THESE STATEMENTS WITH COMPOSURE, AND IT IS EVIDENT THAT HE HAS FOUND A WAY TO LIVE WITH PEACE OF MIND.

EDWARD NORBECK, CHANGING JAPAN, CASE STUDIES IN CULTURAL ANTHROPOLOGY, HOLT, RINEHART AND WINSTON, NEW YORK, 1965, P. 21.

## ⑧ VALUE CHANGES AMONG WOMEN AND YOUTH

WHILE THE JAPANESE REMAIN CONSCIOUS OF CLASS DISTINCTIONS AND HIERARCHY IN A WAY THAT IS QUITE UNKNOWN TO AMERICANS, THERE HAS BEEN A DECIDED RELAXING OF THE RIGIDITY OF THESE DISTINCTIONS. MUCH OF THE OBSEQUIOUSNESS, EVEN THE DEFERENCE, SHOWN BEFORE THE WAR BY THE LOWER CLASSES TO THEIR SUPPOSED SUPERIORS HAS DISAPPEARED, AND THE UPPER CLASSES TOO HAVE LOST A GREAT DEAL OF THEIR UNCONSCIOUS AIR OF SUPERIORITY. PARALLELING THE BREAKDOWN IN CLASS DISTINCTIONS HAS BEEN A GENERAL WEAKENING OF ALL SOCIAL CONTROLS. A GREAT BREATH OF FREEDOM HAS BLOWN THROUGH THE TIGHTLY KNIT, CRAMPED SOCIETY OF JAPAN. MOST JAPANESE, ESPECIALLY YOUNGER ONES, THINK AND ACT WITH A FREEDOM THAT WAS NOT AT ALL COMMON IN PREWAR DAYS. THE CONTROL OF THE FAMILY OVER YOUNG PEOPLE HAS VISIBLY RELAXED. YOUNG MEN AND WOMEN NOWADAYS ARE RARELY FORCED INTO MARRIAGES AGAINST THEIR WILL, AND OFTEN ENOUGH THEY ARE PERMITTED TO SELECT THEIR OWN MATES.

THE CHANGES ARE MOST NOTICEABLE AMONG TWO GROUPS, WOMEN AND YOUNG PEOPLE. THE FORMER ACT WITH A SELF-CONFIDENCE THAT, IF IT EXISTED BEFORE THE WAR, WAS CAREFULLY CONCEALED. THE JAPANESE WOMAN HAS BECOME MUCH MORE OF AN INDIVIDUAL, BUT WITHOUT LOSING ANY OF THE CHARM THAT CHARACTERIZED HER BEFORE THE WAR.

YOUNG PEOPLE HAVE CHANGED EVEN MORE MARKEDLY. IN FACT, ONE COULD SAFELY SAY THAT IN MOST CASES THE YOUNGER A JAPANESE IS, THE MORE HE DEPARTS FROM PREWAR NORMS. THE OLD HAVE CHANGED VERY LITTLE, BUT WITH EACH YOUNGER AGE BRACKET THE CHANGE BECOMES MORE NOTICEABLE. JAPANESE UNDER THIRTY, WHOSE UPBRINGING AND EDUCATION HAVE BEEN LARGELY POSTWAR, ARE AT LEAST LIKE THEIR PREWAR COUNTERPARTS. CHILDREN ARE MORE SPONTANEOUS AND UNINHIBITED, BUT THESE QUALITIES ARE ACCOMPANIED BY A CERTAIN DEGREE OF BRASHNESS AND EVEN RUDENESS THAT WAS VIRTUALLY UNKNOWN BEFORE THE WAR.

WITH THE NEW FREEDOM HAS GONE A GREAT DEAL OF SOCIAL AND EMOTIONAL CONFUSION. THE OLD IRON-BOUND CODES OF CONDUCT ARE NOW OFTEN DISREGARDED, BUT NO NEW STANDARDS HAVE RISEN TO TAKE THEIR PLACE. THE POSTWAR JAPANESE IS WITHOUT DOUBT MORE LAWLESS THAN HIS POLICE-RIDDEN PREDECESSOR. JUVENILE DELINQUENCY, WHILE IN NO WAY AS SERIOUS AS IN THE UNITED STATES, HAS BECOME A REAL PROBLEM FOR THE FIRST TIME IN JAPANESE HISTORY. THE JAPANESE HAVE LOST MUCH OF THEIR FORMER PUNCTILIOUSNESS AND WITH IT A CERTAIN AMOUNT OF THEIR POLITENESS. WITH THE RELAXING OF TENSIONS, THERE MAY ALSO HAVE COME A CERTAIN SLACKENING OF WILL POWER AND EVEN A SLOPPINESS OF PERFORMANCE THAT WOULD NOT HAVE BEEN TOLERATED BEFORE.

EDWIN O. REISCHAUER, UNITED STATES AND JAPAN, NEW YORK, THE VIKING PRESS, 1968, PP. 306-08.

16b

Current Changes in Traditional Attitudes and Values

17a

Some Recent Newspaper Articles Reflecting Declining  
Morals and Erosion of Traditional Values

① OFFICIALS OF THE ISE GRAND SHRINES, JAPAN'S MOST SACRED SHINTO SANCTUARY, DEPLORE VANDALS WHO HAVE IN RECENT MONTHS BEEN DEFACING THE SHRINE COMPOUNDS BY PILFERING THE ROCKS, STEALING TREES AND SHRUBS, AND DISCARDING DEBRIS. "IT'S A SHAME THAT PEOPLE HAVE LOST RESPECT," LAMENTS A SHRINE PRIEST. "WHY ANYONE WOULD DELIBERATELY COMMIT ACTS OF VANDALISM IS BEYOND OUR COMPREHENSION."...

"THERE HAVE BEEN OCCASIONS," OFFICIALS SAY, "WHERE WE'VE FOUND TRACES OF SOMEONE HAVING BROUGHT IN A CRANE AND A TRUCK TO HOIST A LARGE ROCK OR OLD TREE AND CARRIED IT AWAY. IT'S FANTASTIC WHAT THIEVES WON'T DO."

ANOTHER PROBLEM THAT HARASSES SHRINE OFFICIALS ARE THE YOUNGER GENERATION WHO RIDE BY IN PRIVATE CARS AND TOSS OUT EMPTY CANS AND BOTTLES INTO THE WOODS...

"IS IT TOO MUCH TO ASK FOR COOPERATION IN KEEPING THE SHRINES CLEAN AND TIDY?" SHRINE ATTENDANTS ASK. "OR TO ASK FOR SOME RESPECT FOR THE SHINTO GODS? WE DON'T THINK SO."

THE DAILY YOMIURI  
SUNDAY, MARCH 21, 1971.

④ TOKYO DISTRICT COURT ON MONDAY CONVICTED 19 RADICAL STUDENTS FOR MASSING WITH WEAPONS AND OBSTRUCTING POLICE IN THE EXECUTION OF THEIR DUTIES, WHEN FOREIGN MINISTER AICHI LEFT FOR THE US ON MAY 31, 1970.

THE STUDENTS, ALL MEMBERS OF KAKUMARU (REVOLUTIONARY MARXIST) FACTION OF ZENGAKUREN, DEMONSTRATED AGAINST AICHI'S TRIP IN FRONT OF THE NATIONAL RAILWAYS' KAMATA STATION, OTA-KU...

TWO OF THE 19 STUDENTS--INCLUDING YASUJI NARIOKA, 28, FORMER LEADER OF THE KAKUMARU GROUP--RECEIVED PRISON SENTENCES OF 20 MONTHS, WHILE THE 17 OTHERS WERE GIVEN SUSPENDED SENTENCES OF 10 TO 20 MONTHS.

THE DAILY YOMIURI  
TUESDAY, MARCH 30, 1971.

⑤ ABOUT 30 ULTRALEFTIST STUDENTS CALLING FOR A BOYCOTT OF TERM EXAMINATIONS BATTLED WITH RIOT POLICE ON MEIJI GAKUIN UNIVERSITY CAMPUS IN MINATOKU WEDNESDAY. ELEVEN POLICEMEN WERE INJURED...

THE STUDENTS THREW MORE THAN 20 MOLOTOV COCKTAILS AT THE POLICE FORCE, HALTING TRAFFIC ON THE STREET OUTSIDE THE GATE FOR ABOUT 40 MINUTES.

POLICE QUELLED THE RIOT ABOUT AN HOUR LATER AFTER ARRESTING FOUR STUDENTS.

THE DAILY YOMIURI  
THURSDAY, MARCH 18, 1971.

② ULTRALEFTISTS MAY STAGE ARMED UPRISINGS THIS AUTUMN, PARTICULARLY IN URBAN AREAS, PUBLIC SAFETY COMMISSIONERS WERE WARNED FRIDAY.

THE WARNING WAS GIVEN BY YASUO NAGAWA, CHAIRMAN OF THE NATIONAL PUBLIC SAFETY COMMISSIONERS' LIAISON COUNCIL,...

THE RADICALS WOULD TRY TO CAPITALIZE ON THE RATIFICATION AND OTHER ISSUES, INCLUDING THE JAPAN-U.S. SECURITY TREATY, JAPAN-CHINA RELATIONS, ENVIRONMENTAL HAZARDS AND PRICES, HE SAID....

THE NATIONAL POLICE AGENCY HAS BLACKLISTED THREE ULTRALEFTIST ORGANIZATIONS AS THE "MOST DANGEROUS ELEMENTS." THEY ARE KEIHIN AMPO KYOTO, SEKIGUNHA (RED ARMY FACTION) AND KYOSANDO RG (COMMUNIST LEAGUE ROT GEWALT).

RECENTLY, THE THREE ORGANIZATIONS HAVE BEEN ENGAGED IN BUILDING UP THEIR ARMED STRENGTH TO STAGE GUERRILLA-STYLE DISTURBANCES IN URBAN AREAS....

POLICE HAVE PLACED 20 OF THE 350 MEMBERS OF SEKIGUNHA ON THE NATIONWIDE WANTED LIST ON A CHARGE OF ROBBING THE BANKS OF ¥3,500,000.

POLICE ARE SEEKING EIGHT MEMBERS OF THE 130-STRONG KEIHIN AMPO KYOTO, IN CONNECTION WITH THE GUNSHOP ROBBERY. OF THOSE STOLEN NINE SHOTGUNS AND 600 ROUNDS OF AMMUNITION HAVE NOT YET BEEN FOUND.

KYOSANDO RG IS SAID TO BE A SMALL GROUP WITH ABOUT 30 ACTIVE MEMBERS. FIVE OF THEM ARE WANTED BY POLICE ON THEFT CHARGES.

THE JAPAN TIMES  
SATURDAY, APRIL 10, 1971

⑥ LIBERAL-DEMOCRATIC PARTY MEMBER OF THE HOUSE OF REPRESENTATIVES SHUJI KURAUCHI FACES CHARGES FOR ALLEGEDLY SWINDLING A MAJOR FIRE ENGINE MANUFACTURER OUT OF ¥210 MILLION IN PROMISSORY NOTES, THEREBY CAUSING THE COMPANY TO GO BANKRUPT...

ACCORDING TO ELTARO HARADA, PRESIDENT OF THE COMPANY, KURAUCHI'S PRIVATE SECRETARY, SHOJI OBA, EARLY LAST DECEMBER VISITED THE COMPANY AND SAID THAT KURAUCHI KNEW A RELIABLE SOURCE WHO WOULD PROVIDE A LONG-TERM LOW-INTEREST LOAN TO THE COMPANY...

KURAUCHI SAID THAT HE WOULD ARRANGE A LOAN FROM THE NATIONAL FEDERATION OF AGRICULTURAL COOPERATIVES (ZENKYOREN) FOR THE COMPANY IF HARADA ISSUED ACCOMMODATION BILLS AS SECURITY FOR THE LOAN...

THE LOAN FROM BOTH ZENKYOREN AND SHIZUOKA BANK DID NOT MATERIALIZE.

IN THE MEANTIME, HARADA LEARNED THAT THE BILLS HANDED TO KURAUCHI WERE BEING DISCOUNTED INDISCRIMINATELY AMONG BILL BROKERS IN TOKYO.

THE DAILY YOMIURI  
SUNDAY, MARCH 28, 1971.

③ THE EDUCATION MINISTRY THURSDAY NIGHT ORDERED ALL 16 PRIVATE MEDICAL UNIVERSITIES THROUGHOUT JAPAN TO REPORT THE AMOUNTS OF DONATIONS WHICH THEY RECEIVE FROM STUDENTS BEING ADMITTED INTO THE UNIVERSITIES THIS SPRING.

THE MINISTRY TOOK THE ACTION AFTER IT LEARNED EARLIER IN THE SAME DAY THAT THE DEPARTMENT OF MEDICINE OF TOHO UNIVERSITY IN TOKYO WAS DEMANDING A ¥7,000,000 DONATION FROM EACH OF 80 SUCCESSFUL APPLICANTS....

THE MEETING WAS CALLED TO PROBE THE MULTIMILLION-YEN SCANDAL IN WHICH DOZENS OF APPLICANTS HAD GAINED ENTRANCE TO OSAKA UNIVERSITIES' MEDICAL DEPARTMENTS AFTER BUYING TEST PAPERS STOLEN FROM THE OSAKA PRISON PRINTING SHOP.

THE DAILY YOMIURI  
Saturday, March 13, 1971

⑦ THE METROPOLITAN POLICE DEPARTMENT (MPD) IS INVESTIGATING A GROUP OF GANGSTERS WHO ALLEGEDLY NETTED SEVERAL HUNDRED MILLION YEN DURING THE PAST YEAR BY SELLING BLANK PROMISSORY NOTES TO MONEY BROKERS...

THE GANGSTERS SOLD THE BLANK PROMISSORY NOTES TO MONEY BROKERS IN SHINJUKU-KU AND KANDA, CHIYODA-KU, WHO LATER WROTE IN AMOUNTS OF MONEY ON THE BLANK FORMS AND CASHED THEM WITH THE AID OF THE GANGSTERS.

IT IS BELIEVED THAT ABOUT 100 BUSINESSMEN AND STORE OWNERS MADE INVESTMENTS, TOTALING ABOUT ¥200 MILLION, DURING THE PAST YEAR AND RECEIVED LARGE DIVIDENDS FROM THE GANGSTERS.

THE GANGSTERS THEMSELVES NETTED SEVERAL HUNDRED MILLION YEN BY SELLING THE BLANK PROMISSORY NOTES, POLICE SAID.

THE DAILY YOMIURI  
SUNDAY, MARCH 28, 1971.

⑧ OSAKA POLICE, PROBING THE THEFT OF UNIVERSITY ENTRANCE EXAMINATION PAPERS FROM OSAKA PRISON, HAVE LEARNED THAT AN APPLICANT WHO BOUGHT STOLEN TEST PAPERS GAINED ADMITTANCE TO OSAKA UNIVERSITY'S FACULTY OF DENTISTRY IN APRIL 1970....

HIS FATHER BOUGHT THE TEST PAPERS FOR ¥3,000,000 FROM ONE OF TWO GROUPS SELLING STOLEN TEST PAPERS THROUGH AN INTRODUCTION BY DR. TAKEHIDE HAGIWARA, 57, FORMER CHAIRMAN OF THE MINOO, OSAKA-FU, MUNICIPAL EDUCATION COMMISSION, POLICE SAID.

THE DAILY YOMIURI  
SUNDAY, MARCH 28, 1971.

17b

Some Recent Newspaper Articles Reflecting Declining  
Morals and Erosion of Traditional Values

18a

Some Poll Data on Current Japanese Attitudes and Opinions

① POLL ON JAPAN IN 1980  
(ASAHI SHIMBUN POLLED 100 LEADING PERSONALITIES)

	YES	NO
WILL JAPAN ACQUIRE NUCLEAR WEAPONS?.....	24	73
WILL THE VIRTUALLY UNCHALLENGED LEADERSHIP POSITION OF THE LIBERAL-DEMOCRATIC PARTY DECLINE?.....	71	29
WILL THERE BE SOCIAL DISTURBANCES ON SUCH A SCALE AS TO REQUIRE INTERVENTION BY THE SELF-DEFENCE FORCES TO RESTORE ORDER?.....	43	56
WILL IMMIGRANT LABOUR BE ENCOURAGED TO OVERCOME THE WORKER SHORTAGE?.....	32	68
WILL THERE BE AN INCREASE IN THE NUMBER OF PEOPLE WHO ACTIVELY DISLIKE THE INTRUSION OF THE COMPUTER IN THEIR LIVES?.....	32	67
WILL AIR POLLUTION IN TOKYO BE CLEANED UP?.....	26	73
WILL THE AGE-OLD FESTIVALS HONOURING GUARDIAN DEITIES OF GIVEN LOCALITIES DISAPPEAR?.....	12	88
WILL SOCIAL BEHAVIOUR CHANGE TO THE POINT WHERE COUPLES WILL KISS IN PUBLIC?.....	56	44

④ RELIGION

JAPANESE HAVING RELIGIOUS BELIEFS

	YES	NO
1958	35	65
1963	31	69
1968	31	69

1968 BREAKDOWN BY AGE :

	YES	NO
20-29	14	86
30-39	22	78
40-49	33	67
50-59	47	53
OVER 60	58	42

⑤ FAITHS OF THOSE JAPANESE WITH RELIGIOUS BELIEFS

	SHINTO	BUDDHIST	CHRISTIAN	NO DENOMINATION	OTHERS
1958	9	68	3	13	7
1963	7	75	3	10	5
1968	9	76	3	9	3

② A VIEW OF THE FUTURE IN THE YEAR 2000 THERE WILL BE:  
(IN PERCENT)

	MORE PROBLEMS	FEWER PROBLEMS	ABOUT THE SAME AMOUNT	NO ANSWER
1968	24	15	53	8
BREAKDOWN BY EDUCATIONAL LEVEL:				
PRIMARY	31	15	35	19
SECONDARY AND TECHNICAL	23	14	59	4
UNIVERSITY	15	15	67	3

⑥ ACCORDING TO THE JAPANESE, THE QUALITIES BEST DESCRIBING THEIR CHARACTER ARE:

	1958	1963	1968
INDUSTRIOUS	55	60	61
REASONABLE	12	8	11
INDEPENDENT	15	10	12
TANPAKU (OPEN, PRACTICAL QUICK-MINDED)	19	15	13
DETERMINED	48	55	58
KIND	50	42	45
ORIGINAL	8	7	8
POLITE	47	43	47
IDEALIST	33	24	23
WARMHEARTED	23	14	13
(DON'T KNOW)	12	8	5

WHILE DRAWBACKS IN THEIR CHARACTER ARE:

	1963	1968
NERVOUS AND IMPATIENT	52	49
CHANGING MOODS	49	47
INSULAR	42	39
DEVIIOUS	21	19
MEAN	20	20
CRUEL	6	5
ARROGANT	9	9
IMITATIVE	29	27
VENGEFUL	23	26
FRIVOLOUS, NOT SINCERE	10	9
DON'T KNOW	11	

③ PROGRESS AND HAPPINESS  
(IN PERCENT)

	INDIVIDUAL HAPPINESS IS PREREQUISITE FOR JAPANESE PROGRESS	JAPAN MUST PROGRESS SO THAT INDIVIDUAL HAPPINESS CAN BE ACHIEVED	PROGRESS AND INDIVIDUAL PROGRESS ARE THE SAME THING	NO ANSWER
1953	25	37	31	7
1963	30	30	34	6
1968	27	32	36	5

TO ACHIEVE HAPPINESS, MAN MUST:  
(IN PERCENT)

	FOLLOW NATURE	USE NATURE	CONQUER NATURE	NO ANSWER
1953	27	41	23	9
1958	20	38	28	14
1963	19	40	30	11
1968	19	40	34	7

⑦ JAPANESE PREFERRED COUNTRY  
(IN PERCENT)

	(1968)
USA	30
FRANCE	26
UK	24
WEST GERMANY	15
INDIA	5
USSR	3
CHINA	3

⑧ ACCORDING TO THE JAPANESE SUPERIOR PEOPLE ARE:

	1958	1963	1968
JAPANESE	57	52	59
GERMANS	52	45	45
AMERICANS	47	46	43
BRITISH	31	27	21
RUSSIANS	20	16	12
CHINESE	9	6	9
FRENCH	17	15	13
JEWS	8	6	8
INDIANS	7	3	3
OTHER	6	6	7
DON'T KNOW	14	21	17

⑨ JAPANESE VIEWS REGARDING CERTAIN LIVING ATTITUDES

	PURSE MATERIAL GAINS	SEEK PERSONAL GLORY	LIVE ACCORDING TO EACH ONE'S TASTE	BE CAREFREE	LIVE A GOOD AND JUST LIFE	FORSAKE PERSONAL DRIVES IN FAVOR OF SOCIETY	NO ANSWER
1953	15	6	21	11	29	10	8
1958	17	3	27	18	23	6	6
1963	17	4	30	19	18	6	6
1968	17	3	32	20	17	6	5

1968 BREAKDOWN BY AGE GROUP:

	PURSE MATERIAL GAINS	SEEK PERSONAL GLORY	LIVE ACCORDING TO EACH ONE'S TASTE	BE CAREFREE	LIVE A GOOD AND JUST LIFE	FORSAKE PERSONAL DRIVES IN FAVOR OF SOCIETY	NO ANSWER
20-39	17	2	41	18	14	4	4
40-59	18	3	27	21	19	7	5
OVER 60	15	6	16	25	22	11	5

SOURCE: Studies of Japanese National Character  
(Annals of the Institute of Statistical Mathematics, Tokyo, 1970)

Some Poll Data on Current Japanese Attitudes and Opinions

III. SOME INTERESTING AND IMPORTANT INSTITUTIONAL MANIFESTATIONS  
OF JAPANESE CULTURE

Concept of Clique (Batsu):  
Financial Cliques and Japan Inc.

In this section we discuss some of the important cliques in Japanese society. Charts 1 and 4 on the accompanying page describe the unique importance of the informal group or clique called habatsu.

The rest of this page and the following pages are a discussion of some important institutional manifestations of this characteristic of Japanese society.

Almost everybody has heard of the zaibatsu, which were, if you will, prewar business "conglomerates," though under much tighter control and unified operation than the typical American or European conglomerate. To the extent that business had an important voice in Japanese government before World War II, this voice was exercised through the zaibatsu, though actually the kambatsu (bureaucratic cliques) and the military groups (gambatsu) in many cases had more influence (charts 2, 5 and 6). Since World War II the exercise of political power by the business world has been accomplished more through something called the zaikai (or the business leader clique) than through the current zaibatsu groupings, and the military have practically no clique power at all. The kamabatsu (the bureaucratic cliques) structure came through World War II more or less unscathed, and for a while achieved a kind of peak of power. Today one thinks of the zaikai (business leader clique) as being of greater importance than the bureaucratic or political cliques but in no sense always dominant (see discussion in Vol. II, "Emergence of a New Business Leadership," pages 9, 10 and 11). Also important, both before and after World War II but much more since the war, have been the keibatsu (extended family clique) and the gakubatsu (university clique) (see page 21).

On Charts 3, 7 and 8 we introduce the concept of "Japan Inc." which is important to an understanding of Japanese government from both a political and economic viewpoint. The political aspects of this concept are discussed in greater detail on pages 23 and 24 and in the economic-business section of Volume II.

It is probably important to point out that the term "Japan Inc." can be misleading to most readers for whom the terms "incorporated" or "conglomerate" immediately bring to mind the Western models. The model one really needs is that of the Japanese corporation or the Japanese "conglomerate" (i.e., zaibatsu)--a business run as an extended democratic family but in a conforming, communal-minded culture and with an authoritarian hierarchy.

## THE IMPORTANCE OF CLIQUES

## ① HABATSU (THE CLIQUE)

PARTICULARLY IMPORTANT IN THE JAPANESE SCHEME OF THINGS IS THE EXISTENCE OF THE UNIQUE INFORMAL GROUP KNOWN AS THE HABATSU (CLIQUE). IT IS COMMONLY FOUND IN ALMOST EVERY FORM OF LARGE BUREAUCRATIC ORGANIZATIONS, INCLUDING CORPORATIONS, GOVERNMENT MINISTRIES AND UNIVERSITIES.

1. TENDING TO FEEL ISOLATED AND UNCOMFORTABLE IN LARGE, IMPERSONAL, BUREAUCRATIC ORGANIZATIONS, THE JAPANESE SEEK TO RELIEVE THIS FEELING IN THE COMFORT OF NARROW SOCIAL GROUPINGS, OFFERING EMOTIONAL TIES WITHIN THE IMPERSONAL FORMAL ORGANIZATION. THE HABATSU OWES ITS ORIGIN TO THIS FACTOR.
2. THE HABATSU IS HIGHLY GOAL-ORIENTED. ITS OVERRIDING OBJECTIVE IS TO ENHANCE ITS POWER AND INFLUENCE IN THE FORMAL ORGANIZATION.
3. MEMBERSHIP OF THE HABATSU IS BASED ON THE COMMON UNCHANGEABLE TIE, SUCH AS A COMMON BIRTHPLACE OR SCHOOL. THE HABATSU DEMANDS OF ITS MEMBERS PERMANENT AND TOTAL COMMITMENT.
4. MEMBERSHIP IS DRAWN FROM VARIOUS HIERARCHICAL LEVELS WITHIN THE FORMAL ORGANIZATION AND THE HABATSU ITSELF IS HIERARCHICALLY ORGANIZED.

M.Y. YOSHINO,  
JAPAN'S MANAGERIAL SYSTEM  
M.I.T. PRESS, 1968, PP. 208-9

- ④ ANOTHER EXAMPLE OFTEN GIVEN OF THE PERSISTENCE OF TRADITIONAL ELEMENTS IN MODERN INTELLECTUAL LIFE IS THE CLIQUE, THE BATSU. THE INDIVIDUAL FACES THE WORLD NOT SO MUCH AS AN INDIVIDUAL, WITH HIS PERSONAL TALENTS AND ACCOMPLISHMENTS, BUT AS A MEMBER OF A CLIQUE. THESE FILIATIVE NETWORKS, WHICH EXTEND THROUGH THE UNIVERSITIES, GOVERNMENT, AND BUSINESS, EXERT A VERY CONSIDERABLE CONTROL OVER THEIR MEMBERS BY VIRTUE OF THEIR MONOPOLY OF CERTAIN POSTS. ALTHOUGH THIS HAS BEEN CHANGING IN THE PAST YEARS, IT REMAINS SUFFICIENTLY IMPORTANT...

IN ORDER TO GET AHEAD IN CERTAIN FIELDS IT WAS NECESSARY TO BELONG TO THE RIGHT CLIQUES; FOR CERTAIN POSTS IN UNIVERSITIES, CIVIL SERVICE, OR BUSINESS IT WAS ESSENTIAL TO BE SUPPORTED BY THE CLIQUE THAT CONTROLLED IT. NOW, HERE AGAIN, WE FIND A CONCORDANCE OF THE NEW WITH THE TRADITIONAL. AS INSTITUTIONS THE BATSU ARE NEW, BUT THE IDEAS AND DISPOSITIONS ON WHICH THEY ARE BASED--CLIQUEISM, LORD-VASSAL RELATIONS, OYABUN-KOBUN RELATIONS--ARE CERTAINLY TRADITIONAL. THE SYSTEM CONTINUES NOT ONLY BECAUSE IT APPEALS TO TRADITIONAL FEELINGS--ALTHOUGH THIS IS OFTEN IMPORTANT--BUT BECAUSE IT FULFILLS GENUINE NEEDS IN CONTEMPORARY LIFE AND BECAUSE IT HAS BECOME INSTITUTIONALIZED THROUGH THE ROOTING OF VESTED INTERESTS....

HERBERT PASSIN, "MODERNIZATION AND THE JAPANESE INTELLECTUAL: SOME COMPARATIVE OBSERVATIONS," CHANGING JAPANESE ATTITUDES TOWARD MODERNIZATION

- ⑤ THE ZAIBATSU, USUALLY TRANSLATED "FINANCIAL CLIQUES," WERE CLUSTERS OF FINANCIAL, COMMERCIAL, AND INDUSTRIAL FIRMS CENTERED ON A BANK AT FIRST AND LATER ON HOLDING COMPANIES. THEY WERE TIED TOGETHER BY JOINT STOCKHOLDING, INTERLOCKING DIRECTORATES, AND PERSONAL RELATIONSHIPS. THEY CONTRIBUTED MONEY TO POLITICIANS IN RETURN FOR INFLUENCE IN NATIONAL DECISIONS. THE BIG FOUR WERE MITSUI, MITSUBISHI, SUMITOMO, AND YASUDA. THE MITSUI FAMILY HAD STARTED IN THE RICE AND MONEYLENDING BUSINESS IN OSAKA IN MID-TOKUGAWA DAYS. MITSUBISHI WAS THE FIRM OF IWASAKI YATARO, A SAMURAI WHO HAD BEEN BUSINESS MANAGER FOR THE TOSA CLAN. THE SUMITOMO FAMILY STARTED MINING IN KYUSHU DURING THE SEVENTEENTH CENTURY. YASUDA WAS THE FIRM OF A LOWER-CLASS SAMURAI FROM THE JAPAN SEA COAST WHO CAME TO EDO TO SET UP A MONEY-EXCHANGE SHOP JUST BEFORE THE TOKUGAWA FELL. EACH OF THE FIRMS HAD PUT ITS CAPITAL INTO NEW AND EXPANDING VENTURES, OFTEN WITH GOVERNMENT HELP AS PART OF THE MEIJI POLICY OF FOSTERING INDUSTRY AND TRADE.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES,  
ALFRED A. KNOPF, NEW YORK, 1969, P. 43.

## ZAIBATSU (FINANCIAL CLIQUES)

- ② IN JAPAN ARE FOUND PERHAPS THE GREATEST CONCENTRATIONS OF ECONOMIC POWER AMONG THE INDUSTRIAL NATIONS OUTSIDE THE COMMUNIST BLOC. THE JAPANESE BUSINESS COMMUNITY IS CENTERED AROUND THE ZAIBATSU, A FORM OF BUSINESS ORGANIZATION THAT IS UNIQUE TO JAPAN. ZAIBATSU IS SOMETIMES TRANSLATED "FINANCIAL CLIQUE," OR "PROTECTED CLASS," OR "PLUTOCRACY," BUT IN TODAY'S TERMS "BUSINESS COMBINE" OR "CONGLOMERATE" MIGHT BE BETTER. THE ZAIBATSU BUSINESS CLANS ARE PART OF THE ESTABLISHMENT AND EACH HAS CONNECTIONS WITH POLITICAL LEADERS AND THEIR HABATSU. (THE IDEOGRAPH FOR BATSU IN EACH WORD IS THE SAME AND MEANS "GROUP.") THE COMBINES ARE, BY THEIR NATURE, KEY ELEMENTS IN THE ECONOMIC DECISION-MAKING MECHANISM. THE FOUR MAJOR ZAIBATSU THAT BEGAN IN THE MEIJI DAYS EVENTUALLY ACQUIRED OR STARTED ENTERPRISES THROUGHOUT INDUSTRY, COMMERCE, AND FINANCE; BUT EACH HAS TENDED TO BE STRONGER IN ONE IN PARTICULAR. MITSUBISHI IS KNOWN FOR ITS HEAVY INDUSTRY. MITSUI IS STRONG IN TRADE AND COMMERCE. SUMITOMO IS AN EXPLOITER OF NATURAL RESOURCES. YASUDA HAS FOCUSED ON BANKING AND FINANCE. EACH ALSO HAS ITS OWN CHARACTERISTICS THAT CAN BE TRACED BACK TO ITS ORIGINS, ALTHOUGH THESE FEATURES HAVE BLURRED AS EACH HAS EXPANDED AND DIVERSIFIED.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES,  
ALFRED A. KNOPF, NEW YORK, 1969, P. 139.

- ⑥ ...THE ZAIBATSU WAS STRUCTURED AND ORGANIZED AFTER THE PATTERN OF THE TRADITIONAL FAMILY SYSTEM, MAKING ITSELF CONSISTENT WITH THE TRADITIONAL PATERNALISTIC IDEOLOGY.

A HANDFUL OF ZAIBATSU, HAVING GAINED ALMOST COMPLETE CONTROL OF JAPAN'S LARGE-SCALE INDUSTRIES, WERE NOW FINANCIALLY MORE THAN CAPABLE OF PROVIDING THEIR EMPLOYEES WITH THE TANGIBLE BENEFITS PROMISED BY PATERNALISM. THE HIGH-SOUNDING PROMISES WOULD HAVE HELD LITTLE APPEAL TO EMPLOYEES WITHOUT BENEFITS AND PRIVILEGES...

THE ULTIMATE OBJECTIVE OF THE RULING ELITE WAS TO ARREST THE TIDE OF SOCIAL UNREST AND THE DEVELOPING CLASS STRUGGLES BY INDUCING THE ENTIRE SOCIETY TO LIVE ACCORDING TO THE TRADITIONAL FAMILY IDEOLOGY. THE MASSES WERE INDOCTRINATED TO EXTEND FAMILY OLIDARITY TO A COMPLETE IDENTIFICATION WITH THE NATION; THE INDIVIDUAL WAS TO DEVOTE HIMSELF TOTALLY TO THE FULFILLMENT OF HIS NATION'S GOALS...

THIS IDEOLOGY, AS APPLIED BY MANAGEMENT, EMPHASIZED THAT AN ENTERPRISE, REGARDLESS OF ITS SIZE, WAS LIKE ONE FAMILY. MANAGEMENT ARGUED THAT WHEREAS HIERARCHICAL DIFFERENTIATION WAS NECESSARY IN ANY LARGE ORGANIZATION, IN JAPANESE INDUSTRIAL RELATIONS THE HIERARCHICAL DISTINCTIONS DIFFERED FROM THE CLASS DISTINCTIONS BETWEEN MANAGEMENT AND LABOR IN WESTERN BUSINESS ENTERPRISES--IN JAPAN, EVERY PERMANENT EMPLOYEE WAS A MEMBER OF THE ENTERPRISE FAMILY AND, AS SUCH, THERE COULD BE NO CONFLICTING INTERESTS AND GOALS AMONG THEM...

IT IS IMPORTANT TO RECOGNIZE THAT THE JAPANESE MANAGEMENT IDEOLOGY DIFFERED BASICALLY FROM THE WESTERN CONCEPT OF COOPERATION BETWEEN LABOR AND MANAGEMENT. WHILE THE LATTER IS BASED ON EXPLICIT RECOGNITION OF MANAGEMENT AND LABOR AS TWO DISTINCT ENTITIES, JAPANESE INDUSTRIAL PATERNALISM DOES NOT RECOGNIZE SUCH A DISTINCTION...

THE PATERNALISTIC IDEOLOGY WOULD HAVE BEEN FUTILE HAD IT NOT BEEN ACCEPTED BY THE EMPLOYEES...WE SHOULD NOTE THAT INDUSTRIAL PATERNALISM WAS PRIMARILY OFFERED TO MALE WORKERS WHO HAD BECOME INCREASINGLY IMPORTANT IN THE NATION'S INDUSTRIAL SYSTEM. IT HAD A GREAT DEAL OF APPEAL TO THEM. THEY WERE, THEMSELVES, HEADS OF THEIR OWN FAMILIES, OR AT LEAST POTENTIALLY SO...ALTHOUGH THEY HAD CLOSE RURAL TIES, ONCE THEY LEFT THEIR VILLAGES, THE POVERTY THERE PRECLUDED THEIR RETURNING PERMANENTLY TO THE PROTECTIVE UMBRELLA OF THE FAMILY COLLECTIVITY. THEY SOMEHOW HAD TO SUSTAIN THEMSELVES IN THE UNFAMILIAR INDUSTRIAL ENVIRONMENT.

M.Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM

## "JAPAN, INC." (OR JAPAN: A CONGLOMERATE OF CONGLOMERATES)

## ③ JAPAN, INC.

"AS IMPLIED BY THE PHRASE 'JAPAN, INC.,' THERE IS A BASIC ASSUMPTION THAT THE OBJECTIVES OF GOVERNMENT AND BUSINESS ARE THE SAME: THE MAINTENANCE OF JAPAN'S ECONOMIC HEALTH AND THE PROMOTION OF THE NATION'S INTERESTS... 'JAPAN, INC.' IS A SPECIAL KIND OF CORPORATION: A CONGLOMERATE, IN U.S. TERMS. A CONGLOMERATE CAN CHANNEL CASH FLOWS FROM LOW-GROWTH TO HIGH-GROWTH AREAS AND APPLY THE DEBT CAPACITY OF SAFE, MATURE BUSINESSES TO CAPITALIZE RAPIDLY GROWING BUT UNSTABLE VENTURES. IT CAN MOVE INTO A DYNAMIC NEW INDUSTRY AND BRING TO IT FINANCIAL POWER THAT NO EXISTING COMPETITOR CAN MATCH. IT CAN INCREASE CAPACITY QUICKLY. THE RESULT IS THAT THE CONGLOMERATE IS IN A POSITION TO DOMINATE A NEW INDUSTRY BY SETTING PRICES SO LOW THAT EXISTING COMPETITORS CANNOT FINANCE ADEQUATE GROWTH. ITS COSTS ARE SO LOW, COMPARED WITH THE COMPETITION'S, THAT IT CAN SELL AT THE GOING PRICE AND EARN LARGE PROFITS. IN ALL THESE SENSES 'JAPAN, INC.' IS INDEED A CONGLOMERATE, A ZAIBATSU OF ZAIBATSU. THE BANK OF JAPAN IS THE FINANCIAL CENTER, AND WITH THE BANK'S HELP EACH RAPIDLY GROWING INDUSTRY CAN INCUR MORE DEBT THAN IT COULD ON ITS OWN; THE BORROWING POWER OF THE ENTIRE PORTFOLIO--JAPAN ITSELF--IS AVAILABLE TO EACH INDUSTRY. HENCE THE ECONOMY AS A WHOLE FUNDS NEW ENTERPRISES, HOLDS PRICES DOWN, COMPETES SUCCESSFULLY IN THE WORLD MARKET AND EARNS LARGE PROFITS."

JAMES C. ABEGGLEN, "THE ECONOMIC GROWTH OF JAPAN,"  
SCIENTIFIC AMERICAN, VOL. 22, NO. 3, MARCH 1970.

- ⑦ CONCERTED JAPANESE ACTION IN FOREIGN TRADE IS EVEN STRONGER THAN IN THE DOMESTIC MARKET. THEY BELIEVE THEY ARE DEPENDENT ON THE REST OF THE WORLD FOR MARKETS AND THAT IT MATTERS LESS THAT AN EXPORT PRODUCT WAS MADE BY A GIVEN COMPANY THAN THAT IT WAS MADE IN JAPAN. IN INTERNATIONAL COMPETITION, IT IS JAPAN AGAINST THE WORLD, JAPANESE STEEL AGAINST AMERICAN STEEL, JAPANESE CAMERAS AGAINST GERMAN CAMERAS, JAPANESE TEXTILES AGAINST BRITISH TEXTILES. TO ACHIEVE THIS REGULATION, THE JAPANESE HAVE MADE A WAY OF LIFE OF INVESTMENT, PRODUCTION, AND TRADE TARGETS; OF CARTELS, QUOTAS, AND FIXED PRICES; AND OF COMBINING THE INFLUENCES OF THE BUREAUCRACY, THE POLITICAL WORLD, AND THE BUSINESS COMMUNITY IN ECONOMIC DECISION MAKING.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES,  
ALFRED A. KNOPF, NEW YORK, 1969, P. 134.

- ⑧ THUS, FOR HISTORICAL AND SOCIOLOGICAL REASONS, THE JAPANESE ECONOMY IS TIGHTLY KNIT, AND FINELY TUNED. VIEWING IT AS A CONGLOMERATE IS HELPFUL. PERHAPS THE MOST POWERFUL FORM OF BUSINESS ORGANIZATION IS THAT WHICH CAN CHANNEL CASH FLOWS FROM LOW GROWTH TO HIGH GROWTH AREAS, AND WHICH CAN AND WILL USE THE DEBT CAPACITY FROM SAFE, MATURE BUSINESSES TO FUND RAPIDLY GROWING BUT UNSTABLE BUSINESSES. THE CONGLOMERATE FORM OF BUSINESS ORGANIZATION CAN ACCOMPLISH JUST THIS. FOR EXAMPLE, SUCH BUSINESSES CAN ENTER DYNAMIC INDUSTRIES WITH RAPID GROWTH PROSPECTS AND BRING TO THESE INDUSTRIES A DEGREE OF FINANCIAL POWER THAT NO EXISTING COMPETITOR COULD MATCH....

IN THIS CONTEXT, IT BECOMES CLEAR THAT JAPAN MAY WELL BE CALLED A CONGLOMERATE--JAPAN, INC. IN FACT, THE CENTRAL BANK ACTS AS THE FINANCIAL CENTER AND CAN ALLOW RAPIDLY GROWING INDUSTRIES TO USE MORE DEBT THAN COULD BE SAFELY INCURRED BY ITSELF. THE BORROWING POWER OF THE ENTIRE PORTFOLIO--JAPAN ITSELF--THUS BECOMES SAFELY AVAILABLE TO EACH INDUSTRY. JAPAN CAN CHANNEL FUNDS FROM MATURE TO DYNAMIC INDUSTRIES TO FUND GROWTH.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

Concept of Clique (Batsu):  
Financial Cliques and Japan Inc.

Group Centered Decision Making: Ringi and Matomari

In the Japanese process of "group centered decision-making" the views of all parties who have an interest in the decision are canvassed, and an attempt is made to accommodate each of these views. Direct confrontations are avoided whenever possible, and many institutional mechanisms, including the use of middlemen, are employed to prevent them. A dissident party may also be placated by granting him a concession on some issue totally unrelated to the decision at hand --or by conceding an obligation to make up, whenever the opportunity occurs, any losses suffered by a generous concession on the matter at issue.

An example of this aspect of Japan could be obtained by analogy with the American democratic family. Imagine a husband and wife and, let's say, five girls. Six out of seven members of the family want to go to the mountains for their vacations. But one of the girls has a boyfriend at the beach and she is desperately anxious to go there. It is judged unreasonable to allow the one to outweigh the six. As a result the family goes to the mountains. However, everybody remembers that this girl's quite legitimate desire to go to the beach has been neglected. The next time an issue like this comes up her vote will be given extra weight; in fact she may get an overriding vote, simply because the family does not wish to frustrate her so severely twice in a row. She will almost certainly get the overriding vote if such an issue is raised a third time.

The Japanese system is a bit like that. Everybody who has been generous in concession or who has done something out of the ordinary to facilitate consensus is remembered, and to a remarkable degree--partly because of the giri and on systems of duty and obligation described earlier, he is eventually repaid. This is true if it is a matter of a favor a corporation has done for the government or a favor an individual has done for a corporation.

In most cases the process is less simple than the above example. Being so diffuse, it is difficult to isolate the source of the initiative behind an idea; an initiative can come from almost anyone and often originates quite low in organizations. A similar difficulty exists in determining who is the effective decision-maker, since the decision is in a sense made by all interested parties, each of whom has veto power. Frequently the man with the senior position in an organization is not necessarily the one who wields effective power or possesses the ability to satisfy dissidents. And though the government has a voice in almost all major business decisions and may itself assemble the view of various interested parties, it by no

## ① MATOMARI

THE JAPANESE METHOD FOR REACHING CONSENSUS WITHIN A SMALL GROUP IS CALLED MATOMARI, OR ADJUSTMENT. A TYPICAL DECISION-MAKING MEETING OPENS WITH A STATEMENT OF THE PROBLEM BY THE GROUP'S SENIOR MEMBER. EACH MEMBER THEN EXPOSES A SLIGHT PORTION OF HIS THINKING, NEVER COMING OUT WITH A FULL-BLOWN, THOROUGHLY PERSUASIVE PRESENTATION. AFTER THIS, HE SITS BACK TO LISTEN TO THE SAME SORT OF EXPOSITION FROM THE OTHERS. THE JAPANESE, WHO HAS A TREMENDOUSLY SENSITIVE EGO, DOES NOT WISH TO PUT HIMSELF IN A POSITION WHERE HE IS HOLDING A MINORITY OR, WORSE, AN ISOLATED VIEW. NOR DOES HE WISH TO RISK OFFENDING AN ASSOCIATE BY COMING OUT BLUNTLY WITH A PROPOSAL THAT MIGHT RUN CONTRARY TO HIS COLLEAGUE'S THOUGHTS... WHEN THE LEADER OF THE GROUP BELIEVES THAT ALL ARE IN BASIC AGREEMENT WITH A MINIMALLY ACCEPTABLE DECISION, HE SUMS UP THE THINKING OF THE GROUP, ASKS WHETHER ALL ARE AGREED, AND LOOKS AROUND TO RECEIVE THEIR CONSENTING NODS. NOTHING IS CRAMMED DOWN ANYONE'S THROAT. IF, BY CHANCE, A CONSENSUS DOES NOT EMERGE AND A DEADLOCK SEEMS LIKELY, THE GROUP LEADER DOES NOT PRESS FOR A DECISION, DOES NOT ASK FOR A VOTE, DOES NOT RULE THAT NO CONSENSUS SEEMS POSSIBLE AND THUS EMBARRASS PEOPLE. INSTEAD, HE SUGGESTS THAT PERHAPS MORE TIME IS NEEDED TO THINK ABOUT THE PROBLEM, AND SETS A DATE FOR ANOTHER MEETING. THE PEOPLE INVOLVED CAN THEN MEET INFORMALLY TO ADJUST VIEWS OR, IF THERE ARE POSITIONS THAT ARE WIDE APART, MEDIATORS WILL GO BACK AND FORTH BETWEEN THE PEOPLE HOLDING THE OPPOSING POSITIONS AND ATTEMPT TO NARROW DOWN THE DIFFERENCES. BY THE TIME THE NEXT MEETING IS CALLED THE DIFFERENCES MOST LIKELY WILL HAVE STRAIGHTENED OUT AND THE PROCESS CAN MOVE FORWARD TO A FINAL DECISION. IN ALL OF THIS, THE MOST IMPORTANT PRINCIPLE IS NOT TO STAND ON PRINCIPLE BUT TO REACH AGREEMENT. ALL ELSE IS SUBORDINATE TO THIS POINT.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED H. KNOPF, N.Y., 1969, PP. 92-93.

⑤ THE CONSCIOUSNESS OF RANKING ORDER AMONG MEMBERS OF A GROUP ALSO DISTORTS THE MODERN FORMAL PROCEDURE OF A COMMITTEE MEETING. THE CHAIRMAN'S AUTHORITY AND RIGHTS ARE EASILY OVERRULED BY A COMMITTEE MEMBER WHOSE PLACE IN THE SENIORITY SYSTEM IS HIGHER THAN THE CHAIRMAN; AT THE SAME TIME, THE CHAIRMAN WOULD NOT DARE TO PUT FORWARD A DECISION WITHOUT THE CONSENT OF THE MOST SENIOR MEMBER OF THE COMMITTEE. THE STATUS OF THE CHAIR IS NOT WELL ESTABLISHED IN JAPAN. ONE OF THE MOST APPROPRIATE EXAMPLES IS OFFERED BY THE PROCEDURES OF THE JAPANESE DIET. THE VARIETY OF CONFUSIONS AND DEADLOCKS IN COMMITTEE MEETINGS IN JAPAN SEEMS TO DERIVE IN THE MAIN FROM THE LACK OF AUTHORITY TO PRESIDE (AND THE TECHNIQUES OF SUCH AUTHORITY) ON THE PART OF THE CHAIRMAN, AND FROM THE FAILURE TO RECOGNIZE THE AUTHORITY OF THE CHAIRMAN BY THE PARTICIPANTS. ORDER IS ALWAYS RESTORED AFTER SUCH CONFUSION OR DEADLOCK BY RESORT TO A PROCEDURE WHICH REFLECTS MORE FAITHFULLY THE RANKING ORDER OF THE PARTICIPANTS.

CHIE NAKANE  
JAPANESE SOCIETY

## ② THE RINGI SYSTEM OF DECISION-MAKING

WHEN THE SUBJECT OF DECISION-MAKING COMES UP WITH JAPANESE EXECUTIVES, THE TERM RINGI SEIDO, OR THE RINGI SYSTEM, IS INVARIABLY MENTIONED. IT IS A TERM USED TO DESCRIBE A PARTICULAR PROCESS OF DECISION-MAKING WIDELY USED IN LARGE JAPANESE CORPORATIONS. IT IS USED IN REFERENCE TO THE PROCEDURAL ASPECTS OF FORMAL DECISION-MAKING IN JAPANESE GOVERNMENT AGENCIES AND IN LARGE BUSINESS ORGANIZATIONS, BUT UPON CLOSER INQUIRY, IT SOON BECOMES EVIDENT THAT THE RINGI SYSTEM IS MUCH MORE THAN JUST A PROCEDURE; IT REPRESENTS A BASIC PHILOSOPHY OF MANAGEMENT DEEPLY ROOTED IN JAPANESE TRADITION. THE WORD RINGI CONSISTS OF TWO PARTS--RIN, MEANING "SUBMITTING A PROPOSAL TO ONE'S SUPERIOR AND RECEIVING HIS APPROVAL," AND GI MEANING "DELIBERATIONS AND DECISIONS." THE RINGI SYSTEM HAS, INDEED, ALL OF THESE FEATURES.

HOW DOES THE SYSTEM WORK? IN A LARGE JAPANESE CORPORATION, AS IN ITS AMERICAN COUNTERPART, LOWER-ECHELON MANAGEMENT PERSONNEL ARE CONFRONTED WITH A HOST OF DECISIONS IN THE CONDUCT OF DAY-TO-DAY BUSINESS. SINCE THEIR AUTHORITY AND RESPONSIBILITIES ARE ILL-DEFINED, AND SINCE THEY RECEIVE NO POLICY GUIDELINES FROM THEIR SUPERIORS, THESE LOWER-ECHELON PEOPLE MUST REFER ALL BUT A FEW ROUTINE DECISIONS TO TOP MANAGEMENT. IN DOING SO, HOWEVER, THE LOWER-ECHELON MANAGERIAL STAFF MEMBER MUST FOLLOW A CERTAIN PROCEDURE. HE MUST DRAFT A DOCUMENT KNOWN AS A RINGISHO. IN THIS DOCUMENT HE MUST DESCRIBE THE MATTER TO BE DECIDED AND HIS RECOMMENDATION AS TO WHAT OUGHT TO BE DONE. HERE WE SHOULD NOTE THAT THE RINGISHO IS NOT A MERE INQUIRY AS TO WHAT DECISION IS TO BE MADE; NEITHER DOES IT SUGGEST ALTERNATIVES TO BE CONSIDERED. THE RINGISHO IS PRESENTED IN SUCH A WAY AS TO SEEK TOP MANAGEMENT'S APPROVAL ON A SPECIFIC RECOMMENDATION OF A SUBORDINATE... BY COMPLEX AND CIRCUITOUS PATHS, THE RINGISHO SLOWLY WORKS ITS WAY UP TO TOP MANAGEMENT, EVENTUALLY REACHING THE PRESIDENT. WHEN THE PRESIDENT APPROVES THE RINGISHO BY AFFIXING HIS SEAL, THE DECISION IS FINAL. THE RINGI DOCUMENT IS THEN RETURNED TO THE ORIGINAL DRAFTER FOR IMPLEMENTATION. WHEN A DECISION TO BE MADE IS OF SOME IMPORTANCE, IT IS QUITE LIKELY THAT A CONSIDERABLE NUMBER OF PRIOR CONSULTATIONS WILL TAKE PLACE WITH THOSE WHO MAY BE AFFECTED BY IT, AS WELL AS WITH THOSE WHO ARE IN A POSITION TO INFLUENCE ITS OUTCOME. IN FORMAL MEETINGS AND BY INFORMAL MEANS, AN EXCHANGE OF VIEWS AND SOME BARGAINING WILL TAKE PLACE. IT IS ONLY AFTER A CONSENSUS IS REACHED THAT THE RINGISHO IS PREPARED AND CIRCULATED AMONG VARIOUS EXECUTIVES FOR THEIR FORMAL APPROVAL. EVEN IN THESE CASES, HOWEVER, IT SHOULD BE NOTED THAT THE INITIATIVE OF COORDINATION AND CONSULTATION OFTEN RESTS WITH LOWER LEVELS OF MANAGEMENT.

THE BASIC PHILOSOPHY OF THE RINGI SYSTEM DRAWS HEAVILY ON THE PROCESS OF DECISION-MAKING COMMONLY EMPLOYED IN THE TRADITIONAL JAPANESE FAMILY SYSTEM. JUST AS THE FAMILY PROVIDED THE BASIC STRUCTURAL FRAMEWORK FOR ALL KINDS OF SECONDARY ORGANIZATIONS, THE UNDERLYING CONCEPT OF DECISION-MAKING IN THE FAMILY SERVED AS THE MODEL FOR DECISION-MAKING IN OTHER TYPES OF ORGANIZATIONS AS WELL.

M.Y. YOSHINO,  
JAPAN'S MANAGERIAL SYSTEM,  
M.I.T. PRESS, 1968, PP. 254-5

③ THE BASIC PHILOSOPHY OF THE RINGI SYSTEM DRAWS HEAVILY ON THE PROCESS OF DECISION-MAKING COMMONLY EMPLOYED IN THE TRADITIONAL JAPANESE FAMILY SYSTEM. JUST AS THE FAMILY PROVIDED THE BASIC STRUCTURAL FRAMEWORK FOR ALL KINDS OF SECONDARY ORGANIZATIONS, THE UNDERLYING CONCEPT OF DECISION-MAKING IN THE FAMILY SERVED AS THE MODEL FOR DECISION-MAKING IN OTHER TYPES OF ORGANIZATIONS AS WELL.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 255

## ⑥ RINGISHO

RINGISHO IS AN ELABORATE SYSTEM FOR THE VERTICAL CHANNELING OF ALL PROPOSALS FOR CORPORATE ACTION AND THE COMMUNICATION OF MANAGERIAL DECISIONS. BY MEANS OF THIS PROCESS, DECISION MAKING BECOMES A GROUP ACTIVITY--AND INDIVIDUAL RESPONSIBILITY IS AVOIDED. IN THE ONE DIRECTION, FROM THE LOWER LEVELS UP, THE DECISION HAS IN ESSENCE BEEN MADE BEFORE IT REACHES THOSE WHO SHOULD BE THE DECISION-MAKERS, THUS DILUTING AUTHORITY AND CONSEQUENT RESPONSIBILITY. IN THE OTHER DIRECTION, A DECISION MAY BE MADE AT THE TOP, FOR REASONS KNOWN ONLY TO THE TOP MANAGERS, OR TO OTHER INSIDERS, OR TO THE "CLUB," AND THIS DECISION IS THEN SENT DOWN FOR CONFIRMATION, ONCE AGAIN RELIEVING EVERYONE OF PERSONAL RESPONSIBILITY. IT MAY HAPPEN THAT INSTRUCTIONS OR DECISIONS SENT DOWN FROM ABOVE WILL NOT BE ACTED ON BECAUSE OF OBSTRUCTION FROM BELOW; IN THAT CASE, NOTHING WILL HAPPEN UNTIL A GROUP DECISION CAN BE FOUND.

T.F.M. ADAMS AND N. KOBAYASHI, THE  
WORLD OF JAPANESE BUSINESS, KODAN-  
SHA INTERNATIONAL LTD., TOKYO AND  
PALO ALTO, 1969, P. 80.

⑧ AS RINGI IS NORMALLY APPLIED IN LARGE GOVERNMENT BUREAUCRACIES, AND EVEN IN LARGE PRIVATE BUREAUCRACIES, JUNIOR PEOPLE IN A DEPARTMENT ACHIEVE A CONSENSUS AMONG THEMSELVES ON AN ISSUE ON WHICH THEY THINK A DECISION SHOULD BE MADE AND THEN THEY DRAFT A PAPER ON IT. THE DEPARTMENT HEAD WILL APPROVE THE PAPER. THIS PAPER WILL THEN BE CIRCULATED IN OTHER DEPARTMENTS, USUALLY AT THE LOWER LEVELS, WITH MUCH DISCUSSION AND CORRECTION ENSUING. THE PAPER MAY GO BACK AND FORTH A NUMBER OF TIMES AS CHANGES ARE MADE, AND EVENTUALLY A REASONABLE CONSENSUS IS ACHIEVED AT THE LOWER LEVELS. THE PAPER IS THEN PASSED ON TO THE DEPARTMENT HEADS AND FROM THERE TO THE CORPORATE HEADS, WHO NOW ARE UNDER RATHER SERIOUS PRESSURE TO SIGN AND FORWARD IT TO THE PRESIDENT'S OFFICE OR OTHER CENTRALIZED DECISION-MAKING POINT FOR FINAL IMPLEMENTATION.

HERMAN KAHN, THE EMERGING  
JAPANESE SUPERSTATE, NEW  
JERSEY, PRENTICE-HALL, 1970

④ A NUMBER OF FIRMS HAVE FOCUSED ON STREAMLINING THE RINGI PROCEDURE. THEY HAVE STANDARDIZED AND SIMPLIFIED FORMATS OF RINGI DOCUMENTS, CLARIFIED ROUTES FOR THEIR CIRCULATION, AND REDUCED THE NUMBER OF INDIVIDUALS WHO EXAMINE A PROPOSAL. A SECOND PROCEDURAL IMPROVEMENT ADOPTED BY SOME FIRMS IS TO ALLOW THOSE EXAMINING THE PROPOSAL TO EXPRESS THEIR OPINIONS AS THEY EXAMINE IT. ANOTHER PROCEDURAL IMPROVEMENT IS TO ALLOW RINGI PROPOSALS TO BE SUBMITTED DIRECTLY TO TOP MANAGEMENT IN CASES OF URGENCY. IT IS IMPORTANT TO NOTE, HOWEVER, THAT THESE MEASURES ARE DESIGNED TO IMPROVE THE EFFICIENCY OF THE RINGI SYSTEM, RATHER THAN TO REPLACE IT WITH ANOTHER METHOD OF DECISION-MAKING.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 263

⑦ THE RINGISHO SYSTEM, OF WHICH I SPOKE EARLIER, IS THE CRUX OF THE MATTER: IT IS THE BASIS OF A SET OF FIXED ROUTINES FOR ALL COMPANY PERSONNEL ON ALL LEVELS OF ADMINISTRATION. AND IT IS COMING INCREASINGLY UNDER ATTACK AS OVER-RIGID, OSSIFIED, AND WASTEFUL, AS TENDING TO ELIMINATE AUTHORITY AND FOSTER EVASION OF RESPONSIBILITY. NOW PROGRESSIVE MANAGERIALS INCLINE TOWARD MORE HORIZONTAL INTERCHANGE, PERMITTING MORE INITIATION AND INITIATIVE AT CERTAIN LEVELS, WITH LESS ADHERENCE TO RIGID ROUTINE. SOME COMPANIES HAVE BEGUN TO USE THE RINGISHO SYSTEM ONLY AS A MEANS OF COMMUNICATION, WHICH WOULD SEEM TO BE USEFUL, RATHER THAN--AS FORMERLY--AS A METHOD OF GROUP DECISION-MAKING.

T.F.M. ADAMS, THE WORLD OF  
JAPANESE BUSINESS, P. 85, 86.

⑨ ....ASAHI BEER COMPANY AND SAPPORO BEER COMPANY, FORMERLY A SINGLE ENTERPRISE CALLED DAINIHON BEER COMPANY, DIVIDED INTO TWO SOON AFTER THE WAR. THE TWO DIRECTORS WERE ON GOOD TERMS, HAVING BEEN TOGETHER IN DAINIHON COMPANY, AND THEY WERE IN FAVOUR OF MERGING. IF AND WHEN THE MERGER WAS COMPLETED THE DIRECTOR OF THE MERGED COMPANY WAS TO BE MR. T. YAMAMOTO, DIRECTOR OF ASAHI BEER COMPANY. MR. YAMAMOTO WAS KNOWN AS DESPOTIC, WHILE MR. MATSUYAMA, DIRECTOR OF SAPPORO, WAS KNOWN AS A DEMOCRATIC MANAGER AND THE PIONEER IN JAPAN OF SCIENTIFIC TECHNIQUES IN BEER PRODUCTION. WHEN A NEWS STORY DISCLOSED THE PLAN THE WHOLE OF THE EXECUTIVE STAFF OF SAPPORO BEER COMPANY JOINED TO OPPOSE THE PROPOSAL, SAYING THAT THEY WOULD NOT WORK UNDER THE DESPOTIC DIRECTOR. THEY WERE HAPPY ENOUGH UNDER THE PRESENT DEMOCRATIC DIRECTOR, AND ALTHOUGH THEY WERE AWARE OF THE BENEFITS OF THE MERGER FROM THE POINT OF VIEW OF THE BUSINESS ADVANCES IT WOULD BRING, THEY FELT THAT THE PROBLEMS OF DAY-TO-DAY ORGANIZATION WERE OF MORE IMPORTANCE AND RELEVANCE. BECAUSE OF THIS STRONG OPPOSITION, THE ATTEMPT WAS CUT SHORT ONLY TWO DAYS AFTER THE PLAN FOR THE MERGER WAS ANNOUNCED IN THE PRESS. FOLLOWING THIS EXPERIENCE, THE DIRECTOR OF SAPPORO SAID THE IDEA OF A MERGER 'WILL NEVER CROSS MY MIND AGAIN'. ONE MIGHT ASK WHY HE DID NOT FORCE HIS MEN TO AGREE WITH THE MERGER, BY EXERCISING THE ADVANTAGES OF HIS POPULAR LEADERSHIP. HOWEVER, AS I SHALL DISCUSS LATER, THE POWER OF A JAPANESE LEADER IS MUCH RESTRICTED BY GROUP CONSENSUS. IF HE HAD FORCED A MERGER AGAINST THE WILL OF HIS EMPLOYEES HE WOULD HAVE RISKED THEIR DEVOTION AND COLLABORATION.

CHIE NAKANE  
JAPANESE SOCIETY

Group Centered Decision Making: Ringi and Matomari

means exercises final decision-making power. Even when the government is involved and has nominal authority, an effort must be made to accommodate each viewpoint--including those of interested private parties. (Further discussion can be found in Vol. II, pages 6 and 8.)

The quotations on the accompanying page are intended to provide an introduction to some of the complexities and procedures by which this process is carried out.

Press and University Cliques

In most respects the Japanese press seems to be virtually identical to the American press. Japanese newspapers have the usual staff of investigative reporters, editorial writers, and foreign correspondents. They use the same standard layout and printing techniques as the rest of the world. By American standards, however, the circulation of most Japanese newspapers is enormous. The three main national newspapers--the Mainichi Shimbun, the Asahi Shimbun, and the Yomiuri Shimbun--literally blanket the entire country with as many as fourteen editions a day printed in various key cities throughout the Japanese islands. The national circulation of Mainichi, for example, is roughly 7.5 million, more than three times the circulation of the largest newspaper in the United States (the New York Daily News).

But there is also a much more subtle difference between the Japanese press and the American press, particularly in the conception of their roles in society. Generalizing about the American press has always been a risky proposition, but it should be safe to say that most American journalists see themselves primarily as "watchdogs" of society in general and of the government in particular. Of course, journalism also has a much broader role in American society, which it performs with varying effectiveness, but it is not one of its recognized functions to consciously promote harmony in the nation--except possibly in times of war. And this is precisely where Japanese journalists and their American counterparts disagree. The quotation by Richard Halloran on Chart 3, discusses this point.

Chart 2 is a quote by Halloran which illustrates the tendency of the Japanese press to act as a major force in shaping public opinion. News stories on significant issues or political leaders are written without interpretation, independent judgment, or variation from the official line. In other countries, especially Great Britain or the United States, this would be considered journalistic treason, but in Japan it is the accepted custom. The Japanese press feels that its main responsibility is to publicize the decisions of the nation's leaders once they have been made, and then to persuade the public to support them. Accordingly its general policy and news judgment are not governed by the relative importance of any one story, or by the public's right to know, but by the impact a story will have on the nation and Japanese national interests.

It should be noted that even when editorials criticize a speech that was a trial balloon for a new policy, the new policy is sometimes, in effect, given a kind of backhand support. First, the seemingly on-trial editorials give the ideas exposed in the speech wide publicity and importance, and secondly, they often make the criticism so routinely and in such cliché terms that it has no real sting. In this way Japanese newspapers can, in effect, prepare the general public for a change in policy without looking like they themselves have all of a sudden meekly and uncritically accepted the change.

JAPANESE PRESS

① THE PRESS IS PART OF THE ESTABLISHMENT AND A KEY ELEMENT IN THE DECISION-MAKING PROCESS. IT ORIGINATES SOME IDEAS AND REFINES OTHERS AS THE NATION MOVES TOWARD THE CONSENSUS THAT GOVERNS ITS ACTIONS. THE JAPANESE PRESS IS NOT A MIRROR BUT A HOLDER OF PUBLIC OPINION ON BEHALF OF THE ESTABLISHMENT. IT DISPENSES THE DECISIONS OF THE ESTABLISHMENT AND ASSISTS IN PERSUADING THE PUBLIC TO FOLLOW. THE PRESS IN JAPAN STARTED AS AN INDEPENDENT FORCE BUT WAS QUICKLY BROUGHT UNDER CONTROL BY THE NATION'S RULERS AND HAS REMAINED SO SINCE. IT HAS NOT DEVELOPED A TRADITION OF INDEPENDENCE BUT HAS BEEN SUBJECT TO DOMINATION BY THE AUTHORITIES OR TO THEIR INDIRECT INFLUENCE. THE ENDURING HISTORICAL THEME OF THE JAPANESE PRESS HAS BEEN THE EVOLUTION OF ITS RELATIONSHIP WITH THE RULING ELITE.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED A. KNOPF, NEW YORK, 1969, PP. 159-160.

② THE MAJOR CHANGE IN THE PRESS IS THAT IT IS NO LONGER SUBSERVIENT TO THE RULING ELITE BUT HAS BEEN UPGRADED INTO MEMBERSHIP IN THE ESTABLISHMENT. IT HAS JOINED THE ESTABLISHMENT AS A RESULT OF ITS HISTORY, BECAUSE A VACUUM OPENED AS THE POSTWAR POWER STRUCTURE TOOK SHAPE AND THE PRESS SLIPPED IN, AND BECAUSE THE ESTABLISHMENT NEEDED THE PRESS AS ITS COMMUNICATOR AND TRANSMITTER OF INFORMATION. MOREOVER, THE PRESS IS CONSIDERED PART OF THE INTELLECTUAL COMMUNITY AND IS OBLIGED, IN THE CONFUCIAN TRADITION OF BENEVOLENT SERVICE, TO USE ITS KNOWLEDGE TO SERVE THE NATION. THE PRESS ALSO HAS MORE TANGIBLE TIES WITH THE ESTABLISHMENT. OWNERS AND PUBLISHERS, AS BUSINESSMEN, ARE ESTABLISHMENT MEMBERS, AND MANY NEWSPAPERS HAVE LARGE LOANS FROM BANKS AND CARRY AN INCREASING AMOUNT OF ADVERTISING FROM BUSINESS. SOME JOURNALISTS HAVE GONE INTO POLITICS AND YET MAINTAINED CONTACT WITH THEIR FORMER COLLEAGUES.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, NEW YORK, ALFRED A. KNOPF, 1969, P. 171.

③ THE THEORETICALLY IDEAL ROLE OF THE PRESS IS TO FOSTER HARMONY, BUT IT IS NOT ALWAYS UNIFIED IN ITS VIEWS AND MUST MAKE ADJUSTMENTS LIKE OTHER SEGMENTS OF JAPANESE SOCIETY. THE OPPOSITION OF THE PRESS OR A PARTICULAR NEWSPAPER TO A PROPOSAL IN ITS FORMATIVE STAGES DOES NOT MEAN THAT THE PRESS OPPOSES THE ESTABLISHMENT OR THE GOVERNMENT. IT IS MERELY PARTAKING IN THE ENDLESS DISCUSSION THAT IS PART OF THE PROCESS OF REACHING CONSENSUS. THE CLOSER TO CONSENSUS THE ESTABLISHMENT GETS, THE MORE THE PRESS FALLS INTO LINE. AFTER A DECISION IS REACHED, THE PRESS OR A SINGLE PAPER MAY PUSH FOR A REVISION, WHICH IS FAIR GAME, BUT IT WILL NOT ADVOCATE TURNING BACK ON THE DECISION ALREADY REACHED.

MOREOVER, THE JAPANESE PRESS IS SOMETIMES VIEWED AS PRO-SOCIALIST OR PRO-COMMUNIST, WHICH IS AN ERROR. THE PRESS, EITHER IN PRINT OR IN THE PERSONAL OPINIONS OF NEWSMEN, GIVES FEW INDICATIONS THAT IT WANTS DRASTIC CHANGES IN JAPAN'S FORM OF GOVERNMENT OR ITS SOCIAL ORDER. NOR DOES THE PRESS GIVE MUCH SIGN THAT IT WISHES THE CONSERVATIVE GOVERNMENT TURNED OUT OF OFFICE, THOUGH THERE ARE ALLEY-CAT FIGHTS TO TURN PARTICULAR PEOPLE OUT. THE PRESS, RATHER, HAS BECOME HIGHLY NATIONALISTIC AND OFTEN EXPRESSES THIS NATIONALISM IN ANTI-AMERICAN TERMS. TAKING AN ANTI-AMERICAN STANCE OFTEN MEANS ADOPTING A POSITION THAT COMES CLOSE TO THAT TAKEN BY THE LEFT. BUT THESE POSITIONS ARE ADVOCATED WITHIN THE FRAMEWORK OF THE EXISTING ORDER IN JAPAN, NOT TO OVERTHROW IT.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED A. KNOPF, NEW YORK, 1969, PP. 174-5.

④ ...LIKE ALL OF JAPANESE SOCIETY, THE JAPANESE PRESS CORPS. IS ORGANIZED IN GROUPS. PRESS GROUPS ARE ACCREDITED TO MINISTRIES AND AGENCIES AND THE PRIME MINISTER. THEY DON'T KNOW THE MEANING OF OBJECTIVE REPORTING SINCE THEY HAVE NEVER DONE ANY AND HAVE NEVER LEARNED HOW. THEY ACCEPT HANDOUTS AND PRINT WHAT THEY RECEIVE. MINISTERS USE THE PRESS TO GET PRINTED WHAT THEY WISH TO SEE IN PRINT. SUCH PRACTICES IN THE WEST ARE A VERY STRONG REFLECTION ON THE ABILITY OF THE PRESS AND ALTHOUGH THEY EXIST, THEY WILL BRAND A REPORTER IN AN UNCOMPLIMENTARY WAY. IN JAPAN, PRINTING HANDOUTS IS THE ONLY WAY.

FOREIGN REPORTERS CANNOT JOIN THESE JAPANESE PRESS GROUPS AND HENCE THEY ARE NOT ENTITLED TO ATTEND PRESS CONFERENCES. EVEN WHEN A FOREIGN REPORTER TENDS TO FOLLOW UP ON A HANDOUT, HE GETS NOWHERE AND CONFLICTING STORIES ARE ALLOWED TO STAND. NO FOREIGN REPORTERS ACCOMPANY JAPANESE MINISTERS ON OVERSEAS TRIPS, SO THE MINISTERS CAN EASILY CONTROL WHAT IS REPORTED IN THE JAPANESE PRESS. ONE MINISTER WHEN OVERSEAS IN ONE INTERVIEW WITH FOREIGN REPORTERS MADE A FAVORABLE STATEMENT ON U.S. POLICY IN VIETNAM THAT HE KNEW WOULD NOT BE REPORTED TO HIS DISADVANTAGE IN THE JAPANESE PRESS BECAUSE OF HIS CONTROL OVER HIS PRESS GROUP.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

⑤ ...THE 'SCHOOL CLIQUE' (GAKUBATSU - A COMMONLY USED TERM) DENOTES THE GROUP CONSCIOUSNESS DERIVING MAINLY FROM A COMMON UNIVERSITY OR COLLEGE BACKGROUND. GRADUATES OF THE SAME UNIVERSITY OR COLLEGE SHARE AN IN-GROUP FEELING, A READY FAMILIARITY IN FACE OF OTHERS. A COMMON EDUCATIONAL BACKGROUND COMES NEXT TO INSTITUTION OR PLACE OF WORK IN DEGREE OF FUNCTION AND IS MORE EFFECTIVE THAN EITHER FAMILY OR LOCAL BACKGROUND. THE 'SCHOOL CLIQUE' WOULD COME INTO FUNCTION IN THE CASE OF AN INTERVIEW, FOR EXAMPLE, WHERE, OTHER COUNTS BEING EQUAL, IT PROVED DIFFICULT TO CHOOSE BETWEEN CANDIDATES. IN THE EARLY YEARS OF JAPAN'S MODERNIZATION, IN THE LATE NINETEENTH CENTURY, THE LOCALITY, IN TERMS OF THE TERRITORY OF A FORMER FEUDAL LORD, FOR EXAMPLE, PLAYED AN IMPORTANT PART IN THE DEVELOPMENT OF CLIQUES AND THE ADVANTAGES THEY BROUGHT; TODAY, ALTHOUGH LOCAL BACKGROUND IS STILL EFFECTIVE, IT IS BY NO MEANS AS VITAL AS THE 'SCHOOL CLIQUE', PARTICULARLY AT THE LEVEL OF THE ORGANIZATION MAN.

CHIE NAKANE  
JAPANESE SOCIETY

⑦ THE GOVERNMENT BUREAUCRACY...IS RUN BY MEN WHO WENT TO SCHOOL TOGETHER--A FACT THEY NEVER FORGET. A WESTERNER WILL BE SURPRISED AT FIRST TO HEAR A MAN OF SIXTY REFER TO ANOTHER AS A SCHOOLMATE A YEAR OR TWO BEHIND OR AHEAD OF HIM--AND HE WILL BE SURPRISED ALSO TO DISCOVER THE STRATEGIC ROLE "THE OLD-BOY NETWORK" PLAYS IN JAPANESE SOCIETY. BUT WE WHO HAVE LIVED AND WORKED HERE, AND HAVE NEEDED INTRODUCTIONS OR INFORMATION, ARE VERY WELL AWARE OF IT INDEED.

T.F.M. ADAMS, THE WORLD OF  
JAPANESE BUSINESS, P. 95.

JAPANESE UNIVERSITY

⑥ ...A FEW OF THE TOP-RANKING UNIVERSITIES, NOTABLY TOKYO AND KYOTO, WHICH ARE GOVERNMENT-RUN, EARLY ACQUIRED AN ALMOST COMPLETE MONOPOLY IN PLACING THEIR GRADUATES IN TOP JOBS AND STILL CONSTITUTE THE ASSURED ROUTES TO POSITIONS OF EVENTUAL POWER AND INFLUENCE, NOT ONLY IN GOVERNMENT (INCLUDING THE CIVIL SERVICE AND THE FOREIGN SERVICE), BUT ALSO IN SUCH OTHER AREAS AS SCIENCE, LAW, BUSINESS, AND IN FACT MOST OF THE PROFESSIONS. THE PRESTIGE OF THESE UNIVERSITIES IS COMPARABLE TO THAT OF OXFORD AND CAMBRIDGE IN ENGLAND, OR HARVARD AND YALE IN THE UNITED STATES, AND THE "OLD SCHOOL TIE" RELATIONSHIP IS EVEN MORE FIRMLY ESTABLISHED.

MARSHALL E. DIMOCK, THE JAPANESE TECHNOCRACY, P. 122.

⑧ PROMINENT BUSINESS LEADERS ACCORDING TO THE UNIVERSITIES THEY ATTENDED

UNIVERSITY	NUMBER	PERCENTAGE
TOKYO	54	40.6
HITOTSUBASHI	13	9.8
KEIO	8	6.0
KYOTO	7	5.3
KOBE	6	4.5
WASEDA	4	3.0
KYUSHU	2	1.5
OTHERS	39	29.3
	133	100.0

\*CHITOSHI YANAGA, BIG BUSINESS IN JAPANESE POLITICS, NEW HAVEN, YALE UNIVERSITY PRESS, 1968, P. 22.

\*\*IBID. P. 24.

⑨ TODAI GRADUATES AMONG SECTION CHIEFS AND HIGHER OFFICIALS NOT INCLUDING VICE-MINISTERS AND PARLIAMENTARY VICE-MINISTERS)\* (AS OF 1963)

FINANCE MINISTRY	62%
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY	63
TRANSPORTATION MINISTRY	53
CONSTRUCTION MINISTRY	58
EDUCATION MINISTRY	66
LOCAL GOVERNMENT MINISTRY	73

TODAI CORPORATION EXECUTIVES COMPARED WITH GRADUATES OF OTHER UNIVERSITIES

UNIVERSITY	NUMBER	PERCENTAGE
TOKYO	630	21.0
KYOTO	210	7.0
KEIO	196	6.6
HITOTSUBASHI	175	5.8
WASEDA	116	3.8
OTHERS	1,673	55.8
	3,000	100.0

### Press and University Cliques

This is not to imply, however, that the press is completely subservient to the Japanese leadership (chart 1), although such was the case before World War II. Indeed, there is considerable discussion in the press of major policy issues, but it is important to recognize that such discussion is almost always conducted within the limits imposed by the existing consensus. And once the debate is concluded, the press usually accepts the decision, in much the same manner as any other loyal member of the national leadership or establishment. For the press--and this is the major change in its traditional role in Japanese society--is actually a member of the national establishment rather than a subordinate of it, and it has major responsibility for maintaining the consensus and thereby reinforcing national solidarity and unity.

### University Cliques

Todai, or more accurately Tokyo University, can be thought of as the most exclusive club in Japan, and if any "establishment" or clique runs Japan, it is this group. If one can attain membership in the club, it establishes one's eligibility for the highest positions in the realm in much the same manner (but more so) as graduation from Cambridge and Oxford did (and does) for the British or the Grandes Ecoles does for the French, and far more than a Harvard degree does for Americans. Of the ten postwar Prime Ministers since 1945, seven have been members of this Todai Club. Government ministries are traditional strongholds of Todai graduates, as can be seen by the list on Chart 9.

It is important to realize, too, that particularly since the war the University of Tokyo has been almost equally influential in business circles as is illustrated in the tables in Charts 8 and 9. It is commonly argued in Japan that Keio University has also been prominent in producing business leaders, and particularly that is the most prominent of the private universities in doing so. These tables would not seem to bear out this contention--except perhaps as far as competition with other private universities goes (Tokyo, Kyoto, and Hitotsubashi are government schools). In any case, the effect does not seem to be very dramatic. (This last impression might be changed somewhat if we looked at the actual names of the individuals.) It is also common lore in Japan that Waseda University used to produce a disproportionately large number of the political leaders and journalists, and to some degree still does, but that now it too is heavily engaged in producing business leaders. These charts certainly indicate that it is not unimportant in business, but again the effect does not seem to be dramatic in comparison with the overwhelming predominance of Tokyo and other universities.

### Japanese Politics

One of the remarkable aspects of Western culture is its relative freedom from government by--or excessive influence of--secret societies, special cults, or even private political factions. One must, of course, emphasize the word "relative." Such institutions have caused plenty of problems in almost every Western country at one time or another; a good deal of the history of various Western countries often concerns the role of this or that clique, cult, secret society, or faction and the difficulties the nation had in finally coping with it. But in the West it is almost always thought that the power of cliques is bad for government, and it is rare to have cults, factions, secret societies, and the like possess anything like the influence and permanence they enjoy in many Asian countries. Indeed, in this sense Japan is more like the rest of the world than is the United States, though the clique structure of Japanese government, culture, and society has peculiarly Japanese elements to it, some of which are discussed in Chart 1.

We mentioned earlier that Japan is both authoritarian and pluralistic. Nothing illustrates this better than the current government of Japan (Chart 2). First and foremost, there is no sense in which the government is a neutral mediator or referee between various factions of the people. We must remember that the entire modernization and industrialization process of Japan occurred under the leadership of what would now be called a "modernizing elite," but we can think of it as simply the government of Japan. The opposition between government and business, which is such an important theme in U.S. history (sometimes varied by corruption undermining government's duty to be separate and independent of business and to regulate it), is absent from Japanese history. The current government leaders, decision-makers, administrators, and big business leaders all have the same basic goals determined by a consensus that has developed in some of the complex ways suggested earlier, and, of course, sometimes in even more complex ways.

Chart 3 is a reflection of current criticism of the existence and role of the clique in modern Japanese politics. Such criticism is not new. A famous critique of the habatsu in politics was written in 1918 by Ozaki Yukio--a liberal and progressive member of the Diet who did not like the habatsu form of operating (Chart 4).

While the habatsu still dominate Japanese politics--and while polls indicate some degree of approval of "voting for the man and not the politics"--genuine party organization and party politics in the Western sense have gotten a foothold and might develop, if for no other reason than that the young Japanese seem to prefer it. Or this might be like so many other things in Japan--a facade of Western appearance with a reality of Japanese tradition and practice.

Charts 5 and 6 give examples of the way in which Japanese political decisions are made.

① POLITICS

IN LOOKING AT JAPANESE POLITICS, IT IS ESSENTIAL NOT TO CONFUSE POLITICAL THEORY WITH PRACTICAL POLITICS. AMONG THE OLDEST OF JAPANESE TRADITIONS IS DUALITY IN GOVERNMENT: THE SEPARATION OF THE IMPERIAL INSTITUTION, THE SOURCE OF IDEALISM AND LEGITIMACY, FROM THE ACTUAL RULERS OF THE COUNTRY, WHO ARE EMINENTLY POLITICAL AND PRAGMATIC... THE HABATSU, OR FACTION, IS THE OPERATIVE UNIT OF JAPANESE POLITICS... IT HAS A CHIEF, THE MODERN EQUIVALENT OF A DAIKYO, AND FOLLOWERS, WHO ARE HIS "SAMURAI." A HABATSU IS FORMED BY A POLITICIAN IN THE DIET WHO HAS THE LEADERSHIP ABILITIES, POLITICAL SKILL, ACCESS TO MONEY IN THE BUSINESS COMMUNITY, AND THE AMBITION TO BECOME PRIME MINISTER... IDEOLOGY ENTERS THE EQUATION ONLY INsofar AS THE MEMBERS OF A HABATSU HOLD GENERALLY SIMILAR BELIEFS. MORE IMPORTANT ARE THE PERSONAL RELATIONS THAT DEVELOP OVER THE YEARS.

RICHARD HALLORAN, JAPAN: IMAGES & REALITIES, NEW YORK, ALFRED A. KNOPF, INC., 1969, PP. 112-13.

④ HABATSU

HERE IN THE ORIENT WE HAVE HAD THE CONCEPTION OF A FACTION; BUT NONE OF A PUBLIC PARTY. A POLITICAL PARTY IS AN ASSOCIATION OF PEOPLE HAVING FOR ITS EXCLUSIVE OBJECT THE DISCUSSION OF PUBLIC AFFAIRS OF STATE AND THE ENFORCEMENT OF THEIR VIEWS THEREON. BUT WHEN POLITICAL PARTIES ARE TRANSPLANTED IN THE EAST, THEY AT ONCE PARTAKE OF THE NATURE OF FACTIONS, PURSUING PRIVATE AND PERSONAL INTERESTS INSTEAD OF THE INTERESTS OF THE STATE. BESIDES, THE CUSTOMS AND USAGES OF FEUDAL TIMES ARE SO DEEPLY IMPRESSED UPON THE MINDS OF MEN HERE THAT EVEN THE IDEA OF POLITICAL PARTIES, AS SOON AS IT ENTERS THE BRAINS OF OUR COUNTRYMEN, GERMINATES AND GROWS ACCORDING TO FEUDAL NOTIONS. A POLITICIAN SCRUPULOUS ENOUGH TO JOIN OR DESERT A PARTY FOR THE SAKE OF PRINCIPLE IS DENOUNCED AS A POLITICAL TRAITOR OR RENEGADE. THAT POLITICAL FAITH SHOULD BE KEPT NOT VIS-A-VIS ITS LEADER OR ITS OFFICERS BUT VIS-A-VIS ITS PRINCIPLES AND VIEWS IS NOT UNDERSTOOD. THEY FOOLISHLY THINK THAT THE PROVERB "A FAITHFUL SERVANT NEVER SERVES TWO MASTERS: A CHASTE WIFE NEVER SEES TWO HUSBANDS" IS EQUALLY APPLICABLE TO THE MEMBERS OF A POLITICAL PARTY. IN THEIR ERRONEOUS OPINION, IT IS A LOYAL ACT ON THE PART OF A MEMBER OF A PARTY TO CHANGE HIS PRINCIPLES AND VIEWS IN ACCORDANCE WITH ORDERS FROM HEADQUARTERS, WHILE IN THE EVENT OF HEADQUARTERS CHANGING THEIR VIEWS IT IS UNLAWFUL TO DESERT THEM.

OZAKI YUKIO, A LIBERAL AND PROGRESSIVE MEMBER OF THE DIET IN 1918.

① VOTING FOR THE HOUSE OF REPRESENTATIVES--  
THE FIVE MAJOR PARTIES  
(IN MILLIONS)

DATE OF ELECTION	LIBERAL DEMOCRATIC	SOCIALIST	DEMOCRATIC SOCIALIST	CLEAN GOV'T	COMMUNIST
1947	16.1	7.2			1.0
1949	19.2	4.1			3.0
1952	23.4	7.5			.9
1953	22.7	9.2			.7
1955	23.4	10.8			.7
1958	23.0	13.1			1.0
1960	22.7	10.3	3.5		1.2
1963	22.4	11.9	3.0		1.6
1967	22.4	12.8	3.4	2.5	2.2
1969	22.3	10.0	3.6	5.1	3.2

② POLITICS

THE SPECTACLE OF JAPANESE POLITICS IS IN A SENSE A DRAMATIC PRODUCTION, PRESENTED JOINTLY BY THE BUSINESS COMMUNITY, THE RULING PARTY, AND THE ADMINISTRATIVE BUREAUCRACY. ORGANIZED BUSINESS IS THE PLAYWRIGHT AS WELL AS THE FINANCIER. THE RULING PARTY, AS PRODUCER, DIRECTOR, AND STAGE MANAGER, ADAPTS THE PLAY AND MAKES SURE THAT THE PRODUCTION MEETS WITH THE APPROVAL OF THE PLAYWRIGHT-FINANCIER. IT IS ALSO RESPONSIBLE FOR PICKING THE LEADING ACTOR, WHO MUST BE PERSONA GRATA TO THE FINANCIER. THE ADMINISTRATIVE BUREAUCRACY UTILIZES ITS EXPERTISE IN LOOKING AFTER THE TECHNICAL DETAILS AS WELL AS THE BUSINESS END OF THE PRODUCTION.

CHITOSHI YANAGA, JAPANESE PEOPLE AND POLITICS, NEW YORK: JOHN WILEY & SONS, 1956, P. 29.

⑤ POLITICAL DECISION-MAKING

IN GOVERNMENT, DECISIONS ARE ARRIVED AT AMONG PROFESSIONALS, WHETHER BUREAUCRATS OR POLITICIANS, MORE OFTEN BY CONSENSUS THAN BY ADVERSARY DEBATE AIMED AT WINNING MAJORITY SUPPORT. THESE CONSENSUS DECISIONS ARE A COLLECTIVE PRODUCT THAT TENDS TO OBSCURE THE RESPONSIBILITY OF PARTICULAR PERSONS FOR PARTICULAR POLICIES AND THUS TO INHIBIT THE OPEN EXPRESSION OF INDIVIDUAL LEADERSHIP. SINCE SMALL CONFIDENCE IS REPOSED IN THE PRINCIPLE OF MAJORITY DECISION AFTER OPEN DEBATE, MINORITIES FACE THE CHOICE OF SETTLING FOR FRINGE COMPROMISES, MEETLY CAPITULATING IN CONSENSUS, OR PROTESTING AGAINST THE "TYRANNY OF THE MAJORITY." IN CRITICAL DISAGREEMENTS, THIS PROTEST MAY BREAK OUT INTO VIOLENCE.

FEW CITIZENS FEEL AN IMPASSIONED RESPONSIBILITY FOR POLITICS; THEIR TENDENCY TO LEAVE MATTERS TO THE PROFESSIONALS, AT LEAST BETWEEN ELECTIONS.

RICHARD BEARDSLEY, JAPAN'S POLITICAL SYSTEM, IN R. BEARDSLEY & J.W. HALL, (EDITORS), TWELVE DOORS TO JAPAN, MCGRAW-HILL, 1965, PP. 444-5.

① 32ND ELECTION FOR JAPANESE HOUSE OF REPRESENTATIVES  
DECEMBER 27, 1969

MAJOR PARTIES	CANDIDATES ENDORSED	CANDIDATES ELECTED	*SEATS CHANGED FROM 1967
LIBERAL DEMOCRATIC (LDP)	328	288*	+ 9
SOCIALIST (JSP)	183	90	-49
CLEAN GOVERNMENT-KONIKOTO (CGP)	76	47	+22
DEMOCRATIC SOCIALIST (DSP)	68	31	+ 1
COMMUNIST (JCP)	123	14	+ 9

\*NOT INCLUDING 12 INDEPENDENTS WHO JOINED LDP RANKS AFTER ELECTIONS

THERE HAS RECENTLY BEEN A GROWTH IN CRITICISM OF THE EXISTENCE IN POLITICAL CIRCLES OF HABATSU (FACTIONS). SUCH CRITICISM LED TO DECLARATIONS BY SUCCESSIVE PRIME MINISTERS, IKEDA AND SATO, AS WELL AS OTHER LEADING POLITICAL FIGURES, OF THEIR INTENTION TO BREAK DOWN THE HABATSU, AND, AS A RESULT, MOVE IN THE DIRECTION OF WHAT THEY TERM 'MODERN' POLITICS. BUT, IN SPITE OF SUCH PIOUS STATEMENTS, THERE IS, AS YET NO EVIDENCE OF A LESSENING OR WEAKENING OF HABATSU ACTIVITIES, WHETHER AMONG CONSERVATIVES OR SOCIALISTS. THIS IS NOT SURPRISING, FOR IF, EVEN AMONG THOSE WHO CLAIM TO BE 'MODERN INTELLECTUALS', THE ESTABLISHMENT OF THE PERSONAL RELATION BASED ON CONTRACT IS SO DIFFICULT AND HAS HAD SO LITTLE CURRENCY, WE COULD HARDLY EXPECT SUCCESS IN AN ATTEMPT BY POLITICIANS TO SUBSTITUTE IT FOR THE HABATSU.

CHIE NAKANE  
JAPANESE SOCIETY

⑥ ANOTHER EXAMPLE OF THIS JAPANESE RELUCTANCE TO COME TO A DECISION, SINCE SOMEONE HAS TO BE RESPONSIBLE FOR IT, IS FURNISHED BY THE FALL OF THE KISHI CABINET IN 1960 AS A RESULT OF HIS HANDLING OF LEFTIST AGITATION AGAINST RATIFICATION BY THE DIET OF A NEW SECURITY TREATY BETWEEN JAPAN AND THE UNITED STATES. AS A NEWSPAPER POLL SHOWED A FEW WEEKS LATER, ONLY 8 PERCENT OF THE JAPANESE PEOPLE WERE IN FAVOR OF THE DEMONSTRATIONS AGAINST RATIFICATION OF THE TREATY; BUT MR. KISHI HAD BEEN FORCED TO RESIGN, NONETHELESS, BECAUSE HIS ATTITUDE WAS THOUGHT TO HAVE BEEN TOO HIGH-HANDED TOWARD THE ANTITREATY MINORITY. THE JAPANESE ARE PSYCHOLOGICALLY INCAPABLE OF UNDERSTANDING WHY 51 PERCENT OF VOTES CAN OVERRULE 49 PERCENT, AND THEY CONSIDER IT IMPROPER ('UN-JAPANESE') FOR THE MAJORITY TO RIDE ROUGHSHOD OVER A MINORITY.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

⑨ SOKA GAKKAI: 14,000,000 MEMBERS

WOULD "REVIVE THE TRUE PRINCIPLES" OF NICHIREN-- ONLY INTOLERANT BUDDHIST SECT.

CONVERSION TECHNIQUE IS VERBALLY 'TO BREAK AND TO FORCE' THE CONVICTIONS OF PROSPECTIVE MEMBERS.

IS A CLASSLESS ORGANIZATION CHARACTERIZED BY A POWERFUL FOSTERING OF FRATERNITY.

POLITICAL POLICY IS NATIONALIST AND NON-ALIGNED IN FOREIGN POLICY

THE NEW KOMEITO IS NOW A THIRD FORCE IN JAPANESE POLITICS

Japanese Politics (Cont'd)

Charts 7 and 8 present, respectively, the historical performance of Japanese parties from 1947 to 1969, and the results of the 1969 elections for the house of representatives.

Chart 9 mentions some of the characteristics of one of the more recent Japanese movements, the SOKA GAKKAI. While this group is really a religious sect, it has clearly political overtones and ambitions. As the most successful of the new radical movements, it is particularly interesting in that, among other things, it is clearly dedicated to success, hard work, advancement, etc. In other words, even an "extremist" group shares, in this respect, the establishment consensus (see discussion on alternative Japanese futures, p. 21, Volume III).

Japanese Politics

It should not surprise the reader that we consider that the most crucial point about Japanese politics is that it is so very Japanese, despite the fact that it has taken on the veneer of Western democratic forms and practices. The situation is rather similar to that in the seventh to ninth centuries, when the Japanese adopted a Confucian model but never really adopted the Chinese Mandarin system of promotion by examination and merit. (Once again, "Chinese knowledge, Japanese spirit.") Rather, they took this Confucian model and absorbed it into an extremely hierarchical society. The success of the Japanese in managing to fit these two together was similar to their success in borrowing the Chinese written language and using it for their own, although in many ways the two spoken languages are so different that it is miraculous that one can express Japanese words and thoughts in Chinese characters at all.

Chart 1 summarizes the situation of political democracy in Japan by contrasting usual American and Japanese attitudes and practices. This chart provides, of course, a very simplistic dichotomy and really describes neither political system accurately, being much too black and white in its contrasts. However, we should not fall victim to the problems of those who have difficulty in detecting these kinds of qualitative differences because of twilight zone or gray zone-type problems. Japan is surely much more of a democracy and more individualistic than this table indicates, and the United States is much more authoritarian, hierarchical, and communal. Their differences, however, are quite important and are likely to be quite persistent; even if they are not quite as simple and dramatic as first indicated.

Charts 2, 3, and 4 discuss the important left wing oppositions, the Socialists and Communists, in post war Japan.

## JAPANESE AND WESTERN SOCIETIES COMPARED

	ANGLO-AMERICAN COUNTRIES	JAPAN
POLITICAL SOVEREIGNTY	RESTS WITH THE PEOPLE AND WORKS FROM THE BOTTOM UP	RESTS WITH THE RULERS AND TRICKLES FROM THE TOP DOWN
CITIZENS	CAN BE AN ACTIVE PARTICIPANT IN THE PROCESSES OF GOVERNMENT	POLITICALLY PASSIVE, USUALLY CONSENTING TO THE RULE OF THE ESTABLISHMENT
ATTITUDES TOWARDS GOVERNMENT	WESTERNER INHERENTLY DISTRUSTS, OR IS SCEPTICAL OF GOVERNMENT AUTHORITY; STRIVES TO RESTRAIN THE EXERCISE OF POLITICAL POWER	JAPANESE BASICALLY TRUSTS GOVERNMENTAL AUTHORITY AND ACCEPTS THE APPLICATION OF ITS POWER
POLITICAL DECISIONS	MADE BY THE MAJORITY FOR THE GREATEST GOOD OF THE GREATEST NUMBER, WITHOUT INFRINGING ON THE BASIC RIGHTS OF THE MINORITY OR THE INDIVIDUAL	MADE BY CONSENSUS OR COMPROMISE FOR THE GREATEST GOOD OF THE NATION-FAMILY
BASIC IDEALS AND ATTITUDES	1. WESTERN SOCIETY STRIVES FOR HUMAN FULFILLMENT OF THE INDIVIDUAL	1. JAPANESE SOCIETY STRIVES FOR SUBORDINATION OF THE INDIVIDUAL TO ATTAIN HARMONY WITHIN THE GROUP
	2. MEN ARE BELIEVED TO BE CREATED EQUAL, EVEN IF THEY ARE NOT ALWAYS TREATED SO	2. MEN ARE INHERENTLY UNEQUAL AND EACH HAS HIS STATION IN A HIERARCHY
	3. THE WESTERN DEMOCRAT IDEALLY IS TOLERANT AND ACCEPTS DIVERSITY IN SOCIETY	3. THE JAPANESE IS INTOLERANT AND STRIVES FOR CONFORMITY
	4. THE WESTERNER BELIEVES THAT AS A FREE MAN HE HAS CERTAIN INALIENABLE RIGHTS	4. THE JAPANESE BELIEVES THAT AS A MEMBER OF THE NATIONAL FAMILY HE HAS CERTAIN DUTIES AND OBLIGATIONS
ROLE OF THE STATE	THE ROLE OF THE STATE IN A WESTERN DEMOCRACY IS TO PROTECT AND ENHANCE INDIVIDUAL RIGHTS	THE ROLE OF THE JAPANESE STATE IS TO PRESERVE A BENEVOLENT SOCIAL ORDER
RULE OF LAW	WESTERN DEMOCRACIES ARE FOUNDED ON THE RULE OF LAW, TO WHICH ALL MEN ARE EQUALLY SUBJECT	JAPANESE POLITICS ARE BASED ON THE RULE OF MEN, WHO ARE SUPPOSED TO GOVERN FOR THE COMMON GOOD BUT WHO DO SO WITH DIFFERENT STANDARDS FOR SUPERIORS AND INFERIORS

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, NEW YORK, ALFRED P. KNOPF, 1969, PP. 100-102.

## 2 JAPANESE SOCIALISTS

IN THE IMMEDIATE POSTWAR PERIOD ANYTHING SEEMED POSSIBLE IN JAPAN, INCLUDING IDEAL DEMOCRACY AND PERFECT PEACE. EARLY OCCUPATION POLICY WAS DEVOTED TO SUCH GOALS, AND IT ENCOURAGED THE RE-EMERGENCE OF POLITICAL GROUPS THAT HAD BEEN TREATED AS SUBVERSIVE BEFORE THE WAR. ONE OF THESE GROUPS WAS THE JAPAN COMMUNIST PARTY, EXTANT, OFF AND ON, SINCE 1922, BUT ILLEGAL FROM 1922 TO 1945. MUCH MORE SIGNIFICANT WERE THE SOCIALISTS.

THE JAPAN SOCIALIST PARTY WAS A GRAB-BAG OF THEORETICAL INCONGRUITIES AND RIVAL CLIQUES. ITS ORIGINS COULD BE TRACED TO THE LATE NINETEENTH CENTURY, WHEN JAPANESE INDUSTRY BEGAN TO MATURE AND A COMPLEX URBAN SOCIETY TOOK SHAPE. WHEREAS IN THE FIRST GENERATION AFTER THE MEIJI RESTORATION INTELLECTUALS AND GOVERNMENT LEADERS HAD TENDED TO AGREE ON THEIR MODERNIZING OBJECTIVES, BY THE TURN OF THE CENTURY PHENOMENA OF ALIENATION FAMILIAR IN WESTERN INDUSTRIAL STATES HAD APPEARED, AND TOOK VARIOUS IDEOLOGICAL OR ATTITUDINAL FORMS: CHRISTIANITY, HEDONISM, LIBERAL "HUMANISM," MARXISM, AND OTHER "ISMS" WERE SEIZED UPON BY VARIOUS INTELLECTUALS TO SERVE AS VEHICLES TO SYMBOLIZE THEIR DISTASTE FOR THE EXCESSES OF JAPANESE INDUSTRIAL CAPITALISM. EARLY SOCIALIST LEADERS WERE LABOR ORGANIZERS, UNIVERSITY INTELLECTUALS, OR SOCIAL WORKERS IN URBAN SLUMS; UNDER POLICE REPRESSION MANY OF THEM MOVED FARTHER AND FARTHER LEFTWARD. PREWAR JAPAN HAD A BLOODY LABOR HISTORY, WITH PROLONGED STRIKES IN COPPER AND COAL MINES, SHIPYARDS AND FACTORIES, WHERE WORKING CONDITIONS WERE OFTEN APPALLING AND GAVE AMPLE POINT TO MARX'S DESCRIPTIONS OF ENGLISH MILLS. OUT OF THE CONFRONTATION, OFTEN VIOLENT, BETWEEN SUCH EARLY SOCIALISTS AND THE POLICE, SPREAD OVER NEARLY HALF A CENTURY, DEVELOPED A MOVEMENT THAT WAS BADLY FRAGMENTED INTO FACTIONS ALONG PERSONAL LINES AND DIVIDED DOCTRINALLY ACCORDING TO THE METHOD BELIEVED MOST EFFICACIOUS TO DEFINE AND COMBAT THE HATED "ENEMY."

AS CAN BE SEEN, MANY LEFTISTS CAME OUT OF BACKGROUNDS VERY DIFFERENT FROM THOSE OF THE ELITE. THE EDUCATIONAL LEVEL AND SOCIAL ORIGINS OF MANY SOCIALISTS WERE LOWER. A WHOLE STABLE OF INTELLECTUALS SERVED AS THEORETICIANS FOR THE "SOCIAL MOVEMENT," PROVIDING THEORY FOR LABOR LEADERS AND POLITICIANS WHO FOR THE MOST PART HAD COME UP THROUGH THE LABOR WARS. THE SOCIALIST PARTY CHAIRMAN IN MID-1965 WAS A UNIVERSITY GRADUATE WHO BEGAN LIFE AS A CHARCOAL-MAKER IN REMOTE NORTHERN JAPAN; OTHERS WERE EX-COMMUNISTS OR "CRYPTO-COMMUNISTS" WHO TENDED TO ACCEPT MARXIST OBJECTIVES FOR SOCIETY BUT DENIED THE INFALLIBILITY OF THE KREMLIN; THEIRS WAS A MARXISM OF A PECULIARLY JAPANESE VARIETY. THEY WERE FOND OF "STRUGGLES" AND "UNITED FRONTS FOR LIBERATION," AND AMBIGUOUS IN THEIR ATTITUDE TOWARD THE USES OF THE DIET. OTHERS, CHRISTIANS, FABIANS, AND THE LIKE, PREFERRED TO WORK THROUGH LEGAL, PARLIAMENTARY INSTITUTIONS TO BRING ABOUT THE REVOLUTION THEY ALL DESIRED, OR PROFESSED TO DESIRE.

IN THE FRESH POLITICAL ATMOSPHERE OF THE IMMEDIATE POSTWAR PERIOD THE GREAT MAJORITY OF THE JAPANESE PEOPLE CONTINUED TO REGARD COMMUNISM AS AN ALIEN, PERILOUS CREED. BUT THE SOCIALISTS, DESPITE THEIR INEXPERIENCE WITH POWER AND THEIR RANCOROUS INTERNAL DISPUTES, WERE PERCEIVED BY MANY TO BE A VALID ALTERNATIVE TO CONSERVATIVE ORTHODOXY, WHICH LACKED COLOR, WAS LINKED WITH A DISCREDITED IDEOLOGY, AND, AFTER ALL, MIGHT SOME DAY BE VOTED OUT OF POWER.

LAWRENCE OLSON, IN H. PASSIN, (ED.), THE U.S. & JAPAN, PRENTICE HALL, 1966, PP. 62-3.

## 3 MARXISTS IN POST-WAR JAPAN

MARXIST DOCTRINES, WHICH HAD APPEALED TO UNIVERSITY STUDENTS AND OTHER INTELLECTUALS AT THE END OF WORLD WAR I, HAD SPREAD DESPITE THE MILITARISTIC REACTION OF THE THIRTIES. CONSERVATIVE THOUGHT AT THAT TIME WAS RETREATING BEHIND THE MYSTICAL CONCEPT OF THE "IMPERIAL WILL," AND LIBERAL, DEMOCRATIC THINKERS FOUND THEMSELVES GROUND BETWEEN THIS OBSCURANTIST DOCTRINE AND THE EMERGING REALITY OF TOTALITARIAN CONTROLS. IN ANY CASE, THEY NEVER DEVELOPED A TRUE PHILOSOPHY FOR THEMSELVES, AND THEIR ADHERENTS IN THE PARTIES, FOLLOWING THEIR USUAL PRACTICE OF PRAGMATIC COMPROMISE, DISCREDITED THEMSELVES BY COOPERATING WITH THE MILITARY. ONLY THE EXTREME LEFT HAD WITHSTOOD COMPROMISE AND HAD THEREBY PRESERVED ITS DOCTRINES INTACT AS AN APPEALING ALTERNATIVE TO MILITARY DICTATORSHIP. WHEN THE MILITARISTS AND EMPEROR-CENTERED CONSERVATIVES WENT DOWN IN IGNOMINIOUS DEFEAT, THE JAPANESE PUBLIC ASSUMED THAT THEIR SOCIALIST AND COMMUNIST CRITICS HAD BEEN PROVED RIGHT. THE AMERICAN OCCUPATION LEFT THE INTELLECTUAL FIELD OPEN TO THEM, AND THEY CAME TO DOMINATE THE MAGAZINES, NEWSPAPERS, UNIVERSITY FACULTIES, AND, NATURALLY, THEIR STUDENT BODIES. THE POWERFUL TEACHERS UNION OF PRIMARY AND SECONDARY SCHOOL TEACHERS ALSO CAME UNDER THE CONTROL OF EXTREME LEFTISTS. THOUGH THE REFORMS OF THE OCCUPATION AND THE JAPANESE INSTITUTIONS THESE HELPED PRODUCE WERE GROUNDED IN A LIBERAL, DEMOCRATIC TRADITION, JAPANESE THOUGHT TOOK ON A HEAVILY MARXIST FLAVOR.

JAPANESE MARXISM REMAINED MUCH TRUER IN DOCTRINE TO THE CLASSICAL MARXISM OF THE NINETEENTH CENTURY THAN DID MOST POSTWAR DERIVATIVES IN THE REST OF THE INDUSTRIALIZED WORLD, WHETHER IN COMMUNIST, SOCIALIST, OR SO-CALLED CAPITALIST COUNTRIES.

E.O. REISCHAUER, JAPAN: THE STORY OF A NATION, A. KNOPF, NEW YORK, 1970, PP. 257-8.

## 4 A JAPANESE VIEW OF NEUTRALISM

A THIRD OF THE JAPANESE REGULARLY VOTE FOR THE SOCIALIST PARTY, WHICH HAS TAKEN A STAND IN FAVOR OF NEUTRALISM. THE SOCIALISTS DECLARE THAT THE SECURITY TREATY BETWEEN JAPAN AND THE U.S. CONTRIBUTES TO TENSION IN THE FAR EAST AND THREATENS THE PEACE... (MANY) JAPANESE PEOPLE TEND TO BELIEVE THAT NEUTRALISM WILL PROBABLY LEAD TO PEACE... (AND THAT) IT REPRESENTS A POSITIVE POLICY (MEANING) POSSIBLY PLAYING A FORECEFUL ROLE IN A WORLD FREE FROM MILITARY ENTANGLEMENT.

PERSONALLY I DO NOT BELIEVE THAT NEUTRALISM IS A PROPER POLICY FOR JAPAN... BUT I DO BELIEVE THAT AMERICANS MUST COME TO APPRECIATE THE VERY REAL ATTRACTION OF A NEUTRALIST STANCE...

ARMAMENTS TO US ARE NECESSARY BUT DANGEROUS, AND WE BELIEVE IN KEEPING THEM TO AN ABSOLUTE MINIMUM. MANY JAPANESE, INCLUDING THOSE WHO SUPPORT THE ALLIANCE WITH THE U.S., THINK THAT THE AMERICAN FORCES IN EAST ASIA ARE TOO STRONG FOR PURELY DEFENSIVE PURPOSES.

MASATAKA KOSAKA, "A JAPANESE VIEW OF AMERICA," HARPER'S, MAY, 1965.

Japanese Politics

23b

# HUDSON INSTITUTE

4

## INCOMPLETE DRAFT

JAPAN - VOLUME II

ECONOMY AND BUSINESS

Edited by

Andrew Caranfil  
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HI-1323/7-CC  
25 May 1971

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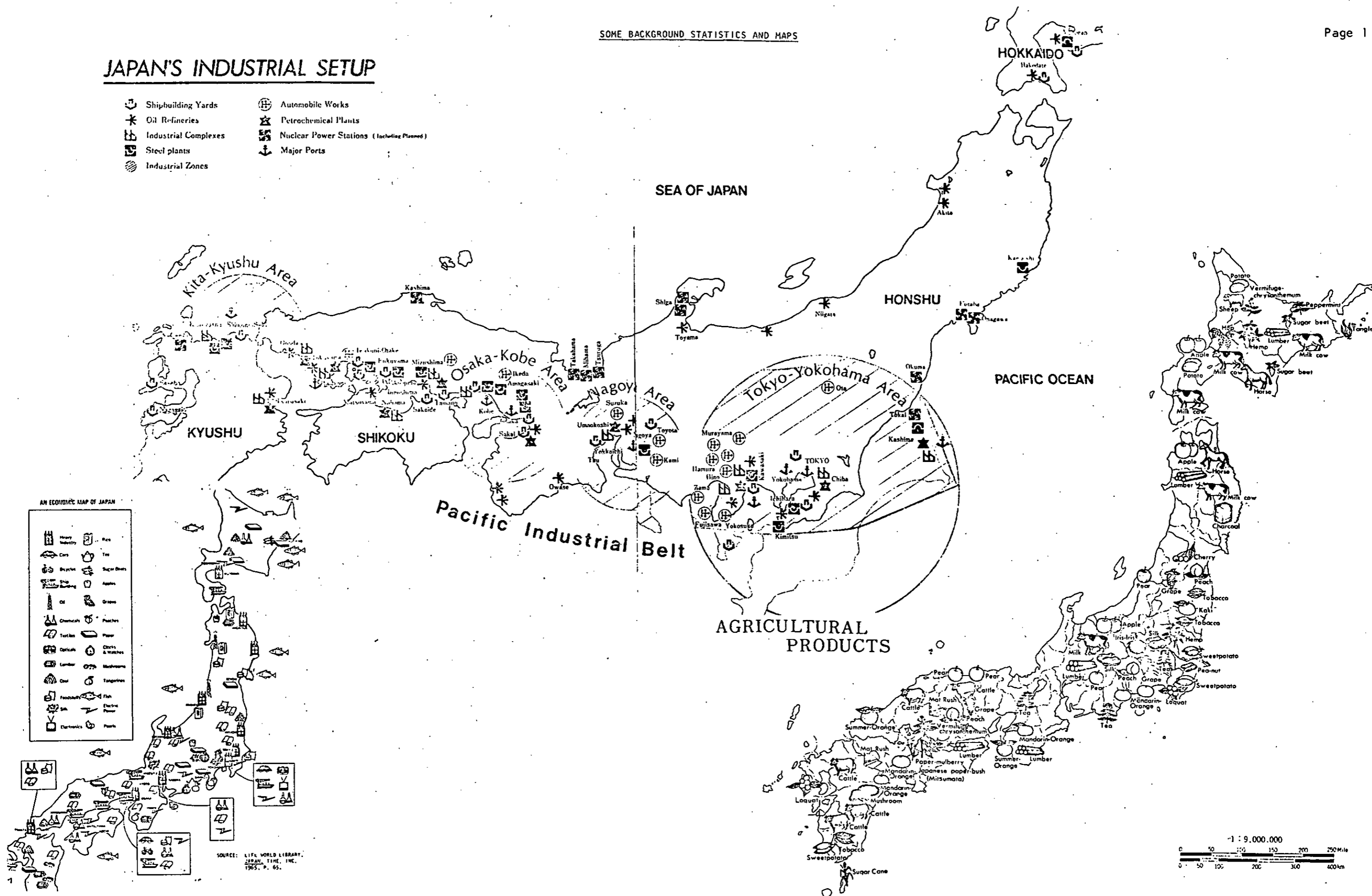
## Some Background Statistics and Maps

### INDUSTRIAL CHRONOLOGY OF MODERN JAPAN

- 1869 - FIRST SUGAR REFINING
- 1870 - MITSUBISHI FOUNDED AS SHIPPING COMPANY BY IWASAKI FAMILY
- 1870 - FIRST SHOEMAKING FACTORY
- 1870 - CERAMIC INDUSTRY STARTS
- 1870 - FIRST PRINTING HOUSE IN NAGASAKI
- 1871 - MACHINE WEAVING IN KYOTO STARTED
- 1871 - POST OFFICE WITH PHONE AND TELEGRAPH OFFICE OPENED
- 1872 - FIRST PAPER MILL
- 1872 - RAILWAY FROM TOKYO TO YOKOHAMA OPENED
- 1873 - SULPHURIC ACID PLANT. START OF CHEMICAL INDUSTRY
- 1874 - FIRST GAS WORKS IN HYOGO
- 1875 - FIRST MATCH FACTORY
- 1876 - FIRST DOCKYARD FOR SHIPBUILDING IN TOKYO (1890 - FIRST STEEL SHIP LAUNCHED)
- 1877 - FIRST BEER BREWERY
- 1883 - TOKYO ELECTRIC LIGHT COMPANY ESTABLISHED
- 1885 - FIRST MODERN IRON WORKS UNDER GOVERNMENT OWNERSHIP
- 1889 - INTRODUCTION OF FRENCH OPEN-HEARTH FURNACE FOR STEEL-MAKING
- 1889 - FIRST TOKAIDO RAILWAY LINE BETWEEN TOKYO AND OSAKA
- 1889 - FIRST CHEMICAL PULP PLANT
- 1902 - YAWATA STEEL COMPANY - FIRST IRON AND STEEL WORKS ESTABLISHED
- 1882 - BANK OF JAPAN (CENTRAL BANK) ESTABLISHED
- 1907 - FIRST GASOLINE ENGINED AUTOMOBILE TESTED BY KOMANOSUKE UCHIYAMA
- 1911 - FIRST MADE IN JAPAN AIRPLANE TESTED BY BARON NARAHARA
- 1915 - FIRST ELECTRODE TUBES
- 1925 - RADIO BROADCASTING STARTS
- MID-1930's - DEVELOPMENT OF MOTOR CAR INDUSTRY
- 1945 - DISSOLUTION OF HOLDING COMPANIES ACT (ZAIBATSU DISBANDED)
- 1945-6 - TRADE UNION ACT AND LABOR RELATIONS ADJUSTMENT ACT
- 1946 - FORMATION OF KEIZAI DOYUKAI (JAPAN COMMITTEE FOR ECONOMIC DEVELOPMENT)
- 1946 - LAND REFORM ACT
- 1947 - LABOR STANDARDS ACT AND EMPLOYMENT SECURITY ACT
- 1947 - FIRST ANTI-MONOPOLY ACT IN JAPAN
- 1949 - DODGE PLAN FOR MONETARY STABILITY
- 1950 - FOREIGN TRADE AND FOREIGN INVESTMENT LAWS
- 1950-52 - TAX REFORM LAWS
- 1953 - EXPORT PROMOTION ACT (EXPORT INCOME DEDUCTION SYSTEM)
- 1953-7 - ANTI-MONOPOLY ACT AMENDED AND RELAXED
- 1956 - KEIZAI DOYUKAI MANIFESTO ON "SOCIAL RESPONSIBILITIES OF BUSINESS LEADERSHIP"
- 1955 - JAPAN ATOMIC ENERGY COMMISSION CREATED: ATOMIC ENERGY BASIC LAW
- 1956 - JAPAN BECOMES WORLD'S LARGEST SHIPBUILDER
- 1957 - ELECTRONIC INDUSTRY PROMOTION PROVISIONAL ACT - ENCOURAGES COMPUTERS AND ELECTRONICS WORK
- 1959 - FUJITSU DESIGNS FIRST JAPANESE COMPUTER
- 1961-70 - INCOME DOUBLING PLAN
- 1963 - JAPAN ECONOMIC RESEARCH CENTER ESTABLISHED
- 1964 - FIRST ATOMIC POWER PLANT (TOKAI POWER STATION)
- 1967-71 - BEGINS FIVE-YEAR ECONOMIC AND SOCIAL DEVELOPMENT PLAN
- 1967-71 - BEGINS FIVE-YEAR CAPITAL LIBERALIZATION PROGRAM
- 1967 - JAPAN BECOMES WORLD'S # 2 AUTOMOBILE PRODUCER
- 1968 - JAPAN LAUNCHES WORLD'S BIGGEST OIL TANKER
- 1969 - JAPAN BECOMES WORLD'S LARGEST SHIPOWNER (EXCEPT FOR LIBERIA'S FLAG OF CONVENIENCE SHIPS)
- 1970 - JAPAN BECOMES WORLD'S SECOND-RANKING COMPUTER USER (AFTER U.S.A.)

## JAPAN'S INDUSTRIAL SETUP

- |                      |  |
|----------------------|--|
| Shipbuilding Yards   | Automobile Works                           |
| Oil Refineries       | Petrochemical Plants                       |
| Industrial Complexes | Nuclear Power Stations (Including Planned) |
| Steel plants         | Major Ports                                |
| Industrial Zones     |  |



## Some Background Statistics and Maps

## CLIMATE

T.; temperature in centigrade (C). Rf.; rainfall in millimeters (mm).

$$C = \frac{5}{9}(F - 32)$$

$$F = \frac{9}{5}C + 32$$

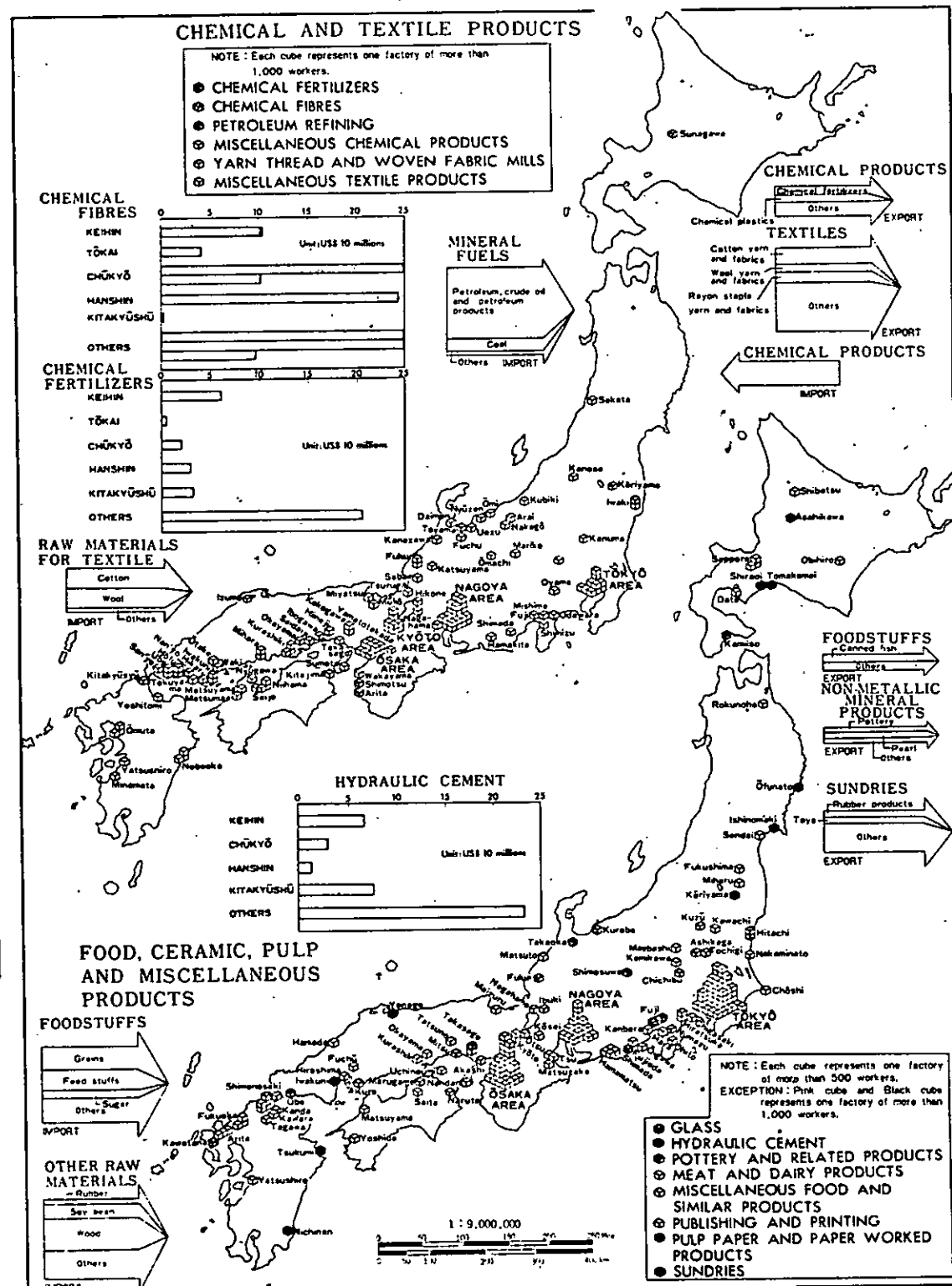
$$1\text{mm} = 0.3937\text{inches}$$

$$1\text{inch} = 25.4\text{mm}$$

Bold numbers mean the maximum; *Italic numbers* mean the minimum.

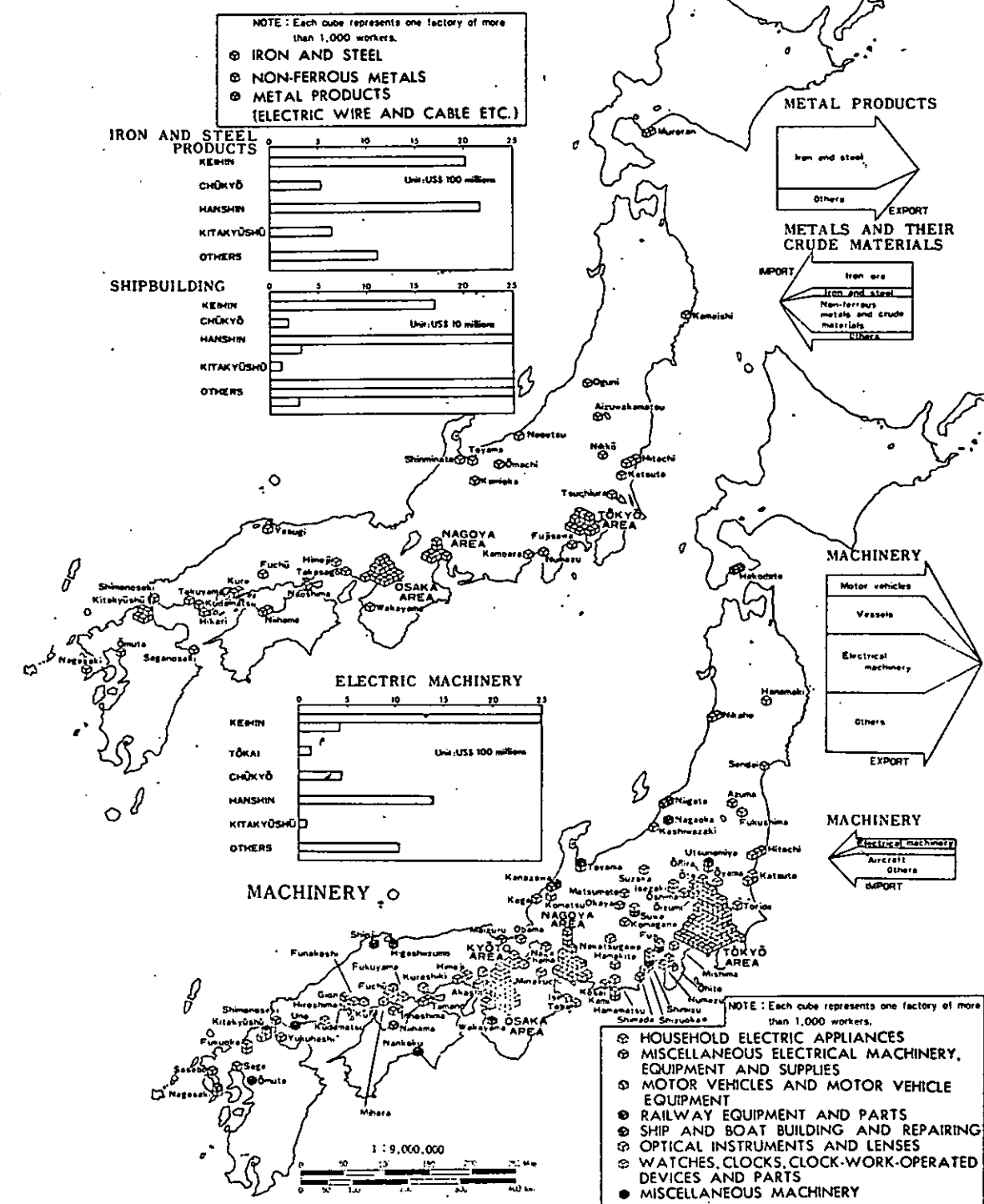
City (elevation in meters)	Month	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
<b>Hokkaidō District</b>														
Nemuro (26.3)	T.	-4.8	-5.6	-2.26	2.8	6.8	10.0	14.3	17.5	15.5	10.8	4.7	-1.3	5.7
	Rf.	49	40	77	77	99	97	104	106	152	124	92	63	1081
Wakkanai (3.2)	T.	-5.9	-5.6	-1.8	4.0	8.4	12.2	16.7	19.6	16.6	10.7	3.0	-2.9	6.2
	Rf.	94	62	65	63	78	70	112	105	152	129	120	112	1161
Sapporo (18.1)	T.	-5.5	-4.7	-1.0	5.7	11.3	15.5	20.0	21.7	16.8	10.4	3.6	-2.6	7.6
	Rf.	111	83	67	66	59	67	100	107	145	113	112	104	1136
Obihiro (40.7)	T.	-9.3	-8.2	-2.7	4.6	10.2	14.1	18.4	20.1	15.6	9.0	1.9	-5.2	5.7
	Rf.	45	36	54	63	78	86	109	120	152	88	67	45	943
Asahikawa (113.2)	T.	-8.9	-7.9	-3.3	4.1	10.9	16.0	20.3	21.1	15.4	8.6	1.3	-5.1	6.0
	Rf.	82	61	56	61	78	75	125	144	136	109	118	101	1144
<b>Tōhoku District</b>														
Aomori (4.2)	T.	-2.7	-2.2	0.4	6.7	12.3	16.2	20.4	22.3	18.0	11.9	6.0	0.2	9.1
	Rf.	135	108	73	69	67	78	112	139	148	110	121	144	1303
Akita (9.9)	T.	-1.1	-0.8	2.2	8.1	13.4	18.3	22.5	24.2	19.3	13.0	7.1	1.7	10.7
	Rf.	123	102	107	128	119	138	190	164	205	176	179	158	1789
Miyako (46.8)	T.	-0.2	-0.1	2.6	8.6	13.0	16.0	20.3	22.5	18.7	12.9	7.4	2.4	10.4
	Rf.	57	73	88	93	91	129	132	132	203	158	70	62	1288
Sendai (39.8)	T.	0.1	0.6	3.5	9.0	13.9	17.8	22.0	23.8	19.8	13.8	8.2	2.9	11.3
	Rf.	37	44	62	95	100	155	167	136	191	133	61	50	1232
<b>Kantō District</b>														
Utsunomiya (121.2)	T.	1.0	1.8	5.1	10.9	15.7	19.6	23.6	24.8	20.9	14.8	8.8	3.5	12.5
	Rf.	34	48	79	117	136	195	198	228	212	167	68	40	1522
Hachijo-Jima (81.3)	T.	10.2	10.2	12.2	15.9	19.0	21.8	25.3	26.5	25.0	20.9	17.1	12.9	18.1
	Rf.	192	207	254	239	267	323	180	238	365	515	377	193	3018
Tōkyō (5.8)	T.	3.7	4.3	7.6	13.1	17.6	21.1	25.1	26.4	22.8	16.7	11.3	6.1	14.7
	Rf.	48	73	101	135	131	182	146	147	217	220	101	61	1563
<b>Chūbu District</b>														
Takada (14.7)	T.	1.7	1.6	4.2	10.1	15.5	20.1	24.3	25.7	21.3	15.1	9.6	4.6	12.8
	Rf.	501	327	218	119	100	121	193	151	224	216	332	536	3037
Kanazawa (28.5)	T.	2.5	2.5	5.5	11.0	16.1	20.2	24.5	25.9	21.7	15.6	10.5	5.6	13.5
	Rf.	309	191	173	164	135	167	223	154	248	217	225	353	2559
Matsumoto (611.2)	T.	-1.1	-1.0	3.1	9.4	14.7	19.1	23.5	24.0	19.4	12.5	6.5	1.7	11.0
	Rf.	35	49	65	84	87	142	132	116	138	118	58	39	1063
Hamamatsu (32.5)	T.	4.9	5.4	8.3	13.1	17.4	20.9	24.9	25.9	22.9	17.5	12.6	7.7	15.1
	Rf.	56	77	134	181	180	253	204	202	279	184	111	72	1933
Nagoya (52.4)	T.	2.9	3.6	7.1	12.7	17.5	21.5	25.7	26.6	22.7	16.5	10.9	5.6	14.4
	Rf.	49	64	100	137	145	204	178	155	212	160	86	57	1546
<b>Kinki District</b>														
Owase (16.5)	T.	5.6	5.9	8.8	13.2	17.1	20.9	24.7	25.6	22.7	17.3	12.5	7.8	15.2
	Rf.	105	132	232	330	340	515	444	584	633	527	226	119	4186
Kyōto (42.9)	T.	3.3	3.8	6.9	12.5	17.6	21.7	26.0	26.9	22.9	16.5	10.9	5.8	14.6
	Rf.	51	65	108	141	143	233	216	160	202	124	83	53	1579
Shiono-Misaki (74.9)	T.	7.4	7.8	10.5	14.9	18.5	21.5	25.2	26.3	23.9	19.1	14.9	10.2	16.7
	Rf.	95	105	186	229	223	324	270	266	325	282	178	101	2581
Osaka (8.0)	T.	4.5	4.9	8.0	13.6	18.3	22.3	26.6	27.8	23.7	17.4	11.9	7.0	15.5
	Rf.	43	58	96	127	122	193	177	118	171	122	81	52	1359
<b>Chūgoku District</b>														
Sakaimitato (2.5)	T.	3.9	4.1	7.0	12.0	16.7	21.0	25.3	26.4	22.3	16.5	11.6	6.9	14.5
	Rf.	202	179	132	126	112	169	179	137	243	163	139	190	1971
Okayama (4.3)	T.	3.7	4.5	7.4	12.7	17.0	21.3	25.6	26.7	22.5	16.2	10.8	6.2	14.5
	Rf.	36	52	77	100	109	159	166	99	150	94	60	38	1139
<b>Shikoku District</b>														
Matsuyama (32.9)	T.	5.0	5.2	8.2	13.0	17.4	21.6	26.0	26.6	23.0	17.2	12.4	7.7	15.3
	Rf.	49	65	91	127	124	200	208	103	177	111	67	60	1379
Muroto (186.1)	T.	7.0	7.4	10.2	14.5	18.1	21.0	24.8	25.9	23.5	18.8	14.6	9.9	16.3
	Rf.	71	115	169	225	243	337	261	247	343	254	154	95	2512
Kōchi (1.8)	T.	5.2	6.3	9.6	14.4	18.5	21.8	25.7	26.3	23.5	18.0	12.9	7.8	15.8
	Rf.	55	97	177	261	279	344	369	344	350	184	108	80	2646
<b>Kyūshū District</b>														
Fukuoka (3.8)	T.	5.1	5.7	8.7	13.5	17.8	21.7	26.3	26.8	22.8	16.9	12.2	7.6	15.4
	Rf.	69	83	98	129	127	270	253	171	244	102	80	78	1703
Izuhara (22.4)	T.	4.7	5.6	8.6	13.1	17.2	20.5	24.9	26.1	22.4	17.5	12.6	7.5	15.1
	Rf.	56	95	129	187	208	316	296	226	322	125	93	73	2128
Kumamoto (39.2)	T.	4.6	5.7	9.2	14.1	18.6	22.4	26.5	27.0	23.4	17.4	12.3	7.1	15.7
	Rf.	52	80	109	170	186	345	331	167	199	95	64	72	1869
Kagoshima (5.4)	T.	6.6	7.7	10.8	15.1	19.0	22.6	26.8	27.1	24.4	18.9	14.0	9.0	16.8
	Rf.	75	116	149	228	249	454	343	220	213	120	90	79	2337
Nase (4.4)	T.	14.3	14.7	16.5	19.3	22.3	25.2	28.1	27.7	26.4	23.0	19.8	16.4	21.1
	Rf.	163	184	220	221	362	443	231	281	297	247	224	160	3033

## INDUSTRY



## INDUSTRY

## IRON, STEEL, NON-FERROUS METALS AND METAL PRODUCTS



2b

Some Background Statistics and Maps

3a

Some Comments on the Japanese Economy in the Western Press

(AS QUOTED BY JOHANNES HIRSCHMEIER IN ORIENTAL ECONOMIST, NOVEMBER 1969.)① THE BATTLE FOR MARKETS

"SMALLER THAN FRANCE WITH AN AGRICULTURAL AREA OF ONLY 32 PERCENT, SHAKEN BY 54 ACTIVE VOLCANOES AND 7,000 EARTHQUAKES A YEAR, HAVING RECEIVED A TRAUMA THROUGH THE ONLY ATOMIC BOMBS EVER BEING DROPPED ON HUMANITY, HUMILIATED BY TOTAL DEFEAT IN THE LAST WAR, JAPAN NOW CHALLENGES THE WORLD AGAIN TO A BATTLE FOR MARKETS AND FOR POWER."....

SPIEGEL

"WHAT KIND OF NATION IS THIS WHERE PEOPLE DO NOT SLEEP IN BEDS BUT TRAVEL ON THE FASTEST TRAINS OF THE WORLD; DO NOT SIT ON CHAIRS BUT CONSTRUCT THE MOST GIANT SHIPS, BUILD SUPERCITIES BUT GIVE NO NAMES TO THEIR STREETS, BOAST OF THE LARGEST NEWSPAPER CIRCULATION OF THE WORLD AND YET KNOW SO WELL HOW TO PASS OVER THE MOST ESSENTIAL THINGS IN SILENCE."

"THE AVERAGE TIME-DIFFERENCE OF TRAIN ARRIVALS OFF-SCHEDULE IS ONLY 18 SECONDS."....

DIE WELT

"AUTOMATIC OPENING AND CLOSING OF DOORS, STOPPING AT THE EXACTLY MARKED SPOT, TELEPHONE CONNECTIONS, AND ALL THIS WITH JAPANESE PROVERBIAL COURTESY."....

DIE WELT

"JAPAN BY NO MEANS OWES HER SUCCESS ON THE WORLD MARKETS TO CHEAP LABOR, BECAUSE, WHILE THE CONSTRUCTION OF A 50,000 TON TANKER UNDER SIMILAR CONDITIONS TAKES 24 MONTHS IN SPAIN, 16 IN THE U.S.A. AND 12 IN GERMANY, THE JAPANESE SHIPBUILDERS NEED ONLY 7-8 MONTHS. CLEARLY, THIS IS A CASE OF TECHNICAL SUPERIORITY AND NOT CHEAP LABOR."

"ONE OF THE REASONS FOR THE NEW STABILITY IS, SAYS THE ECONOMIST, THE RAPID DECLINE OF JAPAN'S IMPORTS AS PERCENT OF GNP, FROM 13 PERCENT IN 1956 TO ONLY 9.9 PERCENT IN 1966, WHILE THAT OF GREAT BRITAIN IS AS HIGH AS 15.6 PERCENT."

"BY PLANNING WESTERN PAPERS IMPLY THAT UNIQUELY CLOSE COOPERATION BETWEEN GOVERNMENT OFFICIALS, BANKS AND LARGE FIRMS, WHEREBY 'THE DYNAMO IS OUT THERE,' IN THE PRIVATE SECTOR AND NOT, LIKE IN THE SOCIALIST ECONOMIES, IN THE GOVERNMENT. THE EXCELLENT RESULTS OF JAPANESE PLANNING ARE THEN ATTRIBUTED CHIEFLY TO THE MUTUAL TRUST AS WELL AS THE BASIC SAMENESS OF GOALS, VZ. FAST GROWTH AND MODERNIZATION. THE LONDON ECONOMIST CONCLUDES THAT JAPAN HAS THE MOST SOPHISTICATED AND MOST CLOSELY CONTROLLED ECONOMIC SYSTEM IN TODAY'S WORLD."

"ACCORDING TO SPIEGEL, 77 PER CENT OF JAPANESE MACHINERY ARE LESS THAN 6 YEARS OLD, GIVING JAPAN A TREMENDOUS ADVANTAGE IN COMPETITION NOT ONLY IN TERMS OF PRICES BUT ALSO QUALITY."

THE BATTLE FOR MARKETS

"FURTHER, THE FACT THAT JAPAN HAS TO IMPORT MANY OF THE RAW MATERIALS FOR THE HEAVY INDUSTRIES (OIL, COAL, IRON ORE) IS, ON THE WHOLE, PROBABLY AN ADVANTAGE, WRITES THE FRANKFURTER ALLGEMEINE. WHY THIS? BECAUSE TRANSPORT BY GIANT FREIGHT SHIPS IS PROBABLY CHEAPER THAN TRAIN TRANSPORT INLAND WOULD BE, GIVEN THE FACT THAT THOSE FACTORIES ARE LOCATED DIRECTLY AT THE PORTS PERMITTING UNLOADING IMMEDIATELY INTO THE FACTORIES, AND STEEL MILLS."

"JAPANESE OFTEN FAIL TO CONFORM WHENEVER THEY CAN GAIN AN ADVANTAGE BY FLOUTING ACCEPTED PRACTICES, WHILE AT OTHER TIMES THEY DEMAND FAIR PRACTICES FROM WESTERN COMPETITORS."....

FORTUNE MAGAZINE

"TO SELL A \$15,000 BOILER THESE GUYS WILL SEND TWO ENGINEERS ALONG JUST TO MAKE THE SALE WHILE WE MIGHT SEND A BROCHURE;" AND "THEY WILL CUT THEIR PRICE 10 TO 15 PER CENT WHEN A 2 OR 3 PER CENT CUT WOULD HAVE DONE THE TRICK."....

FORTUNE MAGAZINE

"THERE IS HARDLY A NATION WHICH FIGHTS SO RELENTLESSLY FOR HER MARKETS AS DO THE JAPANESE. WHERE WESTERN BUSINESSMEN GO ALONE TO OPEN UP NEW EXPORT MARKETS, THE JAPANESE ENTREPRENEURS WILL SEND OUT TEAMS OF EXPERTS WHO MAKE ACCURATE ANALYSES OF THE MARKETS, WHO STUDY THE MENTALITY OF THE FOREIGN NATION AND EVEN THE PERSONAL CHARACTERISTICS OF THE FUTURE PARTNERS IN ORDER TO TAKE THEM BY SURPRISE IN THE DEALINGS."....

SPIEGEL

"JAPANESE REPRESENTATIVES AT INTERNATIONAL BUSINESS CONFERENCES ARE ALWAYS CLAMOURING, WITH LOUD VOICES, FOR FREE TRADE CONCESSIONS WHILE THEY THEMSELVES NEVER MAKE ANY CONCESSIONS WORTH MENTIONING."....

DIE ZEIT

③ WHAT MAKES THE JAPANESE ECONOMY TICK?

"AMONG THE MANY ASPECTS WHICH ARE BROUGHT UP, FIVE STAND OUT AS MOST IMPORTANT, AS SEEN BY FOREIGN OBSERVERS: SAVING HABITS, THE BLEND OF TRADITIONAL SMALL AND MODERN LARGE SCALE PRODUCTION, THE ATTITUDE TOWARD WORK BACKED UP BY GROUP LOYALTY, A NEW NATIONALISM AND, FINALLY, AN OPTIMISTIC FAITH IN THE FUTURE."

④ HARD WORK WITHIN THE GROUP

"THE OVERALL VERDICT IS THAT JAPANESE WORK HARD, PUT IN LONG HOURS AND ARE DISCIPLINED AND LOYAL. SAYS FORTUNE: 'THE GREAT EDGE THE JAPANESE HAVE OVER US IS SIMPLY THEIR WILLINGNESS TO WORK.' JAPANESE 'DO NOT WORK BY THE CLOCK BUT BY THE JOB' IS ANOTHER SUCH VIEW. A JAPANESE WORKER DOES NOT RUSH OUT OF THE FACTORY, AND AN EMPLOYEE FROM HIS OFFICE, WHEN THE TIME IS OUT. THEY OFTEN FINISH THE JOB BEGUN, SIT AROUND FOR A WHILE AND REVIEW SOME OF THE PROBLEMS, CLEAN UP TOGETHER AND GIVE THEM THE FEELING THAT THEY ARE PERSONALLY COMMITTED TO THEIR WORK. THEY DO NOT SEPARATE THEIR WORK TIME FROM THEIR LEISURE AS SHARPLY AS THE WESTERN WORKER TENDS TO DO."

② SAVING ONE THIRD OF GNP

"JAPANESE CONSUMERS, IT IS NOTED, SAVED BETWEEN 1960 AND 1966 THE 'INCREDIBLY HIGH RATIO' OF 18 PER CENT OF DISPOSABLE INCOME WHEREBY THE COMPARABLE FIGURE FOR THE U.S. IS 5.5 PER CENT."

"THE JAPANESE SECURITY SYSTEM IS TOO UNDERDEVELOPED; FAMILIES HAVE TO SAVE FOR ANY KIND OF 'RAINY DAY' LIKE TYPHOON DISASTER, LONG SICKNESS. FURTHER, HIGHER EDUCATION HAS TO BE BORN LARGELY BY THE FAMILIES, AND, IT SHOULD BE ADDED, WEDDINGS ARE ALSO EXPENSIVE IN JAPAN AND NEED SAVINGS AHEAD OF TIME."

"SEVERAL GERMAN PAPERS POINT TO THE EXCEEDINGLY HIGH DEBT/EQUITY RATIOS OF MOST LARGE ENTERPRISES, AVERAGING ABOUT 80 PER CENT. WRITES THE HANDELSBLATT: 'WESTERN BANKERS WOULD NOT BE ABLE TO SLEEP BECAUSE OF WORRY. YET IN JAPAN PEOPLE ARE TRUSTFUL: BANKS COOPERATE CLOSELY WHENEVER A LARGE ENTERPRISE NEEDS BACKING, WHILE, ON THE OTHER HAND, THE SMALL ENTERPRISES ARE DROPPED.'"

"THUS, WITH PEOPLE WILLING TO SAVE AND BANKS WILLING TO LEND INCREDIBLY HIGH RATIOS, AND AT THE SAME TIME GUIDING ENTERPRISES INTO HIGH GROWTH INVESTMENTS, THE JAPANESE GROWTH IS CARRIED BY A RECORD INVESTMENT RATE OF ABOUT ONE THIRD OF THE GNP. CLEARLY, INVESTMENTS AND HENCE ECONOMIC MODERNIZATION CAN THUS BE CARRIED OUT MUCH FASTER THAN IN THE WEST. IN THIS PROCESS THE CONSUMING PUBLIC ACTUALLY LENDS FUNDS TO THE BUSINESS COMMUNITY 'FREE OF CHARGE', CONSIDERING THE FACT THAT BANKS PAY NO HIGHER INTEREST THAN THE INFLATION RATE, WHICH MEANS, AT A REAL INTEREST RATE OF ZERO PER CENT, OR EVEN LESS, WHILE MAKING USE OF BANK LOANS, FIRMS CAN, UNDER THIS COVER, GRADUALLY BUILD UP THEIR RESERVES WITHOUT DIMINISHING THE SPEED OF EXPANSION."

⑤ FAITH IN THE FUTURE

"SOME WESTERN PAPERS MAKE MUCH OF THE PROGNOSIS OF THE HUDSON INSTITUTE WHICH PREDICTS THAT, IF PRESENT TREND CONTINUE, THE 21st CENTURY MAY WELL BE THE 'JAPANESE CENTURY.' MOST AGREE THAT THE CONSTELLATION OF FACTORS IS EXTREMELY GOOD FOR JAPAN AND FEW SEE ANY SERIOUS SIGNS THAT WOULD EFFECTIVELY STOP JAPAN'S RAPID ADVANCE TOWARD TOP LEADERSHIP POSITION IN THE WORLD ECONOMY."

"DIE ZEIT WRITES THAT A BRITISH VISITOR WAS HIGHLY ASTONISHED ABOUT THE OVERALL DISCIPLINE AND DEDICATION OF THE TOYOTA WORKERS, FINDING NO CIGARETTE BUTTS LYING AROUND, NO PIN-UP GIRLS PHOTOS STANDING AT THE WORKING PLACES; AND WHEN HE THEN HEARD THAT THERE HAD BEEN NO STRIKE AT TOYOTA FOR THE LAST 10 YEARS 'THE BRITISH OBSERVER UNDERSTOOD WHY THAT COMPANY COULD, WITH ONLY ONE FOURTH OF THE WORKING FORCE, PRODUCE MORE CARS THAN THE BRITISH MOTOR CORPORATION.'"

Some Comments on the Japanese Economy in the Western Press

The Japanese Post-World War II Economic Miracle

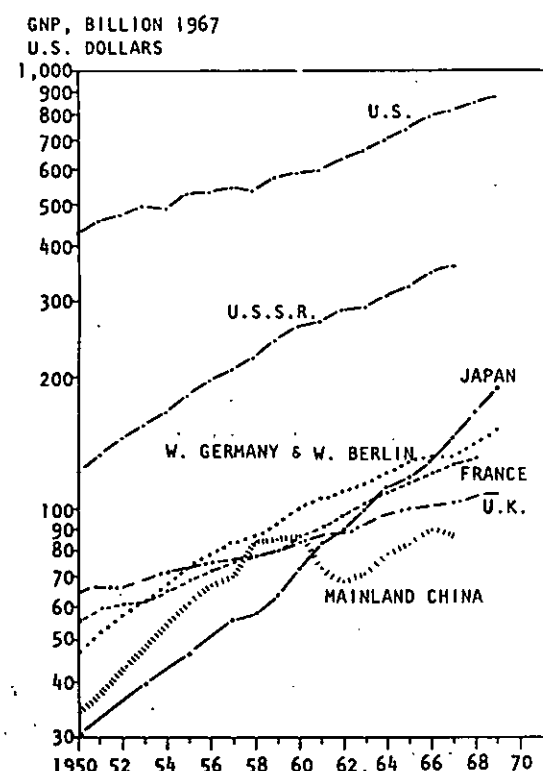
Chart 1 contrasts the performance of the Japanese with the economies of the other large powers that seem to be among the most important in the world. It should be noted that if we divide the larger and more important powers into three groups as follows: two superpowers; five major; and three intermediate; that the Japanese started out in 1945 as the smallest of the large and end up by 1970 as the largest of these five large powers. This is an enormous feat and raises the issue of how long it will be before they are better classified as the smallest of the superpowers rather than as the largest of the large powers.

We describe in Chart 2 a number of reasons deriving from the Japanese national character as to why the Japanese did so well. The first and foremost cause was the general energy and dedication of the Japanese and their capacity for purposive communal action which, when it was finally reactivated and focused on the problem of recovery, performed with its usual skill and dynamism. Secondly (and, in its own way, another expression of purposive and communal action), after a surge in the birth rate as the soldiers returned from the war, the Japanese government established abortion clinics all over the islands--and in an unbelievable display of social solidarity and community responsibility, the birth rate was forced down in a few years from a high of 34 per 1,000 in 1947 to the current rate of around or below 20 per 1,000. It was reduced by a factor of almost two in about five years.

The Japanese also had high-level organizational skills (as, to a lesser extent, did Tokugawa Japan), which enabled them to put a complex and advanced "society" together again despite enormous war-time disruption. And they were able to do so quite rapidly and with enough flexibility to make up for the changes caused by the war, the Occupation, and the various constraints, conditions, and necessities of the new environment--including changed access to resources and markets.

But they were not starting from scratch or with inappropriate human resources for industrialization, as so many Afro-Asian countries need to do. Compared to other Asian nations, of course, the Japanese enjoyed very high technological and educational levels, which, despite the pressure of other demands on their resources, they promptly raised even further. They also had many advantages in being able--once Occupation controls were lifted--to combine a mixture of planning and free enterprise. Thus, unless a Japanese entrepreneur ran into conflict with other Japanese objectives (either of the government or of other parts of the Japanese community), he was able to use his own energy, entrepreneurship, wisdom, and financial resources to the limit. And not only did he take his own risks, but he was often backed by the government or big banks. All the while he was being spurred on to heroic efforts by a combination of personal, familial, communal, and patriotic motives and objectives.

# 1 POSTWAR ECONOMIC GROWTH OF THE SUPERPOWERS AND "LARGE" POWERS, 1950-69



NOTE: PURCHASING POWER EXCHANGE RATES ARE USED.

# 2 JAPANESE "NATIONAL CHARACTER" TRAITS WHICH CONTRIBUTED TO POST-1947 GROWTH

1. A GREAT DEAL OF AVAILABLE ENERGY AND DEDICATION AND THE GENERAL JAPANESE CAPACITY FOR PURPOSIVE, COMMUNAL ACTION
2. CAPABILITY FOR STRINGENT POPULATION LIMITATION
3. APPROPRIATE AND AVAILABLE ORGANIZATIONAL SKILLS, JUDGMENT, AND MOTIVATION--BOTH GOVERNMENTAL AND PRIVATE
4. RELATIVELY HIGH TECHNOLOGICAL AND EDUCATIONAL LEVELS
5. HIGH SAVINGS AND INVESTMENT RATE
6. JAPANESE VERSION OF FREE ENTERPRISE
7. SKILLFUL GOVERNMENT DIRECTION AND INTERVENTION--(AND A REASONABLY COOPERATIVE AND SENSIBLE U.S.)
8. ALL KINDS OF PRESSURES TO ATTAIN "HIGHER MARKET SHARES" AND TO GO INTO ADVANCED TECHNOLOGY AND INDUSTRIES OF THE FUTURE
9. RUTHLESS ABOUT NON-SUPPORT--OR EVEN ACTIVE "SABOTAGE" AGAINST--"OBSOLETE" OR "NOT FOR JAPANESE" BUSINESSES
10. WILLINGNESS TO SWITCH TO "ECONOMIC GROWTH" AS MAJOR TACTIC IN "CATCHING UP WITH THE WEST"
11. DESIRABLE WORK FORCE READILY AVAILABLE
12. TO SOME DEGREE MANY OF THE POINTS IN CHART 4 ON PAGE 5, VOL. 11

# 3 DOMESTIC AND INTERNATIONAL POLITICAL AND ECONOMIC CONDITIONS WHICH CONTRIBUTED TO POST-1947 JAPANESE GROWTH

1. SKILLED, INEXPENSIVE, DISCIPLINED WORK FORCE, VERY AVAILABLE
2. PRE-WAR BASE OF EXPERIENCE IN ECONOMIC, TECHNICAL & MANAGERIAL SKILLS
3. LESS THAN 1% OF GNP ALLOTTED TO DEFENSE
4. STIMULUS OF KOREAN WAR
5. INFLUX OF AMERICAN CAPITAL
6. U.S. A PROSPERING AND AVID CUSTOMER
7. TECHNOLOGY AVAILABLE AT BARGAIN RATES--FIRST FROM THE AMERICANS & LATER FROM THE EUROPEANS
8. GENERAL ATMOSPHERE OF FREE TRADE
9. LARGE DISCOVERY IN AUSTRALIA & ELSEWHERE OF NEW MINERAL DEPOSITS
10. DEVELOPMENTS IN OCEAN TRANSPORT

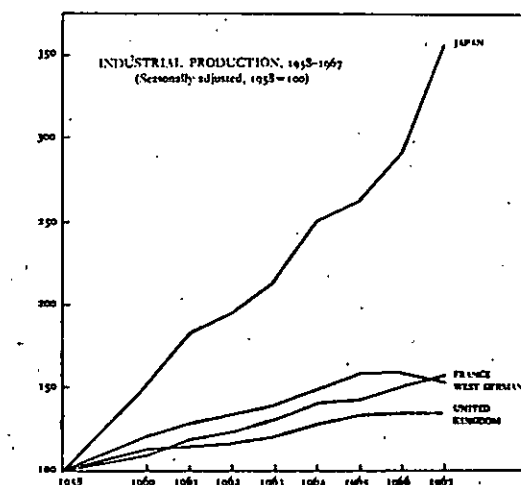
# 5 RECENT ECONOMIC PERFORMANCE

	1966	1967	1968	1969	1970
REAL ECONOMIC GROWTH RATE (%)	11.4	12.9	14.3	14.2	12.0
BALANCE OF PAYMENTS (BILLION DOLLARS)	0.06	0.54	1.63	1.85	1.90

Estimated by Japanese Economic Research Center - November 1969

# 4 SOME SEEMING JAPANESE "WEAKNESSES" (1950-1970)

1. LOW RATIO OF NATURAL RESOURCES TO PEOPLE
2. A LOW TO ALMOST NONEXISTENT LABOR MOBILITY IN THE BIG FIRMS
3. PROMOTION MAINLY--AND INDEED UP TO V.P. ALMOST COMPLETELY--BY SENIORITY
4. DIFFUSED RESPONSIBILITY AND DECISION MAKING
5. NONCOMPETITIVE PRACTICES
6. FINANCIAL OPERATION AT A VERY HIGH DEBT-EQUITY RATIO
7. POSTWAR LEGACY OF "ILL WILL"
8. OVER-DEPENDENT ON U.S. TECHNOLOGY, CAPITAL, TRADE (ESPECIALLY DUE TO KOREAN/VIETNAMESE WAR AND ONE-SIDED TRADE POLICIES)



Source: International Monetary Fund

# 7 "THROWAWAY INDUSTRIES" (JAPAN UNCOMPETITIVE)

COAL  
NON-FERROUS METALS  
PAPER PULP  
AGRICULTURAL PRODUCTS, ETC.

# "SECOND STAGE INDUSTRIALIZATION" SECTOR (WARTIME STIMULUS; POSTWAR GROWTH)

IRON AND STEEL  
SHIPBUILDING  
TRUCKS AND BUSES  
TELEVISION AND RADIO  
RAILROAD ROLLING STOCK  
OPTICAL EQUIPMENT, ETC.

# "EARLY STAGE INDUSTRIALIZATION" SECTOR (NO LONGER WISHES TO COMPETE)

COTTON TEXTILES  
SEWING MACHINES  
BICYCLES  
POTTERY, ETC.

# "THIRD STAGE INDUSTRIALIZATION" SECTOR (OFFICIAL STIMULUS TODAY)

AUTOMOBILES  
PRECISION TOOLS  
LARGE-SCALE CONSTRUCTION EQUIPMENT  
COMPUTER ELECTRONICS, ETC.

# 8 POSTWAR ECONOMIC PLANS OF THE JAPANESE GOVERNMENT: PLANNED AS COMPARED WITH ACTUAL GROWTH RATES

PLAN	DATE OF COMPIATION	PERIOD	REAL ECONOMIC GROWTH RATES	
			PLANNED	ACTUAL (IN PERCENT)
FIVE-YEAR PLAN FOR ECONOMIC SELF-SUPPORT	DECEMBER 1955	1956-1960	5.0	9.1
NEW LONG-RANGE ECONOMIC PLAN	DECEMBER 1957	1958-1962	6.5	10.1
NATIONAL INCOME DOUBLING PLAN	DECEMBER 1960	1961-1970	7.2	10.4 <sup>a</sup>
MEDIUM TERM ECONOMIC PLAN	JANUARY 1965	1964-1968	8.1	10.0
ECONOMIC AND SOCIAL DEVELOPMENT PLAN	MARCH 1967	1967-1971	8.2	12.0 <sup>b</sup>
ECONOMIC AND SOCIAL DEVELOPMENT PLAN	APRIL 1970	1970-1975	10.6	---

a - FOR THE PERIOD 1961-1966.

b - FOR THE PERIOD 1967-1969.

SOURCE: ECONOMIC PLANNING AGENCY, JAPANESE GOVERNMENT.

# 9 GROSS NATIONAL EXPENDITURE (AT CURRENT PRICES) (UNIT: MILLION DOLLARS, %)

FY	1960	1965	1970	1975
PRIVATE CONSUMPTION EXPENDITURE	25,181 (55.9)	51,343 (56.6)	104,040 (50.7)	217,954 (47.5)
GOVERNMENT CONSUMPTION EXPENDITURE	3,948 (8.8)	8,438 (9.3)	16,313 (7.9)	37,315 (8.1)
PRIVATE HOUSING	1,826 (4.1)	5,231 (5.8)	16,054 (7.8)	47,943 (10.4)
PRIVATE PLANT & EQUIPMENT INVESTMENT	8,807 (19.6)	13,924 (15.3)	40,024 (19.5)	84,796 (18.5)
GOVERNMENT FIXED CAPITAL FORMATION	3,389 (7.5)	8,389 (9.2)	17,874 (8.7)	47,333 (10.3)
INVENTORY INVESTMENT	1,838 (4.1)	2,257 (2.5)	7,626 (3.7)	14,644 (3.2)
EXPORTS, ETC.	5,003 (11.1)	10,229 (11.3)	22,529 (11.0)	50,415 (11.0)
LESS: IMPORTS, ETC.	4,972 (11.0)	9,085 (10.0)	19,141 (9.3)	41,554 (9.0)
GROSS NATIONAL EXPENDITURE	45,019 (100)	90,725 (100)	205,319 (100)	458,847 (100)

NOTE: FIGURES IN PARENTHESES SHOW PERCENTAGE RATIO TO GROSS NATIONAL EXPENDITURE

### The Japanese Post World War II Economic Miracle

Chart 3 gives some of the international reasons that were helpful in the Japanese recovery and growth, while Chart 4 considers some characteristics of the Japanese that were first judged to be serious weaknesses but that in fact turned out, on the whole, to be strengths rather than weaknesses.

Chart 5 illustrates Japan's recent economic performance while chart 6 graphs the Japanese industrial performance in comparison to the three leading European powers.

Chart 7 shows a truncated economic history (as given by the ECONOMIST) of the various areas of Japanese industry between 1945 and 1970, pointing out that they moved rapidly out of "throw away industries" and "early stage industrialization" groups into the "second stage of industrialization," but suffered a great deal of difficulty in trying to get to the third stage.

While the Japanese were not quite as ruthless as the term "throw-away" indicates, they were very close to it. In fact, as indicated by the second set of items on Chart 7, the early-stage industrialization sector, there was a strong belief among many Japanese that certain activities--manufacturing simple white cotton textiles, for example, or simple kinds of sewing machines, or simple bicycles or pottery--should be deliberately forced to the wall by governmental financial practices, even though they might be kept in competitive status. Therefore, the companies had to release man, materials, and resources for more efficient enterprises. It is, of course, exactly this transfer from the less efficient to the more efficient sectors that facilitates rapid economic growth. But more than that was involved: there was the matter of "face" and prestige. Simple cotton textiles, sewing machines, bicycles, or pottery might be suitable for Egyptian or Indian manufacture, but "they are not for the Japanese."

### Some Characteristics of the Post World War II Economic Environment

Chart 1 lists some major characteristics of the post World War II business environment in Japan. The rest of the charts on this page and the next six pages more or less serve to elaborate these points.

Chart 2 points out major differences between the post World War II zaibatsu and their predecessors. In spite of the fact that the modern zaibatsus or "industry groups" are more loosely organized, more professionally managed, more competitive, etc., they are obviously in many ways monopolistic and noncompetitive from a western viewpoint. Nevertheless even their noncompetitive practices have probably served to accelerate growth rates for Japan.

One problem with rapid growth is that often the growth rates of growth for various portions of the economy become unbalanced, and adjustments have to be made before the imbalance gets out of control. The Japanese government by its direct pressures and its indicative planning was often able to prevent these imbalances from growing too large. It was also often able to alleviate them by cooperative actions with and among Japanese businessmen. And, of course, it was also willing to have government-instigated recessions, which caused rapid if very painful adjustments; however, it was possible for the establishment to distribute the pain (i.e., the level of readjustment) in the way they judged most acceptable. With a government and industry firmly resolved to work together to reach the goal of economic leadership, and with a gross national product consistently growing at a rate twice that of the United States, there can be little doubt that what was a possibility--a Japanese economy of super proportions--is rapidly becoming fact. The only question now is how long it will take and the effects upon the world.

# SOME CHARACTERISTICS OF THE POST WORLD WAR II BUSINESS ENVIRONMENT

## ① SOME MAJOR CHARACTERISTICS OF POST WORLD WAR II BUSINESS ENVIRONMENT

1. REGROUPING OF ZAIBATSU AND FAILURE OF AMERICAN IMPOSED ANTI-MONOPOLY LEGISLATION
2. RISE OF NEW INDUSTRIAL GRANTS UNDER "SELF-MADE" MEN (HONDA, MATSUSHITA, SONY, ETC.)
3. RISE OF PROFESSIONAL MANAGERIAL CLASS AND BUSINESS ELITE AS VIRTUALLY SOLE POWER GROUP
4. RISE OF LABOR MOVEMENT AS A MODERATE "ESTABLISHMENT" FORCE
5. DIFFUSION OF CORPORATE OWNERSHIP
6. GENERAL SHORTAGE OF CAPITAL AND IMPORTANCE OF CITY BANKS AND BANK "GROUPS"
7. UNIQUE USE OF KEYSENIAN ECONOMICS BY GOVERNMENT AS ILLUSTRATIVE OF GOVERNMENT ROLE IN BUSINESS WORLD AND CONTROL OVER ECONOMY
8. DUALISTIC ECONOMY FAVORING LARGE MODERN FIRMS PARTICULARLY IN TERMS OF GOVERNMENT AND FINANCIAL BACKING
  - A) LARGE FIRMS: MODERN, CAPITAL INTENSIVE, HIGH WAGES, TECHNOLOGICALLY ORIENTED, DIVERSIFIED, LIFE-TIME EMPLOYMENT, GOOD WORKING CONDITIONS, SECURITY, ETC.
  - B) SMALL-MEDIUM FIRMS: WORKSHOPS, LOW WAGES, POOR WORKING CONDITIONS, HIGH RISK, LOW CAPITAL, ETC.
9. EXTREMELY AGGRESSIVE DOMESTIC INVESTMENT BEHAVIOR ("TRY ANYTHING AND EVERYTHING AT ONCE")
10. EMPHASIS ON HEAVY INDUSTRIES AND ADVANCED TECHNOLOGY-GROWTH INDUSTRIES
11. PROTECTIONIST POLICIES TOWARD FOREIGN IMPORTS AND INVESTMENT
12. RELATIVELY INDEPENDENT ECONOMICALLY (TRADE ABOUT 10% OF GNP VS. 20% BEFORE WORLD WAR II) AND ALMOST NO DIRECT FOREIGN INVESTMENT

## ⑤ DIFFUSION OF CORPORATE OWNERSHIP

ANOTHER SIGNIFICANT POSTWAR CHANGE HAS BEEN THE WIDE DIFFUSION OF CORPORATE OWNERSHIP. UNLIKE THE PREWAR PATTERN, ALL BUT A FEW LARGE CORPORATIONS ARE NOW PUBLICLY OWNED. ACCORDING TO A REPORT PUBLISHED BY THE MINISTRY OF FINANCE, THERE WERE OVER 19,750,000 STOCKHOLDERS AT THE END OF 1966, AND 45 PERCENT OF THE TOTAL SHARES OUTSTANDING WERE IN THE HANDS OF INDIVIDUAL STOCKHOLDERS. EQUALLY SIGNIFICANT IS THE FACT THAT 55 PERCENT OF THE NEARLY 20 MILLION STOCKHOLDERS OWNED MORE THAN 1,000 BUT FEWER THAN 5,000 SHARES. EXAMINATION OF OWNERSHIP PATTERNS IN A FEW LEADING CORPORATIONS FURTHER REVEALS THE EXTENT OF THIS WIDE DIFFUSION OF CORPORATE OWNERSHIP IN POSTWAR JAPAN....

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 128

## ② SOME DIFFERENCES BETWEEN POST WORLD WAR II ZAIBATSU AND THEIR PREDECESSORS

POST WORLD WAR II ZAIBATSU ARE:

1. LESS IMPORTANT TO THE ECONOMY AS A WHOLE
2. MORE LOOSELY ORGANIZED--"COUNCIL MEETINGS"
3. LARGELY PROFESSIONALLY MANAGED RATHER THAN FAMILY OR CLAN MANAGED
4. BANKS HAVE PLAYED KEY ROLE
5. VIGOROUS OFTEN EXTREME INTER-FIRM COMPETITION
6. DIVERSIFICATION
7. DIFFUSION OF STOCK OWNERSHIP - LESS CROSS-HOLDING OF STOCK BY GROUP FIRMS
8. POPULAR USE OF TERM "GROUP" RATHER THAN ZAIBATSU

④ THE PREWAR ZAIBATSU REGROUPED THEMSELVES UNDER THEIR FORMER NAMES AND RESUMED SOME OF THEIR FORMER CHARACTERISTICS, YET THEIR POSTWAR FORM AND FUNCTIONING ARE SIGNIFICANTLY DIFFERENT FROM THEIR PREWAR PROTOTYPES IN SEVERAL IMPORTANT ASPECTS. FAMILY OWNERSHIP HAS BEEN COMPLETELY SEVERED, AND THE HOLDING COMPANY HAS BEEN DISSOLVED. EACH FORMER SUBSIDIARY IS NOW AN INDEPENDENT CONCERN, WITH ITS OWN STOCKHOLDERS AND BOARD OF DIRECTORS. REFLECTING THESE CHANGES, THE TERM GROUP IS BEING APPLIED WITH INCREASING FREQUENCY TO DESCRIBE THE POSTWAR PATTERN, RATHER THAN THE TERM ZAIBATSU.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 134

⑥ THE TERM "ZAIBATSU" HAS OFTEN BEEN USED WITHOUT SUFFICIENT DISCRIMINATION. ACTUALLY, ZAIBATSU SHOULD BE CLASSIFIED IN THREE DIFFERENT CATEGORIES. FIRST, THERE WERE THE BIG FOUR: MITSUI, MITSUBISHI, SUMITOMO, AND YASUDA. THE FIRST THREE WERE PARTICULARLY PROMINENT, HAVING WELL-DIVERSIFIED INDUSTRIAL, FINANCIAL, AND COMMERCIAL INTERESTS; THE YASUDA ZAIBATSU LARGELY CONFINED ITSELF TO FINANCIAL AND BANKING OPERATIONS. THE GROUP SECOND IN IMPORTANCE TO THE BIG FOUR CONSISTED OF HALF A DOZEN OR SO COMBINES, INCLUDING FURUKAWA, OKURA, ASANO, AND OTHERS. MOST OF THESE LESSER COMBINES TENDED TO CONFINE THEIR ACTIVITIES TO RELATIVELY NARROW FIELDS. THE THIRD-RANKING GROUP COMPRISED THOSE ZAIBATSU THAT EMERGED IN THE 1930'S TO MEET THE SPECIFIC NEEDS OF THE MILITARY--A GROUP KNOWN AS SHINKO (NEWLY EMERGED) ZAIBATSU. THEY INCLUDED NISSAN, NISSO, NAKAJIMA, AND OTHERS. WITHIN THE MORE STRICT DEFINITION OF "ZAIBATSU," THEIR TOTAL NUMBER DID NOT EXCEED TWENTY OR SO....

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 119

## ONE EXAMPLE OF A SUCCESSFUL POSTWAR ENTREPRENEUR

③ ...A TRUE RAGS-TO-RICHES SAGA IS THAT OF MR. YASUO NOHAGI, A BUSINESSMAN WHO IS NOT INTERNATIONALLY FAMOUS BUT WHO IS WELL-KNOWN IN JAPAN AND WHOSE STORY ILLUSTRATES SOME EXTREMELY LAUDABLE JAPANESE TRAITS THAT HAVE CONTRIBUTED GREATLY TO THE COUNTRY'S PRESENT PROSPERITY....

KNOWING NOTHING ABOUT THE BUSINESS, HE ESTABLISHED A BASIC PREMISE FOR ITS CONDUCT. WHEN, FOR EXAMPLE, SOMEONE BROUGHT IN AN ARTICLE OF CLOTHING THAT MR. NOHAGI THOUGHT COULD BE SOLD FOR TEN YEN, HE WOULD GIVE HIM NINE YEN FOR IT, WITHHOLDING A 10 PERCENT CHARGE, AT THE SAME TIME EXPLAINING THAT IF HE SHOULD SUCCEED IN SELLING THE ARTICLE FOR MORE THAN TEN YEN, HE WOULD REFUND THAT DIFFERENCE. HE ALWAYS KEPT HIS WORD. OUTSIDE HIS SHOP HE INSTALLED A SIGN THAT READ: "BUY WITH HUMANITY." HIS RATHER UNUSUAL WAY OF DOING BUSINESS SOON CAUGHT THE PUBLIC FANCY, AND AT TIMES SO MANY PEOPLE CAME TO SELL AND TO BUY THAT THE POLICE HAD TO BE CALLED TO KEEP ORDER.

WHEN GOVERNMENT CONTROL OF TEXTILES WAS ABOLISHED, MR. NOHAGI CHANGED THE SHOP TO A STORE THAT SOLD NEW ARTICLES OF CLOTHING, AND HE ALSO OPENED A RESTAURANT. NOW THE KINKADO COMPANY, OF WHICH HE IS CHAIRMAN, OPERATES A CHAIN OF BOTH CLOTHING STORES AND RESTAURANTS. HE SAYS, "MY BUSINESS IS FOR PEOPLE WITH SMALL INCOMES, WHO ARE MOST OF THE PEOPLE. MY AIM IS TO PLEASE THEM AND MAKE THEM HAPPY. IN ORDER TO DO THAT, WE SELL GOODS OF THE HIGHEST QUALITY AT THE CHEAPEST POSSIBLE PRICES...."

HE BELIEVES THAT HE, AS CHAIRMAN, HAS THE OBLIGATION TO SAY GOOD-MORNING TO ALL THE EMPLOYEES, WHO, OF COURSE, BOW TO HIM. THE IDEA THAT HE SHOULD GREET EVERYONE FIRST IS A REFLECTION OF HIS CONCEPTION OF THE PROPER RELATIONS BETWEEN MASTER AND SERVANT OR BETWEEN EMPLOYER AND EMPLOYEE, AND IT SUGGESTS THAT THE OLD WAYS ARE BY NO MEANS OBSOLETE, EVEN IN A NEW AND MODERN BUSINESS. WHEN MR. NOHAGI SAYS GOOD-MORNING TO HIS OFFICERS AND EMPLOYEES, IT MEANS THAT HE WELCOMES THEM, ACCEPTS THEM, AND ENCLOSES THEM IN HIS PROTECTIVE AURA. IT IS HIS DUTY, HE FEELS, TO LET EVERY EMPLOYEE KNOW IN SUCH A WAY THAT HE IS WELCOME AND PROTECTED....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

⑦ THE ZAIKAI, LITERALLY TRANSLATED AS "FINANCIAL CIRCLE," HAS BECOME A MAJOR POWER CENTER IN THE POSTWAR POLITICAL SCENE. THE POSTWAR VERSION OF THE ZAIKAI DIFFERS FROM ITS PREWAR COUNTERPART IN TWO IMPORTANT RESPECTS. THE PREWAR VARIETY, AS MAY BE EXPECTED, WAS DOMINATED BY THE ZAIBATSU; IN FACT, THE ZAIBATSU AND ZAIKAI WERE VIRTUALLY SYNONYMOUS. THE POSTWAR ZAIKAI, HOWEVER, IS MORE DIVERSE AND BROADER IN ITS COMPOSITION. ITS OTHER MAJOR CHARACTERISTIC NOW IS THAT IT CONSISTS ALMOST EXCLUSIVELY OF PROFESSIONAL MANAGERS WHO DERIVE POWER FROM THEIR HIGH POSITIONS IN LARGE CORPORATIONS. THEIR POWER DEFINITELY DOES NOT STEM FROM PERSONAL WEALTH. IN FACT, THESE HIGH-POSITIONED MANAGERS ARE MEN OF MODEST MEANS. THEIR FINANCIAL COMPENSATIONS, THOUGH HIGH BY JAPANESE STANDARDS, ARE NOT SUBSTANTIAL ENOUGH TO ENABLE THEM TO ACCUMULATE PERSONAL FORTUNES. ALTHOUGH THERE ARE MANY FRINGE BENEFITS THAT ARE DIFFICULT TO QUANTIFY, THE ANNUAL GROSS CASH COMPENSATION, INCLUDING BONUSES, FOR HIGH-RANKING PROFESSIONAL EXECUTIVES OF LEADING CORPORATIONS USUALLY RANGES FROM \$20,000 TO \$50,000

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 92

5b

Some Characteristics of the Post World War II Economic Environment

6a

Some Comments on the Traditional Japanese Business Organization

① STRENGTHS OF JAPANESE CORPORATE ORGANIZATIONS

1. GROUP UNITY: GIVEN THE CLEAR-CUT VERTICAL AND HIERARCHICAL RELATIONSHIPS, A LEADER CAN QUICKLY AND EFFECTIVELY MOBILIZE THE GROUP WHEN THE NEED ARISES. THUS THE ORGANIZATION IS VERY EFFECTIVE IN CRISES.
2. STRONG COLLECTIVITY ORIENTATION AND A HIGH DEGREE OF EMOTIONAL COMMITMENT OF EACH MEMBER TO THE GROUP THAT IT GENERATES.
3. CONSIDERABLE FLEXIBILITY: SINCE INDIVIDUAL RESPONSIBILITIES AND ASSIGNMENTS ARE OFTEN NOT CLEARLY DEFINED, THIS VAGUENESS MAKES IT POSSIBLE FOR CAPABLE INDIVIDUALS TO ASSUME GREATER RESPONSIBILITIES THAN THOSE PRESCRIBED BY THEIR STATUS IN THE HIERARCHY.

M.Y. YOSHINO,  
JAPAN'S MANAGERIAL SYSTEM  
1968, PP. 218-9

④ WEAKNESSES OF JAPANESE CORPORATE ORGANIZATIONS

1. WHILE GROUP SOLIDARITY IS VERY EFFECTIVE IN CRISES, UNDER NORMAL CONDITIONS, INTRAGROUP CONFLICTS THAT ERODE SOLIDARITY ARE LIKELY TO OCCUR. IN THE ABSENCE OF CLEAR-CUT RESPONSIBILITIES AND A PERFORMANCE-ORIENTED REWARD SYSTEM, EACH PERSON HAS A WIDE RANGE OF DISCRETION IN DECIDING HOW MUCH HE WILL CONTRIBUTE TO THE GROUP.
2. EXTREME SENSITIVITY OF THE JAPANESE TO THEIR RELATIVE STANDING IN THE HIERARCHY, FREQUENTLY MAKING IT NECESSARY FOR THE COLLECTIVITY TO SET ITS GOALS IN TERMS OF COMPETING GROUPS IN ORDER TO ACHIEVE EFFECTIVE SOLIDARITY.
3. THE FORMAL LEADER'S POSITION CAN DEPEND TOO GREAT A DEGREE ON THE SUPPORT HE CAN COMMAND FROM HIS KEY SUBORDINATES. THIS TENDS TO ENCOURAGE INTERNAL STRUGGLES AND POWER MANIPULATION AMONG TOP ECHELONS OF THE ORGANIZATION.
4. THE GREAT EMPHASIS PLACED ON THE MAINTENANCE OF HARMONY MAY WELL CONSTRAIN THE ORGANIZATION'S ABILITY TO INNOVATE.
5. FRAGMENTATION OF THE CORPORATE ORGANIZATION INTO A LARGE CLUSTER OF SMALL UNITS MAY HAVE AN ADVERSE EFFECT: THERE IS A MARKED TENDENCY AMONG PERSONNEL TO DEVELOP CLOSE IDENTITY WITH AND LOYALTY TO THE IMMEDIATE FORMAL UNIT TO WHICH THEY BELONG. THIS SUBGROUP SOLIDARITY TENDS TO GIVE RISE TO ITS OWN SUBGOALS, WHICH MAY BE IN CONFLICT WITH THE GOALS OF THE WHOLE ORGANIZATION.

M.Y. YOSHINO,  
JAPAN'S MANAGERIAL SYSTEM  
1968, PP. 219-21

- ② GENERALLY SPEAKING, A JAPANESE ENTERPRISE IS ONE ENTITY IN A MAZE OF INTERCONNECTED ENTITIES, ALL RELATED TO EACH OTHER IN A VARIETY OF WAYS AND IN VARYING DEGREES. IN MOST GROUPINGS, TOP MANAGERS OF AFFILIATED COMPANIES HAVE THEIR OWN "CLUB," A SORT OF OVERALL BOARD OF DIRECTORS WHICH MEETS REGULARLY TO DISCUSS MATTERS AFFECTING THE WHOLE GROUP AS WELL AS THE STRATEGY OF INDIVIDUAL COMPANIES WITHIN THE GROUP. IN THE UNITED STATES, SUCH ALLIANCES MIGHT WELL BE HELD TO BE "COLLUSION," OR "IN RESTRAINT OF TRADE," OR ANY OF THE OTHER DREADFUL BUGBEARS THE AMERICAN ANTITRUST PEOPLE HAVE DEVISED FOR THE PERPETUATION OF THE BUREAUCRACY AND THE ENRICHMENT OF THE LEGAL PROFESSION; BUT IN JAPAN THEY ARE COMMON PRACTICE, AND BY MEANS OF THEM THE AIMS OF EACH INDIVIDUAL COMPANY ARE ALWAYS SUBORDINATED TO THE AIMS OF THE GROUP AS A WHOLE.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

- ⑤ OBVIOUSLY, THEN AN ENTERPRISE MUST BELONG TO ITS PARTICULAR ASSOCIATION AND MUST CONSENT AND CONFORM TO THE CARTEL ARRANGEMENTS. TO THE JAPANESE, ASSOCIATIONS, CARTELS, AFFILIATIONS, TRADE RESTRICTIONS, MONOPOLIES, AND ALL THE OTHER ARRANGEMENTS TO BE EXPECTED IN A CONTROLLED ECONOMY ARE ATARIMAE (NATURAL), NORMAL, AND INDEED NECESSARY. THE GOVERNMENT MONOPOLY BUREAU IS STILL IN EXISTENCE AND MAINTAINS ITS MONOPOLIES OF SALT, TOBACCO, AND CAMPHOR, UNDER SUCH CONDITIONS, THE INDUSTRIAL HARMONY (THE WA) THAT I HAVE SPOKEN OF EARLIER AND THAT SEEMS SO DESIRABLE TO THE JAPANESE MUST OBVIOUSLY PREVAIL. IT IS, IN FACT, TO THE JAPANESE, THE ONLY SENSIBLE BASIS FOR THE CONDUCT OF ECONOMIC RELATIONS.

T.F.M. ADAMS, THE WORLD OF  
JAPANESE BUSINESS, P. 62.

- ⑦ ...THE AVERAGE INDUSTRIAL ENTERPRISE IN JAPAN IS BOUND, STRONGLY OR LOOSELY, TO A GREAT MANY OTHER ENTERPRISES. IT IS SUBJECT TO SOME, SUPERIOR TO OTHERS; IT IS DEPENDENT ON SOME, OTHERS ARE DEPENDENT ON IT. IT IS ONLY THEORETICALLY EQUAL TO ITS AFFILIATES, OR, TO USE GEORGE ORWELL'S PHRASE, "ALL ANIMALS ARE EQUAL, BUT SOME ARE MORE EQUAL THAN OTHERS." THEREFORE ONE MUST KNOW ONE'S PLACE IN AN EXTREMELY COMPLEX HIERARCHICAL SYSTEM, AN EXAMPLE OF WHAT RUTH BENEDICT, DISCUSSING THE JAPANESE CHARACTER, TERMED THE TRAIT OF "SITUATIONAL ADAPTATION." LESSER MEMBERS OF A GROUP ARE KNOWN IN JAPANESE AS THE KEIRETSU KAISHA; AWARE THAT THEY ARE LESSER MEMBERS, THEY MUST ALSO KNOW THEIR PLACE....

SEATING PROTOCOL AT AN OFFICERS' MEETING OF VARIOUS AFFILIATED COMPANIES REVEALS THIS FACT VERY CLEARLY. EVERY OFFICER KNOWS HIS COMPANY'S EXACT STATUS IN RELATION TO ALL THE OTHER COMPANIES, AND HE KNOWS WHAT HIS OWN POSITION MUST BE VIS-A-VIS COMPARABLE OFFICERS OF JUNIOR AND SENIOR COMPANIES THAT ARE ATTENDING THE MEETING. THAT ALL ARE EQUAL BUT THAT SOME ARE MORE EQUAL THAN OTHERS IS, IN JAPAN, ATARIMAE, TAKEN FOR GRANTED, A PLAIN FACT THAT EVERYONE KNOWS OR OUGHT TO KNOW.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

- ③ IN TERMS OF ECONOMIC POLICIES, IT IS EASY TO CONCLUDE THAT ORGANIZED BUSINESS RULES SUPREME. THE POWER OF THE ADMINISTRATIVE BUREAUCRACY OVER ORGANIZED BUSINESS IS QUITE APPARENT WHEN IT COMES TO POWER TO REGULATE AND CONTROL BUSINESS, AND TO GRANT OR WITHHOLD LICENSES, GOVERNMENT LOANS, AND SUBSIDIES. THE PARTY IS NO MATCH AGAINST THE POWER OF ORGANIZED BUSINESS. YET THERE HAVE BEEN INSTANCES WHERE THE PARTY IN POWER WAS ABLE TO EXERT A DECISIVE INFLUENCE OVER BUREAUCRACY. THIS THREE-POWER RELATIONSHIP IS ANALOGOUS TO THAT OF THE THREE-SIDED "TOSSING GAME" CALLED JANKEN, IN WHICH PAPER, STONE, AND SCISSORS ARE FEATURED. PAPER IS STRONGER THAN STONE, WHICH IT CAN WRAP; STONE IS STRONGER THAN SCISSORS, WHICH IT CAN BREAK; AND SCISSORS WIN OUT OVER PAPER, WHICH THEY CAN CUT.

CHITOSHI YANAGA  
JAPANESE PEOPLE AND POLITICS  
NEW YORK, JOHN WILEY & SONS,  
1956, pp. 58-59.

- ⑥ THE JAPANESE ULTIMATE IS HARMONY WITH ONE'S ENVIRONMENT. TO ADMIT THAT CUT-THROAT COMPETITION EXISTS IN JAPAN IS NOT TO SAY THAT IT IS THE GOAL OF THE NATION TO INSURE MAXIMUM COMPETITION AT ALL LEVELS OF THE ECONOMY. QUITE THE CONTRARY, THE GOVERNMENT INTERPRETATION AND ADMINISTRATION OF THE ANTI-MONOPOLY LAW MAKES IT QUITE CLEAR THAT THIS IS NOT THE CASE. ABOVE A CERTAIN LEVEL IN THE ENTERPRISE AND IN THE ECONOMY AS WHOLE, HARMONY IS THE MAJOR OBJECTIVE AND THE GOVERNMENT PLAYS A MAJOR ROLE ALONG WITH INDUSTRY ASSOCIATIONS TO LIMIT 'EXCESS' COMPETITION.

HENCE A HARMONIOUS WORKING OUT OF PROBLEMS IN BUSINESS AND ELSEWHERE WHICH IS THE JAPANESE GOAL CONTRASTS SHARPLY WITH THE WESTERN APPROACH WITH ITS DEPENDENCE ON REASONING, PROPOSITIONS, LOGICAL INFERENCE AND THE LIKE. THESE ARE ALL PART OF THE INTELLECTUAL BAGGAGE OF THE FOREIGN BUSINESSMAN IN JAPAN EVEN IF HE HAS NEVER STUDIED LOGIC FORMALLY. MAXIMUM USE OF ALL SENSES IN A BUSINESS DEAL IS SOMETHING THAT THE WESTERN BUSINESSMAN WOULD FIND STRANGE. HE HAS BEEN TRAINED TO REASON OBJECTIVELY, DEALING WITH FACTS NOT MOODS....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

- ⑧ SOME AMERICAN EXECUTIVES VISITING JAPAN HAVE EXPRESSED SURPRISE THAT SO MANY JAPANESE DIRECTORS ARE UNABLE TO EXPLAIN THE DETAILS OF THEIR OWN ENTERPRISE. THEY RELY CHEERFULLY ON THEIR BELOVED AND TRUSTED SUBORDINATES TO RUN THE BUSINESS; OF MUCH GREATER CONCERN TO THEM IS THE MAINTENANCE OF HAPPY RELATIONS AMONG THE MEN, FOR IN THIS THEY BELIEVE LIES THE KEY TO BUSINESS SUCCESS. ONE WOULD HAVE TO SEARCH WIDELY IN JAPAN TO FIND THE COMPANY, SO COMMON IN THE WEST, RUN BY ONLY ONE OR TWO MEN AT THE TOP WHILE THE EMPLOYEES ACT AS SIMPLE TOOLS. IN SUCH A PATTERN EMPLOYEES ARE EASILY REPLACEABLE, AND THE LINES OF RESPONSIBILITY BETWEEN MANAGER AND EMPLOYEE ARE CLEARLY DRAWN. IN THE JAPANESE PATTERN THERE ARE NO CLEAR-CUT SPHERES OR DIVISIONS OF RESPONSIBILITY BETWEEN THE MANAGER AND HIS SUBORDINATES, AND THE ENTIRE GROUP BECOMES ONE FUNCTIONAL BODY IN WHICH ALL INDIVIDUALS, INCLUDING THE MANAGER, ARE AMALGAMATED INTO A SINGLE ENTITY.

CHIE NAKANE  
JAPANESE SOCIETY

# Some Comments on the Traditional Japanese Business Organization

## Some Comments on Japanese Labor

The first postwar impression of many Americans who examined Japanese labor practices was not an optimistic one. Most knowledgeable Americans believed Japan had severe problems that would retard economic growth, and that unless the Japanese made some big changes in their culture and practices, they would face very serious difficulties. For example, in the operation of their large firms, those that were going to spearhead the recovery, the Japanese had practices that by American estimates seemed extremely inefficient. Some of these were (1) a low to almost nonexistent labor mobility in the big firms (the so-called lifetime employment system); (2) promotion mainly--and indeed up to the vice president level almost completely--by seniority; (3) compulsory retirement at 55 (except for vice president and director levels); and (4) diffused responsibility (see chart 4, page 4).

In the postwar Japanese context, however, all these supposed "weaknesses" turned out to be assets--at least during the 1950's and 1960's--and to some degree they may be assets in the 1970's as well. (It is worth noting that Japanese--despite their reputation for mindless imitation--did not make any changes in their practices to conform to U.S. concepts, even though they were very forcibly and emotionally pressed to do so.)

Consider, for example, the employment practices of the large Japanese firms. A person first going to work as a regular employee is making a lifetime contract--or rather, both sides are at least morally committed to such a contract. This is true even at the executive level. Consequently, one of the most agonizing decisions a young college graduate has to make is his choice of a company, as it is in a very real form an act of marriage. Head hunting and job hopping toward advancement in a profession are unheard of in Japan.

In the United States this would be an incredibly risky financial policy. American firms simply could not afford to guarantee lifetime employment to a large portion of their work force irrespective of the economy's level of activity and of changes in operating practices. Further, it would be economically inefficient from the national point of view, since if conditions were to change there would be low and/or inefficient labor utilization for that firm and a great deal of useful labor would be denied to other firms that could use it. Therefore, when American managerial experts examine the practices of other countries, low labor mobility is generally scored as a significant negative. What then makes it so different in the Japanese context?

First of all, Japanese firms are growing very rapidly--by 10, 20 even 30 percent a year--so there is usually a high demand for labor, and adjustments can be made by selective hiring and normal attrition rather than by firing. Thus even if operating condition change, the high rate of the firm's expansion makes it easy to find useful work for all those to whom the firm is obligated. Indeed, in this respect the Japanese have a superior mobility. Having mainly company unions, there are little or no intra-firm restrictions on labor mobility--in

① LABOR ORGANIZATIONS

1. SOHYO (GENERAL COUNCIL OF JAPAN TRADE UNIONS), 4.25 MILL. MEMBERS, IS PRIMARILY COMPOSED OF UNIONS OF GOV'T & PUBLIC WORKERS (61% OF ITS MEMBERS VS. 39% WHO BELONG TO PRIVATE INDUSTRY UNIONS). SOHYO ENJOYED POLITICAL LIMELIGHT SINCE MOST OF ITS NEGOTIATIONS ARE WITH THE GOV'T. IT SUPPORTS THE SOCIALIST PARTY. PRIVATE INDUSTRY UNIONS IN SOHYO ARE UNIONS IN DECLINING INDUSTRIES (COAL & METAL ORE MINING). ANNUAL RATE OF INCREASE IN MEMBERSHIP IS 0.8%.
2. DOMEI (JAPANESE CONFEDERATION OF LABOR), 1.97 MILL. MEMBERS, OF WHOM 93% ARE PRIVATE INDUSTRY UNIONISTS. MAINLY INTERESTED IN GROWTH OF ENTERPRISES & SHOW LITTLE INTEREST IN POLITICAL ACTIVITIES. ANNUAL RATE OF INCREASE IN MEMBERSHIP IS 6.2%. IT SUPPORTS THE RIGHT WING DEMOCRATIC SOCIALIST PARTY.
3. SHINSANBETSU (NATIONAL FEDERATION OF INDUSTRIAL UNIONS), 73,000 MEMBERS. HAS VERY LITTLE INFLUENCE IN THE LABOR MOVEMENT. ANNUAL RATE OF INCREASE IN MEMBERSHIP IS 2.5%.
4. CHURITSU ROREN (JAPANESE FEDERATION OF INDEPENDENT UNIONS), 1.34 MILL. MEMBERS, IS PRIMARILY A LIAISON ORGAN FOR 15 UNIONS. ANNUAL RATE OF INCREASE IN MEMBERSHIP IS 5.9%.
5. SOME 3.7 MILL. JAPANESE UNIONISTS BELONG TO NONE OF THE ABOVE 4 FEDERATIONS & REMAIN INDEPENDENT CRAFT UNIONS, SUCH AS THE ALL-JAPAN SEAMEN'S UNION, OR JOIN THE INTERNATIONAL METALWORKERS FEDERATION: JAPAN CHAPTER (IMF: JC) WHOSE MEMBERSHIP IS OVER 1.1 MILL. & WHICH TENDS TO ORGANIZE UNIONS FROM INDUSTRIES THAT TEND TO SUFFER FROM INTERNATIONAL COMPETITION.

⑤ LABOR UNIONS

ORGANIZED LABOR REVOLVES AROUND LARGE COMPANIES. UNIONS EXIST FOR:

63% OF COMPANIES EMPLOYING MORE THAN 500  
33% OF MEDIUM COMPANIES - 100-500  
LESS THAN 10% OF SMALL COMPANIES - 30-10  
PEOPLE

THERE ARE FEW CRAFT UNIONS, WHILE THERE EXIST SOME 58,000 COMPANY-BASED LABOR UNIONS, WHICH GENERALLY SHARE THE FIERCE SENSE OF COMPETITION THAT EXISTS BETWEEN RIVAL FIRMS & SHOW FEW SIGNS OF PURELY UNIONIST SOLIDARITY

ONCE A MAN JOINS A COMPANY, HE AUTOMATICALLY BECOMES A MEMBER OF THE COMPANY UNION. UNION OFFICIALS DO NOT WORK TOO HARD TO INCREASE MEMBERSHIP

UNIONS HAVE ELECTED REPRESENTATIVES TO BOTH NATIONAL PARLIAMENT (DIET) & PROVINCIAL SELF-GOVERNMENT BODIES, & CAN BE REGARDED AS HAVING BECOME A STABILIZING INFLUENCE IN JAPANESE SOCIETY

THIRTY-FIVE PERCENT OF JAPAN'S EMPLOYEES ARE LABOR UNION MEMBERS BUT THE CHARACTER OF THESE ORGANIZATIONS REFLECTS THE FAMILIAL OR "TEAM" SPIRIT OF THE ECONOMY. THUS THEY ARE SET UP ON AN ENTERPRISE RATHER THAN ON A CRAFT OR AN INDUSTRY BASIS, AND THERE IS AN ABSENCE OF PROTRACTED STRIKES AND EVEN A FAILURE TO MAKE MUCH USE OF THE GRIEVANCE MACHINERY WRITTEN INTO LABOR CONTRACTS.

MARSHAL E. DIMOCK-  
THE JAPANESE TECHNOCRACY

② POSSIBLE REASONS WHY LABOR MOVEMENT SHOULD BE MOVING FROM LEFT TO RIGHT

1. AS STRUCTURE OF UNIONS IS BECOMING INCREASINGLY BUREAUCRATIC, THE DIFFERENCES IN OPINION AMONG THE TOP LEADERS OF THE TWO MAJOR FEDERATIONS--SOHYO AND DOMEI--ARE BECOMING GREATER. THEY FAIL TO UNDERSTAND FEELING OF WORKERS IN INDUSTRIES MOST TROUBLED BY INTERNATIONAL COMPETITION & THE POLICIES THAT HAVE EMERGED FROM STRUCTURAL CHANGES IN JAPANESE INDUSTRY.
2. ENTERPRISES ARE GROWING BIGGER & BIGGER, & THE GAP BETWEEN THE RELATIVE STRENGTHS OF MANAGEMENT & LABOR IS CORRESPONDINGLY WIDENING. AT THE SAME TIME, MANAGEMENT IS ADOPTING MORE INTRICATE LABOR POLICIES & IS PROVIDING BENEFITS EVEN BEFORE LABOR THINKS TO ASK FOR THEM.
3. ATTITUDES OF UNION MEMBERSHIP, ESPECIALLY OF YOUNG WORKERS HAVE BEEN CHANGING. THE LOWER THE AGE, THE STRONGER THE CHANGE IN THEIR CONSCIOUSNESS.

KEN TSUJI, LABOR, JAPAN QUARTERLY  
NO. 3, JULY-SEPT. 1970, P. 268

⑥ CHANGES IN LABOR UNION CONSCIOUSNESS ACCORDING TO RECENT SURVEYS

1. STRIKING DIFFERENCE IN ATTITUDE BETWEEN THOSE OVER & THOSE UNDER 25.
2. GREAT INCREASE IN ALL WORKERS' LACK OF INTEREST BOTH IN THE ENTERPRISE FOR WHICH THEY WORK & IN THE UNION TO WHICH THEY BELONG.
3. DRASTIC DROP IN NUMBER OF WORKERS SUPPORTING SOCIALISM & GREAT INCREASE IN YOUNG WORKER WITHOUT POLITICAL AFFILIATIONS.
4. YOUNGEST WORKERS DISPLAY EXTREMELY STRONG RATIONALISTIC TRENDS & A DETERMINED ADVOCACY OF THEIR OWN PERSONAL RIGHTS. THEY DRAW A SHARP DISTINCTION BETWEEN WORK & PLAY & TEND STRONGLY TO HEDONISM.

KEN TSUJI, LABOR, JAPAN QUARTERLY  
JULY-SEPT. 1970, P. 269

- ⑦ "RECENTLY WE UNDERTOOK A SURVEY OF 3000 EMPLOYEES. SEVENTY PERCENT RESPONDED THAT THEY WERE PROUD TO WORK FOR THE COMPANY. NINETY PERCENT SAID THAT THEY CONDUCTED THEIR PRIVATE LIVES IN SUCH A WAY AS NOT TO HAMPER THEIR NEXT DAY'S WORK FOR THE COMPANY....BLUE-COLLAR WORKERS RESPONDED IN MUCH THE SAME WAY AS WHITE-COLLAR WORKERS. ONLY SIX PERCENT OF THE BLUE-COLLAR WORKERS SAID THEY CHOSE THEIR JOB ON THE BASIS OF INCOME. SIXTY SIX PERCENT SAID THEY CHOSE IT ON THE BASIS OF ITS SUITING THEIR ABILITIES ABILITIES AND CHARACTER. THIRTEEN AND A HALF PERCENT SAID THEY CHOSE IT ON THE BASIS OF INTEREST. ZERO PERCENT SAID THEY WOULD CONSIDER EASE OF WORK OR CLEANNESS OF WORK AS A FACTOR IN CHOOSING A JOB. IN OTHER WORDS, WORK IS LIFE, AND WORK IS HAPPINESS."

(HISASHI TAGA, MANAGER OF HITACHI  
HITACHI'S LABOR RELATIONS DEPT.,  
QUOTED BY TAKASHI OKA, NEW YORK  
TIMES, NOVEMBER 15, 1970)

- ③ THUS FROM A SOCIAL POINT OF VIEW, RAPID CHANGE IN JAPANESE EMPLOYMENT PRACTICE IS UNLIKELY. FROM AN ECONOMIC POINT OF VIEW, CHANGE IS NOT EFFICIENT. THE CONCLUSION MUST BE THAT JAPAN'S PRESENT SYSTEM OF EMPLOYMENT PRACTICES IS LIKELY TO PERSIST SUBSTANTIALLY UNCHANGED FOR A LONG PERIOD OF TIME.

JAMES C. ABEGGLEN,  
BUSINESS STRATEGIES FOR JAPAN  
P. 56

- ④ AS IT HAS SHOWN IN THE COURSE OF ITS DEVELOPMENT, LIFE-TIME EMPLOYMENT HAS ADVANTAGES FOR BOTH EMPLOYER AND EMPLOYEE. FOR THE EMPLOYER IT SERVES TO RETAIN THE SERVICES OF SKILLED WORKERS AGAINST TIMES OF LABOUR SHORTAGE. FOR THE EMPLOYEE IT GIVES SECURITY AGAINST SURPLUS LABOUR CONDITIONS; WHATEVER THE MARKET CIRCUMSTANCES, THERE IS LITTLE LIKELIHOOD OF THE EMPLOYEE FINDING BETTER EMPLOYMENT IF HE ONCE LEAVES HIS JOB. THIS SYSTEM HAS, IN FACT, BEEN ENCOURAGED BY CONTRADICTORY SITUATIONS--SHORTAGE AND SURPLUS OF LABOUR. HERE IS DEMONSTRATED A RADICAL DIVERGENCE BETWEEN JAPAN AND AMERICA IN MANAGEMENT EMPLOYMENT POLICY; A JAPANESE EMPLOYER BUYS FUTURE POTENTIAL LABOUR AND AN AMERICAN EMPLOYER BUYS LABOUR IMMEDIATELY REQUIRED. ACCORDING TO THE JAPANESE REASONING, ANY DEFICIENCIES IN THE CURRENT LABOUR FORCE WILL BE COMPENSATED BY THE DEVELOPMENT OF MAXIMUM POWER IN THE LABOUR FORCE OF THE FUTURE; THE EMPLOYER BUYS HIS LABOUR MATERIAL AND SHAPES IT UNTIL IT BEST FITS HIS PRODUCTION NEED. IN AMERICA MANAGEMENT BUYS READY-MADE LABOUR....

IN SUMMARY, THE CHARACTERISTICS OF JAPANESE ENTERPRISE AS A SOCIAL GROUP ARE, FIRST, THAT THE GROUP IS ITSELF FAMILY-LIKE AND, SECOND, THAT IT PERVADES EVEN THE PRIVATE LIVES OF ITS EMPLOYEES, FOR EACH FAMILY JOINS EXTENSIVELY IN THE ENTERPRISE. THESE CHARACTERISTICS HAVE BEEN CAUTIOUSLY ENCOURAGED BY MANAGERS AND ADMINISTRATORS CONSISTENTLY FROM THE MEIJI PERIOD. AND THE TRUTH IS THAT THIS ENCOURAGEMENT HAS ALWAYS SUCCEEDED AND REAPED REWARDS.

A COHESIVE SENSE OF GROUP UNITY, AS DEMONSTRATED IN THE OPERATIONAL MECHANISM OF HOUSEHOLD AND ENTERPRISE, IS ESSENTIAL AS THE FOUNDATION OF THE INDIVIDUAL'S TOTAL EMOTIONAL PARTICIPATION IN THE GROUP; IT HELPS TO BUILD A CLOSED WORLD AND RESULTS IN STRONG GROUP INDEPENDENCE OR ISOLATION. THIS INEVITABLY BREEDS HOUSEHOLD CUSTOMS AND COMPANY TRADITIONS....

CHIE NAKANE  
JAPANESE SOCIETY

- ⑧ THE RAPID SURGE OF UNIONIZATION HAS RESULTED IN A CHANGE IN THE WORKERS' ATTITUDE TOWARD THEIR EMPLOYERS. AS FAR AS WORKERS ARE CONCERNED, THEIR WAGES, SALARIES, BONUSES, AND FRINGE BENEFITS NO LONGER REPRESENT SOMETHING TO BE DISPENSED BY PATERNALISTIC AND PATRONIZING EMPLOYERS AND ACCEPTED BY THE RECIPIENTS WITH GRATITUDE. WORKERS NOW HAVE AT THEIR DISPOSAL MEANS FOR REGISTERING FORMAL PROTESTS AGAINST UNILATERAL ACTIONS BY MANAGEMENT. NO LONGER CAN MANAGEMENT INSIST ON PERSONALIZED HARMONY AND LOYALTY. THE TREND TOWARD THE GREATER INDEPENDENCE AND SELF-DETERMINATION OF LABOR IS LIKELY TO STRENGTHEN WITH THE PASSAGE OF TIME. THE PROGRESS OF UNIONIZATION HAS DEFINITELY REDUCED THE IDEOLOGICAL AND EMOTIONAL ATTACHMENT OF WORKERS TO THE ENTERPRISE. THE ENTERPRISE CAN NO LONGER TAKE THE EMPLOYEE'S LOYALTY FOR GRANTED; IT MUST COMPETE FOR THE WORKER'S DEVOTION WITH HIS LOYALTY TO THE UNION.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 115

Some Comments on Japanese Labor

sharp contrast to usual American practices. Also, once the zaibatsu were reestablished, they did not have as big a problem of artificial barriers, divisions of labor, and other restrictions on the use of labor within the zaibatsu group as we have between different companies. All this allows great mobility both within the firm and between firms of the same "conglomerate." And it may be a much more important kind of flexibility, not only for labor but for capital funds, management skills, and the like, than the much lower level of "hiring and firing" flexibility in the U.S. Even the various "departments" or subcompanies of an American conglomerate operate relatively independently, and there is little or no transfer of normal labor (though there may be transfers of management or capital) among these departments or subcompanies. This is also true (but less so) of normal labor in Japan, but in abnormal circumstances some such transfer can be made--or a merger can be arranged or forced. However, labor rigidity within an American firm is high because of labor rules and other reasons, and hiring and firing is such a big step that there is some interfirm rigidity as well. Thus in many ways our economy is much more rigid with regard to labor mobility than the seemingly rigid Japanese system.

Some Comments on Traditional Japanese Management

① FOUR CHARACTERISTICS OF JAPANESE MANAGEMENT  
DERIVING FROM HISTORICAL AND CULTURAL DIFFERENCES

- 1) THE JAPANESE ARE COMPULSIVELY THOROUGH. EVERYTHING MUST BE UNDERSTOOD, BROUGHT INTO CONFORMITY WITH A PATTERN, REGULARIZED AND MADE AS LOGICAL AND AS PRECISE AS POSSIBLE.
- 2) A SINCERE AND REAL REGARD FOR INTUITION, SUBTLETY OF APPROACH AND TAKING FEELING INTO ACCOUNT (THIS IS AN APPARENT OPPOSITE OF POINT 1). THE JAPANESE ALTERNATE PERIODS OF RIGOROUS PRACTICALITY WITH MOODS OF CONTEMPLATION. THE MANAGER BECOMES "A BUREAUCRAT WITH A SOUL," ALWAYS FACING THE NEED TO SYNTHESIZE LOGICAL AND PRACTICAL CONSIDERATIONS WITH THOSE OF TEMPERAMENT.
- 3) IN THEIR COLLECTIVE ENTERPRISES, THE JAPANESE TEND TO DOWNGRADE THE FUNCTION OF THE INDIVIDUAL'S PERSONALITY. THEY TAKE THE SYSTEM TO BE THE KEY DETERMINANT OF WHAT WILL HAPPEN.
- 4) IN JAPANESE MANAGEMENT THE STATE IS EVERYWHERE. THE CENTRAL POSITION OF GOVERNMENT ACTIVITY IN THE COMMON LIFE OF BUSINESS IS TAKEN FOR GRANTED. THE LINE OF DEMARCATION BETWEEN THE PRIVATE AND THE PUBLIC AREAS IS BLURRED.

MARSHALL E. DIMOCK  
THE JAPANESE TECHNOCRACY  
WALKER WEATHERHILL  
1968, PP. 13-20

- ④ ONE OF THE DISTINCT FEATURES OF THE JAPANESE CORPORATE ORGANIZATION IS THAT IT IS STRUCTURED IN COLLECTIVE ORGANIZATIONAL UNITS RATHER THAN IN TERMS OF INDIVIDUAL POSITIONS. THIS IS VERY EVIDENT IN THE ORGANIZATION CHART, IN WHICH THE CORPORATE ORGANIZATION IS DEPICTED IN TERMS OF DIVISIONS, DEPARTMENTS, AND SECTIONS, RATHER THAN INDIVIDUAL POSITIONS; ONLY ONE OR TWO OF THE HIGHEST TOP MANAGEMENT POSITIONS--USUALLY THOSE OF THE CHAIRMAN OF THE BOARD AND THE PRESIDENT--ARE IDENTIFIED.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 202

- ⑤ THE PRIMARY REQUISITE FOR LEADERSHIP, THEN, IS THE SKILL NEEDED TO BUILD HARMONIOUS INTERPERSONAL RELATIONSHIPS AND TO DEVELOP GROUP SOLIDARITY; TECHNICAL COMPETENCE IS FAR LESS IMPORTANT. IN FACT, AN EXCEPTIONAL TECHNICAL COMPETENCE IN A LEADER MAY EVEN BE A HINDRANCE, FOR HE MAY HAVE DIFFICULTY IN ELICITING GROUP COOPERATION. REPEATED ASSERTIONS WERE MADE BY EXECUTIVES INTERVIEWED THROUGHOUT THIS STUDY AS TO THE IMPORTANCE OF "HUMAN RELATIONS" SKILLS IN LEADERSHIP.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 206

- ② A COROLLARY TO THE RIGIDLY HIERARCHICAL ORGANIZATION OF JAPANESE ENTERPRISES IS THE DEEPLY INGRAINED BELIEF THAT OLDER MEN OF LONG EXPERIENCE MERIT THE RESPECTFUL ATTENTION THAT ACCOMPANIES THEIR ADVANCED STATUS, WHILE YOUNGER MEN, NO MATTER HOW CLEVER THEY MAY BE, ARE TOO INEXPERIENCED TO BE LISTENED TO. MANY FOREIGN COMPANIES DOING BUSINESS IN JAPAN SEEM INSUFFICIENTLY AWARE OF THIS ATTITUDE AND UNABLE TO COPE WITH IT. THUS, THEY FREQUENTLY SEND TO JAPAN YOUNG NISEI OR SANSEI IN THE MISTAKEN BELIEF THAT THESE YOUNG MEN SPEAK FLUENT JAPANESE (WHICH THEY DON'T) AND SO WILL UNDERSTAND JAPANESE METHODS AND WAYS OF THINKING. OR AN AMERICAN COMPANY MAY HIRE A YOUNG JAPANESE WHO HAS ATTENDED AN AMERICAN COLLEGE, PLACING HIM IN CHARGE IN THE FURTHER MISTAKEN BELIEF THAT HE WILL UNDERSTAND BOTH EAST AND WEST. IF HE HAS DEALINGS WITH OLDER MEMBERS OF JAPANESE FIRMS, AS HE ALMOST INEVITABLY WILL, THEY MAY LISTEN TO HIM POLITELY BUT THEY WILL GIVE HIM NEITHER THEIR ATTENTION NOR RESPECT. HIS WORDS, HOWEVER SAGACIOUS, WILL GO UNHEEDED. IN SOME TWENTY YEARS PERHAPS....

...SOME FOREIGN OBSERVERS PREDICTED THAT MOBILITY IN THE SALARYMAN CLASS WOULD INCREASE DURING THE PAST FIVE OR TEN YEARS. YET THE SURPRISING FACT IS THAT DESPITE THE ADOPTION OF SOME WESTERN WAYS AND CONCEPTS OF MANAGEMENT, DESPITE THE CHANGES DEMANDED BY THE NEW TECHNOLOGY, DESPITE THE PROLIFERATION OF JOINT VENTURES, MOBILITY AMONG THE LARGER COMPANIES IS NO GREATER TODAY THAN IT WAS A DECADE AGO....

...IN RETURN FOR THE "ALLEGIANCE" THAT THE JAPANESE COMPANY EXPECTS FROM ITS EMPLOYEES, IT BEHAVES TOWARD THEM AS A FATHER, OR AS A PROTECTOR. IT PROVIDES HOUSING; LENDS THEM MONEY AT A VERY LOW RATE OF INTEREST; IT SUPPLIES MANY WELFARE SERVICES; IT GIVES THEM FREE OR VERY CHEAP MEALS; IT PAYS FOR VACATIONS AND OUTINGS AND A NUMBER OF RECREATIONAL FACILITIES. IT GIVES ALLOWANCES FOR MARRIAGE; FOR CHILDREN; FOR THE DEATH OF NEAR RELATIVES. THESE ARE SOMETIMES CALLED "CEREMONIAL ALLOWANCES"....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

- ⑥ IN PARTICULAR, A JUNIOR TAKES EVERY CARE TO AVOID ANY CONFRONTATION WITH HIS SUPERIOR. SUCH ATTEMPTS LEAD TO THE POINT THAT A FLATLY NEGATIVE FORM IS RARELY EMPLOYED IN CONVERSATION: ONE WOULD PREFER TO BE SILENT RATHER THAN UTTER WORDS SUCH AS 'NO' OR 'I DISAGREE'. THE AVOIDANCE OF SUCH OPEN AND BALD NEGATIVE EXPRESSION IS ROOTED IN THE FEAR THAT IT MIGHT DISRUPT THE HARMONY AND ORDER OF THE GROUP, THAT IT MIGHT HURT THE FEELINGS OF A SUPERIOR AND THAT, IN EXTREME CIRCUMSTANCES, IT COULD INVOLVE THE RISK OF BEING CAST OUT FROM THE GROUP AS AN UNDESIRABLE MEMBER. EVEN IF THERE ARE OTHERS WHO SHARE A NEGATIVE OPINION, IT IS UNLIKELY THAT THEY WILL JOIN TOGETHER AND OPENLY EXPRESS IT, FOR THE FEAR THAT THIS MIGHT JEOPARDIZE THEIR POSITION AS DESIRABLE GROUP MEMBERS. INDEED, IT OFTEN HAPPENS THAT, ONCE A MAN HAS BEEN LABELLED AS ONE WHOSE OPINIONS RUN CONTRARY TO THOSE OF THE GROUP, HE WILL FIND HIMSELF OPPOSED ON ANY ISSUE AND RULED OUT BY MAJORITY OPINION. NO ONE WILL DEFEND HIM IN ANY CIRCUMSTANCE.

CHIE NAKANE  
JAPANESE SOCIETY

- ③ ....THE RELATIONSHIP BETWEEN TWO INDIVIDUALS OF UPPER AND LOWER STATUS IS THE BASIS OF THE STRUCTURAL PRINCIPLE OF JAPANESE SOCIETY. THIS IMPORTANT RELATIONSHIP IS EXPRESSED IN THE TRADITIONAL TERMS OYABUN AND KOBUN. OYABUN MEANS THE PERSON WITH THE STATUS OF OYA (PARENT) AND KOBUN MEANS WITH THE STATUS OF KO (CHILD)....ONE PERSON MAY PLAY MORE THAN ONE ROLE. THE TRADITIONAL OYABUN-KOBUN RELATIONSHIP TOOK THE FORM OF PATRON AND CLIENT, LANDOWNER AND TENANT, FOR EXAMPLE, OR MASTER AND DISCIPLE. THE EXPRESSIONS ARE STILL USED TODAY, ALTHOUGH MORE INFORMALLY. OYABUN MAY BE ONE IN A SENIOR POSITION AT A MAN'S PLACE OF WORK, WITH WHOM HAS GROWN A CLOSE PERSONAL RELATIONSHIP OVER THE YEARS. THE ESSENTIAL ELEMENTS IN THE RELATIONSHIP ARE THAT THE KOBUN RECEIVES BENEFITS OR HELP FROM HIS OYABUN, SUCH AS ASSISTANCE IN SECURING EMPLOYMENT OR PROMOTION, AND ADVICE ON THE OCCASION OF IMPORTANT DECISION-MAKING. THE KOBUN, IN TURN, IS READY TO OFFER HIS SERVICES WHENEVER THE OYABUN REQUIRES THEM....

CHIE NAKANE  
JAPANESE SOCIETY

- ⑦ THE CONCEPT OF THE SEKININ-SHA ('THE RESPONSIBLE PERSON') IS PERHAPS UNIQUE IN JAPAN IN ITS WIDTH OF APPLICATION. THE SEKININ-SHA IS SOMEONE WHO IS PRESUMED TO TAKE RESPONSIBILITY FOR THE ACTIONS OF OTHERS, THOUGH THERE MAY BE NO FORMAL COMMITMENT. HE IS THE ONE WHO, IF SOMETHING GOES WRONG, IS EXPECTED TO TAKE THE NECESSARY STEPS FOR FINDING A MUTUALLY ACCEPTABLE SOLUTION TO THE PROBLEMS CREATED BY OR INVOLVING HIS CHARGE. HE IS ACTIVE, AND INDEED NECESSARY, IN MANY CONTEXTS, SUCH AS RECOMMENDING A BOY TO A SCHOOL, HELPING TO FIND SOMEONE A POSITION, INTRODUCING ONE PERSON TO ANOTHER, INITIATING A BUSINESS NEGOTIATION. A WISE EMPLOYER, ESPECIALLY IN A SMALL COMPANY, WILL ACCEPT A NEW EMPLOYEE ONLY IF HE HAS A KNOWN PERSON TO ACCEPT SEKININ, 'RESPONSIBILITY.' IN SUCH CASES HE IS CALLED HOSHO-NIN. THEN SHOULD THE EMPLOYEE TURN OUT, SAY, TO BE A THIEF AND STEAL THE COMPANY'S FUNDS, IT IS TO THE HOSHO-NIN THAT THE EMPLOYER LOOKS. OR SHOULD IT BECOME NECESSARY TO DISCHARGE THE EMPLOYEE, THE PROPER THING IS FOR THE EMPLOYER TO EXPLAIN THE SITUATION FIRST TO THE RESPONSIBLE PARTY.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

- ⑧ THE TWO MAJOR DETERMINANTS OF RELATIVE HIERARCHICAL STATUS HAVE BEEN THE LEVEL OF EDUCATION AND SENIORITY. EACH MEMBER HAS HIS PLACE IN THE ORGANIZATION, AND HE MUST BEHAVE IN A MANNER CONGRUOUS WITH HIS STATUS. ONE FINDS, THEREFORE, A VERY INTERESTING SITUATION IN A TYPICAL JAPANESE CORPORATE ORGANIZATION, WHERE THE RELATIVE STATUS OF EACH INDIVIDUAL IS RIGIDLY DEFINED AND OBSERVED, BUT WHERE HIS FUNCTIONS AND RESPONSIBILITIES ARE NOT.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 205

Some Comments on Traditional Japanese ManagementEmergence of a New Business Leadership

On this page we present some discussion of the importance of certain signs of change which are now becoming evident in Japanese Corporations and their relations to the new business leadership which has characterized the post-war era.

Chart 1 is from an editorial in the Japan Times which argues the significance of change. We could agree with the opinions given here by T.F.M. Adams that the Japan Times is "unduly optimistic" and for much the same reasons given by Mr. Nakane in Chart 2.

Probably the most important aspect of post-war management has been the emergence of a new business leadership. The new respectability which the business and industrial community enjoys is a direct result of the post-war revival under this leadership.

From the beginning of the postwar period, the business community gradually earned the admiration of the entire nation by rebuilding the Japanese economy and, in the process, restoring the nation's self-respect. At the same time, the business community acquired a much stronger voice, often a decisive one, in the nation's affairs. Inevitably the Japanese realized that the economic power controlled by these men could easily operate, too, as formidable political power. In the early 1950's, therefore, the press began to pay much greater attention to the views and opinions of the nation's business leaders. And as the economic revival of the country progressed, this emphasis in the press increased.

Dramatic evidence of the new status of the business community was provided by the selection of a crown princess. Despite the large number of candidates of royal or noble blood, the imperial family chose the daughter of a successful corporation president. Many Japanese took this as the highest recognition of the new power of the business community in shaping the nation's affairs.

The current status of the business community, of course, is in startling contrast with the attitudes held in Tokugawa Japan where, as we have already remarked, the business or merchant class was at the bottom of the social ladder, beneath artisans and farmers, and often was looked down upon as parasites of society. That attitude has eroded during the last hundred years until today there is almost nothing left of it.

① AN EDITORIAL IN THE JAPAN TIMES (SEPTEMBER 3, 1968) INDICATES THE GROWING TREND TOWARD MANAGEMENT REFORMS AND THE CHANGING ATTITUDES TOWARD THE SALARYMAN:

"THERE WAS A TIME NOT SO LONG AGO WHEN A SALARIED JOB WAS REGARDED AS SOMETHING AKIN TO A SINECURE. ONCE A PERSON BECAME A SALARYMAN FOR A COMPANY; HE WAS ASSURED A JOB FOR LIFE. AND THOUGH WE JAPANESE, BEING AN INDUSTRIOUS PEOPLE, WORKED HARD, THERE WERE MORE TEA BREAKS THAN THERE SHOULD HAVE BEEN, AND THERE WASN'T INITIATIVE ENOUGH TO FIND ORIGINAL, NEW SOLUTIONS TO PROBLEMS. COME TO THINK OF IT, MOST COMPANIES DISCOURAGED ORIGINALITY. THEY WANTED THEIR SALARYMEN CAST IN THE SAME IDENTICAL MOLD.

"IN RECENT YEARS, HOWEVER, THERE HAS BEEN A DEFINITE TREND AWAY FROM THIS. THE BEST EVIDENCE IS THE EMPHASIS PLACED ON OUTSPOKENNESS AND ORIGINALITY BY LEADING COMPANIES IN THEIR ANNUAL SEARCH FOR NEW EMPLOYEES. IN A RECENT SURVEY BY WASEDA UNIVERSITY, 41.5 PERCENT OF THE SECTION HEADS POLLED SAID THEY LOOKED FIRST OF ALL FOR SEKKYOKUSEI--POSITIVENESS--WHEN INTERVIEWING JOB APPLICANTS.

"MORE AND MORE COMPANIES ARE CARRYING OUT EMPLOYEE TRAINING--ACTUAL WORK IN PLANTS, EVEN FOR DESK PERSONNEL--WHEN THEY FIRST ENTER THE COMPANY AND AT STAGES IN THEIR ADVANCE WITH THEIR FIRM. THERE IS GREATER EMPHASIS ALSO ON RATING THE EMPLOYEE IN TERMS OF HIS OR HER VALUE TO THE COMPANY, RATHER THAN ON AGE, SENIORITY, OR SCHOOL TIES.

"ONE INEVITABLE RESULT OF THIS HAS BEEN THE DE-EMPHASIS OF THE SO-CALLED ELITE SCHOOLS AND INCREASING WEIGHT ON THE INDIVIDUAL WORKER'S ABILITY AND HIS CONTRIBUTION TO THE COMPANY.

"ONE FORM THIS NEW EMPHASIS ON EFFICIENCY IS TAKING IS SIMPLIFICATION OF ORGANIZATIONAL STRUCTURE TO CRATE MORE FLEXIBILITY.

"THE BUCHO NO LONGER HAS TO CHANNEL HIS ORDERS TO SUBORDINATES THROUGH THE SECTION HEAD. THE FORMER SECTION HEAD NOW SUPERVISES A SPECIFIC PROJECT AND IS ASSIGNED PERSONNEL ACCORDING TO HIS NEEDS. THIS FLEXIBILITY MAKES IT POSSIBLE TO MAKE THE BEST POSSIBLE USE OF EMPLOYEES AND THEIR ABILITIES. THIS IS STILL A TREND. BUT SHORTAGE OF WORKERS, RISING COSTS AND INCREASED COMPETITION FROM FOREIGN COMPANIES HAVE COMPELLED LEADING COMPANIES TO OVERHAUL THEIR STRUCTURE AND MODERNIZE THEIR BUSINESS PRACTICES."

THE JAPAN TIMES IS, I FEAR, UNDULY OPTIMISTIC IN ITS ASSESSMENT OF THE EXTENT OF THE CHANGE. COMPARATIVELY FEW COMPANIES HAVE, SO FAR, TAKEN UP THE NEW WAY OF DOING THINGS; THE HUGE MAJORITY CONTINUE STUBBORNLY ALONG THE OLD PATH.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

② ....IN THE COURSE OF THE FANTASTIC ECONOMIC DEVELOPMENT OF POST-WAR JAPAN, ALONG WITH THE INTRODUCTION OF HIGHLY IMPROVED TECHNICAL EQUIPMENT, MODERN MANAGEMENT (AS DEVELOPED PARTICULARLY IN THE UNITED STATES) HAS BECOME THE GREAT CONCERN OF JAPANESE MANAGERS AND OF SOCIOLOGISTS SPECIALIZING IN MANAGEMENT. HUNDREDS OF BOOKS AND THOUSANDS OF MAGAZINE AND JOURNAL ESSAYS HAVE BEEN DEVOTED TO DISCUSSING THE ISSUE OF THE INTRODUCTION OF AMERICAN-STYLE MANAGEMENT. THE MAJOR ARGUMENTS CONCERN THE ADVISABILITY OF THE CHANGE FROM THE SENIORITY SYSTEM TO THE MERIT SYSTEM. IN THE MAIN, MANAGERS SEEM STILL TO BE RETAINING FAITH IN THE SENIORITY SYSTEM, WHILE SCHOLARS AND CRITICS URGE MORE AND MORE INSISTENTLY CHANGING TO THE MERIT SYSTEM. MANAGERS SAY THEY CANNOT RISK THEIR COMPANIES; IT IS FOR THEM A MATTER OF LIFE AND DEATH, WHILE FOR THE SCHOLARS IT IS SIMPLY A MATTER OF ACADEMIC DEBATE.

CHIE NAKANE  
JAPANESE SOCIETY

③ ....A VERY CAPABLE MAN OFTEN FINDS IT DIFFICULT TO REMAIN IN HIS GROUP. WHEN HIS CONTRIBUTION IS VERY OBVIOUS TO ANYONE OUTSIDE THE GROUP AND HIS REPUTATION BRINGS HIM OUTSIDE POPULARITY IT VERY OFTEN HAPPENS THAT HE INCURS HIS COLLEAGUES' JEALOUSY AND HOSTILITY. ANY POPULARITY OR OUTSIDE REPUTATION SHOULD BE ENJOYED BY THE GROUP AS A WHOLE, NOT BY THE INDIVIDUAL; NO INDIVIDUAL POPULARITY SHOULD EXCEED THAT OF THE SENIOR OR BOSS. THE JAPANESE ETHIC PUTS HIGH VALUE ON THE HARMONIOUS INTEGRATION (WA) OF GROUP MEMBERS. THE DEFIANCE OF INDIVIDUAL QUALITY AND ACHIEVEMENT, WHICH DERIVES FROM THE GROUP STRUCTURE, OFTEN LEADS A CAPABLE MAN WITH NO IMMEDIATE CHANCE OF ATTAINING LEADERSHIP TO LEAVE THE GROUP AND ESTABLISH HIMSELF INDEPENDENTLY.

CHIE NAKANE  
JAPANESE SOCIETY

⑤ ...THERE IS NECESSARILY, EVEN IN THE MOST MODERN COMPANIES, A STRONG RESISTANCE TO ANY CHANGE IN MANAGEMENT-EMPLOYEE RELATIONS, FOR CHANGE INVOLVES RISKS AND CREATES NEW PATTERNS AND PROBLEMS WHICH THE PRESENT MANAGERS MAY FEEL UNABLE TO COPE WITH. (THIS SITUATION DOES NOT EXIST TO THE SAME EXTENT IN THE TECHNICAL FIELD.) THUS, NO SUDDEN DRASTIC CHANGE IS TO BE EXPECTED--OR EVEN DESIRED. A WHOLE SHIFT TO THE WESTERN SYSTEM OF PAY BY PERFORMANCE AND RESPONSIBILITY BY POSITION, WITH THE ABOLITION OF THE JAPANESE SYSTEM OF SENIORITY AND LIFE TENURE, COULD BE SUCH A TRAUMATIC EXPERIENCE THAT GRAVE CIVIL DISTURBANCE MIGHT EASILY RESULT. HOWEVER, THERE IS NO SUGGESTION THAT THE CHANGE IS LIKELY TO OCCUR QUICKLY; IT WILL ALMOST CERTAINLY COME ABOUT, AS I HAVE SUGGESTED, THROUGH THE GRADUAL INTEGRATION OF WESTERN IDEAS AND METHODS INTO THE TRADITIONAL JAPANESE STRUCTURE; CONSIDERING THE MAKE-UP OF JAPANESE MANAGEMENT, IT SEEMS OBVIOUS THAT THERE MUST NECESSARILY BE RELUCTANCE TO CHANGE AND THAT IT CAN ONLY COME SLOWLY.

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

#### ④ THE EMERGENCE OF A NEW BUSINESS LEADERSHIP

1. ...THE OCCUPATION-DIRECTED ECONOMIC REFORMS, AMONG OTHER THINGS, DISSOLVED THE ENTRENCHED ZAIBATSU SYSTEM, WHICH SUBSEQUENTLY LED TO THE WIDE DIFFUSION OF CORPORATE OWNERSHIP. THIS RESULTED IN THE SEPARATION OF OWNERSHIP AND MANAGEMENT IN JAPAN'S LEADING CORPORATIONS. THE REAL CONTROL OF THESE CORPORATIONS THEN SHIFTED TO, AND CONTINUES TO REMAIN IN THE HANDS OF, PROFESSIONAL MANAGERS WHO HAD COME UP FROM THE RANKS. A MAJOR REVISION OF JAPAN'S COMMERCIAL CODE, IN 1950, FURTHER ASSURED THE DOMINANT POSITION OF PROFESSIONAL MANAGERS IN THE CORPORATE ORGANIZATION. AMONG A NUMBER OF OTHER SIGNIFICANT CHANGES, IT REDUCED THE POWER OF THE SHAREHOLDERS AND SIGNIFICANTLY INCREASED THE POWER OF THE BOARD OF DIRECTORS...

2. THE OCCUPATION'S SWEEPING PERSONNEL PURGE OF WAR-TIME LEADERS, INCLUDING PROMINENT BUSINESS EXECUTIVES, SUDDENLY CREATED KEY VACANCIES IN THE TOP MANAGERIAL ECHELONS OF JAPAN'S LEADING CORPORATIONS. THROUGH TWO SUCCESSIVE MEASURES, IT IS ESTIMATED THAT A TOTAL OF OVER 3,600 KEY EXECUTIVES IN JAPAN'S LEADING CORPORATIONS AND 56 MEMBERS OF THE ZAIBATSU FAMILIES WERE PURGED, CREATING A CRUCIAL LEADERSHIP GAP IN THESE COMPANIES. THE GAP WAS QUICKLY FILLED, FOR THE MOST PART, BY MEN FROM THE UPPER-MIDDLE LEVEL OF MANAGEMENT WHO, AT THE TIME OF THE DEFEAT, WERE SERVING IN SUCH FUNCTIONS AS DEPARTMENT HEADS, PLANT MANAGERS, DIVISIONAL HEADS, AND SO ON. THEY WERE COMPARATIVELY YOUNG MEN, MOST OF THEM IN THEIR FORTIES...

3. POSTWAR JAPAN WITNESSED THE RISE OF A NUMBER OF VERY SUCCESSFUL FOUNDER-TYPE ENTREPRENEURS WHO WERE ABLE TO SEIZE UPON NEWLY CREATED OPPORTUNITIES. UNDER THEIR BRILLIANT LEADERSHIP, THEIR FIRMS HAVE ACHIEVED A PREEMINENT POSITION IN POSTWAR JAPAN. SOME OF THESE OUTSTANDING ENTREPRENEURS INCLUDED KONOSUKE MATSUSHITA (MATSUSHITA ELECTRIC), SAZO IDEMITSU (IDEMITSU KOSAN), SHOJIRO ISHIBASHI (BRIDGESTONE TIRES), MASARU IBUKA (SONY), AND SOICHIRO HONDA (HONDA MOTORS).

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM

⑥ IT IS IMPORTANT TO RECOGNIZE THAT THE JAPANESE MANAGEMENT IDEOLOGY DIFFERED BASICALLY FROM THE WESTERN CONCEPT OF COOPERATION BETWEEN LABOR AND MANAGEMENT. WHILE THE LATTER IS BASED ON EXPLICIT RECOGNITION OF MANAGEMENT AND LABOR AS TWO DISTINCT ENTITIES, JAPANESE INDUSTRIAL PATERNALISM DOES NOT RECOGNIZE SUCH A DISTINCTION...

THE PATERNALISTIC IDEOLOGY WOULD HAVE BEEN FUTILE HAD IT NOT BEEN ACCEPTED BY THE EMPLOYEES...WE SHOULD NOTE THAT INDUSTRIAL PATERNALISM WAS PRIMARILY OFFERED TO MALE WORKERS WHO HAD BECOME INCREASINGLY IMPORTANT IN THE NATION'S INDUSTRIAL SYSTEM. IT HAD A GREAT DEAL OF APPEAL TO THEM. THEY WERE, THEMSELVES, HEADS OF THEIR OWN FAMILIES, OR AT LEAST POTENTIALLY SO...ALTHOUGH THEY HAD CLOSE RURAL TIES, ONCE THEY LEFT THEIR VILLAGES, THE POVERTY THERE PRECLUDED THEIR RETURNING PERMANENTLY TO THE PROTECTIVE UMBRELLA OF THE FAMILY COLLECTIVITY. THEY SOMEHOW HAD TO SUSTAIN THEMSELVES IN THE UNFAMILIAR INDUSTRIAL ENVIRONMENT.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM

Emergence of a New Business LeadershipThe Japanese Business Association as a Means of  
Developing a Business Ideology

This page provides some discussion on Japanese business organizations and particularly the Keizai Doyukai. While not the most powerful or important of the business organizations, the Keizai Doyukai is important in its role as a spokesman for the new business elite. As has been discussed on the previous pages and elsewhere, the post war business elite now enjoys unprecedented prestige in Japan. From the lowest strata of Tokugawa society, the businessman has risen to the highest. The importance of this change to an understanding of modern business in Japan cannot be overstated. In Japanese society the leadership cannot be solely or even largely preoccupied with self-interest. The interests of the community as a whole, i.e. Japan, come first. Thus it should not be surprising that the leading Japanese corporations have placed their companies' growth and the aggrandizement of the economy as a whole above corporate profits as a company goal. Just as it should not be surprising that business and government have worked closely together for the furthering of national goals. The attempt to reconcile this "approach" to business with traditional capitalist ideology, which is inherently selfish, has been, therefore, a rather interesting problem for the Japanese business leadership. Their attempts to do so, as illustrated by the two resolutions quoted in the next page, are particularly interesting in this context.

① THE MOST POWERFUL BUSINESS ASSOCIATION IS, WITHOUT DOUBT, THE KEIDANREN, OR THE FEDERATION OF ECONOMIC ORGANIZATIONS. THE KEIDANREN IS SOMEWHAT SIMILAR TO THE NATIONAL ASSOCIATION OF MANUFACTURERS IN THE UNITED STATES, BUT ITS MEMBERSHIP IS FAR MORE ENCOMPASSING AND IT ENJOYS GREATER POWER AND PRESTIGE. THE KEIDANREN WAS ESTABLISHED IN AUGUST 1946, INCORPORATING FIVE MAJOR WARTIME ECONOMIC ORGANIZATIONS. TODAY, IT CONSISTS OF 102 ORGANIZATIONS, MOST OF WHICH ARE TRADE ASSOCIATIONS, AND 750 LEADING CORPORATIONS IN ALMOST EVERY FIELD OF INDUSTRY AND COMMERCE....

THE KEIDANREN LEADERSHIP, AS IS TO BE EXPECTED, IS IN THE HANDS OF SOME OF THE MOST POWERFUL AND PROMINENT BUSINESS LEADERS. IN FACT, IN TERMS OF POWER AND PRESTIGE, THEY REPRESENT THE CREST OF THE JAPANESE BUSINESS POWER STRUCTURE. UNDERSTANDABLY, THE ORGANIZATION IS CONSERVATIVE IN ITS POLITICAL IDEOLOGY, IS FIRMLY COMMITTED TO THE FREE ENTERPRISE SYSTEM, AND PREFERS TO KEEP GOVERNMENTAL INTERVENTION IN THE PRIVATE BUSINESS SECTOR TO A MINIMUM. ITS LEADERSHIP EXERTS CONSIDERABLE INFLUENCE ON GOVERNMENT POLICIES THROUGH BOTH FORMAL AND INFORMAL CHANNELS. IN MATTERS OF POLICY, THIS ASSOCIATION HAS BEEN THE MOST IMPORTANT SPOKESMAN FOR BIG BUSINESS IN JAPAN.

THE SECOND MAJOR BUSINESS ASSOCIATION IS THE FEDERATION OF EMPLOYERS' ASSOCIATIONS, OR NIKKEIREN. ALTHOUGH THE SCOPE OF ITS ACTIVITIES COVERS A BROAD FRONT, ITS PRIMARY FUNCTION IS TO REPRESENT THE EMPLOYERS' INTERESTS VIS-A-VIS LABOR UNIONS. ITS PREDECESSOR WAS FIRST ORGANIZED SHORTLY AFTER WORLD WAR I TO COMBAT THE RISING LABOR MOVEMENT AND SOCIALISTIC IDEOLOGY. IT SUBSEQUENTLY LOST MUCH OF ITS RAISON D'ETRE WHEN THE GOVERNMENT ITSELF BEGAN TO SUPPRESS THE LABOR MOVEMENT. BUT, IN THE FACE OF SERIOUS LABOR PROBLEMS IN THE IMMEDIATE AFTERMATH OF WORLD WAR II, IT WAS REACTIVATED....

THE THIRD MAJOR BUSINESS ASSOCIATION IS THE NISSHO, OR THE CHAMBER OF COMMERCE AND INDUSTRY OF JAPAN, REPRESENTING 448 LOCAL CHAMBERS OF COMMERCE, WITH A COMBINED MEMBERSHIP OF SOME 350,000. (ITS PREDECESSOR WAS FIRST ORGANIZED IN 1892.) THE NISSHO, IN CONTRAST TO THE KEIDANREN, REPRESENTS THE INTERESTS OF THE NATION'S SMALL-TO MEDIUM-SIZE ENTERPRISES. BECAUSE OF ITS VERY SIZE AND DUE TO THE FACT THAT ITS MEMBERS ARE OFTEN PROMINENT CITIZENS IN THEIR RESPECTIVE AREAS, THE NISSHO HAS BEEN A POLITICAL AND ECONOMIC FORCE TO RECKON WITH.

FINALLY, THERE IS THE STRATEGIC KEIZAI DOYUKAI, OR THE JAPANESE COMMITTEE FOR ECONOMIC DEVELOPMENT....

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM,

② THE DOYUKAI WAS ESTABLISHED IN THE SPRING OF 1946... BY A GROUP OF YOUNG AND PROGRESSIVE EXECUTIVES OF LEADING CORPORATIONS. THESE MEN, DISSATISFIED WITH PAST BUSINESS LEADERSHIP AND WITH TRADITIONAL IDEOLOGY, AND CONFRONTED WITH THE MOUNTING ECONOMIC CRISIS, SOUGHT OUT THOSE WHO SHARED THEIR OWN SENSE OF URGENCY. THE CHARTER MEMBERSHIP, CONSISTING OF NO MORE THAN 70 EXECUTIVES, PERCEIVED AS THE PRIMARY TASK OF THE DOYUKAI THE FORMULATION OF A MANAGERIAL IDEOLOGY VIABLE IN THE POSTWAR SITUATION. FROM THIS RATHER SMALL NUCLEUS, THE ORGANIZATION HAS GROWN INTO A MAJOR BUSINESS ASSOCIATION WITH CONSIDERABLE POWER AND PRESTIGE...

ALTHOUGH THE DOYUKAI IS NOT THE SOLE ARTICULATOR OF SIGNIFICANT BUSINESS IDEOLOGIES IN POSTWAR JAPAN, AND ITS IDEOLOGICAL POSITION IS NOT UNIVERSALLY ACCEPTED, A CAREFUL EXAMINATION OF WHAT IT STANDS FOR IS JUSTIFIED ON THE FOLLOWING GROUNDS:

1. THE DOYUKAI, UNLIKE THE OTHER PROMINENT BUSINESS ASSOCIATIONS, HAS ALWAYS VIEWED ITS CHIEF FUNCTION AS THAT OF ARTICULATING A BUSINESS IDEOLOGY CONGRUENT WITH THE NEW ERA.
2. THE MEMBERSHIP OF DOYUKAI CONSISTS ALMOST EXCLUSIVELY OF THE POSTWAR TYPE OF PROFESSIONAL EXECUTIVE: THUS, IT REPRESENTS THE POINT OF VIEW OF THE NEW CLASS OF MANAGERIAL ELITE THAT EMERGED IN THE POSTWAR ERA.
3. EVERY MAJOR IDEOLOGICAL STATEMENT OFFICIALLY ADOPTED BY THE DOYUKAI IS A PRODUCT OF CAREFUL DELIBERATIONS, NOT ONLY BY ITS LEADERSHIP BUT BY ITS RANK AND FILE MEMBERS AS WELL. AS A RESULT, IT REPRESENTS SERIOUS AND CAREFULLY FORMULATED OPINIONS OF JAPAN'S THOUGHTFUL BUSINESS LEADERS.
4. AS THE CHIEF IDEOLOGICAL SPOKESMAN FOR THE NEW TYPE OF PROFESSIONAL EXECUTIVE, THE DOYUKAI HAS HAD A CONSIDERABLE IMPACT IN SHAPING HIS THOUGHTS AND IDEOLOGIES. ITS IMPACT HAS STEADILY BEEN ENHANCED AS ITS MEMBERSHIP HAS INCREASED AND AS ITS LEADERS HAVE ADVANCED TO KEY TOP MANAGEMENT POSITIONS IN THEIR RESPECTIVE CORPORATIONS, THEREBY IMPROVING THEIR STANDING IN THE JAPANESE BUSINESS COMMUNITY. THE FACT THAT THE DOYUKAI'S MEMBERSHIP GREW FROM ABOUT 70 TO NEARLY 1,000 KEY EXECUTIVES OF JAPAN'S LEADING CORPORATIONS IS ELOQUENT PROOF OF THE DEGREE TO WHICH POSTWAR PROFESSIONAL MANAGERS HAVE FOUND THE DOYUKAI PHILOSOPHY CONGENIAL AND ACCEPTABLE.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM

③ IN THE BUSINESS COMMUNITY, KEIDANREN IS THE QUASI-OFFICIAL SPOKESMAN FOR BUSINESS, BUT SUCH GROUPINGS AS KEIZAI DOYUKAI, WHILE WITHOUT OFFICIAL SANCTION, INCLUDE PRESTIGIOUS INDIVIDUALS WHOSE GROUP VOICE OBTAINS A HEARING. RATHER LIKE THE U.S. COMMITTEE ON ECONOMIC DEVELOPMENT, KEIZAI DOYUKAI IS ONE OF SEVERAL GROUPS THAT ATTEMPT TO SPEAK TO POLICY QUESTIONS ON BEHALF OF BUSINESS. THESE GROUPS DO NOT, HOWEVER, HAVE A DIRECT INVOLVEMENT IN THE PROCESS OF DECISION-MAKING.

JAMES C. ABEGGLEN, BUSINESS STRATEGIES FOR JAPAN, P. 74.

④ THE BUSINESS COMMUNITY HAS PARALLEL HIERARCHIES FOR DEALING WITH THE GOVERNMENTAL HIERARCHIES. VIRTUALLY ALL SECTORS OF JAPANESE BUSINESS AND INDUSTRY ARE ORGANIZED INTO TRADE ASSOCIATIONS. THESE ASSOCIATIONS SERVE A WIDE VARIETY OF FUNCTIONS, FROM COLLATION OF STATISTICS TO REPRESENTATION OF THE INDUSTRY TO GOVERNMENT AND IN THE COMMUNITY. IN TURN, THE FEDERATION OF ECONOMIC ORGANIZATIONS (KEIDANREN) IS SPOKESMAN FOR THE TRADE ASSOCIATIONS WHICH MAKE UP KEIDANREN'S MEMBERSHIP. KEIDANREN IS SPOKESMAN FOR THE BUSINESS COMMUNITY AS A WHOLE IN MAJOR POLICY MATTERS AFFECTING BUSINESS, AND IN THE RELATIONS OF JAPANESE BUSINESS WITH COUNTER-PART GROUPS IN OTHER COUNTRIES. ANALOGIES TO THE U.S. CHAMBER OF COMMERCE OR NATIONAL ASSOCIATION OF MANUFACTURERS SHOULD BE AVOIDED HERE; THE PRESTIGE AND REAL POWER OF KEIDANREN FAR EXCEEDS THAT OF THESE AMERICAN GROUPS.

JAMES C. ABEGGLEN, BUSINESS STRATEGIES FOR JAPAN, P. 73.

⑤ WHILE HELPING TO MODERNIZE THE MANAGEMENT SYSTEM THROUGH IMPORTATION OF NEW KNOWLEDGE FROM THE UNITED STATES, PROFESSIONAL MANAGERS OF POSTWAR JAPAN DID NOT IGNORE THE TASK OF CULTIVATING IDEAS AND METHODS SUITED TO THE PARTICULAR SOCIAL AND ECONOMIC ENVIRONMENT OF JAPAN. THE JAPAN COMMITTEE FOR ECONOMIC DEVELOPMENT (KEIZAI DOYUKAI), ORGANIZED BY A GROUP OF YOUNG EXECUTIVES IMMEDIATELY AFTER THE WAR, HAS PLAYED A LEADING ROLE IN PERFORMING SUCH A TASK. THE COMMITTEE'S DECLARATION ON SOCIAL RESPONSIBILITY OF EXECUTIVES, IN 1956, INDICATES THE NEW CHARACTER OF THE POSTWAR GENERATION OF PROFESSIONAL MANAGERS.

RYUTARO KOMIYA  
POSTWAR ECONOMIC GROWTH IN JAPAN

⑥ ....CLEARLY, CONSIDERABLE NUMBERS IN THE POSTWAR GENERATIONS OF EXECUTIVES SAW IN THE DOYUKAI PRONOUNCEMENTS A CLEAR ARTICULATION OF THEIR OWN IDEAS. MANY EXECUTIVES HAVE INTERNALIZED OR HAVE ATTEMPTED TO INTERNALIZE THE CRITERIA SET IN THE DOYUKAI DECLARATIONS. HOWEVER, THERE WERE THOSE WHO REGARDED THE DOYUKAI STATEMENTS AS NOTHING MORE THAN CONVENIENT AND HIGH-SOUNDING IDEOLOGICAL PRONOUNCEMENTS FOR PUBLIC CONSUMPTION. ALTHOUGH IT IS IMPOSSIBLE TO ASSESS ACCURATELY THE IMPACT OF THE VARIOUS DOYUKAI IDEAS AND IDEALS ON INDIVIDUAL EXECUTIVES AND ON THEIR PRACTICAL REACTIONS TO THEM, THE DOYUKAI HAS PLAYED A VITAL ROLE OF IDEOLOGICAL SPOKESMAN FOR JAPAN'S PROFESSIONAL MANAGERS.

M. Y. YOSHINO  
JAPAN'S MANAGERIAL SYSTEM, P. 113

The Japanese Business Association as a Means of  
Developing a Business Ideology

The Development of a Modern Business Ideology

"THE SOCIAL RESPONSIBILITIES OF BUSINESS LEADERSHIP"  
(NOVEMBER 21, 1965, THE 9TH NATIONAL CONFERENCE)  
1956 RESOLUTION OF THE KANSAI DOYUKAI

THE MOST IMPORTANT THING FOR US TO DO NOW IS TO RECOGNIZE THE SOCIAL RESPONSIBILITIES OF BUSINESS LEADERS AND PUT THEM INTO PRACTICE.

TODAY, BUSINESS IS NO LONGER A PRIVATE PROPERTY, BUT A POWERFUL LINK IN OUR SOCIAL SYSTEM. ITS MANAGEMENT IS NO LONGER RESPONSIBLE ONLY TO INVESTORS, BUT IS ENTRUSTED WITH ITS POWER BY THE ENTIRE SOCIETY.

THE ERA IN WHICH THE INTERESTS OF AN INDIVIDUAL CORPORATION COINCIDED WITH THOSE OF SOCIETY AS A WHOLE IS GONE. TODAY, WITHOUT CONSCIOUS EFFORT ON THE PART OF BUSINESSMEN TO RECONCILE THE TWO, WE CAN NO LONGER EXPECT THE GROWTH OF AN INDIVIDUAL COMPANY, LET ALONE THE GROWTH OF THE NATIONAL ECONOMY.

IN OTHER WORDS, BOTH FROM AN ETHICAL AND PRACTICAL POINT OF VIEW, TODAY'S BUSINESSMEN ARE NO LONGER ALLOWED TO SINGLE-MINDEDLY PURSUE THE INTERESTS OF THEIR OWN COMPANIES. THEY MUST UTILIZE ALL PRODUCTIVE RESOURCES TO MANUFACTURE HIGH-QUALITY, YET INEXPENSIVE, GOODS AND SERVICES WHICH ARE IN HARMONY WITH THE TOTAL ECONOMY AND SOCIETY. THIS TYPE OF MANAGEMENT ALONE DESERVES TO BE CALLED MODERN MANAGEMENT, AND ITS PRACTICE IS THE SOCIAL RESPONSIBILITY OF TODAY'S BUSINESSMEN.

...WE RECOGNIZE THAT THE GREATEST RESPONSIBILITY OF BUSINESS LEADERS IS TO MODERNIZE MANAGEMENT TECHNIQUES ON THE ONE HAND, AND TO IMPROVE THE STRUCTURE OF THE ECONOMY ON THE OTHER HAND.

# 1. IMPROVEMENTS OF THE ECONOMIC STRUCTURE

...IN THE FUTURE, WE MUST CREATE AN ECONOMY WHICH CAN MEET THE EXPECTATIONS OF THE JAPANESE PEOPLE BY IMPROVING THE ECONOMY OF THE BACKWARD SECTORS IN GENERAL, AND THE PRODUCTIVITY OF SMALL AND MEDIUM SIZE BUSINESSES

IN PARTICULAR, AND BY FURTHER MODERNIZING THE MODERN SECTOR TO IMPROVE ITS INTERNATIONAL COMPETITIVENESS. TO ACCOMPLISH THESE ENDS, WE MUST FIRST UNDERSTAND THE TRUE NATURE OF MODERN CAPITALISM.

CAPITALISM IS BASED ON THE RESPECT FOR INDIVIDUAL FREEDOM. JUST AS IT GUARANTEES THE FREEDOM OF ELECTION IN POLITICS, ITS BACKBONE IS THE FREEDOM OF CHOICE ON THE PART OF THE CONSUMERS. THIS IS WHY CAPITALISM IS COMPATIBLE WITH HUMAN NATURE.

...UNDER MODERN CAPITALISM, WORKERS ARE GUARANTEED STABILITY AND IMPROVEMENT OF LIVING STANDARDS THROUGH SOUND UNIONISM WHICH IN TURN EXPANDS WORKERS' PURCHASING POWER AND DEMANDS; BUSINESS IMPROVES PRODUCTIVITY THROUGH FAIR COMPETITION, MAKES CONSTANT EFFORTS FOR TECHNOLOGICAL INNOVATIONS AND NEW MARKET DEVELOPMENTS, GUIDES THE ECONOMY TO STABILITY THROUGH PLANNED INVESTMENTS, AND ACTS AS THE PROMOTER OF ECONOMIC DEVELOPMENT.

THE GOVERNMENT, WHILE REMAINING WITHIN ITS DOMAIN, DIRECTS THE ECONOMY IN A FLEXIBLE MANNER THROUGH WISE AND PROPER MONETARY AND FINANCIAL POLICIES. THE ABUSES OF THE LAISSEZ-FAIRE CAPITALISM ARE A THING OF THE PAST. MODERN CAPITALISM IS SUCCESSFULLY ACHIEVING PROGRESS AND STABILITY THROUGH SUPPORTING FREE AND AMBITIOUS ACTIVITIES OF INDIVIDUALS WHICH ARE THE WELLSPRING OF SOCIAL PROGRESS.

...IN CONSIDERING THESE FACTORS, WE SEEK THE BASIC PHILOSOPHY FOR THE FUTURE DEVELOPMENT OF OUR ECONOMY IN EVOLVING CAPITALISM AS DESCRIBED EARLIER. NATURALLY, IT HAS TO BE MODIFIED IN JAPAN, WHERE THE GEOGRAPHY, PEOPLE, RESOURCES, AND HISTORY ARE QUITE DIFFERENT FROM OTHER COUNTRIES. A LARGE MEASURE OF OUR CONFIDENCE IN CAPITALISM IS BASED ON SUCH PROSPECTS FOR MODIFICATION.

FROM THIS POINT OF VIEW, WE MUST, FIRST OF ALL, REMAKE OUR ECONOMY INTO ONE WHICH IS BASED ON ECONOMIC RATIONALISM, AND WHICH AT THE SAME TIME ALLOWS EXPRESSION OF CREATIVITY AND SMOOTH WORKING OF THE ECONOMY. THE JAPANESE ECONOMY, WHICH AIMED AT THE RECOVERY FROM THE WAR IN THE LAST TEN YEARS, MUST NOW REWRITE ITS OBJECTIVES TO CHANGING ITS STRUCTURE TO ALLOW NEW GROWTH....

## ESTABLISH SOCIAL BALANCE

TO CHANGE THE STRUCTURE OF THE ECONOMY, IT IS NECESSARY TO ESTABLISH A SOUND SYSTEM OF CHECKS AND BALANCES AMONG BUSINESS, LABOR UNIONS, AND GOVERNMENT, SO THAT EACH WILL REMAIN WITHIN ITS PROPER DOMAIN AND NONE WILL BE ABOVE OR SUBJECT TO THE OTHERS. IF THIS IS NOT ESTABLISHED, IT WILL ALLOW SOME TO MONOPOLIZE POWER ON THE ONE HAND, AND WILL CURB THE WILL FOR AUTONOMOUS DEVELOPMENT ON THE OTHER HAND. THIS, IN TURN, WILL WIDEN

## ESTABLISH RULES FOR FAIR COMPETITION

...FAIR COMPETITION HINGES ON PRODUCTIVITY. THE BACKWARD SECTORS MUST BECOME QUALITATIVELY, IF NOT QUANTITATIVELY, EQUAL TO MODERNIZED SECTORS IN ORDER TO SURVIVE. THE PRACTICE OF FAIR COMPETITION WILL PLAY AN IMPORTANT ROLE IN ELIMINATING THE GAP IN OUR ECONOMY. FURTHERMORE, THE INCREASED PROFIT PRODUCED BY A PRODUCTIVITY GAIN WILL RESULT IN LOWER PRICES, IN EXPANDED CONSUMER DEMANDS, AND IN INTERNATIONAL COMPETITIVENESS OF THE JAPANESE BUSINESS. OR, BY ALLOWING WAGE INCREASES WHICH ARE FREE FROM INFLATION, IT WILL RAISE THE LIVING STANDARDS AND EXPAND THE MARKET. IT WILL ALSO INCREASE DIVIDENDS OR RETAINED EARNINGS WHICH WILL STABILIZE CORPORATE CAPITAL STRUCTURE AND ENABLE FURTHER DEVELOPMENT.

## 2. MODERNIZATION OF MANAGEMENT

TODAY, BUSINESS IS ONE OF OUR SOCIAL INSTITUTIONS. THE PRIMARY RESPONSIBILITY OF MANAGEMENT IS TO MAINTAIN AND DEVELOP IT. TO ACHIEVE THIS GOAL, BUSINESSMEN MUST MODERNIZE MANAGEMENT TECHNIQUES AND STRENGTHEN CORPORATE CHARACTER TO INCREASE PRODUCTIVITY. WE MUST ESTABLISH CORPORATE OBJECTIVES AND TAKE ACTIVE MEASURES TO IMPROVE PROFITS, DIVIDENDS, CORPORATE STRUCTURE, AND HUMAN RELATIONS.

TO INCREASE CORPORATE PROFITS UNDER THE RULES OF FAIR COMPETITION IS NOT ONLY THE DRIVING FORCE FOR ECONOMIC DEVELOPMENT UNDER CAPITALISM, BUT IS THE HIGHEST OBJECTIVE OF MANAGEMENT.

...CORPORATE INCOME PRODUCED IN THIS MANNER IS THE PRODUCT OF PLANNED INVESTMENTS CARRIED OUT WITH THE LONG-RANGE VIEW, WHICH IS ESSENTIAL TO MODERN MANAGEMENT, AND DOES NOT MEAN ACCIDENTAL INCOME DUE TO FACTORS OUTSIDE OF CORPORATE EFFORTS.

WE MUST PRACTICE MODERN MANAGEMENT TO ACHIEVE THIS PURPOSE. RECENTLY, THIS PROBLEM HAS BEEN TAKEN UP SERIOUSLY AND MANY COMPANIES ARE ACTIVELY ADOPTING AMERICAN MANAGEMENT TECHNIQUES. HOWEVER, ONE MUST NOT FORGET THAT THEY ARE A PRODUCT OF HALF A CENTURY'S EXPERIENCES AND TENACIOUS EFFORTS WHICH MADE TODAY'S AMERICAN BUSINESS. FOR THIS REASON, WE MUST PROCEED WITH THE MODERNIZATION OF JAPANESE BUSINESS WITH CAUTION THROUGH "INDUSTRIAL ENGINEERING" AND AVOID THE PITFALLS OF IMPORTING AMERICAN MANAGEMENT TECHNIQUES WITHOUT MODIFICATIONS AND FAIL TO DIGEST THEM.

A FAIR DISTRIBUTION OF INCOME IS ESSENTIAL TO GOOD HUMAN RELATIONS. ALTHOUGH THE PRIMARY TASK OF MANAGEMENT IS TO INCREASE CORPORATE INCOME WHICH WILL INCREASE THE ABSOLUTE AMOUNT TO BE DIVIDED AMONG THE THREE, AN ENTERPRISE CANNOT DEVELOP WITHOUT A FAIR DISTRIBUTION OF SUCH INCOME. THIS IS WHY WE PLACE FAIR DISTRIBUTION AS THE SECOND MOST IMPORTANT GOAL FOR MANAGEMENT.

IN DISTRIBUTING INCOME, WE MUST CAREFULLY CONSIDER THAT WAGE IS RELATED TO PRODUCTIVITY, AND IT MUST MEET SUCH HUMAN NEEDS AS LIVING EXPENSES, AND THAT IT CREATES MARKETS AS PURCHASING POWER. ON THE OTHER HAND, THE INTERNAL RESERVES INFLUENCE PRODUCTION CAPACITIES AND THE COMPANY'S ABILITY TO SURVIVE DANGERS.

THIS IS TO SAY THAT, IN ORDER TO ACTIVELY MAINTAIN GOOD HUMAN RELATIONS AND TO ENABLE FURTHER DEVELOPMENTS OF NATIONAL ECONOMY, THE MANAGEMENT, AS WELL AS THE ENTIRE CORPORATION, MUST BE INFUSED WITH HUMANISM INTERFACED WITH ECONOMIC RATIONALISM. THIS IS THE IDEAL OF MODERN CAPITALISM. WE BELIEVE THAT "FAIR PROFIT" IS THE YARDSTICK OF ECONOMIC RATIONALISM, AND "FAIR DISTRIBUTION" THE EXPRESSION OF HUMANISM.

## THE DEVELOPMENT OF A MODERN BUSINESS IDEOLOGY

## "THE NEW MANAGEMENT CONCEPTS FOR THE NEW ENVIRONMENTS"

## 1964 RESOLUTION OF THE KANSAI DOYUKAI

THE UNBALANCES IN VARIOUS SOCIAL AND ECONOMIC ASPECTS OF JAPAN, WHICH ACCOMPANIED THE UNPRECEDENTED ECONOMIC DEVELOPMENT, ARE GETTING VERY SERIOUS. AT THE SAME TIME, JAPAN IS ABOUT TO BECOME A MEMBER OF THE INTERNATIONAL COMMUNITY WITH THE RIGHT AND OBLIGATION TO COOPERATE AS WELL AS COMPETE WITH OTHER MEMBERS.

THIS MEANS JAPAN NOW HAS THE OBLIGATION TO CONTRIBUTE TO THE DEVELOPMENT AND MAINTENANCE OF ORDER OF THE GLOBAL ECONOMY THROUGH (1) FREE AND FAIR COMPETITION WITH THE ADVANCED NATIONS, AND (2) AID TO DEVELOPING NATIONS.

BOTH PUBLIC POLICY MAKERS AND BUSINESS LEADERS, WHO NOW HAVE WIDE-SPREAD INFLUENCE ON OUR SOCIETY, ARE RESPONSIBLE FOR UNBALANCES WHICH HAVE DEVELOPED IN THE PAST SEVERAL YEARS.

BUSINESSMEN HAVE IGNORED RATIONAL MANAGEMENT PRACTICES IN THEIR HASTE TO EXPAND THEIR MARKET SHARES--BY PLACING TOO MUCH EMPHASIS ON QUANTITATIVE GROWTH AND ON POWER STRUGGLES AMONG THEMSELVES....

CONCENTRATION ON ECONOMIC GROWTH HAS CAUSED SUCH SOCIAL PROBLEMS AS POLLUTION, DETERIORATION OF ENVIRONMENT, DESTRUCTION OF NATURE, CONFUSION OF VALUES, AND GENERAL LOWERING OF MORAL STANDARDS WHICH WILL HAVE SERIOUS REPERCUSSIONS IN THE LONG RUN.

JAPANESE ADOPTION OF AN OPEN ECONOMY AND ENTRY INTO INTERNATIONAL COMPETITION URGENTLY CALLS FOR CORRECTION OF THESE SHORTCOMINGS....

IN THIS CONNECTION, WE POINT OUT THE FOLLOWING 3 PROBLEMS.

(1) OUR ECONOMIC COMMUNITY HAS MANY IRRATIONALITIES NURTURED IN THE UNIQUE JAPANESE SOCIAL STRUCTURE AND CONSCIOUSNESS. IN A SENSE, THESE IRRATIONAL PRACTICES WORKED AS LUBRICANTS IN THE OPERATION OF OUR ECONOMIC SOCIETY.

THE IRRATIONAL HUMAN RELATIONS WHICH CHARACTERIZE JAPANESE MANAGEMENT PRACTICES AND THE AMBIGUOUS DEMARCATION OF INDIVIDUAL RESPONSIBILITY AND AUTHORITY HELPED TO STRENGTHEN THE EMPLOYEES' SENSE OF BELONGING TO THE COMPANY AND TO MAINTAIN GOOD HUMAN RELATIONS.

EXCESSIVE COMPETITION, WHICH CAUSED CAPITAL WASTE AND OVERSEAS MISTRUST IN JAPANESE BUSINESS, HELPED THE FAST QUANTITATIVE DEVELOPMENTS OF OUR ECONOMY. HOWEVER, IN AN OPEN ECONOMY, THESE IRRATIONAL PRACTICES MUST BE CORRECTED SPEEDILY. JAPANESE BUSINESSMEN MUST ACQUIRE RATIONAL MANAGEMENT PHILOSOPHY, AND THINK AND BEHAVE ACCORDING TO ACCEPTED INTERNATIONAL PRACTICE.

(2) IN COMPARISON WITH AMERICANS AND EUROPEANS, JAPANESE LACK THE PSYCHOLOGICAL AND SOCIAL BASIS NECESSARY FOR FAIR COMPETITION.

WE REGRET THAT EXCESSIVE COMPETITION HAS CAUSED CRITICISM AND MISTRUST IN JAPANESE BUSINESS AS BEING INCOMPREHENSIBLE TO THE FOREIGN BUSINESS COMMUNITY AND THAT THIS HAS COME TO WARP THE GROWTH OF JAPANESE BUSINESS AND THE NATIONAL ECONOMY. WE URGENTLY REQUEST BUSINESSMEN TO ACQUIRE THE PHILOSOPHY OF FAIR COMPETITION, OR COOPERATIVE COMPETITION.

(3) JAPANESE BUSINESSMEN LACK FAITH IN THE PHILOSOPHY THAT THE MARKET ECONOMY UNDER A FREE ENTERPRISE SYSTEM BEST GUARANTEES THE FORCE FOR ECONOMIC GROWTH AND ADAPTABILITY TO ECONOMIC CHANGE.

SINCE WORLD WAR II, THE U.S. AND EUROPEAN COUNTRIES HAVE CONTINUOUSLY STRIVED TO BUILD A MARKET ECONOMY UNDER A FREE ENTERPRISE SYSTEM REGARDLESS OF DIFFERENCES IN SOCIAL, POLITICAL, AND OTHER DOMESTIC CONDITIONS. THE THINKING AND BEHAVIOR OF WESTERN BUSINESS LEADERS IS ROOTED IN THEIR TRUST IN THE EFFICIENCY OF A MARKET ECONOMY. RATIONAL AND ETHICAL CORPORATE BEHAVIOR CANNOT BE ACHIEVED WITHOUT SUCH CONVICTION.

THE MARKET ECONOMY STANDS ON THE PHILOSOPHY OF PRIVATE PROPERTY AND COMPETITION. DUE TO THE INCREASINGLY EQUAL DISTRIBUTION OF WEALTH AND INCOME, PRIVATE PROPERTY IS NO LONGER FOR THE INTEREST OF A SMALL SEGMENT OF SOCIETY, BUT HAS COME TO BE RESPECTED FOR ITS SOCIAL FUNCTION.

THE CURRENT CONCEPT OF COMPETITION IS CHARACTERIZED BY THE SPIRIT OF COOPERATION RATHER THAN THE SURVIVAL-OF-THE-FITTEST-TYPE FREE COMPETITION OF THE OLD DAYS. FAIR COMPETITION REQUIRES OBSERVANCE OF RULES AND THE SPIRIT OF COOPERATION.

THE MARKET ECONOMY IS MOVED BY THE BUSINESSES' BEHAVIOR IN PURSUIT OF MAXIMUM PROFITS AND IS LIMITED BY CONSUMERS' FREEDOM OF CHOICE. THEREFORE, CORPORATE PROFITS ARE NOT PRIVATE IN NATURE, BUT ARE REWARDS FROM THE CONSUMERS TO THE BUSINESSES FOR THEIR CONTRIBUTIONS TO THE SOCIETY. THE PURSUIT OF CORPORATE PROFIT PLAYS THE CENTRAL ROLE IN ECONOMIC AND SOCIAL PROGRESS AS BUSINESS IS THE MOST POWERFUL INNOVATOR IN OUR SOCIETY, BOTH IN TECHNOLOGY AND MANAGEMENT.

TODAY'S BUSINESS IS A SOCIAL INSTITUTION, BACKED BY PEOPLE'S CAPITALISM, WHICH ORGANIZES THE CREATIVITY AND LABOR OF MANY WORKERS.

BUSINESS IS THE MOST IMPORTANT SOURCE OF INCOME FOR PEOPLE AT ALL LEVELS OF SOCIETY, AND IS THE PLACE WHERE THEY MAY EXPRESS THEIR HUMAN POTENTIALS. THE MOST IMPORTANT SOCIAL RESPONSIBILITIES OF BUSINESS LEADERS ARE TO MAINTAIN AND DEVELOP THEIR BUSINESSES, TO INCREASE CORPORATE PROFITS, AND TO BRING ABOUT STABILITY AND PROGRESS IN THE NATIONAL LIFE THROUGH A FAIR DISTRIBUTION OF PROFITS.

WITH THESE PHILOSOPHIES, WE MAKE THE FOLLOWING PROPOSALS.

(1) BUSINESSMEN SHOULD CONCENTRATE THEIR EFFORT INCREASING PROFITS, WHICH IS THE PRIMARY OBJECTIVE OF BUSINESS. THESE PROFITS ARE TO BE SOUGHT THROUGH THE CREATIVE EFFORTS OF MANAGEMENT--TECHNOLOGICAL INNOVATIONS, NEW MARKETS, RATIONALIZATION OF MANAGEMENT, AND IMPROVEMENT OF PRODUCTIVITY....

(2) BUSINESS LEADERS SHOULD PROVIDE WORKERS WITH THE PLACE WHERE THEY MAY EXPRESS THEIR INDIVIDUALITY AND HUMAN POTENTIAL, AND ORGANIZE BUSINESS IN SUCH A WAY THAT EVERY OUNCE OF THEIR CREATIVITY AND EFFORT WILL BE REFLECTED IN AND UTILIZED BY MANAGEMENT. ONLY THIS TYPE OF MANAGEMENT, WHICH RESPECTS HUMANITY, CAN INCREASE THE VITALITY OF BUSINESS, IMPROVE ITS PRODUCTIVITY, AND PUT IT ON THE PATH FOR DEVELOPMENT.

(3) TO COPE WITH AN OPEN ECONOMY, JAPANESE BUSINESSMEN SHOULD RESPECT AND ABIDE BY ACCEPTED INTERNATIONAL BUSINESS RULES. THEY SHOULD REFRAIN FROM UNFAIR COMPETITION, AND ESTABLISH MANAGEMENT PHILOSOPHY AND GROUNDWORKS, WHICH ARE CONDUCTIVE TO COOPERATIVE COMPETITION.

IT IS ADVISABLE TO STUDY THE STRENGTHENING OF TRADE ASSOCIATIONS AND INDUSTRY ORGANIZATIONS TO ACHIEVE THESE PURPOSES.

(4) BUSINESS, AS A MEMBER OF SOCIETY, SHOULD CARRY OUT ITS RESPONSIBILITIES TOWARD THE COMMUNITY. AMONG THE MANY "UNBALANCES" WHICH APPEAR IN OUR SOCIETY, THE MOST SERIOUS PROBLEMS WHICH REQUIRE OUR ATTENTION ARE INDUSTRIAL POLLUTION AND THE DETERIORATION OF ENVIRONMENT.

MANAGERS SHOULD REALIZE THE ROLE OF BUSINESS AS A PUBLIC INSTITUTION, IDENTIFY THEMSELVES WITH THE COMMUNITY, AND STRIVE FOR CO-EXISTENCE AND CO-PROSPERITY WITH THE COMMUNITY.

(5) WITH THE DEVELOPMENT OF BIG BUSINESSES AND INCREASINGLY HIGH DEGREE OF INDUSTRIALIZATION, THE BUSINESS LEADERS' RESPONSIBILITIES HAVE COME TO INCLUDE THE IMPROVEMENT OF SOCIETY AT LARGE BOTH DIRECTLY AND INDIRECTLY. BUSINESS LEADERS SHOULD STRENGTHEN THE FUNCTIONS OF THE ECONOMIC ASSOCIATIONS THEY BELONG TO, AND BY WORKING CLOSELY TOGETHER, AND WITH THEIR INTERNATIONAL-MINDEDNESS AND SOCIAL SENSITIVITY, THEY SHOULD EXTEND THEIR INFLUENCE TO OUR POLITICS, SOCIETY, EDUCATION, AND CULTURE TO STRENGTHEN THE ECONOMIC AND SOCIAL FOUNDATIONS WHICH SUPPORT BUSINESS.

The Development of a Modern Business Ideology

Some Current Trends and Outlooks for the 70's

Chart 1 lists some current trends in the Japanese business environment. In an important sense all 10 reflect or contribute to a growing awareness of and preparation for a period of continued rapid growth, and a greater integration in the world economy which this will necessitate. On the following pages we will examine the possibilities for continued rapid economic growth.

Charts 2 and 3 present current official Japanese economic policy which assumes continued rapid growth for at least the next 5 or 10 years.

Charts 4 and 5 give GNP and balance of payments breakdowns for 1960, 1965, and 1970 and JERC estimates for 1975.

## SOME CURRENT TRENDS AND OUTLOOKS FOR THE 'SEVENTIES

## ① SOME CURRENT TRENDS

1. LIBERALIZATION OF CAPITAL RESTRICTIONS AND AVAILABILITY OF CAPITAL
2. RECENTLY A RELATIVE DECLINE IN IMPORTANCE OF CITY BANKS
3. RECENTLY A BALANCE OF PAYMENTS AND EXPORT SURPLUS
4. EMPHASIS ON EXPORT, DIRECT FOREIGN INVESTMENT, AND LONG TERM CONTRACTS (PARTICULARLY FOR RAW MATERIALS)
5. LIBERALIZATION OF DOMESTIC RESTRICTIONS ON FOREIGN TRADE AND INVESTMENT
6. LARGE MERGERS IN PREPARATION FOR WORLD COMPETITION (E.G. STEEL, BANK, AUTO)
7. SIGNIFICANT R AND D EFFORTS
8. CONSUMER CREDIT
9. LABOR SHORTAGE
10. INCREASING AWARENESS AMONG JAPANESE LEADERSHIP, AT LEAST, OF GROWING IMPORTANCE OF JAPAN IN WORLD AFFAIRS AS WELL AS COMMITMENT TO CONTINUED GROWTH AND GREATER NATIONAL RESPONSIBILITY

④ GROSS NATIONAL EXPENDITURE (AT 1965 PRICES)  
(UNIT: MILLION DOLLARS, %)

FY	1960	1965	1970	1975
PRIVATE CONSUMPTION EXPENDITURE	33,199 (58.7)	50,674 (56.5)	81,550 (49.2)	130,825 (44.0)
GOVERNMENT CONSUMPTION EXPENDITURE	5,887 (10.4)	8,306 (9.3)	11,289 (6.8)	17,660 (5.9)
PRIVATE HOUSING	2,328 (4.1)	5,187 (5.8)	11,410 (6.9)	23,734 (8.0)
PRIVATE PLANT & EQUIPMENT INVESTMENT	9,147 (16.2)	13,876 (15.5)	36,686 (22.1)	71,438 (24.0)
GOVERNMENT FIXED CAPITAL FORMATION	3,975 (7.0)	8,346 (9.3)	14,760 (8.9)	31,367 (10.6)
INVENTORY INVESTMENT	1,905 (3.4)	2,163 (2.4)	6,948 (4.2)	12,534 (4.2)
EXPORTS, ETC.	5,098 (9.0)	10,222 (11.4)	21,416 (12.9)	46,985 (15.8)
LESS: IMPORTS, ETC.	5,016 (8.8)	9,037 (10.1)	18,160 (10.9)	37,392 (12.6)
GROSS NATIONAL EXPENDITURE	56,523 (100)	89,736 (100)	165,897 (100)	297,151 (100)

NOTE: FIGURES IN PARENTHESES SHOW PERCENTAGE RATIO TO GROSS NATIONAL EXPENDITURE

## ② FINANCE MINISTER TAKEO FUKUDA ON JAPANESE ECONOMY IN THE 1970'S

FINANCE MINISTER TAKEO FUKUDA EMPHASIZED THAT JAPAN SHOULD AIM AT ENHANCING TRUE SOCIAL WELL-BEING ON THE BASIS OF A STABLE ECONOMIC EXPANSION.

ADDRESSING THE 65TH ORDINARY DIET SESSION WHICH REOPENED AFTER THE YEAREND AND NEW YEAR RECESS, HE DEFINED THE 1970'S AS A DECADE IN WHICH JAPAN MUST MAKE MUCH OF THE QUALITATIVE ASPECTS OF ECONOMY.

IF THE JAPANESE ECONOMY CONTINUED TO EXPAND AS RAPIDLY AS IN THE 1960'S, THE JAPANESE WOULD HAVE TO FACE DIFFICULTIES IN SECURING RAW MATERIALS AND RESOURCES, LAGGING TRAFFIC AND TRANSPORTATION FACILITIES AND AN EVEN MORE SERIOUS LABOR SHORTAGE, FUKUDA SAID.

HE WARNED THAT STRAINS OF AN EXCESSIVELY RAPID ECONOMIC GROWTH, SUCH AS PRICE SPIRALS AND ENVIRONMENTAL HAZARDS, WOULD ONLY THROW THE JAPANESE ECONOMY INTO A STALEMATE AND CONFUSION....

FUKUDA TOLD THE DIET THAT 1971 WAS AN IMPORTANT YEAR, IN WHICH JAPAN MUST OVERCOME DIFFICULTIES IN SHIFTING ITS ECONOMY FROM RAPID TO STABLE EXPANSION AND TAKE A FRESH STEP FORWARD TOWARD EVERLASTING PROSPERITY.

HE WENT ON TO SAY THAT IT WOULD BE ON THE BASIS OF SUCH STABLE ECONOMIC EXPANSION THAT A WELFARE STATE COULD BE ESTABLISHED.

FROM THIS STANDPOINT, HE SAID, PREVENTION OF ENVIRONMENTAL HAZARDS AND STABILIZATION OF SOURING PRICES WILL BE THE TWO MAJOR TASKS THAT MUST BE TACKLED IMMEDIATELY.

ANOTHER IMPORTANT TASK, HE SAID, WILL BE TO TAKE POSITIVE MEASURES TO BUILD A WELFARE STATE.

TO THIS END, THE GOVERNMENT IS DETERMINED TO REDOUBLE ITS EFFORT FOR THE CONSOLIDATION OF SOCIAL OVERHEAD CAPITAL AND IMPROVEMENT OF SOCIAL SECURITY, FUKUDA SAID.

TURNING TO INTERNATIONAL ASPECTS, THE FINANCE MINISTER NOTED THAT JAPAN'S RESPONSIBILITIES TO THE REST OF THE WORLD WERE BECOMING LARGER AND HEAVIER, AS ITS STATUS IN THE INTERNATIONAL COMMUNITY CONTINUED TO RISE FAST.

THE EXISTING RESTRICTIONS ON DIRECT FOREIGN CAPITAL INVESTMENTS IN JAPAN WILL BE DISMANTLED TO A LARGE EXTENT WHEN THE GOVERNMENT ENFORCES ITS FOURTH-ROUND LIBERALIZATION PROGRAM THIS AUTUMN, HE SAID.

HE ALSO SAID THAT JAPAN MUST STEP UP ECONOMIC COOPERATION WITH DEVELOPING COUNTRIES BY PROVIDING THEM WITH GREATER ECONOMIC AID AND PREFERENTIAL TARIFF TREATMENT.

MAINICHI DAILY NEWS  
23 JANUARY 1971

## ③ MITI'S POLICY IN THE 1970'S

1. IMPROVEMENT OF WORKING CONDITIONS. WORKING HOURS SHOULD BE SHORTENED BY 12 PERCENT SO THAT THE CURRENT U.S. LEVEL OF 35 HOURS A WEEK WILL BE ATTAINED BY THE END OF THE DECADE.
2. EXPANSION OF SOCIAL CAPITAL. ABOUT \$500 BILLION SHOULD BE SPENT WITHIN THE DECADE FOR THIS PURPOSE.
3. IMPROVEMENT OF ENVIRONMENT. ABOUT 7 PERCENT OF NEW INVESTMENT IN MINING AND INDUSTRIAL SECTORS AS WELL AS IN PUBLIC UTILITIES, SHOULD BE SPENT TO REINFORCE ANTI-POLLUTION EQUIPMENT IN EXISTING PRODUCTION FACILITIES.
4. STRENGTHENING EDUCATION. RATIO OF HIGH SCHOOL ENTRANTS TO MIDDLE SCHOOL GRADUATES SHOULD BE INCREASED TO 95 PERCENT FROM THE CURRENT 82 PERCENT. COLLEGE AND UNIVERSITY ENTRANTS SHOULD ALSO INCREASE TO 46 PERCENT OF THE ELIGIBLE AGE GROUP BY THE END OF THE DECADE, FROM THE PRESENT LEVEL OF 17 PERCENT.
5. INCREASE IN R AND D EXPENDITURES. THE LEVEL OF INVESTMENT OF THIS TYPE SHOULD INCREASE TO ABOUT \$14 BILLION BY 1980 TO CATCH UP WITH THAT OF EUROPEAN COMMUNITY AND U.S.S.R.
6. INCREASE IN EXPENDITURES FOR INTERNATIONAL COOPERATION. AID TO LESS DEVELOPED COUNTRIES SHOULD AMOUNT TO \$7.5 BILLION IN 1980.

THESE TARGETS ARE SET ON THE ASSUMPTION THAT THE JAPANESE ECONOMY WILL GROW AT ABOUT 10 PERCENT ANNUALLY IN REAL TERMS DURING THIS DECADE. THE BASIC INDUSTRIAL POLICY OF MITI SHOULD BE TO UTILIZE THE FREE MARKET MECHANISM AS MUCH AS POSSIBLE, WITH THE GOVERNMENT'S FUNCTION ONLY SUPPLEMENTARY. THE AREAS IN WHICH THE GOVERNMENT MUST BE ACTIVE INCLUDE ENVIRONMENT, INTERNATIONAL COOPERATION, REMOVAL OF TRADE BARRIERS, R AND D EFFORTS, THE SECURING OF RESOURCES (RAW MATERIALS AND ENERGY), SYSTEMATIZATION OF INDUSTRIAL ACTIVITIES AND EXPANSION OF SOCIAL CAPITAL AND PUBLIC SERVICES. THE COUNCIL STRESSED THE NECESSITY OF SEEKING THE OPTIMUM COMBINATION OF THE FUNCTIONS OF THE GOVERNMENT AND PRIVATE BUSINESS.

(U.S.-JAPAN TRADE COUNCIL  
ROUNDUP NO. 8, MAY 7, 1971)

## ⑤ FORECAST OF INTERNATIONAL BALANCE OF PAYMENTS, ETC.

	1960	1965	1970	1975	AVERAGE ANNUAL GROWTH RATES		
					1960-65	1965-70	1970-75
WORLD GNP	1,082	1,585	2,343	3,575	7.9	8.1	8.8
WORLD IMPORTS	115	167	259	391	7.7	9.2	8.6
JAPAN EXPORTS/ WORLD IMPORTS (%)	3.5	4.8	6.9	10.4			
JAPAN IMPORTS/ JAPAN GNP (%)	10.4	9.2	8.6	8.3			
EXPORTS	4.0	8.6	18.7	41.8	16.3	16.9	17.4
IMPORTS	3.8	6.5	13.7	29.2	11.1	16.1	16.3
TRADE BALANCE	0.2	2.1	5.0	12.6			
OVERALL BALANCE	-	0.4	2.1	4.7			
GOLD & FOREIGN EX- CHANGE RESERVES	2.0	2.1	4.7	12.0			

NOTE: WORLD GNP EXCLUDES COMMUNIST COUNTRIES  
WORLD IMPORTS EXCLUDES JAPAN AND COMMUNIST COUNTRIES

Some Current Trends and Outlooks for the 70's

The Future of the Japanese Economic Miracle

Chart 1 shows four economic scenarios for 1980, 1990, and 2000. It is worth noting that even the lowest estimate (which literally no serious expert or organization projecting Japanese economic growth would accept as being very likely) would give the Japanese an economy roughly the size of the U.S. today by 1990. Thus it is now almost inevitable that at some point in the 70's or early 80's the Japanese economy will attain a level entitling it to such descriptions as "giant" and "super." And one can quite plausibly make this argument almost solely on the grounds of economic momentum--of Japan's simply carrying through the many projects already begun and doing more of the same. At this point the burden of proof is on the skeptic if he is to argue that Japanese growth rates will turn down so dramatically that Japan is not "one of the three economic powers" rather than just a leader of the second-ranking economic powers.

Chart 2 examines some of the possibilities. As indicated by the chart, we will project somewhat more than \$10,000 per capita in our surprise-free projection. By looking at the GNP per capita growth rate scale, one can find out what GNP per capita growth rate to the end of the century is implied by each of the three projections.

Chart 4 gives a list of reasons that many people advance in support of the argument that Japan's economy will "top out" in the near future. Chart 5 provides a general answer to this list.

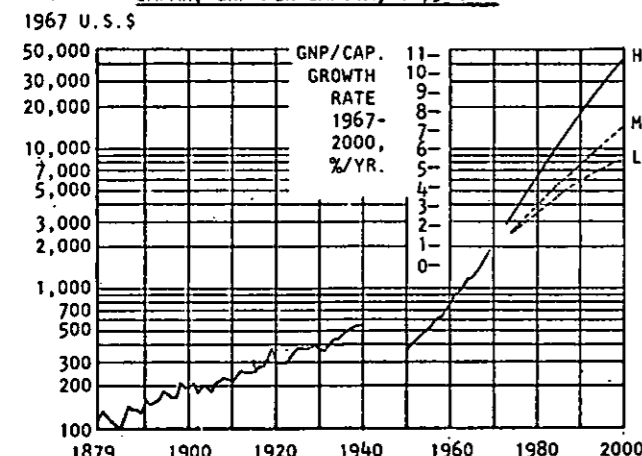
Chart 3 provides a list of 15 reasons why the Japanese should continue to do well. In some sense almost any item on Chart 3 should be worth a major fraction of a point in growth rates versus most of the European countries. This is a strong statement and obviously complicated. On the following pages, therefore, we will elaborate on each of these points as well as present additional reasons for why we think the Japanese economy should do well in the foreseeable future.

Chart 6 is a heuristic picture of the 1970 economy and Chart 7 a surprise-free scenario for 1980. Both charts emphasize the flexibility in the Japanese economy which the uniquely high savings rates provide. As we will emphasize on the next page this built-in flexibility makes the Japanese economy one of the strongest, rather than most fragile, as it is often thought of, in the world.

## ① FOUR SURPRISE-FREE SCENARIOS FOR JAPANESE GROWTH

CHARACTERIZATION	% GROWTH RATE DURING			GNP (TRILLIONS OF 1970 DOLLARS)		
	1970'S	1980'S	1990'S	1980	1990	2000
HIGH	12	10	8	.7	1.9	4.2
HIGH MEDIUM	11	9	7	.6	1.4	2.9
LOW MEDIUM	10	8	6	.55	1.2	2.2
LOW	9	7	5	.5	1.0	1.6

## ② JAPAN, GNP PER CAPITA, 1879-2000



NOTE: YEN ARE CONVERTED TO \$ AT A PURCHASING POWER EXCHANGE RATE, 22% ABOVE THE MARKET EXCHANGE RATE.

## ③ FIFTEEN REASONS FOR THE LIKELY CONTINUED RAPID (~10%) GROWTH OF JAPANESE ECONOMY

1. HIGH SAVING & INVESTMENT RATES (ABOUT TWICE U.S.)
2. SUPERIOR EDUCATION & TRAINING (I.E., AMERICAN SCALE & EUROPEAN QUALITY THROUGH HIGH SCHOOL)
3. "ADEQUATE CAPITALIZATION"
4. "RISK CAPITAL" READILY AVAILABLE
5. TECHNOLOGICAL CAPABILITIES COMPETITIVE TO WEST
6. ECONOMICALLY & PATRIOTICALLY ADVANCEMENT-ORIENTED, ACHIEVEMENT-ORIENTED, WORK-ORIENTED, DEFERRED GRATIFICATION, LOYAL, ENTHUSIASTIC EMPLOYEES--PROBABLY INCREASINGLY SO
7. HIGH MORALE & COMMITMENT TO ECONOMIC GROWTH AND TO SURPASSING THE WEST--BY GOVERNMENT, BY MANAGEMENT, BY LABOR, AND BY GENERAL PUBLIC
8. WILLINGNESS TO MAKE NECESSARY ADJUSTMENTS AND/OR SACRIFICES--RELATIVELY MOBILE CAPITAL AND LABOR
9. EXCELLENT MANAGEMENT OF THE ECONOMY--BY GOVERNMENT, BY BUSINESS, AND, TO SOME DEGREE, BY LABOR--THIS RESULTS IN A CONTROLLED &, TO SOME DEGREE, COLLECTIVIST ("JAPAN, INC.") BUT STILL COMPETITIVE AND MARKET-ORIENTED (BUT NOT MARKET-DOMINATED) CAPITALISM
10. ADEQUATE ACCESS--ON GOOD & PERHAPS IMPROVING TERMS--TO SUFFICIENT WORLD RESOURCES AND MARKETS
11. RELATIVELY FEW AND/OR WEAK PRESSURES TO DIVERT EXCESSIVE RESOURCES TO "LOW ECONOMIC PRODUCTIVITY" USES
12. CURRENT HIGH MOMENTUM OF GROWTH FACILITATES FURTHER RAPID GROWTH
13. INCREASED EMPHASIS ON R&D
14. AVAILABILITY OF SKILLED WORK FORCE IN NOCPA
15. ALMOST ALL FUTURE TECHNOLOGICAL & ECONOMIC & MOST CULTURAL AND POLITICAL DEVELOPMENTS SEEM FAVORABLE TO CONTINUATION OF THE ABOVE

## ④ FACTORS OFTEN SAID TO FAVOR "TOPPING OUT" OR EVEN DOWNTURN IN JAPANESE GROWTH

- CREAM HAS BEEN SWIMMED OFF EUROPEAN AND U.S. TECHNOLOGY
- SIZE OF JAPANESE WORK FORCE NO LONGER INCREASING RAPIDLY
- LAGGING INFRASTRUCTURE
- GREATER DEFENSE EXPENDITURE
- HEDONISTIC TENDENCIES OF YOUNGER GENERATION
- YOUNG RESENT SYSTEM IN GENERAL AND IN PARTICULAR "ESCALATOR SYSTEM"
- DOMESTIC DEMANDS FOR "AMENITIES" AND SOCIAL INVESTMENT AND EXPENDITURE
- LIKELY DIFFICULTIES WITH FOREIGN TRADE
- ECONOMY MAY BECOME OVERHEATED BY EXCESSIVE EQUIPMENT INVESTMENTS, WHICH MIGHT EVENTUALLY LEAD TO OVERSUPPLY WHEN THE EXPANSION OF EXPORTS LEVELS OFF
- RISING BARRIERS TO AMERICAN AND OTHER FOREIGN INVESTMENTS WILL INTRODUCE MANAGERIAL TECHNIQUES THAT WILL REVOLUTIONIZE FIRMS STILL ADHERING TO VERTICAL ORGANIZATIONS
- JAPAN IS BECOMING A SERVICE ECONOMY--SOON WILL BE POST-INDUSTRIAL
- SERIOUS POLITICAL STRAINS WITHIN THE EXISTING SYSTEM
- SERIOUS AMERICAN RECESSION

## ⑤ BUT SUCH FACTORS SEEM LARGELY TO BE:

1. OVERSTATED
2. ASSUMED TO HAVE TOO GREAT EFFECTIVENESS AND/OR
3. ASSUMED TO AFFECT GROWTH RATES TOO RAPIDLY--IF THEY DO SO AT ALL IT WILL TAKE TIME
4. SUBJECT TO COUNTERACTION--OR AT LEAST LIMITED THROUGH PROPER POLICIES AND/OR LIKELY EVENTS
5. POTENTIALLY--AT LEAST IN SOME CASES AND TO SOME EXTENT--MORE POSITIVE THAN NEGATIVE IN ULTIMATE EFFECT

## ⑥ MATSUSHITA WORKERS' SONG

FOR THE BUILDING OF A NEW JAPAN,  
LET'S PUT OUR STRENGTH AND MIND TOGETHER,  
DOING OUR BEST TO PROMOTE PRODUCTION,  
SENDING OUR GOODS TO THE PEOPLE OF THE WORLD,  
ENDLESSLY AND CONTINUOUSLY,  
LIKE WATER GUSHING FROM A FOUNTAIN.  
GROW, INDUSTRY, GROW, GROW, GROW!  
HARMONY AND SINCERITY!  
MATSUSHITA ELECTRIC!

## ⑦ A HEURISTIC PICTURE OF THE 1970 ECONOMY

GNP = \$200 B      GROWTH IN CAPACITY = 12.5%

ALLOCATION OF GNP:

50% TO PRIVATE CONSUMPTION	= \$100 B
10% TO GOVERNMENT CONSUMPTION (AND "LOW" OUTPUT INVESTMENT)	= 20 B
15% TO MEDIUM OUTPUT (C.O.R. = 6) USES	= 30 B
25% TO HIGH OUTPUT (C.O.R. = 2.5)	= 50 B
100%	\$200 B

$$\frac{15\%}{6} + \frac{25\%}{2.5} = 2.5\% + 10\% = 12.5\%$$

## ⑧ A HEURISTIC SURPRISE FREE 1980 JAPANESE ECONOMY

GNP = \$500 B      GROWTH RATE = 10%

ALLOCATION OF GNP:

44% TO PRIVATE CONSUMPTION	= \$220 B
17% TO GOVERNMENT CONSUMPTION (AND "LOW" OUTPUT INVESTMENT)	= 85
24% TO MEDIUM OUTPUT (C.O.R. = 6) USES	= 140
15% TO HIGH OUTPUT (C.O.R. = 2.5) USES	= 75
100%	\$500 B

$$\frac{24\%}{6} + \frac{15\%}{2.5} = 4\% + 6\% = 10\%$$

⑨ WHAT I WANT TO SEE REALIZED IS NOT A VERY OVERHEATED ECONOMY. I DON'T WANT A VERY SLOW RATE OF JAPANESE ECONOMIC GROWTH, BUT NEITHER DO I WANT IT OVERHEATING. SOMEWHERE IN BETWEEN--NO OVERHEATING, NO RECESSION; NO DEFLATION, NO INFLATION. SO I WANT TO STRIKE THE MIDDLE COURSE BETWEEN THE TWO EXTREMES AND ESTABLISH IT AS A BASIC LINE OF JAPANESE ECONOMIC GROWTH FOR MANY YEARS TO COME. I WANT THE UNDERSTANDING OF CORPORATIONS AND BUSINESS CIRCLES, AND I'M SURE THAT MANY OF THE BUSINESS LEADERS HAVE COME TO JOIN MY WAY OF THINKING.

IF WHAT I AM TRYING TO DO ACTUALLY MATERIALIZES, THEN THE JAPANESE ECONOMY WILL VEER NEITHER TOWARD OVERHEATING NOR TOWARD RECESSION; WE WILL NO LONGER HAVE TO GO THROUGH A SEVERE VICISSITUDE OF UPS AND DOWNS; NOR SHALL WE BE ENJOYING A VERY RAPID SPEED OF ECONOMY WITH ALL ITS IMPLICATIONS ON SPIRALING CONSUMER PRICES AND ENVIRONMENTAL DESTRUCTION. MY POLITICAL SLOGAN IS STABILIZED GROWTH, AND I WANT TO SEE JAPANESE ECONOMY REALLY STABILIZED AND GROWING STEADILY. NOW THIS IS TO BE REALIZED AT A RATE OF 10% GROWTH.

THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM  
THE PRESENTATION GIVEN AT H.I.  
CONFERENCE IN KYOTO, 6 APRIL 1971

⑩ JAPAN IS PERHAPS THE MOST COHESIVE AND CULTURALLY INTEGRATED OF THE MAJOR INDUSTRIALIZED COUNTRIES IN THE WORLD. NEXT TO THE U.S. AND THE U.S.S.R. IT HAS THE LARGEST POPULATION OF ANY INDUSTRIALIZED NATION. NO POLITICAL COMBINATION SUCH AS THE COMMON MARKET IS LIKELY TO BE ABLE TO ACHIEVE THE COMBINATION OF SIZE AND CULTURAL COHESIVENESS THAT IS REQUIRED TO ACHIEVE THE MAXIMUM POTENTIAL IN INDUSTRIAL PRODUCTIVITY. THE U.S.S.R. IS IN FACT A VERY DIVERSE COLLECTION OF CULTURES AND INFLEXIBLY ADMINISTERED. JAPAN WOULD APPEAR TO BE THE NATION MOST LIKELY TO EQUAL OR SURPASS THE U.S. IN STANDARD OF LIVING AND INDUSTRIAL PRODUCTIVITY IN THIS CENTURY.

JAPAN'S INDUSTRIAL ECONOMIC SYSTEM APPEARS TO BE THE BEST IN THE WORLD FOR OBTAINING HIGH PRODUCTIVITY. NEITHER STATE SOCIALISM WITH ITS BUREAUCRATIC RIGIDITY NOR WESTERN CAPITALISM WITH ITS OWN RIGIDITIES IN LABOR UTILIZATION AND CAPITAL MOBILITY SEEM AS WELL SUITED TO THE NEEDS OF A HIGH GROWTH HIGH OUTPUT ECONOMY.

IF THIS IS TRUE, JAPAN WILL CONTINUE TO GROW AND CHANGE EVEN MORE RAPIDLY AND WITHIN A GENERATION IT WILL BECOME THE MOST AFFLUENT SOCIETY ON EARTH.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

### The Future of the Japanese Economic Miracle

14a

### Fifteen Reasons for Continued Economic Growth

In recent years the Japanese have tended to save and invest about one-third or more of their gross national product. This is the highest rate in the world (except for Kuwait's, which is technically higher--but that is a very special case indeed). Thus the Japanese today save proportionately about one-and-one-half to three times as much as the European and North American nations do.

It is true that many foreign observers, perhaps thinking how difficult it would be for their countries to achieve, much less maintain, such saving rates, believe there must be great pressures on Japan's saving rate and a popular demand for more consumption. With regard to the mass of Japanese, such an assumption seems almost completely wrong. In the last five years the average Japanese worker has found his real income going up by about 10 percent a year, or even more. (Part of this increase is a general increase in standard of living for all, and part is due to the individual's going up the ladder of seniority and promotion.) Since he does not increase his saving rate, it means that each year he has 10 percent more available for consumption. Of course, if he decided to spend his savings he would have even more money available for consumption, but the Japanese have been a "saving people" for hundreds of years and have already established what they regard as a reasonably high standard of living. Since the average worker is increasing that standard by about 10 percent a year anyway, he feels little or no pressure to cut his rate of saving. In addition, there are certain peculiarities of the Japanese system, in particular the payment of a good deal--about one-third--of the annual salary in the form of mid-year and end-of-year bonuses, that make high saving relatively easy. Furthermore, the lack of adequate pensions, the need to pay tuition for children in senior high school and college, and many other things make it almost necessary to save. Thus the individual who gets his money in a lump sum tends to bank it. One should also note that, despite the inflation of common prices, at least until recently the rate of return on individual savings has been satisfactory. Finally, and not unimportant, the Japanese know they are contributing to the growth of their country by saving, and they take a positive patriotic pleasure in doing so.

To have some conception of how important these high savings and investment rates can be, note the enormous tightness in savings and investments in the United States today. Imagine then that an extra \$200 billion or so were available for loans and investment purposes--and that this was a genuine availability, because it came out of savings and therefore represented actual resources, not an inflationary creation of money.

Perhaps equally important for a sustained rate of production is the second factor on our list, education (Chart 2). Among the large countries of the world, only the Soviet Union and the United

# 1 HIGH SAVING AND INVESTMENT RATES

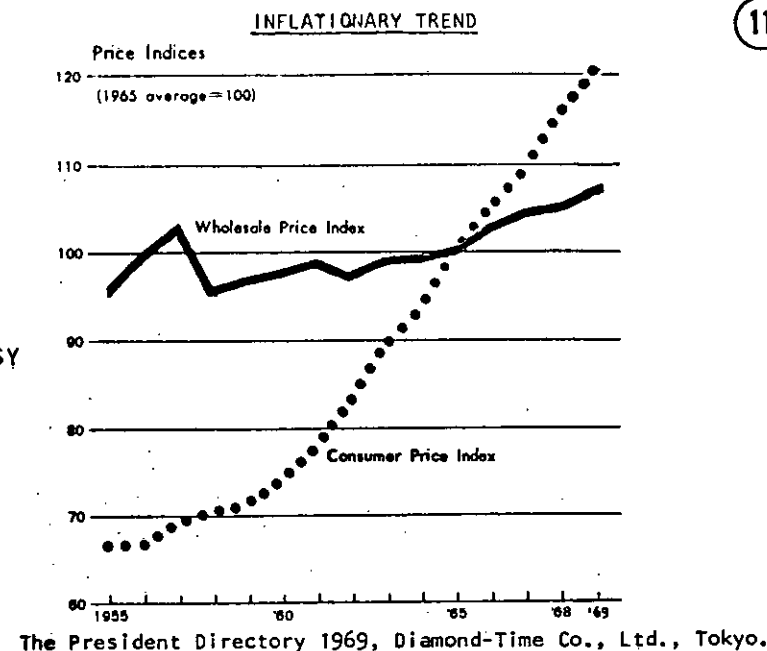
HIGHEST IN THE WORLD (NEXT TO KUWAIT)

SAVINGS RATE IS 1 1/2 TO 3 TIMES AS MUCH AS THAT OF EUROPE AND AMERICA

SINCE AVERAGE WORKER'S INCOME NOW GOES UP ABOUT 10 PER CENT A YEAR OR MORE, THE HIGH SAVING RATE DOES NOT PRESS ON HIM

MID-YEAR AND END OF YEAR BONUSES MAKE SAVINGS EASY

SYSTEM OF SAVINGS NEEDED TO ESTABLISH LONG-TERM SECURITY, GIVEN RELATIVELY INADEQUATE WELFARE SERVICES



# 11 RELATIVELY FEW AND/OR WEAK PRESSURES TO DIVERT MAJOR RESOURCES TO "LOW ECONOMIC PRODUCTIVITY" USES

IF IT TAKES GREATER INVESTMENT TO MAINTAIN GROWTH RATES, THE JAPANESE WILL BE WILLING TO MAKE IT

BY DEFERRING EXPENSES FOR DEFENSE, INFRA-STRUCTURE, WELFARE, ENVIRONMENTAL PLANNING, ETC. UNTIL COUNTRY GREW VERY BIG AND COULD AFFORD THEM, THE JAPANESE WILL FIND THAT A RATHER SMALL PERCENT OF THEIR BUDGET WILL STILL EQUAL AN UNBELIEVABLY LARGE AMOUNT BY EARLIER STANDARDS

# 2 SUPERIOR EDUCATION AND TRAINING

INTELLIGENT EDUCATION SYSTEM

PROBABLY HIGHEST LITERACY RATE IN THE WORLD

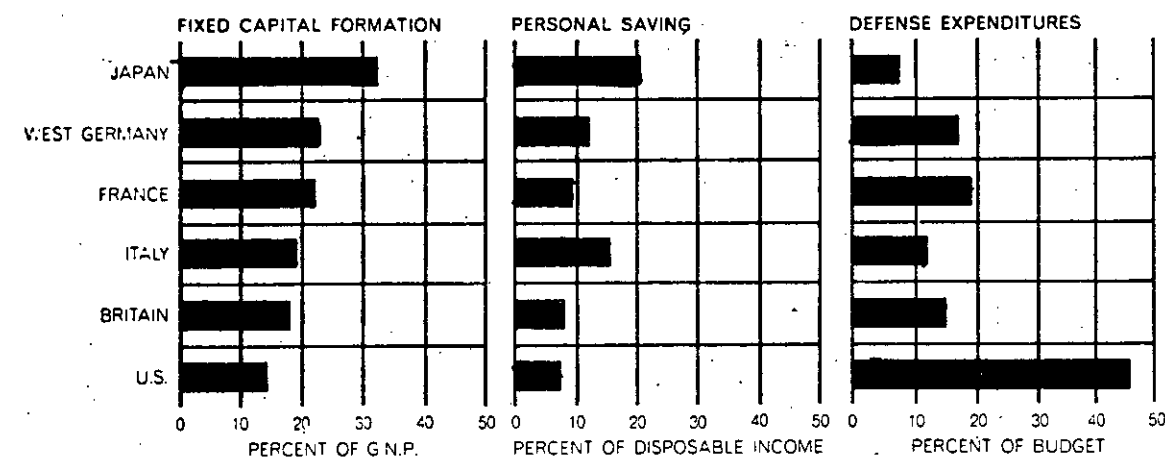
MASS EDUCATION AT UNIVERSITY LEVEL (720 COLLEGE LEVEL INSTITUTIONS ESTABLISHED SINCE WAR); NUMBER OF GRADUATES EXCEEDED ONLY BY U.S. AND U.S.S.R.

BEST USE OF EDUCATIONAL T.V.

HIGHEST ABILITY IN MATHEMATICS AND SCIENCE

ABILITY TO READ (BUT NOT TO SPEAK FOREIGN) LANGUAGES

ALMOST COMPLETELY HOMOGENEOUS POPULATION



SO PRACTICALLY ALL OUR NATIONAL POTENTIAL HAD BEEN USED FOR WARLIKE PURPOSES BEFORE WORLD WAR II. WE NEVER PAID MUCH ATTENTION TO URBAN DEVELOPMENT, SOCIAL INFRASTRUCTURE, SEWERAGE SYSTEMS, A NETWORK OF ROADS--WE COULD NOT AFFORD TO PAY ATTENTION TO THESE AREAS. TAKE THE EXAMPLE OF IRON AND STEEL PRODUCTION. LAST YEAR WE PRODUCED 93 MILLION TONS OF STEEL. BUT BEFORE THE WAR WE PRODUCED ONLY 5 MILLION TONS OF STEEL, SEVENTY PERCENT OF WHICH WAS USED FOR MILITARY PURPOSES, TO BUILD MILITARY HARDWARE, AND ONLY 30% WAS MADE AVAILABLE FOR CIVILIAN USES. SO HOW COULD WE BUILD A LOT OF STREETS AND ROADS AND CITY WATER SYSTEMS? LOOK AT THE GOVERNMENT BUDGET BEFORE THE WAR. AS MUCH AS 40% OF THE NATIONAL BUDGET WAS USED FOR MILITARY PURPOSES EVEN IN PEACETIME.

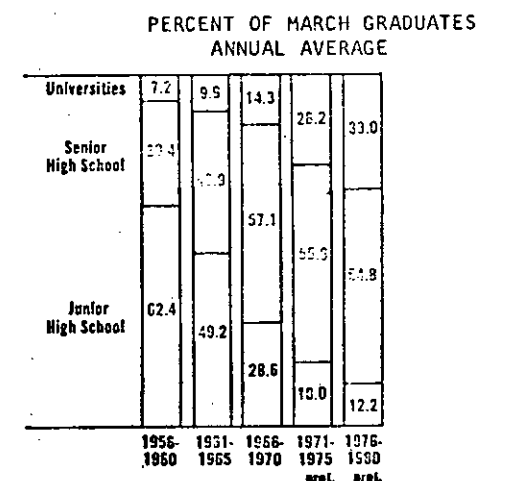
THANKS TO THE CURRENT PEACE, WE NOW DO NOT NEED TO BUILD MUCH MILITARY HARDWARE, SO PRACTICALLY ALL OUR STEEL PRODUCTION NOW IS USED FOR NONMILITARY USES. THE PROPORTION OF INVESTMENT IN INFRASTRUCTURE IN THE NATIONAL BUDGET IN VERY HIGH THESE YEARS. WE HAVE A 15-YEAR PLAN TO CONSOLIDATE OUR SOCIAL INFRASTRUCTURE, BUT I CAN SAY WE DON'T HAVE TO WAIT 15 YEARS. LOTS OF THE DISORDER AND JUMBLES AND SHAMBLES THAT YOU SEE AROUND HERE WILL ASSUME A COMPLETELY DIFFERENT OUTLOOK IN THE NEAR FUTURE.

THE HONORABLE MR. TAKEO FUKUDA, FINANCE MINISTER OF JAPAN, FROM THE PRESENTATION GIVEN AT H.I. CONFERENCE IN KYOTO, 6 APRIL 1971

...ONE OF THE MOST ENCOURAGING SIGNS FOR THE FUTURE GROWTH OF THE COUNTRY IS THE RESPECT PAID TO EDUCATION AND THE EAGERNESS OF YOUTH TO GET AS MUCH OF IT AS THEY CAN. JAPAN'S LITERACY RATE IS ONE OF THE HIGHEST IN THE WORLD, GREATLY SURPASSING THAT OF ANY EUROPEAN COUNTRY....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

# THE EDUCATIONAL LEVEL OF JAPANESE JOB-SEEKERS IS RISING RAPIDLY



SOURCE: SUMITOMO BANK REVIEW IN WORLD BUSINESS (CHASE MANHATTAN BANK), NO. 18, 1970.

	GNP \$ billion <sup>1</sup>		Real growth	GNP \$ per capita <sup>1</sup>	Saving ratio	Investment \$ per person employed <sup>2</sup>	Commodity exports \$ billion	
	1960	1969	1960-70	1969	1968	1968	1960	1969
USA	511.4	932.1	4.2	4 585	17.4	1 840	20.3	38.0
Canada	37.4	72.2	4.9	3 425	25.1	1 970	5.6	13.8
UK	72.3	108.9 <sup>3</sup>	2.7	1 955 <sup>3</sup>	17.9	740	10.3	17.5
Germany	71.2	164.2	4.7	2 700	28.1	1 150	11.4	29.1
France	60.4	134.5	5.6	2 670	26.3	1 550	6.9	15.0
Italy	33.9	82.3	5.7	1 520	22.4	740	3.7	11.7
Total of above	786.6	1 494.2	4.3	3 355	20.0		58.2	125.1
Japan	43.1	166.4	11.3	1 625	39.4	965	4.1	16.0

<sup>1</sup> At current end of year exchange rates.  
<sup>2</sup> Total fixed investment/total employment.  
<sup>3</sup> GDP.

Source: OECD National Accounts, Foreign Trade Statistics and Report by the Working Party No. 2 of Economic Policy Committee, OECD: "The Outlook for Economic Growth", May 1970.

### Fifteen Reasons for Continued Economic Growth

States compare with Japan in the percentage of their population with high school and post-secondary education of various kinds. One can even argue that the Japanese situation is probably better than that of those two countries. As far as "objective" tests can tell, at least at the high school level the Japanese indeed seem to have achieved American mass education combined with European quality. (Japanese students generally surpass European in mathematics and science.

### Fifteen Reasons for Continued Economic Growth

We have put our third point, Chart 3, concerning available capital into quotations, because there is so much controversy and misunderstanding about it. As discussed by Mr. Abegglen in the charts below, the debt-equity ratio of Japanese firms is incredibly high, often four or five and even ten to one. Many a Japanese balance sheet would, by technical U.S. standards, imply that the firm was just about insolvent. Therefore, as the term "adequate" is usually used by a Western accountant, the Japanese clearly do not have adequate capitalization in the sense of adequate equity capital.

From the viewpoint of productivity, however, it makes little or no difference whether the money used is debt or equity capital. The machines it buys are just as good. And from this viewpoint, the amount and quality of capital equipment behind each employee is, in the large companies at least, as good as in most European systems and almost as good as in the U.S.--indeed sometimes better. Japanese labor can no longer be considered cheap manual labor; it surely is not. In fact, if we take account of all the fringe benefits and bonuses enjoyed by Japanese labor, even typical salaries and wages are quite high. A relatively low-paid foreman in a large American company making electrical machinery and equipment gets, say, \$200-\$250 a week; his counterpart in Matsushita Electric Company now gets over \$150 (fringe benefits and bonuses are included in each case). This is not coolie labor working with primitive equipment.

From the viewpoint of companies competing and expanding, the high debt-equity ratio means that the Japanese firm gets its capital for expansion more cheaply than the American firm does. The money paid in interest on Japanese debentures is not only a tax deductible expense, but it is usually much less than the corresponding profits a U.S. or Japanese firm would have to earn if it expanded by increasing its equity.

The reason we put the phrase "risk capital" (Chart 4) into quotation marks is that under present-day Japanese conditions--of "Japan, Inc." and of almost guaranteed rapid growth--the real risks are often actually low. The high growth rate usually cuts down the odds for loss, and often it also makes it easy to alleviate, make up for, or cover over any losses that do occur. Finally, a large Japanese firm in really serious trouble would almost certainly be bailed out by the government--either by arranging for a merger or for the banks to extend loans. In any case, the employees, stockholders, debtors, and other individuals involved would almost be certain of being taken care of. Thus one of the reasons that many large modern Japanese firms can afford to operate in a seemingly risky way is that they know their government and society stand behind them and that they will not be motionlessly driven to the wall unless there are other factors in the situation--(as is the case of "obsolete" or small Japanese firms).

③ "ADEQUATE CAPITALIZATION"

DEBT EQUITY RATIO OF JAPANESE FIRMS IS OFTEN 4-5 OR EVEN 10-1

YET IT MAKES LITTLE OR NO DIFFERENCE TO THE PRODUCTIVITY OF A MACHINE WHETHER MONEY USED IS DEBT OR EQUITY CAPITAL

JAPANESE FIRM GETS ITS CAPITAL CHEAPER THAN AMERICAN FIRM - MAKES IT MUCH EASIER FOR JAPANESE FIRM TO EXPAND.

AGGRESSIVE LOAN POLICIES ARE SUPPORTED PARTLY BY THE RELATIVELY LARGE SIZE OF FINANCIAL INSTITUTIONS. FOR EXAMPLE, THE DEPOSITS OF THE LARGEST COMMERCIAL BANKS ARE FOUR TIMES AS MUCH AS THE SALES VOLUME OF THE LARGEST MANUFACTURING COMPANY; IN THE U.S. THE DEPOSITS OF SUCH A BANK ARE ALMOST EQUAL TO THE SALES VOLUME. (FOR EXAMPLE, COM-PARE BANK OF AMERICA'S DEPOSITS--\$18.2 BILLION--TO GM'S SALES--\$20.2 BILLION.) THIS IS DUE TO THE HIGH SAVINGS RATIO IN JAPAN. PERSONAL SAVINGS RUN AT THE RATE OF 17.5% (IN 1965) OF DISPOSABLE INCOME IN JAPAN, VERSUS 6% IN THE UNITED STATES. THESE SAVINGS TEN TO FLOW MAINLY INTO TIME AND SAVINGS DEPOSITS AND INTO TRUST AND INSURANCE INSTI-TUTIONS.

THIS SYSTEM OF DEBT GUARANTY SEEMS TO WORK TO THE ADVAN-TAGE OF THE LARGER FIRM. IN 1967 THERE WERE MORE THAN 8,000 BANKRUPTCIES WITH DEBT OF MORE THAN \$280,000 EACH. OF THE 8,000 ONLY ONE WAS LISTED ON THE STOCK MARKET, AND THAT COMPANY'S ASSETS WERE VALUED AT \$3 MILLION. IT SEEMS THAT BIGGER COMPANIES ARE MORE FREE FROM FINANCIAL RISK. TWO ASPECTS OF JAPANESE CORPORATE STRUCTURE, THE GROUPINGS OF COMPANIES AND WIDESPREAD SUBCONTRACTING, REINFORCE THIS FINANCIAL EFFECT.

THE DEBT RATIOS OF EIGHTY PERCENT OR MORE MEAN THAT FOR PRACTICAL PURPOSES JAPANESE COMPANIES DO NOT HAVE TO FINANCE THEIR GROWTH OUT OF RETAINED EARNINGS. IF THEY EARN ENOUGH TO COVER THE INTEREST ON THEIR DEBT, THERE IS THEN LITTLE FINANCIAL CONSTRAINT ON GROWTH. THIS PERMITS VERY SMALL PROFIT MARGINS ON SALES WHILE CREATING VERY SUBSTANTIAL GROWTH RATES IN STOCKHOLDER EQUITY.

HOW IS IT THAT JAPANESE COMPANIES CAN ASSUME THE LEVEL OF RISK ASSOCIATED WITH SUCH HEAVY DEBT? AND WHAT ARE THE CONSE-QUENCES FOR THE ECONOMY OF THESE RISK LEVELS? IN BRIEF ANSWER TO THE FIRST QUESTION, THE GOVERNMENT OF JAPAN STANDS BEHIND THE DEBT POSITION OF MAJOR JAPANESE COMPANIES, THUS MAKING POSSIBLE BOTH THE FINANCING NECESSARY FOR RAPID GROWTH AND ENSURING THAT THE GOVERNMENT THROUGH THE POWER OF THE PURSE WILL PLAY A CENTRAL ROLE IN DETERMINING THE NATURE AND DIRECTION OF THAT GROWTH. AND SINCE THESE GUARANTEES OF DEBT DO NOT APPLY TO SMALLER AND LESS EFFICIENT COMPANIES, THE SYSTEM ENSURES A RAPID MOVE TOWARD CONCENTRATION OF PRODUCTION IN THE HANDS OF THE MORE EFFICIENT PRODUCERS.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

④ "RISK CAPITAL" READILY AVAILABLE

JAPANESE CONTEXT IS DIFFERENT FROM U.S.

IF LARGE FIRM IS IN TROUBLE, IT WOULD ALMOST CERTAINLY BE BAILED OUT BY THE GOVERNMENT, THE BANKS EXTENDING LOANS, ETC.

GOVERNMENT AND SOCIETY STANDS BEHIND FIRMS

MOST IMPORTANT OF ALL IS HIGH MOTIVATION FOR GROWTH, COMPETITIVE POSITION, AND MARKET SHARES

WHILE LARGE COMPANIES ARE RARELY ALLOWED TO GO BANKRUPT IN JAPAN, BANKRUPTCY IS FREQUENT AMONG SMALL- AND MEDIUM-SIZED BUSINESSES BECAUSE OF THEIR WEAK FINANCES AND THEIR INABILITY TO OBTAIN ADEQUATE BANK LOANS. THE DEFERRED PAY-MENT SYSTEM, WHEREBY ONE COMPANY PAYS ANOTHER FOR MATERIALS OR PRODUCTS WITH A NOTE OF HAND (TEGATA) DUE IN NINETY OR 120 DAYS, OR EVEN LONGER, IS PREVALENT IN ALMOST ALL INDUSTRY AND ON ALL LEVELS AND ONLY SERVES TO AGGRAVATE THE CONDITION.

T.F.M. ADAMS, THE WORLD OF  
JAPANESE BUSINESS, P. 68.

ANOTHER PECULIAR FEATURE WHICH MAKES BIG COMPANIES MORE FINANCIALLY STABLE IS THEIR USE OF SMALL COMPANIES AS A BUFFER TO BUSINESS FLUCTUATIONS. FOR EXAMPLE, BIG COMPANIES SUBCONTRACT THE PRODUCTION OF PARTS WITH SMALL COMPANIES. THIS IS DONE IN AN EFFORT TO REDUCE FIXED COSTS AND TO TAKE ADVANTAGE OF THE LOWER LABOR COST OF SMALL COMPANIES. HERE THE BIG COMPANY BECOMES A BUYER OF THE ENTIRE PRODUCTION OF THE SMALL COMPANY; WHEN THE ECONOMY GOES DOWN, THE BIG COMPANY SIMPLY REDUCES THE PURCHASE OR LOWERS THE PURCHASE PRICE, AND THE SMALL COMPANY IS FORCED TO ABSORB MOST OF THE EFFECTS OF RECESSION.

GROUPING MAKES THE MEMBER COMPANIES LESS RISKY THAN A SINGLE COMPANY. AN ANALOGY WHICH IS APPROPRIATE HERE IS THE SECURITIES PORTFOLIO: TO HOLD ONE KIND OF STOCK IS MORE RISKY THAN TO HAVE A GROUP OF STOCKS....

ANOTHER PECULIAR FEATURE WHICH MAKES BIG COMPANIES MORE FINANCIALLY STABLE IS THEIR USE OF SMALL COMPANIES AS A BUFFER TO BUSINESS FLUCTUATIONS. FOR EXAMPLE, BIG COMPANIES SUBCONTRACT THE PRODUCTION OF PARTS WITH SMALL COMPANIES. THIS IS DONE IN AN EFFORT TO REDUCE FIXED COSTS AND TO TAKE ADVANTAGE OF THE LOWER LABOR COST OF SMALL COMPANIES....

FINANCIAL INSTITUTIONS EXAGGERATE THIS DISCRIMINATION AGAINST SMALL COMPANIES. THEY REQUIRE A HIGHER INTEREST RATE AND COMPENSATING BALANCE FOR LOANS TO SMALLER COMPANIES. FURTHERMORE, SMALL COMPANY LOANS ARE THE FIRST WHICH FINANCIAL INSTITUTIONS CONTRACT IN A TIME OF TIGHT MONEY.

IT APPEARS THAT THE GOVERNMENT SUPPORTS THIS BUSINESS STRUCTURE AS A MEANS TO WEED OUT SMALL AND INEFFICIENT COMPANIES, THEREBY MAKING THE ENTIRE ECONOMY MORE COMPETITIVE IN INTERNATIONAL MARKETS. THE FINANCIAL STRUCTURE IS A USEFUL MECHANISM TO REALLOCATE LIMITED FINANCIAL RESOURCES FROM LESS EFFICIENT COMPANIES TO MORE EFFICIENT ONES.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

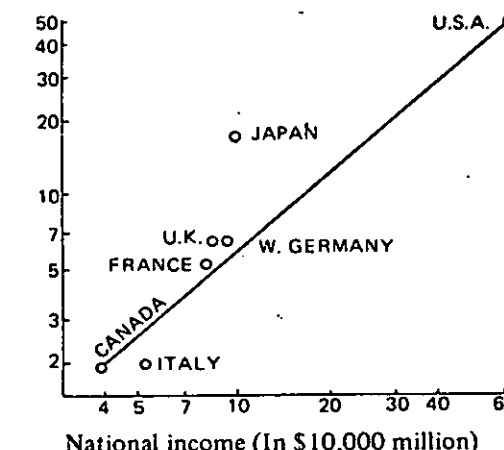
TECHNOLOGICAL CAPABILITIES COMPETITIVE TO WEST

THERE IS NOW A REVERSE FLOW OF "PAYMENTS FOR TECHNOLOGY"

ABOUT 10% OF ROYALTIES JAPAN PAYS TO OTHER COUNTRIES NOW COMES BACK AS ROYALTIES FOR THEIR OWN TECHNOLOGY

IN TERMS OF RESEARCH AND DEVELOPMENT, JAPANESE IN SOME WAYS SPEND MORE THAN EUROPEANS, PARTICULARLY IN TERMS OF AVAILABLE MANPOWER

Number of researchers



⑬ ....JAPAN IS NOW INVESTING IN RESEARCH AND DEVELOPMENT AS MUCH OF ITS NATIONAL PRODUCT AS IS WEST GERMANY OR FRANCE, AND A GOOD DEAL MORE THAN ITALY. AND THIS INVESTMENT APPEARS TO BUY MORE THAN IN MOST COUNTRIES; THE PROPORTION OF R & D PERSONNEL IN THE POPULATION IS HIGHER IN JAPAN THAN ANYWHERE ELSE BUT THE UNITED STATES. FURTHER, GOVERNMENT INVESTMENT IN R & D IS LOWER THAN IN EUROPE OR THE U.S., SUGGESTING THAT THE COMPANY INVESTMENT IS FAIRLY HIGH, AND THAT THERE IS AN EMPHASIS ON NON-MILITARY PRODUCTS AND ON THE DEVELOPMENT SIDE OF THE R & D BALANCE. THIS EFFORT IS A RECENT ONE, AND THE RESULTS ARE ONLY NOW BEGINNING TO SHOW UP IN TERMS OF LICENSES FROM JAPANESE COMPANIES TO FOREIGN FIRMS, AND IN JAPANESE DEVELOPMENTS IN A RANGE OF PRODUCTS FROM MICROWAVE TO SHIP-BUILDING TO SYNTHETIC FIBERS.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

RESEARCH AND DEVELOPMENT COMPARISONS REFLECT AN IMPRESSIVELY HIGH EMPHASIS BY JAPANESE, PARTICULARLY ON PRIVATE RESEARCH

SOURCE: OECD

SELECTED COUNTRIES	R&D EXPENDITURE AS % OF GNP	R&D PERSONNEL PER 10,000 POPULATION	GOVERNMENT R&D AS % OF TOTAL
JAPAN	1.5%	18.7	28%
WEST GERMANY	1.4	10.5	41
FRANCE	1.6	8.5	64
UNITED KINGDOM	2.3	15.9	54
ITALY	0.6	3.0	33
UNITED STATES	3.4	69.6	64

### Fifteen Reasons for Continued Economic Growth

Of course, by American standards the Japanese seem to take too many risks. They are very expansionist, and they often expand even at the cost of some, at least temporary, diminution in net income. They also are often anxious to be in the most technologically advanced areas. In particular, as we have seen, if one Japanese financial group enters a new technological area, others often find it necessary, as a matter of prestige, to go into new fields, too. While this emphasis on high production, new technology, and maintaining or increasing market shares can produce some mistakes, especially if carried to an extreme or done carelessly, they surely are the right kinds of mistakes to make. They are the kinds of mistakes that allow for high expansion rates and for overcoming the lethargy, inattention, lack of homework, and rigidity that often prevent the risk and expansion that are appropriate and desirable. The Japanese are also willing to take large risks because they are not as reluctant to suffer losses as American and European companies. One can argue that very few American and hardly any European companies would risk, say, 10-20 percent of their capital on an investment that presented an equal chance of total loss or of tripling the money invested. Almost any large Japanese group would be willing to take such a risk.

Thus, partly as a result of the four points already mentioned, partly because they have been able to obtain American technology at advantageous rates and conditions, and partly because of the peculiar characteristics of the Japanese and their economy, their technological capabilities are now more than competitive with the West (Chart 5). In fact, in many ways the Japanese are more advanced than the Europeans and the Americans. Furthermore, they seem increasingly creative and innovative. As a result there is now a reverse and increasing flow of "payments for Japanese technology" in that about 10 percent of the royalties the Japanese pay to other countries now comes back to them in the form of royalties for their own technology. Furthermore, in some ways the Japanese spend more than the Europeans for research and development--particularly when measured in terms of available manpower. If and when Japanese government research and development programs become very big, one can confidently predict that Japanese research and development will in many ways be comparable to that of the United States and the Soviet Union. In any case, at all levels and in all kinds of areas, the Japanese are now technologically competent and sophisticated.

### Fifteen Reasons for Continued Economic Growth

Chart 6, Economic and Patriotic Achievement Orientation, is, of course, a classical explanation of Western industrialization and the West's high growth rates in the past. As a culture, the Japanese today seem to have virtually as many of these "Calvinist" qualities as Northern Europe or the United States has had in the past, whereas in the West these attitudes and values seem to be increasingly eroding. They are probably eroding in Japan as well--although to a lesser degree and at a slower rate. But it is possible that this erosion will be stopped or even reversed in Japan and perhaps--though to a lesser extent--in the U.S. too.

When we talk about advancement-orientation or achievement-orientation in this context, we should point out that it is a matter of advancement and achievement among Japanese as a group (or as a business commune), rather than a Western style of individualism. The difference between the U.S. and Japan on these issues is one of those essential and important points about Japanese "superiority" that may be hard for some Americans to understand, because they may not realize how great a difference lies between them and the Japanese.

In many ways Chart 7 may be as important as all of the first six, since in some degree it can both substitute for them and reinforce them. It is generally believed that today there is worldwide commitment to economic growth. But actually the commitment is weak in many countries, where few people are willing to make tangible personal, business, political, or bureaucratic sacrifices for national growth--although they are perfectly willing to engage in rhetoric or polemics on the subject--and where most bureaucrats either do not understand what the requirements are or are not motivated to fulfill them. The contrary is true in Japan. Sacrifices are demanded as a matter of course, and they are admired when made with special zeal or skill. Everybody helps everybody else succeed, because to some degree--and despite the competition--the other's success is one's own success. We should also remember that in the nineteenth century the major avowed motive for economic growth was not to raise the living standards of the people but to achieve national security. A nation had to industrialize or risk losing its identity--risk invasion or colonization. And even with this "life and death" motivation, few nations modernized successfully.

For most nations today the commitment to growth does not affect the governing classes or other elites--or the masses, either--anywhere near as strongly as it did in the nineteenth century. But the Japanese public now seems more enthusiastic than ever before. They watch growth rates the way Americans watch baseball standings or football scores. Japan is a society and culture probably more interested in national prestige than any other in the world today, one in which national prestige issues arouse intense loyalty and commitment and tap deep sources of public identification. This situation creates a sense of common

FIFTEEN REASONS FOR CONTINUED ECONOMIC GROWTH  
(HIGH MORALE AND COMMITMENT TO ECONOMIC GROWTH)

6 ECONOMIC & PATRIOTIC ACHIEVEMENT-ORIENTATION

HIGH MORALE AND WORK-ORIENTED ATTITUDE OF JAPANESE FAMILIES: WEEKENDS AND VACATIONS SACRIFICED FOR COMMON GOOD

JAPANESE FEEL THAT WORKING HARD FOR THE FIRM HELPS THE COUNTRY'S SUCCESS

THERE WAS AN OLYMPIC MOOD IN JAPAN IN THE EARLY 1960'S. TOKYO, THE SITE OF THE 1964 OLYMPICS, WAS BEING DOLLED UP AS NEVER BEFORE. NEW ROADS, HIGHWAYS, OVERPASSES, UNDERPASSES, BRIDGES, STADIUMS, THE MONORAIL, HOTELS, ENGLISH LESSONS FOR TAXI DRIVERS WERE ALL PART OF THE PRETTYING PROCESS. THE FIRST OLYMPICS IN THE ORIENT FOR JAPAN WAS THE CULMINATION OF THE DREAM THAT BEGAN ALMOST 100 YEARS EARLIER WITH THE MEIJI RESTORATION. A FOREIGNER MIGHT WONDER IN A BEMUSED SORT OF WAY WHY THERE WAS SUCH A FUSS OVER AN INTERNATIONAL ATHLETIC CONTEST, BUT TO THE JAPANESE IT WAS MUCH MORE. JAPAN WAS TAKING HER PLACE AS AN EQUAL AMONG EQUALS, THE FIRST ORIENTAL NATION TO DO SO....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

IT HAS BEEN FASHIONABLE OF LATE TO SUGGEST THAT JAPAN LACKS NATIONAL GOALS, OR A SENSE OF NATIONAL DIRECTION. THIS MAY IN SOME WAY BE TRUE, BUT THERE CAN BE LITTLE DOUBT THAT A KEEN SENSE OF NATIONAL PURPOSE DOES EXIST IN A LIMITED WAY--THAT PURPOSE THE AGGRANDIZEMENT OF THE JAPANESE ECONOMY. BUSINESS AND GOVERNMENT ARE ABSOLUTELY ONE IN THEIR DETERMINATION TO CONTINUE AND INCREASE THE ECONOMIC WELL-BEING OF THE COUNTRY.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

THUS, IT IS THE CATCHING UP WITH THE AMERICANS IN THE SPHERE OF ECONOMICS, INCLUDING TECHNOLOGY, PRODUCTION, AND CONSUMPTION, THAT HAS BECOME THE BURNING AMBITION OF THE JAPANESE. SO SWEEPING AN ASSERTION MUST OBVIOUSLY BE HEDGED WITH MANY QUALIFICATIONS AND RESERVATIONS, AND I AM NOT FOR A MOMENT SUGGESTING THAT THE JAPANESE HAVE EVER CONSIDERED REMODELLING THEIR COUNTRY IN THE IMAGE OF THE UNITED STATES. FOR ON THING, THEY NEITHER UNDERSTAND NOR AGREE WITH THE BASIC SOCIAL AND POLITICAL PREMISES OF AMERICA'S ECONOMIC SYSTEM: EQUALITY OF OPPORTUNITY AND RECOGNITION OF INDIVIDUAL COMPETENCE. BUT THEIR GUIDING ECONOMIC PHILOSOPHY, SINCE THE END OF THE WAR, HAS, LIKE THAT OF AMERICA, BEEN EXPANSION. THEIR CONDUCT HAS CONFORMED TO THE PRINCIPLE (OR TO THE TRUISH) THAT ECONOMIC EXPANSION IS THE ONLY WAY TO INCREASE THE STANDARD OF LIVING OF A GROWING POPULATION AND THAT KEEPING A DYNAMIC ECONOMY MOVING FORWARD BY DEFICIT FINANCING IS LESS DANGEROUS THAN LIMITING GROWTH IN ORDER TO ADHERE TO MONETARY ORTHODOXY. NUMEROUS ACTS, BOTH OF OMISSION AND COMMISSION, THAT ARE INCOMPATIBLE WITH THE FULL EXPLOITATION OF POSSIBLE GROWTH OPPORTUNITIES HAVE NATURALLY OCCURRED, BUT BY AND LARGE EXPANSION HAS BEEN THE KEY WORD IN JAPAN'S ECONOMIC VOCABULARY....

T.F.M. ADAMS  
 (THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

7 HIGH MORALE AND COMMITMENT TO ECONOMIC GROWTH  
AND TO SURPASSING THE WEST

JAPANESE ARE ELATED WITH THEIR CURRENT SUCCESS AND WATCH GROWTH RATES WITH SPORTS-LIKE DEVOTION

ANY GOVERNMENT WHICH SACRIFICED RAPID GROWTH RATES FOR ALMOST ANY OTHER OBJECTIVE WOULD FIND ITSELF IN TROUBLE

OLD COMMITMENT WITH "CATCHING UP TO THE WEST" NOW CHANGING TO "SURPASSING THE WEST" (PROBABLY SOON TO BE ACCOMPLISHED--BEFORE YEAR 2000 IN TOTAL GNP, NOT GNP PER CAPITA)

ANYONE SEEKING PREMATURE DISTRIBUTION OF PROFITS AND COMFORTABLE OUTLETS WOULD BE SEEN AS DROP-OUT FROM MOST EXCITING PROJECT OF THE NATION

PURPOSIVE ATTITUDE TOWARD HISTORY  
(A WORKING OUT OF THE NATIONAL DESTINY)

PARTLY AS A RESULT OF THEIR GREAT CONSCIOUSNESS OF BEING JAPANESE AND THEREFORE BELONGING TO A SPECIAL GROUP; PARTLY BECAUSE OF THEIR ISOLATION, WHICH ALLOWED THEM TO CARRY THROUGH PLANS OF THEIR OWN, ORDINARILY WITHOUT SUFFERING GREAT INTERFERENCE FROM THE OUTSIDE WORLD (BEFORE WORLD WAR II, IN A PERIOD OF ALMOST 2,000 YEARS, THERE HAD BEEN ONLY TWO SERIOUS ATTEMPTS AT AN INVASION OF JAPAN, BOTH BY MONGOLS IN THE THIRTEENTH CENTURY); AND PARTLY BECAUSE OF THE NATURE OF THE CHALLENGES THEY HAVE BEEN FACED WITH, THE JAPANESE HAVE GROWN TO CONCEIVE OF HISTORY AS SOMETHING TO BE CONSCIOUSLY DETERMINED BY THE NATIONAL WILL.

HERMAN KAHN, THE EMERGING JAPANESE SUPERSTATE,  
 NEW JERSEY, PRENTICE-HALL, 1970

AS ANY FOREIGNER WHO WAS IN JAPAN DURING PREPARATIONS FOR THE OLYMPIC GAMES OF 1964 CAN TESTIFY, WHEN THE JAPANESE DECIDE TO TACKLE A PROJECT, PARTICULARLY ONE THAT IS CONSIDERED TO BE OF NATIONAL INTEREST, THEY TACKLE IT WHOLEHEARTEDLY. THE MEN OF MEIJI WERE NO EXCEPTION. REALIZING THAT THE KNOWLEDGE THEY REQUIRED LAY IN THE WEST, THEY WERE AVID BOTH IN HIRING OF WESTERN TALENT AND IN SENDING JAPANESE ABROAD TO STUDY. THE FACT THAT THE FIRST RAILROAD IN JAPAN, BETWEEN TOKYO AND YOKOHAMA, WAS LARGELY FINANCED BY BRITISH LOANS AND BUILT BY BRITISH ENGINEERS ACCOUNTS FOR THE BRITISH GAUGE AND THE LEFT-HAND DRIVE; THE LATTER WAS LATER EXTENDED TO ROAD AND HIGHWAY TRAFFIC.

T.F.M. ADAMS  
 (THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

8 WILLINGNESS TO MAKE NECESSARY ADJUSTMENTS  
AND/OR SACRIFICES

GENERAL WILLINGNESS TO SACRIFICE ALMOST ANY

DEFECTIVE PART OF THE ECONOMY--OR EVEN CULTURE--

THAT WOULD PREVENT ACHIEVING THEIR GROWTH GOAL.

THUS RETIREMENT IS NOW BEING SET AT 60. WIVES ARE

WORKING, ESCALATOR SYSTEM IS BEING MODIFIED, IN-

VESTMENTS IN SOLE AND JOINT VENTURES IN SOUTH EAST

ASIA GROWING IN ORDER TO ACQUIRE SUBSTITUTE FOR LOW

PRICE LABOR, ETC.

HIGH COSTS OF THE URBAN EXPLOSION

JAPAN ALREADY HAS MORE CITIES OF OVER ONE MILLION POPULATION THAN THE UNITED STATES (7 TO 5) AND MORE CITIES OF 100,000 TO 1,000,000 (130 TO 125). PEOPLE ARE MOVING OUT OF CITY CENTERS, BECAUSE OF THE SHORTAGE OF LAND, BUT INDUSTRIES ARE NOT. THE COMMUTER PRESSURE RISES. ROAD BUILDING AND AUTOMOBILE OWNERSHIP INCREASE RAPIDLY, BUT BECAUSE OF GEOGRAPHIC LIMITATIONS IT IS MORE PROBABLE THAT THIS WILL OPERATE TO INCREASE METROPOLITAN ACTIVITIES (AS THE NEW TOKAIDO HAS OPERATED TO MULTIPLY THE FUNCTIONS THAT CAN BE CARRIED OUT FROM TOKYO) RATHER THAN DISPERSE THEM. PLANNING FOR THIS URBAN EXPLOSION IS STILL POORLY ADVANCED. IN TERMS OF CAPITAL AVAILABLE, THE PUBLIC SECTOR, GIVEN THE MODEST PER CAPITA INCOME (AND TAX YIELD), IS RELATIVELY WEAKER THAN IN THE UNITED STATES. YET LAND PRICES IN TOKYO RUN FROM FIVE TO 100 TIMES THOSE OF THE NEW YORK AREA, AND THE PROPORTION OF CITY SPACE DEVOTED TO ROADS IN TOKYO IS A MERE 10%, COMPARED TO 30% IN NEW YORK AND 55% IN LOS ANGELES. JAPAN'S UNIT COST FOR HIGHWAYS IS THE HIGHEST IN THE WORLD. IN A CITY IN WHICH AN AUTOMOBILE REQUIRES 200 SQUARE FEET FOR STORAGE AND THE AVERAGE NEW DWELLING SPACE PER FAMILY IS ONLY TWICE THAT, IT IS CLEARLY DESIRABLE TO EXPORT VIRTUALLY THE ENTIRE AUTOMOBILE PRODUCTION. ONLY IN THE PROVISION FOR PUBLIC MASS TRANSPORT IS THE JAPANESE CITY AHEAD OF ITS AMERICAN COUNTERPART. IN EVERY OTHER ASPECT OF SOCIAL OVERHEAD IT IS WELL BEHIND, AND THE ASSAULT ON THE JAPANESE ENVIRONMENT IS EASILY THE EQUIVALENT OF ANYTHING AMERICANS KNOW. MOREOVER, THE DEVELOPMENT OF COMPANY AND GOVERNMENT HOUSING IS BEGINNING TO PRODUCE THE NEIGHBORHOOD STRATIFIED BY INCOME AND CLASS LONG FAMILIAR IN THE UNITED STATES. SCHOOL AND OTHER DIFFERENTIATIONS MAY THUS BE THE NEXT STAGE.

MARIUS B. JANSEN, "THE UNITED STATES AND JAPAN IN THE 1970'S," GERALD CURTIS, ED., JAPANESE-AMERICAN RELATIONS IN THE 1970'S, WASHINGTON, D.C., COLUMBIA BOOKS, INC., 1970, P. 43.

Fifteen Reasons for Continued Economic Growth

purpose among labor and management in a successful corporation, which in turn evokes public interest and applause. All of this helps reinforce Chart 8: an extraordinary willingness to make whatever adjustments and sacrifices are necessary for growth--by individuals in terms of family, time, and energy; by the corporations in terms of dynamism, risk-taking, and sheer hard work; and by the government in creatively accelerating and facilitating, as well as in protecting and governing.

Fifteen Reasons for Continued Economic Growth

All of the factors discussed so far produce even better results for the Japanese, because, as indicated by Chart 9, the Japanese have reasonably good management at almost all levels and areas. By and large, management is not addicted to the fads, fashions, and ideologies that elsewhere have resulted in major contraproductive or wasteful activities. The future is likely to see this kind of good management even more favored and rewarded. The Japanese government's fiscal policies seem ahead of any others in the world, both in terms of willingness to take stern measures to prevent imbalances before they become disruptive, and in terms of the sophistication of having time-phased short-, medium-, and long-term corrective policies.

Here again the Japanese have copied, understood, perfected, and then improved on Western theories. Part of this perfection and improvement is at the theoretical level, where on the whole they have gone to the greater use of simple phenomenological theories than the more complex analytic theories--a move which in the current state of economic science seems a wise one. (But they now seem to have some tendency to be going to larger, more complex, and computerized-type models. It will be interesting to see whether or not they use these well or are misled by them as so many have been in the West.)

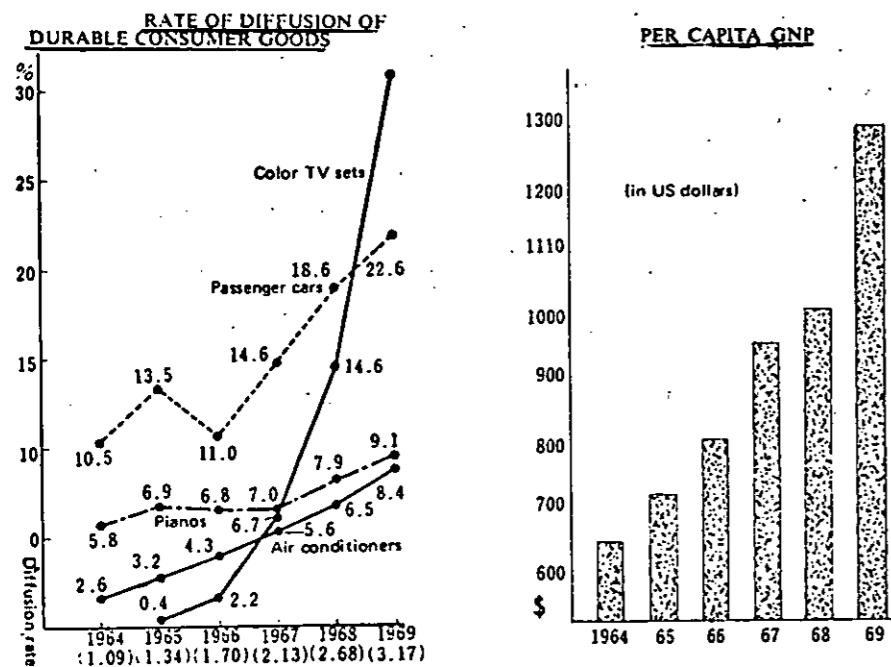
More important than the analytic skill, however, is the fact that decision-makers take the obvious lessons and injunctions quite seriously. For example, everyone in the West is now generally willing to accept the idea that when there is a depression government spending should increase and monetary policy should be easier in order to encourage expenditures in both investment and consumption. But whenever it becomes necessary to draw the belt, to tighten, no Western government has been willing to do what the Japanese have done three times in the postwar period. In order to correct for bad balance of payment situations, they have artificially created three very sharp, very severe, but very short depressions (or if one wishes, recessions). It is true the Germans did something like that in 1966, but as near as one can see the sharpness and intensity of the recession was not intended, so the Germans do not really get any moral credit for it, nor any theoretical credit either.

9 EXCELLENT MANAGEMENT OF THE ECONOMY RESULTS  
IN A CONTROLLED AND, TO SOME DEGREE, COLLECTIVIST  
BUT STILL COMPETITIVE AND MARKET-ORIENTED CAPITALISM

IN THE DRIVE FOR GROWTH EMOTION HAS NOT BEEN ALLOWED TO  
INTERFERE WITH EFFICIENCY

SUCH COUNTERPRODUCTIVE PRACTICES--TYPICAL OF REVOLUTIONARY  
AND AUTHORITARIAN REGIMES--AS GRATUITOUSLY TIGHT DISCIPLINE,  
ENFORCED ASCETICISM AND SAVING--HAVE BEEN AVOIDED

GROWTH RATE IS FUELED NOT SO MUCH BY SACRIFICES AS BY  
INTERNAL CONSUMPTION BY A PEOPLE WHO EACH YEAR (NOW) LIVE  
ABOUT 10% OR MORE BETTER THAN THEY LIVED THE PREVIOUS YEAR



NEGOTIATED WAGE INCREASE AND GROWTH RATE OF CORPORATE PROFITS

Remarks: Wage increases are results of compromise reached between the management and labor during the "spring offensive". Increase rate of corporate profits is for all industries as of the closing of books in March. Δ signifies decrease.

Year	Amount and Percentage of Negotiated Wage Increase (in Yen)	Amount of Increase over and above Previous Year's Increase Amount (in Yen)	% Increase over Previous Year of Ordinary Corporate Profits
1966	3,237 (9.9%)	253	Δ5.91%
1967	4,291 (12.1%)	1,054	45.68%
1968	5,179 (13.3%)	888	14.24%
1969	6,819 (15.6%)	1,640	19.90%
1970	9,040 (18.1%)	2,221	34.05%

12 ....IT'S NO LONGER POSSIBLE, UTTERLY UNIMAGINABLE, TO GO ON PROCEEDING WITH A GROWTH RATE OF 14 OR 15% PER ANNUM. ON THE BASIS OF THESE OBSERVATIONS, SINCE FALL OF THE YEAR BEFORE LAST I HAVE BEEN TAKING A TIGHT-MONEY POLICY. AND THE EFFECTS OF THIS POLICY UPON READJUSTING THE BUSINESS TRENDS ARE GRADUALLY BEGINNING TO MANIFEST THEMSELVES SINCE LAST FALL, AND BUSINESS ACTIVITIES HAVE SHOWN SIGNS OF BECOMING MORE OR LESS STAGNANT, SO MUCH SO THAT IT IS STILL CONTINUING TODAY. I THOUGHT IT NECESSARY TO SLOW DOWN THE GROWTH RATE OF 14-15% A YEAR, DOWN TO THE TARGET LEVEL OF ABOUT 10% OR PROBABLY MUCH LOWER THAN 10%. BUT ONCE YOU WENT UP TO A HIGH OF 14-15%, YOU JUST CANNOT BRING IT DOWN SUDDENLY TO A VERY LOW LEVEL. WE DON'T WANT TO GIVE THEM A SHOCK TREATMENT. SO FOR THE TIME BEING I THOUGHT 10% SHOULD BE TAKEN AS THE TARGET OF OUR COOLING DOWN PROCESS. SO A SET OF RETRENCHMENT POLICIES HAVE BEEN TAKEN, BUT AT PRESENT THE EFFECT OF THESE POLICIES HAS BEEN SOMEWHAT TOO EFFECTIVE AND THE REAL ECONOMIC GROWTH AT PRESENT IS NOW HOVERING AROUND 7-8%, THAT IS SLIGHTLY LOWER THAN THE 10% TARGET LEVEL, WITH THE RESULT THAT SOME OF THE INDUSTRIAL LEADERS ARE BEGINNING TO CRY OUT IN PAIN AND LOOK TOWARD US FOR HELP. THEY ARE SUFFERING FROM INCREASING STOCK INVENTORIES AND LOW SALES, AND THEY CALL THE CURRENT RECESSION AS BEING DIRECTLY DERIVED FROM GOVERNMENT POLICIES AND ARE NOW UPON US. BUT, AS I SAID, THIS CURRENT LEVEL OF 7 OR 8% IS NOT VERY DESIRABLE. I THINK THIS IS TOO LOW, TOO SHOCKING. SO WE ARE NOW BEGINNING TO EASE UP ON THE RETRENCHMENT POLICIES WITH A VIEW TO INCREASING THAT CURRENT LEVEL OF FROM 7-8 TO THE TARGET LEVEL OF 10%, AND THAT IS OUR PRESENT POSITION.

THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM THE  
PRESENTATION GIVEN AT H.I. CONFERENCE  
IN KYOTO, 6 APRIL 1971

Productivity and Wage Increases				
Year	Rate of Increase in Productivity %	Monthly Wages		
		Base Wage Before Increase Yen	Amount of Increase Yen	Rate of Increase %
1960	13.2		1,666	
1961	10.7	21,608	2,947	13.6
1962	3.4	23,712	2,494	10.5
1963	9.8	25,276	2,221	8.8
1964	12.1	26,695	3,251	12.2
1965	3.7	30,228	2,938	9.7
1966	12.7	32,775	3,196	9.8
1967	16.3	35,452	4,291	12.1
1968	14.1	38,958	5,179	13.3
1969	14.8	43,688	6,819	15.6
1970	14.6	49,826	9,040	18.1

Sources: Productivity - Japan Productivity Center  
Wages - Japan Federation of Employers' Associations

I HAVE GOT THE DIET APPROVAL ON WHAT I CALL A FLEXIBLE-ACTION ITEM. BY THIS, I MEAN, IF WE FIND OUR BUSINESS RECESSION CONTINUING IN THE MIDDLE OF THE FISCAL YEAR, A KIND OF BOND, WHICH IS NOT EXACTLY PUBLIC BOND BUT A GOVERNMENT-GUARANTEED BOND, WILL BE FLOATED, OUTSIDE THE FRAMEWORK OF THE BUDGET. GOVERNMENT-RELATED FINANCIAL INSTITUTIONS WILL BE AUTHORIZED TO ENLARGE THE RANGE OF LENDING IN FISCAL 1971, AND I HAVE AUTHORIZED THE RIGHT TO PLACE ORDERS, PAYMENT FOR WHICH WILL NOT BE MADE WITHIN THIS FISCAL YEAR OF 1971. ALL THIS REPRESENTS AN AMOUNT OF 700 BILLION YEN, OR 1% OF GNP. SO, WITH ALL THESE MEASURES I HAVE BEEN TRYING TO IMPLEMENT, I AM SURE THAT JAPANESE ECONOMY WILL GRADUALLY LOOK UPWARD.

THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM THE  
PRESENTATION GIVEN AT H.I. CONFERENCE  
IN KYOTO, 6 APRIL 1971

IN THIS CONTEXT, IT BECOMES CLEAR THAT JAPAN MAY WELL BE CALLED A CONGLOMERATE--JAPAN, INC. IN FACT. THE CENTRAL BANK ACTS AS THE FINANCIAL CENTER AND CAN ALLOW RAPIDLY GROWING INDUSTRIES TO USE MORE DEBT THAN COULD BE SAFELY INCURRED BY ITSELF. THE BORROWING POWER OF THE ENTIRE PORTFOLIO--JAPAN ITSELF--THUS BECOMES SAFELY AVAILABLE TO EACH INDUSTRY. JAPAN CAN CHANNEL FUNDS FROM MATURE TO DYNAMIC INDUSTRIES TO FUND GROWTH.

JAMES C. ABEGGLEN  
BUSINESS STRATEGIES FOR JAPAN

FORECASTS OF GROSS NATIONAL EXPENDITURE, PRODUCTION, AND PRICES

Unit: ¥10,000 million

Figures in Brackets Represents Growth Rate	Fiscal 1970					Fiscal 1971		
	Fiscal 1968	Gov't Feb. '70	MITI (Oct.)	Nomura Research Center (Oct.)	Japan Economic Research Center (Nov.)	MITI	Nomura Research Center	Japan Economic Research Center
Personal Consumption Expenditure	(15.0) 3,161	(15.9) 3,700	(17.5) 3,715	(16.4) 3,678	(17.3) 3,714	(17.4) 4,363	(16.4) 4,292	(17.3) 4,357
Ordinary Gov't Purchases	(15.3) 508	(15.1) 588	(17.0) 595	(15.7) 558	(16.3) 592	(15.0) 684	(15.8) 681	(16.0) 687
Private Housing	(28.6) 434	(24.4) 525	(28.2) 556	(20.8) 524	(25.0) 542	(24.6) 693	(22.6) 642	(26.5) 686
Private Equipment Investment	(29.8) 1,285	(17.2) 1,465	(19.5) 1,536	(18.9) 1,527	(21.0) 1,555	(15.8) 1,779	(12.4) 1,716	(17.9) 1,833
Gov't Capital Formation	(11.4) 550	(14.5) 625	(14.2) 623	(15.0) 632	(15.3) 635	(14.6) 729	(17.2) 741	(17.0) 744
Private Inventory Investment	(21.6) 252	(4.0) 260	(3.4) 261	(3.3) 260	(6.3) 268	(10.6) 288	(7.3) 280	(5.9) 292
Exports, etc.	(23.1) 718	(15.1) 817	(19.8) 860	(18.6) 851	(20.7) 866	(18.0) 1,015	(20.0) 1,022	(18.9) 1,030
Imports, etc.	(21.8) 636	(17.6) 736	(21.0) 769	(22.3) 778	(24.1) 789	(19.8) 922	(17.1) 911	(18.9) 938
Gross National Expenditure (Nominal)	(18.8) 6,272	(15.8) 7,244	(17.7) 7,381	(16.6) 7,314	(17.7) 7,384	(16.9) 8,630	(16.4) 8,311	(17.7) 8,690
Gross National Expenditure (Real)	(13.0) 5,231	(11.1) —	(11.4) 5,827	(11.2) —	(11.1) 5,808	(11.0) 6,469	(11.5) —	(12.2) 6,513
Mining and Industrial Production	(17.7) 194.3	(15.0) 223.1	(16.1) 225.4	(15.1) 223.4	(13.6) 256.2	(13.6) 256.2	(13.6) 256.2	(14.7) 256.2
Wholesale Prices	(3.2) 108.6	(1.9) 110.7	(1.9) 110.7	(2.9) 111.7	(2.9) 111.7	(2.9) 111.7	(2.9) 111.7	(2.1) 114.0
Retail Prices	(6.4) 123.5	(4.8) 128.6	(4.8) 128.6	(7.4) 132.6	(7.4) 132.6	(7.4) 132.6	(7.4) 132.6	(6.7) 141.5

Fifteen Reasons for Continued Economic GrowthFifteen Reasons for Continued Economic Growth

Of course, none of the above factors would give Japan its present success if the country lacked sufficient access to essential resources. But fortunately for the Japanese their scarcity of indigenous material resources does not now seem to make much difference. They are tapping the entire world for raw materials, and because of the scale on which they do so and the technology they use, in some respects they enjoy cheaper raw materials than any other nation in the world. They also have more than adequate export markets to pay for these raw materials. Particularly with the current stress on world trade, low tariff barriers, the free movement of people and capital, the free access to markets, it seems reasonable to suppose that Japan's favorable status will, if anything, improve. Worldwide the costs of communication, transportation, and travel are going down, and this should contribute to making Japan's competitive position even more favorable. Finally, the onset of the "post-industrial culture" also seems likely, at least in the next two or three decades, to favor Japan's competitive position.

Thus, it is not true that the Japanese export to live; they export in order to be able to buy imports. But under current trends the total of imports is becoming a smaller and smaller proportion of the economy, and essential imports are an even smaller proportion. This is to be expected as they go into a service economy, and even more so as they go into a post-industrial culture. (It is interesting to note that the Japanese are more conscious than almost any other people--at least at the government level--of this post-industrial culture and are beginning to have a sense of what it might mean for Japan.)

**FIFTEEN REASONS FOR CONTINUED ECONOMIC GROWTH**  
(REQUIREMENTS FOR RESOURCES AND MARKETS)

**10 ADEQUATE ACCESS TO MOST WORLD RESOURCES AND MARKETS**

IT IS NOT REALLY TRUE THE JAPANESE EXPORT TO LIVE;  
THEY EXPORT IN ORDER TO BUY IMPORTS

IMPORTS TOTAL IS BECOMING A LESSER AND LESSER PROPORTION OF THE ECONOMY

A GOOD DEAL OF THE JAPANESE INVESTMENT OVERSEAS IS DESIGNED TO CREATE BETTER IMPORT OR BETTER EXPORT SITUATIONS (FOR EXAMPLE, STEEL MILLS ARE LOCATED ON COAST OF JAPAN WHERE THEY CAN GET RAW MATERIALS MORE CHEAPLY THAN A U.S. STEEL MILL IN PITTSBURGH)

JAPANESE HAVE MADE A VIRTUE OF THEIR NECESSITIES AND ARE NOW OBTAINING THEIR RAW MATERIALS IN THE MOST ECONOMIC FASHION

GIVEN NEW FORMS OF TRANSPORTATION AND EFFICIENT TECHNIQUES, COSTS OF RAW MATERIALS FOR JAPAN WILL GO DOWN

A GOOD PROPORTION OF EXPORTS WILL BEGIN PAYING FOR CAPITAL INVESTMENT IN FOREIGN COUNTRIES, FOR TOURISM, FOR LUXURY IMPORTS, AND FOR BOTH "POLITICAL" AND "NON-POLITICAL" FOREIGN AID

JAPAN'S NEED FOR RAW MATERIALS

- 70% OF ALL JAPANESE IMPORTS ARE INDUSTRIAL RAW MATERIALS
- NEARLY 43% OF ALL DIRECT JAPANESE OVERSEAS INVESTMENTS (1951-67) WERE FOR SECURING RAW MATERIALS
- WITHIN A GENERATION JAPANESE NATURAL RESOURCES "MAY BE TOTALLY EXHAUSTED." COMMON ESTIMATE IS
  - COPPER - RESERVES FOR 17 YEARS
  - GOLD, LEAD, ZINC, MERCURY - ABOUT THE SAME
  - IRON - RESERVES FOR 9.8 YEARS
- "OUR POSITION AS A BUYER IS QUITE PRECARIOUS. WE ARE BUYING THESE THINGS ALMOST ON A SPOT BASIS." (NAOHIRA AMAYA, DIRECTOR OF PLANNING, THE MINISTRY OF TRADE AND INDUSTRY - MITI)

JAPANESE INVESTMENTS IN EAST ASIA

PROJECTIONS BY THE JAPAN ECONOMIC RESEARCH CENTRE SUGGEST THAT THE OUTFLOW OF LONG-TERM CAPITAL FROM JAPAN COULD BE IN 1975 ANYTHING FROM \$2,500 MILLION TO THREE TIMES THAT FIGURE, COMPARED WITH \$668 MILLION IN 1969.

THE JAPANESE HAVE SINGLED OUT EAST ASIA AND S.E. ASIA FOR SPECIAL ATTENTION. THE COUNTRIES WHERE THEY HAD THE BIGGEST IMPACT SO FAR ARE PROBABLY SOUTH KOREA AND TAIWAN. FOR INSTANCE, THE TRADE FLOWS BETWEEN SOUTH KOREA AND JAPAN ARE MORE THAN 5 TO 1 IN JAPAN'S FAVOR. THEN JAPAN HAS A BIG TRADE SURPLUS WITH THAILAND, AND IS ALSO THE BIGGEST FOREIGN INVESTOR IN THAT COUNTRY.

THE RANGE OF JAPANESE ACTIVITIES IN S.E. ASIA--BY WAY OF TRADING, AIDING AND INVESTING--IS GREAT. THE TYPES OF INDUSTRIES WHICH THE JAPANESE LIKE MOST ARE:

A) INDUSTRIES THAT TAKE ADVANTAGE OF CHEAPER LABOR COSTS, AS IN KOREA AND TAIWAN (IN KOREA, THE JAPANESE HAVE TO PAY LABOR RATES 1/4 TO 1/3 OF THOSE IN JAPAN)

B) MINING AND OIL, AS IN INDONESIA--AND OTHER NATURAL RESOURCE INDUSTRIES, SUCH AS LUMBER

THE ECONOMIST  
LONDON, NOVEMBER 21, 1970

SELECTED COUNTRIES	TRADE, 1968 (\$ BILLION) SOURCE: IMF		SHARE OF TOTAL FREE WORLD EXPORTS SOURCE: BANK OF JAPAN				
	IMPORTS (CIF)	EXPORTS (FOB)	1955	1960	1965	1967	
JAPAN	\$13.0	\$13.0	2.4%	3.6%	5.1%	5.5%	11%
WEST GERMANY	20.2	24.9	7.7	10.1	10.9	11.5	22
FRANCE	13.9	12.7	6.0	6.1	6.1	6.0	15
UNITED KINGDOM	19.0	15.3	9.6	9.0	8.0	7.3	18
ITALY	10.3	10.2	2.2	3.2	4.4	4.6	18
UNITED STATES	35.5	34.7	18.3	18.0	16.5	16.5	5

EXPORTS OF GOODS AND  
SERVICES AS PER CENT  
OF GNP (1967)  
SOURCE:  
STATISTICAL ABSTRACT

(NOTE: JAPAN EXPORTED  
ABOUT 20% OF GNP PRE-  
WORLD WAR II.)

JAPAN'S LEADING IMPORTS-1969

(U.S. \$ MILLION)

CRUDE OIL AND HEAVY OIL	2,100
LUMBER	1,300
IRON ORE	969
NON-FERROUS METAL	917
NON-FERROUS METAL ORE	728
COAL	574
RAW COTTON	424
FEED GRAINS	407
WOOL	392
WHEAT	297

NOTE: THE GENERAL PATTERN OF IMPORTS HAS NOT CHANGED TO ANY SIGNIFICANT DEGREE IN THE PAST DECADE

JAPAN'S TEN BEST CUSTOMERS

(U.S. \$ MILLIONS)	1960	1969	1970
1. U.S.	1,100	4,900	5,954
2. HONG KONG	156	768	819
3. PHILIPPINES	154	618	702
4. AUSTRALIA	144	608	702
5. UNITED KINGDOM	121	492	592
6. THAILAND	119	482	590
7. CANADA	117	478	572
8. INDONESIA	110	476	565
9. THAILAND	435	435	551
10. WEST GERMANY	394	394	480

(NOTE: FIGURES HAVE BEEN ROUNDED)

JAPAN'S LEADING EXPORT COMMODITIES

(U.S. \$ MILLIONS)	1960	1969	1970
COTTON TEXTILES	401	2,100	2,847
IRON AND STEEL	388	1,100	1,414
SHIPS	288	987	1,344
CLOTHING	220	889	1,034
RAYON TEXTILES	208	586	715
METAL PRODUCTS	148	581	697
RADIO RECEIVERS	145	452	499
CLOTHING	107	441	464
SCIENTIFIC ARTICLES & OPTICAL INSTRUMENTS	118	401	454
TAPE RECORDERS	90	355	428
TV SETS			

JAPAN'S TEN LARGEST SUPPLIER NATIONS

(U.S. \$ MILLIONS)	1960	1969	1970
1. U.S.	1,500	4,100	5,556
2. AUSTRALIA	344	1,200	1,507
3. KUWAIT	205	818	995
4. CANADA	204	699	928
5. MALAYSIA	194	468	636
6. PHILIPPINES	159	461	618
7. WEST GERMANY	123	446	533
8. SAUDI ARABIA	105	415	480
9. MEXICO	103	407	436
10. INDIA	99	397	419

(NOTE: FIGURES HAVE BEEN ROUNDED)

IT SEEMS TO ME THERE IS LITTLE DOUBT THAT WITHIN THE NEXT FIFTEEN YEARS OR SO, JAPAN WILL BE IN CONTROL OF MOST OF THE MARKETS FOR MANUFACTURED GOODS IN ALL OF THE FAR EAST AND SOUTHEAST ASIA, PROBABLY INCLUDING OCEANIA AND EASTERN SIBERIA. SHE WILL BE COMPETITIVE ALSO IN CENTRAL ASIA (INDIA, PAKISTAN, AFGHANISTAN, NEPAL, KASHMIR, AND CEYLON), IN ARABIA AND THE MIDDLE EAST, IN THE BALKANS AND EASTERN EUROPE. HER BUSINESS RELATIONS WITH THE UNITED STATES AND CANADA WILL INEVITABLY CONTINUE TO GROW. JAPAN HAS BEATEN HER SWORDS INTO ELECTRONIC COMPUTERS, AND WHAT SHE FAILED TO ACCOMPLISH WITH THE FORMER SHE WILL SUCCEED IN DOING WITH THE LATTER....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

# Fifteen Reasons for Continued Economic Growth

## Japanese Foreign Investment

Chart 1 is a summary of Japanese investment issues from 1951 to 1967. A good deal of this investment has been designed to create a better import or export situation; and Japanese import and export practices designed not only for current gain but for long-term value to their importing and exporting position. This is also true of internal investments. For example, because of economies of scale and location, Japanese steel mills, which are located on the coast, can now get raw materials more cheaply than a U.S. steel mill in Pittsburgh can--even when the Japanese are importing from the United States. They can also deliver their steel more cheaply to Los Angeles than the Pittsburgh mills can. (In some real senses American steel mills are mislocated.) In general the Japanese have made a virtue of their necessities and are now drawing their raw materials in the most economic and convenient fashion from the entire world. Because of the gains in shipping efficiency and other economies, as well as the future of new forms of transportation, and because of their future ability to invest vast sums of money in creating very large-scale operations, it seems quite clear that, if anything, costs for raw material will go down for Japan, not up. This does not mean, however, that there necessarily will be greatly weakened markets for Japanese exports. But one future problem has already reared its head--the Japanese will have too favorable a balance of payment and thus cause a currency drain in their trading partner. It is clear that the Japanese must not allow their favorable balance of payments to grow, and they might, for example, have to reevaluate the yen (which would simply mean their having to work less hard for their imports). Doubtless that will be done in the next decade or two, but excepting inordinate pressures from the U.S. in particular, (e.g. imminent thrust of U.S. passing across the board quotas or tariffs), not immediately.

Another possibility is that a good deal of Japan's favorable export balance will start paying for capital investment in foreign countries, as indicated in the article quoted in Chart 2, for tourism (see page 24), and for luxury imports. (The Japanese have a great liking for prestige Western foods, prestige clothing, and the like.) This means that they will end up in a very good bargaining position. Not only will they buy essential raw materials from the West, but a good deal of their import volume will also be made up of tourism or dispensable consumer items or will accrue from their own overseas investments. Of course, some of their own exports will be luxury items, too, but possibly not quite as luxurious as their imports. In other words, if they are buying scotch whisky simply because they like the taste of imported scotch, they still always know that their own Suntory brand is a quite satisfactory substitute at lower cost. (The current Seagrams/Kirin negotiations provide an interesting example). On the other hand, when they export a television set, the possibility for imported substitution by the buyer would involve a much more expensive and probably less reliable set

**1 JAPANESE INVESTMENTS (1951-1967): OVERVIEW**

1. ASIA - \$267 MILLION - 20% OF TOTAL OVERSEAS INVESTMENTS
2. SOUTHEAST ASIA - \$218 MILLION - 18% OF TOTAL OVERSEAS INVESTMENTS
3. REASONS FOR INVESTMENTS
  - a. SECURING RAW MATERIALS
  - b. UTILIZATION OF LOCAL LABOR
4. UNTIL RECENTLY JAPANESE INVESTMENTS WERE RELATIVELY SMALL BECAUSE OF
  - a. LACK OF GOVERNMENT SUPPORT
  - b. EQUIPMENT PURCHASES HAD HIGHER PRIORITY
  - c. JAPANESE COMPANIES RELUCTANT TO TAKE RISKS OR SPEND VALUABLE CAPITAL WHEN NOT ABSOLUTELY NECESSARY.

4 ...ONE OF THE MAJOR FACTORS THAT MAY INHIBIT, OR DELAY, JAPAN'S EFFORTS TO BECOME THE WORLD'S SECOND POST-INDUSTRIAL STATE IS THE RELATIVE POVERTY OF HER OVERSEAS MONETARY INVESTMENTS, CAUSED IN LARGE PART BY THE EXCESSIVE CAUTION AND ZENOPHOBIA OF THE BUREAUCRACY. JAPANESE COMPANIES AND PRIVATE INDIVIDUALS MUST, IF JAPAN IS TO CONTINUE HER GROWTH, BE PERMITTED TO INVEST AND OWN PROPERTIES OVERSEAS. IF THE BUREAUCRACY PERSISTS IN ITS STRINGENT CONTROLS TRADE WILL BE HAMPERED, AND SO IN CONSEQUENCE WILL BUSINESS EXPANSION....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

**6 GROWTH OF JAPANESE OVERSEAS INVESTMENTS  
1951-1967  
(U.S. \$ MILLIONS)**

1951-55	21.1
1956	19.4
1957	33.4
1958	64.6
1959	51.6
1960	92.4
1961	163.2
1962	95.6
1963	124.7
1964	119.8
1965	156.8
1966	226.4
1967	224.0
TOTAL	1,393.0

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIZANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

**7 U.S. DIRECT OVERSEAS INVESTMENTS:  
1950-1968  
(U.S. \$ MILLIONS)**

1950	11,788
1951-1955	7,607
1956-1960	12,470
1961	2,852
1962	2,559
1963	3,460
1964	3,744
1965	4,994
1966	5,303
1967	4,709
1968	5,270
TOTAL BOOK VALUE:	64,576

SOURCE: THE INTERNATIONAL INVESTMENT  
POSITION OF THE UNITED STATES:  
DEVELOPMENTS IN 1968, OVERSEAS  
BUSINESS REPORTS, U.S. DEPARTMENT  
OF COMMERCE, OCTOBER, 1969.

2 ....THOUGH JAPAN'S \$3 BILLION IN FOREIGN INVESTMENT REPRESENTS A DROP IN THE WORLD-WIDE BUCKET, OVER \$1.2 BILLION OF IT TOOK PLACE IN THE PAST TWO YEARS, AND MITSUI AND CO., A BIG TRADING HOUSE, FORECASTS A TRIPLING OF THE \$3 BILLION FIGURE BY THE MID-1970S. ONLY TWO YEARS AGO THE JAPANESE GOVERNMENT REQUIRED ITS OWN APPROVAL OF ANY OVERSEAS INVESTMENT OF MORE THAN \$50,000. NOW THE FLOOR IS \$1 MILLION. THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, SAYS A SENIOR OFFICIAL, IS THINKING OF RAISING THE CEILING AGAIN, AND MANY BUSINESSMEN FAVOR SCRAPPING IT. THAT COULD OPEN THE FLOODGATES.

THE WALL STREET JOURNAL,  
MAY 5, 1971

5 JAPAN'S EXPORTS AND EXPORT MARKETS				
	(Average) 1934-36	1950	1960	1968
Total exports (\$ millions)	932	828	4,055	12,972
Share to low-income areas (%)	72.9	60.9	53.2	46.9
Asia	63.7	46.3	37.0	34.0
Africa	5.8	8.9	8.7	7.2
Latin America	3.4	5.7	7.5	5.7
Share to high-income areas (%)	27.1	39.0	46.8	53.0
United States	15.9	21.7	26.7	31.5
Canada	0.3	1.8	2.9	2.7
Europe	8.1	12.0	12.2	14.6
(EEC countries)	(3.3)	(4.9)	(4.3)	(5.3)
(United Kingdom)	(3.9)	(3.1)	(3.0)	(2.8)
(USSR)	(0.7)	(0.0)	(1.5)	(1.4)
Australia and Oceania	2.8	3.6	4.9	4.2

NOTES: Minor inconsistencies result from rounding.

WARREN HUNSBERGER, "THE JAPANESE ECONOMY: A CONTINUING MIRACLE?" INTERPLAY, DECEMBER 1969, JANUARY 1970, p. 18

**8 JAPANESE OVERSEAS INVESTMENT BY AREA  
AND MAJOR INDUSTRY: 1951-1967  
(U.S. \$ MILLIONS)**

	NORTH AMERICA	CENTRAL & SOUTH AMERICA	EAST & SOUTH ASIA	MIDDLE EAST	EUROPE	AFRICA	OCEANIA
COMMERCE	225.0	88.6	20.2	.8	16.0	.6	3.8
MINING	40.8	31.8	93.2	237.9	.4	.4	23.5
CHEMICALS	12.0	3.1	7.5	.2	.9	-	.2
MACHINERY	2.1	92.4	13.9	1.0	31.8	-	-
METAL	.4	65.0	19.8	-	-	1.3	2.1
TEXTILES	3.0	36.7	32.6	-	.6	10.0	.8
CONSTRUCTION	3.5	29.2	1.8	-	-	-	-
FOOD	1.1	7.8	24.3	-	4.6	1.4	.8
AGRICULTURE	.6	.8	18.5	-	.4	.2	2.5

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIZANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

**3 JAPANESE OVERSEAS INVESTMENT BY AREA & TYPE:  
1951-1967  
(U.S. \$ MILLIONS)**

	PORTFOLIO INVESTMENT	LOAN	DIRECT OVERSEAS INVESTMENT	TOTAL
ASIA	122.7	143.3	.9	266.9
CENTRAL & SOUTH AMERICA	206.0	162.6	3.4	372.0
MIDDLE EAST	2.3	0	237.9	240.2
AFRICA	12.8	4.7	.2	17.7
NORTH AMERICA	232.7	137.9	30.7	401.3
EUROPE	25.2	30.6	.1	56.0
OCEANIA	13.1	25.8	0	38.9
TOTAL	614.8	504.9	273.3	1,393.0
%	44.1	36.2	19.6	-

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIZANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

**9 JAPANESE OVERSEAS INVESTMENTS  
BY INDUSTRY - 1951-1967  
(U.S. \$ MILLIONS)**

		%
MINING	428.1	30.7
COMMERCE	355.0	25.5
MACHINERY	141.2	10.1
METAL	88.6	6.4
TEXTILES	83.8	6.0
FOOD	39.9	2.9
CONSTRUCTION	34.5	2.5
TOTAL	1,393.0	

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIZANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

Japanese Foreign InvestmentJapanese/U.S. Trade

Chart 1 indicates the rather large recent imbalance of U.S.-Japanese trade, while Chart 3 gives a more complete breakdown by commodity.

Chart 2 gives some characteristic positions of U.S. businessmen with regard to Japanese competition. If Japan continues to grow rapidly as we have argued, and virtually all experts predict, this type of criticism is likely to increase and perhaps become more strident.

Charts 4, 5, and 6 serve to summarize the dilemma. The Japanese do not view their growth or competition as unfair nor do they see their success to be a result of a privileged relationship with the U.S. As they increasingly assume a major role in world trade and world affairs their trade must not be viewed as a "one way street." The key trade issue for the 1970's for both Japan and the U.S. is perhaps the necessity of developing a new mutually acceptable interdependence in the face of strains that are likely to substantially increase.

① U.S.-JAPAN: BILATERAL BALANCE OF PAYMENTS  
(\$ MILLIONS - U.S. RECEIPTS (+), U.S. PAYMENTS (-))

	1968	1969	1970
1. CURRENT ACCOUNT			
U.S. EXPORTS	+2,959	+3,510	+4,652
U.S. IMPORTS	-4,071	-4,897	-5,875
TRADE BALANCE	-1,112	-1,387	-1,223
U.S. MILITARY EXPENDITURES	- 581	- 658	
U.S. MILITARY SALES	+ 31	+ 18	
OTHER CURRENT ACCOUNT, NET	+ 259	+ 201	
CURRENT ACCOUNT BALANCE	-1,403	-1,826	
2. CAPITAL ACCOUNT BALANCE	+ 405	- 408	
3. U.S. DEFICIT ON KNOWN TRANSACTIONS	- 999	-2,234	

④ ...U.S. CAPITAL ALSO PLAYED A MAJOR ROLE IN THE REHABILITATION OF JAPANESE FIRMS, AND AT THE TIME IT MUST HAVE BEEN APPRECIATED BY THE JAPANESE AS QUITE A BOON. UNFORTUNATELY, TODAY THE JAPANESE VIEW IS THAT FOREIGN CAPITAL SIMPLY CAME IN TO TAKE ADVANTAGE OF HELPLESS JAPANESE FIRMS AND TO ESTABLISH ITSELF IN THE JAPANESE MARKET. THE WESTERN MORALITY OF HELPING A MAN WHEN HE'S DOWN DOES NOT EXIST IN JAPAN AS ANY FOREIGNER CAN OBSERVE DAILY IN THE JAPANESE STREETS. HENCE IN JAPAN THE MAN WHO HELPED HIM AND WHO, BY HELPING HIM, MADE HIM FEEL ASHAMED AND EMBARRASSED.

HENCE THE PRESENT JAPANESE VIEW OF THE PRIVATE FOREIGN CAPITAL WHICH HELPED REHABILITATE JAPAN IN THE POSTWAR YEARS IS PURE RESENTMENT. FOREIGNERS ARE NOT CONCEDED ANY PURE MOTIVES....

...MORE THAN ANYTHING ELSE, WHEN IT COMES TO FOREIGN CAPITAL, THE JAPANESE WANT TO BELIEVE THAT THEY HAVE CREATED THEIR ECONOMIC MIRACLE BY THEMSELVES AND NO ALTRUISTIC MOTIVES ARE ATTRIBUTED TO THE FOREIGNERS WHO HELPED THEM....

IF AMERICANS EXPECT ANY KUDOS FOR THEIR HELP TO THE JAPANESE ECONOMY DURING THE KOREAN WAR, THEY WILL BE DISAPPOINTED. AS WITH THE VIETNAM WAR TODAY, JAPAN TAKES THE ATTITUDE THAT THIS IS SIMPLY A CASE OF QUID PRO QUO. THE U.S. IS BUYING IN JAPAN FOR ITS OWN SELFISH REASONS AND ENTIRELY IN ITS OWN SELF INTEREST. THE JAPANESE VIEW IS THAT IF THIS WERE NOT SO, THE U.S. WOULD BUY ELSEWHERE....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

② OPINIONS OF AMERICAN BUSINESSMEN RE. JAPANESE TRADE

C. WILLIAM VERITY JR., PRESIDENT OF ARMCO STEEL:

THE JAPANESE HAVE ALLOCATED TREMENDOUS MONEYS TO BUILDING UP THEIR STEEL INDUSTRY. IN DOING SO, THEY HAVE USED THE JUSTIFICATION THAT IF THEY CANNOT SELL STEEL IN THEIR OWN MARKET, THEY CAN ALWAYS GET RID OF IT IN THE U.S. IN MANY CASES, THEIR PRICE IN JAPAN IS HIGHER THAN IN EITHER EUROPE OR THE U.S. THEY DON'T SELL ON THE BASIS OF PROFIT BUT TO FULFILL A NATIONAL NEED.

PETER M. FLANIGAN, ASSISTANT TO PRESIDENT NIXON, WITH SPECIAL RESPONSIBILITIES FOR TRADE AND LIAISON WITH THE BUSINESS COMMUNITY:

IT IS ALMOST IMPOSSIBLE TO FIND OUT THE TRUE DOMESTIC PRICES OF JAPANESE STEEL.

ELY R. CALLAWAY JR., PRESIDENT OF BURLINGTON INDUSTRIES, INC. (TEXTILES):

I CANNOT THINK OF ANY MAJOR INDUSTRY IN AMERICA THAT IS NOT SUBJECT TO GREAT INVASION OR ATTACK BY THE JAPANESE. THE PROBLEM IS THAT THE JAPANESE SYSTEM IS THE MOST EFFECTIVE MONOPOLY THAT HAS EVER BEEN DEVELOPED IN THE ECONOMIC HISTORY OF THE WORLD. THE JAPANESE WILL DO WHATEVER THEY NEED TO DO TO TAKE OVER WHATEVER PART OF THE RICHEST MARKETS IN THE WORLD THAT THEY WANT TO TAKE.

DONALD F. McCULLOUGH, CHAIRMAN OF COLLINS & AIKMAN CORP. AND IMMEDIATE PAST PRESIDENT OF THE AMERICAN TEXTILE MANUFACTURERS INSTITUTE:

THEY ZERO IN ON A SEGMENT OF OUR MARKET AND TAKE IT OVER. THEN THEY WILL MOVE INTO THE NEXT SEGMENT AND THE NEXT.

⑤ A NEW INTERDEPENDENCE

ALL OF THIS COMBATS JAPAN FIRMLY TO A WORLD, RATHER THAN A REGIONAL, ROLE. IN WORLD TRADE ITS POSITION CHANGES, WORSENING AS WAGE RATES RISE AND IMPORT NEEDS GO UP BUT, AT THE SAME TIME, IMPROVING AS RAPID GROWTH PRODUCES EVER LARGER ECONOMIES OF SCALE AS SIZE OF FIRM, BREADTH OF MARKET, AND INCREMENT OF KNOW-HOW ACCUMULATE. THESE ADVANTAGES ARE INCREMENTAL AND NOT TRANSITIONAL. FROM THIS IS DEVELOPING AN INTERNATIONAL DIVISION OF LABOR THAT HESSES POORLY WITH OUR USUAL CATEGORIES OF ANALYSIS IN TERMS OF NATION STATES. JAPAN, AS JAMES ABEGGLEN RECENTLY PUT IT, BUILDS AMERICA'S SHIPS, MAKES MOST OF ITS ELECTRONIC ENTERTAINMENT EQUIPMENT, AND MAY COME TO DOMINATE IN SMALL CARS AND LUXURY COMPACTS. THE UNITED STATES MAKES JAPAN'S LARGE COMPUTERS, ITS AIRCRAFT, AND WILL DOMINATE IN SPACE INDUSTRIES, ALTHOUGH EVEN HERE PATTERNS OF SUBCONTRACTING AND DIVISION CAN DEVELOP. THUS A KIND OF INTERDEPENDENCE DEVELOPS THAT REQUIRES STRETCHING OF WAYS OF THINKING AND SPEECH AND EDITORIAL WRITING.

IN ADDITION TO SHARING IN DEVELOPED MARKETS WHERE LABOR COSTS AND TECHNOLOGY GIVE IT THE ADVANTAGE, JAPAN IS BEGINNING TO TURN TO LESS DEVELOPED NEIGHBORING SOCIETIES TO SHARE SOME OF THE FUNCTIONS IT FORMERLY PERFORMED ITSELF. MANY EXPORTS THAT WERE FORMERLY JAPANESE HAVE ALREADY SHIFTED TO TAIWAN AND KOREA. SABURO OKITA RECENTLY POINTED OUT THAT KOREA'S EXPORT LIST TODAY CLOSELY RESEMBLES JAPAN'S OF FIFTEEN YEARS AGO. IN 1966 JAPAN BECAME A NET IMPORTER OF RAW SILK, AND IN 1967 OF COTTON YARN.

MARTUS B. JAHSEN, "THE UNITED STATES AND JAPAN IN THE 1970'S," GERALD CURTIS, EDITOR, JAPANESE-AMERICAN RELATIONS IN THE 1970'S, WASHINGTON, D.C., COLUMBIA BOOKS, INC., 1970, P. 42.

③ UNITED STATES IMPORTS FOR CONSUMPTION FROM JAPAN: BY COMMODITY

ANNUAL 1969 and 1970  
(Value \$ Millions)

Commodity	1969	1970	Percent Change	Japan's Share of Total U.S. Imports, 1970
Grand Total	4,888.3	5,875.3	20.2%	14.7%
Agricultural Commodities	37.2	37.1	-0.3	0.7
Nonagricultural Commodities	4,851.1	5,838.2	20.3	17.0
Food and Live Animals	130.7	163.0	24.7	3.0
Fish, incl. shellfish & prepar.	100.5	129.0	28.4	16.2
Fruits, nuts & vegetables	17.6	18.8	6.8	2.6
Beverages and Tobacco	2.6	2.2	-15.4	0.3
Crude Materials, Except. Fuels--inedible	32.6	34.3	5.2	1.0
Textile fibers and waste	15.8	11.7	-25.9	5.8
Mineral Fuels, Lubricants and Related Materials	5.2	2.0	-61.5	0.1
Animal and Vegetable Oils and Fats	3.0	4.2	40.0	2.6
Chemicals	120.7	176.1	45.9	12.1
Chemical Elements & Compounds	78.5	117.3	49.4	15.5
Organic Chemicals	57.1	92.1	61.3	25.9
Manufactured Goods Classified Chiefly By Material	1,674.5	1,894.6	13.1	22.5
Plywood, Veneers, Etc.	70.9	51.1	-27.9	18.3
Textiles, Excl. Fibers & Apparel	284.9	301.9	6.0	26.6
Cotton Fabrics	51.3	45.0	-12.3	26.0
Other Woven Fabrics	154.3	174.4	13.0	35.0
Glassware, Pottery & China	116.3	117.3	0.9	34.8
Iron & Steel Mill Products	763.8	892.6	16.9	45.7
Wires, Rods & Bars	130.6	143.0	9.5	29.4
Plates & Sheets	431.4	480.9	11.5	52.9
Tubes & Pipes	132.4	190.0	43.5	54.4
Nonferrous Metals, Exc. Ores & Scrap	56.4	75.0	33.0	4.5
Metal Manufactures, N. E. S.	253.3	322.8	27.4	39.1
Machinery & Transport Equipment	1,734.8	2,243.0	29.3	20.1
Machinery	1,206.2	1,414.6	17.3	26.7
Machinery - Nonelectric	314.3	430.9	37.1	14.3
Office Machinery & Computers	86.3	145.0	68.0	28.7
Machinery - Electric	891.9	983.7	10.3	43.3
Radio, TV, Other Tele-Communications Equipment	658.7	705.4	7.1	63.9
Radio Sets	240.3	225.4	-6.2	65.4
Television Sets	252.3	254.6	0.9	80.7
Transport Equipment	528.5	828.4	56.7	14.1
Passenger Cars - New	300.6	456.0	51.7	12.3
Motorcycles and Parts	130.6	261.7	100.4	79.8
Miscellaneous Manufactured Articles	1,118.3	1,277.8	14.3	26.4
Clothing, Except Footwear	254.7	276.9	8.7	21.9
Footwear	84.5	92.2	9.1	14.6
Scientific, Optical, Photographic Instruments	149.6	159.1	6.4	44.7
Musical Instruments, Phonographs, Tape Recorders	302.9	380.9	25.8	75.4
Toys, Sporting Goods, Etc.	112.6	130.5	15.9	30.6
Unclassified Commodities	66.0	78.1	18.3	6.1

SOURCE: U. S. Department of Commerce, FT 990, 1970, Table 1-7

⑥ TRADE--ONE WAY STREET

THEY HAVE MORE RESTRICTIONS THAN ANY OTHER INDUSTRIAL NATION IN THE WORLD, AND TRADE AT THE MOMENT IS REALLY ALMOST A ONE-WAY STREET AS FAR AS JAPAN IS CONCERNED. THE ROAD INTO THE UNITED STATES FROM JAPAN IS ABOUT THREE MILES WIDE, AND IT'S ONLY ABOUT ONE INCH WIDE GOING INTO JAPAN. THEY'RE MOVING INTO OUR AUTOMOBILE FIELD, OUR ELECTRONICS, OUR CAMERAS, RADIOS, ...

"THE STAKES IN ASIA," ABC NEWS DEPT., JUNE 28, 1970.

Japanese/U.S. TradeForeign Investment in Japan

Chart 1 is a summary of foreign investment in Japan. As this chart points out, and Chart 5 illustrates, foreign investment has dramatically increased since the first round of liberalization in 1967.

Chart 2 is a quotation from the Foreign Investment Law of 1950. Contrast this with the informal statement of MITI in Chart 3.

The remaining charts on this page highlight some of the issues and problems associated with foreign investment in Japan.

## ① FOREIGN INVESTMENT IN JAPAN

FOREIGN DIRECT INVESTMENT HAS PLAYED A NEGLIGIBLE ROLE IN ECONOMIC GROWTH UP TO NOW

TWO ROUNDS OF CAPITAL LIBERALIZATION IN JULY 1967 AND MARCH 1969 OPENED UP OVER 200 SECTORS TO FOREIGN DIRECT INVESTMENT, EITHER IN FORM OF 100% OWNERSHIP OR JOINT VENTURES UP TO A 50% SHARE. THESE SECTORS ACCOUNT FOR ABOUT 40% OF TOTAL OUTPUT OF MANUFACTURING INDUSTRIES AND AN EQUIVALENT SHARE OF THE WORK FORCE

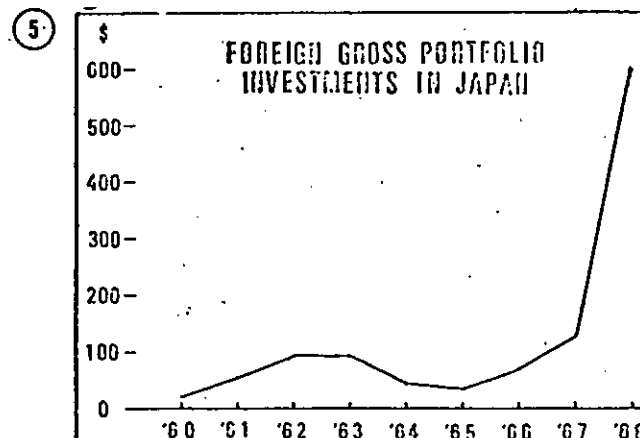
A THIRD ROUND OF LIBERALIZATION IN AUGUST 1970 RELAXED LIMITS ON FOREIGN INVESTMENT IN OVER 300 INDUSTRIAL SECTORS

SOME 90 SECTORS STILL REMAIN UNDER IMPORT CONTROL. THE AUTOMOBILE INDUSTRY IS EXPECTED TO BE OPENED TO FOREIGN INVESTMENT IN SPRING 1971 (NEW YORK TIMES, SEPTEMBER 11, 1970). CHRYSLER AND MITSUBISHI HEAVY INDUSTRIES HAVE ALREADY AGREED IN PRINCIPLE TO A JOINT VENTURE IN WHICH CHRYSLER WILL HAVE A 35% CAPITAL HOLDING

THE FINAL ROUND OF LIBERALIZATION IS SCHEDULED FOR FALL 1971

THE BULK OF LIBERALIZED FIELDS WILL RESTRICT FOREIGN OWNERSHIP TO 50%

FOREIGN-AFFILIATED COMPANIES ARE SLATED TO GAIN IN IMPORTANCE TO THE JAPANESE ECONOMY IN THE 1970'S



⑧ JAPAN HAS RISEN AGAIN AND THE YOUNG PEOPLE'S FEELINGS OF WELL-BEING AND AFFLUENCE ENGENDERED BY TODAY'S JAPAN ARE NOT SHARED BY THIS TAISHO GENERATION. THEY FEAR WHAT MIGHT HAPPEN TO JAPAN IF, NOW THAT SHE HAS ALMOST COMPLETELY RID HERSELF OF OCCUPATION FORCES, FOREIGNERS WERE TO RETURN TO JAPAN IN THE GUISE OF FOREIGN CAPITAL INVESTMENT AND TAKE OVER CONTROL OF HER INDUSTRIES. TO NOURISH THIS ZENOPHOBIA, ANCIENT HISTORU IS DREDGED UP OUT OF CONTEXT AND HISTORICAL FEARS OF BLACK SHIPS AND FOREIGN INVASION ARE BEING TAUGHT TO A NEW GENERATION THAT WOULD RATHER LOOK FORWARD TO THE AFFLUENCE WHICH FOREIGN PRODUCTS AND FOREIGNERS REPRESENT....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

② ...ARTICLE 2 OF THE FOREIGN INVESTMENT LAW OF 1950: "FOREIGN INVESTMENT IN JAPAN SHOULD BE AS FREELY RECOGNISED AS POSSIBLE. AS THE NEED FOR THE VALIDATION SYSTEM PROVIDED FOR IN THIS LAW DECREASES, SO IT SHOULD BE ABOLISHED AND RELAXED."....

N. KOBAYASHI  
(THROUGH JAPANESE EYES)  
THE WORLD OF JAPANESE BUSINESS.

③ ..."TEN COMMANDMENTS FOR FOREIGN INVESTORS," ANNOUNCED INFORMALLY BY THE MINISTRY OF FINANCE IN SEPTEMBER, 1967.

1. INVEST IN INDUSTRIES WHERE A FIFTY PERCENT EQUITY IS AUTOMATICALLY APPROVED RATHER THAN IN INDUSTRIES WHERE A HUNDRED PERCENT IS POSSIBLE;
2. AVOID INDUSTRIES IN WHICH GOODS ARE PRODUCED MAINLY BY MEDIUM TO SMALL FACTORIES;
3. AVOID RESTRICTIVE ARRANGEMENTS WITH OVERSEAS PARENT COMPANIES OR AFFILIATES;
4. COOPERATE WITH JAPANESE PRODUCERS IN THE SAME INDUSTRY IN ORDER TO AVOID "EXCESSIVE COMPETITION";
5. CONTRIBUTE TO THE DEVELOPMENT OF JAPANESE TECHNOLOGY;
6. HELP PROMOTE JAPANESE EXPORTS;
7. ENSURE THAT IN A JOINT VENTURE THE NUMBER OF JAPANESE DIRECTORS REFLECTS THE JAPANESE EQUITY PERCENTAGE;
8. AVOID LAYOFFS AND PLANT CLOSURES THAT MIGHT DISRUPT THE JAPANESE LABOR MARKET;
9. COOPERATE IN MAINTAINING JAPAN'S INDUSTRIAL HARMONY AND HELP IN THE ACHIEVEMENT OF HER ECONOMIC GOALS; AND
10. AVOID CONCENTRATING THEIR INVESTMENTS IN ANY PARTICULAR INDUSTRY OR INDUSTRIES.

N. KOBAYASHI  
(THROUGH JAPANESE EYES)  
THE WORLD OF JAPANESE BUSINESS

⑥ THE BUREAUCRACY'S FEAR OF FOREIGN INVESTMENT MAY BE IRRATIONAL, BUT IT IS NONETHELESS REAL, AND IT IS THE CHIEF FACTOR THAT PRESENTLY RESTRAINS JAPAN FROM PURSUING HER GOAL WITH GREATER SPEED AND EFFECTIVENESS. WHAT IS NEEDED IS TRUE "LIBERALIZATION" ON THE PART OF GOVERNMENT, NOT HERE LIP SERVICE. JAPAN MUST ENCOURAGE FOREIGN INVESTMENT. FURTHERMORE, SHE CAN NEVER BECOME A FIRST-CLASS NATION UNTIL THE YEN IS AS FREELY CONVERTIBLE AS THE UNITED STATES' DOLLAR....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

⑨ MUCH OF THIS UNFORTUNATE LACK OF TRUST COULD BE AVOIDED IF THE JAPANESE PARTNER (1) ADOPTED A SOMEWHAT LESS PROPITIATORY ATTITUDE TOWARD THE GOVERNMENTAL BUREAUCRAT, REALIZING THAT THE ADVERSE REACTION OF HIS FOREIGN PARTNER MAY BE MORE DISADVANTAGEOUS TO THE BUSINESS THAN THE ADVERSE REACTION OF THE GOVERNMENT OFFICIAL; AND (2) KEPT HIS FOREIGN PARTNER ADVISED TO THE FULLEST POSSIBLE EXTENT OF THE NATURE OF THE NEGOTIATIONS BETWEEN HIM AND THE MINISTRY. IT WOULD BE IMMEASURABLY HELPFUL, ALSO, OF COURSE, IF THE GOVERNMENT OFFICIAL WOULD KEEP IN MIND THAT IN DEALING WITH A JAPANESE REPRESENTATIVE HE IS ALSO DEALING WITH A FOREIGN PARTNER AND THAT THE LATTER HAS LITTLE OR NO ACQUAINTANCE WITH THE CUSTOM OF "WINDOW GUIDANCE."

N. KOBAYASHI, THE WORLD OF  
JAPANESE BUSINESS, P. 246.

④ THE MODEL OF AN EFFECTIVE FOREIGN OPERATION IN JAPAN CAN BEST BE THOUGHT OF IN TERMS OF MANAGEMENT BY EXCEPTION OR THE NEGATIVE FEEDBACK CONTROL PRINCIPLE OF MANAGEMENT DECISION-MAKING, SOMETIMES ALSO REFERRED TO AS THE THERMOSTAT PRINCIPLE OF MANAGEMENT. FIRST TO PRESENT IT THEORETICALLY. ANY COMPANY OPERATES IN ACCORDANCE WITH A NUMBER OF RULES, BOTH WRITTEN AND UNWRITTEN, HARD AND SOFT, CONSCIOUS AND UNCONSCIOUS, EXPLICIT AND IMPLICIT. IN THE ORIENT, THE WORD, 'WAY', (IN CHINESE, TAO; IN JAPANESE, MICHU) DESCRIBES IT PERFECTLY TO THE ORIENTAL MIND. THE COMPANY OPERATES IN A CERTAIN WAY WHICH IS SENSED BY EVERYONE IN THE COMPANY FROM CHAIRMAN TO DAY LABORER. IN THE WEST, WE SPEAK OF THE SOCIO-ECONOMIC HISTORY AND ENVIRONMENT OF THE FIRM AS BEING RESPONSIBLE FOR A PRESENT MODUS OPERANDI. WE SAY THAT IT IS THE JOB OF THE MANAGER TO KEEP THE FIRM ON THE RIGHT TRACK AND TO SEE TO IT THAT DEVIATIONS ARE CORRECTED. THE JAPANESE MANAGER DOES THE SAME THING IN TERMS OF HIS OWN PARTICULAR FRAME OF REFERENCE.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

⑦ AN OUTSIDE BUSINESS FIRM, GOVERNMENT BUREAU, OR OTHER ORGANIZATION SHOULD NOT NORMALLY TRY TO RUSH THE DECISION PROCESS, BECAUSE TO DO SO WILL OFTEN ONLY RESULT IN THE ERECTION OF BARRIERS AND ANIMOSITY. INSTEAD, ONE SHOULD FIND OUT WHERE THE STAFF WORK ON A PROBLEM IS BEING DONE, PROVIDE THE STAFF WITH RELEVANT INFORMATION, AND PRESENT OPINIONS--MOSTLY WHEN THE JAPANESE ASK FOR THEM. SINCE THE JAPANESE DO INTENSIVE STAFF WORK TO EDUCATE THEMSELVES, ANY EFFORT TO RUSH OR CHANNEL THIS PROCESS IS LIKELY TO RAISE SUSPICIONS OF DECEPTION. UNSOLICITED OPINIONS SHOULD BE PRESENTED ONLY AS THE PROCESS GOES ON...ONE SHOULD NOT WAIT UNTIL THE CONSENSUS HAS BEEN LARGELY ACHIEVED BEFORE JOINING THE DISCUSSION, NOR SHOULD HE EXPECT IMMEDIATE RESULTS...IN PARTICULAR, ONE NORMALLY SHOULD NOT TAKE A RIGID POSITION; OTHERWISE THE JAPANESE MIGHT BECOME FRUSTRATED AND GIVE UP ANY HOPE OF ACCOMMODATION. ALSO, ONE MAY TAKE A LESSON FROM THE JAPANESE AND OCCASIONALLY PROPOSE SIDE DEALS OR SUGGEST OTHER MEANS OF ACCOMMODATION TO MAKE IT EASIER FOR THE JAPANESE TO MOVE APPRECIABLY IN THE DESIRED DIRECTION. AND, SINCE DECISIONS ARE REACHED ONLY AFTER AN EXTENDED PERIOD OF DISCUSSION AMONG THE LARGE NUMBER OF INTERESTED JAPANESE PARTIES WHO OFTEN HOLD WIDELY DIVERGENT VIEWS, ANYONE ANTICIPATING THE EVENTUAL AGREEMENT AND ARTICULATING IT AT THE RIGHT MOMENT MAY NOT ONLY FACILITATE BUT SOMETIMES INFLUENCE THE DECISION. THEREFORE, IF AN OUTSIDER SHOULD SUCCEED IN FORMULATING A REASONABLE ACCOMMODATION, HIS LEADERSHIP VALUE WOULD INCREASE IMMENSELY, ESPECIALLY SINCE BY THE TIME ALL THE VARIOUS FACTIONS ARE ACCOMMODATED, THE POSITION OF THEIR CHIEF NEGOTIATOR MAY BE PRACTICALLY FROZEN.

H. KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970.

Foreign Investment in JapanJapanese Attitudes Towards Contracts and Litigation

On this page we present some discussion of perhaps the most fundamental difficulty, particularly for Americans, in investing or doing business in Japan; the Japanese attitude toward contracts and litigation.

Generally speaking, people of different cultures have very different attitudes toward written agreements or contracts. In very few cultures are contracts taken as seriously as in the U.S. where, for example, the written agreement is generally regarded as virtually sacrosanct, overriding all other relationships. Presumably this characteristic can be attributed to the fact that there are comparatively few relationships in the United States based in tradition and culture. In a sense, the contract is all the social cement we have.

In some cases (particularly treaties such as NATO) we tend to think of contracts as being a marriage made for life rather than a liaison made for convenience. Until recently, for example, Americans almost never thought of the NATO Treaty as something that could be easily changed or--from the psychological point of view--lightly picked up or dropped. Europeans, on the other hand, clearly have not taken it so seriously. Similarly, Americans generally regard the U.S. Constitution as a unique, complete, everlasting document: one that created our nation and will endure for its duration. In comparison, the French, who are now in their Fifth Republic, are little concerned with the temporary nature of their written constitutions. For them the nation as the embodiment of the French people is sacred, while the written framework is treated almost as frivolously as we would treat the fashions of an era, as a dress that is discarded when outworn--or even just out of style.

The Japanese are even more casual about written documents. Where Americans in cases of dispute tend to say, "Let us return to the document on which the relationship is based and see what it said," many Japanese would not think the matter of sufficient importance to be mentioned. For most Japanese, the critical issue is the present and past emotional background of a relationship, the personal issues and attributes that led to its creation, and the current power or bargaining situation. The Japanese would want to know: what was the ambience of the situation in which the document was signed; what events have occurred since the signing and what are the current relationships of the concerned parties?--all things that are usually irrelevant to an American involved in a dispute over a "contractual issue."

① ...THE WESTERN VIEW OF THE CONTRACT IS THAT A LEGAL CONTRACT BETWEEN TWO PARTIES WHOSE VALIDITY IS UPHOLD BY THE COURTS IS BINDING UPON THE PARTIES. THE JAPANESE VIEW IS THAT A CONTRACT IS A PIECE OF PAPER AND PEOPLE ARE HUMAN BEINGS. SHOULD THERE BE AN OBLIGATION OF ONE PERSON TO ANOTHER PERSON, THEN SOCIETY EXPECTS THE OBLIGATION TO BE HONORABLY DISCHARGED. THE PENALTY FOR FAILURE TO DISCHARGE THE OBLIGATION IS DISHONOR OF ONESELF, ONE'S NAME, AND ONE'S FAMILY, PERHAPS FOR GENERATIONS TO COME. THIS IS A MUCH STRICTER PENALTY THAN COMMERCIAL CODES EXACT IN THE WEST AND HENCE THE JAPANESE LESSER CONCERN FOR THE PAPER CONTRACT AND EXCESSIVE CONCERN FOR THE NATURE OF THE OBLIGATION AND THE HUMAN BEINGS INVOLVED.

AT THE SAME TIME, SINCE ALL CONTRACTS REFER TO OBLIGATIONS WHICH MUST BE DISCHARGED IN THE FUTURE AND THE JAPANESE FEEL EXTREMELY UNCERTAIN ABOUT THE FUTURE, THE JAPANESE SIDE PREFERS THAT CONTRACTUAL OBLIGATIONS BE LEFT AS VAGUE AS POSSIBLE, IN ORDER TO PROVIDE FOR A MAXIMUM OF FLEXIBILITY. WHAT WE TERM 'GOODWILL' IN THE WEST IS SUPPOSED TO EXIST BETWEEN THE CONTRACTING PARTIES AND IT IS GOODWILL AND THE SENSE OF OBLIGATION OF ONE PARTY TO THE OTHER THAT IS SUPPOSED TO BE THE ULTIMATE ASSURANCE OF FULFILLMENT OF THE CONTRACTUAL OBLIGATION....

...AS MIGHT BE EXPECTED, THE JAPANESE FOR WHOM THE WRITTEN CONTRACT PLAYS SUCH A SMALL ROLE, ARE MORE THAN CURIOUS ABOUT THE FOREIGN BUSINESSMAN'S EMPHASIS ON THE WRITTEN CONTRACT. NO ONE CAN DENY THE SATISFACTION THAT COMES TO A WESTERN BUSINESSMAN WHEN HE HAS SUCCESSFULLY CLOSED A DEAL AND COMES AWAY WITH THE SIGNED CONTRACT IN HIS BRIEFCASE.

TO A JAPANESE BUSINESSMAN, THE WHOLE SCENE AROUSES DIRE SUSPICIONS ON HIS PART. HE IS PUZZLED AT THE FOREIGNER'S CONCERN WITH WORDS AND PHRASING AND THE FOREIGNER'S DELIGHT ON THE SIGNING; IN FACT, THE SIGNING CEREMONY USUALLY INVOLVES A VISIT FROM ABROAD OF SOME VICE PRESIDENT OR EVEN BOARD CHAIRMAN. THE JAPANESE MORE OFTEN THAN NOT DOES NOT DISMISS THIS AS SOME STRANGE WESTERN CEREMONIAL RITE. HE ASSUMES (OFTEN INCORRECTLY) THAT HE HAS BEEN TAKEN IN SOME WAY, AND THAT IS THE REASON FOR THE GLEE ON THE WESTERN SIDE.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

④ A WESTERNER ENTERING INTO A CONTRACT WITH A JAPANESE INDIVIDUAL OR FIRM WILL FIND THAT A CONTRACT IS OFTEN CONSIDERED AN AGREEMENT TO ENTER INTO A GENERAL COURSE OF CONDUCT RATHER THAN SOMETHING FIXING THE PRECISE TERMS OF PERFORMANCE. AS A RESULT, THERE MAY BE BASIC DISAGREEMENT OVER WHETHER OR NOT THE AGREEMENT HAS BEEN BREACHED.

B. JAMES GEORGE, "LAW IN MODERN JAPAN", BEARDSLEY-HALL, TWELVE DOORS TO JAPAN, NEW YORK, MCGRAW-HILL BOOK CO., 1965, P. 517.

⑦ ...FOREIGN BUSINESSMEN AS WELL AS FOREIGN LAWYERS ARE ASTONISHED TO LEARN OF THE INEFFECTUACY OF A COURT INJUNCTION HANDED DOWN, FOR INSTANCE IN A CASE OF VIOLATION OF THE PROTECTIVE MEASURES FOR INDUSTRIAL PROPERTY. SUPPOSE, AS AGENT FOR X, Y HAPPENS TO HOLD X'S WRITTEN KNOW-HOW. LOSING TRUST IN Y, X CANCELS THE AGENCY CONTRACT. IF Y REFUSES TO RETURN THE WRITTEN KNOW-HOW, CONTENDING THAT THE CANCELLATION WAS ILLEGAL, X IS GRANTED A COURT INJUNCTION AGAINST Y TO THE EFFECT THAT Y MUST NOT DISPOSE OF THE WRITTEN KNOW-HOW. IF Y NOW, CONTRARY TO THE COURT ORDER, TRANSFERS THE WRITTEN KNOW-HOW, HE WOULD PROBABLY COME UNDER THE ANGLO-AMERICAN CONTEMPT OF COURT SYSTEM AND LAND IN JAIL. SINCE JAPAN LACKS SUCH A SYSTEM, IF THE COURT INJUNCTION IS IGNORED, X HAS NO OTHER IMMEDIATE REMEDY THAN TO FILE SUIT FOR DAMAGE, OR, IN A VERY UNUSUAL SITUATION, TO BRING A CRIMINAL CHARGE AGAINST Y. AND THIS LAWSUIT WILL FORCE X TO SUSTAIN THE LONG DREARY STRUGGLE IN THE COURTS.

"LEGAL ASPECTS OF BUSINESS IN JAPAN," BY TEISUKE AKAMATSU, IN ROBERT BALLON, DOING BUSINESS IN JAPAN, PP. 138, 139.

② JAPANESE BUSINESSMEN AVOID PRECEDENT AND DEPRECATE LEGAL, CONTRACTUAL OBLIGATIONS BECAUSE THEY BELIEVE AN AGREEMENT VALID ONLY SO LONG AS THE CONDITIONS UNDER WHICH IT WAS REACHED CONTINUE TO HOLD TRUE. THEY VIEW CONTRACTS WITH SUSPICION AND DRAW THEM UP WITH AN EYE TO FLEXIBILITY, IN CONTRAST TO THE AMERICAN PRACTICE OF TRYING TO CLOSE EVERY CONCEIVABLE LOOPHOLE. FEW DISPUTES BETWEEN JAPANESE BUSINESSES EVER GO TO COURT BECAUSE THIS WOULD BE AN ADMISSION THAT THEY HAVE NOT BEEN ABLE TO NEGOTIATE A COMPROMISE. COURTS OPERATE ON THE SAME THEORY AND ENDEAVOR TO MEDIATE A COMPROMISE IF A DISPUTE COMES TO THEM IN DESPERATION. COURTS ARE DELIBERATELY SLOW, NOT ONLY BECAUSE CARE IS REQUIRED BUT BECAUSE THE LONGER A COURT HOLDS OFF, THE BETTER THE CHANCE THE TWO PARTIES WILL BE FORCED TO COMPROMISE.

RICHARD HALLORAN, JAPAN: IMAGES AND REALITIES, ALFRED H. KNOPF, N.Y., 1969, P. 154.

⑤ THE JAPANESE VIEW OF THE CONTRACT IS RELATED TO THE JAPANESE VIEW OF PATENTS. SINCE IT IS A COUNTRY WHICH BUYS MOST OF ITS TECHNOLOGY FROM ABROAD, JAPAN HAS SOME VERY STRONG VIEWS ON PATENTS. THEY ARE PIECES OF PAPER FILED IN JAPAN BY FOREIGNERS WHICH FORCE THE JAPANESE TO PAY LICENSE FEES TO FOREIGNERS IN ORDER TO MANUFACTURE THINGS THAT THEY, THE JAPANESE WANT TO MANUFACTURE. THE JAPANESE LOOK UPON FOREIGN PATENTS AS A FOREIGN STRANGLEHOLD--AN IMMORAL EXTRACTION OF A POUND OF FLESH.

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

⑧ IN CONNECTION WITH THE SHORTAGE OF LAWYERS, THE TRADITIONAL ATTITUDE OF RARELY CALLING ON LAWYERS NEEDS TO BE MENTIONED. JAPANESE DO NOT ALWAYS LIKE THE CLEAR-CUT SOLUTION HANDED DOWN IN THE COURTS. MANY OF THEM PREFER SOCIAL SETTLEMENTS LIKE COMPROMISE (WAKAI) OR CONCILIATION (CHOTEI). THIS IS PARTLY BECAUSE MANY FEEL THAT, KEEPING THE MEDIEVAL FAMILY STRUCTURE IN MIND, THE DRASTIC VICTORY OR DEFEAT IN JUDICIAL LITIGATION WOULD INTERFERE WITH THE AMICABLE RELATIONS BETWEEN PEOPLE, RATHER THAN PROTECT THEIR RIGHTS.

WE CAN, THEREFORE, CONCLUDE THAT THE ROLE OF LEGAL EXPERTS OTHER THAN LAWYERS AND LAW GRADUATES IN JAPANESE CORPORATIONS, AS WELL AS THE JAPANESE TRADITIONAL ATTITUDE TOWARD LITIGATION GENERALLY, BRIDGE THE GAP BETWEEN THE LEGAL DEMAND AND THE SHORTAGE OF LAWYERS. RECENTLY, HOWEVER, A SWEEPING CHANGE IN THE TRADITIONAL ATTITUDE TOWARD LITIGATION HAS APPEARED. MORE AND MORE PEOPLE, ESPECIALLY IN THE BUSINESS WORLD, ARE BECOMING AWARE OF THE NECESSITY FOR REASONABLE AND ENFORCEABLE SOLUTIONS BY MEANS OF THE COURTS. THIS TREND WILL AGGRAVATE COURT CONGESTION AS WELL AS THE SHORTAGE OF LEGAL PROFESSIONALS. A REFORM OF THE ENTIRE JUDICIAL SYSTEM HAS BEEN UNDERTAKEN BY THE GOVERNMENT, BUT WILL TAKE YEARS. IT MUST ALSO BE NOTED THAT THE MODERN BUSINESSMAN MIGHT TAKE A DIFFERENT VIEW OF THE TRADITIONAL WAY OF SETTLING DISPUTES, NOW THAT EFFECTIVE MEASURES ARE BEING ADOPTED IN THE LEGAL SYSTEM, NAMELY THE COURT COMPROMISE OR COURT CONCILIATION. THESE MAY TURN OUT TO BE USEFUL WEAPONS FOR THE ENFORCEMENT OF CONTRACTS...

"LEGAL ASPECTS OF BUSINESS IN JAPAN," BY TEISUKE AKAMATSU, IN ROBERT BALLON, DOING BUSINESS IN JAPAN, P. 136.

③ ...THE JAPANESE ARE EVEN MORE CASUAL ABOUT WRITTEN DOCUMENTS. WHERE AMERICANS IN CASES OF DISPUTE TEND TO SAY, "LET US RETURN TO THE DOCUMENT ON WHICH THE RELATIONSHIP IS BASED AND SEE WHAT IT SAID," MANY JAPANESE WOULD NOT THINK THE MATTER OF SUFFICIENT IMPORTANCE TO BE MENTIONED. FOR MOST JAPANESE, THE CRITICAL ISSUE IS THE PRESENT AND PAST EMOTIONAL BACKGROUND OF A RELATIONSHIP, THE PERSONAL ISSUES AND ATTRIBUTES THAT LED TO ITS CREATION, AND THE CURRENT POWER OR BARGAINING SITUATION. THE JAPANESE WOULD WANT TO KNOW: WHAT WAS THE AMBIENCE OF THE SITUATION IN WHICH THE DOCUMENT WAS SIGNED; WHAT EVENTS HAVE OCCURRED SINCE THE SIGNING; AND WHAT ARE THE CURRENT RELATIONSHIPS OF THE CONCERNED PARTIES?--ALL THINGS THAT ARE USUALLY IRRELEVANT TO AN AMERICAN INVOLVED IN A DISPUTE OVER A "CONTRACTUAL ISSUE."

H. KAHN, THE EMERGING JAPANESE SUPERSTATE, NEW JERSEY, PRENTICE-HALL, 1970.

⑥ IN 1964, WHEN JAPAN WAS ADMITTED TO THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD), SHE ALSO AGREED TO SIGN THE CODES OF LIBERALIZATION OF CAPITAL MOVEMENT AND OF INVISIBLE CURRENT TRANSACTIONS AS SOON AS PRACTICABLE. THE TREATIES WERE NEGOTIATED AND SIGNED BY REPRESENTATIVES OF THE EXECUTIVE BRANCH OF THE GOVERNMENT AND LATER WERE DULY RATIFIED BY THE LEGISLATIVE BRANCH. HOWEVER, JAPAN'S OBLIGATIONS UNDER THE NEW TREATIES WERE NOT SELF-EXECUTING BY NATURE INsofar AS THEIR DOMESTIC IMPLEMENTATION WAS CONCERNED. THE GOVERNMENT, THEREFORE, WAS OBLIGED, AFTER RATIFICATION OF THE TREATIES, TO ENACT NEW LAWS OR AMEND OR ABOLISH EXISTING LAWS IN ORDER TO IMPLEMENT THE COUNTRY'S NEWLY-UNDERTAKEN OBLIGATIONS. THUS, AS THE NATURE OF THE RELATIONSHIP BETWEEN THE JAPANESE ECONOMY AND WORLD ECONOMY HAS UNDERGONE TREMENDOUS CHANGES DURING RECENT YEARS, A LARGE NUMBER OF AMENDMENTS WERE WRITTEN INTO THE FOREIGN INVESTMENT LAW (LAW NO. 163 OF 1950) AND THE FOREIGN EXCHANGE AND FOREIGN TRADE CONTROL LAW (LAW NO. 228 OF 1949), THE TWO BASIC POST-WAR STATUTES FOR THE REGULATION OF JAPAN'S ECONOMIC ACTIVITIES.

HERE IT MUST BE REMEMBERED THAT THE JAPANESE GOVERNMENT'S OWN INTERPRETATION OF THE NATURE AND EXTENT OF ITS INTERNATIONAL TREATY OBLIGATIONS INsofar AS LIBERALIZATION IS CONCERNED DOES NOT NECESSARILY COINCIDE WITH THE ORIGINAL INTENTIONS OF THE ORGANIZATIONS THEMSELVES, GATT, IMF, AND OECD, OR WITH THE WAY THOSE INTENTIONS HAVE BEEN INTERPRETED BY THE REST OF THE WORLD. FOR EXAMPLE, WHEN THE GOVERNMENT--IN SEPTEMBER, 1967, AND MARCH, 1969,--ANNOUNCED A POLICY OF WHAT IT CALLED EXPANDED LIBERALIZATIONS, THE GOVERNMENT ITSELF HAILED THESE ANNOUNCEMENTS AS EVIDENCE OF ITS OWN EPOCHAL, UNFETTERED WILLINGNESS TO COOPERATE WITH THE REST OF THE WORLD TOWARD A FREE EXCHANGE OF RESOURCES AND THE PROMOTION OF ECONOMIC WELFARE. THE REST OF THE WORLD, HOWEVER, DID NOT SEE THESE ANNOUNCEMENTS IN THE SAME LIGHT....

...ARTICLE 8 OF THE FOREIGN INVESTMENT LAW PROVIDES FOR TWO SETS OF STANDARDS, ONE POSITIVE AND ONE NEGATIVE, BY WHICH THE GOVERNMENT MAY VALIDATE CONTRACTS FOR THE INTRODUCTION OF FOREIGN CAPITAL AND TECHNOLOGY. THE GOVERNMENT AT PRESENT CLAIMS THAT IT MAKES USE SOLELY OF THE NEGATIVE SET OF STANDARDS, WHICH ARE EASIER FOR FOREIGN INVESTORS TO FULFILL: BUT WHAT IS THE FOREIGNER TO SAY WHEN HE IS TOLD THAT ONLY ONE IS BEING USED? HIS BEWILDERMENT TAKES AN OBVIOUS FORM. "WHY SHOULD I BELIEVE THE GOVERNMENT? HE ASKS; "WHAT WILL HAPPEN IF THE SITUATION CHANGES AND POSITIVE STANDARDS ARE ADOPTED?" TO WHICH THE GOVERNMENT, IN EFFECT, REPLIES: "YOU MUST BELIEVE WHAT WE SAY. IT IS MORE IMPORTANT FOR US TO SAVE FACE IN THE INTERNATIONAL ECONOMIC COMMUNITY THAN TO ALLAY YOUR APPREHENSIONS..."

N. KOBAYASHI  
(THROUGH JAPANESE EYES)  
THE WORLD OF JAPANESE BUSINESS

Japanese Attitudes Towards Contracts and LitigationSelected Japanese Growth Industries

Chart 1 indicates the extent to which Japan has already achieved leadership in major world industries. It is important to note that this impressive feat has been accomplished with relatively minor disturbance to the world economy.

Charts 2, 3, 4, 6, and 8 give selective descriptions or breakdowns of current and coming major industries.

① JAPAN'S WORLD RANKING  
(SELECTED INDUSTRIAL PRODUCTS) 1969

	1st	2nd
SHIPBUILDING	JAPAN	W. GERMANY
RADIO SETS	JAPAN	USA
CAMERAS	JAPAN	USA
TRANSISTORIZED TVs	JAPAN	USA
TELEVISION SETS	USA	JAPAN
COMPUTERS	USA	JAPAN
COMMERCIAL MOTOR VEHICLES	JAPAN	USA
MOTORCYCLES	JAPAN	FRANCE
RAYON & ACETATE FILAMENT	USA	JAPAN
COTTON YARN	USA	JAPAN
ALUMINUM	USA	JAPAN
COPPER	USA	JAPAN
CRUDE STEEL	USA	JAPAN
CAUSTIC SODA	USA	JAPAN
CEMENT	USSR	JAPAN
PLASTIC RESIN	USA	JAPAN

⑤ ROLE OF PRIMARY, SECONDARY AND TERTIARY INDUSTRIES  
IN JAPAN'S LABOR FORCE AND NATIONAL INCOME,  
1965 AND FORECAST FOR 1977 AND 1985

Type of Industry	Actual 1965	Projected 1977 1985	
		(in percent)	
<b>A. Labor Force</b>			
Primary	25	11	9
Secondary	32	41	43
Tertiary	43	48	48
Total	100	100	100
<b>B. National Income Produced</b>			
Primary	12	5	n.a.
Secondary	36	43	n.a.
Tertiary	53	53	n.a.
Total	100	100	

SOURCE: Mitsubishi Economic Research Institute,  
February 1970.

② JAPANESE COMPUTERS

- 1957: FIRST MADE-IN-JAPAN MODEL
- PRODUCTION VOLUME OF ELECTRONIC COMPUTERS AND RELATED EQUIPMENT MADE AN ANNUAL 51% INCREASE IN THE 1965-69 PERIOD; THE INCREASE RATE SHOT UP TO OVER 70% IN 1970 OVER 1969
- AS OF OCTOBER 1970, THE NUMBER OF UNIVERSAL ELECTRONIC COMPUTERS STOOD AT 7,933 UNITS, OUT OF WHICH MADE-IN-JAPAN UNITS WERE 5,796
- PROJECTED NUMBER OF UNITS BY END OF 1971; OVER 10,000. GROWTH IS EXPECTED TO CONTINUE IN THE YEARS TO FOLLOW AT AN AVERAGE ANNUAL RATE OF 30%
- DOMESTICALLY MANUFACTURED COMPUTERS ACCOUNTED FOR 67.1% OF THE TOTAL UNIVERSAL DIGITAL COMPUTERS IN OPERATION (BY MID-1970), WHILE THE SHARE OF JAPANESE MAKERS FOR VERY SMALL SIZED COMPUTERS WAS 96.1%
- MAJOR DOMESTIC COMPUTER MANUFACTURERS:
  - NIPPON ELECTRIC CO. (30% SHARE OF MARKET)
  - FUJITSU LTD. (28)
  - HITACHI LTD. (16)
  - MITSUBISHI ELECTRIC CORP. (4)
  - OKI ELECTRIC INDUSTRY CO. (7)
  - TOSHIBA (15)
- MAJOR FOREIGN CAPITAL COMPUTER MANUFACTURERS ARE:
  - JAPAN IBM (SUBSIDIARY OF IBM)
  - OKI UNIVAC (JOINT SPERRY RAND-OKI ELECTRIC)

⑦ STATE OF ORDERS FOR MACHINERY

Units: ¥100 million  
Remarks: Checked with 127 leading concerns. Total value of orders includes accounts with agencies.  
Source: Economic Planning Agency

	Total Value	(Excluding Ships)	Foreign Demand	Domestic Demand	Government Demand	Private Demand	(Excluding Shipping)	Manufacturing Industries	Non-Manufacturing Industries
1961 (Monthly Average)	1,150	1,029	128	967	138	828	764	453	375
1962	927	767	184	694	148	545	494	252	293
1963	1,249	1,015	278	903	164	739	690	417	322
1964	1,372	1,123	264	1,024	209	815	710	432	383
1965	1,454	1,124	337	1,031	224	807	681	353	454
1966	1,873	1,463	498	1,266	229	1,037	919	565	472
1967	2,384	2,014	473	1,755	271	1,483	1,362	896	587
1968	2,834	2,427	502	2,135	328	1,807	1,626	994	813
1969	3,541	2,963	668	2,616	326	2,291	2,066	1,293	997
1969 Aug.	3,303	2,782	644	2,430	426	2,004	1,883	1,166	838
1969 Sept.	3,925	3,312	679	2,972	320	2,652	2,297	1,403	1,249
1969 Oct.	3,445	2,935	569	2,645	279	2,366	2,143	1,420	945
1969 Nov.	3,471	2,957	694	2,515	303	2,211	2,060	1,431	781
1969 Dec.	3,591	3,119	743	2,585	427	2,158	2,139	1,416	742
1970 Jan.	3,232	2,475	782	2,227	218	2,009	1,753	1,158	852
1970 Feb.	4,123	3,180	839	3,005	196	2,809	2,404	1,329	1,479
1970 Mar.	5,122	4,282	1,039	3,738	535	3,203	2,862	1,735	1,467
1970 Apr.	4,889	3,990	1,355	3,251	547	2,703	2,539	1,559	1,144
1970 May	4,185	3,540	889	2,979	353	2,626	2,368	1,501	1,125
1970 June	3,614	2,798	986	2,314	285	2,028	1,852	1,204	824
1970 July	4,267	3,239	1,243	2,739	290	2,449	2,283	1,271	1,178
1970 Aug.	3,475	3,016	440	2,748	309	2,439	2,104	1,230	1,209

③ JAPANESE STEEL INDUSTRY

- LARGEST SINGLE EXPORT ITEM
- WORLD'S LEADING STEEL EXPORTER IN TERMS OF TONNAGE
- LIKELY TO BE NO. 1 PRODUCER IN WORLD BY END OF 1970'S
- FACTORS FOR SUCCESS:
  - (1) SUBSTANTIALLY LOWER WAGES THAN THOSE OF COMPETING NATIONS
  - (2) BEST POSSIBLE USAGE OF GEOGRAPHIC SITUATION, WITH MOST COASTAL PLANTS LOCATED NEAR USER INDUSTRIES
  - (3) ADEQUATE SUPPLY OF RAW MATERIALS WELL PLANNED AND ENCOURAGED BY GOVERNMENT
  - (4) BENEVOLENT ATTITUDE OF GOVERNMENT TOWARD INDUSTRIAL ORGANIZATION, PARTICULARLY CONCERNING SIZE OF COMPANIES, MARKET SHARE AND INTRA-INDUSTRY COOPERATION
  - (5) HELPFUL INTERRELATIONSHIP OF COMPANIES IN DIFFERENT INDUSTRIES
  - (6) EAGER ADOPTION OF FOREIGN TECHNOLOGICAL INNOVATIONS COMBINED WITH ENCOURAGEMENT OF DOMESTIC TECHNIQUE DEVELOPMENT
  - (7) ECONOMIES OF SCALE ACHIEVED THROUGH CONSTRUCTION OF GIANT BLAST FURNACES (EIGHT OF THE WORLD'S TEN GIANT BLAST FURNACES ARE IN JAPAN)
  - (8) JAPANESE INGENUITY HAS CONTRIBUTED TO THE MORE EFFICIENT UTILIZATION OF LABOR AND RAW MATERIALS, ESPECIALLY COKE

④ JAPANESE AEROSPACE INDUSTRY

1. AEROSPACE SALES ARE PROJECTED TO DOUBLE EVERY FIVE YEARS THROUGH THE EARLY 1980'S
  2. JAPAN HAS RECENTLY DEVELOPED SEVERAL AIRCRAFT OF ITS OWN DESIGN, INCLUDING A STOL SHORT-HAUL TRANSPORT SEATING 60
  3. LICENSED PRODUCTION OF 200 PHANTOM F-4EJ FIGHTER AIRCRAFT IS BEGINNING
  1. JAPAN'S FIRST SATELLITE WAS LAUNCHED IN 1970 BY AN UNGUIDED L-4S BOOSTER, DUE TO DESIRE OF ACADEMIC SCIENTISTS NOT TO DEVELOP MISSILES WITH MILITARY APPLICATIONS
- U.S.-JAPAN AGREEMENT PERMITS U.S. COMPANIES TO SELL HARDWARE, BUT NOT TECHNOLOGY, FOR ITEMS SUCH AS GUIDANCE/CONTROL SYSTEM.
- N-ROCKET, A FOUR-STAGE BOOSTER WITH MORE THAN THREE TIMES THE THRUST OF A MINUTEMAN ICBM, IS BEING DEVELOPED TO LAUNCH SYNCHRONOUS COMMUNICATION SATELLITES IN THE MID-1970'S

⑥ LIKELY PERFORMANCE IN ELECTRONICS INDUSTRY

	ESTIMATE 1973	1968	ANNUAL GROWTH RATE
CONSUMER ELECTRONIC PRODUCTS	\$5.5 bil.	\$2.3 bil	19%
INDUSTRIAL AND PRODUCTIVE ELECTRONIC MACHINERY	4.9	1.8	22%
ELECTRONIC COMPONENTS	2.9	1.2	19%

PRODUCTION OF KEY COMMODITIES

Remarks: P stands for provisional figures.  
Source: Ministry of International Trade and Industry

	Crude Steel	Electrolytic Copper	A.C. Motors	TV Sets	Machine Tools	Autos	Cement	Ammonium Sulfate	Chloride Polymer	Cotton Yarn	Staple Fiber	Synthetic Spun Yarn
	(1,000 t)	(1,000 t)	(1,000 KW)	(1,000 units)	(1,000 units)	(1,000 units)	(1,000 t)	(1,000 t)	(1,000 t)	(1,000 t)	(1,000 t)	(1,000 t)
1961 (Monthly Average)	2,356	23.1	611	382.0	9.6	20.8	2,053	209	25.7	47.5	25.3	10.1
1962	2,296	22.5	589	405.4	8.7	22.4	2,399	209	25.3	41.8	24.3	11.2
1963	2,625	24.6	558	406.8	10.0	34.0	2,496	188	29.1	40.8	27.4	13.3
1964	3,317	28.5	728	437.8	10.9	48.3	2,746	191	39.5	42.9	29.6	16.5
1965	3,430	30.5	589	348.0	7.6	58.0	2,724	207	40.2	47.2	30.4	18.4
1966	3,982	33.7	700	467.1	9.0	73.1	3,190	221	40.4	43.5	31.3	21.6
1967	5,180	39.2	990	579.9	12.8	114.6	3,541	227	58.2	43.7	32.1	26.0
1968	5,574	45.7	1,287	800.3	15.4	171.3	4,564	226	77.7	45.9	30.5	30.7
1969	6,847	52.4	1,435	1,009.9	19.3	217.6	4,282	214	87.3	43.9	31.1	32.9
1969 May	6,779	50.1	1,343	919.9	18.3	201.7	4,134	206	86.8	41.5	31.6	31.3
1969 June	6,717	51.6	1,573	1,062.9	20.2	202.8	3,956	207	85.6	46.0	31.3	33.7
1969 July	6,970	51.6	1,607	1,081.6	20.3	206.7	4,232	217	85.3	44.4	31.2	33.5
1969 Aug.	6,843	49.4	1,514	977.0	19.3	191.2	4,313	220	89.7	40.3	31.6	30.3
1969 Sept.	7,156	52.2	1,641	1,139.6	20.3	246.0	4,542	218	91.8	46.4	31.1	34.9
1969 Oct.	7,630	55.8	1,536	1,133.8	19.0	259.0	4,686	205	94.4	44.4	31.5	34.5
1969 Nov.	7,444	56.9	1,538	1,228.9	21.0	252.8	4,542	211	89.2	44.4	31.0	34.3
1969 Dec.	7,844	59.6	1,635	1,254.8	21.8	257.3	5,087	208	93.3	43.5	31.6	35.3
1970 Jan.	7,832	57.8	1,417	851.0	19.0	207.9	3,846	215	89.6	38.5	31.4	30.5
1970 Feb.	7,239	55.0	1,621	1,002.7	21.8	238.6	4,305	199	85.6	46.0	30.4	35.3
1970 Mar.	8,066	61.4	1,662	1,000.2	22.4	262.3	4,932	212	88.9	42.0	30.6	34.6
1970 Apr.	7,682	58.1	1,557	1,068.0	21.8	245.2	4,348	200	96.3	45.4	31.5	36.5
1970 May	7,927	58.3	1,610	1,050.7	20.6	262.6	4,351	195	99.1	41.3	31.7	34.6
1970 June	7,852	58.2	1,853	1,170.3	23.6	288.3	4,145	196	103.1	45.7	31.3	37.3
1970 July	7,959	61.7	1,865	1,144.8	22.7	282.4	4,725	202	99.3	45.0	31.4	38.0
1970 Aug.(P)	7,799	57.2	—	1,060.6	—	226.3	4,843	208	103.9	41.1	31.9	35.1

Selected Japanese Growth Industries

23b

24a

Leisure and Tourism

## ① LEISURE TIME

LEISURE MAY BECOME ONE OF JAPAN'S LARGEST INDUSTRIES FOR THE 1970'S. THERE IS A BOOM IN:

- BOWLING: GROWTH FROM 4,000 LANES IN 1965 TO PLANNED 32,000 LANES BY END OF 1970
- BOATING: IN 1969 BUSINESS (\$15-MILLION) DOUBLED THAT OF 1968. BY 1975 BUSINESS IS EXPECTED TO REACH OVER \$200-MILLION
- SKIING: \$166-MILLION (AVERAGE) SPENT ANNUALLY ON SLOPE ACTIVITIES
- TOURISM: IN 1969 SOME 751,000 JAPANESE TRAVELED ABROAD (SOME 627,000 FOREIGNERS VISITED JAPAN)

## ② GROWTH OF SERVICE SECTOR OF THE ECONOMY

ACCORDING TO THE JAPAN ECONOMIC RESEARCH CENTER, NEARLY HALF OF THE GNP BY 1975 WILL BE PRODUCED BY THE HOUSING, KNOWLEDGE AND LEISURE INDUSTRIES. BY 1975 THE SERVICE SECTOR OF THE ECONOMY WILL EMPLOY OVER 42% OF THE TOTAL LABOR FORCE.

MANY SEGMENTS OF MANUFACTURING INDUSTRIES WILL GRADUALLY BE CONCEDED TO THE LESS DEVELOPED COUNTRIES, AND THE LABOR FORCE SHIFTED TO SECTORS WITH HIGHER PRODUCTIVITY. THE DEMAND FOR NEW ENTRANTS INTO THE LABOR FORCE IS NEARLY SEVEN TIMES THE SUPPLY OF MIDDLE SCHOOL GRADUATES AND 4.5 TIMES THE SUPPLY OF HIGH SCHOOL GRADUATES, ACCORDING TO A RECENT LABOR MINISTRY SURVEY.

KAZUO NUKAZAWA, JAPAN'S ECONOMIC  
POLICY: OPTIONS FOR THE SEVENTIES,  
U.S.-JAPAN TRADE COUNCIL, P.2

## ③ CHANGE IN THE NUMBER OF OVERSEAS TRAVELERS FROM JAPAN

Remarks: Travel abroad was liberalized in 1964. Excluding Okinawa.  
Source: Foreign office passport statistics

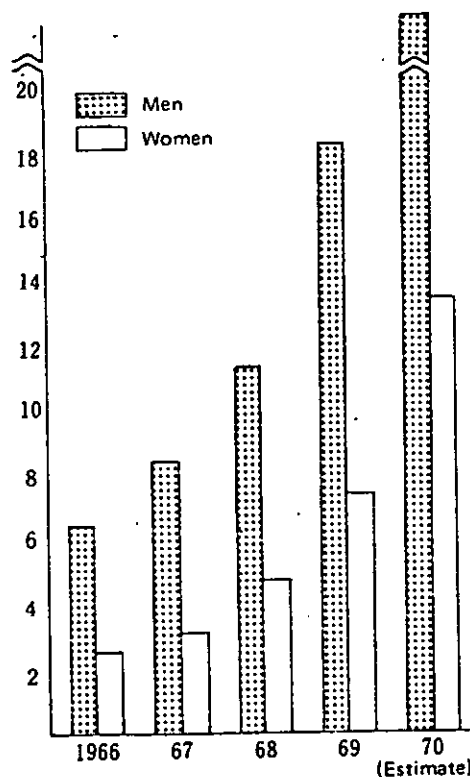
	Travelers on Business	Tourists	Total	Rate of Increase Preceding Year (%)
1952	12,283		12,283	
1957	33,808		33,803	109.1
1963	87,588		87,588	136.9
1964	97,577	21,090	118,667	135.5
1965	93,628	54,110	147,738	124.5
1966	113,968	89,022	202,990	137.4
1967	137,894	117,505	255,399	125.8
1968	164,248	157,426	321,674	125.9
1969	216,160	257,250	473,410	147.1

## ④ MORE JAPANESE GOING ABROAD

Rate of Increase over Preceding Year (%)

1965	265,683	120
1966	341,358	128
1967	427,829	125
1968	541,716	127
1969	712,080	131

ANNUAL CHANGES IN TOURISTS CLASSIFIED BY SEX



## ⑤ TOURIST REVENUE IN BALANCE OF PAYMENTS

Unit: \$1 million  
Source: Organization for Economic Cooperation and Development

	Receipts from Tourism (excl. passenger fares)	Receipts from Trade, Invisible Trade	E/A (%)	Expenditures for Tourism (excl. passenger fares)	Expenditures for Trade, Invisible Trade	D/C (%)
Italy	1,424	12,779	11.1	398	11,384	2.6
U.S.	1,646	47,332	3.5	3,195	41,297	7.7
Spain	1,211	2,968	40.8	99	3,871	2.6
France	1,035	14,020	7.4	1,041	13,885	7.5
Canada	1,209	13,825	8.8	813	14,218	5.7
Switzerland	575	5,384	10.7	235	4,894	4.8
Ireland	195	1,202	16.2	83	1,251	6.6
Portugal (Escado Area)	257	928	27.7	70	1,083	6.5
Greece	127	904	14.1	41	1,330	3.1
Sweden	109	5,595	2.0	287	5,661	5.0
Japan	89	12,413	0.7	145	12,425	1.2

## ⑥ NUMBERS OF FOREIGN VISITORS TO JAPAN

Source: Ministry of Transportation

	Total	Rate of Increase over Preceding Year (%)	Subtotal	Staying Visitors	Transit Passengers
				Tourists	Visitors on Business
1965	366,649	(104)	299,346	204,252	95,094
1966	432,393	(118)	345,964	240,146	105,818
1967	476,777	(110)	383,850	266,719	117,131
1968	519,004	(109)	421,493	282,837	138,656
1969	608,742	(117)	511,890	350,603	161,287

SOURCE: INDUSTRIAL JAPAN, January 1971

## ⑨ TOURISTS CLASSIFIED BY DESTINATION (1969)

Source: 1969 passport statistics

	North America	Latin America	Europe	Middle East, Africa	Asia	South Pacific	Total
Jan.	3,407	443	9,714	1,233	36,821	506	52,124
Feb.	4,689	531	19,714	1,555	41,115	921	68,525
Mar.	5,143	526	16,990	1,588	32,319	706	57,272
Apr.	6,095	984	23,290	1,908	35,147	698	68,122
May	5,700	1,262	37,378	2,572	26,134	460	73,506
June	5,796	1,067	52,314	3,244	23,015	673	86,109
July	8,266	1,369	57,778	3,578	33,336	956	105,283
Aug.	5,438	904	26,018	1,624	28,411	748	63,143
Sept.	5,290	656	18,477	1,408	28,415	895	55,141
Oct.	7,661	950	30,924	1,792	53,500	1,255	96,082
Nov.	6,178	684	29,777	1,304	46,612	1,177	85,732
Dec.	9,744	1,149	23,567	1,617	61,395	1,471	98,943
Total	73,407	10,525	345,941	23,423	446,220	10,466	909,982
Proportion (%)	8	1.2	38	2.5	49	1.1	—
Increase Rate (%)	+83	-0.3	+62	+39	+51	+141	+57

## ⑦ MOST JAPANESE TOURISTS FOR SOUTHEAST ASIA

Remarks: (1) The same persons are counted twice or more in cases where they held a passport for two or more countries.  
(2) Percentages show the proportion of tourist passports in the total issued.

Source: Foreign Office

Destination	Total	Rate (%)
Taiwan	126,401	(49.1)
Hong Kong	110,372	(42.9)
Macau	92,495	(36.0)
U.S.	58,757	(22.8)
France	28,502	(11.1)
Italy	28,160	(10.9)
U.K.	27,566	(10.7)
Switzerland	27,561	(10.7)
Germany	27,147	(10.6)
Thailand	26,123	(10.2)
Luxemburg	25,739	(10.0)
Netherlands	25,738	(10.0)

## ⑧ TOURISTS RECEIVED BY SELECTED COUNTRIES

Remarks: Figures for the U.S. do not include entrants from Mexico.

Source: Organization for Economic Cooperation and Development

	1966	1967	1968
Italy	26,782	27,620	28,815
Yugoslavia	14,755	20,533	21,630
Spain	17,252	17,859	19,184
Canada	13,209	15,984	—
France	11,800	12,000	10,800
U.S.	8,951	9,649	10,711
U.K.	3,967	4,289	4,845
Norway	3,515	3,670	3,760
Portugal	1,929	2,517	2,511
Ireland	1,696	1,812	1,917
Greece	998	849	879
Japan	433	477	519



# HUDSON INSTITUTE

6

JAPAN - VOLUME III

## NATIONAL GOALS AND POLICIES: JAPAN IN ASIA

Edited by

Andrew Caranfil  
Herman Kahn  
Garrett Scalera

HI-1323/7-CC  
25 May 1971

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## I. NATIONAL POLICY GOALS

### National Policies and Goals

The first three Charts are really applicable to the post-war years that have just passed. They indicate respectively that there was a basic consensus on what the major objectives were and that this major consensus has achieved its goals.

Charts 2 and 3 list the kinds of goals that are often discussed in the Japanese press, particularly by intellectuals and the more literate members of the Japanese community.

Charts 4, 5 and 6 take a much more realistic view of what may be going on in Japan, even though there is relatively little discussion of this in the public press. Charts 8 and 9 are two opinions that support this view.

Chart 5 is our guess of what the major goals are likely actually to be, whether or not they are explicitly expressed by the authorities or in general newspaper discussion.

Chart 7 lists some possible areas of future conflict or confrontation for Japan in the 70's or 80's.

Chart 10 introduces the question of nuclear weapons which is discussed further on the following page.

① 1945 TO 1965 JAPANESE OBJECTIVES  
(CONSENSUS OF MIDDLE LEFT TO EXTREME RIGHT)

1. RESTORE ECONOMY
2. PHYSICAL SECURITY
3. CONTINUE AND INCREASE ABOVE
4. REGAIN STATUS AND STRENGTH
5. RESTORE INTERNAL MORALE
6. DISCHARGE "WAR GUILT"
7. SOME POLITICAL INDEPENDENCE
8. RECONCILIATION WITH SOVIET UNION AND THE WEST
9. RECONCILIATION WITH ASIA
10. REGAIN LOST TERRITORY IN RYUKYUS AND KURILES

OLD

RECENT

② JAPAN MAY HAVE AN INCREASING NEED (OR DESIRE) FOR:

1. INTERNATIONAL (POLITICAL) STATUS
2. A PARTIAL RETURN TO PRE-WAR VALUES (THIRD GENERATION EFFECT?)
3. INDEPENDENCE (POLITICAL AND MILITARY)\*
4. NEW POLITICAL IDEAS (EITHER ELIMINATION OF CURRENT "BOREDOM" OR CLASSICAL OSCILLATION BETWEEN XENOPHOBIA AND --CHAUVINISM AND INTERNATIONALISM-- OVER-RESPECT AND RESENTMENT--ADORATION AND CONTEMPT)
5. REVISIONIST THEORIES ON WORLD WAR II AND THE JAPANESE HISTORICAL EXPERIENCE
6. IN GENERAL, A SENSE OF NATIONAL PURPOSE AND CULTURAL IDENTITY

\*IT SHOULD BE NOTED THAT, IN THE MEDIUM OR LONG RUN, NEUTRALITY AND DISENGAGEMENT PROBABLY MEAN NUCLEAR ARMAMENT

- ③ "THIS AGE GROUP DOES NOT KNOW WORLD WAR II AND HAS NOT DIRECTLY EXPERIENCED THE DEVASTATION AND POVERTY OF THE POST-WAR PERIOD. IT HAS A BELLIGERENTLY DEMOCRATIC MENTALITY, NURTURED BY THE POSTWAR CONSTITUTION, THE NEW EDUCATIONAL SYSTEM, AND RATIONALISM (EVEN THOUGH OF AN AMERICAN TYPE). THUS THE MOVEMENT TO BE ORGANIZED AROUND SUCH A GENERATION CANNOT BE DEVELOPED SUCCESSFULLY BY THE PRACTICES LEARNED FROM THE OLDER METHODS; IT CALLS FOR A NEW IDEOLOGY AND METHOD. WE HAVE FAILED TO WORK OUT THE NECESSARY POLICIES TO COPE WITH THE POLITICAL INDIFFERENCE NOW SPREADING AMONG YOUTH."

CHIEF OF THE YOUTH DEPARTMENT  
JAPAN SOCIALIST PARTY

④ CURRENTLY DISCUSSED JAPANESE NATIONAL GOALS

1. CONTINUALLY INCREASING MATERIAL PROSPERITY
2. LEAD THE WORLD IN ECONOMIC GROWTH RATE
3. CATCH UP WITH THE UNITED STATES
4. SURPASS THE UNITED STATES
5. ENTER THE TOP CLASS OR LEAD THE WORLD IN VARIOUS AREAS SUCH AS: SPORTS, SCIENTIFIC DEVELOPMENT, ART, ETC.
6. HIGH STATUS FOR JAPAN IN NON-ECONOMIC, NON-CULTURAL (POWER OR LEADERSHIP) TERMS
7. PLAY A CENTRAL ROLE IN ASIAN DEVELOPMENT
8. PLAY A CENTRAL ROLE IN THE WORLD PEACE MOVEMENT
9. REPLACE U.S. IN ASIA
10. AVOID "GREAT POWERISM"
11. OTHER SPECIAL FOREIGN POLICY GOALS

⑤ OTHER SPECIAL FOREIGN POLICY GOALS

- A. DEESCALATION OF ASIAN TENSION
- B. RAPPROCHEMENT WITH THE SOVIET UNION
- C. MEDIATION BETWEEN MOSCOW AND WASHINGTON, POSSIBLY EVEN CREATING NEW AXIS
- D. PEACE CORPS AND TECHNICAL AID PROGRAMS
- E. TAKING THE LEAD IN BRINGING COMMUNIST CHINA INTO THE WORLD COMMUNITY AND CUSHIONING THE SINO-AMERICAN CONFRONTATION
- F. IN GENERAL ACTING AS A MEDIATING INTERNATIONAL INFLUENCE, TRYING TO BE FRIENDS WITH ALL AND ENEMIES TO NONE

⑥ SOME POSSIBLE CONSEQUENCES OF A  
DESIRE FOR CULTURAL IDENTITY

1. GROWING REALIZATION OF THE NEED FOR "JAPANESE SOLUTIONS"
2. PRESSURES AGAINST NAIVE XENOPHILISM OR EVEN INTERNATIONALISM OF ANY KIND, TOLERATION (OR EVEN ENCOURAGEMENT) OF XENOPHOBIA AND CHAUVINISM
3. SOME DEGREE OF POLITICAL DISENGAGEMENT--EVEN ISOLATIONISM
4. PERHAPS EXCESSIVE REACTIONS AGAINST FOREIGN INFLUENCE
5. POSSIBLY SOME REACTION AGAINST "AMERICAN" OR EVEN PARLIAMENTARY DEMOCRACY
6. GREATER INTEREST IN ASIA OR "ASIA FOR THE ASIANS" THEMES
7. PRESSURE FOR AT LEAST "TEMPORARY" NUCLEAR ARMAMENT

⑦ XENOPHOBIA

A TYPE OF XENOPHOBIA EXISTS IN CERTAIN JAPANESE INDIVIDUALS WHEREIN THEY EXPRESS DEEP-ROOTED ANTI-FOREIGN FEELINGS. THIS IS A CHARACTERISTIC OF SOME OF THE GENERATION WHO GREW TO MATURITY DURING THE 1930'S, THE SO-CALLED TAISHO GENERATION, NAMED AFTER THE ERA IN WHICH THEY WERE BORN (1912-26). THIS GENERATION IS ONE WHOSE STRONGEST MEMORIES ARE PRE-W.W. II MILITARISTIC JINGOISM AND THE POST-W.W. II DEFEAT AND CHAOS.

JAPAN HAS RISEN AGAIN AND THE YOUNG PEOPLE'S FEELINGS OF WELL-BEING AND AFFLUENCE ENGENDERED BY TODAY'S JAPAN ARE NOT SHARED BY THIS TAISHO GENERATION. THEY FEAR WHAT MIGHT HAPPEN TO JAPAN IF, NOW THAT SHE HAS ALMOST COMPLETELY RID HERSELF OF OCCUPATION FORCES, FOREIGNERS WERE TO RETURN TO JAPAN IN THE GUISE OF FOREIGN CAPITAL INVESTMENT AND TAKE OVER CONTROL OF HER INDUSTRIES. TO NOURISH THIS XENOPHOBIA, ANCIENT HISTORU IS DREGGED UP OUT OF CONTEXT AND HISTORICAL FEARS OF BLACK SHIPS AND FOREIGN INVASION ARE BEING TAUGHT TO A NEW GENERATION THAT WOULD RATHER LOOK FORWARD TO THE AFFLUENCE WHICH FOREIGN PRODUCTS AND FOREIGNERS REPRESENT....

HERBERT GLAZER  
THE INTERNATIONAL BUSINESSMAN  
IN JAPAN

⑧ PROBLEMS AND ISSUES FACING JAPANESE POLICYMAKERS

1. MAINTENANCE OF LOW POSTURE - FEAR OF BEING REDUCED BY "GREAT POWERISM" IMPULSES. GENERAL RELUCTANCE TO ASSERT POLITICAL INFLUENCE OR ASSUME ANY POTENTIALLY BURDEISOME OR DANGEROUS RESPONSIBILITIES
2. HOSTILITY AMONG SOME SOUTHEAST ASIANS TOWARDS ALMOST ANY OUTSIDE BUSINESSMEN AND TO JAPANESE IN PARTICULAR
3. LATENT GUILT FEELINGS ABOUT WORLD WAR II
4. PREOCCUPATION WITH INTERNAL ECONOMIC AND OTHER DOMESTIC MATTERS
5. JAPANESE CHAUVINISM, PAROCHIALISM, KANJI BARRIER, TIMIDITY, AND HOME-SICKNESS
6. OTHER COMMON CULTURAL STRAINS

⑨ POSSIBLE FUTURE CONFLICT AREAS AND CONFRONTATIONS

1. JAPAN - CHINA
2. JAPAN - USSR
3. JAPAN - USSR - CHINA
4. NORTH KOREA / SOUTH KOREA
5. SOME THREAT TO A MAJOR SOURCE OF RAW MATERIALS
6. A THREAT TO SECURITY OF MALACCA STRAITS
7. EXPROPRIATION OF JAPANESE PROPERTY (E.G., OIL FIELDS IN INDONESIA)
8. COMMERCIAL RESTRICTIONS AGAINST JAPANESE (E.G., AUSTRALIA TRIES TO DECREASE ITS DEPENDENCE ON JAPAN)

⑩ COMMENTS ON THE SO-CALLED JAPANESE NUCLEAR "ALLERGY"

1. ALLERGY WAS (AND IS) MADE UP OF ANTI-MILITARISM, ANTI-AMERICANISM, POLITICAL PARTISANSHIP, PART OF THE LOW POSTURE POLICY, INCLUDING SOME NUCLEAR PACIFISM & INTERNATIONAL IDEALISM, AND, MOST IMPORTANT OF ALL, A BASIC & WIDESPREAD BELIEF IN THE NONEXISTENCE OF OBJECTIVE AND PRESSING ISSUES OF JAPANESE SECURITY OR JEOPARDIZED NATIONAL INTEREST.
2. ALL THE ABOVE ARE NOW ERODING.
3. IN ADDITION, NUCLEAR REARMAMENT MAY NOT BE AS POLITICALLY DISRUPTIVE AS MANY NOW ASSUME. IT MAY FIT IN WITH THE DESIRE OF THE LEFT TO BE INDEPENDENT OF THE U.S. AS WELL AS WITH DESIRE OF THE RIGHT FOR NATIONAL PRESTIGE AND POWER AS WELL AS INDEPENDENCE.
4. INDEED, EVENTUAL NUCLEAR ARMAMENT NOW APPEARS LIKELY OR INEVITABLE TO MOST JAPANESE, BUT USUALLY THEY ARGUE IT WILL TAKE PLACE AFTER GERMANY OR INDIA HAS CREATED A PRECEDENT.
5. THAT TOO COULD CHANGE.

1.b

National Policy and Goals

2a

Military/Nuclear Issues

Chart 1 lists an important trend toward increasing public acceptance to discussion of military issues and, to some extent, the development of military (self-defense) forces.

Chart 2 is a summary of the current status of the Japanese aerospace industry, indicating the extent to which the Japanese have developed and are planning to develop technical expertise in areas of potential military importance.

Chart 3 shows the Japan Atomic Energy Commission estimates for installed nuclear power capacity through 1990. The first curve represents the recent JAEC revision of the original 1967 estimates.

Charts 4, 7, 9 and 12 discuss the first Japanese Defense White Paper. Chart 7 is a quotation from that section of the paper which deals most directly with the possibility of obtaining nuclear weapons. Chart 12 is a quotation of article 9 of the Japanese Constitution, the section which the white paper must conform to.

Chart 5 is an excerpt from Finance Minister Takeo Fukuda's recent presentation to the Hudson Institute Conference in Kyoto which gives his position on the nuclear question.

① AN IMPORTANT TREND

- 1963: GENERAL ACCEPTANCE OF SELF-DEFENSE FORCES
- 1964: REVIVAL OF WAR SONGS; REVISIONIST THEORIES OF THE WAR
- 1965: RELATIVELY GREAT WILLINGNESS TO DISCUSS NATIONAL SECURITY ISSUES
- 1966: RELATIVELY GREAT WILLINGNESS TO DISCUSS NUCLEAR ISSUES
- 1967: GREAT ANIMOSITY AROUSED BY NON PROLIFERATION TREATY NEGOTIATIONS
- 1968: JOINT RIGHT-LEFT STUDY GROUPS ON NUCLEAR ISSUES
- 1969: RELATIVELY OPEN DISCUSSIONS OF NUCLEAR ISSUES
- 1970: CONFLICTING DESIRES - (1) TO REALIZE JAPAN'S "COMING" GREAT POWER STATUS AS SOON AS POSSIBLE; (2) NOT TO ROCK THE BOAT; (3) TO AVOID "GREAT POWERISM." (4) WHITE PAPER ON DEFENSE MENTIONING NUCLEAR ISSUES.

JAPANESE SELF-DEFENSE FORCES

1950	1954	1970	1976	1980
75,000 MEN (G)	130,000 MEN	180,000 (G) 40,000 (M) 40,000 (A)	1500	185,000 (G) 55,000 (M) 45,000 (A)
	150 AIR- CRAFT	1100 AIRCRAFT	4 HAWK BATS.	9 HAWK BATS.
		880 TANKS	6 HAWK BATS.	1000 JAP. TANKS
	60,000 TON SHIPS	150,000 TON SHIPS	240,000 TON SHIPS	300,000 TON SHIPS
		3 NIKE SQUADRONS		1 NUC. SUB 6-8 NIKE SQUADRONS

⑥ JAPANESE AEROSPACE INDUSTRY

- AEROSPACE SALES ARE PROJECTED TO DOUBLE EVERY FIVE YEARS THROUGH THE EARLY 1980'S
- JAPAN HAS RECENTLY DEVELOPED SEVERAL AIRCRAFT OF ITS OWN DESIGN, INCLUDING A STOL SHORT-HAUL TRANSPORT SEATING 60
- LICENSED PRODUCTION OF 200 PHANTOM F-4EJ FIGHTER AIRCRAFT IS BEGINNING
- JAPAN'S FIRST SATELLITE WAS LAUNCHED IN 1970 BY AN UNGUIDED L-4S BOOSTER, DUE TO DESIRE OF ACADEMIC SCIENTISTS NOT TO DEVELOP MISSILES WITH MILITARY APPLICATIONS
- U.S.-JAPAN AGREEMENT PERMITS U.S. COMPANIES TO SELL HARDWARE, BUT NOT TECHNOLOGY, FOR ITEMS SUCH AS GUIDANCE/CONTROL SYSTEMS
- N-ROCKET, A FOUR-STAGE BOOSTER WITH MORE THAN THREE TIMES THE THRUST OF A MINUTEMAN ICBM, IS BEING DEVELOPED TO LAUNCH SYNCHRONOUS COMMUNICATION SATELLITES IN THE MID-1970'S

② RECONCILING THE WHITE PAPER AND THE CONSTITUTION

ANOTHER THING I HAVE TO MENTION IS THE SENSE OF DUTY WE FEEL TOWARD MAINTAINING THE WORLD PEACE AND SECURITY. WE HAVE NO MILITARY POTENTIAL WHICH IS WORTH CALLING MILITARY POTENTIAL, BUT I THINK THERE ARE WAYS AND MEANS TO CONTRIBUTE TO THE CAUSE OF WORLD PEACE HAVING PRACTICALLY NO MILITARY POTENTIAL. THAT IS, WE HAVE ECONOMIC POTENTIAL TO PUT AT THE SERVICE OF WORLD PEACE, TO PUT AT THE SERVICE OF STANDARDIZED LIVING CONDITIONS ACROSS THE WORLD.

WE HAVE A SELF-DEFENSE FORCE, AND PEOPLE WILL WILLY-NILLY START TALK ABOUT WHETHER JAPAN SHOULD HAVE NUCLEAR WEAPONS OR NOT, BUT FOR MY PART I SAY WE SHOULD NEVER HAVE NUCLEAR WEAPONS. FOR THE LAST 26 YEARS THE WORLD HAS ENJOYED A PERIOD OF RELATIVE PEACE, AND I SAY THAT THIS 26 YEARS WITHOUT MAJOR WAR IS ONE OF THE RARE PHENOMENA IN HISTORY AND I HOPE THAT THIS 26 YEARS WILL BE EXTENDED OVER INTO THE FUTURE....

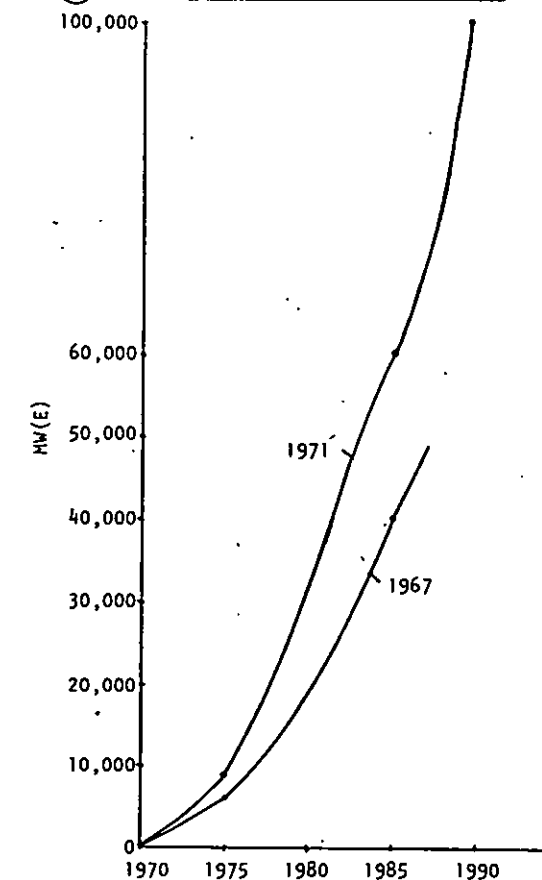
....AND SO FOR NUCLEAR WEAPONS FOR JAPAN, I THINK WE SHOULD NEVER HAVE THEM, EVEN AS AN ALTERNATE MEANS OF SELF DEFENSE. JAPAN IS A UNIQUE COUNTRY IN THE WORLD IN THAT WE HAVE A CONSTITUTION WHICH RENOUNCED THE POSSESSION OF MILITARY POWER EXCEPT FOR PURPOSES OF SELF DEFENSE. ANOTHER UNIQUE FEATURE OF THE JAPANESE PEOPLE IS THAT WE ARE THE ONLY NATION IN THE WORLD WHO HAVE HAD THE BITTER EXPERIENCE OF BEING ATOMIC BOMBED. SO, BECAUSE OF THESE REASONS, WE HAVE A SPECIAL SENSITIVITY TO THINGS NUCLEAR. WE ARE NOW ECONOMICALLY STRONG ENOUGH TO HAVE "NUKES" IF WE WANT TO, BUT WE DON'T WANT TO--WE SHOULDN'T.

THE FACT IS THAT JAPAN, WHICH IS POWERFUL ENOUGH TO HAVE NUKES, AND DOES NOT POSSESS NUKES, CAN APPEAL TO THE WORLD NUCLEAR POWERS TO PROCEED WITH THE STRATEGIC ARMS LIMITATION TALKS, AND THIS JAPANESE CALLING FOR THE CESSATION OF NUCLEAR WEAPONS WILL HAVE WIDER PERSUASION THAN THE SOVIET UNION OR UNITED STATES PEOPLE DISCUSSING, NEGOTIATING OVER THE TABLE OF STRATEGIC ARMS LIMITATION TALKS. AND THIS I TAKE BOTH AS A RESPONSIBILITY AND A DUTY THAT JAPAN ASSUMES TOWARD THE MAINTENANCE OF WORLD PEACE.

THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM THE  
PRESENTATION GIVEN AT H.I. CONFER-  
ENCE IN KYOTO, 6 APRIL 1971

CHARACTERISTICS OF U.S.-JAPAN AEROSPACE  
TECHNOLOGY AGREEMENT

- U.S. COMPANIES CAN SELL THE HARDWARE, BUT NOT ITS BACKGROUND TECHNOLOGY, FOR ITEMS SUCH AS GUIDANCE CONTROL SYSTEMS.
- EQUIPMENT OR TECHNICAL KNOWLEDGE SO ACQUIRED CANNOT BE RELEASED TO A THIRD COUNTRY WITHOUT U.S. APPROVAL
- HOWEVER, MUCH TECHNOLOGICAL TRANSFER FROM DEVELOPMENT OF THE JAPANESE Q-ROCKET UTILIZING U.S. TECHNOLOGIES WILL BE TRANSFERABLE WITH BENEFIT TO MILITARY APPLICATIONS
- U.S.-JAPANESE PARTNERS ARE  
MITSUBISHI GROUP/MAR-TWR-MCDONNELL DOUGLAS  
TOSHIBA GROUP/GE-MARTIN MARIETTA-AEIOJET-GENERAL  
KAWASAKI GROUP/HUGHES-LOCKHEED

③ JAEC NUCLEAR POWER ESTIMATES⑧ PUBLIC OPINION AND DEFENSE  
(SURVEY OF PUBLIC RELATION OFFICE OF THE PRIME MINISTER'S SECRETARIAT, SEPTEMBER 1969)

- WARS CAN BE ELIMINATED	14
- WARS CANNOT BE ELIMINATED	62
- IN CASE OF ARMED ATTACK, JAPAN SHOULD BE ABLE TO DEFEND ITSELF	60
- IN TIMES OF EMERGENCY, ONE SHOULD HELP SELF-DEFENSE FORCES & RESIST AGGRESSION	55
- CURRENTLY THERE IS NO DANGER OF JAPAN'S BEING DRAGGED INTO A WAR	23
- THE POSSIBILITY OF DANGER OF WAR CANNOT BE RULED OUT	27
- TO COPE WITH DANGER OF WAR, JAPAN'S DEFENSE SHOULD BE BASED ON THE 'SECURITY TREATY & ITS SELF-DEFENSE FORCES (SDF)	41
- JAPAN SHOULD ABROGATE THE SECURITY TREATY & STRENGTHEN ITS SDF	10
- JAPAN SHOULD ABROGATE THE SECURITY TREATY & SUPPORT A COURSE OF UNARMED NEUTRALITY	10
- THE SDF ARE NECESSARY	75
- THE SDF ENSURE "SECURITY OF NATION"	50
- THE SDF HELP "MAINTENANCE OF INTERNAL	22

(1970 WHITE PAPER ON JAPAN'S DEFENSE)

④ RECONCILING THE WHITE PAPER AND THE CONSTITUTION

AS REGARDS NUCLEAR WEAPONS, WE ARE ADOPTING THE THREE NON-NUCLEAR PRINCIPLES. IF SMALL-SIZE NUCLEAR WEAPONS ARE WITHIN THE SCALE OF REAL POWER NEEDED FOR THE MINIMUM NECESSARY LIMIT FOR SELF-DEFENSE, AND IF THEY ARE SUCH AS WILL NOT BE A THREAT OF AGGRESSION TOWARD OTHER NATIONS, IT IS POSSIBLE TO SAY THAT POSSESSION THEREOF IS POSSIBLE, IN LEGAL THEORY. HOWEVER, THE GOVERNMENT ADOPTS THE POLICY OF NOT HAVING NUCLEAR EQUIPMENT, AS ITS POLICY, EVEN IF THIS IS POSSIBLE FROM THE STANDPOINT OF THE CONSTITUTION.

WHITE PAPER ON JAPANESE DEFENSE  
JAPANESE DEFENSE AGENCY, OCTOBER 1970.

ASPIRING SINCERELY TO AN INTERNATIONAL PEACE BASED ON JUSTICE AND ORDER, THE JAPANESE PEOPLE FOREVER RENOUNCE WAR AS A SOVEREIGN RIGHT OF THE NATION AND THE THREAT OR USE OF FORCE AS MEANS OF SETTLING INTERNATIONAL DISPUTES.

IN ORDER TO ACCOMPLISH THE AIM OF THE PRECEDING PARAGRAPH, LAND, SEA, AND AIR FORCES, AS WELL AS OTHER WAR POTENTIAL, WILL NEVER BE MAINTAINED. THE RIGHT OF BELLIGERENCY OF THE STATE WILL NOT BE RECOGNIZED.

ARTICLE 9  
JAPANESE CONSTITUTION

FIRST DEFENSE WHITE PAPER (OCTOBER 1970)

THE WHITE PAPER IS DIVIDED INTO 3 PARTS:

- THE SIGNIFICANCE OF DEFENSE IN MODERN SOCIETIES. JAPAN IS URGED TO PLAY AN INTERNATIONAL ROLE AS A PEACEFUL INFLUENCE CHIEFLY THROUGH THE U.N. AND NEVER TO BE A MILITARY POWER.
- THE WAY THE DEFENSE OF JAPAN SHOULD BE SET UP.
- THE PRESENT CONDITIONS AND PROBLEMS OF JAPAN'S SELF-DEFENSE FORCES. SO LONG AS JAPAN WILL MAINTAIN NO NUCLEAR AND NO OFFENSIVE WEAPONS, THE U.S.-JAPANESE SECURITY TREATY SHOULD BE "SEMIPERMANENTLY" NEEDED. JAPAN WOULD NOT NEED ICBM'S, STRATEGIC BOMBERS OR SENDING DEFENSE PERSONNEL ABROAD.

PRESS COMMENTS ON WHITE PAPER ON JAPAN'S DEFENSE

"THE ARGUMENT FOR A FIRM AND LONG-TERM MAINTENANCE OF THE JAPAN-U.S. SECURITY TREATY IS...COMPLETE TRUST IN U.S. NUCLEAR ARMS, FROM THE IDEA THAT SINCE OUR COUNTRY--DUE TO THE THREE NON-NUCLEAR PRINCIPLES--WILL NOT POSSESS NUCLEAR WEAPONS, THERE IS NO OTHER WAY TO GET NUCLEAR DETERRENT POWER BUT TO DEPEND COMPLETELY ON U.S. NUCLEAR POWER.

"HOWEVER, IN CASE OUR COUNTRY, BY ANY CHANCE, IS EXPOSED TO NUCLEAR ATTACK BY ANOTHER NATION, WILL THE U.S. REALLY LAUNCH A NUCLEAR OFFENSIVE FOR THE SAKE OF JAPAN EVEN AT THE RISK OF EMBROILING ITS OWN COUNTRY IN AN ALL-OUT NUCLEAR WAR? SPEAKING FRANKLY, IT SEEMS PROBLEMATICAL.

(EDITORIAL IN ASAHI EVENING NEWS,  
OCTOBER 21, 1970)

JAPANESE-AMERICAN SECURITY PACT

THE FIRST PHASES OF THE 10-YEAR SECURITY PACT OFFICIALLY CAME TO AN END JUNE 23, 1970. FROM THIS DATE IT MAY BE DISSOLVED AT ONE YEAR'S NOTICE BY EITHER SIDE. THUS JAPAN AND THE U.S. NOW HAVE THE OPTION OF ABROGATING THE PACT BUT WITHOUT MUCH DISRUPTION THE PACT IS "UNDERSTANDABLY" EXTENDED. AUTOMATIC EXTENSION MINIMIZES RISK OF RECURRENCE OF 1960 TREATY RENEWAL RIOTS. THIS EXTENSION PLUS THE SETTLEMENT OF OKINAWA ISSUE HELPED DE-FUSE POTENTIAL TROUBLES IN SUMMER OF 1970.

Military/Nuclear IssuesEconomic and Social Development

Chart 1 is a summary of the Japanese Economic and Social Development Plan for 1970-1975.

Chart 2 is a summary of MITI's policy for the 1970's which clearly indicates the government emphasis on accomplishing its social development goals.

Charts 3, 4, and 7 are discussions of three basic problem areas which require and which will receive emphasis.

Chart 5 is an excerpt from the speech given by Finance Minister Fukuda at the recent Hudson Institute Congerence in Kyoto expressing optimism in Japan's capability to meet its goals and his government's intention to meet them early.

Chart 6 is a heuristic surprise free scenario for the Japanese economy in 1980 which is discussed in context on page 13 of Volume 11. It is included here to remind the reader that the basic mechanism for accomplishing Japanese Economic and Social Development goals is the built in flexibility which Japan's extremely high saving rates give to the system.

# ① ECONOMIC AND SOCIAL DEVELOPMENT PLAN (FY 1970-75)

PART I: TWO BASIC AIMS: INTERNATIONALIZATION OF THE ECONOMY AND BETTER ADAPTATION TO RAPID ECONOMIC GROWTH. STRESSES DESIRABILITY OF CREATING AN AFFLUENT SOCIETY WITH BROAD EMPHASIS ON THE WELL BEING OF PEOPLE AND HUMAN VALUES.

## IMMEDIATE POLICY OBJECTIVES:

1. IMPROVEMENT OF ECONOMIC EFFICIENCY TO COPE, INTERNALLY, WITH GROWING LABOR SHORTAGE AND THE PRESSURE OF PRICES, AND EXTERNALLY, TO FULFILL THE GROWING OBLIGATIONS TOWARD DEVELOPING COUNTRIES.
2. ACHIEVEMENT OF A REASONABLE DEGREE OF PRICE STABILIZATION BY BRINGING THE ANNUAL RISE OF CONSUMER PRICES DOWN FROM AROUND 5% TO A RATE BELOW 4% IN THE FINAL YEAR OF THE PLAN PERIOD.
3. PROMOTION OF SOCIAL DEVELOPMENT AND ECONOMIC WELFARE, WHICH WILL NECESSITATE TAX INCREASE AND HIGHER SOCIAL SECURITY CHARGES.

PART II: POLICY MEASURES HELD APPROPRIATE TO ACHIEVE THE ABOVE OBJECTIVES. TO ENSURE A BETTER PRICE PERFORMANCE, THE PLAN AIMS AT KEEPING THE GROWTH OF THE ECONOMY SLIGHTLY BELOW ITS POSSIBLE POTENTIAL RATE THROUGH AN ACTIVE USE OF MONETARY AND FISCAL POLICIES. THE PLAN ADVOCATES MEASURES TO RATIONALIZE PRODUCTION IN LOW PRODUCTIVITY SECTORS, THE IMPROVEMENT OF COMPETITIVE CONDITIONS, STABILIZATION OF PRICES UNDER GOVERNMENT CONTROL, STIMULATING IMPORTS THROUGH LIBERAL TRADE POLICIES, LOWERING OF TARIFFS AND GENERAL PROMOTION OF TRADE. IN THE WIDER CONTEXT OF FOREIGN ECONOMIC POLICY, THE PLAN ALSO STRESSES THE NEED TO REMOVE OBSTACLES TO CAPITAL MOVEMENTS AND TO STRENGTHEN INTERNATIONAL ECONOMIC COOPERATION.

AS REGARDS THE ACHIEVEMENT OF OTHER POLICY OBJECTIVES, THE POLICIES ADVOCATED IN THE PLAN ARE COINED IN GENERAL TERMS. INDUSTRY SHOULD BE ENCOURAGED TOWARDS GREATER DIVERSIFICATION AND SOPHISTICATION OF PRODUCTION. MEASURES ARE ENVISAGED TO ENHANCE EFFICIENCY IN THE DISTRIBUTION SECTOR, AGRICULTURE, AND SMALLER FIRMS, WHILE ESTABLISHING AND SAFEGUARDING AT THE SAME TIME AN EFFECTIVE AND SOUND BUSINESS AND ECONOMIC STRUCTURE. TO PROMOTE SOCIAL DEVELOPMENTS, ATTRACTIVE COMMUNITIES ARE TO BE BUILT IN CITIES, TOWNS AND RURAL AREAS. THIS WILL INCLUDE THE RE-DEVELOPMENT OF DOWNTOWN BUSINESS AND THE IMPROVEMENT OF COMMUNICATION NETWORKS. FACTORIES AND DISTRIBUTION CENTRES ARE EXPECTED TO MOVE TO THE OUTSKIRTS OF CITIES. CONTROL OF PUBLIC NUISANCES WILL BE STRENGTHENED AND SOCIAL SECURITY PAYMENTS ARE TO BE TREBLED IN THE PLAN PERIOD.

PART III: THE COMBINED EFFECTS OF ECONOMIC POLICY AND OTHER «EXOGENOUS» FACTORS ON THE DEVELOPMENT OF MAIN DEMAND AND SUPPLY AGGREGATES ARE OUTLINED IN PART III OF THE PLAN. THE CALCULATIONS ARE BASED ON THE ASSUMPTION THAT WORLD IMPORTS IN REAL TERMS, EXCLUDING JAPANESE IMPORTS, WILL ADVANCE AT AN AVERAGE ANNUAL RATE OF 7.5 PER CENT (I.E. 1 PER CENT LESS THAN DURING THE PRECEDING 6 YEARS' PERIOD) AND THAT THE GROWTH OF THE LABOUR FORCE WILL SLOW DOWN FROM THE 1.6 PER CENT REGISTERED DURING THE FIRST FOUR YEARS OF THE PRESENT BUSINESS UPSWING TO AN ANNUAL AVERAGE OF 1.1 PER CENT DURING THE PLAN PERIOD. NONETHELESS IT HAS BEEN ASSUMED THAT THE POTENTIAL RATE OF GROWTH OF THE ECONOMY HAS BEEN RAISED IN THE COURSE OF THE LATEST INVESTMENT BOOM. GIVEN TRADE-OFF RELATIONS BETWEEN GROWTH, PRICES AND THE BEHAVIOUR OF THE FOREIGN BALANCE, THE REAL RATE OF 10.6 PER CENT GNP GROWTH POSTULATED IN THE PLAN REPRESENTS A TARGET RATHER THAN A SIMPLE PROJECTION. TO EASE PRICE PRESSURES IT WAS THOUGHT DESIRABLE TO KEEP ECONOMIC GROWTH BELOW THE RATES RECORDED IN RECENT YEARS; BUT IN ORDER TO PREVENT AN EXCESSIVE RISE OF THE EXTERNAL SURPLUS, IT WAS SUGGESTED TO RUN THE ECONOMY AS CLOSE TO CAPACITY LIMITS AS COULD STILL BE TOLERATED FROM THE PRICE STABILIZATION POINT OF VIEW.

# ② MITI'S POLICY IN THE 1970'S

1. IMPROVEMENT OF WORKING CONDITIONS. WORKING HOURS SHOULD BE SHORTENED BY 12 PERCENT SO THAT THE CURRENT U.S. LEVEL OF 35 HOURS A WEEK WILL BE ATTAINED BY THE END OF THE DECADE.
2. EXPANSION OF SOCIAL CAPITAL. ABOUT \$500 BILLION SHOULD BE SPENT WITHIN THE DECADE FOR THIS PURPOSE.
3. IMPROVEMENT OF ENVIRONMENT. ABOUT 7 PERCENT OF NEW INVESTMENT IN MINING AND INDUSTRIAL SECTORS AS WELL AS IN PUBLIC UTILITIES, SHOULD BE SPENT TO REINFORCE ANTI-POLLUTION EQUIPMENT IN EXISTING PRODUCTION FACILITIES.
4. STRENGTHENING EDUCATION. RATIO OF HIGH SCHOOL ENTRANTS TO MIDDLE SCHOOL GRADUATES SHOULD BE INCREASED TO 95 PERCENT FROM THE CURRENT 82 PERCENT. COLLEGE AND UNIVERSITY ENTRANTS SHOULD ALSO INCREASE TO 46 PERCENT OF THE ELIGIBLE AGE GROUP BY THE END OF THE DECADE, FROM THE PRESENT LEVEL OF 17 PERCENT.

5. INCREASE IN R AND D EXPENDITURES. THE LEVEL OF INVESTMENT OF THIS TYPE SHOULD INCREASE TO ABOUT \$14 BILLION BY 1980 TO CATCH UP WITH THAT OF EUROPEAN COMMUNITY AND U.S.S.R.
6. INCREASE IN EXPENDITURES FOR INTERNATIONAL COOPERATION. AID TO LESS DEVELOPED COUNTRIES SHOULD AMOUNT TO \$7.5 BILLION IN 1980.

THESE TARGETS ARE SET ON THE ASSUMPTION THAT THE JAPANESE ECONOMY WILL GROW AT ABOUT 10 PERCENT ANNUALLY IN REAL TERMS DURING THIS DECADE. THE BASIC INDUSTRIAL POLICY OF MITI SHOULD BE TO UTILIZE THE FREE MARKET MECHANISM AS MUCH AS POSSIBLE, WITH THE GOVERNMENT'S FUNCTION ONLY SUPPLEMENTARY. THE AREAS IN WHICH THE GOVERNMENT MUST BE ACTIVE INCLUDE ENVIRONMENT, INTERNATIONAL COOPERATION, REMOVAL OF TRADE BARRIERS, R AND D EFFORTS, THE SECURING OF RESOURCES (RAW MATERIALS AND ENERGY), SYSTEMATIZATION OF INDUSTRIAL ACTIVITIES AND EXPANSION OF SOCIAL CAPITAL AND PUBLIC SERVICES. THE COUNCIL STRESSED THE NECESSITY OF SEEKING THE OPTIMUM COMBINATION OF THE FUNCTIONS OF THE GOVERNMENT AND PRIVATE BUSINESS.

(U.S.-JAPAN TRADE COUNCIL  
ROUNDUP NO. 8, MAY 7, 1971)

# ③ A WILLINGNESS TO MOVE QUICKLY

FIRST OF ALL, OF COURSE, WE HAVE TO THINK OF NATION-BUILDING AND THAT, AGAIN, IS A DIFFICULT TASK. AS COMPARED WITH YOUR ADVANCED NATIONS OF THE WEST, JAPAN HAS A VERY PECULIAR FEATURE. THE JAPAN BEFORE WORLD WAR II WAS A JAPAN AS A MILITARY POWER, WITH A NATIONAL POWER WHICH IS JUST ABOUT ONE-TWENTIETH OF WHAT WE HAVE TODAY. JAPAN TRIED TO HAVE A NAVAL FORCE WHICH WAS EQUIVALENT IN STRENGTH TO THE NAVAL FORCE OF THE UNITED STATES OF AMERICA. AND WE ALSO HAD GROUND FORCES WHICH COULD FIGHT THE GROUND FORCES OF THE SOVIET UNION. SO PRACTICALLY ALL OUR NATIONAL POTENTIAL HAD BEEN USED FOR WARLIKE PURPOSES BEFORE WORLD WAR II. WE NEVER PAID MUCH ATTENTION TO URBAN DEVELOPMENT, SOCIAL INFRASTRUCTURE, SEWERAGE SYSTEMS, A NETWORK OF ROADS--WE COULD NOT AFFORD TO PAY ATTENTION TO THESE AREAS. TAKE THE EXAMPLE OF IRON AND STEEL PRODUCTION. LAST YEAR WE PRODUCED 93 MILLION TONS OF STEEL. BUT BEFORE THE WAR WE PRODUCED ONLY 5 MILLION TONS OF STEEL, SEVENTY PERCENT OF WHICH WAS USED FOR MILITARY PURPOSES, TO BUILD MILITARY HARDWARE, AND ONLY 30% WAS MADE AVAILABLE FOR CIVILIAN USES. SO HOW COULD WE BUILD A LOT OF STREETS AND ROADS AND CITY WATER SYSTEMS? LOOK AT THE GOVERNMENT BUDGET BEFORE THE WAR. AS MUCH AS 40% OF THE NATIONAL BUDGET WAS USED FOR MILITARY PURPOSES EVEN IN PEACETIME.

THANKS TO THE CURRENT PEACE, WE NOW DO NOT NEED TO BUILD MUCH MILITARY HARDWARE, SO PRACTICALLY ALL OUR STEEL PRODUCTION NOW IS USED FOR NONMILITARY USES. THE PROPORTION OF INVESTMENT IN INFRASTRUCTURE IN THE NATIONAL BUDGET IN VERY HIGH THESE YEARS. WE HAVE A 15-YEAR PLAN TO CONSOLIDATE OUR SOCIAL INFRASTRUCTURE, BUT I CAN SAY WE DON'T HAVE TO WAIT 15 YEARS. LOTS OF THE DISORDER AND JUMBLES AND SHAMBLES THAT YOU SEE AROUND HERE WILL ASSUME A COMPLETELY DIFFERENT OUTLOOK IN THE NEAR FUTURE.

THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM  
THE PRESENTATION GIVEN AT H.I.  
CONFERENCE IN KYOTO, 6 APRIL 1971

# ④ IMPROVING THE EDUCATIONAL SYSTEM

...THE PRIVATE UNIVERSITY AUTHORITIES AND THE PARENTS ARE INEVITABLY TURNING TO THE GOVERNMENT FOR RELIEF. THE GOVERNMENT, OF COURSE, HAS BEEN HELPING PRIVATE INSTITUTIONS ON A MODEST SCALE, BUT WHAT IS NOW BEING DEMANDED IS MASSIVE. GRANTS ARE BEING REQUESTED TO REDUCE AND EVENTUALLY ABOLISH THE PRIVATE UNIVERSITY'S DEPENDENCE ON EXCESSIVE TUITION (THAT IS, TUITION IN EXCESS OF THE NATIONAL UNIVERSITY AVERAGE) AND BORROWING. IT IS DIFFICULT TO ESTIMATE JUST HOW MUCH MONEY MAY BE INVOLVED, BUT VERY ROUGH CALCULATIONS SUGGEST THAT ABOUT 2.1% OF THE NATIONAL BUDGET, OR 0.25% OF THE GNP, MAY BE DEMANDED AS A NEW ALLOCATION FOR HIGHER EDUCATION IN ADDITION TO THAT ALREADY MADE.

IT SHOULD BE REMEMBERED, MOREOVER, THAT WHILE SUCH AS NEW ALLOCATION WOULD TEND TO STRENGTHEN THE FINANCIAL STRUCTURE OF PRIVATE UNIVERSITIES AND EQUALIZE COSTS OF HIGHER EDUCATION TO STUDENTS AND PARENTS, IT WOULD NOT SOLVE THE OTHER IMPORTANT PROBLEM--UPGRADING THE QUALITY OF THE EDUCATION OFFERED. THE TRUTH IS THAT NEARLY ALL INSTITUTIONS, BOTH PUBLIC AND PRIVATE, ARE IN TROUBLE. THE STUDENTS WHO, TOGETHER WITH THE PROFESSORS, HAVE BORNE THE BRUNT OF THESE INADEQUACIES, ARE NOW REVOLTING --ON A SCALE AND WITH AN INTENSITY UNPARALLELED AMONG THE ADVANCED NATIONS OF THE WORLD. NEARLY ONE-FIFTH OF THE FOUR-YEAR COLLEGES AND UNIVERSITIES ARE NOW TROUBLED BY STUDENT DISORDER. THE CAUSES ARE TO BE FOUND PARTLY IN THE UNIVERSITIES THEMSELVES--IN THEIR INEFFICIENT ADMINISTRATIVE STRUCTURES, THE ISOLATION OF MUCH OF THEIR LEARNING FROM CONTEMPORARY SOCIETY, THE INSUFFICIENCY OF INSTRUCTIONAL AND RESEARCH SALARIES AND FACILITIES, AND THE LACK OF PROVISION FOR THE STUDENTS' SOCIAL ENVIRONMENT; AND PARTLY IN THE LARGER SOCIETY, WHERE YOUTH PARTICULARLY FEELS THE STRAINS AND FRUSTRATIONS PRODUCED BY THE WAR, THE OCCUPATION, AND THE SUBSEQUENT ECONOMIC GROWTH. WHILE A FUNDAMENTAL SOLUTION OF THE UNIVERSITY PROBLEM WILL REQUIRE A COMPLEX HUMAN EFFORT, WHICH IS NOW UNDERWAY, VERY LITTLE CAN BE ACCOMPLISHED WITHOUT THE ALLOCATION OF A MUCH LARGER PROPORTION OF THE NATION'S RESOURCES THAN IN THE PAST. AN INCREASE IN FACULTY AND RESEARCH SALARIES ACROSS THE BOARD WILL BE REQUIRED, AS WELL AS AN IMPROVEMENT IN ACADEMIC EQUIPMENT AND STUDENT SOCIAL FACILITIES WHICH COULD EASILY RAISE THE DEMAND FOR A SUPPLEMENTARY ALLOCATION TO 3 OR 4 PER CENT OF THE NATIONAL BUDGET OR TO SOMETHING LIKE 0.5% OF GNP. THE PRESSURE WILL BE ON IN THE 1970'S TO BRING ABOUT THIS REALLOCATION.

JAMES W. MORLEY, "GROWTH FOR WHAT? THE ISSUE OF THE 'SEVENTIES," GERALD CURTIS, ED., JAPANESE-AMERICAN RELATIONS IN THE 1970'S, WASHINGTON, D.C., COLUMBIA BOOKS, INC., 1970, PP. 77-79.

# ⑤ THE BASIC MECHANISM

## A HEURISTIC SURPRISE FREE 1980 JAPANESE ECONOMY

GNP = \$500 B.	GROWTH RATE = 10%
ALLOCATION OF GNP:	
44% TO PRIVATE CONSUMPTION	= \$220 B
17% TO GOVERNMENT CONSUMPTION (AND "LOW" OUTPUT INVESTMENT)	= 85
24% TO MEDIUM OUTPUT (C.O.R. = 6) USES	= 140
15% TO HIGH OUTPUT (C.O.R. = 2.5) USES	= 75
100%	\$500 B

$$\frac{24\%}{6} + \frac{15\%}{2.5} = 4\% + 6\% = 10\%$$

# ⑥ HIGH COSTS OF THE URBAN EXPLOSION

JAPAN ALREADY HAS MORE CITIES OF OVER ONE MILLION POPULATION THAN THE UNITED STATES (7 TO 5) AND MORE CITIES OF 100,000 TO 1,000,000 (130 TO 125). PEOPLE ARE MOVING OUT OF CITY CENTERS, BECAUSE OF THE SHORTAGE OF LAND, BUT INDUSTRIES ARE NOT. THE COMMUTER PRESSURE RISES. ROAD BUILDING AND AUTOMOBILE OWNERSHIP INCREASE RAPIDLY, BUT BECAUSE OF GEOGRAPHIC LIMITATIONS IT IS MORE PROBABLE THAT THIS WILL OPERATE TO INCREASE METROPOLITAN ACTIVITIES (AS THE NEW TOKAIDO HAS OPERATED TO MULTIPLY THE FUNCTIONS THAT CAN BE CARRIED OUT FROM TOKYO) RATHER THAN DISPERSE THEM. PLANNING FOR THIS URBAN EXPLOSION IS STILL POORLY ADVANCED. IN TERMS OF CAPITAL AVAILABLE, THE PUBLIC SECTOR, GIVEN THE MODEST PER CAPITA INCOME (AND TAX YIELD), IS RELATIVELY WEAKER THAN IN THE UNITED STATES. YET LAND PRICES IN TOKYO RUN FROM FIVE TO 100 TIMES THOSE OF THE NEW YORK AREA, AND THE PROPORTION OF CITY SPACE DEVOTED TO ROADS IN TOKYO IS A MERE 10%, COMPARED TO 30% IN NEW YORK AND 55% IN LOS ANGELES. JAPAN'S UNIT COST FOR HIGHWAYS IS THE HIGHEST IN THE WORLD. IN A CITY IN WHICH AN AUTOMOBILE REQUIRES 200 SQUARE FEET FOR STORAGE AND THE AVERAGE NEW DWELLING SPACE PER FAMILY IS ONLY TWICE THAT, IT IS CLEARLY DESIRABLE TO EXPORT VIRTUALLY THE ENTIRE AUTOMOBILE PRODUCTION. ONLY IN THE PROVISION FOR PUBLIC MASS TRANSPORT IS THE JAPANESE CITY AHEAD OF ITS AMERICAN COUNTERPART. IN EVERY OTHER ASPECT OF SOCIAL OVERHEAD IT IS WELL BEHIND, AND THE ASSAULT ON THE JAPANESE ENVIRONMENT IS EASILY THE EQUIVALENT OF ANYTHING AMERICANS KNOW. MOREOVER, THE DEVELOPMENT OF COMPANY AND GOVERNMENT HOUSING IS BEGINNING TO PRODUCE THE NEIGHBORHOOD STRATIFIED BY INCOME AND CLASS LONG FAMILIAR IN THE UNITED STATES. SCHOOL AND OTHER DIFFERENTIATIONS MAY THUS BE THE NEXT STAGE.

MARIUS B. JANSEN, "THE UNITED STATES AND JAPAN IN THE 1970'S," GERALD CURTIS, ED., JAPANESE-AMERICAN RELATIONS IN THE 1970'S, WASHINGTON, D.C., COLUMBIA BOOKS, INC., 1970, P. 43.

# ⑦ INCREASING SOCIAL SECURITY

THE TOTAL (OF SOCIAL SECURITY EXPENDITURES) IS LOW IN COMPARISON WITH OTHER ADVANCED NON-COMMUNIST COUNTRIES. IN 1962-63, FOR EXAMPLE, JAPAN RANKED EIGHTH AMONG SUCH COUNTRIES, BOTH IN THE PROPORTION OF ITS GNP DEVOTED TO SOCIAL SECURITY AND IN THE ABSOLUTE AMOUNT SPENT FOR THIS PURPOSE PER CAPITA. THE PER CAPITA AMOUNT FOR JAPAN WAS ESTIMATED THAT YEAR AT ABOUT \$36 (13,845 YEN) AS COMPARED WITH \$281 (101,010 YEN) SPENT BY THE FIRST RANKING COUNTRY, SWEDEN. THIS REFLECTS THE FACT THAT THE SYSTEM IN JAPAN IS NEW, THE AMOUNT OF EACH OF THE BENEFITS IS RELATIVELY SMALL, AND THE PUBLIC IS ONLY SLOWLY BECOMING ACCUSTOMED TO RELYING ON THEM. BUT THE TREND IS CLEAR. IN VIEW OF FOREIGN EXPERIENCE, THE RAPID RISE IN CERTAIN COSTS SUCH AS THOSE OF MEDICINES AND MEDICAL CARE AND THE PROSPECT OF CONTINUING CHANGES IN SOCIETY AND SOCIAL VALUES, ONE MUST ASSUME THAT COSTS WILL CONTINUE TO RISE AND PRESSURE FOR EXPANDED SERVICES WILL INTENSIFY. THE EXPERIENCE OF THE PAST TEN YEARS SUPPORTS THIS. FROM A GNP ALLOCATION OF 4.1% FOR ALL SOCIAL SECURITY PURPOSES IN 1957, THE PROPORTION HAD RISEN BY 1966 TO 5.0%. IF THIS RATE OF GROWTH CONTINUES, IT CAN BE EXPECTED TO RESULT IN A DEMAND ON THE GNP OF 6.1% IN 1975. THE QUESTION FOR THE 1970'S THEREFORE IS HOW MUCH MORE OF THE NATIONAL RESOURCES TO ALLOCATE TO SOCIAL SECURITY. THE PATTERN HAS BEEN TO HOLD PUBLIC EXPENDITURES FAIRLY STEADY AT ABOUT 20% OF THE NATIONAL BUDGET, PUSHING AN INCREASING BURDEN ON THE INDIVIDUAL CITIZEN. BUT HOW LONG CAN THIS GO ON? HOW MUCH OF ANY EXPANSION SHOULD BE PAID FOR BY THE PUBLIC, AND HOW MUCH BY THE PRIVATE SECTOR? WHAT COMPETING PURPOSES ARE TO BE SACRIFICED?

\*INTERNATIONAL LABOR ORGANIZATION, THE COST OF SOCIAL SECURITY (1967), CITED IN YANO TSUNETO KINENKAI, COMP., NIHON KOKUSAI ZUE (THE STATE OF JAPAN IN CHARTS AND TABLES) (1968), P. 494.

JAMES WILLIAM MORLEY, "GROWTH FOR WHAT? THE ISSUE OF THE 'SEVENTIES," GERALD CURTIS, ED., JAPANESE-AMERICAN RELATIONS IN THE 1970'S, WASHINGTON, D.C., COLUMBIA BOOKS, INC., 1970, PP. 73-75.

Economic and Social DevelopmentThe New Comprehensive Economic Development Plan

Chart 1 summarizes the requirements for major efforts in providing infrastructure, spreading out the population and industry, and improving the environment and working and living conditions that will be necessary for Japan to continue to grow rapidly without serious domestic problems.

Charts 2 through 7 discuss principles and objectives of the Comprehensive Economic Development Plan. Perhaps most ambitious of all are the proposed improvements in land utilization and transportation facilities. (Charts and tables taken from the Summary volume of the Comprehensive Economic Development Plan which elaborate on this are presented on the next page). This plan is currently proceeding on schedule or ahead of schedule. If completed as planned, and there is every indication that it will be, Japan can be expected to have an infrastructure and "affluent environment" second to none by the late 1970's or early 1980's.

Chart 8 gives some very recent population statistics. The third point in this chart indicates the size and nature of the problem which this plan is addressing itself to.

Chart 9 is a table from the CEDP indicating the difference in travel time which the proposed railway network will make. In effect, it will bring the most remote parts of the major Japanese Islands within a day or less commuting time by train from Tokyo. It is interesting to note that although the current Tokaido line between Osaka and Tokyo is the fastest operational line in the world, all 7,100 KM of line to be installed are being designed to be faster.

① NEED FOR NEW DEVELOPMENT PLAN

1. BREAKDOWN OF LAND UTILIZATION - 1965
  - A. TOTAL AREA - 37 MILLION HECTARES
  - B. AGRICULTURE - 6 MILLION HECTARES
  - C. FORESTS - 25 MILLION HECTARES
  - C. URBAN AREAS - 460,000 HECTARES
2. BREAKDOWN OF LAND UTILIZATION - 1985 (ESTIMATED)
  - A. AGRICULTURE - 6-7 MILLION HECTARES
  - B. FORESTS - 4 MILLION HECTARES
  - C. URBAN - 940,000 HECTARES (1.2% OF TOTAL AREA)
3. POPULATION DISTRIBUTION (1965)
  - A. 48% OF POPULATION LIVES IN URBAN AREAS
  - B. 58% OF URBAN POPULATION LIVES IN 3 MAJOR CITIES
4. CHANGES IN WORK-STYLE ESTIMATED BY 1985
  - A. WORKING HOURS FOR AVERAGE WORKER WILL DECREASE: 116 THOUSAND - 106 THOUSAND HOURS
  - B. FREE HOURS WILL INCREASE: 157-200 THOUSAND HOURS
  - C. 3-4 FOLD INCREASE IN INCOME
  - D. INCREASED MOBILITY
  - E. INCREASED LEISURE OPPORTUNITIES

② SOME BASIC PRINCIPLES OF THE PLAN

1. DIVISION OF COUNTRY INTO SEVEN REGIONAL BLOCS
  - A. EACH BLOC CONCENTRATED AROUND REGIONAL HUB CITIES
  - B. HUB CITIES TO PROVIDE MODERN SERVICES TO REST OF REGION
2. THREE MAJOR METROPOLITAN AREAS TO PROVIDE MAJOR SERVICES FOR REST OF COUNTRY
  - A. "CENTRAL MANAGEMENT FUNCTIONS" TO BE CHanneled THROUGH REGIONAL HUB CITIES
  - B. THREE MAJOR METROPOLITAN AREAS ARE: TOKYO, OSAKA, NAGOYA

③ GENERAL OBJECTIVES OF THE PLAN - I

1. PROMOTE DECENTRALIZATION TO EASE URBAN CONGESTION
2. PROVIDE BASIC DIRECTION OF GENERAL LAND DEVELOPMENT
3. DETERMINE MOST EFFECTIVE ALLOCATION OF SOCIAL OVERHEAD CAPITAL
4. CREATE "AN AFFLUENT ENVIRONMENT ON THE BASIS OF THE FOLLOWING FOUR REQUIREMENTS:
  - A. DESIRABLE HARMONY BETWEEN MAN AND NATURE
  - B. PROPER BALANCE IN REGIONAL DEVELOPMENT
  - C. REALISTIC COMMUNITY DEVELOPMENT PROGRAMS
  - D. CONSERVATION OF "SAFE, PLEASANT, AND CULTURAL ENVIRONMENTS"
5. COMPLETELY MODERNIZE NATIONAL TRANSPORTATION AND COMMUNICATIONS SYSTEMS
6. TARGET DATE FOR PLAN: 1985
7. ESTIMATED COST \$83-\$139 BILLION

④ GENERAL OBJECTIVES OF THE PLAN - II

"THE NEW DEVELOPMENT POLICY AIMS AT THE ESTABLISHMENT OF A NATIONAL NETWORK FOR SYSTEMATIZING THE INTEGRATION OF CENTRAL MANAGEMENT FUNCTIONS AND THE PHYSICAL DISTRIBUTION STRUCTURE AS A BASIC PRECONDITION FOR DEVELOPMENT. IT ALSO AIMS, IN CONJUNCTION WITH THIS NETWORK, AT THE CONCEPTION AND IMPLEMENTATION OF LARGE-SCALE DEVELOPMENT PROJECTS OF INDUSTRIALIZATION AND ENVIRONMENTAL CONSERVATION IN SUCH A WAY AS TO ENSURE EFFICIENCY AND REGIONAL AUTONOMY AND TO MEET THE SPECIFIC LOCAL CONDITIONS. THIS PROGRAM WILL THUS ENABLE LARGE-SCALE DEVELOPMENT OF EACH REGION, AND THE EFFECTS WILL GRADUALLY PERMEATE THROUGHOUT THE ENTIRE NATION AND ALLOW BALANCED UTILIZATION OF NATIONAL LAND."

NEW COMPREHENSIVE NATIONAL DEVELOPMENT PLAN  
ECONOMIC PLANNING AGENCY  
GOVERNMENT OF JAPAN  
MAY, 1969 (p. 10)

⑤ PROPOSED NEW TRANSPORTATION NETWORK

1. CREATION OF NEW AIRPORTS IN HUB CITIES
2. CONSTRUCTION OF NEW TRUNK-LINE RAILWAYS
3. CONSTRUCTION OF FIVE NEW NATIONWIDE EXPRESSWAYS IN ADDITION TO:
  - A. SUPPLEMENTARY HIGH-SPEED ROADS
  - B. ENCOURAGEMENT OF LARGE BRIDGE CONSTRUCTION AND
  - C. INTRA-CITY EXPRESSWAYS IN LARGE CITIES
  - D. TOTAL LENGTH OF 7000 KILOMETERS SCHEDULED FOR COMPLETION BY 1985
4. CONSTRUCTION OF A NEW INTERNATIONAL AIRPORT IN TOKYO
  - A. ADDITIONAL INTERNATIONAL AIRPORTS IN SEVERAL OTHER LOCATIONS
5. NEW DISTRIBUTION CENTER HARBORS IN SEVERAL MAJOR CITIES
6. IMPROVED AND EXPANDED COMMUNICATIONS SYSTEM THROUGHOUT COUNTRY

⑥ SOME PROPOSED NEW INDUSTRIAL DEVELOPMENT PROJECTS

1. NEW CATTLE-RAISING CENTERS IN SEVERAL AREAS THROUGHOUT THE COUNTRY
2. CREATION OF HIGH-PRODUCTIVITY RICE-CROP AREAS
3. STUDY AND CONSTRUCTION OF 2-3 ULTRA-LARGE REMOTE INDUSTRIAL BASES IN WESTERN SETO INLAND SEA AREA STRATEGICALLY-LOCATED
4. CONSTRUCTION OF LARGE ELECTRICAL POWER SOURCES AND LONG-DISTANCE DISTRIBUTION NETWORKS

⑦ OTHER PROPOSED DEVELOPMENTAL PROJECTS

1. CONSERVATION AND DEVELOPMENT OF FOREST RESOURCES IN SELECTED AREAS
2. DEVELOPMENT OF LARGE RIVERS FOR RECREATION
3. WATER QUALITY CONTROL IN TOKYO AREA
4. ESTABLISHMENT OF ARTISTIC, CULTURAL, INFORMATIONAL, SCIENTIFIC FACILITIES IN HUB CITIES
5. IMPROVED DISASTER PREVENTION IN MAJOR CITIES
6. MASS CONSTRUCTION OF "MIDDLE-AND-HIGH STORIED" DWELLINGS IN MAJOR CITIES

⑧ JAPAN'S POPULATION IN 1970

- ACCORDING TO OCTOBER 1970 CENSUS, POPULATION OF

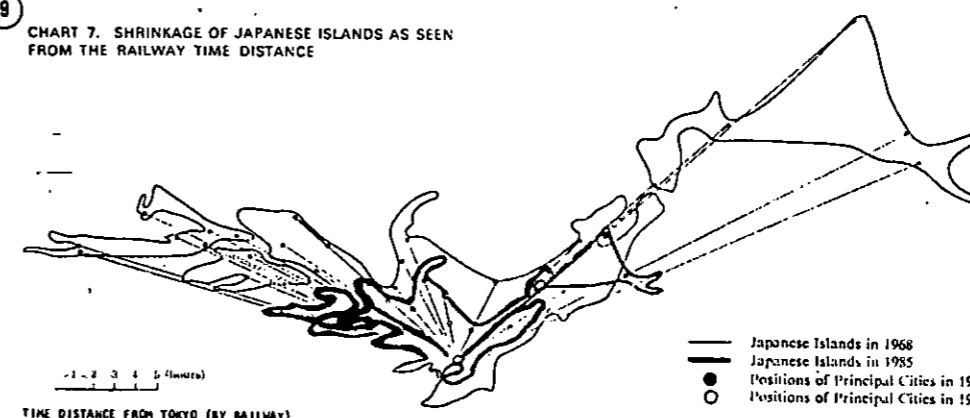
JAPAN - 103,720,060  
OKINAWA - 945,111  
TOTAL - 104,665,171

- POPULATION OF URBAN TOKYO AND OSAKA HAVE DROPPED FOR THE FIRST TIME IN POSTWAR HISTORY

- ABOUT 65.6% OF ENTIRE POPULATION LIVES IN THE SO-CALLED PACIFIC MEGALOPOLIS BELT ZONE, WHICH REPRESENTS ONLY 11% OF THE NATIONAL TERRITORY.

(MAINICHI DAILY NEWS,  
MAY 5, 1971)

⑨ CHART 7. SHRINKAGE OF JAPANESE ISLANDS AS SEEN FROM THE RAILWAY TIME DISTANCE



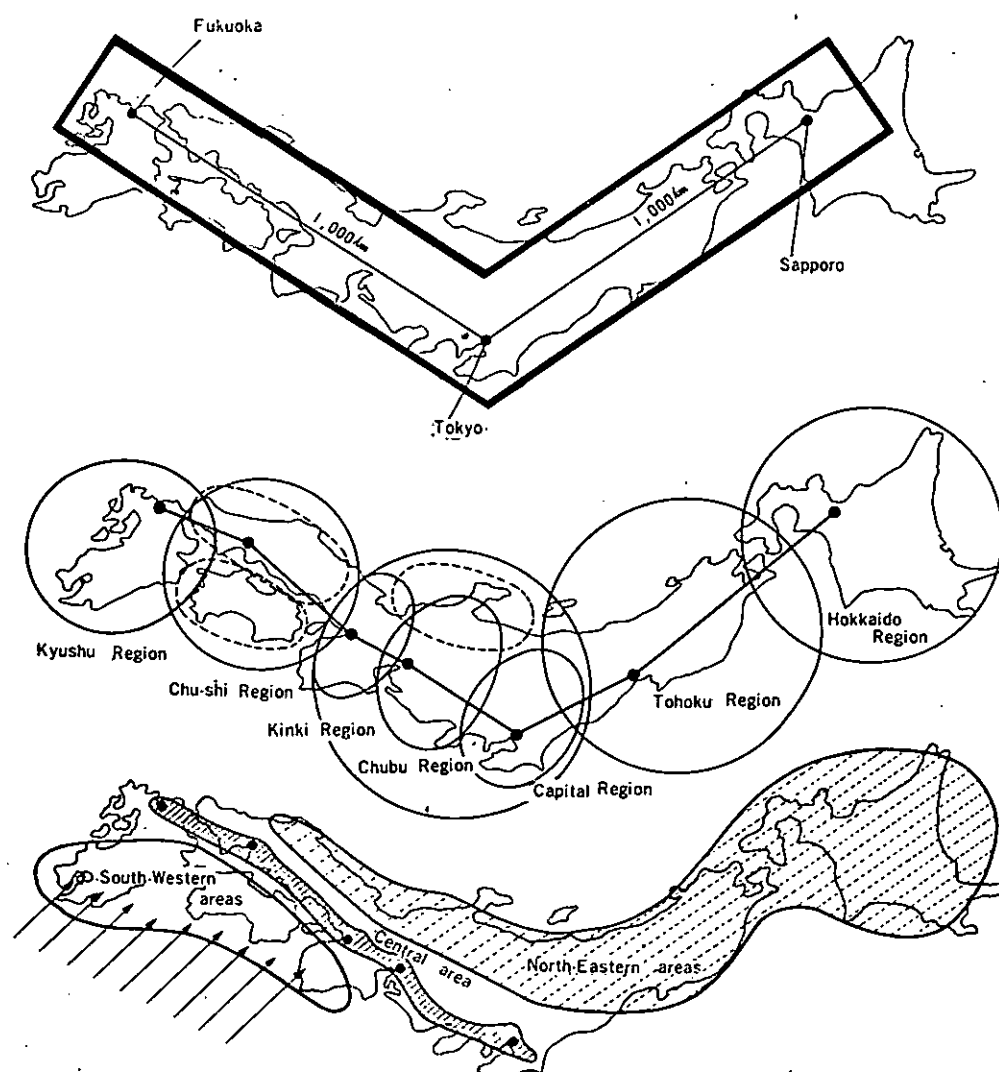
5a

The New Comprehensive Economic Development Plan

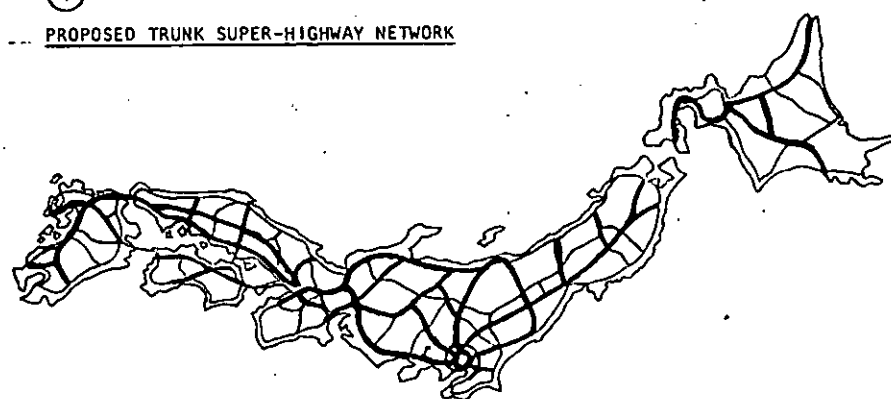
4b

The New Comprehensive Development Plan

# ① Changes in Land Use



## ④ PROPOSED TRUNK SUPER-HIGHWAY NETWORK



1. 7,600 KM MAIN TRUNK LINE (THICK LINES)
2. 9,000 KM SUBSIDIARY TRUNK LINE (THIN LINES)
3. MOST OF MAIN TRUNK LINE TO BE COMPLETED BY LATE '70'S

# ② Framework of Land Utilization

Composition of land utilization (in 1000 hectares)

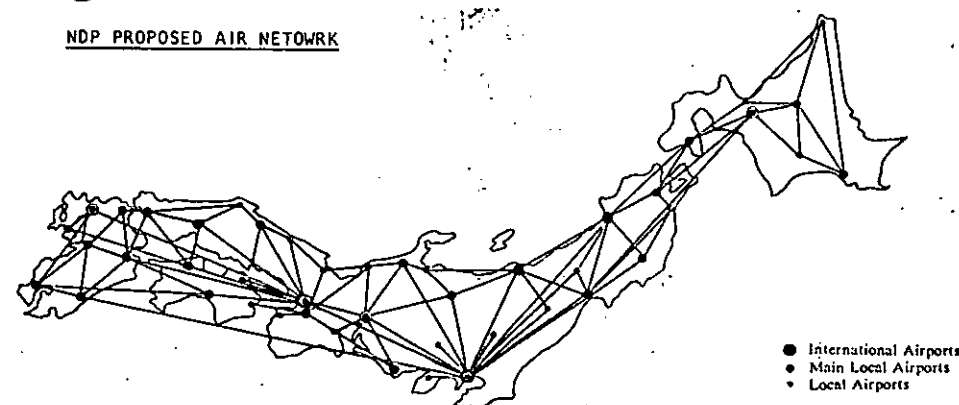
	1965	1985
1. Agriculture	6,000	6,500 - 7,000
2. Forestry	25,170	24,000 - 24,500
3. Waste land	1,070	300
4. Rivers & lakes	1,060	1,040
5. Roads	420	900 - 1,000
6. Residential areas	780	1,200 - 1,300
Residences	610	750 - 800
Factories	90	300
Other	80	150 - 200
7. Other	2,480	2,450 - 2,550
8. Total	36,980	37,080

## Supplementary Information

Urban area (thousand hectares)	460	940
Urban population (thousand persons)	47,260	84,200
Density of population (persons/ha)	103/ha	90/ha

Note : (1) The net increase of 100 thousand hectares in total area (item 8) represents reclaimed land.

# ⑤ NDP PROPOSED AIR NETWORK



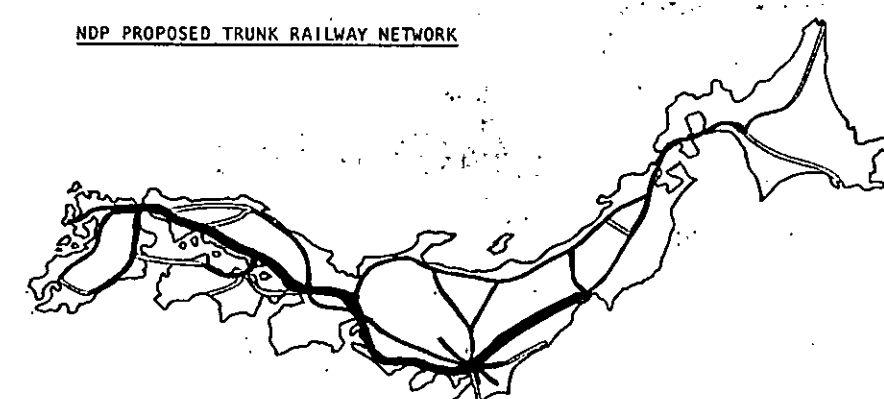
1. FIVE INTERNATIONAL AIRPORTS - TOKYO, OSOKA, NOGOYA, SAPPORO, FUKUOKA
2. OTHER MAIN AIRPORTS THROUGHOUT THE COUNTRY WILL BE IMPROVED AND MODIFIED IN A LARGE SCALE
3. COMPLETION SCHEDULED FOR LATE '70'S

# ③ Framework of the Economy

Gross National Expenditure

	1965	1985	per cent		Ratio '85/'65	Annual growth rate '65/'55
			1965	1985		
Gross National Expenditure	30.50	130 - 150	100	100	7.5 - 8.3	9.7
Private consumption expenditure	17.02	74 - 81	55.8	57 - 54	7.6 - 8.1	8.4
Gross domestic capital formation	9.67	36 - 50	31.7	28 - 33	6.8 - 8.6	15.2
Private machinery and equipment	4.83	15 - 21	15.8	12 - 14	5.8 - 7.6	16.2
Private dwellings	1.79	10 - 13	5.9	8 - 9	9.0 - 10.4	15.4
Government capital formation	3.05	11 - 16	10.0	8 - 11	6.6 - 8.6	13.4
Export etc.	3.56	approx. 22	11.7	17 - 15	approx. 9.5	14.4
Import etc.	3.20	18 - 20	10.5	14 - 13	9.0 - 9.6	15.2

# ⑥ NDP PROPOSED TRUNK RAILWAY NETWORK



1. HIGHEST PRIORITY - 1,400 KM (THICK LINES)
2. SECOND PRIORITY - 4,100 KM (THIN LINES)
3. THIRD PRIORITY - 1,700 KM (PARALLEL LINES)
4. ALL TO BE FASTER THAN CURRENT TOKAIDO LINES
5. COMPLETION BY LATE '70'S



① SOME BASIC PRINCIPLES OF JAPANESE FOREIGN POLICY

FIRST, JAPAN, WITH SCARCE NATURAL RESOURCES, CANNOT HELP BUT LIVE IN PEACE. JAPAN, FOR WHOM AUTARKY IS AN IMPOSSIBILITY, CANNOT WELL ENDURE A WAR. THE BITTER EXPERIENCE OF THE PACIFIC WAR HAS MADE THIS CLEAR.

SECONDLY, JAPAN, BEING A SMALL ISLAND COUNTRY AND DEPENDENT UPON TRADE FOR ITS SURVIVAL, MUST ESTABLISH FRIENDLY RELATIONSHIPS WITH EACH AND EVERY NATION OF THE WORLD. FOR JAPAN, INWARD-LOOKING ISOLATIONISM IS IMPOSSIBLE.

THUS, THE GEOPOLITICAL POSITION OF JAPAN COMPELS US TO PURSUE A POLICY OF PACIFISM, INTERNATIONALISM AND THE OPEN-DOOR.

TAKEO MIKI IN AN ADDRESS AT  
AUSTRALIAN NATIONAL UNIVERSITY ON  
JULY 29, 1969

⑤ DEFENSE POLICY

"OUR MAJOR POLICY IS TO HAVE LONG EARS SENSITIVE TO SOUND LIKE THE RABBIT...TO HAVE THE DEFENSIVE POWER OF THE PORCUPINE TO WARD OFF FOREIGN BODIES...AND TO WIELD THE CLUB OF THE SECURITY GUARANTEES WITH AMERICA. JAPAN HAS ABSOLUTELY NO INTENTION OF EMERGING MILITARILY IN SOUTH-EAST ASIA. IF WE STICK ABSOLUTELY TO DEFENSE, I BELIEVE THAT CHINA WILL HAVE NO REASON TO FEEL CONCERNED OR RESENTFUL ABOUT US."

YASUHIRO NAKASONE, DIRECTOR-GENERAL OF THE SELF DEFENSE AGENCY.

"THE STAKES IN ASIA," ABC NEWS DEPT., JUNE 28, 1970.

⑥ JAPAN'S ROLE IN ASIA-I

HOWEVER, THE PROBLEM OF POVERTY IS IMPOSSIBLE TO BE SOLVED BY THE EFFORTS OF ASIA ALONE, NO MATTER HOW HARD IT TRIES. I BELIEVE IT IS NECESSARY FOR THE WORLD IN GENERAL AND THE COUNTRIES LOCATED IN THE ASIA-PACIFIC AREA, IN PARTICULAR, TO COOPERATE IN TACKLING AND SOLVING THE PROBLEM OF ASIAN POVERTY.

PARTICULARLY IN THE CASE OF JAPAN, WHICH IS A CONTACT POINT BETWEEN THE COUNTRIES IN ASIA AND THOSE IN THE PACIFIC AREA, IT IS DESTINED, I BELIEVE, TO PLAY THE ROLE OF A BRIDGE TO LINK THE ADVANCED COUNTRIES OF THE PACIFIC AREA WITH ASIA.

FORMER FOREIGN MINISTER TAKEO MIKI  
AN ASIA-PACIFIC SPHERE  
SOME THOUGHTS ON A NEW CONCEPT  
AN ADDRESS DELIVERED ON MAY 22, 1967

② THE NIXON "GUAM" DOCTRINE AND JAPAN

"PRESIDENT NIXON HAS HINTED AT AMERICAN WITHDRAWAL BEFORE EITHER THE JAPANESE GOVERNMENT OR THE PEOPLE WERE READY TO CONTEMPLATE SUCH A WITHDRAWAL. THERE IS A NATIONAL CONSENSUS THAT OKINAWA BE RETURNED FROM AMERICAN TO JAPANESE RULE. BEYOND THAT, NO ONE HERE HAS LOOKED VERY FAR.

THERE ARE THOSE WHO ADVOCATE REARMAMENT. THESE PEOPLE WANT JAPAN TO PLAY A MAJOR ROLE IN ASIA MILITARILY AS WELL AS ECONOMICALLY AND POLITICALLY.

BUT THE COUNTRY IS DEEPLY DIVIDED ON THIS ISSUE. YOU HAVE EVERY VARIETY OF OPINION, FROM ARMED NEUTRALITY TO UNARMED NEUTRALITY, FROM ARMED ALIGNMENT WITH THE WEST TO THE PRESENT MORE-OR-LESS UNARMED ALIGNMENT WITH AMERICA AND DEPENDENCE ON THE MILITARY SECURITY TREATY FOR JAPAN'S DEFENSE.

I DON'T SEE ANY CONSENSUS EMERGING, AT LEAST NOT DURING THE FIRST HALF OF THE SEVENTIES."

A JAPANESE JOURNALIST COMMENTING ON  
PRESIDENT NIXON'S "GUAM DOCTRINE"  
AS QUOTED IN THE NEW YORK TIMES  
JULY 29, 1969

⑦ JAPAN'S ROLE IN ASIA-II

THE RECENT POSITIVE APPROACHES MADE BY JAPAN TOWARD THE PROBLEMS OF DEVELOPMENT IN ASIA MIGHT HAVE SUCCEEDED IN RECTIFYING SOME MISCONCEPTIONS THAT THIS COUNTRY IS MAINLY PREOCCUPIED WITH MAKING ECONOMIC ADVANCE IN THE REGION. IT IS ONLY WHEN SUCH A BETTER UNDERSTANDING OF HER INTENTIONS HAS BEEN ESTABLISHED THAT IT WILL BECOME POSSIBLE FOR JAPAN TO ENDEAVOR MORE EARNESTLY THAN EVER TO WIN THE CONFIDENCE OF HER ASIAN NEIGHBORS. THROUGH INCREASED MUTUAL CONFIDENCE WITH SUCH COUNTRIES AND FULLY AWARE OF HER RESPONSIBILITIES AND THE ROLE THAT SHE IS TO PLAY JAPAN WISHES TO OFFER AS MUCH CONTRIBUTION AS SHE POSSIBLY CAN IN COOPERATION WITH THE COUNTRIES CONCERNED FOR THE ACHIEVEMENT OF TRUE PEACE IN ASIA, INCLUDING VIETNAM.

PRIME MINISTER EISAKU SATO  
JAPAN'S ROLE IN ASIA  
CONTEMPORARY JAPAN  
VOL. XXVIII, NO. 4

③ JAPANESE NATIONAL SECURITY AND PACIFIC ASIA

THE PRESIDENT AND THE PRIME MINISTER SPECIFICALLY NOTED THE CONTINUING TENSION OVER THE KOREAN PENINSULA. THE PRIME MINISTER DEEPLY APPRECIATED THE PEACE-KEEPING EFFORTS OF THE UNITED NATIONS IN THE AREA AND STATED THAT THE SECURITY OF THE REPUBLIC OF KOREA WAS ESSENTIAL TO JAPAN'S OWN SECURITY. THE PRESIDENT AND THE PRIME MINISTER SHARED THE HOPE THAT COMMUNIST CHINA WOULD ADOPT A MORE COOPERATIVE AND CONSTRUCTIVE ATTITUDE IN ITS EXTERNAL RELATIONS. THE PRESIDENT REFERRED TO THE TREATY OBLIGATIONS OF HIS COUNTRY TO THE REPUBLIC OF CHINA WHICH THE UNITED STATES WOULD UPHOLD. THE PRIME MINISTER SAID THAT THE MAINTENANCE OF PEACE AND SECURITY IN THE TAIWAN AREA WAS ALSO A MOST IMPORTANT FACTOR FOR THE SECURITY OF JAPAN.

JOINT COMMUNIQUE BETWEEN  
PRESIDENT RICHARD NIXON AND  
HIS EXCELLENCY PRIME MINISTER  
SATO OF JAPAN, NOVEMBER 21, 1969

⑧ JAPAN'S ROLE IN ASIA-III

SINCE THE UNITED STATES PLAYS THE CENTRAL ROLE IN PRESERVING GLOBAL PEACE AND ALSO HOLDS GREAT RESPONSIBILITY FOR THE SECURITY OF ASIA, I BELIEVE THAT IT IS JAPAN, RATHER THAN THE UNITED STATES, THAT SHOULD TAKE THE LEADING ROLE IN SUCH FIELDS AS ECONOMIC AND TECHNICAL ASSISTANCE TOWARDS THE NATION-BUILDING EFFORTS OF THE ASIAN COUNTRIES...

WE HAVE ALREADY SET OUR GOAL FOR THE 1970'S TO MAKE IT THE DECADE FOR ASIAN DEVELOPMENT, BUT JAPAN ALONE CANNOT HOPE TO SECURE THE PEACE AND PROSPERITY OF ASIA. ALONG WITH THE EFFORTS OF THE ASIAN COUNTRIES THEMSELVES, BOTH THE MATERIAL AND MORAL COOPERATION OF THE INDUSTRIALIZED COUNTRIES THAT HAVE A GREAT INTEREST IN THIS AREA ARE REQUIRED. THIS IS BECAUSE IN THE CONSTRUCTION OF A NEW ASIA, NOT ONLY THE MATERIAL ASPECTS, SUCH AS THE ERADICATION OF POVERTY, FAMINE AND DISEASE, BUT THE ATTAINMENT BY THE ASIAN PEOPLE OF FREEDOM AND SOCIAL JUSTICE MUST ALSO BECOME ONE OF THE GOALS. HERE, AGAIN, I FIND THE SHAPE OF A NEW PACIFIC AGE, WHERE A NEW ORDER WILL BE CREATED BY JAPAN AND THE UNITED STATES--TWO COUNTRIES TIED TOGETHER BY COMMON IDEALS.

SPEECH BY PRIME MINISTER EISAKU SATO  
AT THE NATIONAL PRESS CLUB, WASHINGTON  
NOVEMBER 21, 1969

④ PACIFIC ASIA

IN THIS REGION TOO, NATIONALISM IN THE INDIVIDUAL COUNTRIES IS FINALLY TRANSCENDING NATIONAL BORDERS TO ENSURE THE VERY SUBSISTENCE OF NATIONS AND IS JOINING FORCES TO GREET THE AGE OF REGIONAL COOPERATION. "PACIFIC ASIA" IS INDEED THE OUTCOME OF THE SPIRIT OF REGIONALISM IN ASIA. I AM CONFIDENT THAT IT IS THIS SPIRIT THAT WILL STRIKE THE KEYNOTE OF THE INTERNATIONAL RELATIONS IN THIS PART OF THE WORLD IN THE 1970'S. BEARING THIS IN MIND, THE JAPANESE GOVERNMENT INTENDS, FOR ITS PART, TO PLAY A POSITIVE PART IN THE PROGRESS AND DEVELOPMENT OF THIS REGION AS A WHOLE.

PRIME MINISTER EISAKU SATO,  
PACIFIC ASIA  
THE PACIFIC COMMUNITY  
OCTOBER, 1969, VOL. I, NO. 1

"OUR COUNTRY IS NOW, IN THE INTERNATIONAL COMMUNITY; MOVING FROM THE POSITION OF A RECIPIENT TO THAT OF A DONOR, AND OUR COUNTRY'S DECISIONS AND ACTIONS WILL INEVITABLY EXERT NOT A LITTLE INFLUENCE ON THE GENERAL WORLD SITUATION.

(FOREIGN MINISTER KIICHI AICHI  
IN A MAJOR POLICY SPEECH,  
JANUARY 1971, IN PARLIAMENT).

⑨ SATO WARNS JAPAN ON 'GREAT-POWERISM'

PREMIER EISAKU SATO WARNED THE JAPANESE PEOPLE TODAY AGAINST "GREAT-POWERISM." WHILE PRAISING THE QUANTITATIVE ECONOMIC SUCCESSES OF THE LAST DECADE, HE SAID THE NINETEEN-SEVENTIES SHOULD BE DEVOTED TO BUILDING UP SOCIAL CAPITAL AND IN SOLVING THE PROBLEMS OF MODERN SOCIETY--HIGH PRICES, POLLUTION, DEHUMANIZATION AND THE GENERATION GAP.

THE PREMIER SPOKE AT A NATIONAL PRESS CLUB LUNCHEON IN THE NEW IMPERIAL HOTEL, BUILT ON THE SITE OF THE RAMBLING OLD HOTEL DESIGNED BY FRANK LLOYD WRIGHT.

SIX MONTHS AGO IN THE QUIET PROVINCIAL TOWN OF MATSUE, MR. SATO TOLD THE NATION THAT THE TIME WAS APPROACHING WHEN JAPAN WOULD PLAY THE "LEADING ROLE" IN ASIAN SECURITY, WITH THE UNITED STATES COOPERATING FROM THE SIDELINES.

IN HIS POLICY SPEECH TO THE DIET, JAPAN'S PARLIAMENT, ON FEB. 14, THE PREMIER SAID THE NINETEEN-SEVENTIES WOULD BE AN ERA WHEN JAPAN'S POWER WOULD CARRY "UNPRECEDENTED WEIGHT IN WORLD AFFAIRS."

THE JAPANESE ARE NOT ACCUSTOMED TO HEARING SUCH LANGUAGE FROM THEIR LEADERS. THROUGHOUT THE NINETEEN-SIXTIES, THE JAPANESE SEEMED ALMOST INVISIBLE POLITICALLY TO THE OUTSIDE WORLD, WHILE ECONOMICALLY THEY EXTENDED THEIR MARKETS AND THEIR SOURCES OF SUPPLY TO ALL PARTS OF THE WORLD AND TRIPLED THEIR GROSS NATIONAL PRODUCT.

MR. SATO'S EARLIER SPEECHES SEEMED DESIGNED TO GIVE THE JAPANESE CONFIDENCE IN WHAT THEY HAD ACHIEVED. TODAY, THE 69-YEAR OLD PREMIER'S WORDS REFLECTED A NEW CONCERN. HE SAID THAT JAPAN WOULD PROVE GROUNDLESS THE FEARS EXPRESSED "IN CERTAIN COUNTRIES AROUND THE WORLD" THAT, "WITH HER EXPANDING NATIONAL STRENGTH AND RISKING NATIONALISM, JAPAN MIGHT WELL BEHAVE IN SUCH A WAY AS TO DISTURB THE INTERNATIONAL EQUILIBRIUM."

SOMETIMES, THE PREMIER SAID, THESE COUNTRIES "MAY BE RECALLING THE PREWAR, MILITARISTIC JAPAN," AND HE ADDED THAT "SOMETIMES THEY MAY BE NEEDLESSLY WORRIED ABOUT JAPAN'S NEW, SURGING ENERGY."

EXCERPTS FROM AN ARTICLE IN  
THE NEW YORK TIMES,  
APRIL 11, 1970

Some Recent Views on Foreign Policy and SEA

WHEN IT IS CONSIDERED THAT AMOUNT OF ASSISTANCE PROVIDED IN 1968 BY THE VARIOUS MEMBER NATIONS OF THE DEVELOPMENT ASSISTANCE COMMITTEE (DAC) TO ASIA TOTALED \$5,060 MILLION (ACTUAL GOVERNMENT-LEVEL BILATERAL AID AMOUNT), IT IS POSSIBLE TO SEE THE VASTNESS OF THE SUM WHICH JAPAN PROBABLY WILL BE PROVIDING ASIA IN THE MID-70'S.

AT PRESENT, WITH JAPANESE PRODUCTS FLOODING ASIAN MARKETS AND MANY ENTERPRISES ADVANCING EVERYWHERE THROUGHOUT THE REGION, THE ASIAN NATIONS, ALTHOUGH WELCOMING THESE MOVES ON THE ONE HAND, ARE COGITATING OVER PLANS ON HOW TO RESTRICT THESE INCURSIONS ON THE OTHER. WITH THE AID TO TRIPLE OR QUADRUPLE FROM NOW ON, IF JAPANESE GOODS, PASSING THROUGH THE AID PIPELINE, POUR INTO THE REGION LIKE A RAM-PAGING FLOOD--WHILE JAPANESE ENTERPRISES, BEARING ALOFT "THE GLORIOUS BANNER" AIMED AT SECURING RAW MATERIALS, SIMULTANEOUSLY EMBARK UPON VARIOUS NEW VENTURES THERE--WHAT WILL BECOME OF THE FLEDGLING ECONOMICS OF ASIA?

THE VARIOUS ECONOMIC ORGANIZATIONS IN THIS COUNTRY ARE SAYING THAT THEY WISH TO START MOVEMENTS FROM NOW ON WHICH WILL MAKE THE JAPANESE BETTER LIKED; BUT THIS IS NOT A MATTER

WHICH CAN BE TIDED OVER BY SUCH A POSTURE. NEITHER IS IT A PROBLEM THAT CAN BE SOLVED MERELY BY RECTIFYING INDIVIDUAL ACTIONS. THE STAGE HAS ARRIVED WHEN EARNEST THOUGHT MUST BE GIVEN TO "APPROPRIATE USE" OF AID ON BOTH THE GOVERNMENTAL AND PRIVATE LEVELS HERE....

THE STARTING POINT FOR REMOVING SUSPICION FELT BY THE ASIAN NATIONS, FOR GIVING SELF-CONFIDENCE TO THE JAPANESE, AND FURTHERMORE FOR "APPROPRIATE USE" OF THE HUGE AID SUM, IS THE ESTABLISHMENT OF AN "AID IDEOLOGY."

DOES THIS NOT IMPLY THE BUILDING-UP OF A REALM OF PEACEFUL COEXISTENCE IN ASIA, THROUGH JAPANESE SUPPORT FOR THE FORMING OF EQUITABLE NATIONAL ECONOMIES AND ESTABLISHING OF GENUINE NATION-STATES?

EXCERPTS FROM AN ARTICLE IN THE  
ASAHI SHIMBUN, APRIL 21, 1970

FOREIGN AID TO DEVELOPING COUNTRIES  
(1966-69)

	(Million US dollars)			
	1966	1967	1968	1969
<b>OFFICIAL FLOW</b>				
Bilateral Grants	104.7	138.4	117.0	123.4
Reparations	55.6	81.7	46.4	41.3
Nonrepayable Economic Cooperation	41.5	45.7	56.9	63.2
Technical Cooperation	7.6	11.0	13.7	19.0
Bilateral Loans	130.0	202.2	190.5	216.2
Direct Loans	114.8	161.9	178.0	221.4
Refinancing Credits	29.9	41.2	3.9	-10.0
Consolidation Credits	-14.7	-0.9	8.6	4.8
Multilateral Grants	4.1	4.6	6.8	7.4
Multilateral Capital Subscriptions	46.5	40.1	42.0	88.5
Total, Official	285.3	385.3	356.2	435.6
<b>OTHER OFFICIAL FLOW</b>				
Export Credits (Over 1 year)	170.3	179.8	290.3	309.9
Export Credit Finance	28.6	35.7	31.8	55.8
Multilateral Portfolio Investments	-	-	-	10.0
Total, Other Official	198.9	215.5	322.1	375.8
<b>PRIVATE FLOW</b>				
Export Credits (Over 1 year)	72.8	148.0	280.2	299.6
Direct Investments	68.5	48.9	90.8	144.1
Multilateral Portfolio Investments	-0.4	-0.1	-	8.0
Total, Private Flow	140.9	196.8	371.0	451.7
<b>Total, Official and Private</b>	<b>625.1</b>	<b>797.5</b>	<b>1 049.3</b>	<b>1 263.1</b>
GNP (Billion U.S. Dollars)	1 015.1	1 197.1	1 418.8	1 664.0
Ratio of Flow to GNP	0.62	0.67	0.74	0.76

Note: 1. GNP figure of 1969 is estimated based on rapid reporting of National Accounts Statistics Quarterly.

2. The export credit figures include those for ships sold to flag of convenience countries (Liberia and Panama) going ultimately to developing countries only and exclude those going ultimately to developed countries.

3. The figures are not disbursements.

SOURCE: STATISTICAL SURVEY OF JAPAN'S ECONOMY 1970  
ECONOMIC AFFAIRS BUREAU, MINISTRY OF FOREIGN AFFAIRS.

## II. JAPAN IN NON-COMMUNIST PACIFIC ASIA (NOCPA)

### Some Recent Views on Foreign Policy and SEA

On this page we present some recent views on Japanese foreign policy, particularly with regard to South East Asia. As we have mentioned elsewhere, the non-communist Pacific Asian countries (NOCPA) represent the natural hinterland for Japanese economic expansion and will almost certainly play an increasingly critical role in providing Japanese with raw materials, labor, and markets in the coming decades.

The chart below is an excerpt from a 1970 article in the Asahi Shimbun recommending the development of Japanese "Aid ideology" as an essential starting point for removing suspicions which are increasingly being expressed by other Asian Nations toward Japan. We present this chart here by way of introduction to our discussion of Japanese Foreign Aid on the next page and to this Section as a whole.

JAPAN WILL MAKE EFFORTS FOR SPEEDY ATTAINMENT OF HER GOAL TO BOOST HER FOREIGN AID AMOUNT TO ONE PER CENT OF HER GROSS NATIONAL PRODUCT, WHICH IS EXPECTED TO REACH AROUND \$395,000 MILLION IN 1975--THESE ARE AMONG THE POINTS CLARIFIED BY FOREIGN MINISTER KIICHI AICHI AT THE GENERAL MEETING OF THE ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST (ECAFE) WHICH OPENED LAST WEEK IN BANGKOK.

ALSO, IN HIS ADMINISTRATIVE POLICY SPEECH IN THE PRESENT DIET SESSION, PRIME MINISTER EISAKU SATO--LOOKING ON THE 1970'S AS THE DECADE FOR ASIAN DEVELOPMENT--HAS EVEN STRESSED THAT THE STRENGTHENING OF AID TO ASIA IS "THE NATIONAL GOAL FOR THE 1970'S." SO WE BELIEVE THAT THE FACT HAS BEEN MADE FULLY EVIDENT THAT JAPAN IS TRYING TO CARRY OUT FAITHFULLY HER INTERNATIONAL "PUBLIC PLEDGE" TO INCREASE HER AID TO THE DEVELOPING NATIONS TO ONE PER CENT OF HER GNP.

HENCE THE QUESTION OF AUGMENTING THE AID AMOUNT IS NO LONGER A MATTER OF CHOICE DEPENDENT UPON FUTURE POLICY. IT SEEMS THAT THE BIG QUESTION IN JAPAN'S AID PROGRAM IN THE 1970'S IS HOW THIS LARGER AID SUM WILL BE USED IN AN APPROPRIATE MANNER. FOR JAPAN, THE AID PROBLEM HAS BECOME BASICALLY CHANGED.

FOREIGN MINISTER AICHI HAS DECLARED THAT THE JAPANESE GNP WILL REACH NEARLY \$400,000 MILLION BY THE MID-1970'S. SHOULD ONE PER CENT OF THIS SUM BE ALLOTTED FOR AID TO THE DEVELOPING NATIONS, IT WILL TOTAL \$4,000 MILLION. SINCE JAPAN'S AID TO ASIA IN RECENT YEARS HAS ACCOUNTED FOR ABOUT ONE-HALF OF HER TOTAL AID AMOUNT, IT IS LIKELY THAT HER AID TO OTHER ASIAN NATIONS WILL SOAR TO \$2,000 MILLION BY THE MID-70'S.

① TOTAL GOVERNMENT AND PRIVATE AID (1964-70)  
(IN \$ MILLION)

	TOTAL	% OF GNP
1964	360.7	0.45
1965	600.8	0.68
1966	669.0	0.66
1967	855.3	0.71
1968	1049.3	0.74
1969	1263.1	0.76
1970	1400 + (EST.)	
1975	2000 (MITI PROJECTION)	1.00

SOURCE: MAINICHI DAILY NEWS,  
JANUARY 1, 1971

② JAPANESE FOREIGN AID  
(\$ MILLION)

	1967	1968	1969
OFFICIAL DEVELOPMENT AID	385	356	436
OFFICIAL EXPORT CREDITS	180	290	310
OTHER OFFICIAL	36	32	65
TOTAL	601	678	811
PRIVATE EXPORT CREDITS	148	280	300
PRIVATE INVESTMENT	49	91	152
TOTAL	197	371	452
TOTAL OFFICIAL AND PRIVATE	797	1049	1263
(% OF GNP)	0.72	0.74	0.76

GEOGRAPHICAL DISTRIBUTION, 1969

SO. KOREA AND TAIWAN	311 (25%)	MIDDLE EAST	109 (9%)
S.E. ASIA	339 (27%)	AFRICA	56 (4%)
INDIA, PAKISTAN, CEYLON, NEPAL	197 (16%)	LATIN AMERICA	77 (6%)
		EUROPE AND OCEANIA	57 (5%)

SOURCE: MINISTRY OF FOREIGN AFFAIRS, TOKYO

③ GEOGRAPHIC DISTRIBUTION - PRIVATE AND GOVERNMENT

ASIA	57 %
SOUTHEAST ASIA	25 %

④ MORE SPECIFIC BREAKDOWN OF AID DISTRIBUTION (1964-68)

	GOVERNMENT	GOVERNMENT-PRIVATE
ASIA	85.6 %	57.0 %
SOUTHEAST ASIA	40.0	25.0
INDONESIA	20.4	8.2
PHILIPPINES	12.7	9.8
BURMA	4.0	2.1
THAILAND	1.4	3.5
OTHERS (IN S.E. ASIA)	1.5	1.4
SOUTH KOREA	12.6	12.3
REPUBLIC OF CHINA	4.6	4.9
CEYLON	1.0	0.7
PAKISTAN	9.9	3.5
INDIA	17.4	9.9

⑥ PERCENTAGE OF TOTAL AID TO SOUTHEAST ASIA  
FROM MAJOR DONOR COUNTRIES-1967

	(INCLUDING AID TO SOUTH VIETNAM)	(EXCLUDING AID TO SOUTH VIETNAM)
TOTALS (U.S.\$ MILLION)	994.0	538.0
UNITED STATES	63.2%	35.3%
JAPAN	19.1	33.5
WEST GERMANY	6.8	12.3
FRANCE	4.2	7.3
UNITED KINGDOM	2.2	3.9
NETHERLANDS	1.8	3.5
AUSTRALIA	1.6	2.4

⑦ MORE CHARACTERISTICS OF JAPANESE FOREIGN AID

- JAPANESE FOURTH IN TOTAL AID ALLOCATIONS IN 1968 AMONG THE DEVELOPED NATIONS.
- COMPARATIVE GRACE PERIODS FOR DIRECT GOVERNMENT LOANS
  - AVERAGE FOR DIRECT JAPANESE GOVERNMENT LOANS IN 1967 - 4.7 YEARS
  - AVERAGE OF OECD MEMBERS - 5.3 YEARS
  - RECOMMENDED PERIOD BY OECD - 7 YEARS
- AVERAGE INTEREST RATE REGISTERED ON JAPANESE LOANS - 4.8 PER ANNUM
  - AVERAGE FOR OECD COUNTRIES - 3.8 PER ANNUM
- AVERAGE REDEMPTION PERIOD FOR LOANS DESCRIBED BY SOME AS "RELATIVELY SHORT" AT 16.6 YEARS IN 1967.

⑪ MAJOR CRITICISMS OF JAPANESE FOREIGN AID

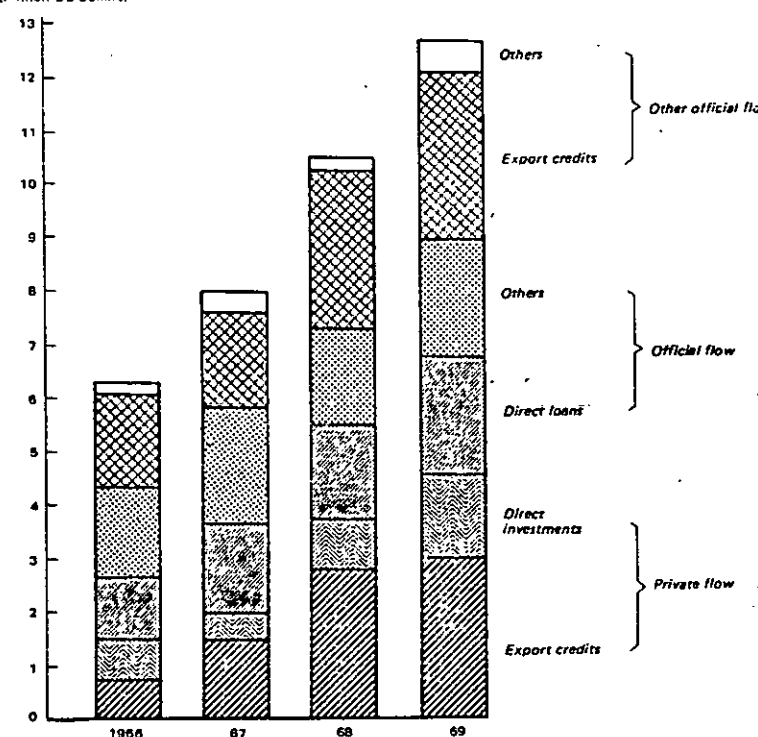
- HIGH PERCENTAGE OF GOVERNMENT VS. PRIVATE AID
- HARD TERMS ON WHICH AID IS GIVEN
- "JAPAN DOESN'T HAVE A FOREIGN AID PROGRAM, IT ONLY HAS AN EXPORT-PROMOTION PROGRAM"

(A FOREIGN DIPLOMAT - QUOTED IN THE NEW YORK TIMES, APRIL 21, 1969)

⑩ JAPAN IN COMPARISON WITH OTHER MAJOR DONORS - 1968

	TOTAL FLOW	OFFICIAL AID	PRIVATE (\$BILLION)
UNITED STATES	5.676 (0.65% of GNP)	3.605 (0.41%)	2.071
JAPAN	1.049 (0.74)	.507 (0.36)	.542
WEST GERMANY	1.635 (1.24)	.595 (0.45)	1.040
FRANCE	1.483 (1.24)	.855 (0.72)	.628
UNITED KINGDOM	.845 (0.83)	.428 (0.42)	.417

⑧ (in billion US dollars)



⑤ A FIRST DISCLOSURE OF CURRENT GOVERNMENT THINKING  
ON FOREIGN AID

....THE YEAR BEFORE LAST, OUR FOREIGN AID WAS 1.2 BILLION DOLLARS, RANKING FOURTH IN THE WORLD IN ABSOLUTE TERMS. LAST YEAR WE MARKED A 50% INCREASE. THIS IS A FIRST DISCLOSURE. WE HAVE 1.8 BILLION DOLLARS OF FOREIGN AID MADE LAST YEAR, NOW RANKING, I'M SURE, SECOND ONLY TO THE UNITED STATES AS AN AID GIVER IN THE WORLD TODAY. BY 1970, WE HAVE DECLARED TO EVERYBODY THAT WE WILL BE USING 1% OF OUR GNP FOR FOREIGN AID. ONLY YESTERDAY, WE TALLIED UP, AND OUR AID LAST YEAR, OF 1.8 BILLION DOLLARS, WAS SLIGHTLY LESS THAN 1% OF GNP BUT IT REPRESENTED 0.9% OF GNP. IN THE COMING YEAR, IN 1971, I THINK WE COULD EASILY CLEAR THE 1% OF GNP LEVEL, AND THIS IS MY CONVICTION. BUT WE SHOULDN'T BE TOO MUCH WORRIED ABOUT THE ABSOLUTE AMOUNT OF MONEY OR ABOUT THE PERCENTAGE IN GNP. THE QUESTION HAS MORE TO DO WITH QUALITY RATHER THAN QUANTITY OF AID. WHENEVER WE TALKED ABOUT ECONOMIC COOPERATION WITH DEVELOPING COUNTRIES, WE MORE OR LESS TENDED TO PAY ONLY LIP SERVICE TO THE INTERESTS OF THE DEVELOPING COUNTRIES AND WHAT WE REALLY WANTED WAS VARIOUS SORT OF MANEUVERS TO FACILITATE THE EXPORTS OF OUR PRODUCTS. BUT NOW WE HAVE REACHED THE POINT WHERE WE HAVE TO THINK IN THE SHOES OF THE RECIPIENT COUNTRIES. IF THEY COME UP WITH A SET OF DEVELOPMENT PLANS, WE HAVE TO GIVE FULL CONFIDENCE AND WE HAVE TO REALIZE THAT THEY HAVE TO MAKE THEIR OWN CHOICE, AND OUR AID SHOULD BE IN HARMONY WITH WHATEVER ROAD OF DEVELOPMENT THEY MAY HAVE CHOSEN. AND ECONOMIC AID SHOULD NOT BE LIMITED TO AID IN A VERY NARROW SENSE. IT SHOULD NOT ONLY BE THE GIVING OF GOODS AND MONEY, IT SHOULD BE THE GIVING OF TECHNOLOGY, MEDICAL KNOWLEDGE, AND ALL OTHER SORTS OF INFORMATION WHICH USUALLY LIES OUTSIDE THE NARROW FRAMEWORK OF ECONOMIC AID. SO THAT FROM NOW ON, THE GENERAL DIRECTION OF JAPANESE FOREIGN AID WILL GRADUALLY ASSUME A DIFFERENT TONE FROM THAT IT USED TO HAVE, IN THE PAST. AND I WANT TO SEND A LOT OF JAPANESE PEOPLE ABROAD AND WOULD ALSO LIKE TO WELCOME LOTS OF PEOPLE FROM ABROAD, TO REALIZE AN ECONOMIC AID WHICH IS BASED ON THE CLOSE TIES AND UNDERSTANDING OF HEART TO HEART.

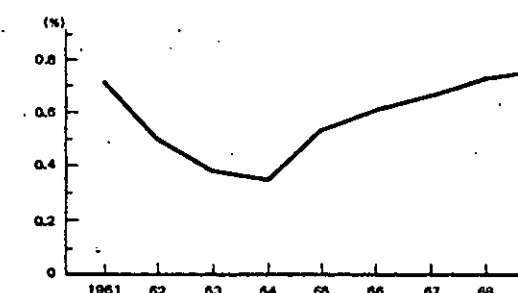
THE HONORABLE MR. TAKEO FUKUDA,  
FINANCE MINISTER OF JAPAN, FROM  
THE PRESENTATION GIVEN AT H.I.  
CONFERENCE IN KYOTO, 6 APRIL 1971

⑨ CURRENT POLICY ON FOREIGN AID

JAPAN HAS ALREADY MADE CLEAR ITS ATTITUDE TOWARD THE ACHIEVEMENT OF THE TARGET OF 1% OF GNP AND THE ABOLISHMENT OF TIED AID IN ITS ECONOMIC COOPERATION. FURTHERMORE, IT IS OUR INTENTION TO ASSIST THE NATION BUILDING ASPIRATIONS OF THE DEVELOPING COUNTRIES THROUGH STRIVING FOR SUCH QUALITATIVE AND QUANTITATIVE IMPROVEMENTS IN ECONOMIC COOPERATION AS THE EASING OF LOAN CONDITIONS, THE ENLARGEMENT OF GRANTS-IN-AID, AND THE EXPANSION OF TECHNICAL COOPERATION. IT IS ALSO OUR INTENTION TO PARTICIPATE IN A POSITIVE MANNER IN THE MULTILATERAL AID TO BE EXTENDED THROUGH THE COOPERATION OF THE DEVELOPED COUNTRIES.

(FOREIGN MINISTER KIICHI AICHI  
IN A PARLIAMENT SPEECH,  
JANUARY 1971)

⑫ Ratio of Flow to GNP



SOURCE: STATISTICAL SURVEY OF JAPAN'S ECONOMY 1970  
ECONOMIC AFFAIRS BUREAU, MINISTRY OF FOREIGN AFFAIRS.

Japanese Foreign AidJapan in NOCPA: General Comments

This page is an introduction to our discussion of NOCPA. Chart 1 lists the major Japanese objectives in this region. Chart 2 gives some basic principles for a proposed new Japanese policy towards Pacific Asia. Chart 3 discusses some of the problems and issues facing Japanese policymakers in general which will have an important influence on Japanese policy including any developed in relation to Pacific Asia. Chart 4, lists what appear to us to be the most likely possible future conflict and/or confrontation areas. We might note that all nations referred to are in Pacific Asia.

Chart 5 is a scenario for population growth in NOCPA to the year 2000, while Chart 6 is a scenario for economic growth in NOCPA to the year 2000.

This scenario seems to us to be a perfectly reasonable one, in fact very much a surprise-free projection, given the likely impacts of Japanese and other investment in this area, of Japanese and Western managerial techniques generally, and of other plausible stimuli to economic development. In fact, it also seems quite likely, as discussed elsewhere that the Japanese trading companies might tie the entire area together into what would be basically one economic unit--stimulating economic activity everywhere (but raising all kinds of other issues as well).

Thus, there is nothing fantastic in assuming that both Japan and the area as a whole grow in gross national product by about 7-8 per cent a year. In our calculations such regions as Hong Kong were assumed to attain growth rates of greater than 10%; such areas as Taiwan, Thailand, South Korea, and, eventually, South Vietnam and Singapore were assumed to grow at approximately 10 per cent; while the rest of the region was mostly assumed to be between five and eight per cent.

We have indicated that the above projections are relatively optimistic in terms of economic growth, but it is also clear that they may still turn out to have been almost grossly understated, particularly if we have underestimated the full potential impact of the various stimuli. In particular, Indonesia might do a lot better than we have assumed (about 4 percent from 1970 to 1975, 5 percent from 1975 to 1980, and 7 percent from 1980 to 2000). A large increase in Indonesian performance would make a very great difference since Indonesia contains about a third of the population of the region and important human and material resources.

It would also be relatively easy to imagine that Australia grows substantially more rapidly than projected above, particularly if she allows a certain amount of immigration from other Asian nations. This might be done in such a way as to keep any particular minority group rather small and, given the likelihood that these groups will

## ① MAJOR JAPANESE OBJECTIVES IN REGION

1. SECURING RAW MATERIALS
2. ACCESS TO CHEAP (AND USUALLY EFFICIENT) LABOR FORCE
3. SECURING RELIABLE OUTLETS FOR EXPORTS
4. REGIONAL SECURITY AND ECONOMIC/POLITICAL DEVELOPMENT

(THE ABOVE ARE PROBABLY IN ORDER OF PRIORITY)

## ② BASIC PRINCIPLES FOR A PROPOSED NEW JAPANESE POLICY TOWARDS PACIFIC ASIA

1. AWARENESS AMONG THE PACIFIC NATIONS OF THEIR LIKELY INTERACTIONS
2. REGIONAL COOPERATION TO PROMOTE TRADE AND ECONOMIC DEVELOPMENT
3. "FREE TRADE AREA" AMONG THE ADVANCED PACIFIC NATIONS
4. INCREASED ASSISTANCE BY THE ADVANCED NATIONS TO THE DEVELOPING NATIONS
5. JAPAN IN "THE ROLE OF A BRIDGE TO LINK ASIA AND THE PACIFIC NATIONS."

ADAPTED FROM SPEECH BY FORMER FOREIGN MINISTER TAKEO MIKI IN MAY 1967 TO THE JAPAN COMMITTEE FOR ECONOMIC DEVELOPMENT

## ③ PROBLEMS AND ISSUES FACING JAPANESE POLICYMAKERS

1. MAINTENANCE OF LOW POSTURE - FEAR OF BEING REDUCED BY "GREAT POWERISM" IMPULSES. GENERAL RELUCTANCE TO ASSERT POLITICAL INFLUENCE OR ASSUME ANY POTENTIALLY BURDENSOME OR DANGEROUS RESPONSIBILITIES
2. HOSTILITY AMONG SOME SOUTHEAST ASIANS TOWARDS ALMOST ANY OUTSIDE BUSINESSMEN AND TO JAPANESE IN PARTICULAR
3. LATENT GUILT FEELINGS ABOUT WORLD WAR II
4. PREOCCUPATION WITH INTERNAL ECONOMIC AND OTHER DOMESTIC MATTERS
5. JAPANESE CHAUVINISM, PAROCHIALISM, KANJI BARRIER, TIMIDITY, AND HOME-SICKNESS
6. OTHER COMMON CULTURAL STRAINS

## ④ POSSIBLE FUTURE CONFLICT AREAS AND CONFRONTATIONS

1. JAPAN - CHINA
2. JAPAN - USSR
3. JAPAN - USSR - CHINA
4. NORTH KOREA / SOUTH KOREA
5. SOME THREAT TO A MAJOR SOURCE OF RAW MATERIALS
6. A THREAT TO SECURITY OF MALACCA STRAITS
7. EXPROPRIATION OF JAPANESE PROPERTY (E.G., OIL FIELDS IN INDONESIA)
8. COMMERCIAL RESTRICTIONS AGAINST JAPANESE (E.G., AUSTRALIA TRIES TO DECREASE ITS DEPENDENCE ON JAPAN)

## ⑤ NON-COMMUNIST PACIFIC ASIA (NOCPA)

## POPULATION

(MILLIONS)	1970 (ESTIMATED)	1980	2000	ASSUMED GROWTH RATES (IN PERCENTAGES)
JAPAN	103.6	112.0	123.0	.6
AUSTRALIA	12.6	14.4	19.6	1.6
BURMA	27.6	34.5	55.2	2.3
CAMBODIA	6.84	9.2	16.2	2.9
CHINA (TAIWAN)	14.4	16.6	21.6	1.5
HONG KONG	4.05	5.38	7.74	2.2
INDONESIA	119.2	150.0	241.0	2.4
KOREA (SOUTH)	31.8	42.9	66.7	2.5
MALAYSIA	10.8	14.7	25.6	2.9
NEW ZEALAND	2.80	3.60	5.32	2.0
PHILIPPINES	38.4	54.9	115.0	3.7
SINGAPORE	2.05	2.50	4.28	2.4
THAILAND	35.8	45.9	73.6	2.5
VIETNAM (SOUTH)	18.3	21.1	28.7	1.6
TOTAL I (EXCLUDING JAPAN, AUSTRALIA, NEW ZEALAND)	309.0	398.0	656.0	
TOTAL II (EXCLUDING JAPAN ONLY)	325.0	448.0	680.0	
TOTAL III (ALL 14 COUNTRIES)	428.0	560.0	803.0	

## ⑥ A PLAUSIBLE ECONOMIC SCENARIO FOR THE GNP (IN 1967 U.S. DOLLARS) OF NON-COMMUNIST PACIFIC ASIA (NOCPA)

COUNTRY	GNP (1967 U.S. DOLLARS--BILLIONS)			ASSUMED GROWTH RATE (%) ②
	1970 ESTIMATED	1980	2000	
AUSTRALIA	33.5	54.5	144.7	5.0 ③
BURMA	2.3	3.0	5.0	2.6 ③
CAMBODIA	1.3	2.0	4.9	4.5
CHINA (TAIWAN)	5.7	14.9	100.1	10.0
HONG KONG	3.4	12.1	155.0	13.6 ④
INDONESIA	15.1	22.4	49.0	4.0 ④
KOREA (SOUTH)	7.9	19.1	110.9	9.2
MALAYSIA	4.7	8.6	29.3	6.3
NEW ZEALAND	5.6	8.4	18.9	4.15
PHILIPPINES	9.4	16.6	52.3	5.9
SINGAPORE	1.9	3.9	15.5	7.2
THAILAND	7.7	16.4	73.7	7.8
VIETNAM (SOUTH)	3.4	5.3	13.1	4.6
TOTAL I (EXCLUDING JAPAN, AUSTRALIA, NEW ZEALAND)	63	124	609	
TOTAL II (EXCLUDING JAPAN ONLY)	102	187	772	
TOTAL III (ALL 14 COUNTRIES)	302	687	3772	

NOTE: THESE PROJECTIONS MAY BE UNDERSTATED IF THE IMPACT OF FUTURE JAPANESE INVESTMENT IS TAKEN INTO ACCOUNT. GNP PROJECTIONS USE EXCHANGE RATES ADJUSTED UPWARD FOR RELATIVE PURCHASING POWER INCLUDING 10 PERCENT FOR AUSTRALIA AND NEW ZEALAND, AND 20% FOR THE REMAINING NATIONS, EXCEPT CAMBODIA, HONG KONG, AND SOUTH VIETNAM WHICH WERE NOT ADJUSTED.

- ① GNP FORECAST IS BASED UPON A LINEAR EXTRAPOLATION OF ASSUMED GROWTH RATES.
- ② ASSUMED GROWTH RATES ARE BASED UPON RECENT (UP TO TEN YEARS) ECONOMIC EXPERIENCE WHICH IS MOST RELEVANT TO THE RESPECTIVE NATION'S LONG TERM PROSPECTS.
- ③ THIS NOTE ASSUMES THAT THE RECENTLY EXPERIENCED ECONOMIC PERFORMANCE IS MOST LIKELY TO BE REPRESENTATIVE OF BURMA'S LONG TERM ECONOMIC PROSPECTS, DESPITE BETTER ECONOMIC PERFORMANCE IN THE EARLY 1950'S.
- ④ THE EXPERIENCE OF THE POST-SUKARNO GOVERNMENT IS LIKELY TO BE MORE REPRESENTATIVE OF INDONESIA'S LONG TERM ECONOMIC PROSPECTS THAN ITS EARLIER PERFORMANCE UNDER THE SUKARNO REGIME.

SOURCES: U.N. MONTHLY BULLETIN OF STATISTICS; U.N. 1967 YEARBOOK OF NATIONAL ACCOUNT STATISTICS; U.S. AID GNP GROWTH RATES AND TREND DATA, AND ESTIMATES OF GNP FOR NON-COMMUNIST COUNTRIES.

## ⑦ ROLE OF PRIMARY, SECONDARY AND TERTIARY INDUSTRIES IN JAPAN'S LABOR FORCE AND NATIONAL INCOME, 1965 AND FORECAST FOR 1977 AND 1985

Type of Industry	Actual 1965	Projected	
		1977	1985
(in percent)			
A. Labor Force			
Primary	25	11	9
Secondary	32	41	43
Tertiary	43	48	48
Total	100	100	100
B. National Income Produced			
Primary	12	5	n.a.
Secondary	36	43	n.a.
Tertiary	53	53	n.a.
Total	100	100	

SOURCE: Mitsubishi Economic Research Institute, February 1970.

⑧ IT SEEMS TO ME THERE IS LITTLE DOUBT THAT WITHIN THE NEXT FIFTEEN YEARS OR SO, JAPAN WILL BE IN CONTROL OF MOST OF THE MARKETS FOR MANUFACTURED GOODS IN ALL OF THE FAR EAST AND SOUTHEAST ASIA, PROBABLY INCLUDING OCEANIA AND EASTERN SIBERIA. SHE WILL BE COMPETITIVE ALSO IN CENTRAL ASIA (INDIA, PAKISTAN, AFGHANISTAN, NEPAL, KASHMIR, AND CEYLON), IN ARABIA AND THE MIDDLE EAST, IN THE BALKANS AND EASTERN EUROPE. HER BUSINESS RELATIONS WITH THE UNITED STATES AND CANADA WILL INEVITABLY CONTINUE TO GROW. JAPAN HAS BEATEN HER SWORDS INTO ELECTRONIC COMPUTERS, AND WHAT SHE FAILED TO ACCOMPLISH WITH THE FORMER SHE WILL SUCCEED IN DOING WITH THE LATTER....

T.F.M. ADAMS  
(THROUGH WESTERN EYES)  
THE WORLD OF JAPANESE BUSINESS

### Japan in NOCPA: General Comments

rise to the top rapidly, it seems quite plausible that Australia would keep its largely European character and not generate any special kinds of minority problems. On the other hand, one can easily imagine that adding about 50,000 or so hard working, diligent, thrifty and dynamic Asians to the population every year (one or two million over the 30 years) would really spur economic development enormously and allow the Australians to partake much more fully and fruitfully in the economic and cultural life of the area.

Japan also has a labor shortage problem, but is even less likely than Australia to be interested in allowing, much less stimulating, any kind of Chinese immigration no matter how controlled. It is thus easy to imagine that Japan ends up as a country with a high per capita income but at the same time with a corresponding expensive labor force so that within the next thirty years there is a great change in one of the most basic characteristics of Japan--the availability of high quality, inexpensive labor for industry, commerce, and personal services. This last, by itself, may encourage a large-scale migration, or at least make temporary overseas assignment very desirable, for those Japanese who would like to live--even temporarily--in a grand style which may seem almost impossible in Japan itself. (The U.S., of course, has already gone through this change and Europe is doing so currently. Developed Europe, of course, has large sources of inexpensive labor available from relatively undeveloped European areas. And, indeed, European nations are encouraging, at least for the time being, a relatively large-scale movement of such people.

Chart 7 is MERI projection for Japanese labor utilization to 1985 indicating the dramatic reduction expected in employment in the primary sector.

Chart 8 is a quote from T.F.M. Adams expressing his expectations for a Japan-dominated Asia within the next 15 years.

### An Overview of Japanese/NOCPA Trade and Trade Issues

On this page and the next page we present some figures which reflect the importance of Japan's trade with NOCPA. For a number of reasons it seems likely that this trade will continue to grow in size and importance for all of the nations concerned and that the Japanese will be more likely to become intimately involved in local economics in the NOCPA area than the Americans, in spite of America's past and current experiences there.

First of all, it is traditional for the Americans to avoid dealing directly with small firms; rather, they generally deal through middlemen. Not only do the Japanese often act as their own middlemen, but they even participate directly in the operation of final outlets. In many cases they buy into local firms, using either joint ventures or total purchase, and try to get a very firm foothold in the day-to-day economy. Sometimes this method of operation makes them less visible and more acceptable. However, if they do not go to great lengths to use indigenous personnel at all levels of operation and management, then the use of local firms and joint enterprises if pushed very far, may make their physical presence, their perceived presence, and their vulnerability to the details of every local regulation much greater than that of the Americans.

In any case, it is very likely that the Japanese will soon be dominating much of the region economically in many of the same ways as the overseas Chinese used to dominate some of it. For example, once a large trading company such as Mitsui or Mitsubishi has offices in every important part of the region, it might use its offices for intra-regional and international transactions that have no other direct connection with any Japanese firms and for furnishing services to non-Japanese.

One should note that if the Japanese trading companies get to have a pervasive influence and centrality to the economy of NOCPA (in some cases just in the internal trade of these nations and in other cases in their foreign trade), this is likely to give the Japanese opportunities for enormous economic leverage and influence on the firms and countries in the NOCPA area. And that is a leverage and influence the Japanese would do well not to abuse--or possibly not to use at all except for the most straightforward and legitimate of purposes. Indeed, Japanese trading companies, combined with small Japanese entrepreneurs, might eventually acquire monopoly positions in almost all trade and commerce in many areas and/or activities. That is particularly likely--and intolerable--if, as has been customary, the Japanese tend to be clannish and work closely together against all competitors. I have already mentioned how irritating the clannishness of the overseas Chinese has often been to their host countries. A similar Japanese clannishness in this case could be much more aggravating or disquieting. The local Japanese could easily find themselves as exposed and disliked as the traditional

① TRADE WITH PACIFIC ASIA: AN OVERVIEW

## I. EXPORTS TO PACIFIC ASIA\*

1. 1970 - \$6,426 MILLION - 33.1% OF TOTAL EXPORT
2. 1969 - \$5,309 MILLION - 33.8% OF TOTAL EXPORT
3. 1968 - \$4,308 MILLION - 33.0% OF TOTAL EXPORT
4. 1967 - \$3,551 MILLION - 34.0% OF TOTAL EXPORT

## II. EXPORTS TO THE U.S.

1. 1970 - \$5,953 MILLION - 30.7% OF TOTAL EXPORTS
2. 1969 - \$4,957 MILLION - 31.0% OF TOTAL EXPORTS
3. 1968 - \$4,086 MILLION - 31.0% OF TOTAL EXPORTS
4. 1967 - \$3,012 MILLION - 28.9% OF TOTAL EXPORTS

## III. FAVORABLE BALANCE OF TRADE WITH PACIFIC ASIA

1. 1970 - \$1,406 MILLION
2. 1969 - \$1,216 MILLION
3. 1968 - \$ 957 MILLION
4. 1967 - \$ 438 MILLION

## IV. OVERALL JAPANESE BALANCE OF TRADE

1. 1970 - \$ 489 MILLION (FAVORABLE)
2. 1969 - \$ 966 MILLION (FAVORABLE)
3. 1968 - \$ 15 MILLION (UNFAVORABLE)
4. 1967 - \$1,221 MILLION (UNFAVORABLE)

\* INCLUDES AUSTRALIA, NEW ZEALAND, U.S.S.R., MAINLAND CHINA, BUT EXCLUDES INDIA.

② MAJOR JAPANESE SUPPLIERS IN PACIFIC ASIA (1970)

1. AUSTRALIA - \$ 1,506 MILLION
2. INDONESIA - \$ 636 MILLION
3. PHILIPPINES - \$ 532 MILLION
4. U.S.S.R. - \$ 479 MILLION
5. MALAYSIA - \$ 418 MILLION

③ MAJOR JAPANESE MARKETS IN PACIFIC ASIA (1970)

1. SOUTH KOREA - \$ 819 MILLION
2. HONG KONG - \$ 702 MILLION
3. TAIWAN - \$ 702 MILLION
4. AUSTRALIA - \$ 590 MILLION
5. MAINLAND CHINA - \$ 571 MILLION
6. PHILIPPINES - \$ 455 MILLION
7. SINGAPORE - \$ 423 MILLION

④ JAPANESE BALANCE OF TRADE (1970)

FAVORABLE		UNFAVORABLE	
SOUTH KOREA	2:7	AUSTRALIA	3:1
HONG KONG	1:8	INDONESIA	2:1
TAIWAN	1:3	U.S.S.R.	3:2
MAINLAND CHINA	1:2	MALAYSIA	5:2
SINGAPORE	1:5		

⑤ CURRENT JAPANESE BUSINESS TECHNIQUES, PRACTICES & POLICIES

1. RESTRAINED INVESTMENT
2. OCCASIONAL INSTANCES OF DUMPING
3. VERY FAVORABLE TERMS
4. INFILTRATION OF DOMESTIC MARKET
  - a. U.S. NORMALLY INVESTS ONLY FOR EXPORT TRADE
  - b. JAPANESE ATTEMPT TO GAIN SOME CONTROL OVER EXISTING FIRMS

⑥ JAPAN'S NEED FOR RAW MATERIALS

1. 70% OF ALL JAPANESE IMPORTS ARE INDUSTRIAL RAW MATERIALS
2. NEARLY 43% OF ALL DIRECT JAPANESE OVERSEAS INVESTMENTS (1951-67) WERE FOR SECURING RAW MATERIALS
3. WITHIN A GENERATION JAPANESE NATURAL RESOURCES "MAY BE TOTALLY EXHAUSTED." COMMON ESTIMATE IS
  - a. COPPER - RESERVES FOR 17 YEARS
  - b. GOLD, LEAD, ZINC, MERCURY - ABOUT THE SAME
  - c. IRON - RESERVES FOR 9.8 YEARS
4. "OUR POSITION AS A BUYER IS QUITE PRECARIOUS. WE ARE BUYING THESE THINGS ALMOST ON A SPOT BASIS." (NAOHIRA AMAYA, DIRECTOR OF PLANNING, THE MINISTRY OF TRADE AND INDUSTRY - MITI)

⑨ PAFTA' (PACIFIC ASIA FREE TRADE AREA)  
PROPOSAL OF PROFESSOR KIYOSHI KOJIMA  
OF HITOTSUBASHI UNIVERSITY

## A. MEMBERSHIP

1. FULL MEMBERS: AUSTRALIA, NEW ZEALAND, JAPAN, CANADA AND U.S.A.
2. ASSOCIATED MEMBERSHIP: DEVELOPING NATIONS OF PACIFIC ASIA

## B. BASIC OBJECTIVES

1. INCREASE U.S. INVESTMENT IN PACIFIC ASIA
2. STIMULATE HORIZONTAL TRADE AMONG FULL MEMBERS
3. EXPAND DEVELOPMENT OF REGION'S NATURAL RESOURCES
4. READJUST REGIONAL PRODUCTION AND TRADE IN AGRICULTURAL COMMODITIES
5. READJUST REGIONAL PRODUCTION AND TRADE OF LIGHT MANUFACTURES
6. COORDINATE AID POLICIES OF FULL MEMBERS

## C. GENERAL CHARACTERISTICS

1. FREE TRADE AREA AS OPPOSED TO CUSTOMS UNION
  - a. COMMON TARIFF STRUCTURE WITHIN PAFTA REGION
  - b. EACH NATION TO RETAIN INDEPENDENT TARIFF SYSTEMS IN TRADE WITH NON-MEMBER NATIONS
2. "CODE OF OVERSEAS INVESTMENT" TO PROMOTE MUTUAL INVESTMENT AMONG FULL MEMBERS
3. COORDINATED AID POLICY

ACTIVE ENCOURAGEMENT OF IMPORTATION OF AGRICULTURAL PRODUCTS, ETC., FROM DEVELOPING COUNTRIES IN REGION.

## 4. OPTAD (ORGANIZATION FOR PACIFIC TRADE AND DEVELOPMENT)

WOULD COORDINATE POLICIES ON TRADE, INVESTMENT AND AID

## 5. "PACIFIC RESERVE AND DEVELOPMENT BANK"

- a. STRENGTHEN REGIONAL MONETARY SYSTEM-- DEVELOPMENT OF "PACIFIC CURRENCY AREA"
- b. FACILITATE REGIONAL ECONOMIC DEVELOPMENT

## D. BENEFITS FOR JAPAN

1. EXPERTS TO PACIFIC ASIA WOULD PROBABLY INCREASE BY \$2 BILLION (PROFESSOR KOJIMA'S ESTIMATE)
2. CHEAPER IMPORTS OF RAW MATERIALS AND PRIMARY PRODUCTS
  - a. PRIMARY PRODUCTS CONSTITUTE 71% OF PRESENT IMPORTS
  - b. PRESENT JAPANESE TARIFFS ON PRIMARY PRODUCTS ALREADY LOW
3. STIMULATE GROWTH OF SOUTHEAST ASIAN ECONOMIES
  - a. THEREBY IMPROVING MARKETS FOR JAPANESE EXPORTS AND
  - b. INCREASING AVAILABILITY OF NEEDED RAW MATERIALS
4. JAPANESE ROLE IN ESTABLISHMENT OF PAFTA WOULD PROVIDE NATION WITH A NEW SENSE OF PRIDE IN LEADERSHIP AND WORLD RECOGNITION

⑦ JAPAN'S DEPENDENCE ON IMPORTS OF PRINCIPAL RESOURCES (U.S. \$ MILLIONS)

	1968	1975 (EST.)
COPPER	73.4%	92.9%
LEAD	56.5	55.6
ZINC	53.8	61.6
ALUMINUM	100.0	100.0
NICKEL	100.0	100.0
IRON ORE	84.7	90.0
COKING COAL	71.9	85.9
OIL	99.5	99.7
NATURAL GAS	0.0	73.6
URANIUM	100.0	100.0
LUMBER & LOGS	46.7	49.1-58.0

SOURCE: JAPAN'S FOREIGN ECONOMIC POLICY  
UNITED STATES-JAPAN TRADE COUNCIL  
MAY, 1970 (P. 4).

⑧ JAPAN'S GROWING HUNGER FOR RAW MATERIALS

IMPORTS:	FISCAL 1967	FISCAL 1975 (EST.) (THOUSANDS OF TONS)
COPPER	483	742
LEAD	86	128
ZINC	182	387
NICKEL	53	110
(MILLIONS OF TONS)		
IRON ORE	55	200
COKING COAL	24	100
(MILLIONS OF CUBIC METERS)		
PETROLEUM	121	261
LUMBER & PULP	33	60

(MITSUI & CO., JAPAN IRON & STEEL FOUNDATION  
BUSINESS WEEK, JANUARY 24, 1970)

F. ROY LOCKHEIMER, PAFTA: PROFESSOR KOJIMA'S IMMODEST PROPOSAL, AMERICAN UNIVERSITIES FIELD STAFF REPORTS, NOVEMBER, 1969.

### An Overview of Japanese/NOCPA Trade and Trade Issues

Chinese merchant has often been in these areas and, therefore, they could possibly be, even if unfairly, obvious scapegoats for all kinds of issues. And it should be noted that the Asian origin of the Japanese will not alleviate this problem much, if at all.

### Some Background Statistics

One possibility is that the Japanese may try to create some kind of exclusivity of preference in the NOCPA trading area, perhaps a customs union of some type, or something modeled on, for example, the European Economic Community, or at least a free-trade or near free-trade area, perhaps as outlined on Chart 9. Unlike the EEC, this area would be, of course, almost completely dominated by its leading economy--i.e., Japan. But the formal language and the formal institutions could pay a great deal of lip service and even lend some reality to the concept of relative equality among the members, thereby making it much more acceptable politically. But no matter how it is done, NOCPA is almost certainly going to be an economic hinterland of--and workshop for--Japan, yet most likely one that will not be seriously exploited in the pejorative sense. Indeed, it will probably be rewarded for its efforts and be largely politically free to make its own choices--as long as those choices do not disturb the basic stability and prosperity of the area.

It should be noted that political influence can accrue even if it is not desired--for example, simply because the Japanese will be important. People will be interested in Japanese views and attitudes and in getting more accurate expectations about future Japanese behavior. That in turn means they will be consulting the Japanese, and the Japanese will often be listened to with respect. Such situations can involve the Japanese to some degree in the political consequences of their advice, even if it was given only on request and with no intention of getting involved. And of course it is most unlikely that the Japanese will always be this self-restrained and self-disciplined.

One thing that might make an enormous immediate difference to many countries in the area is a Japanese concession on opening up their domestic market to rice from other countries. Under the current situation the Japanese subsidize their domestic rice production at a cost of several hundreds of millions of dollars a year. One of the main reasons for subsidization has been that voters in the rural areas tended to vote for the Liberal Democratic Party and it made political sense to support them. But many of them seemed to shift their allegiance when they went to the cities. And the disparity of opportunities and living standards between the countryside and the cities has become so great that many more of these voters are quite anxious to move to the cities. In addition, the last election indicated that the trend toward the Japanese Socialist Party is somewhat weakened or perhaps even no longer present. Under these circumstances, the Japanese can afford to make "a concession" that would look very generous to the other nations of the area. In fact, however, it would make complete economic sense from their own point of view--making needed labor available for their industries, saving a great deal of money in government subsidies, and at the same time creating new trading opportunities with important countries in NOCPA.

## ① JAPAN'S FOREIGN TRADE 1966-1969

(UNIT: US \$ MILLION)

	1969	1968	1967	1966
TOTAL .....	EXPORTS 16,044	12,972	10,442	9,776
	IMPORTS 15,024	12,987	11,663	9,523
ASIA .....	EXPORTS 5,409	4,415	3,555	3,288
	IMPORTS 4,567	4,004	3,582	3,165
EUROPE .....	EXPORTS 2,407	1,896	1,664	1,575
	IMPORTS 2,067	1,878	1,766	1,216
NORTH AMERICA .....	EXPORTS 5,902	4,831	3,618	3,503
	IMPORTS 5,163	4,539	4,172	3,444
LATIN AMERICA .....	EXPORTS 481	343	280	279
	IMPORTS 759	610	529	446
AFRICA .....	EXPORTS 1,153	940	850	729
	IMPORTS 982	839	661	420
OCEANIA .....	EXPORTS 631	542	472	389
	IMPORTS 1,485	1,115	951	832

NOTE: EXPORTS - F.O.B.  
IMPORTS - C.I.F.② JAPAN'S FOREIGN TRADE IN 1970  
(IN U.S. \$ MILLIONS)

	EXPORTS	% INCREASE OVER 1969	IMPORTS	% INCREASE OVER 1969
GRAND TOTAL	19,363	+21.1	18,873	+25.6
U.S.A.	5,954	+20.1	5,556	+35.9
CANADA	561	+17.4	928	+38.7
WESTERN EUROPE	2,909	+41.3	1,963	+31.6
E.E.C.	1,305	+34.8	1,118	+36.2
WEST GERMANY	550	+40.2	618	+38.8
E.F.T.A.	1,057	+46.6	750	+22.5
U.K.	480	+37.8	395	+19.5
AUSTRALIA	590	+21.1	1,507	+21.2
NEW ZEALAND	114	+42.9	158	+9.5
SOUTHEAST ASIA	4,912	+10.4	3,012	+26.5
MIDDLE EAST & NEAR EAST	635	+1.3	2,338	+17.6
LATIN AMERICA	1,190	+26.1	1,372	+18.1
AFRICA	1,010	+27.3	693	+9.5
COMMUNIST COUNTRIES	1,049	+37.2	885	+4.4
MAINLAND CHINA	572	+46.3	254	+8.2
U.S.S.R.	342	+27.4	479	+3.8
EASTERN EUROPE	107	+45.1	111	+1.9
N. KOREA, MONGOLIA & N. VIETNAM	29	+91.1	41	+6.5

NOTE: FIGURES HAVE BEEN ROUNDED.

SOURCE: U.S. JAPAN TRADE COUNCIL  
REPORT NO. 6, FEBRUARY 3, 1971.

## ④ JAPAN'S TEN LARGEST SUPPLIER NATIONS

(U.S. \$ MILLIONS)	1960	1969	1970
1. U.S.	1,500	4,100	5,556
2. AUSTRALIA	344	1,200	1,507
3. KUWAIT	205	818	995
4. CANADA	204	699	928
5. MALAYSIA	194	468	636
6. PHILIPPINES	159	461	618
7. WEST GERMANY	123	446	533
8. SAUDI ARABIA	105	415	480
9. MEXICO	103	407	436
10. INDIA	99	397	419

(NOTE: FIGURES HAVE BEEN ROUNDED)

## ⑤ JAPAN'S TEN BEST CUSTOMERS

(U.S. \$ MILLIONS)	1960	1969	1970
1. U.S.	1,100	4,900	5,954
2. HONG KONG	156	768	819
3. PHILIPPINES	154	618	702
4. AUSTRALIA	144	608	702
5. UNITED KINGDOM	121	492	592
6. THAILAND	119	482	590
7. CANADA	117	478	572
8. INDONESIA	110	476	565
9. THAILAND	435	435	551
10. WEST GERMANY	394	394	480

(NOTE: FIGURES HAVE BEEN ROUNDED)

## ⑧ JAPAN'S EXPORTS AND EXPORT MARKETS

	(Average) 1934-38	1950	1960	1968
Total exports (\$ millions)	932	828	4,055	12,972
Share to low-income areas (%)	72.9	60.9	53.2	48.9
Asia	63.7	46.3	37.0	34.0
Africa	5.8	8.9	8.7	7.2
Latin America	3.4	5.7	7.5	5.7
Share to high-income areas (%)	27.1	39.0	46.8	53.0
United States	15.9	21.7	26.7	31.5
Canada	0.3	1.8	2.9	2.7
Europe	8.1	12.0	12.2	14.6
(EEC countries)	(3.3)	(4.9)	(4.3)	(5.3)
(United Kingdom)	(3.9)	(3.1)	(3.0)	(2.8)
(USSR)	(0.7)	(0.0)	(1.5)	(1.4)
Australia and Oceania	2.8	3.6	4.9	4.2

NOTES: Minor inconsistencies result from rounding.

WARREN HUNSBERGER, "THE JAPANESE ECONOMY: A CONTINUING  
MIRACLE?" INTERPLAY, DECEMBER 1969, JANUARY 1970, p. 18③ JAPAN'S LEADING IMPORTS 1969-1970  
(U.S. \$ MILLIONS)

	1970	1969
CRUDE OIL & HEAVY OIL	2,575	2,100
LOGS & LUMBER	1,572	1,300
IRON ORE	1,208	969
NON-FERROUS METAL ORE	1,064	917
COAL	1,010	728
NON-FERROUS METAL PRODUCTS	943	574
FEED GRAINS	524	424
RAW COTTON	471	407
SOYBEANS	366	392
WOOL	348	297

NOTE: THE GENERAL PATTERN OF IMPORTS HAS NOT CHANGED  
TO ANY SIGNIFICANT DEGREE IN THE PAST DECADE.

## ⑥ JAPAN'S LEADING EXPORT COMMODITIES

(U.S. \$ MILLIONS)	1960	1969	1970
COTTON TEXTILES	401	2,100	2,847
IRON AND STEEL	388	1,100	1,414
SHIPS	288	987	1,344
CLOTHING	220	889	1,034
RAYON TEXTILES	208	586	715
METAL PRODUCTS	148	581	697
RADIO RECEIVERS	145	452	499
AUTOMOBILES	107	441	464
CANNED FISH	118	401	454
TOYS	90	355	428

## ⑨ ITEMWISE BREAKDOWN OF KEY EXPORTS AND IMPORTS

Units: \$1 million  
Remarks: P stands for provisional figures.  
Source: Ministry of Finance

	Exports						Imports					
	Synthetic Fiber Fabrics	Steel	Total	(Auto- mobiles)	(Vessels)	(Scientific & Optical Instruments)	Wool	Raw Cotton	Iron Ore	Scrap Iron	Crude Petroleum	Machin- ery
1962	66.8	531.4	1,407.1	112.6	235.2	127.7	301.7	383.3	319.6	179.2	620.5	809.5
1963	98.0	701.8	1,687.5	135.2	339.7	149.1	367.3	446.7	355.7	185.8	789.2	854.5
1964	136.9	909.5	2,221.1	180.7	490.5	171.7	376.3	439.4	420.3	235.2	928.9	881.9
1965	185.6	1,290.4	2,975.5	237.3	747.9	216.7	342.6	441.8	523.6	153.1	1,047.3	760.1
1966	271.9	1,293.1	3,757.0	305.9	823.1	271.6	420.1	423.9	606.2	145.1	1,200.4	820.1
1967	312.9	1,272.4	4,394.9	434.1	982.5	314.5	364.8	442.8	718.0	311.7	1,457.1	1,053.4
1968	393.7	1,712.5	5,655.8	712.9	1,034.1	372.0	363.0	510.7	833.8	158.4	1,685.3	1,326.9
1969	520.1	2,166.3	7,147.1	986.7	1,147.8	440.7	392.0	424.2	969.3	208.6	1,906.9	1,635.1
1969 Aug.	45.1	172.8	594.5	88.5	62.0	37.5	33.4	35.2	83.7	22.1	161.6	153.3
Sept.	46.4	206.1	641.4	87.9	105.8	38.3	32.7	32.8	82.6	24.0	149.6	144.2
Oct.	51.0	193.5	645.5	89.8	91.1	40.4	30.1	34.1	90.6	21.3	181.0	133.3
Nov.	49.7	194.4	617.6	80.0	93.2	37.3	24.0	31.6	80.4	26.7	165.1	137.7
Dec.	66.1	263.1	786.2	96.3	144.9	46.0	33.1	37.9	83.6	21.3	189.9	155.9
1970 Jan.	26.0	163.3	542.5	77.2	138.9	25.9	31.3	32.2	90.1	24.1	174.3	160.1
Feb.	44.1	213.0	596.4	84.6	86.6	36.4	31.0	36.7	86.5	18.4	164.6	183.1
Mar.	52.6	256.3	794.0	103.7	171.3	42.3	34.5	42.1	88.8	23.2	205.3	217.4
Apr.	48.4	220.0	702.5	113.3	113.3	40.5	25.3	42.1	97.3	26.1	180.1	166.7
May	49.7	229.3	638.9	103.6	103.6	41.2	33.9	41.2	101.4	38.4	193.8	163.8
June	49.1	240.1	771.8	102.1	155.6	42.3	33.6	47.3	107.1	37.7	183.3	260.3
July	55.6	241.6	796.4	120.5	136.4	47.0	34.0	39.0	98.7	41.7	185.3	188.1
Aug.	55.0	238.1	695.6	114.4	55.8	42.0	29.8	33.9	94.1	32.5	166.0	187.0

### Some Background Statistics

Further, if Japan takes some interest in the welfare of the area as a whole, its position in NOCPA may turn out to be something like the position of the United States in South America. There are, however, important differences. First of all, the probable NOCPA fear of a potential or eventual revival of Japanese military aggression is likely to be much greater than the corresponding South American fear of the United States, although the fear of various other kinds of illegitimate interventions may be lower. Secondly, the large and continuing presence of the United States, China, and the Soviet Union in Asia, and the level of industrial advancement and modernization in Pacific Asia as compared to Latin America, are likely to make the Pacific Asian nations more resistant and self-confident in dealings with Japan than most Latin American countries have been in their dealings with the U.S.

### An Overview of Japanese Investment in NOCPA

On this page we present an overview of Japanese investments in SEA. Although these have been very small in the past, they have increased dramatically in the last 2 years and it seems likely that they will increase even more quickly in the future (Charts 1 and 2). We would estimate that Japanese investment in NOCPA in the 70s and 80s will probably be in the neighborhood of \$5 to \$10 billion and perhaps much more.

One result of this enormous investment will be a very close tying of this area to Japan (and, to a somewhat lesser degree, vice versa). In fact, we would guess that about by 1980, from 40 to 50 percent of all Japanese imports and exports will be with NOCPA. That is, in the same way that Japan is now tied to the U.S. because we buy and sell about 30 percent of her imports and exports, so Pacific Asia is likely to be tied to Japan.

It seems clear that in any case the Japanese foreign aid program will grow, although Japanese aid now is more in the form of hard loans and normal commercial credit than the kind of thing usually thought of as foreign aid. (See discussion on page 6.) There seems to be no particular reason why most of this aid should be given on substantially better terms than it is today, but some of it probably will be.

It seems likely, then, that with or without aid programs--and even without major rearmament--the Japanese will become the overwhelmingly important power in the area. There will still be a large U.S. economic presence in Pacific Asia and possibly a dominating U.S. military presence. There will also be an economic and political, and perhaps even military, presence of Europe and to some degree of China and the Soviet Union as well. But the Japanese presence will predominate. It might not be as pervasive and suffocating as the U.S. presence has sometimes been in Latin America, or it may be even more so. The Japanese are likely to be less scrupulous, and more skillful, than the American government in using economic power, including the ability to exploit existing corruption and carry out other local financial interventions.

## ① JAPANESE INVESTMENTS (1951-1967): OVERVIEW

1. ASIA - \$267 MILLION - 20% OF TOTAL OVERSEAS INVESTMENTS
2. SOUTHEAST ASIA - \$218 MILLION - 18% OF TOTAL OVERSEAS INVESTMENTS
3. REASONS FOR INVESTMENTS
  - a. SECURING RAW MATERIALS
  - b. UTILIZATION OF LOCAL LABOR
4. UNTIL RECENTLY JAPANESE INVESTMENTS WERE RELATIVELY SMALL BECAUSE OF
  - a. LACK OF GOVERNMENT SUPPORT
  - b. EQUIPMENT PURCHASES HAD HIGHER PRIORITY
  - c. JAPANESE COMPANIES RELUCTANT TO TAKE RISKS OR SPEND VALUABLE CAPITAL WHEN NOT ABSOLUTELY NECESSARY.

## ⑤ INTEREST-FREE LOANS TO DEVELOPING COUNTRIES

ACCORDING TO SHIGEO NAGANO, CHAIRMAN OF THE NIPPON STEEL CORPORATION AND ADVISER TO THE JAPANESE FOREIGN MINISTRY, JAPAN WILL PROVIDE DEVELOPING COUNTRIES WITH INTEREST-FREE LOANS WITH A REPAYMENT PERIOD OF UP TO 30 YEARS, WHICH WILL FACILITATE THE EXPORT OF PRODUCTS FROM THESE COUNTRIES TO JAPAN. INDONESIA AND THAILAND HAVE ALREADY APPLIED FOR LOANS UNDER THIS ARRANGEMENT.

SOURCE: MAINICHI DAILY NEWS, JANUARY 17, 1971.

## ② JAPANESE INVESTMENTS IN EAST ASIA

PROJECTIONS BY THE JAPAN ECONOMIC RESEARCH CENTRE SUGGEST THAT THE OUTFLOW OF LONG-TERM CAPITAL FROM JAPAN COULD BE IN 1975 ANYTHING FROM \$2,500 MILLION TO THREE TIMES THAT FIGURE, COMPARED WITH \$668 MILLION IN 1969.

THE JAPANESE HAVE SINGLED OUT EAST ASIA AND S.E. ASIA FOR SPECIAL ATTENTION. THE COUNTRIES WHERE THEY HAD THE BIGGEST IMPACT SO FAR ARE PROBABLY SOUTH KOREA AND TAIWAN. FOR INSTANCE, THE TRADE FLOWS BETWEEN SOUTH KOREA AND JAPAN ARE MORE THAN 5 TO 1 IN JAPAN'S FAVOR. THEN JAPAN HAS A BIG TRADE SURPLUS WITH THAILAND, AND IS ALSO THE BIGGEST FOREIGN INVESTOR IN THAT COUNTRY.

THE RANGE OF JAPANESE ACTIVITIES IN S.E. ASIA--BY WAY OF TRADING, AIDING AND INVESTING--IS GREAT. THE TYPES OF INDUSTRIES WHICH THE JAPANESE LIKE MOST ARE:

- A) INDUSTRIES THAT TAKE ADVANTAGE OF CHEAPER LABOR COSTS, AS IN KOREA AND TAIWAN (IN KOREA, THE JAPANESE HAVE TO PAY LABOR RATES 1/4 TO 1/3 OF THOSE IN JAPAN)
- B) MINING AND OIL, AS IN INDONESIA--AND OTHER NATURAL RESOURCE INDUSTRIES, SUCH AS LUMBER

THE ECONOMIST  
LONDON, NOVEMBER 21, 1970

## ③ GROWTH OF JAPANESE OVERSEAS INVESTMENTS

1951-1967  
(U.S. \$ MILLIONS)

1951-55	21.1
1956	19.4
1957	33.4
1958	64.6
1959	51.6
1960	92.4
1961	163.2
1962	95.6
1963	124.7
1964	119.8
1965	156.8
1966	226.4
1967	224.0
TOTAL	1,393.0

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIKANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

## ④ U.S. DIRECT OVERSEAS INVESTMENTS:

1950-1968  
(U.S. \$ MILLIONS)

1950	11,788
1951-1955	7,607
1956-1960	12,470
1961	2,852
1962	2,559
1963	3,460
1964	3,744
1965	4,994
1966	5,303
1967	4,709
1968	5,270

TOTAL BOOK VALUE: 64,576

SOURCE: THE INTERNATIONAL INVESTMENT POSITION OF THE UNITED STATES: DEVELOPMENTS IN 1968, OVERSEAS BUSINESS REPORTS, U.S. DEPARTMENT OF COMMERCE, OCTOBER, 1969.

## ⑥ JAPANESE OVERSEAS INVESTMENT BY AREA &amp; TYPE: 1951-1967

(U.S. \$ MILLIONS)

	PORTFOLIO INVESTMENT	LOAN	DIRECT OVERSEAS INVESTMENT	TOTAL
ASIA	122.7	143.3	.9	266.9
CENTRAL & SOUTH AMERICA	206.0	162.6	3.4	372.0
MIDDLE EAST	2.3	0	237.9	240.2
AFRICA	12.8	4.7	.2	17.7
NORTH AMERICA	232.7	137.9	30.7	401.3
EUROPE	25.2	30.6	.1	56.0
OCEANIA	13.1	25.8	0	38.9
TOTAL	614.8	504.9	273.3	1,393.0
%	44.1	36.2	19.6	—

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIKANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

## ⑦ JAPANESE OVERSEAS INVESTMENT BY AREA AND MAJOR INDUSTRY: 1951-1967

(U.S. \$ MILLIONS)

	NORTH AMERICA	CENTRAL & SOUTH AMERICA	EAST & SOUTH ASIA	MIDDLE EAST	EUROPE	AFRICA	OCEANIA
COMMERCE	225.0	88.6	20.2	.8	16.0	.6	3.8
MINING	40.8	31.8	93.2	237.9	.4	.4	23.5
CHEMICALS	12.0	3.1	7.5	.2	.9	-	.2
MACHINERY	2.1	92.4	13.9	1.0	31.8	-	-
METAL	.4	65.0	19.8	-	-	1.3	2.1
TEXTILES	3.0	36.7	32.6	-	.6	10.0	.8
CONSTRUCTION	3.5	29.2	1.8	-	-	-	-
FOOD	1.1	7.8	24.3	-	4.6	1.4	.8
AGRICULTURE	.6	.8	18.5	-	.4	.2	2.5

NOTE: ALL FIGURES HAVE BEEN ROUNDED  
SOURCE: FIGURES BASED ON: YOSHIKANE IWASA  
"JAPAN VENTURES INTO SOUTHEAST ASIA"  
COLUMBIA JOURNAL OF WORLD BUSINESS,  
NOVEMBER-DECEMBER 1969.

⑧ ....THOUGH JAPAN'S \$3 BILLION IN FOREIGN INVESTMENT REPRESENTS A DROP IN THE WORLD-WIDE BUCKET, OVER \$1.2 BILLION OF IT TOOK PLACE IN THE PAST TWO YEARS, AND MITSUI AND CO., A BIG TRADING HOUSE, FORECASTS A TRIPLING OF THE \$3 BILLION FIGURE BY THE MID-1970S. ONLY TWO YEARS AGO THE JAPANESE GOVERNMENT REQUIRED ITS OWN APPROVAL OF ANY OVERSEAS INVESTMENT OF MORE THAN \$50,000. NOW THE FLOOR IS \$1 MILLION. THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, SAYS A SENIOR OFFICIAL, IS THINKING OF RAISING THE CEILING AGAIN, AND MANY BUSINESSMEN FAVOR SCRAPPING IT. THAT COULD OPEN THE FLOODGATES.

THE WALL STREET JOURNAL,  
MAY 5, 1971

⑨ ALREADY, JAPAN IS THE LARGEST FOREIGN INVESTOR IN THAILAND, EVEN THOUGH THE AVERAGE INVESTMENT PER FIRM IS ONLY \$300,000. IT RANKS NUMBER FOUR IN MALAYSIA, BUT IS EXPECTED BY MR. YEO, THE DEVELOPMENT OFFICIAL, TO LEAPFROG OVER SINGAPORE, BRITAIN AND THE U.S. IN A FEW YEARS TO BECOME NUMBER ONE. THE JAPANESE HAVE ONLY \$10 MILLION IN EQUITY INVESTMENT IN THE PHILIPPINES--BECAUSE OF A LACK OF ANY TREATY SPELLING OUT INVESTORS' RIGHTS--BUT THERE ARE ESTIMATES THAT AS MUCH AS 35 TIMES THAT AMOUNT IS FLOATING AROUND IN PRIVATE, UNRECORDED LOANS THAT SOMEDAY MAY BE CONVERTED TO EQUITY.

THE WALL STREET JOURNAL  
5 MAY 1971

11b

12a

① JAPAN - AUSTRALIAN TRADE 1958-1968  
(\$ in Millions)

## 1. JAPAN'S EXPORTS TO AUSTRALIA

	1958	1963	1965	1966	1967	1968
FOODSTUFFS	4	5	9	9	9	11
FUELS	1	3	8	6	5	5
LIGHT INDUSTRIAL PROD. OF WHICH TEXTILES	47 38	86 62	115 75	116 77	137 93	143 92
HEAVY & CHEMICAL INDUSTRIAL GOODS	11	64	180	167	207	256
CHEMICAL GOODS	3	13	21	25	32	39
METALS	3	19	65	37	47	60
IRON & STEEL	2	15	53	26	34	46
MACHINERY	4	33	94	105	127	158
TOTALS	63	158	312	298	359	416

## 2. JAPAN'S IMPORTS FROM AUSTRALIA

FOODSTUFF	34	94	89	109	139	141
MEATS	-	5	15	28	24	25
WHEAT	10	25	27	25	35	50
SUGAR	13	49	25	30	30	27
RAW MATERIALS	187	349	347	419	477	554
WOOL	162	298	285	321	298	299
IRON ORES	-	1	3	25	98	164
NON-FERROUS METAL ORES	5	18	30	38	48	56
	6	46	92	107	121	160
MINERAL FUELS						
COAL	6	41	89	106	117	155
MFD. PRODUCTS	-	25	23	43	54	65
TOTALS	227	514	551	678	798	920

SOURCE: ORIENTAL ECONOMIST, JULY, 1969

## ⑦ JOINT JAPAN-AUSTRALIA VENTURES IN S.E. ASIA

THE AUSTRALIA-JAPAN BUSINESS COOPERATION COMMITTEE HAS AGREED THAT JAPAN AND AUSTRALIA WOULD UNDERTAKE JOINT VENTURES FOR NATURAL RESOURCES DEVELOPMENT IN THE PACIFIC BASIN AND PARTICULARLY IN S.E. ASIA.

THE PRESIDENT OF THE JAPAN CHAMBER OF COMMERCE AND INDUSTRY, SHIGEO NAGANO, INDICATED THAT JAPAN WISHED TO HAVE AUSTRALIA'S COOPERATION IN S.E. ASIAN VENTURES BECAUSE OF BAD WARTIME MEMORIES STILL LINGERING FROM JAPANESE OCCUPATION. IF AUSTRALIA COMBINED WITH JAPAN IT WOULD MEAN ALMOST ASSURED ENTRY.

(JAPAN TIMES, MAY 9, 1971)

## ② JAPANESE-AUSTRALIAN TRADE (FISCAL 1966-68): PERCENTAGES

	1966-67		1967-68		1968-69	
	VALUE	% OF TOTAL	VALUE	% OF TOTAL	VALUE	% OF TOTAL
IMPORTS	296,044	9.7	343,310	10.5	414,296	11.95
EXPORTS	586,437	19.4	642,068	21.1	823,171	24.44
TOTAL TRADE	882,481	14.56	985,378	15.6	1,237,467	18.11

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS, CANBERRA, AUSTRALIA.

## ④ MINERAL EXPORTS

BY FAR THE MOST IMPORTANT NEW DEVELOPMENT OF THE LAST THREE YEARS HAS BEEN JAPANESE INTEREST IN THE IMMENSE NEW MINERAL WEALTH DISCOVERED IN AUSTRALIA. THE HUGE IRON ORE DEPOSITS IN WESTERN AUSTRALIA ARE BEING DEVELOPED LARGELY FOR EXPORT TO JAPAN UNDER LONG-TERM CONTRACTS ALREADY TOTALLING OVER \$3,000 MILLION AND WITH CONSIDERABLE PARTICIPATION OF JAPANESE CAPITAL IN JOINT VENTURES WITH AMERICAN, BRITISH, AND AUSTRALIAN INTERESTS. JAPAN IS ALSO ACTIVELY INTERESTED IN SECURING INCREASED SUPPLIES OF AUSTRALIA'S ESTABLISHED MINERAL EXPORTS, SUCH AS COAL, COPPER, LEAD, AND ZINC, AND OF NEW ONES NOW IN PROSPECT, ESPECIALLY ALUMINA, MANGANESE, AND PERHAPS URANIUM. SOME JAPANESE CAPITAL IS BEING INVESTED IN AUSTRALIAN MANUFACTURING INDUSTRIES, PARTLY IN RESPONSE TO AUSTRALIAN PRODDING, AS IN THE CASE OF THE MOTOR CAR INDUSTRY WHERE HIGHER TARIFFS ON IMPORTS OF COMPLETELY BUILT-UP CARS WERE IMPOSED LAST YEAR IN ORDER TO INDUCE JAPANESE MANUFACTURERS TO MOVE INTO LOCAL PRODUCTION. ANOTHER FIELD IN WHICH JOINT AUSTRALIAN-JAPANESE VENTURES ARE BEING DISCUSSED IS THE ECONOMIC DEVELOPMENT OF NEW GUINEA. TOTAL JAPANESE INVESTMENT IN AUSTRALIA IS STILL MODEST, PERHAPS \$60 MILLION. BUT IT IS CERTAIN TO GROW.

INDIA, JAPAN, AUSTRALIA. PARTNERS IN ASIA?, CANBERRA, 1968, PP. 148-149

⑤ "THE MAJOR IRON ORE DEPOSITS AT HAMMERSLEY...WERE TAPPED ONLY AFTER THE SIGNING OF AN AGREEMENT WITH JAPAN TO SUPPLY 65.5 MILLION TONS OF IRON ORE OVER A 16-YEAR PERIOD."

(WORLD BUSINESS  
JANUARY, 1969)⑧ JAPANESE-AUSTRALIAN TRADE: 1969-1970  
(U.S. \$ THOUSANDS)

	EXPORTS	% OF TOTAL JAPANESE EXPORTS		% OF TOTAL JAPANESE IMPORTS	
		EXPORTS	IMPORTS	IMPORTS	
1970	590,244	3.04	1,506,701	7.98	
1969	475,604	2.97	1,243,836	8.28	
1968	416,293	3.21	921,298	7.09	
1967	358,794	3.44	792,406	6.80	

## ③ CHARACTERISTICS OF TRADE BETWEEN JAPAN &amp; AUSTRALIA

1. AUSTRALIA IS JAPAN'S SECOND LARGEST SUPPLIER, AFTER THE U.S.
  - a. SUPPLIES 20% OF JAPAN'S ENTIRE IRON ORE NEEDS
  - b. MAJOR COMMODITY - WOOL
  - c. ALSO BIGGEST SUPPLIER OF COKING COAL, SUPPLYING 40% OF JAPANESE ANNUAL REQUIREMENTS
2. JAPAN IS AUSTRALIA'S LARGEST CUSTOMER
  - a. PURCHASES 60% OF AUSTRALIA'S TOTAL MINERAL EXPORTS
  - b. EXAMPLES (FY 1967-68)
    - 88% OF AUSTRALIAN IRON ORE EXPORTS
    - 97% OF COKING COAL EXPORTS
    - 50% (APPROX) OF CRUDE COPPER EXPORTS
    - 25% OF LEAD EXPORTS
  - c. OTHER MAJOR COMMODITIES TRADED:
    - 38% OF RAW WOOL EXPORTS
    - 22% OF SUGAR EXPORTS

## ⑥ PROBLEMS IN AUSTRALIAN-JAPANESE TRADE

JAPANESE-AUSTRALIAN TRADE RELATIONS ARE NOT WITHOUT THEIR PROBLEMS. THE MAIN THEME OF JAPANESE COMPLAINTS, VOICED AT VARYING LEVELS OF SOPHISTICATION, IS THE CONTINUING IMBALANCE OF TRADE, JAPANESE PURCHASES STILL RUNNING AT ALMOST TWICE THE LEVEL OF JAPANESE SALES. THE JAPANESE FIND IT DIFFICULT TO CONTAIN THEIR IMPATIENCE WITH AUSTRALIAN PROTECTIONIST POLICIES WHICH, AS RECENTLY IN THE CASE OF MOTOR CARS AND CHEMICALS, HIT OUT WITH HIGHER TARIFFS AT PARTICULARLY SUCCESSFUL JAPANESE EXPORTS AND WHICH HAVE SO FAR BLOCKED JAPANESE ENTRY INTO BANKING IN AUSTRALIA. THE AUSTRALIANS COUNTER WITH GRUMBLES ABOUT JAPANESE PROTECTIONISM, ESPECIALLY QUOTA RESTRICTIONS ON IMPORTS OF MEAT AND DAIRY PRODUCTS. BUT THESE BICKERINGS ARE ALL IN THE CAUSE OF STILL MORE TRADE AND CLOSER ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES.

INDIA, JAPAN, AUSTRALIA. PARTNERS IN ASIA?, CANBERRA, 1968, P. 149

⑨ JAPAN'S BALANCE OF TRADE WITH AUSTRALIA  
(U.S. \$ THOUSANDS)

1970	-916,457
1969	-767,782
1968	-505,005
1967	-433,612

NOTE: MINUS SIGN INDICATES DEFICIT BALANCE OF TRADE

Japan - AustraliaPossible Clashes of Temperament - I

On this page and the next two pages we present some recent discussion of the current difficulties that Japanese businessmen and tourists are creating and encountering in SEA. Based on current difficulties and given all the possibilities for friction and concern that our projections for increasingly intimate contact and involvement of Japan in SEA, it is more than conceivable that some NOCPA nations--or even local areas--will rebel against Japanese economic domination or at least attempt to restrain the Japanese. And the Japanese may find this extremely irksome. For example, the Australians now furnish both coal and iron to the Japanese. At some point they may decide to process these commodities in their own countries and perhaps export only iron pellets to the Japanese; or they might even wish to export finished steel. If this were done suddenly or without coordination with the Japanese, it might cause the forced obsolescence of a good deal of Japanese capital in the steel industry. If the Japanese believed, correctly or incorrectly, that they had been misled about the assurance of supplies from Australia, they would feel very aggrieved.

There could also be incidents between Japanese businessmen and tourists and the local inhabitants. And it is possible that countries like North or even South Korea will create Pueblo-type incidents involving the Japanese. The Japanese are not likely to take this as calmly as the Americans (and the Americans did not take it very calmly--one poll indicated that 50 percent of all Americans expected to go to war). In particular, the Japanese cannot be expected to accept offenses against honor or "face." And if they did not obtain immediate revenge, it would be in the Japanese tradition for the wrong to "bear interest" so that when it is finally righted it could be a very large "righting" indeed.

It is clear, then, that there are all kinds of potential problems that could arise out of Japan's economic and technological domination of NOCPA--in particular, that it could easily result in political and perhaps military domination by the Japanese too, even in the absence of any threats from the Chinese or others. In the case of such threats, the Japanese might take actions that are welcome to the country concerned but that later lead to an undesired presence of Japanese military power or of economic and military advisory programs.

Certainly any "classical" analyst looking at this situation would conclude, therefore, that unless countervailing powers appear this region is designed for Japanese domination. However, many of the things we have studied at Hudson Institute about the 70's and 80's lead us to argue that this is by no means inevitable. Conditions really have changed. It is both more possible and more likely than most would imagine that the Japanese will find desirable and

# ① MANY ASIANS EXPRESS HARSH CRITICISM OF JAPANESE BUSINESSMEN

MANILA--WHEN A VISITING JAPANESE BUSINESSMAN SLAPPED A FEMALE FILIPINO SECRETARY IN A MOMENT OF ANGER SEVERAL WEEKS AGO, THE INCIDENT CREATED A PUBLIC FUROR THROUGHOUT THE PHILIPPINES.

MANILA NEWSPAPERS WROTE BITTER EDITORIALS DECLARING THAT THE BUSINESSMAN'S BEHAVIOR DEMONSTRATED "THE ARROGANCE OF JAPANESE PROSPERITY" AND THAT THE JAPANESE ARE "THE MOST AGGRESSIVE PEOPLE IN ASIA."

WHEN HE WAS HAULED INTO COURT, THE BUSINESSMAN WAS ADMONISHED BY THE JUDGE THAT HIS ACTION REFLECTED NOT ONLY ON HIMSELF BUT ALSO ON THE ENTIRE JAPANESE PEOPLE.

THE INCIDENT WAS BY NO MEANS ISOLATED. THROUGHOUT SOUTHEAST ASIA THERE HAS BEEN SWELLING CRITICISM OF THE UBIQUITOUS JAPANESE TRADERS.

POLITICIANS AND NEWSPAPERS IN THE AREA ACCUSE THE JAPANESE TRADERS OF EVERYTHING FROM DISHONEST DEALING AND CONTEMPT FOR THE LOCAL COUNTRY TO SPENDING TOO MUCH TIME IN NIGHTCLUBS AND PAYING TOO MUCH ATTENTION TO LOCAL GIRLS.

A MINISTER OF THE INDONESIAN GOVERNMENT CHARGED RECENTLY THAT JAPANESE ECONOMIC ACTIVITY IN HIS COUNTRY WAS DIRECTED ONLY AT ASSURING A SUPPLY OF RAW MATERIALS FOR JAPAN AND WAS UNCONCERNED WITH THE DEVELOPMENT OF INDONESIA.

A MALAYSIAN BUSINESSMAN IN KUALA LUMPUR SAID THAT "THE WORD HAS GONE OUT TO BE VERY CAREFUL IN DEALING WITH THE JAPANESE TRADERS. THEY ARE NEVER SATISFIED WITH JUST A REASONABLE PROFIT."

IN SINGAPORE, A GOVERNMENT OFFICIAL ASSERTED THAT SOME REPRESENTATIVES OF JAPANESE TRADING AND MANUFACTURING COMPANIES WERE ACQUIRING A BAD REPUTATION BY TRYING TO BRIBE LOCAL OFFICIALS. "THAT MAY BE ALL RIGHT IN SOME OTHER COUNTRIES, BUT IT IS NOT NECESSARY IN SINGAPORE," THE OFFICIAL SAID.

HOWEVER, THOUGHTFUL OFFICIALS IN EVERY COUNTRY IN THE REGION CONCEDE THAT THE CRITICISM OF THE JAPANESE BUSINESSMEN IS EXAGGERATED. WHILE THERE ARE SOME SELFISH, GREEDY AND ARROGANT JAPANESE TRADERS, THE JAPANESE DO NOT HOLD A MONOPOLY ON THESE FAILINGS, THEY CONCEDE.

THE HARSHNESS OF THE ATTACKS ON THE JAPANESE STEMS IN PART FROM LEFTOVER BITTERNESS IN COUNTRIES OCCUPIED BY JAPAN IN WORLD WAR II. TO AN EVEN GREATER DEGREE, PERHAPS, THE CRITICISM IS GENERATED BY ENVY OF JAPAN'S ECONOMIC PROGRESS IN THE POSTWAR YEARS.

"THE UGLY JAPANESE IS REPLACING THE UGLY AMERICAN IN THIS PART OF THE WORLD," SAID A JAPANESE DIPLOMAT IN A SOUTHEAST ASIAN CAPITAL. "IT IS A PENALTY WE MUST PAY FOR SUCCESS, I SUPPOSE." REPRESENTATIVES OF THE BIG JAPANESE TRADING COMPANIES SUCH AS MITSUI AND MITSUBISHI ARE PARTICULARLY VULNERABLE TO THIS CRITICISM BECAUSE THEIR FIRMS HANDLE THE BUSINESS OF MUCH OF JAPAN'S INDUSTRY AND BECAUSE THEY ARE SO EFFICIENT IN PENETRATING MARKETS IN EVERY CORNER OF THE REGION.

BUT THE TRADERS ONE ENCOUNTERS IN SOUTHEAST ASIA DO NOT, AS A RULE, CORRESPOND TO THE IMAGE OF THE "UGLY JAPANESE." FOR EXAMPLE, M. MORITA, A REPRESENTATIVE OF MITSUI TRADING COMPANY IN JAKARTA, IS THE VERY ANTITHESIS OF THE STEREOTYPED AGGRESSIVE, AVARICIOUS JAPANESE.

A SLIM, GRAY-HAIRED, MILD-MANNERED MAN IN HIS LATE FIFTIES, MR. MORITA HAS LIVED IN INDONESIA FOR 27 YEARS, FIRST COMING HERE WITH JAPANESE OCCUPATION FORCES DURING WORLD WAR II. HE THINKS OF INDONESIA AS HIS HOME.

"I GO BACK TO JAPAN ONCE A YEAR AND I CAN'T STAND IT. EVERYTHING IS SO NOISY--SO QUICK, QUICK, QUICK. BUT IT IS VERY EASY TO LIVE IN INDONESIA. EVERYTHING HERE IS SO BEAUTIFUL, SO PEACEFUL."

HE HAS VISITED ALMOST EVERY PART OF INDONESIA, SELLING THE PRODUCTS OF MITSUI'S CLIENTS AND BUYING RAW MATERIALS FOR JAPAN. "I HAVEN'T SEEN RESENTMENT AGAINST JAPAN. POLITICALLY, THE GOVERNMENT IS NOT PRO-JAPANESE, BUT ECONOMICALLY THEY DON'T MIND US. ALL THEY WANT IS CHEAP GOODS AND QUICK SHIPMENT."

BUT SOMETIMES HE FEELS THAT THERE MAY BE "TOO MUCH JAPAN" COMING INTO INDONESIA. THE INDONESIANS SAY THAT THE JAPANESE ARE LOOKING FOR TOO MUCH PROFIT AND MAYBE THERE IS SOMETHING TO IT, MR. MORITA CONCEDES.

BUT JAPAN REALLY HAS NO CHOICE, HE ADDS. "WE ARE NOT SO RICH. WE CANNOT COME IN WITH HUGE INVESTMENTS LIKE THE AMERICANS AND SETTLE FOR SMALL PROFIT MARGINS."

MR. MORITA HAS MANY INDONESIAN FRIENDS AND CANNOT HELP BEING SORRY THAT INDONESIA IS SO POOR. PERHAPS, HE THINKS, JAPAN CAN HELP EASE INDONESIAN POVERTY.

WHETHER OR NOT THE JAPANESE TRADERS ARE CONTRIBUTING TOWARD ALLEVIATING POVERTY IN INDONESIA AND OTHER SOUTHEAST ASIAN COUNTRIES, THEY CERTAINLY ARE AN IMPORTANT CONTRIBUTOR TO JAPAN'S GROWING AFFLUENCE.

JAPANESE PRODUCTS ARE EVERYWHERE IN ASIA, SWEEPING ASIDE COMPETITION FROM THE UNITED STATES AND EUROPE. IN THE RICE FIELDS OF MALAYSIA, THE USE OF SMALL KUBOTA COMPANY POWER TILLERS IS SO PREVALENT THAT FARMERS THERE TALK ABOUT "KUBOTING" THEIR FIELDS INSTEAD OF TILLING THEM. ASIAN ROADS ARE CLOGGED WITH NISSAN AND TOYOTA CARS AND HONDA AND YAMAHA MOTORCYCLES. IF AN ASIAN FAMILY IS RICH ENOUGH TO AFFORD A TELEVISION SET, IT IS ALMOST CERTAINLY A MATSUSHITA OR SOME OTHER JAPANESE PRODUCT.

"I PERSONALLY DON'T LIKE THE JAPANESE," SAID THE CHINESE-MALAYSIAN OWNER OF A TRADING COMPANY IN KUALA LUMPUR. "I WOULD LIKE TO BUY MY EQUIPMENT FROM THE AMERICANS IF I COULD."

"BUT THE JAPANESE KNOW HOW TO DO BUSINESS IN THIS COUNTRY AND THE AMERICANS DO NOT. AN AMERICAN COMES INTO THE COUNTRY AND EXPECTS TO SELL YOU HIS PRODUCT AND LEAVE IN 24 HOURS. THE JAPANESE DO THINGS DIFFERENTLY. THEY WILL TAKE THE TIME TO GET TO KNOW YOU AND TO FIND OUT WHAT YOU NEED. THEY WILL SIT DOWN WITH YOU AT DINNER AND GO OUT WITH YOU INTO THE COUNTRYSIDE TO SEE WHAT KIND OF PROBLEMS YOU HAVE. THEY ARE PATIENT."

"I THINK MAYBE IT IS JUST EASIER FOR ASIANS TO DO BUSINESS WITH OTHER ASIANS."

THE NEW YORK TIMES  
DECEMBER 14, 1969

## ②

THE LATEST IN STUDENT PROTEST AT KASETSART UNIVERSITY HERE IS THE ANTI-JAPAN CLUB.

"IT IS NOT GOOD FOR JAPAN TO DOMINATE OUR ECONOMY," SAYS NITPON SOKASAM, A 20-YEAR-OLD ECONOMICS STUDENT. "GOODS FROM JAPAN HAVE BEEN FLOWING IN TOO MUCH." ANOTHER STUDENT CHIMES IN: "THAILAND SHOULD REALIZE INVESTMENT BY OUR OWN SELVES. WE SHOULD STAND ON OUR OWN TWO FEET."

...."AFTER THE WAR THEY WERE HUMBLE. YOU COULD TALK TO THEM AS EQUALS," SAYS A FILIPINO. "BUT GRADUALLY WE ARE BEGINNING TO GET THE IMPRESSION OF ARROGANCE. THEY HAVE ASSUMED ALMOST THE SAME STANCE THEY AFFECTED PRIOR TO 1941...."

"THE GENERATION THAT FOUGHT THEM AND SUFFERED IN THEIR HANDS IS THE GENERATION THAT RUNS SOUTHEAST ASIA NOW," SAYS PHILIPPINE PRESIDENT FERDINAND MARCOS. "I SUPPOSE WHEN MY GENERATION STEPS ASIDE, THE FEELINGS WILL BE MORE NORMAL...."

WHAT IS MOST FRUSTRATING TO ASIANS IS THAT THEY HAVE LITTLE CHOICE. THEY NEED THE MONEY AND THE SKILLS OF THE JAPANESE TO PRODUCE FOR THEIR OWN MARKETS AND TO BUILD THEIR ECONOMIES. AND ACKNOWLEDGING THAT NEED RANKLES. "WE DIDN'T GAIN POLITICAL INDEPENDENCE FROM THE BRITISH JUST TO BECOME ECONOMIC SERFS OF THE JAPANESE," SNAPS A MALAYSIAN GOVERNMENT OFFICIAL....

THE CRUX OF THE PROBLEM, SOME SUGGEST, IS SIMPLY A DIFFERENCE IN NATIONAL PERSONALITIES. JAPANESE BUSINESSMEN ARE AGGRESSIVE, PUSHERS IN AN AREA WHERE MOST PEOPLE LEARN TO SWIM WITH THE TIDE, AND MOST ASIANS FIND THEIR OVERWHELMING APPROACH TO BUSINESS STRANGE AND TROUBLING. THE ACTIVITY OF THE JAPANESE IN SOUTHEAST ASIA IS FRENZIED. THE SLOW PACE OF MOST TROPICAL NATIONS IN THE AREA IS NOT FOR THEM. AND THEY ARE ALL BUSINESS. JAPANESE HAVE A QUICK REACTION TIME, SAYS TOS PANTUMASEN, AN OFFICIAL OF INDUSTRIAL FINANCE CORP. OF BANGKOK. "THEY FOLLOW TRENDS WITHIN A COUNTRY ALL THE TIME AND THEY ARE VERY QUICK TO SEIZE AN OPPORTUNITY...."

NEGOTIATING WITH JAPANESE BUSINESSMEN, ASIANS SAY, IS A LESSON IN FRUSTRATION. RARELY DO THEY BUDGE FROM A POSITION UNTIL THE LAST POSSIBLE MOMENT. NOR, IT SEEMS TO ASIANS, CAN ANY DECISION BE MADE WITHOUT REFERRING TO TOKYO. "WHenever YOU NEGOTIATE WITH A JAPANESE FIRM, YOU'RE REALLY NEGOTIATING WITH THE JAPANESE GOVERNMENT," SAYS A FILIPINO ECONOMIST....

JAPANESE ALSO RESORT TO PROFIT-LOSING PRICES TO GAIN CONTROL OF A MARKET, ASIAN BUSINESSMEN COMPLAIN. THE COMMON BELIEF IS THAT JAPANESE WILL SUBORDINATE ALL ELSE, PROFITS INCLUDED, TO INCREASE THE JAPANESE POSITION IN ANYTHING....

SOME OF THE ANTAGONISM TOWARD JAPANESE IN ASIA TAKES ON RACIAL OVERTONES, BUT CRITICS SAY THE JAPANESE ARE TO BLAME FOR THAT. A BANKER IN KUALA LUMPUR BITTERLY SPITS OUT A SELDOM-USED EPITHET AT THE END OF A LONG AND UNHAPPY CONVERSATION: "WHEN THE JAPS ARE IN SOUTH AFRICA, THEY CLASS THEMSELVES AS WHITES. WHEN IN AMERICA, THEY CLASS THEMSELVES AS AN ADVANCED NATION. AND IN ASIA, THEY CALL THEMSELVES FELLOW ASIANS. IS IT ANY WONDER PEOPLE DON'T TRUST THEM?..."

THE LATEST MANIFESTATION OF JAPANESE CLANNISHNESS TO APPEAR IN ASIA IS THE JAPANESE TOURIST, A PHENOMENON UNLIKE ANY OTHER TOURIST IN THE WORLD AND YET ANOTHER CAUSE FOR ASIAN GRUMBLES.

EVERYWHERE THEY CAN BE SEEN--ALWAYS IN TIGHT GROUPS GENERALLY SEGREGATED BY SEX, EACH ONE WEARING THE SAME DISTINCTIVE BADGE OR ARMBAND AND OBEDIENTLY FOLLOWING THE LEADER WHO MARCHES AHEAD WAVING A FLAG. SO INTENT ARE THESE GROUPS ON THEIR SIGHTSEEING GOAL THAT THEY'RE OFTEN UNAWARE OF THE HILARITY THEY PROVOKE AMONG LOCALS.

AT FIRST, ASIANS WELCOMED THE IDEA OF JAPANESE TOURISM BECAUSE, THEY WERE SURE, IT WOULD MEAN FOREIGN EXCHANGE EARNINGS. BUT TO HEAR THE COMPLAINTS THESE DAYS IN A PLACE LIKE BANGKOK, IT SEEMS THAT EVERYTHING ENDS UP IN JAPANESE COFFERS.

TOURISTS FLY IN ON JAPAN AIRLINES ON TOURS ARRANGED BY JAPANESE-OWNED, BANGKOK-BASED AGENCIES. THEY OFTEN STAY AT THE AMARIN, A JAPANESE-OWNED HOTEL, AND EAT FOOD IMPORTED FROM JAPAN AND SERVED AT A JAPANESE-OWNED RESTAURANT. THEY SHOP AT DAIMURU DEPARTMENT STORE, ANOTHER JAPANESE FIRM, AND EVEN HIRE JAPANESE TOUR GUIDES TO SHOW THEM AROUND BANGKOK. AT NIGHTS, THE MEN MINGLE WITH IMPORTED JAPANESE HOSTESSES AT THE JAPANESE-OWNED SANI CHATEAU-NIGHTCLUB.

THE WELL-DESERVED REPUTATION OF THE JAPANESE MALE TOURIST FOR INDULGENCE IN SEX AND DRINK SOMETIMES STARTLES EVEN THE EASY-GOING ASIANS NOT USUALLY KNOWN FOR PURITANISM.

"TABI NO JAJI WA KAKI SUTE" IS AN OLD PROVERB, CHUCKLES ONE VETERAN JAPANESE CAROUSEL. "SHAME INCURRED WHILE TRAVELING CAN BE THROWN AWAY."

WILLIAM D. HARTLEY  
THE WALL STREET JOURNAL  
12 MAY 1971

## ③

THE JAPANESE MAY BE AGGRESSIVE IN BUSINESS, BUT THAT'S LETHARGY COMPARED TO THEIR APPROACH TO GOLF.

IF THE AFFLUENT ASIAN HAS ONE CONSISTENT COMPLAINT ABOUT JAPAN, IN FACT, IT IS THE WAY THE JAPANESE CHARGE THROUGH 18 HOLES LIKE AN INVADING ARMY. "THEY HAVE A VERY BAD HABIT OF HITTING THE BALL WHILE PEOPLE ARE JUST A LITTLE BIT AHEAD OF THEM," FUMES A FILIPINO. "THEY CROWD THE COURSE AND RUN THROUGH A GAME," SAYS A THAI. (THE COMPLAINTS ARE VALID, BUT THEN THAT'S JUST THE WAY THE JAPANESE PLAY GOLF AT HOME, TOO.)

THE JAPANESE PROPENSITY TO STICK IN GROUPS EXTENDS TO THE GOLF COURSE AS WELL. "THEY TEAM UP WITH THEIR JAPANESE FRIENDS ONLY," A MALAYSIAN COMPLAINS. "ARE THEY AT EASE ONLY WITH THEIR BUDDIES?"

THE POSH WACK WACK COURSE OUTSIDE THIS CITY SOME YEARS AGO EXTENDED PRIVILEGES TO JAPANESE BUSINESSMEN. THAT SO INFURIATED ITS MEMBERS THAT THE COURSE RECENTLY BOOSTED GREENS FEES FOR NONMEMBERS. "AND MOST JAPANESE ARE NONMEMBERS," A GOLFER SAYS SMUGLY.

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12 MAY 1971

Possible Clashes of Temperament - I

feasible a basically commercial quid pro quo relationship, and that the rest of the powers in NOCPA will want to cultivate such a relationship and take care not to tempt or provoke the Japanese into rocking the boat.

Another important possibility for alleviating the impact of the Japanese presence is for Japan and/or the United States--perhaps intentionally, perhaps accidentally--to make Pacific Asia into an integral part of a larger entity that we can think of as the "Pacific Basin Community," composed of states bordering the Pacific Ocean. This Pacific Basin Community, even excluding the U.S.S.R., Communist Korea, and China, contained as of 1967 something like 22 percent of the world's people and something like 44 percent of the world's GNP. If one adds the Soviet Union into the Pacific Basin Community, that would increase people to 29 percent and GNP to 58 percent, giving it at least economic leadership.

Possible Clashes of Temperament - II

## ① THE NEW INVASION OF GREATER EAST ASIA

FROM TRANSISTOR RADIOS TO WHOLE STEEL MILLS, THE JAPANESE HAVE BEEN ABLE TO SELL THE REST OF THE WORLD JUST ABOUT EVERYTHING EXCEPT THEMSELVES. A "HATE-JAPAN WIND," AS IT IS CALLED IN TOKYO, HAS BEEN RISING AS LEGIONS OF JAPANESE TOURISTS AND HARD-BARGAINING SALESMEN SWARM INTO THE REST OF ASIA. "ONCE IT WAS 'THE UGLY AMERICAN' WHO PROVED MOST CONSPICUOUS AROUND HERE," SAYS A JAPANESE CORRESPONDENT IN BANGKOK. "NOW IT'S 'THE UGLY JAPANESE,' AND WHEREVER HE GOES, BRIBERY, THE KICKBACK ROUTINE DUMPING PRACTICES, GOLFING AND SEX CRAZES GO WITH HIM."

THE JAPANESE ARE MAKING STEEL IN MALAYSIA, DRILLING FOR OIL OFF INDONESIA, BUILDING CARS IN THE PHILIPPINES AND ASSEMBLING TELEVISION SETS IN TAIWAN. HALF A MILLION HONDA, YAMAHA AND SUZUKI MOTOR BIKES PUT-PUT ALONG SOUTH VIET NAM'S ROADS, AND LITTLE SONY RADIOS ARE TO BE SEEN EVERYWHERE. "THE PEOPLE FEEL THAT WE ARE BEING INVADDED," SAYS THAILAND'S ECONOMIC AFFAIRS MINISTER BUNCHANA ATTAKOR. "THIS TIME ECONOMICALLY."

THE OTHER ASIANS ARE UNEASY AT THE SPEED, THE SIZE AND THE COST OF THE INVASION. THEY TEND TO PLAY DOWN OR OVERLOOK JAPAN'S GROWING AID TO THE AREA. TOKYO IS PAYING OUT \$1.5 BILLION IN WORLD WAR II REPARATIONS, HAS GIVEN \$220 MILLION TO THE ASIAN DEVELOPMENT BANK, AND HAS LENT \$100 MILLION TO THE WORLD BANK. JAPAN'S FOREIGN AID, MOST OF WHICH GOES TO OTHER ASIAN COUNTRIES, TOTALS \$1.4 BILLION THIS YEAR, SECOND ONLY TO THE U.S.'S \$1.8 BILLION. THE FIGURE THAT MOST CONCERNS ASIANS, HOWEVER, IS TOKYO'S HUGE TRADE BALANCE. LAST YEAR JAPAN SOLD CARS, TRUCKS AND MACHINERY WORTH \$4.6 BILLION TO EAST ASIA, BUT SPENT ONLY HALF AS MUCH FOR THE PURCHASE OF TIMBER, MAIZE AND OTHER RAW MATERIALS.

TO THE STEAMY, SLEEPY CITIES OF ASIA THE JAPANESE BRING THE FAST-PACED TEMPERAMENT OF TOKYO, AND IT IS OVERWHELMING. "NO ONE CAN COMPETE WITH THE JAPANESE SALESMAN," SAYS A CHINESE BUSINESSMAN IN TAIWAN. "IF THEY DON'T FINISH TALKING BUSINESS IN THE DAYTIME, THEN THEY TALK BUSINESS AT NIGHT." A MALAYSIAN BUSINESSMAN NOTES BITTERLY: "WHenever we tell the Japanese that their prices are not right, they suddenly develop lapses in English and pretend not to understand."

SOMETIMES SUCH REACTIONS ARE BORN OF SOUR EXPERIENCE; OFTEN, HOWEVER, THEY SIMPLY REFLECT ENVY OF JAPAN'S DRIVE AND ORGANIZATION. MITSUI, A TOP JAPANESE TRADING COMPANY, "IS BETTER AT INFORMATION GATHERING THAN THE CIA," SWEARS ONE SINGAPORE GOVERNMENT OFFICIAL. "THEY SEND IN 20 MEN TO LOOK AT AN INVESTMENT. THEY READ EVERYTHING AND THEY TAKE DOWN EVERYTHING-EVEN THE JOKES CRACKED AT MEETINGS." JAPANESE FIRMS ARE FAMOUS FOR ABSORBING ABSURD LOSSES JUST TO GET A PIECE OF A MARKET-WHICH IS WHY TOYOTA HAS 25% OF THE PHILIPPINE AUTO BUSINESS.

AS REPRESENTATIVES OF AN ALIEN CULTURE, FOREIGN BUSINESSMEN AND TOURISTS ARE EASILY MISUNDERSTOOD AND OFTEN RESENTED-THE MORE SO IF THEY COME FROM AN AFFLUENT, HIGHLY SUCCESSFUL COUNTRY. THE JAPANESE ARE NO EXCEPTION, AND IN THEIR CASE THE RESENTMENT IS COMPOUNDED BY BITTER WARTIME MEMORIES. IN ASIAN CAPITALS, WHERE GROUPS OF JAPANESE TOURISTS ARE A COMMON SIGHT, MARCHING BEHIND A FLAG-CARRYING TOUR LEADER, THEIR STYLE AND MANNER ARE OFTEN CONSIDERED OBJECTIONABLE. THEY ARE FAMED AS OVER-GENEROUS TIPPERS AND BAD (BUT AMIABLE) DRINKERS. THEY ARE ALSO REPUTED TO BE SINGLE-MINDED IN THEIR PURSUIT OF SEX. SEVERAL TOKYO MAGAZINES CARRY FRANK WHORING GUIDES TO SOUTHEAST ASIA, COMPLETE WITH PRICE LISTS, AND ALL THE EVIDENCE INDICATES THAT THEY ARE VERY WELL THUMBED.

ABOVE ALL ELSE, THE JAPANESE HAVE ACQUIRED A REPUTATION FOR BEING CLANNISH AND ARROGANT. EVEN MORE THAN THE AMERICANS, WHO ARE FAMOUS FOR BRINGING THE U.S. ALONG WITH THEM, THE JAPANESE MOVE IN WITH THEIR OWN BEER, NEWSPAPERS, CHEFS, WINES, DELICACIES AND RESTAURANTS. "THEY FORM AN EMPIRE OF THEMSELVES," SAID THAILAND'S BUNCHANA. "THEY PLAY GOLF TOGETHER, EAT TOGETHER, GO TO THEIR OWN JAPANESE SCHOOLS."

MANY JAPANESE HAVE AN ALMOST MASOCHISTIC TALENT FOR SELF-CRITICISM. IN JAPAN UNMASKED, FORMER JAPANESE DIPLOMAT ICHIRO KAWASAKI ASCRIBES THE ARROGANCE OF THE JAPANESE TO WHAT HE CALLS THEIR PREOCCUPATION WITH SOCIAL RANK. WRITES KAWASAKI, WHO WAS SACKED FROM THE DIPLOMATIC CORPS LAST YEAR BECAUSE HIS BOOK CREATED SUCH AN UPROAR: "THE JAPANESE HARBOR AN INFERIORITY COMPLEX TOWARD EUROPEANS AND AMERICANS, WHILE THEY TEND TO TREAT ASIANS WITH A SUPERIORITY COMPLEX. THIS IS WHY THE AVERAGE JAPANESE, WHILE FEELING AT HOME IN THE COMPANY OF ASIATICS, OFTEN BETRAYS ARROGANCE AND DISDAIN."

FOREIGN MINISTER KIICHI AICHI ATTRIBUTES JAPAN'S TROUBLES ABROAD TO THE "SOCIAL MALADROITNESS" OF AN ISLAND PEOPLE UNUSED TO DEALING WITH OTHERS. THE JAPANESE REALIZE THAT MUCH OF THE CRITICISM IS OVERDRAWN, BUT IT STINGS NONETHELESS, AND THEY ARE PONDERING WAYS TO IMPROVE THEIR IMAGE. INDONESIA FOREIGN MINISTER ADAM MALIK SUGGESTS A "JAPANESE MARSHALL PLAN" FOR ASIA. THE IDEA MAY BE WORTH EXPLORING AS A WAY TO HELP JAPAN'S NEIGHBORS THROUGH A CRUCIAL PHASE IN THEIR DEVELOPMENT. IT IS NOT NECESSARILY THE ANSWER TO IMPROVING JAPAN'S IMAGE, HOWEVER, AS ANY UGLY AMERICAN WILL AGREE.

TIME MAGAZINE, MARCH 2, 1970

## ② "YELLOW YANKEES"

## SOUTHEAST ASIANS FEAR JAPANESE TRADE PUSH

TOKYO--JAPANESE BUSINESSMEN, BUSILY SEEKING TO EXPAND MARKETS IN SOUTHEAST ASIA, ARE FINDING A GROWING FEAR IN THE AREA OF AN "ECONOMIC INVASION" BY JAPAN.

JAPANESE TRADERS ARE ACTIVE THROUGHOUT THE REGION.

THE FORCE BEHIND JAPAN'S EXPORT ACTIVITY, ACCORDING TO JAPANESE TRADERS THEMSELVES, IS THE KEEN COMPETITION AMONG JAPANESE FIRMS EXPORTING TO SOUTHEAST ASIA.

THIS COMPETITION, IT IS SAID, HAS RESULTED IN SOME JAPANESE TRADERS GETTING INVOLVED IN THE INTERNAL POLITICS OF SOUTHEAST ASIA.

IN INDONESIA, FOR EXAMPLE, A JAPANESE TRADER IS SAID TO HAVE TOLD THE SUHARTO GOVERNMENT THAT "AS WE ARE AFFILIATED WITH THE NEW GOVERNMENT, WE WANT THE ORDERS TO BE GIVEN TO US AND NOT TO FIRMS WHICH HAD A SAY WITH THE SUKARNO REGIME."

CRITICISM OF JAPAN IS LOUDEST IN INDONESIA. JAPANESE TRADERS ARE CALLED "YELLOW YANKEES." INDONESIANS HAVE NOT YET FORGOTTEN JAPANESE MILITARISM OF 25 YEARS AGO.

INDONESIAN INTELLECTUALS ARE THE MOST VOCIFEROUS. THEY SAY THAT JAPAN IS TRYING TO ESTABLISH THE "GREATER EAST ASIA CO-PROSPERITY SPHERE" WITH ECONOMIC POWER AND IS WORKING AS A "SUBSTITUTE" FOR THE UNITED STATES IN ASIA.

IN THAILAND, TOO, JAPAN IS FAST BECOMING A TARGET OF CRITICISM. JAPAN IS TALKING ABOUT "INTERNATIONAL PEACE." THIS IS ONLY TO WIN A POSITION IN THE INTERNATIONAL POLITICAL ARENA, WHILE BENEFITING GREATLY FROM DISPUTES IN ASIA, THAIS SAY.

JAPAN, THEY ADD, IS TRYING TO MAKE INCURSIONS INTO ASIA NOW THAT THE VIETNAM WAR SEEMS ON THE WAY TO A SETTLEMENT.

WASHINGTON EVENING STAR,  
JANUARY 5, 1970

③ INCREASINGLY CRITICAL ATTITUDES TOWARD JAPAN  
IN S.E. ASIA

"A CRITICAL ATTITUDE HAS ARISEN IN MANY (S.E. ASIAN) COUNTRIES WHICH MODIFIES THE EARLIER FEELINGS OF PURE EXPECTATIONS. THIS CHANGE BEGAN IN THE LATTER HALF OF 1969 AND IS PRESENTLY INTENSIFYING. THE S.E. ASIA "GOODWILL TOUR" LAST SUMMER BY THE TRAINING SHIPS OF THE [JAPANESE NAVY] AND JAPAN'S PROGRAM OF THE "PRELIMINARY SURVEY OF THE DEPTH OF THE STRAITS OF MALACCA" REVIVED AMONG LOCAL PEOPLE NIGHTMARES OF THE DAY OF THE GREATER EAST ASIA CO-PROSPERITY SPHERE. MURDERS OF JAPANESE CITIZENS, FIRST IN BANGKOK AND LATER IN SINGAPORE DID NOT ELICIT SYMPATHY BUT SEEMED TO HAVE THE EFFECT OF MAKING PEOPLE FEEL THAT THE JAPANESE WERE "FOREIGN ASIANS"...

SUSPICION AND APPREHENSION TOWARD JAPAN WERE FIRST AROUSED BY THE MANNER IN WHICH JAPAN MADE INROADS INTO THE LOCAL ECONOMIES. THAILAND IS FRUSTRATED OVER ITS INABILITY TO CORRECT ITS IMBALANCED TRADE RELATIONS WITH

JAPAN; INDONESIA IS ANGERED BECAUSE JAPAN TREATS THAT COUNTRY SIMPLY AS A SOURCE OF RAW MATERIALS AND A MARKET FOR MANUFACTURED GOODS; MALAYSIA CALLS JAPANESE AID USURY; AND SINGAPORE IS WORRIED BY THE POSSIBILITY OF JAPANESE-AMERICAN DOMINATION...

"IN MANY S.E. ASIAN COUNTRIES THE OPINION IS COMMONLY EXPRESSED THAT THE JAPANESE-AMERICAN JOINT COMMUNIQUE [AFTER THE NEGOTIATIONS FOR THE RETURN OF OKINAWA] RECORDS THE TRANSFER FROM AMERICA TO JAPAN OF RESPONSIBILITY FOR THE SECURITY OF THIS AREA. ACCOMPANYING THIS FEELING IS THE DEEP SUSPICION THAT "JAPAN THE ECONOMIC GIANT" WILL NOT ALSO PLAY A GREATER POLITICAL AND MILITARY ROLE IN THE LIFE OF THE AREA AS WELL...

(YOSHIDA MAKOTO, "HOW WE LOOK TO S.E. ASIA," JAPAN QUARTERLY, JANUARY-MARCH 1971, PP. 36-7)

Possible Clashes of Temperament - II

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Possible Clashes of Temperament - III

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## THE 'UGLY JAPANESE'

THE RECENT MONTHS HAVE SEEN A SPATE OF BOOKS AND SPECIAL NEWSPAPER AND MAGAZINE SUPPLEMENT AND ARTICLES IN FOREIGN COUNTRIES ABOUT JAPAN. THEY WERE SPARKED, NO DOUBT, BY THE OPENING OF EXPO '70 IN OSAKA.

IN THE MAIN, THESE WORKS ARE CONCENTRATED ON JAPAN'S RAPID DEVELOPMENT INTO A MAJOR ECONOMIC POWER, AS THE TITLES OF SOME REPRESENTATIVE BOOKS INDICATE--"JAPON TROISIEME GRAND," "JAPAN SURGES AHEAD," AND "JAPAN MIRACLE '70."

THESE WORKS SEEK, FIRST OF ALL, TO DETERMINE THE REASONS FOR AND THE MOTIVATING FORCES UNDERLYING JAPAN'S ECONOMIC GROWTH AND, AT THE SAME TIME, TO DEAL WITH JAPAN'S ECONOMIC POLICIES OVERSEAS AND THEIR IMPACT ON THE REST OF THE WORLD.

IN ALL THESE WRITINGS, THERE RUNS A VEIN OF CRITICISM OF THE WAY IN WHICH JAPAN HAS PURSUED ITS ECONOMIC AIMS ABROAD AND OF THE CONDUCT OF THE JAPANESE BUSINESS REPRESENTATIVES IN FOREIGN COUNTRIES.

THE DEPARTMENT OF THE JAPANESE HAS COME UNDER PARTICULARLY STRONG CRITICISM IN THE DEVELOPING COUNTRIES, AS EVIDENCED BY THE USE OF SUCH EPITHETS AGAINST THE JAPANESE AS "YELLOW YANKEES" AND "ECONOMIC ANIMALS."

THERE IS NO DENYING THE FACT THAT THE JAPANESE BUSINESSMAN IS VERY AGGRESSIVE. THIS AGGRESSIVENESS, NO DOUBT, GRATES ON THE SENSIBILITIES OF PEOPLES USED TO A MORE LEISURELY WAY OF LIFE THAN THE JAPANESE.

FURTHER, THE DRASTIC INCREASE IN THE NUMBER OF JAPANESE GOING ABROAD IN RECENT YEARS HAS NOT HELPED MUCH. INDEED, OVER THE PAST FEW YEARS, THE NUMBER OF JAPANESE TRAVELLING ABROAD HAS BEEN INCREASING AT THE RATE OF 20 PER CENT A YEAR. IN FACT, THE JAPANESE, TODAY, ARE THE WORLD'S SECOND GREATEST TRAVELLERS AFTER THE AMERICANS. ONE CAN FIND THEM IN ALL PARTS OF THE WORLD. AS THE OLD SAYING GOES, FAMILIARITY BREEDS CONTEMPT.

ADDED TO THIS, THE JAPANESE, NEW ON THE INTERNATIONAL SCENE, HAVE NOT LEARNED TO COMPORT THEMSELVES IN FOREIGN COUNTRIES. THEIR DEEP-ROOTED AND UNIQUELY DIFFERENT HABITS AND CUSTOMS SOON MARK THEM AS A PEOPLE APART. NOTHING COULD MAKE THE JAPANESE MORE NOTICEABLE AS WHEN A GROUP OF THEM MEET, FOR EXAMPLE, IN A CROWDED RESTAURANT IN PARIS, AND BEGIN DOWING INTERMINABLY TO EACH OTHER.

HOWEVER, IT IS WHEN THEIR MORAL CONDUCT FAILS TO COME UP TO ACCEPTED INTERNATIONAL STANDARDS, AS HAS BEEN THE CASE IN CERTAIN COUNTRIES, CRITICISMS ARE BOUND TO BE HEAPED AGAINST THEM. JAPANESE DIPLOMATIC POSTS ABROAD HAVE BEEN DEEPLY CONCERNED WITH THIS PROBLEM. MANY HAVE

PREPARED PRINTED INSTRUCTIONS FOR DISTRIBUTION TO JAPANESE VISITORS, LISTING IN DETAIL THE DO'S AND DON'TS.

BUT, THE PROBLEM IS MORE BASIC THAN THE MERE CONDUCT OF INDIVIDUAL JAPANESE. THE REASONS FOR THEIR POOR REPUTATION IN FOREIGN COUNTRIES LIE ALSO IN A LACK OF A SOUND ECONOMIC OVERSEAS POLICY.

TOO OFTEN HAVE JAPANESE ENTERPRISES GONE ABROAD, RIDING THE CREST OF THEIR NATION'S ECONOMIC BOOM, INTENT ONLY ON MAKING QUICK PROFITS AT THE EXPENSE OF OTHER COUNTRIES. TOO OFTEN HAVE JAPAN'S AID AND REPARATIONS PROGRAMS BEEN BASED PRIMARILY ON TIEING THE ECONOMY OF THE RECIPIENT COUNTRY TO THAT OF JAPAN.

HOWEVER, JAPAN'S EMERGENCE AS A MAJOR ECONOMIC POWER CAN NO LONGER PERMIT ECONOMIC ACTIVITIES ABROAD AIMED AT PROFITING ONLY JAPAN. NO LONGER CAN INDIVIDUAL ENTERPRISES AND INDUSTRIES BE ALLOWED TO ENRICH THEMSELVES AT THE EXPENSE OF OTHER COUNTRIES.

JAPAN HAS COMMITTED ITSELF TO PROVIDING ONE PER CENT OF ITS GROSS NATIONAL PRODUCT AS FOREIGN AID TO THE DEVELOPING COUNTRIES OF THE WORLD. IN FIVE YEARS, JAPAN'S FOREIGN AID, NOW TOTALING \$5,000 MILLION ANNUALLY, WILL DOUBLE TO \$10,000 MILLION.

WHAT A SHAME IT WOULD BE IF THIS AID WERE ONLY TO CREATE ILL WILL TOWARD JAPAN.

THE DEVELOPING COUNTRIES OF THE WORLD NEED AID. IN JAPANESE CAPITAL, GOODS AND TECHNIQUES CAN BE USED TO IMPROVE THE LIVELIHOOD OF THESE PEOPLES. JAPAN'S AID WOULD BE TRULY WELCOMED. IN THE LONG RUN, JAPAN WOULD BENEFIT ALSO.

IT SEEMS, HOWEVER, THAT THE DEVELOPING COUNTRIES OF SOUTHEAST ASIA, IN PARTICULAR, REGARD JAPAN'S ECONOMIC ADVANCES AND ECONOMIC AID AS BEING ECONOMIC AGGRESSION AND FREQUENTLY VOICE FEARS THAT JAPAN SEEKS ONLY THE ECONOMIC DOMINATION OF SOUTHEAST ASIA.

WE MUST NOT FORGET THAT THE UNITED STATES, DESPITE ITS ALTRUISTIC MOTIVES AND DESPITE THE ENORMOUS SUMS IT SPENT IN AID, WAS REWARDED BY THE EPITHET, "UGLY AMERICANS."

THUS, WE FEEL A CLEAR ENUNCIATION OF JAPAN'S ECONOMIC OBJECTIVES OVERSEAS IS URGENTLY NEEDED. WE MUST MAKE IT CRYSTAL CLEAR THAT WE DO NOT SEEK ECONOMIC DOMINATION AND THAT WE HAVE NO DESIRE TO INFRINGE UPON THE ECONOMIC SOVEREIGNTY AND INTEGRITY OF THE DEVELOPING COUNTRIES OF THE WORLD. WE DO WISH TO ASSIST IN THE RAISING OF LIVING

STANDARDS IN OTHER LANDS SO THAT WE WILL BE ABLE TO SHARE IN THE COMMON BENEFITS FROM THE RESULTING PEACE, STABILITY AND PROSPERITY.

THE PROBLEM OF THE "UGLY JAPANESE" OVERSEAS CAN ONLY BE CORRECTED IF IT IS TACKLED IN PARALLEL WITH THE CLARIFICATION OF THE NATION'S ECONOMIC AIMS ABROAD.

JAPAN TIMES, APRIL 24, 1970

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LAST YEAR, THAILAND'S WORSENING TRADE GAP TOUCHED OFF ONE OF THE MOST CONTROVERSIAL ISSUES OF ALL TIMES: THAI MINISTER OF ECONOMIC AFFAIRS BUNCHANA ATTAKOR EARLY IN 1969 PUT THE FINGER ON JAPAN AS THE PARTY MOST RESPONSIBLE FOR THAILAND'S RAPIDLY GROWING TRADE DEFICIT. TO ADD WEIGHT TO HIS STATEMENT, BUNCHANA STRUCK AN IMMEDIATE BLOW AT JAPAN IN APRIL BY BANNING ALL IMPORTS OF USED MOTOR VEHICLES. THE MOVE LEFT NEARLY 700 JAPANESE SECONDHAND CARS, MOSTLY SMALL PICK-UP TRUCKS, STRANDED IN CUSTOMS SHEDS AT KLONGTOEY HARBOR.

WHILE THE USED CAR BAN WAS REGARDED AS TOO DRASTIC IN SOME QUARTERS, IT WAS HAILED BY MANY AS AN EFFECTIVE MEASURE AGAINST THAILAND BECOMING A GRAVEYARD OF JAPANESE USED CARS AND ALSO IN COMBATTING THE SMUGGLING OF NEW AUTOMOTIVE SPARE PARTS AND ACCESSORIES WHICH HAD BEEN ILLEGALLY BROUGHT IN WITH THE USED CARS. HOWEVER, IN THE MONTHS SINCE, THE THAI GOVERNMENT HAS MADE NO SIMILAR MOVES TO SOLVE THE WORSENING TRADE GAP. BUNCHANA'S CAMPAIGN ALSO HAS MET WITH LITTLE SUCCESS. HIS "TRADE PLAN," AIMED AT PROGRESSIVE REDUCTION OF THE TRADE GAP, WHICH HE DETAILED TO THE JAPANESE ON TWO OFFICIAL TRIPS TO TOKYO, WAS SPURNED.

JAPAN HAS BEEN SELLING MORE AND MORE TO THAILAND BUT ITS PURCHASES OF THAI COMMODITIES HAS NOT INCREASED BY ANY APPRECIABLE EXTENT. IN 1967, EXPORTS BY THAILAND TO ALL TRADING PARTNERS TOTALLED BAHT 14,166 MILLION IN VALUE WHILE IMPORTS AMOUNTED TO BAHT 22,188 MILLION, RESULTING IN A TRADE DEFICIT OF BAHT 8,022 MILLION AGAINST THAILAND. IN THAT YEAR, THAILAND'S EXPORTS TO JAPAN WERE ONLY BAHT 3,000 MILLION WHILE IMPORTS FROM JAPAN WERE BAHT 8,046 MILLION. THE TRADE DEFICIT WITH JAPAN THEREFORE WAS BAHT 5,046 MILLION, OR MORE THAN 60% OF THE TOTAL DEFICIT. IN 1968, THE TOTAL TRADE GAP WIDENED TO BAHT 10,424 MILLION, THE RESULT OF LOWER EXPORTS AND MORE IMPORTS. TRADE WITH JAPAN FOLLOWED THE SAME PATTERN. EXPORTS FELL TO BAHT 2,874 MILLION WHILE IMPORTS SWELLED TO BAHT 8,274 MILLION. THE TRADE GAP WITH JAPAN THUS WIDENED AGAIN TO BAHT 5,400 MILLION, OR WELL OVER HALF OF THE TOTAL DEFICIT. FOR 1969, THE OVERALL TRADE DEFICIT IS EXPECTED TO SOAR TO BAHT 14,000 MILLION AND THE GAP WITH JAPAN IS EXPECTED TO BE AS MUCH AS BAHT 7,000 MILLION.

ALTHOUGH A LARGE PERCENTAGE OF IMPORTS FROM JAPAN CONSISTS OF CAPITAL GOODS NECESSARY FOR ECONOMIC DEVELOPMENT, JAPANESE LUXURY GOODS ARE FLOODING THE MARKET IN AN UNPRECEDENTED FASHION. THE WIDE VARIETY OF JAPANESE PASSENGER CARS IS OUTSELLING ALL EUROPEAN AND U.S. MAKES. THE LOCAL CONSUMER MARKET IS DOMINATED BY JAPANESE TELEVISION SETS, TRANSISTOR RADIOS, TAPE RECORDERS, AUTOMOTIVE ACCESSORIES, AIR CONDITIONERS, ELECTRIC FANS, COSMETICS, SPORTING GOODS, TOYS AND TEXTILE GOODS. EVEN CANNED JAPANESE DELICACIES ARE SELLING WELL IN BANGKOK, ALTHOUGH THEY ARE DEFINITELY NOT NEEDED BY FOOD-RICH THAILAND AND CERTAINLY HAVE NO PART TO PLAY IN ECONOMIC DEVELOPMENT HERE. ONE MAJOR REASON JAPANESE GOODS ARE CROWDING OUT IMPORTS FROM OTHER COUNTRIES IS BECAUSE OF THEIR COMPARATIVELY LOW PRICES AND EASY CREDIT

TERMS. BETTER INSTALMENT BUYING TERMS, IN PARTICULAR, MAKE JAPANESE CONSUMER GOODS THE FAVOURITE OF THE AVERAGE THAI. RECENTLY, DR. PUEY UNGPAKORN, GOVERNOR OF THE BANK OF THAILAND, SENSIBLY SUGGESTED THE GOVERNMENT TAKE STEPS TO RESTRICT THE HIRE-PURCHASE MARKET IN ORDER TO CUT DOWN ON THE PURCHASING POWER FOR LUXURY ITEMS OF THE LOWER INCOME GROUPS.

APART FROM THE OBVIOUS ECONOMIC REPERCUSSIONS, THE TRADE GAP PROBLEM WITH JAPAN HAS ALSO BEEN RESPONSIBLE, TO A SIGNIFICANT EXTENT, IN TOUCHING OFF A WAVE OF THAI NATIONALISTIC FEELING. PLEASES TO "KEEP THAILAND THAI" AND "TO BUY MORE THAI AND LESS FOREIGN GOODS" HAVE BEEN HEARD MUCH MORE FREQUENTLY THAN IN THE PAST.

MANY FEAR THAT IF THINGS ARE ALLOWED TO GO ON AS THEY ARE, JAPAN MAY DOMINATE THE THAI ECONOMY. THE LATEST TO VOICE THIS CONCERN WAS DR. AMNUAY VIRAWAN, SECRETARY-GENERAL OF THE BOARD OF INVESTMENT. SPEAKING AT A MEETING OF THE ACCOUNTANTS ASSOCIATION OF THAILAND, HE CALLED UPON THE GOVERNMENT TO RESTRICT JAPANESE ECONOMIC INFLUENCE. HE SPECIFICALLY SUGGESTED THAT REGULATIONS BE LAID DOWN TO LIMIT TO ONE OR TWO THE NUMBER OF JAPANESE FIRMS IN EACH FIELD OF INDUSTRY HERE, SUGGESTING THAT THE NUMBER OF JAPANESE BUSINESS FIRMS ESTABLISHED HERE HAS BECOME TOO MANY. JAPANESE BUSINESS FIRMS AND AGENCIES IN THAILAND, ACCORDING TO TAKUMI HOSAKI, PERMANENT REPRESENTATIVE OF JAPAN TO ECAFE IN BANGKOK, NUMBER 250. HOWEVER, HOSAKI EMPHATICALLY DENIES THE CHARGE THAT THESE JAPANESE INTERESTS ARE TRYING TO DOMINATE THE THAI ECONOMY.

AMNUAY EMPHASISED THAT THAILAND SHOULD NOT ALLOW THE JAPANESE TO CONTROL EVERY STAGE OF PRODUCTION--FROM RAW MATERIAL TO MARKETING. AMNUAY ALSO SUGGESTED THAT THE RAPIDLY INCREASING NUMBER OF JAPANESE TOURISTS TO THAILAND--IN CONTRAST TO VISITORS OF OTHER NATIONALITIES--WAS NOT HELPING THE THAI TOURIST INDUSTRY. JAPANESE TOURISTS TO THAILAND--IN CONTRAST TO VISITORS OF OTHER NATIONALITIES--WAS NOT HELPING THE THAI TOURIST INDUSTRY. JAPANESE TOURISTS, HE CLAIMED, AVOIDED AIRLINES, HOTELS, TOUR SERVICES AND RESTAURANTS OPERATED BY THAIS IN FAVOUR OF THOSE RUN BY THEIR COUNTRYMEN.

AMNUAY, POINTING OUT THAT THAIS, ONCE RESENTFUL OF CHINESE INFLUENCE IN COMMERCIAL CIRCLES HAD NOW TURNED THEIR ATTENTION TO THE JAPANESE. HOWEVER, HE CAUTIONED THAT EXCESSIVE NATIONALISTIC FERVOUR WOULD SPOIL THE LOCAL INVESTMENT CLIMATE AND WOULD LEAD TO A DROP IN INFLOW OF FOREIGN EXCHANGE, PARTICULARLY FROM EUROPE AND THE U.S. THE RESULT MIGHT BE THE VERY THING THAT THE THAIS FEARED--THAT THE ONLY COUNTRY LEFT DOING BUSINESS HERE MIGHT BE JAPAN. BESIDES WARNING THE THAIS NOT TO BECOME TOO ANTI-FOREIGN, AMNUAY ALSO REFRAINED FROM SUGGESTING DRASTIC MEASURES TO CUT DOWN ON JAPANESE ECONOMIC INFLUENCE. INSTEAD HE RECOMMENDED THE THAIS TO INVEST MORE AND SIMULTANEOUSLY OBTAIN INVESTMENTS FROM FOREIGN COUNTRIES OTHER THAN JAPAN TO COMPETE WITH THE JAPANESE.

FAR EASTERN ECONOMIC REVIEW  
MARCH 26, 1970

Possible Clashes of Temperament - III

### III. JAPAN IN COMMUNIST ASIA

### Japan-China Trade: Chronology and Background

On this page and the following two pages we present some background on Sino-Japanese trade and trade relations. We should note at the start that many Japanese feel a basic affinity with the Chinese, often making the point that there is really only "one alphabet, one tribe." They refer to the fact that traditional Japanese culture is derived from China, much as Western culture is derived from Rome and Greece, and that the Japanese use Chinese characters in their language. In addition, many Japanese claim to have a sense of guilt about the way Japan treated China before and during World War II. Finally, many Japanese are entranced by the sight of a united and powerful Communist China that demands and gets respect from much of the rest of the world.

Despite these affinities, the two countries today are barely on speaking terms and technically are still in a state of war. A formal peace treaty has never been signed by the two governments, nor have they succeeded in establishing diplomatic relations. The only formal contacts have been on a semi-official basis, and these discussions have been primarily confined to bilateral trade. On the average of once a year, a delegation of Japanese politicians journeys to Peking to negotiate the annual trade agreements and inevitably to hear the latest Chinese political conditions for an improvement in Sino-Japanese relations. The Japanese government, however, has refused to accept the Chinese view that politics and economics are inseparable and has consistently maintained that trade is only possible on a completely nonpolitical basis. The Chinese have accepted this in principle but not in practice, so the same political demands are raised each year when the trade agreement is renegotiated.

One of the major demands has involved credits and deferred payments. For political reasons, the Japanese government has refused to allow the Japanese Export-Import Bank to subsidize large Chinese purchases of sophisticated machinery and equipment, which has frustrated Peking's attempts to import ships and entire synthetic fiber plants. This has certainly inhibited the growth of Sino-Japanese trade somewhat, but not entirely. In fact, between 1962 and 1969 trade between the two nations increased by 750 percent, from \$84.5 million to \$625.0 million. In 1969 alone, trade increased by 20.2 percent. Yet in the Japanese fiscal year 1968 trade with China represented only 2.5 percent of total Japanese exports and 1.8 percent of Japanese imports. Inevitably this trade was far more important to the Chinese. Roughly 12 percent of China's total exports were shipped to Japan in 1968, while approximately 22 percent of its imports came from Japan. Over-all trade with Japan represented about 15 percent of China's total trade for 1968. Japanese exports in 1968 were mostly steel and iron products, in addition to large-scale chemical shipments. Japanese imports consisted mostly of coal, pig iron, rice, and other agricultural products.

**① BRIEF SUMMARY OF SINO-JAPANESE  
TRADE RELATIONS SINCE 1949**

AUGUST 1949	FIRST DELEGATION FROM COMMUNIST CHINA ARRIVES IN JAPAN TO PURCHASE RAILROAD EQUIPMENT
DECEMBER 1950	CHINESE INTERVENTION IN KOREAN WAR RESULTS IN TOTAL BAN ON EXPORTS TO MAINLAND. SINO-JAPANESE TRADE FOR 1950 TOTALS NEARLY \$60 MILLION
SEPTEMBER 1951	TRADE WITH THE MAINLAND RESUMES ON A RESTRICTED BASIS
JUNE 1952	FIRST PRIVATE TRADE AGREEMENT BETWEEN MAINLAND CHINA AND PRIVATE JAPANESE FIRMS
OCTOBER 1953	SECOND PRIVATE TRADE AGREEMENT SIGNED BETWEEN CHINESE AND JAPANESE FIRMS
MAY 1955	THIRD PRIVATE TRADE AGREEMENT SIGNED
MARCH 1957	THIRD AGREEMENT EXPIRES BUT TRADE CONTINUES FOR ONE YEAR WITHOUT BENEFIT OF FORMAL AGREEMENT
MARCH 1958	FOURTH PRIVATE AGREEMENT CONCLUDED PROVIDING FOR EXCHANGE OF TRADE REPRESENTATION
MAY 1958	CHINESE RENOUNCE AGREEMENT BECAUSE OF ALLEGED INSULT TO CHINESE FLAG IN NAGASAKI. TRADE CONTINUES UNOFFICIALLY FOR NEXT FOUR YEARS AT VERY LOW LEVEL
SEPTEMBER 1960	CHINESE PREMIER CHOU EN-LAI ANNOUNCES "THREE PRINCIPLES FOR SINO-JAPANESE TRADE" AND "THREE POLITICAL PRINCIPLES"
NOVEMBER 1962	"L-T TRADE AGREEMENT"--FIRST GOVERNMENTAL AGREEMENT-SIGNED IN PEKING PROVIDING FOR BARTER TRADE OVER FIVE YEARS
SPRING 1964	JAPANESE PROMISES TAIWAN NOT TO USE EXPORT-IMPORT BANK FUNDS TO SUBSIDIZE TRADE WITH MAINLAND ENDING SERIOUS CRISIS WITH NATIONALIST GOVERNMENT WHILE UNDERMINING LARGE SALES OF PLANT EQUIPMENT TO MAINLAND BECAUSE OF LACK OF ADEQUATE FINANCING
AUGUST 1964	FIVE MAINLAND CHINESE OFFICIALS ARRIVE IN TOKYO TO OPEN TRADE LIAISON OFFICE
JANUARY 1965	CHINA APPROVES STATIONING OF THREE JAPANESE TRADE OFFICIALS IN PEKING
SPRING 1968	"L-T TRADE AGREEMENT" RENEGOTIATED AND APPARENTLY POLITICALLY DOWNGRADED BY CHINESE TO SIMPLY A "MEMORANDUM TRADE AGREEMENT" EFFECTIVE FOR ONLY ONE YEAR
MARCH 1969	NEW "MT AGREEMENT" SIGNED AFTER NEARLY TWO MONTHS OF NEGOTIATIONS AND SERIOUS DISAGREEMENT ABOUT IMPORTATION OF MEAT
DECEMBER 1969	PRIME MINISTER SATO LETS IT BE KNOWN THAT HE WOULD ACCEPT AMBASSADORIAL CONTACTS WITH PEKING
APRIL 1970	NEW "MT AGREEMENT" SIGNED IN PEKING AFTER DIFFICULT AND LONG NEGOTIATIONS ENDING IN A COMMUNIQUE HIGHLY CRITICAL OF THE SATO GOVERNMENT. HOWEVER, "MEMORANDUM TRADE" STILL ONLY REPRESENTS ROUGHLY 10% OF TOTAL TRADE. REMAINING 90% CONDUCTED BY "FRIENDLY FIRMS"
MAY 1970	PRIME MINISTER SATO TELLS DIET THAT THE GOVERNMENT WAS "NOT UNWILLING" TO HOLD CABINET LEVEL TALKS WITH PEKING CHINESE PREMIER CHOU EN-LAI ANNOUNCES FOUR NEW PRINCIPLES FOR "FRIENDLY FIRMS"

**② CHARACTERISTICS OF SINO-JAPANESE TRADE**

- I. MEMORANDUM TRADE (MT)
  1. INITIATED IN 1962 AS FIRST STEP IN NORMALIZATION OF RELATIONS
  2. CHINESE WANTED ACCESS TO JAPANESE CORPORATE GIANTS UNINVOLVED IN "FRIENDSHIP TRADE"
  3. NEGOTIATED ANNUALLY OR PERIODICALLY IN PEKING BY SEMI-OFFICIAL JAPANESE REPRESENTATIVES
  4. SINCE 1963 MT HAS DECLINED FROM 48% TO APPROXIMATELY 10% OF TOTAL SINO-JAPANESE TRADE
  5. FIRMS INVOLVED IN MT IN COMPARISON WITH "FRIENDLY FIRMS" GENERALLY:
    - A. BIGGER
    - B. LESS DEPENDENT ON CHINA
    - C. LESS SUSCEPTIBLE TO CHINESE POLITICAL PRESSURES
- II. "FRIENDLY FIRMS" TRADE (SOMETIMES CALLED FRIENDSHIP TRADE)
  1. BEGUN IN 1960 AS ALTERNATIVE TO DECLINING SINO-SOVIET TRADE, AFTER 2-YEAR LULL IN TRADE WITH JAPAN
  2. POLITICAL QUALIFICATIONS FOR "FRIENDLIES" INITIALLY RIGID THEN RELAXED TO INCREASE TRADING PARTNERS
  3. JAPANESE INDUSTRIAL GIANTS TRADE THROUGH "DUMMY" CORPORATIONS
  4. TRADE ARRANGED UNOFFICIALLY BETWEEN CHINESE AND INDIVIDUAL FIRMS
  5. FRIENDLY FIRMS ARE GENERALLY:
    - A. HEAVILY DEPENDENT ON CHINESE TRADE
    - B. POLITICALLY ACTIVE IN SUPPORTING CHINESE POLICIES
    - C. OBLIGED TO FINANCIALLY SUPPORT PRO-CHINESE GROUPS
    - D. MORE INTERESTED IN PROFITS THAN POLITICS
  6. AN EXCEPTION IS:
    - A. "DUMMY" FIRMS UNWILLING TO COMPROMISE PARENT COMPANY'S REPUTATIONS
  7. HOWEVER, CHINESE RECENTLY STRENGTHENED POLITICAL QUALIFICATIONS FOR "FRIENDLY FIRMS"
    - A. MANY "FRIENDLY FIRMS" UNDER PRESSURE TO BREAK TIES WITH PRO-WESTERN PARENT COMPANIES
- III. CHINESE OBJECTIVES IN FRIENDSHIP TRADE
  1. GAIN ACCESS TO ADVANCED WESTERN TECHNOLOGY
  2. CREATE STRONG PRO-CHINESE BUSINESS LOBBY TO:
    - A. PLACE POLITICAL PRESSURE ON JAPANESE GOVERNMENT
    - B. INFLUENCE FACTIONAL STRUGGLES IN JAPANESE POLITICAL LIFE
    - C. FINANCIALLY SUPPORT PRO-CHINESE POLITICAL ORGANIZATION
    - D. PROVIDE READY MANPOWER RESERVE FOR PRO-CHINESE DEMONSTRATIONS
    - E. PROVIDE SUITABLE COVER FOR VARIOUS CHINESE ACTIVITIES
    - F. EXERT PRESSURE ON JAPANESE GOVERNMENT TO IMPROVE DIPLOMATIC RELATIONS WITH PEKING
  3. CREATE IDEAL ALTERNATIVE TO MEMORANDUM TRADE
    - A. PROVIDES PEKING WITH GREATER TACTICAL ADVANTAGE IN NEGOTIATIONS
    - B. LESS VULNERABLE TO JAPANESE GOVERNMENT INFLUENCE
  4. INCREASE FRICTION BETWEEN JAPAN AND U.S.
    - A. RECENTLY ANNOUNCED "FOUR PRINCIPLES" PROHIBIT "FRIENDLY FIRM" TRADING WITH U.S.
    - B. CORPORATE GRANTS FORCED TO CHOOSE BETWEEN U.S. AND CHINA

**③ JAPAN-CHINA TRADE 1962-70**

	JAPANESE IMPORTS	JAPANESE EXPORTS
(\$ MILLION)		
1962	46.0	38.5
1963	74.6	62.4
1964	157.8	152.8
1965	224.7	245.1
1966	306.3	315.2
1967	269.5	288.3
1968	224.0	325.0
1969	235.0	391.0
1970	253.8	571.7

SOURCES: I.M.F. DIRECTION OF TRADE  
JAPANESE MINISTRY OF FINANCE

**⑤ JAPAN-CHINA TRADE: THE JAPANESE PERSPECTIVE  
(IN PERCENTAGES OF TOTAL JAPANESE EXPORTS & IMPORTS)**

	JAPANESE IMPORTS	JAPANESE EXPORTS
1965	2.6%	3.0%
1966	3.2%	3.2%
1967	2.3%	2.8%
1968	1.7%	2.5%
1969	1.56%	2.4%
1970	1.34%	2.95%

SOURCES: I.M.F. DIRECTION OF TRADE  
JAPANESE MINISTRY OF FINANCE

**④ POSITION OF COMMUNIST CHINA AMONG NATIONS TRADING WITH JAPAN**

YEAR	TOTAL VOLUME	EXPORTS	IMPORTS
1966	4TH	5TH	6TH
1967	8TH	10TH	11TH
1968	11TH	11TH	15TH
1969	13TH	10TH	15TH
1970	11TH	7TH	14TH

NOTE: SINCE 1965 JAPAN HAS BEEN  
CHINA'S CHIEF TRADING PARTNER

**⑥ JAPAN-CHINA TRADE: THE CHINESE PERSPECTIVE  
(IN PERCENTAGES OF TOTAL CHINESE EXPORTS & IMPORTS)**

	CHINESE EXPORTS (F.O.B.)	CHINESE IMPORTS (C.I.F.)
1966	12.51%	16.17%
1967	13.56%	15.65%
1968	11.46%	19.30%

SOURCE: CHINA'S FOREIGN TRADE IN 1968.  
CURRENT SCENE, JULY 1, 1969. U.S. CONSULATE-  
GENERAL, HONG KONG.

**⑦ PREMIER CHOU EN-LAI'S PRINCIPLES  
FOR JAPANESE TRADE WITH MAINLAND CHINA**

- I. THREE GENERAL PRINCIPLES (1960)
  1. TRADE BY GOVERNMENT AGREEMENTS
  2. TRADE BY PRIVATE CONTRACTS
  3. TRADE BY SPECIAL CONSIDERATION
- II. THREE POLITICAL PRINCIPLES (1960)
  1. NO HOSTILITY IN JAPAN AGAINST CHINA, FOR CHINA IS NOT HOSTILE TO JAPAN
  2. JAPAN SHOULD NOT SUPPORT "TWO-CHINAS" POLICY
  3. JAPAN SHOULD NOT OBSTRUCT NORMALIZATION OF RELATIONS
- III. FOUR PRINCIPLES FOR "FRIENDLY FIRMS" (1970)
  1. NO BUSINESS WITH SOUTH KOREA AND TAIWAN
  2. NO "VAST CAPITAL INVESTMENTS" IN SOUTH KOREA AND TAIWAN
  3. NO ARRANGEMENTS WITH THE U.S. TO SUPPLY MILITARY WEAPONS AND EXPLOSIVES FOR THE INDOCHINA WAR
  4. NOT INVOLVED IN JOINT VENTURES WITH AMERICAN COMPANIES OR SUBSIDIARIES IN JAPAN

Japan-China Trade: Chronology and BackgroundJapan-China Trade

The statistics presented on this page and the previous page however do not tell the entire story. In recent years, for example, most of this trade has been carried on outside the official trade agreement, by the so-called "friendly firms" who deal directly with the Chinese. Until 1965 their share of Sino-Japanese trade was about 50 percent, but in 1966 it increased to 67 percent and then in 1967 to 72.3 percent. Many of these "friendly firms" have been set up by the huge Japanese conglomerates for the express purpose of dealing with China. And until the late 1960's when the Chinese attitude began to change, this arrangement was quite satisfactory to all concerned. The Chinese, however, were determined to make some modifications in the nature of the trade so as to introduce some political element into their relations with the Japanese and thereby put the Tokyo government at a disadvantage.

The Chinese employed several tactics to achieve this goal. They continued, of course, to demand outright political concessions, which the Japanese predictably rejected. But the Japanese were less able to resist certain unilateral moves by the Chinese, as in 1968 when the original agreement of 1962 formalizing trade between the two nations came up for renewal. The Chinese deliberately downgraded the status of the new agreement and refused to extend it beyond one year, which added considerably to their leverage over the Japanese. For one thing, it meant that the Japanese would have to return to Peking each year--and then only when they received some form of invitation--to negotiate an entirely new agreement, enduring the familiar hardships of negotiating with the Chinese in their own capital. At the same time--and this also tended to detract from the importance of the new trade agreement--the Chinese began to place increasing emphasis on trade with the "friendly firms"--but with new conditions. In what seemed to be an attempt to investigate the political attitudes of the major Japanese firms trading with China, the Chinese made new demands on the "friendly firms" and on the participating firms they represented by insisting that representatives of the participating companies themselves come to China. Thus, the situation became increasingly difficult for many of these firms, so much so that the Daichi Trading Company, a "friendly firm" subsidiary of Mitsui, was forced to cease operations entirely.

Such attempts to use trade for political manipulation--to influence both Japan's domestic and foreign policies--seem certain to continue in some form so long as the character of the Chinese regime remains as it is today. Nor is it clear that the kind of change in China that Mao Tse-tung's death is likely to bring will alter this aspect of Chinese conduct, for the Chinese attitude reflects certain basic elements in the ideology between the two states. China is big, poor, traditionally isolationist and xenophobic, politically radical, and austere. Japan is rich, an

## ① MAIN JAPANESE EXPORTS TO CHINA - 1969

(U. S. \$ MILLIONS)

			(OF TOTAL JAPANESE EXPORTS TO CHINA)
IRON AND STEEL	163.4	41.7%	
CHEMICAL FERTILIZER	80.8	20.6%	
MACHINES	48.3	12.3%	
TEXTILES	17.7	4.5%	
NON-FERROUS METALS	22.5	5.7%	

SOURCE: THE CURRENT STATE OF JAPAN-CHINA TRADE  
CURRENT SCENE, U.S. CONSULATE-GENERAL HONG KONG  
MAY 1, 1970

## ② MAIN JAPANESE IMPORTS FROM CHINA - 1969

(U.S. \$ MILLIONS)

			(OF TOTAL JAPANESE IMPORTS)
SOYBEANS	42.3	18%	
RAW SILK	20.2	8.6%	
SHRIMP	11.5	4.9%	
SALT	9.3	4.0%	
PINE RESIN	9.4	4.0%	
SILK FABRICS	8.1	3.5%	
MISC. BEANS	7.1	3.0%	
CHESTNUTS	6.6	2.8%	
FLUORITE	4.5	1.9%	

SOURCE: THE CURRENT STATE OF JAPAN-CHINA TRADE  
CURRENT SCENE, U.S. CONSULATE-GENERAL, HONG KONG.  
May 1, 1970

## ③ DIRECTION OF SINO-JAPANESE TRADE 1963-1970

(IN PERCENTAGES)

	MEMORANDUM TRADE	"FRIENDLY FIRMS" TRADE
1963	46.7	53.3
1964	41.4	58.6
1965	38.1	61.9
1966	32.9	67.1
1967	27.5	72.5
1968	20.4	79.6
1969 (EST.)	10.7	89.3
1970 (EST.)	10.0	90.0

SOURCES: CHAE-JIN LEE, THE POLITICS OF SINO-JAPANESE TRADE RELATIONS  
PACIFIC AFFAIRS, SUMMER 1969 (P. 133)  
1969 AND 1970 ESTIMATES BASED ON  
REPORT IN JAPAN TIMES, APRIL 25, 1970

## ⑤ OVERALL TWO-WAY TRADING WITH CHINA THIS YEAR HAS POSSIBILITY OF HITTING \$1 BILLION, ACCORDING TO SOME JAPANESE TRADING QUARTERS.

THEY FORESAW EXPANDED TRADE IN RELATION TO THE SIGNING OF A NEW MEMORANDUM TRADE AGREEMENT ON A PRIVATE BASIS BETWEEN THE TWO COUNTRIES IN PEKING LAST WEEK....

INFORMANTS NOTED IN THIS REGARD THAT CHINA LATELY HAS BEGUN TO MANIFEST SIGNS OF BEING GREATLY INTERESTED IN BOOSTING ITS FOREIGN TRADE.

THEY CITED THAT PEKING SOMETIME AGO HAD CONCLUDED A NEW TRADE AGREEMENT WITH THE SOVIET UNION FOR THE FIRST TIME IN THE SPACE OF THREE YEARS, HAD BEGUN SENDING OUT ECONOMIC AND TECHNICAL MISSIONS ABROAD AGAIN AFTER SUSPENDING THEM DURING ITS "CULTURAL REVOLUTION" AND WAS ASSIGNING ITS OWN 10,000-TON CLASS FREIGHTERS FOR ENGAGING IN FOREIGN TRADE....

INDUSTRIAL QUARTERS THOUGHT SUCH DEVELOPMENTS INDICATED THAT PEKING MIGHT RESUME MAKING PURCHASES OF PLANT EQUIPMENT FROM JAPAN AFTER VIRTUALLY STOPPING SUCH BUYING IN AND AFTER 1963....

STEEL, MACHINERY AND TEXTILE MAKERS, WHOSE EXPORTS TO THE UNITED STATES HAVE TURNED SLUGGISH, WERE INTERESTED IN FINDING NEW OUTLETS IN CHINA FOR DIVERSIFYING THEIR EXPORT POSITION.

INFORMANTS NOTED THAT FINDING SOME NEW IMPORTANT ITEMS TO PURCHASE FROM CHINA WAS A BIG PROBLEM IN EXPANDING TRADE SINCE THE TREND FOR JAPAN TO SELL MORE THAN IT BUYS HAD CONTINUED SINCE 1965....

WITH A GENERAL BRIGHTENING OF THE TRADE OUTLOOK, SOME THUS FELT THAT TWO-WAY TRADING THIS YEAR HAD POSSIBILITIES OF INCREASING 20 PERCENT TO TOTAL AROUND \$1 BILLION IN VALUE.

THE JAPAN ECONOMIC JOURNAL,  
MARCH 9, 1971

⑥ ITEMIZED BREAKDOWN OF JAPAN-CHINA TRADE FOR 1971  
(IN \$1,000)

EXPORTS	1971	1970
AMMONIUM SULPHATE	5,600	7,500
UREA	10,400	11,600
AMMONIUM CHLORIDE	5,000	7,500
ORDINARY STEELS	13,000	13,450
SPECIAL STEELS	3,360	3,360
AGRICULTURAL CHEMICALS & RAW MATERIALS		
FOR CHEMICAL INDUSTRY	2,400	2,400
MACHINERY	3,400	3,360
TOTAL	43,160	49,170
IMPORTS	1971	1970
SOYBEANS	14,850	12,770
MAIZE	3,750	--
UNPOLISHED BACKWHEAT	538	264
BEANS	1,440	1,440
SALT	6,000	6,000
BORAX	140	140
LIQUID EGGS	600	600
TOTAL	27,318	21,214
EXPORT-IMPORT TOTAL	70,478	70,384

ORIENTAL ECONOMIST  
March 1971

## ④ CHINA TRADE AND THE ZAIBATSU

WHEN COMMUNIST CHINA DECREED THAT IT WOULD NOT TRADE WITH JAPANESE FIRMS THAT DO BUSINESS WITH TAIWAN AND SOUTH KOREA, THE LEADERS OF THE JAPANESE ZAIBATSU QUICKLY REACHED AN UNDERSTANDING: MITSUI AND MITSUBISHI DECIDED TO CONCENTRATE ON TAIWAN AND SOUTH KOREA, WHILE SUMITOMO WOULD TRADE WITH PEKING.

(TIME, MAY 10, 1971)

## ⑦ ONE CHINESE VIEW OF SINO-JAPANESE RELATIONS

BOTH SIDES HOLD UNANIMOUSLY THAT AS A RESULT OF THE INSTIGATION OF U.S. IMPERIALISM, THE REVIVAL OF JAPANESE MILITARISM IS NO LONGER A QUESTION OF A SO-CALLED EXISTING DANGER, BUT IS, BEYOND ALL DOUBT, A MATTER OF REALITY. THE JAPANESE REACTIONARIES HAVE OPENLY EMBARKED ON THE ROAD OF AGGRESSION AGAINST THE ASIAN PEOPLE. THE JAPANESE SIDE HOLDS THAT OPPOSITION OR NON-OPPOSITION TO THE REVIVAL OF JAPANESE MILITARISM IS A CARDINAL ISSUE CONCERNING THE DESTINY OF THE JAPANESE NATION. ONE'S ATTITUDE TOWARDS THE REVIVAL OF JAPANESE MILITARISM IS A QUESTION OF FUNDAMENTAL STAND OF WHETHER ONE SIDES WITH THE JAPANESE PEOPLE OR WITH THE U.S.-JAPANESE REACTIONARIES, WHETHER ONE OPPOSES THE UNITED STATES AND LOVES HIS COUNTRY OR IS PRO-U.S. AND SELLS OUT HIS COUNTRY, WHETHER ONE UPHOLDS OR OPPOSES JAPAN-CHINA FRIENDSHIP, AND WHETHER ONE UPHOLDS PEACE OR STANDS FOR WARS OF AGGRESSION. BOTH SIDES STRESS THAT THE CHINESE AND JAPANESE PEOPLE AND OTHER PEOPLES IN ASIA SHOULD UNITE STILL MORE CLOSELY, PERSEVERE IN THEIR STRUGGLE, OPPOSE JAPANESE MILITARISM, DEAL HEAVY BLOWS AT THE U.S.-JAPANESE REACTIONARIES AND THOROUGHLY SMASH THEIR NEW PLOTS OF AGGRESSION IN ASIA.

JOINT STATEMENT OF CHINA COUNCIL FOR  
PROMOTION OF INTERNATIONAL TRADE AND  
JAPANESE ASSOCIATION FOR PROMOTION  
OF INTERNATIONAL TRADE, PEKING REVIEW,  
APRIL 24, 1970 (P. 30)

Japan-China Trade

ocean-going trading nation, closely tied to the capitalist economies of the West, and rapidly "Westernizing" in important ways at all levels of society.

Despite all this, and despite its increased strength, status, and pride, Japan probably will remain--at least for the immediate future--quite anxious to get along with Communist China--to get along at least as well as it has gotten along in the recent past, and possibly better. But there are many complexities to this relationship. Among them are some issues of Chinese People's Republic-Japanese rivalry in which the initiative seems likely to come from the Chinese.

Japan-China Trade Debate in Japan

## ① ONE JAPANESE VIEW OF SINO-JAPANESE RELATIONS

THE FEELINGS AND ATTITUDES OF THE JAPANESE PEOPLE TOWARD COMMUNIST CHINA ARE HIGHLY INVOLVED:

- (A) OWING TO HISTORICAL CIRCUMSTANCES, MANY JAPANESE FEEL AN AFFINITY TO THE CHINESE CONTINENT ITSELF, OR TO THE CHINESE PEOPLE THEMSELVES.
- (B) BUT, MAINLY BECAUSE OF THE UNCERTAINTY OF THE REAL NATURE OF THE GREAT CULTURAL REVOLUTION AND OF ITS FUTURE DEVELOPMENT, MANY JAPANESE HAVE A VAGUE SENSE OF UNEASINESS. IN ADDITION, THE NUCLEAR ARMAMENTS OF COMMUNIST CHINA HAVE IMBUED NOT A FEW JAPANESE MINDS WITH A SENSE OF APPREHENSION.
- (C) THE JAPANESE PEOPLE FEEL VERY STRONGLY THAT JAPAN SHOULD PLAY AN INTERMEDIARY ROLE TOWARD IMPROVING U.S.-CHINA RELATIONS.

AS IS CLEAR FROM THE FOREGOING, THE JAPANESE GOVERNMENT'S POLICIES TOWARD CHINA AND NATIONAL SECURITY HAVE ALWAYS BEEN THE SUBJECT OF GREAT CONTROVERSY. THE BASIC POLICY OF THE GOVERNMENT MAY BE SUMMED UP AS FOLLOWS: (1) WITH REGARD TO CHINA, WHILE RECOGNITION OF THE PEKING GOVERNMENT IS STILL TOO PREMATURE, ECONOMIC, CULTURAL AND PERSONAL EXCHANGE AND CONTACT SHOULD BE EXPANDED; AND (2) WITH REGARD TO NATIONAL SECURITY, THE SHORTCOMINGS IN JAPAN'S SELF-DEFENSE CAPABILITY SHOULD BE FILLED BY THE U.S.-JAPAN SECURITY TREATY, THUS REJECTING THE IDEA OF NEUTRALISM.

SPEECH BY FORMER FOREIGN MINISTER, TAKEO MIKI, AT AUSTRALIAN NATIONAL UNIVERSITY, JULY 29, 1968

④ THE ANTI-CHINA SENTIMENT AMONG THE HAWKS IN THE LIBERAL-DEMOCRATIC PARTY HAS BEEN RUNNING RAMPANT PARTICULARLY SINCE PEKING CRITICIZED THE EMPEROR BY NAME. THEY HAVE EVEN GONE SO FAR AS TO DECLARING: "IF RESTORATION OF DIPLOMATIC RELATIONS WITH CHINA CANNOT BE ACHIEVED UNLESS JAPAN MAKES UNILATERAL CONCESSIONS TO THAT COUNTRY, LET'S NOT BOTHER ABOUT IT ANYMORE."

"NEVERTHELESS," REBUT THE DOVES ON THE CHINA ISSUE IN THE PARTY, "IT IS THE PRICE JAPAN OUGHT TO PAY FOR RESTORING TIES WITH CHINA. THIS YEAR'S COMMUNIQUE IS A TESTIMONY TO THE FACT THE TIME IS UP FOR THE TWO COUNTRIES TO EMBARK ON FULL FLEDGED POLITICAL NEGOTIATIONS...."

AFTER ALL, HOWEVER, THE SATO CABINET INHERENTLY EMBRACES A HAWKISH NATURE, IF TO SOME EXTENT. THE STRONGER THE COLD WIND BLOWS FROM PEKING ATTACKING THE SATO REGIME, THE MORE TIGHTLY IT WILL GET CLAD IN ITS COAT.

M. FUKAGAWA, THE JAPAN ECONOMIC JOURNAL, MARCH 9, 1971, p. 2.

② A BITTER CONTROVERSY HAS DEVELOPED BETWEEN THE "HAWKS" AND THE "DOVES" WITHIN THE LIBERAL-DEMOCRATIC PARTY (LDP) CONCERNING THE JAPAN-COMMUNIST CHINA JOINT COMMUNIQUE SIGNED IN PEKING ON APRIL 19....

THE "HAWKS" ATTACH GREATER IMPORTANCE TO JAPAN'S RELATIONS WITH NATIONALIST CHINA. THEY ADVOCATE THE MAINTENANCE OF MUTUAL TRUST AND FRIENDSHIP BETWEEN JAPAN AND TAIPEI....

IN CONTRAST, THE "DOVES" CONTEND THAT IT IS OF URGENT NECESSITY FOR JAPAN TO ESTABLISH CLOSER RELATIONS WITH THE PEKING GOVERNMENT WHICH HAS A POPULATION OF 700 MILLION UNDER ITS CONTROL--AND THAT THERE IS NO NEED TO GIVE UNDUE IMPORTANCE TO JAPAN'S RELATIONS WITH THE TAIPEI GOVERNMENT....

KAYA, THE CHAMPION OF THE "HAWKS," IS INDIGNANT. HE SAYS: "WE DON'T CARE WHAT THE CHINESE SAY. THERE IS NO EXCUSE FOR JAPANESE POLITICIANS TO EXPRESS THEIR CONCURRENCE WITH THE CHINESE ASSERTION. IT IS A NATIONAL DISGRACE TO ACCEPT THE DISTORTED VIEW OF THE CHINESE LEADERS MERELY IN THE INTEREST OF BUSINESS."....

THE LEFTWINGERS, INCLUDING FURUI, ARE OPPOSED TO SATO....

FUJIYAMA, ONE OF THE DELEGATES ON THE RECENT PEKING MISSION, HAS DECLARED THAT IT WILL BE IMPOSSIBLE TO HOPE FOR AN IMPROVEMENT IN THE RELATIONS BETWEEN JAPAN AND COMMUNIST CHINA SO LONG AS THE SATO REGIME CONTINUES TO EXIST.

BECAUSE THE CHINA QUESTION WILL BE THE BIGGEST ISSUE FOR THE 1970S, LEFTWINGERS EXPECT THE DEVELOPMENT OF PUBLIC OPINION AGAINST A REGIME THAT OBSTRUCTS ITS SOLUTION....

MINORU SHIMIZU, THE JAPAN TIMES WEEKLY, MAY 9, 1970, p. 6.

⑤ THE CONCLUSION OF THE NEGOTIATIONS ON THE JAPAN-COMMUNIST CHINA MEMORANDUM TRADE FOR 1971 BRINGS TO THE FORE TWO STRONG IMPRESSIONS. ONE IS THE LENGTH TO WHICH JAPANESE BUSINESS INTERESTS WOULD GO FOR A PITTANCE OF TRADE; AND THE OTHER IS THE SELF-CENTERED ARROGANCE OF THE CHINESE COMMUNISTS.

AS A PART OF WHAT IS BECOMING AN ANNUAL "RITE" OF KOWTOWING TO THE PEKING LEADERSHIP, THE JAPANESE DELEGATES ONCE AGAIN SIGNED A JOINT COMMUNIQUE, CONSISTING OF PARTICULARLY VITRIOLIC DENUNCIATIONS OF THE SATO GOVERNMENT AS WELL AS WILD ACCUSATIONS AGAINST "JAPANESE MILITARISM."....

ON THE QUESTION OF "JAPANESE MILITARISM," FOR INSTANCE, THE JAPANESE DELEGATION WENT EVEN FURTHER THAN LAST YEAR BY AGREEING IN THIS YEAR'S COMMUNIQUE THAT "THE REVIVAL OF JAPANESE MILITARISM WAS ALREADY A REALITY." IT PROMISED "FURTHER EFFORTS TO REPEL AND CRUSH THE REVIVING JAPANESE MILITARISM."...

AGAIN, IT IS NOT JAPAN THAT VICIOUSLY CRITICIZES THE GOVERNMENT OF A NEIGHBORING NATION AND URGES A CHANGE OF LEADERSHIP AS A CONDITION FOR IMPROVED RELATIONS. BUT IT IS COMMUNIST CHINA THAT IS NOT ONLY ATTACKING THE SATO GOVERNMENT WHICH WAS ELECTED IN A DEMOCRATIC MANNER BY THE JAPANESE PEOPLE BUT IS ALSO MAKING IT CLEAR PEKING IS UNWILLING TO HAVE ANY DEALINGS WITH PRIME MINISTER EISAKU SATO. THIS IS AS VILE AN INTERFERENCE IN JAPAN'S DOMESTIC AFFAIRS AS WE HAVE SEEN ANYWHERE.

EDITORIAL, THE JAPAN TIMES WEEKLY, MARCH 13, 1971.

③ AMONG THE BUSINESS LEADERS, HOWEVER, THERE HAVE APPEARED SOME WHO HAVE STARTED POSITIVE MOVES TOWARD CEMENTING CLOSER RELATIONS WITH PEKING.

PRIME MINISTER EISAKU SATO HAS REMAINED PASSIVE IN HIS CHINA POLICY, SAYING THAT THE CHINA ISSUE WILL NOT FIND A SOLUTION WHILE HE CONTINUES IN POWER. ALTHOUGH SIGNS OF A SCHISM BETWEEN THE PRIME MINISTER AND THE BUSINESS WORLD HAVE BEGUN TO APPEAR THEY DO NOT AS YET CONCERN THE ENTIRE BUSINESS WORLD.

NEVERTHELESS, AT THE BEGINNING OF THE YEAR, PRESIDENT KAZUTAKA KIKAWADA OF THE TOKYO ELECTRIC POWER CO., CHAIRMAN OF THE BOARD OF TRUSTEES OF THE INFLUENTIAL JAPAN COMMITTEE FOR ECONOMIC DEVELOPMENT (KEIZAI DOYUKAI), CAME DOWN IN FAVOR OF POSITIVE ACTION REGARDING THE CHINA ISSUE.

KEIZAI DOYUKAI SAID, "WE SHOULD ENDEAVOR TO DISCOVER A MEANS OF MAKING IT POSSIBLE FOR COMMUNIST CHINA TO PARTICIPATE IN THE COMMUNITY OF NATIONS FROM THE STANDPOINT OF PEACEFUL COEXISTENCE."....

MOST BIG JAPANESE ENTERPRISES ARE STRONGLY TIED TO TAIWAN BY CAPITAL INVESTMENT AND OTHER FORMS. CONSEQUENTLY, LEADERS ARE CAUTIOUS WHEN MAKING FORMAL STATEMENTS. IT MAY BE CORRECT TO SAY THAT THE BUSINESS WORLD AS A WHOLE IS AT THE STAGE OF FEELING OUT HOW TO HANDLE THE CHINA ISSUE.

CHAIRMAN ATARU KOBAYASHI OF ARABIAN OIL CO., AN INFLUENTIAL BUSINESS LEADER, HAS LONG ENTERTAINED THE CHERISHED VIEW THAT IT WILL BE A SAD DAY FOR JAPANESE DIPLOMACY IF THIS NATION FALLS BEHIND THE U.S. IN ITS RECOGNITION OF PEKING.

MINORU SHIMIZU, THE JAPAN TIMES WEEKLY, FEBRUARY 27, 1971, p. 6.

⑥ JAPAN PETROLEUM DEVELOPMENT CORP. AND EIGHT JAPANESE PRIVATE COMPANIES HAVE ESTABLISHED A NEW FIRM, KAIYO OIL CO. TO PARTICIPATE JOINTLY WITH GULF OIL CORP. OF THE UNITED STATES IN AN INTERNATIONAL TENDER TO BE HELD IN SOUTH VIETNAM NEXT MONTH FOR UNDERTAKING A PROJECT TO DEVELOP OIL RESOURCES....

...THE PLANNED OIL RESOURCE DEVELOPMENT MIGHT HAVE THE EFFECT OF CHANGING THE CHARACTER OF THE WAR IN VIETNAM INTO A CONFLICT FOR CONTROL OVER NATURAL RESOURCES AS THE COMMUNISTS HAVE CONTENDED. THERE ARE FEARS THAT JOINT OPERATIONS WITH AN AMERICAN FIRM MIGHT EVENTUALLY MAKE JAPAN INVOLVED IN THE WAR EVEN IF JAPAN DOES NOT WANT IT. SOVIET AND NORTH VIETNAMESE AND EVEN FRENCH NEWSPAPERS RECENTLY ALLEGED THAT THE U.S. DOES NOT INTEND TO WITHDRAW TROOPS FROM VIETNAM BECAUSE UNDERSEA OIL RESOURCES HAVE BEEN DISCOVERED NEAR THE COUNTRY....

THE JAPAN TIMES WEEKLY, MARCH 20, 1971

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Japan-China Trade Debate in Japan

19a

Japan-China: Conflict Scenario

CHINA AND A RESURGENT JAPAN

1. A WAR OF NATIONAL LIBERATION HAS BROKEN OUT IN THAILAND, PARTICULARLY IN THE NORTHEAST SECTIONS; SUPPORT FOR THE REVOLUTIONARIES IS GIVEN PRIMARILY BY NORTH VIETNAM AND CHINA; THE YEAR IS 1972
2. THE U.S. NOT DESIRING ANOTHER VIETNAM IS PREPARED TO SEE A REGIONAL COMBINE OF ASIAN COUNTRIES TAKE PRECEDENCE WITH RESPECT TO COPING WITH THE PROBLEM
3. AND THAT IS WHAT HAPPENS; A REGIONAL COMBINE WITH INTEREST IN STABILIZING THE SOUTHEAST ASIAN SITUATION INCLUDING THE PHILIPPINES AND JAPAN GIVES AID TO THAILAND; THEY FEEL PROTECTED BY THE AMERICAN NUCLEAR UMBRELLA AND CONFIDENT THAT THEY DO NOT POSE THE THREAT TO CHINA THAT U.S. INTERVENTION WOULD
4. JAPAN SUPPLIES SMALL ARMS AND TECHNOLOGY BUT ALSO SENDS COUNTER-GUERRILLA SPECIALISTS TO THAILAND; THE JAPANESE AND PHILIPPINE EFFORTS ARE REASONABLY SUCCESSFUL IN LOCALIZING GUERRILLA EFFORTS AND IN DEALING WITH THEM
5. CHINA, KNOWING THAT THE SOCIALIST PARTY WHICH HAS BEEN GAINING STRENGTH, IS OPPOSED TO THE THAILAND VENTURE, ISSUES A WARNING TO JAPAN THAT THIS IMPERIALIST GAME IS DANGEROUS; ON THE SAME DAY CHINA TESTS A MISSILE WITH A LARGE FUSION WARHEAD AND SIMULTANEOUSLY ANNOUNCES THAT THEY CAN NOW EASILY DESTROY U.S. BASES IN JAPAN, PHILIPPINES, OKINAWA, ETC.
6. THESE DEMONSTRATIONS AND ANNOUNCEMENTS ARE INTERPRETED AS UNDERLINING A CHINESE THREAT TO JAPAN; CHINA IS AWARE THAT JAPAN IS VERY VULNERABLE TO NUCLEAR WEAPONS AND THAT THERE IS MUCH INTERNAL ANTAGONISM IN JAPAN TO THE ACTIVITIES IN SOUTHEAST ASIA; CHINA, IN ADDITION, COUPLES ITS DEMONSTRATIONS WITH A STATEMENT CONCERNING THE COMMON INTERESTS OF CHINA AND JAPAN IN FIGHTING IMPERIALISM
7. HOWEVER, THE CHINESE THREAT HAS UNEXPECTED REPERCUSSIONS IN JAPAN NOT YET EMBARKED ON A NUCLEAR PROGRAM OF ITS OWN; THE SOCIALIST PARTY SPLITS WIDE OPEN OVER THE ISSUE; ONE WING OF THE PARTY JUSTIFIES THE CHINESE ACTION AS COMBATTING IMPERIALISM WHILE THE OTHER REACTS NATIONALISTICALLY TO THE CHINESE THREAT
8. THE JAPANESE GOVERNMENT ALREADY POSSESSES THE TECHNOLOGY NECESSARY FOR A NUCLEAR WEAPONS PROGRAM AND SENSING THE SHIFT IN PUBLIC OPINION ACTIVATES A NUMBER OF MEASURES PREPARATORY TO THE PRODUCTION OF NUCLEAR WEAPONS BUT WITHOUT ANNOUNCING THIS AS A GOAL
9. THE BATTLE OF NERVES BETWEEN JAPAN AND CHINA CONTINUES; CHINA USING AMBIGUOUS THREATS BUT NOT ACTUALLY MAKING DEMANDS
10. SIX MONTHS LATER WHEN THE PREPARATORY TECHNOLOGY IS READY, JAPAN ANNOUNCES THAT ITS NUCLEAR WEAPONS PROGRAM WILL BE ACTIVATED IMMEDIATELY IN TERMS OF MISSILES AND SHORTLY IN TERMS OF SUBMARINES
11. CHINA, ANXIOUS OVER ITS MISCALCULATION, ATTEMPTS TO HEAD THIS OFF BY INCREASED THREATS; IT ACCUSES JAPAN OF AIDING THE U.S. AND WARNS THAT IN THE EVENT OF WAR IT WILL BE A TARGET FOR NUCLEAR WEAPONS; AT THE SAME TIME THEY EXPRESS THE HOPE THAT THE JAPANESE PEOPLE WILL RECOGNIZE THE ERRORS OF THEIR GOVERNMENT AND CORRECT THEM
12. INSTEAD THE JAPANESE FORGE AHEAD WITH THEIR NUCLEAR WEAPONS; CONSTERNATION RAGES IN THE PHILIPPINES WHICH HAS NO NUCLEAR PROGRAM OF ITS OWN AND FEELS UNPROTECTED; SOME FILIPINOS ARGUE THAT THEY SHOULD PULL OUT OF THAILAND AND BECOME NEUTRAL, OTHERS ARGUE FOR AN ALLIANCE WITH THE U.S. OR EVEN STATEHOOD WOULD PROVIDE PROTECTION; ANOTHER GROUP WANTS BMD FROM THE U.S. AND A JOINT NUCLEAR GUARANTEE FROM THE U.S. AND THE S.U.
13. THE SITUATION LEADS TO GRAVE DELIBERATIONS IN THE U.S. WHO STILL HOPES TO HEAD OFF AN INDEPENDENT JAPANESE NUCLEAR FORCE; POLARIS SUBMARINES ARE SENT ON AN OSTENTATIOUS TOUR OF THE FAR EAST
14. THIS TOUR ONLY DEMONSTRATES TO THE JAPANESE THEIR DEPENDENCE ON THE U.S. FOR PROTECTION AND THEIR SENSITIVITY TO U.S. POLICIES IN WHICH THEY HAVE NO VOICE; THE TOUR DOES PROVIDE PROTECTION FOR THEM WHILE THEY ENGAGE IN BUILDING NUCLEAR WEAPONS BUT IT PROVIDES A LESS ACCEPTABLE SOLUTION TO THE SECURITY PROBLEM OF THE PHILIPPINES



## ① SOME GENERAL COMMENTS ON JAPANESE-RUSSIAN RELATIONS

1. RUSSIANS HAVE TAKEN TOUGH NEGOTIATING POSITIONS
  - a. ALLOWED JAPANESE FEW OPPORTUNITIES TO ADEQUATELY SURVEY AND EXPLORE SIBERIAN RESOURCES
  - b. HAVE DEMANDED GREATER INVESTMENT THAN JAPANESE WERE PREPARED TO MAKE
  - c. HAVE OFTEN TREATED THE JAPANESE PEREMPTORILY
  - d. HAVE CHANGED POSITIONS AND PROPOSALS SUDDENLY AND ABRUPTLY
2. JAPANESE REACTION HAS BEEN TO:
  - a. ENDURE SOVIET NEGOTIATING POSITIONS
  - b. COMMIT NO MORE FUNDS THAN ABSOLUTELY NECESSARY
  - c. APPEAR REASONABLE AND FLEXIBLE WITHOUT SACRIFICING ANY JAPANESE INTERESTS
3. 5-YEAR TRADE AND PAYMENTS AGREEMENT SIGNED APRIL 1971. TRADE IN 5 YEARS WILL REACH \$5.16 BILLION AND EXPAND AT RATE OF 12.7% A YEAR (MITI ESTIMATE).

## ② MAJOR DEVELOPMENT PROJECTS ALREADY UNDERTAKEN AND AGREEMENTS CONCLUDED

1. LUMBER (1968)
  - a. 8.02 MILLION CUBIC METERS OF RUSSIAN LUMBER OVER FIVE YEAR PERIOD
  - b. IN RETURN \$163 MILLION WORTH OF JAPANESE FACILITIES, MACHINERY AND MERCHANDISE ON A DEFERRED PAYMENT BASIS
2. DEVELOPMENT OF MODERN PORT AT BAY OF URANGEL (1970)
  - a. RUSSIANS ALLOCATED \$300 MILLION
  - b. NO INDICATION OF SIZE OF JAPANESE INVESTMENT
  - c. JAPANESE TO SUPPLY EQUIPMENT AND MATERIAL FOR THE CONSTRUCTION OF THE HARBOR, WORTH \$80 MILLION. WORK TO START IN 1971.
3. JAPAN AIR LINES--AEROFLOT AIR SERVICE BETWEEN MOSCOW AND TOKYO
  - a. J.A.L. FIRST WESTERN AIRLINE GRANTED OVERFLIGHT PRIVILEGES OVER U.S.S.R.
  - b. AIR CARGO SERVICE BETWEEN JAPAN AND SIBERIAN COAST STILL BEING NEGOTIATED
4. CRAB FISHING RIGHTS IN THE NORTHERN WATERS
  - a. JAPANESE FORCED TO ACCEPT 25% REDUCTION IN 1969-1970
  - b. ALSO FORCED TO ACCEPT UNILATERAL SOVIET DEFINITION OF CRABS AS SOVIET CONTINENTAL SHELF RESOURCE
  - c. SOVIETS HAVE REJECTED JAPANESE PROPOSALS FOR JOINT SURVEYS, HATCHERIES AND FISHING FLEETS
  - d. PART OF GENERAL DISPUTE OVER NORTHERN WATER FISHING RIGHTS
5. SOVIET FREIGHTER SERVICE BETWEEN JAPAN AND BRITISH COLUMBIA
  - a. RUSSIAN PASSENGER SHIPS HAVE LONG OFFERED REGULAR SERVICE BETWEEN SIBERIA, JAPAN AND HONG KONG
6. TECHNICAL COOPERATION PROGRAM

## ③ MAJOR PROJECTS STILL BEING NEGOTIATED

1. IMPORT OF NATURAL GAS FROM EITHER SIBERIA OR SAKHALIN
2. DEVELOPMENT OF YAKUTSK COAL MINES (DEPOSITS ESTIMATED AT OVER 20 BILLION TONS)
  - a. WOULD ALSO INVOLVE RUSSIAN IMPORTATION OF JAPANESE ELECTRICAL POWER
  - b. DEVELOPMENT COSTS ESTIMATED AT \$1 TO \$1.5 BILLION
3. DEVELOPMENT OF BROAD LEAVED TREE PULPS AND CHIPS
4. HUGE TRUCK AND ENGINE ASSEMBLY PLANT
  - a. SAME PROPOSAL REJECTED EARLIER BY FORD MOTOR CO.
  - b. PROPOSAL STILL BEING CONSIDERED BY MAJOR EUROPEAN AUTO MANUFACTURERS
  - c. PROPOSAL MADE IN JAPAN TO TOYOTA AFFILIATE
  - d. JAPANESE SAY PROPOSED PLANT WOULD BE LARGER THAN ANYTHING IN JAPAN
  - e. ACCORDINGLY JAPANESE CONSORTIUM WOULD HAVE TO BE CREATED FOR THIS PROJECT
  - f. DISADVANTAGES INCLUDE TECHNICAL PROBLEMS AND AN INCREASE IN RUSSIAN CAPABILITY FOR COMPETING WITH JAPANESE TRUCKS IN THE FUTURE

④ JAPAN-U.S.S.R. TRADE: 1963-1970  
(U.S. \$ MILLIONS)

	EXPORTS	% OF TOTAL JAPANESE EXPORTS	IMPORTS	% OF TOTAL JAPANESE IMPORTS
1963	158.3	2.9	162.0	2.4
1964	181.9	2.7	226.7	2.9
1965	168.3	2.0	240.2	2.9
1966	215.0	2.2	300.4	3.2
1967	157.7	1.5	454.0	3.9
1968	179.0	1.4	463.5	3.6
1969	269.3	1.7	461.6	3.1
1970	341.7	1.8	479.3	2.5

## ⑤ GENERAL BREAKDOWN OF JAPAN-U.S.S.R. TRADE IN 1969

EXPORTS	
MACHINERY AND EQUIPMENT	30%
FOODSTUFFS AND FOOD MATERIALS	16%
INDUSTRIAL CONSUMER PRODUCTS	20%
OTHER	34%
IMPORTS	
MACHINERY AND EQUIPMENT	21%
LUMBER	40%
COAL, PETROLEUM, RAW COTTON, PIG IRON AND PLATINUM	20%
OTHER	19%

⑥ JAPANESE BALANCE OF TRADE WITH THE U.S.S.R.: 1963-1970  
(U.S. \$ MILLIONS)

1963	- 3.7
1964	- 44.8
1965	- 71.9
1966	- 85.4
1967	-296.3
1968	-284.5
1969	-192.3
1970	-137.6

NOTE: MINUS SIGN INDICATES A DEFICIT IN THE BALANCE OF TRADE

## ⑦ MAJOR PROBLEMS

1. DISPUTE OVER SOUTHERN KURILES
2. RUSSIAN RELUCTANCE TO EXPAND COASTAL TRADE
3. PERSISTENT TRADE DEFICITS
4. FISHING RIGHTS IN NORTHERN WATERS
5. TRADE CREDIT FOR THE RUSSIANS
6. WORLD WAR II P.O.W.'S
7. RUSSIAN ATTACKS ON JAPANESE PRO-AMERICAN FOREIGN POLICY

## ⑧ DISPUTE OVER THE KURILES

- I. DISPUTE INVOLVES SOUTHERNMOST ISLANDS OF THE KURILES
  1. IN 1956 RUSSIANS AGREED TO RETURN SMALLER ISLANDS, SHIKOTAN AND HABOMAI, ON CONCLUSION OF PEACE TREATY
  2. JAPANESE ALSO CLAIM KUNASHIR AND ETOROFU (SITE OF IMPORTANT RUSSIAN BASE)
  3. FOR NEGOTIATING PURPOSES, THEY ALSO CLAIM ENTIRE KURILES AND SOUTHERN SAKHALIN
  4. CONCLUSION OF PEACE TREATY AND PRESUMABLY RETURN OF SMALLER ISLANDS IMPEDED BY FAILURE TO AGREE ON LARGER ISLANDS.
- II. POLITICAL AND EMOTIONAL ISSUES INVOLVED:
  1. JAPANESE OBVIOUSLY RESENT THIS REMINDER OF THEIR WORLD WAR II DEFEAT
  2. JAPANESE LEADERSHIP UNDER PRESSURE FROM HOKKAIDO FISHERMEN FORMERLY FROM KURILES
    - a. WITH NEAREST RUSSIAN ISLAND ONLY 2½ MILES OFFSHORE AND RUSSIANS CLAIMING 12 MILE LIMIT, FISHERMEN IN DIFFICULT POSITION
    - b. FISHERMEN FORCED TO BUY JAPANESE COASTLINE OR GO MUCH FURTHER OUT TO SEA
    - c. THIS IS IMPOSSIBLE FOR THE MANY WHO HAVE ONLY SMALL BOATS
  3. BECAUSE OF PROXIMITY AND VIGILANCE OF RUSSIAN PATROL BOATS MANY JAPANESE FISHERMEN HAVE BEEN DETAINED
    - a. BY ONE ESTIMATE RUSSIANS HAVE DETAINED 1,000 BOATS AND 11,000 CREWMEN SINCE 1945
    - b. THEY ARE REPORTED TO STILL HOLD ABOUT 125 CREWMEN
  4. RUSSIANS RELUCTANT TO MAKE CONCESSION BECAUSE OF CONCERN OVER SETTING EMBARRASSING PRECEDENT FOR BORDER NEGOTIATIONS WITH CHINESE
    - a. EVEN THOUGH THE CHINESE REGULARLY ATTACK THE SATO GOVERNMENT THEY SUPPORT JAPANESE CLAIMS TO THE ISLANDS
    - b. U.S. ALSO SUPPORTS THE JAPANESE CLAIM, BUT OBVIOUSLY FOR DIFFERENT REASONS.
- III. JAPANESE AND RUSSIAN POSITIONS
  1. RUSSIAN POSITION:
    - a. REFUSE TO RETURN ISLANDS UNTIL A PEACE TREATY HAS BEEN CONCLUDED
    - b. AGREED IN 1956 TO RETURN SMALLER ISLANDS AFTER SIGNING OF TREATY
    - c. INSIST JAPANESE CEDED ISLANDS IN 1951 SAN FRANCISCO PEACE TREATY
    - d. ALSO INSIST MATTER IS SETTLED AND SO PRESUMABLY NOT OPEN TO NEGOTIATIONS
  2. JAPANESE POSITION:
    - a. SAY JAPANESE JURISDICTION OVER SOUTHERN KURILES ESTABLISHED IN 1855 RUSSO-JAPANESE TREATY OF SHIMODA
    - b. ALSO MAINTAIN 1951 RENUNCIATION OF CLAIM TO KURILES DID NOT APPLY TO DISPUTED ISLANDS
    - c. THEY SAY TERMINOLOGY USED IN 1951 TREATY IMPLICITLY EXCLUDED DISPUTED ISLANDS
    - d. ALSO SAY THEY ARE NOT BOUND BY YATTA AGREEMENTS WHICH AWARDED ISLANDS TO RUSSIANS ON A PRO-VISIONAL BASIS
    - e. SUPPORTED THROUGHOUT BY U.S.

## ⑨ HOW THE JAPANESE FEEL ABOUT THE RUSSIANS: SOME EXCERPTS FROM A YOENIURI SHEMBUN POLL

1. GENERAL FEELING ABOUT THE U.S.S.R.
 

LIKE THE RUSSIANS	2.9%
DISLIKE THE RUSSIANS	42.9
UNDECIDED	45.0
2. GENERAL FEELING ABOUT THE U.S.
 

LIKE THE U.S.	23.9%
DISLIKE THE U.S.	10.8
UNDECIDED	57.6
3. POSSIBLE SECURITY THREATS TO JAPAN
 

THOUGHT SOVIET UNION POSED A SECURITY THREAT TO JAPAN	20.4%
THOUGHT CHINA POSED A SECURITY THREAT TO JAPAN	15.6
THOUGHT U.S. POSED A SECURITY THREAT TO JAPAN	7.0

SOURCE: FAR EASTERN ECONOMIC REVIEW, SEPTEMBER 4, 1969 (P. 606).

## ⑩ REASONABLE PROSPECTS FOR JAPANESE-RUSSIAN RELATIONS

1. RELATIONS REINFORCED BY EACH NATION'S NEED FOR THE OTHER
  - a. RUSSIANS NEED JAPANESE INVESTMENTS AND EXPORTS TO JAPAN
  - b. JAPANESE NEED SIBERIAN RAW MATERIALS
2. TRADE SEEMS LIKELY TO INCREASE BUT NOT DRAMATICALLY SO
  - a. UNLESS SUITABLE CREDIT ARRANGEMENTS ARE MADE FOR THE RUSSIANS AND
  - b. SOVIET GOVERNMENT OFFERS JAPANESE MORE PROFITABLE INVESTMENT OPPORTUNITIES
  - c. OUTSIDE OF NATURAL RESOURCES AND FOODSTUFFS RUSSIANS HAVE LITTLE TO SELL THE JAPANESE
  - d. RUSSIANS ALSO HAVE LITTLE FOREIGN EXCHANGE FOR JAPANESE GOODS
  - e. SITUATION COULD CHANGE WITH SIGNIFICANT IMPROVEMENT IN SOVIET ECONOMY
3. IMPROVEMENT IN POLITICAL RELATIONS WILL DEPEND ON:
  - a. RUSSIAN TOLERANCE FOR CLOSE JAPANESE RELATIONS WITH THE U.S.
  - b. STATE OF JAPANESE-U.S. RELATIONS
  - c. SINO-SOVIET RELATIONS
  - d. INVESTMENT OPPORTUNITIES FOR JAPANESE
  - e. NEED FOR JAPANESE INVESTMENT WHICH COULD WELL INCREASE IF RUSSIAN DOMESTIC SITUATION DETERIORATES
  - f. DISPUTE OVER KURILES
  - g. POLITICAL SITUATION IN JAPAN
  - h. SINO-JAPANESE RELATIONS
4. SOME POSSIBILITIES FOR THE FUTURE:
  - a. RIVALRY WITH THE U.S.S.R. FOR POLITICAL INFLUENCE IN SOUTHEAST ASIA
  - b. ACCIDENTAL CRISIS OVER THE KURILES
  - c. DETERIORATING RELATIONS WITH THE U.S.; IMPROVED RELATIONS WITH THE U.S.S.R.
  - d. ANTI-CHINESE BUT PRO-SOVIET GOVERNMENT IN TOKYO
  - e. DETERIORATING RELATIONS WITH MOSCOW BECAUSE OF FISHING RIGHTS, INVESTMENT OPPORTUNITIES, TRADE DEFICITS AND INCREASING LEFTIST PRESSURE ON LDP GOVERNMENT
  - f. "RIGHTIST" ANTI-RUSSIAN (AND ANTI-U.S.) GOVERNMENT IN TOKYO



#### IV. ALTERNATIVE JAPANESE FUTURES

Alternative Japanese Futures

The first chart describes what we call The Basic Context or "Standard Japan". It would be "surprise-free" to most Americans, because it seems to be what they expect. That is, their theories are consistent with the "Standard Japan". Some Americans are even more hopeful, expecting something like Chart 2. Our guess is that something closer to Charts 3, 4 or 5 is more likely. The reasons for favoring Charts 3, 4 or 5 over Charts 1 and 2 is that the latter take the special conditions of postwar Japan too seriously and expect too much that there will be more of the same. Charts 3, 4 and 5 take more account of historical Japan and the kinds of attitudes that the Japanese have shown in the past and which are still very much part of the Japanese tradition. When we say that the first charts take postwar Japan "too seriously" we refer specifically to the example of the so-called nuclear allergy. They assume that the intense pacifist sentiments of the postwar years are permanent, and they lack understanding of the reemergence of nationalism and Japanese desires for national prestige.

## ① THE BASIC CONTEXT

1. JAPAN HAS NOW (1971) FINISHED 20 YEARS OF HIGH GROWTH RATES, AND MANY JAPANESE ARE LOOKING AHEAD TO THE NEXT 20 TO 30 YEARS AS BEING MUCH OF THE SAME. (HER GROSS NATIONAL PRODUCT IS 200 BILLION DOLLARS--IN 1971--THE THIRD LARGEST IN THE WORLD.)
2. WORLD WAR II HAS NOW BEEN OVER FOR 25 YEARS. THERE IS NOW EXTENSIVE REVISIONIST LITERATURE ON THE ORIGINS AND CONDUCT OF THE WAR--LITTLE OR NO GUILT FEELINGS REMAIN.
3. MANY NEW DESIRES ARE EMERGING, WITH REACTIVATION OF SOME OLD DESIRES--"THIRD GENERATION" AND "YOUTH" EFFECTS.
4. THERE IS AN INCREASINGLY VISIBLE DESIRE TO "PASS" FROM ASIAN STATUS TO "WESTERN" STATUS TOGETHER WITH A STRONG DESIRE FOR CULTURAL IDENTITY--GREAT DESIRE FOR INTERNATIONAL STATUS AMONG THE CONSERVATIVE AND THE OLD, TO SOME DEGREE AMONG OTHERS AS WELL. THE INTERNATIONAL AND NATIONAL CONTEXT HAS CHANGED QUALITATIVELY AND CAN BE EXPECTED TO CONTRIBUTE TO GENERATIONAL CONFLICT AND CONFUSION ON HOW MUCH THE OLD CONCEPTS AND CONSTRAINTS APPLY AND WHICH NEW CONCEPTS AND CONSTRAINTS ARE APPLICABLE.
5. POLITICS OF COMPROMISE AND FACTIONALISM CONTINUE; BUT WHILE INTENSITY GOES OUT OF SOME OF THE OLD ISSUES, NEW CONTROVERSIES AROUND SHIFTING NATIONAL PRIORITIES AND GOALS WILL ARISE--ECONOMIC GROWTH AND TECHNOLOGICAL ADVANCEMENT WILL CONTINUE TO BE CONSIDERED AS IDEAL INTERIM GOALS BUT MIXED WITH TALK OF LESSENER GROWTH AND GREATER EMPHASIS ON SOCIETAL PROBLEMS (E.G. POLLUTION) AND THE NATIONAL WELFARE.
6. OLD LEFT REMAINING NATIONALIST, RACIST, XENOPHOBIC, MARXIST, DOGMATIC, AND SUBJECT TO CONSIDERABLE (REVISIONIST) FACTIONAL STRESS & STRAIN...NEW LEFT IS APPARENTLY SUBJECT TO MUCH THE SAME CONSTRAINTS.
7. RADICAL STUDENT GROUPS CONTINUE TO BE SUPPRESSED WHEN VIOLENT AND REMAIN A SMALL MINORITY. STUDENTS GENERALLY MOVING TO THE RIGHT. PATRIOTIC, IDEOLOGICAL, EXTREMIST GROUPS ON THE "RIGHT" (E.G., SOKKA GAKKAI) PERHAPS INCREASING IN IMPORTANCE.
8. NO STRONG CENTER PARTY--NO CHARISMATIC LEADER, BUT "CENTRIST" PARLIAMENTARY GOVERNMENT.
9. NATIONAL EMPHASIS ON TRADE AND ECONOMIC GROWTH (ACHIEVING PLANNED RATE OF CLOSE TO 10%); EXPANDED DEFENSIVE MILITARY FORCES WITH EMPHASIS ON TECHNOLOGICALLY ADVANCED EQUIPMENT (NUCLEAR AND MISSILE OPTIONS); EMPHASIS ON CONSUMER PROSPERITY.
10. U.S. SECURITY RELATIONSHIP MAINTAINED; U.S. BASES IN STAGED TRANSITION TO JAPANESE CONTROL WITH QUALIFIED U.S. EMERGENCY ACCESS. MODERATE BUT STEADY REDUCTION OF U.S. INFLUENCE JUSTIFIED AS JAPAN ASSUMES "PROPER RESPONSIBILITIES" IN DEFENSE AND FOREIGN AFFAIRS.
11. IMPROVED RELATIONS WITH U.S.S.R. INCLUDING PEACE TREATY AND PROFITABLE JOINT ECONOMIC PROJECTS; CULTIVATION OF CLOSE RELATIONS WITH AUSTRALIA, INDONESIA, INDIA.
12. DIPLOMATIC RECOGNITION OF CHINA LIKELY WITH INCREASING BUT MODERATE LEVEL OF TRADE. SOME ATTEMPTS TO MEDIATE BETWEEN CHINA AND WEST. (THIS ROLE FRAUGHT WITH POTENTIALLY GRAVE CONFLICTS AND MAY CONTAIN SEEDS FOR GREAT DEBATE ON JAPAN'S PLACE IN WORLD.)
13. ACTIVE BUT NON-CONTROVERSIAL ROLE IN WORLD DIPLOMACY AS SUPPORTER OF U.N. PEACEKEEPING AND AID PROGRAMS--"GOOD CITIZEN" AND "HONEST BROKER" ROLES; PRIMARY INTEREST IN DEFENDING JAPANESE ACCESS TO MARKETS AND FREE FLOW OF INTERNATIONAL TRADE. WILL PROBABLY TEND TOWARDS MAINTAINING CONSIDERABLE "PROTECTIONIST" TRADE AND INVESTMENT POLICIES IN SPITE OF CONTINUED MOVEMENT TOWARD LIBERALIZATION.
14. GREAT ATTENTION TO DEVELOPING ASIAN REGIONAL POLITICAL COOPERATION BUT AVOIDING ANTI-COMMUNIST IDENTIFICATION. THIS WILL POSE PROBLEMS OF GREAT DIPLOMATIC DELICACY FOR JAPANESE AND FORMER VICTIMS OF JAPANESE IMPERIALISM.
15. EXTENSIVE ECONOMIC PENETRATION IN DEVELOPING WORLD, ESPECIALLY SOUTH AMERICA AND NOCPA AND INCREASINGLY IMPORTANT TRADE RELATIONS WITH DEVELOPED WORLD--ESPECIALLY U.S.

## (PRO-AMERICAN)

- ② 1. CONTINUED CONSERVATIVE PARLIAMENTARY GOVERNMENT; WANING SOCIALIST AND LEFTIST PARTY STRENGTH.  
  
MODERATELY EXPANDED MILITARY FORCES INCLUDING NON-NUCLEAR COOPERATION WITH UNITED STATES; CONVENTIONAL TROOP COMMITMENTS TO U.N. PEACEKEEPING ACTIVITIES.
2. U.S. SECURITY RELATIONSHIP CONTINUED OR STRENGTHENED. ACTIVE COOPERATION WITH U.S. IN POLITICAL AND ECONOMIC PROGRAMS.
3. IMPROVED, "CORRECT" RELATIONS WITH U.S.S.R.  
  
SIZABLE AID PROGRAM, PRIMARILY IN SOUTHEAST ASIA.  
  
ACTIVE ROLE AMONG AFRO-ASIAN ANTI-COMMUNIST STATES INCLUDING TOLERANCE OF SOME CONTROVERSY IN SUPPORT OF GOALS HELD IN COMMON WITH U.S.
4. PRESSURE FROM JAPAN FOR A FORMAL PARTNERSHIP ROLE--PERHAPS INCLUDING NUCLEAR ARMAMENT AND PERHAPS EVEN AN OFFER TO RELIEVE U.S. OF NEED TO MAINTAIN FORCES IN NORTHEAST ASIA--OR EVEN THE REST OF ASIA.
5. A PACIFIC COLLECTIVE SECURITY PACT INCLUDING U.S., JAPAN, AUSTRALIA, CANADA, NEW ZEALAND AND PHILIPPINES. COULD ALSO INCLUDE INDONESIA, MALAYSIA, THAILAND, SOUTH VIETNAM OR SOUTH KOREA.  
  
THE ABOVE COULD ALSO INCLUDE A COLLECTIVE OR MULTILATERAL NUCLEAR FORCE.
6. OR SOME INCREASED DEGREE OF RENUNCIATION OF MILITARY PROTECTION--PERHAPS UNDER UMBRELLA OF U.S.-SOVIET AGREEMENT (OR BETTERED U.S.-CHINESE RELATIONS).

## (REVISIONIST)

- ③ 1. "PROGRESSIVE" COALITION GOVERNMENT OF ELEMENTS FROM SOCIALIST PARTY, LEFT WING OF CONSERVATIVES, INDEPENDENT LEFT AND EX-COMMUNIST FACTIONS.  
  
EXPANDED SOCIAL WELFARE AND ECONOMIC GROWTH POLICIES WITH EXTENSION OF GOVERNMENT ROLE IN INDUSTRY, LABOR, NATIONAL PLANNING. MODERATE GROWTH RATE ACTUALLY ACHIEVED (6%).  
  
ENLARGED MILITARY FORCES; NO NUCLEAR WEAPONS BUT OPTION MAINTAINED.  
  
FOREIGN POLICY OF ASSUMING "RESPONSIBILITY" IN A WORLD GOVERNED BY NATIONAL SELF-INTEREST. WITHIN JAPAN GREATLY REVISED ASSESSMENTS OF THE LEGITIMACY AND "INEVITABILITY" OF PRE-WAR POLICY.
2. U.S. SECURITY TREATY TERMINATED ON CONCILIATORY TERMS; YET DECISIVE JAPANESE DISASSOCIATION FROM U.S.
3. EXPANDED POLITICAL AND TRADE RELATIONS WITH RUSSIA AND EUROPE. AMBITIOUS PROGRAM TO ENLARGE JAPANESE ECONOMIC INTERESTS IN ASIA--WITH IMPLICIT OR EXPLICIT POLITICAL SIGNIFICANCE. FRANK PROGRAM OF COMPETITION WITH CHINA BUT DEVOID OF OVERT IDEOLOGICAL CONTENT.

## (CONSERVATIVE NATIONALIST)

- ④ 1. CENTER-RIGHTIST COALITION GOVERNMENT; SOME RESTRICTION ON COMMUNIST AND SOCIALIST ACTIVITY; CONSTITUTION REWRITTEN.  
  
NATIONAL EMPHASIS ON TRADE IN INTERNATIONAL ENVIRONMENT OF RESTRICTIVE REGIONAL GROUPS; MODERATE RATE OF ECONOMIC GROWTH; DELIBERATE FOSTERING OF ECONOMIC, POLITICAL AND MILITARY PROGRAMS PROMOTING JAPANESE NATIONAL PRESTIGE; LESS EMPHASIS ON CONSUMER PROSPERITY.  
  
SUBSTANTIALLY EXPANDED MILITARY FORCES, NOMINALLY DEFENSIVE BUT WITH NUCLEAR SUBMARINE PROGRAM, MISSILE DEVELOPMENT, AND NUCLEAR WEAPONS OPTION - POSSIBLY AN ABM PROGRAM. POSSIBLE INTRODUCTION OF MILITARY DRAFT.
2. U.S. SECURITY TREATY GREATLY REVISED OR TERMINATED. MUCH UNOFFICIAL CRITICISM OF U.S. OCCUPATION POLICIES, COLD WAR ROLE, BUT OFFICIAL GOOD RELATIONS MAINTAINED.
3. MANY JOINT ECONOMIC PROJECTS WITH U.S.S.R.  
  
EXTENSIVE TRADE AND JOINT DEVELOPMENT PROJECTS WITH CHINA; GUARDED POLITICAL RAPPROCHEMENT WITH BOTH SIDES EXPECTING EVENTUAL DOMINATION OF THE OTHER.  
  
ROLE AS POLITE BUT VIGOROUS OPPONENT OF ALL "FOREIGN" POLITICAL INTERVENTIONS IN ASIA AND PROMOTER OF AFRO-ASIAN TRADE GROUPINGS; FORMAL DEMAND FOR RETURN OF KURILES FROM U.S.S.R.

## (LEFTIST NATIONALIST)

- ⑤ 1. NEO-SOCIALIST GOVERNMENT WITH SOME KOMEITO AND COMMUNIST PARLIAMENTARY SUPPORT (INTRA-COMMUNIST PARTY SPLITS ON NATIONALIST-INTERNATIONALIST LINES).  
  
NATIONAL EMPHASIS ON EXPANDED WELFARE PROGRAMS (BUT OTHERWISE RELATIVELY LIMITED CONSUMPTION), PLANNED ECONOMIC GROWTH (AUTARCHIC TENDENCIES; ACTUAL 3-5% GROWTH RATE WITH SOME SECTORS NEARER STAGNATION); SERIOUS BALANCE OF PAYMENTS PROBLEM. NUCLEAR WEAPONS PROGRAM; REDUCED CONVENTIONAL FORCES; EVENTUALLY WHOLLY DEFENSIVE NUCLEAR DETERRENT POSTURE.
2. U.S. SECURITY TREATY RENOUNCED. NATIONAL CAMPAIGN TO END FOREIGN (=AMERICAN) INFLUENCES ON JAPANESE POLITICS, ECONOMY, CULTURE.
3. PEACE TREATY SIGNED WITH RUSSIA, PARTIAL RESTORATION OF LOST TERRITORIES; RECOGNITION OF CHINA; ACTIVE PROGRAMS GREATLY TO EXPAND SOVIET AND CHINESE TRADE.  
  
INTERNATIONAL ROLE OF AFRO-ASIAN NEUTRALIST LEADERSHIP, IMPLICIT RIVALRY WITH CHINA; PROGRAM TO MOBILIZE AFRO-ASIAN NATIONS AS LEFTIST ECONOMIC AND POLITICAL BLOC RIVALING ESTABLISHED GREAT POWERS. SELECTIVE AID PROGRAMS TO "PROGRESSIVE" AFRO-ASIAN GOVERNMENTS DESIGNED TO DEVELOP EXCLUSIVE MARKET AND TRADE ZONE, CONTRIBUTING TO INTERNATIONAL ENVIRONMENT OF INCREASING TRADE RESTRICTION.

## ⑥ OTHER JAPANS

KOMEITO JAPAN: NEUTRALIST, REFORMIST, INTOLERANT, COLLECTIVIST (WELFARE-ORIENTED); MUCH DOMESTIC CONTROVERSY--NAIVE, UNSTABLE REGIME; PROBABLY WITHOUT CONSISTENT FOREIGN POLICY OF MAJOR CONSEQUENCE ALTHOUGH A FACTOR FOR INSTABILITY IN THE WORLD SYSTEM.

NEO-IDEOLOGICAL: RELATIVELY COLLECTIVIST SOCIETY WITH DRAMATIC, SOPHISTICATED, IMPLICITLY ANTI-WESTERN IDEOLOGY--POSSIBLY WITH UNIVERSALIST OR PAN-ASIAN CLAIMS; PROBABLY A RESPONSE TO MAJOR INTERNAL OR INTERNATIONAL CRISIS.

REACTIONARY-NATIVIST: MILITARIST AND PROBABLY ISOLATIONIST; MUCH DOMESTIC INSTABILITY; POSSIBLY RACIST (ANTI-WHITE); POSSIBLY DETERIORATING ECONOMICALLY IN ENVIRONMENT OF WORLD TRADE RESTRICTION OR DEPRESSION.

COMMUNIST: NATIONALIST, POLITICALLY EFFICIENT AND (POLITICALLY) AGGRESSIVE, HYPER-COMPETITIVE AND A CONTENDER FOR WORLD COMMUNIST LEADERSHIP--MILITARILY AMBITIOUS, DANGEROUS, AGAIN PROBABLY PLAUSIBLE ONLY IN REACTION TO MAJOR INTERNAL OR WORLD CRISIS (PROBABLY ECONOMIC, POSSIBLY POLITICAL).



(6)

FIRST DRAFT

January 1972

EUROPE AND  
THE  
EUROPEANS

Some Notes on Zonal and National Characteristics

HUDSON INSTITUTE  
European Division

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SOCIAL INDICES

# WILLINGNESS TO MARRY

1

	<u>Undesirable if different</u>		<u>Disapproval by Age</u>			
	<u>Religion</u>	<u>Race</u>	<u>Religion</u>		<u>Race</u>	
			<u>18-24</u>	<u>65 +</u>	<u>18-24</u>	<u>65 +</u>
	%	%	%	%	%	%
<u>ZONE 1</u>						
Great Britain	15	44	8	28	22	67
Netherlands	21	21	12	31	6	40
Denmark	13	24	11	18	14	42
Norway	31	49	31	29	43	56
Sweden	18	21	5	-	7	-
Finland	12	30	8	-	19	-
<u>ZONE 1 A</u>						
Ireland	43	64				
<u>ZONE 2</u>						
France	21	28	22	21	26	35
Belgium	22	32	21	29	28	44
Luxembourg	32	48	-	-	-	-
<u>ZONE 3</u>						
Italy	36	36	25	43	23	50
<u>ZONE 4</u>						
West Germany	17	21	11	23	16	26
Hungary	-	-	-	-	-	-
Czechoslovakia	-	-	-	-	-	-
Austria	19	57	-	-	-	-
<u>ZONE 5</u>						
Spain	53	32	57	-	22	-
Portugal	38	24	-	-	-	-
<u>ZONE 6</u>						
Switzerland	-	-	-	-	-	-
<u>ZONE 7</u>						
Poland	-	-	-	-	-	-
<u>ZONE 8</u>						
Yugoslavia	-	-	-	-	-	-
Roumania	-	-	-	-	-	-
Greece	-	-	-	-	-	-

Source: Radioscopie de l'Europe

1970 - Paris: Sélection du Reader's Digest, (pp. 192-19)

# MARRIAGE

	Sex	Minimum legal age	Year	Percentage of marriages in each age group			
				Under 20	20-24	25-29	30 and over
United Kingdom							
England and Wales	M	16	1967	8	52	20	20
	F	16		27	49	10	14
Scotland	M	16	1968	11	53	20	16
	F	16		28	50	11	11
Northern Ireland	M	16	1968	6	49	28	17
	F	16		19	53	17	11
Belgium	M	18	1967	5	58	20	17
	F	15		25	54	9	12
France	M	18	1967	4	54	23	19
	F	15		22	53	11	14
Germany (Fed. Rep.)	M	21	1967	2	39	36	23
	F	16		23	43	19	15
Italy	M	15	1967	2	27	45	26
	F	14		19	47	22	12
Luxembourg	M	18	1968	3	44	33	20
	F	15		23	50	14	13
Netherlands	M	18	1968	4	54	28	14
	F	16		16	62	13	9
Spain	M	14	1968*	2	28	46	24
	F	12		10	52	25	13
Sweden	M	21	1967	2	48	29	21
	F	18		16	56	16	12
USA	M	(1)	1966 <sup>2</sup>	15	43	17	25
	F	(1)		36	36	10	18
Canada	M	(1)	1968	7	54	22	17
	F	(1)		28	40	11	11
Australia	M	18	1968	7	53	22	18
	F	16		28	41	10	11
Japan	M	18	1967	1	23	55	21
	F	16		5	59	28	8
USSR	M	18	1968	7	35	29	29
	F	18		25	36	14	25

## Notes:

The minimum legal age given here relates to the age below which marriage is unlawful or invalid without dispensation by a competent authority. The variation in this minimum age affects inter-country comparison and differences may be due to such varying legal requirements for entering into a valid marriage contract as well as differing social patterns. Data vary from country to country in the inclusion and exclusion of various categories of the population such as the armed forces, in the way age is defined and in the tabulating of marriages by year of occurrence or by year of registration.

## Footnotes:

\*Provisional.

<sup>1</sup>Varies among major civil divisions or ethnic or religious groups.

<sup>2</sup>Data are based on returns of a sample of marriage records and are therefore unreliable.

SOURCE: UN Demographic Yearbook 1969.

CELIBACY  
(Percentages of Single Men and Women)  
Aged 15 - 49

<u>ZONE 1</u>	<u>Year</u>	<u>Women</u>	<u>Men</u>
Great Britain	1961	28.3	36.2
Netherlands	1960	33.7	40.9
Denmark	1960	29.6	39.9
Norway	1960	30.4	41.2
Sweden	1960	32.3	42.9
Finland	1960	35.3	42.8
 <u>ZONE 1 A</u>			
Ireland	1961	47.9	60.9
 <u>ZONE 2</u>			
France	1962	31.7	41.9
Belgium	1961	26.8	34.4
Luxembourg	-	-	-
 <u>ZONE 3</u>			
Italy	1961	-	49.9
 <u>ZONE 4</u>			
West Germany	1961	30.9	39.8
Hungary	-	-	-
Czechoslovakia	-	-	-
Austria	1961	33.8	42.9
 <u>ZONE 5</u>			
Spain	-	-	-
Portugal	-	-	-
 <u>ZONE 6</u>			
Switzerland	1960	38.2	45.0
 <u>ZONE 7</u>			
Poland	-	-	-
 <u>ZONE 8</u>			
Yugoslavia	-	-	-
Roumania	-	-	-
Greece	-	-	-
 U.S.	1960	22.1	30.8
Japan	1960	35.6	45.5

COMPARATIVE RATES OF DIVORCE

(Per 1,000 of population)

1967ZONE 1

Great Britain	medium *	0.73
Netherlands	medium	0.59
Denmark	high	1.43
Norway	medium	0.76
Sweden	high	1.36
Finland	high	1.11

ZONE 1 A

Ireland	-	-
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ZONE 2

France	medium	0.75
Belgium	medium	0.63
Luxembourg	medium	0.59

ZONE 3

Italy	-	-
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ZONE 4

West Germany	high	1.00
Hungary	high	2.06
Czechoslovakia	high	1.39
Austria	high	1.21

ZONE 5

Spain	-	-
Portugal	low	0.08

ZONE 6

Switzerland	medium	0.86
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ZONE 7

Poland	medium	0.85
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ZONE 8

Yugoslavia	high	8.3
Roumania	low	0.00**
Greece	low	1.0
U.S.	high	2.64
Japan	medium	0.84

\* Note: high : 1-8 in rank in Europe; medium: 9-16; low = 17-21

\*\* See note table 5.

Source: Derived from Demographic Yearbook 1969; UN Publications 1970.

## TREND OF DIVORCE RATES

(Mid to late 1960's)  
Per 1 000 of Population

		<u>1965</u>	<u>1968</u>
<u>ZONE 1</u>			
Great Britain	increasing	0.65	0.92
Netherlands	increasing	0.50	0.64
Denmark	increasing	1.37	1.60
Norway	increasing	0.69	0.80
Sweden	increasing	1.24	1.39
Finland	increasing	0.99	1.15
<u>ZONE 1 A</u>			
Ireland	-	-	-
<u>ZONE 2</u>			
France	increasing slightly	0.72	0.74
Belgium	increasing	0.59	0.64
Luxembourg	increasing	0.44	0.63
<u>ZONE 3</u>			
Italy	-	-	-
<u>ZONE 4</u>			
West Germany	increasing	0.93	1.00 (1967)
Hungary	increasing	2.01	2.07
Czechoslovakia	increasing	1.32	1.49
Austria	increasing	1.16	1.32
<u>ZONE 5</u>			
Spain	-	-	-
Portugal	steady	0.08	0.08
<u>ZONE 6</u>			
Switzerland	increasing	0.84	0.94
<u>ZONE 7</u>			
Poland	increasing	0.75	0.91
<u>ZONE 8</u>			
Yugoslavia	decreasing	1.11	1.02
Roumania	decreasing	1.94	0.20 *
Greece	decreasing	0.41	0.37
U.S.	increasing	2.47	2.91
Japan	increasing slightly	0.79	0.84 (1967)

\* Note: A law was passed in 1967 which made divorce extremely difficult. Prior to that time Roumania had a very high divorce rate:  
1965 - 1.94  
1966 - 1.35

# DIVORCES PER 1 000 POPULATION : 1965 - 1968

Ranked by order of importance each year - rate per 1 000 Population

1965	1966	1967	1968
1. Hungary (2.01)	1. Hungary (2.03)	1. Hungary (2.06)	1. Hungary (2.07)
2. Roumania (1.94)	2. Czechoslovakia (1.42)	2. Denmark (1.43)	2. Denmark (1.60)
3. Denmark (1.37)	3. Denmark (1.40)	3. Czechoslovakia (1.39)	3. Czechoslovakia (1.49)
4. Czechoslovakia (1.32)	4. Roumania (1.35)	4. Sweden (1.36)	4. Sweden (1.39)
5. Sweden (1.24)	5. Sweden (1.32)	5. Austria (1.21)	5. Austria (1.32)
6. Austria (1.16)	6. Austria (1.19)	6. Finland (1.11)	6. Finland (1.15)
7. Yugoslavia (1.11)	7. Yugoslavia (1.17)	7. Yugoslavia (1.04)	7. Yugoslavia (1.02)
8. Finland (0.99)	8. Finland (1.04)	8. W. Germany (1.00)	8. Switzerland (0.94)
9. W. Germany (0.93)	9. W. Germany (0.92)	9. Switzerland (0.86)	9. Great Britain (0.92)
10. Switzerland (0.84)	10. Switzerland (0.82)	10. Poland (0.85)	10. Poland (0.91)
11. Poland (0.75)	11. Poland (0.77)	11. Norway (0.76)	11. Norway (0.80)
12. France (0.72)	12. France (0.74)	12. France (0.75)	12. France (0.74)
	12. Great Britain (0.74)	13. Great Britain (0.73)	13. Netherlands (0.64)
13. Norway (0.69)	13. Norway (0.71)	14. Belgium (0.63)	14. Belgium (0.64)
14. Great Britain (0.65)	14. Belgium (0.61)	15. Luxembourg (0.59)	15. Luxembourg (0.61)
15. Belgium (0.59)	15. Luxembourg (0.56)	16. Netherlands (0.59)	16. Greece (0.37)
16. Netherlands (0.50)	16. Netherlands (0.55)	17. Greece (0.38)	17. Roumania (0.20)
17. Luxembourg (0.44)	17. Greece (0.39)	18. N. Ireland (0.14)	18. N. Ireland (0.18)
18. Greece (0.41)	18. N. Ireland (0.10)	19. Portugal (0.08)	19. Portugal (0.08)
19. Northern Ireland (0.09)	19. Portugal (0.17)	20. Roumania (0.00)	
20. Portugal (0.08)			

No statistics are available on Italy, Ireland or Spain as there are no legal provisions for divorce in these countries  
West Berlin ranks exceptionally high : 1965--2.65 1966--2.55 1967--2.48

However, along with Greece it is the only one with a steady rate of decline.

There are no figures available for 1968 for W/Germany and France

Source ; DEMOGRAPHIC YEARBOOK 1969; United Nations Publication, 1970

COMPARATIVE RATES OF ILLEGITIMACY

(per 100 total live births)

1967

ZONE 1

Great Britain	high *	7.6	*
Netherlands	low	2.1	
Denmark	high	10.2	
Norway	medium	5.1	
Sweden	high	15.1	
Finland	medium	5.1	

ZONE 1 A

Ireland	low	2.5	
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ZONE 2

France	high	6.1	
Belgium	low	2.5	
Luxembourg	low	3.5	

ZONE 3

Italy	low	2.0	
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ZONE 4

West Germany	medium	4.8	
Hungary	medium	5.0	
Czechoslovakia	medium	5.4	
Austria	high	12.0	

ZONE 5

Spain	low	1.5	
Portugal	high	7.9	

ZONE 6

Switzerland	medium	3.9	
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ZONE 7

Poland	medium	4.9	
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ZONE 8

Yugoslavia	high	8.3	
Roumania	-	-	
Greece	low	1.0	

\* Note: 1-7 = high; 8-14 = medium; 15-20 = low. Based on rank in Europe.  
Source: Derived from U N Demographic Yearbook, 1970.

TREND OF ILLEGITIMACY  
(Per 100 total live births)

8

		<u>1963</u>	<u>1967</u>
<u>ZONE 1</u>			
Great Britain	increasing	6.0	7.6
Netherlands	increasing slightly	1.6	2.1
Denmark	increasing	8.9	10.2
Norway	increasing	3.9	5.1
Sweden	increasing	12.6	15.1
Finland	increasing	4.2	5.1
<u>ZONE 1 A</u>			
Ireland	increasing	1.8	2.5
<u>ZONE 2</u>			
France	increasing slightly	5.9	6.1
Belgium	increasing slightly	2.2	2.5
Luxembourg	increasing slightly	3.1	3.5
<u>ZONE 3</u>			
Italy	decreasing	2.2	2.0
<u>ZONE 4</u>			
West Germany	decreasing	5.1	4.8
Hungary	decreasing	5.3	5.0
Czechoslovakia	increasing	4.7	5.4
Austria	increasing slightly	11.6	12.0
<u>ZONE 5</u>			
Spain	decreasing	1.9	1.5
Portugal	decreasing	8.7	7.9
<u>ZONE 6</u>			
Switzerland	decreasing	4.1	3.9
<u>ZONE 7</u>			
Poland	increasing	4.1	4.9
<u>ZONE 8</u>			
Yugoslavia	decreasing	8.5	8.3
Roumania	-	-	-
Greece	decreasing	1.2	1.0

Source ; Derived from DEMOGRAPHIC YEARBOOK 1969; United Nations  
Publication, 1970

# ILLEGITIMACY

Mid to late 60's

(Percentage of illegitimate live births per 100 total live births)

1963	%	1965	%	1967	%
1. Sweden	(12.6)	1. Sweden	(13.8)	1. Sweden	(15.1)
2. Austria	(11.6)	2. Austria	(11.2)	2. Austria	(12.0)
3. Denmark	( 8.9)	3. Denmark	( 9.5)	3. Denmark	(10.2)
4. Portugal	( 8.7)	4. Portugal	( 8.3)	4. Yugoslavia	( 8.3)
5. Yugoslavia	( 8.5)	4. Yugoslavia	( 8.3)	5. Portugal	( 7.9)
6. Great Britain	( 6.0)	5. Great Britain	( 6.7)	6. Great Britain	( 7.6)
7. France	( 5.9)	6. France	( 5.9)	7. France	( 6.1)
8. Hungary	( 5.3)	7. Hungary	( 5.2)	8. Czechoslovakia	( 5.4)
9. West Germany	( 5.1)	8. Czechoslovakia	( 5.1)	9. Finland	( 5.1)
10. Czechoslovakia	( 4.7)	9. Finland	( 4.6)	9. Norway	( 5.1)
11. Finland	( 4.2)	9. Norway	( 4.6)	10. Hungary	( 5.0)
12. Poland	( 4.1)	9. West Germany	( 4.6)	11. Poland	( 4.9)
12. Switzerland	( 4.1)	10. Poland	( 4.5)	12. West Germany	( 4.8)
13. Norway	( 3.9)	11. Switzerland	( 3.9)	13. Switzerland	( 3.9)
14. Luxembourg	( 3.1)	12. Luxembourg	( 3.7)	14. Northen Ireland	( 3.6)
15. Northen Ireland	( 2.6)	13. Northen Ireland	( 2.9)	15. Luxembourg	( 3.5)
16. Italy	( 2.2)	14. Belgium	( 2.4)	16. Ireland	( 2.5)
16. Belgium	( 2.2)	15. Ireland	( 2.2)	16. Belgium	( 2.5)
17. Spain	( 1.9)	16. Italy	( 2.0)	17. Netherlands	( 2.1)
18. Ireland	( 1.8)	17. Netherlands	( 1.8)	18. Italy	( 2.0)
19. Netherlands	( 1.6)	18. Spain	( 1.7)	19. Spain	( 1.5)
20. Greece	( 1.2)	19. Greece	( 1.1)	20. Greece	( 1.0)

Source: Demographic Yearbook 1969, United Nations Publication, 1970

SUICIDE

(per 1,000,000 population)

<u>ZONE 1</u>	<u>1960-63 (a)</u>	<u>1965 (b)</u>
Great Britain	100	106
Netherlands	65	66
Denmark	188	203
Norway	72	65
Sweden	178	174
Finland	206	205
 <u>ZONE 1 A</u>		
Ireland	26	30
 <u>ZONE 2</u>		
France	156	158
Belgium	142	146
Luxembourg	-	-
 <u>ZONE 3</u>		
Italy	56	63
 <u>ZONE 4</u>		
West Germany	184	195
Hungary	-	-
Czechoslovakia	-	-
Austria	-	231
 <u>ZONE 5</u>		
Spain	45	-
Portugal	88	-
 <u>ZONE 6</u>		
Switzerland	182	190
 <u>ZONE 7</u>		
Poland	-	-
 <u>ZONE 8</u>		
Yugoslavia	-	-
Roumania	-	-
Greece	-	-
 U.S	107	106
Japan	187	216

Source: a) - Derived from WHO World Health Statistics Annual;  
Vol. 1, 1965

b) - U N Demographic Yearbook 1966

# SUICIDES AND SELF-INFLICTED INJURIES

(Per 100,000 Population)

<u>ZONE 1</u>	<u>1964</u>
Great Britain	99
Netherlands	65
Denmark	211
Norway	73
Sweden	198
Finland	198
 <u>ZONE 1 A</u>	
Ireland	97
 <u>ZONE 2</u>	
France	149
Belgium	140
Luxembourg	-
 <u>ZONE 3</u>	
Italy	54
 <u>ZONE 4</u>	
West Germany	201
Hungary	286
Czechoslovakia	207
Austria	225
 <u>ZONE 5</u>	
Spain	-
Portugal	94
 <u>ZONE 6</u>	
Switzerland	170
 <u>ZONE 7</u>	
Poland	85
 <u>ZONE 8</u>	
Yugoslavia	-
Roumania	-
Greece	32

Source: Rapport de la Commission - SANTE - for the VI<sup>e</sup> Plan; Paris, 1971

SUICIDE PER 1 MILLION POPULATION

(Ranked by order of importance)

	<u>1960-1963(a)</u>		<u>1965 (b)</u>
1. Finland	206	1. Austria	231
2. Denmark	188	2. Japan	216
3. Japan	187	3. Finland	205
4. Sweden	178	4. Denmark	203
5. Germany	184	5. Germany	195
6. Switzerland	182	6. Switzerland	190
7. France	156	7. Sweden	174
8. Belgium	142	8. France	158
9. U.S.	107	9. Belgium	146
10. Great Britain	100	10. Great Britain	106
11. Portugal	88	10. U.S.	106
12. Norway	72	11. Netherlands	66
13. Netherlands	65	12. Norway	65
14. Italy	56	13. Italy	63
15. Northern Ireland	49	14. Ireland	30
16. Spain	45		
17. Ireland	26		

Sources: a) Based on data in WHO World Health Statistics Annual:  
Vol. 1, 1965

b) U N Demographic Yearbook, 1966

HOMICIDES

(Per 100,000 Population)

1967ZONE 1

Great Britain	12
Netherlands	5
Denmark	-
Norway	-
Sweden	9
Finland	-

ZONE 1 A

Ireland	8
---------	---

ZONE 2

France	9
Belgium	8
Luxembourg	4

ZONE 3

Italy	10
-------	----

ZONE 4

West Germany	13
Hungary	-
Czechoslovakia	-
Austria	-

ZONE 5

Spain	2
Portugal	-

ZONE 6

Switzerland	-
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ZONE 7

Poland	-
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ZONE 8

Yugoslavia	-
Roumania	-
Greece	-

U.S.	70
Japan	15

Source: WHO Health Statistics Annal 1967 - Vol. 1  
vital Statistics and Causes of Death

ALCOHOLISM

(Cirrhosis and Alcoholism Deaths)

(Per 1,000,000 Population)

<u>ZONE 1</u>	<u>1965</u>
Great Britain	30
Netherlands	38
Denmark	85
Norway	45
Sweden	55
Finland	35
 <u>ZONE 1 A</u>	
Ireland	-
 <u>ZONE 2</u>	
France	404
Belgium	107
Luxembourg	-
 <u>ZONE 3</u>	
Italy	183
 <u>ZONE 4</u>	
West Germany	188
Hungary	-
Czechoslovakia	-
Austria	233 (Cirrhosis deaths only)
 <u>ZONE 5</u>	
Spain	-
Portugal	-
 <u>ZONE 6</u>	
Switzerland	149
 <u>ZONE 7</u>	
Poland	-
 <u>ZONE 8</u>	
Yugoslavia	-
Roumania	-
Greece	-
U.S.	125
Japan	102

Source: U N Demographic Yearbook, 1966

HOSPITALIZED MENTAL ILLNESS

(per 1 000 Population)

<u>ZONE 1</u>	<u>1961</u>
Great Britain	4.5
Netherlands	2.3
Denmark	2.2
Norway	2.9
Sweden	4.8
Finland	3.6
 <u>ZONE 1 A</u>	
Ireland	-
 <u>ZONE 2</u>	
France	2.1
Belgium	3.1
Luxembourg	-
 <u>ZONE 3</u>	
Italy	2.2
 <u>ZONE 4</u>	
West Germany	1.7
Hungary	-
Czechoslovakia	-
Austria	1.9
 <u>ZONE 5</u>	
Spain	-
Portugal	-
 <u>ZONE 6</u>	
Switzerland	3.5
 <u>ZONE 7</u>	
Poland	-
 <u>ZONE 8</u>	
Yugoslavia	-
Roumania	-
Greece	-
 U.S.	4.3
Japan	1.1

Source: Commission of Inquiry on Mental Illness; Dublin 1966

INFANT MORTALITY

(Per 1,000 live births)

<u>ZONE 1</u>	<u>1965</u>
Great Britain	20.8
Netherlands	14.4
Denmark	18.7
Norway	16.8
Sweden	13.3
Finland	17.6
 <u>ZONE 1 A</u>	
Ireland	-
 <u>ZONE 2</u>	
France	21.9
Belgium	23.7
Luxembourg	-
 <u>ZONE 3</u>	
Italy	36.0
 <u>ZONE 4</u>	
West Germany	23.9
Hungary	38.8
Czechoslovakia	25.5
Austria	28.3
 <u>ZONE 5</u>	
Spain	-
Portugal	64.9
 <u>ZONE 6</u>	
Switzerland	-
 <u>ZONE 7</u>	
Poland	41.7
 <u>ZONE 8</u>	
Yugoslavia	-
Roumania	44.6
Greece	34.3

Source: Rapport de la Commission - SANTE -  
 Préparation du VIème Plan; Paris, 1970

# STUDENT ENROLMENT \*

17

(Per 100,000 population)

<u>ZONE 1</u>	1950	1968
Great Britain	348	1000
Netherlands	603	1550
Denmark	428	1426
Norway	231	1094
Sweden	241	1460
Finland	361	1171
 <u>ZONE 1 A</u>		
Ireland	296	882
 <u>ZONE 2</u>		
France	334	1247
Belgium	234	673
Luxembourg	33	229
 <u>ZONE 3</u>		
Italy	310	797
 <u>ZONE 4</u>		
West Germany	256	716
Hungary	284	508
Czechoslovakia	365	958
Austria	358	715
 <u>ZONE 5</u>		
Spain	198	530
Portugal	192	438
 <u>ZONE 6</u>		
Switzerland	353	621
 <u>ZONE 7</u>		
Poland	473	946
 <u>ZONE 8</u>		
Yugoslavia	369	1148
Roumania	365	749
Greece	180	850
U.S.	1508	3735
Japan	471	1510

Source: UNESCO Statistical Yearbook, 1970

\* Data on enrolment refer to students who are eligible to sit for examination and to receive degrees or diplomas at University level.

FULL TIME EDUCATION  
(Completed by 16 years)

<u>ZONE 1</u>	<u>Total</u> %	<u>Urban</u> %	<u>Rural</u> %
Great Britain	71	70	74
Netherlands	56	54	62
Denmark	37	29	57
Norway	40	30	49
Sweden	51	44	66
Finland	66	58	73
 <u>ZONE 1 A</u>			
Ireland	61	55	67
 <u>ZONE 2</u>			
France	62	56	73
Belgium	56	44	67
Luxembourg	50	32	61
 <u>ZONE 3</u>			
Italy	80	76	91
 <u>ZONE 4</u>			
West Germany	57	50	67
Hungary	-	-	-
Czechoslovakia	-	-	-
Austria	54	40	70
 <u>ZONE 5</u>			
Spain	67	53	78
Portugal	76	70	80
 <u>ZONE 6</u>			
Switzerland	37	34	40
 <u>ZONE 7</u>			
Poland	-	-	-
 <u>ZONE 8</u>			
Yugoslavia	-	-	-
Roumania	-	-	-
Greece	-	-	-

Source: Radioscopie de l'Europe; Paris:

Sélection du Reader's Digest, 1970 (pp. 56-57)

	% of G.N.P		% of total Government Expenditure	
	1964	1968	1964	1968
<u>ZONE 1</u>				
Great Britain	4.8	5.9	-	12.3
Netherlands	6.1	7.0	25.9	28.5
Denmark	5.3	6.3	21.6	18.0
Norway	5.3	6.1	15.3	18.8
Sweden	6.7	7.9	21.3	26.9
Finland	6.0	6.4	23.5	23.0
 <u>ZONE 1 A</u>				
Ireland	3.9	4.7	19.9	11.2
 <u>ZONE 2</u>				
France	3.4	4.4	18.0	19.1
Belgium	5.6	5.0	-	-
Luxembourg	4.7	5.3	-	15.9
 <u>ZONE 3</u>				
Italy	4.9	4.8	24.8	19.8
 <u>ZONE 4</u>				
West Germany	3.2	3.6	9.8	10.9
Hungary	5.1	4.7	9.6	7.4
Czechoslovakia	5.0	4.7	6.7	8.0
Austria	3.4	4.7	4.7	7.6
 <u>ZONE 5</u>				
Spain	1.6	1.8	14.3	11.7
Portugal	1.4	1.4	8.3	7.6
 <u>ZONE 6</u>				
Switzerland	3.8	4.1	18.7	19.3
 <u>ZONE 7</u>				
Poland	5.1	5.1	-	-
 <u>ZONE 8</u>				
Yugoslavia	4.4	5.0	14.5	-
Roumania	-	-	-	-
Greece	1.9	1.9	-	11.1
U.S.	5.1	5.8	18.8	16.6
Japan	4.5	4.0	22.6	20.8

Source: UNESCO Statistical Yearbook, 1970

RELIGION

<u>ZONE 1</u>	<u>Catholic</u>	<u>Protestant</u>
Great Britain	12	83
Netherlands	31	33
Denmark	-	96
Norway	-	99
Sweden	-	95
Finland	-	95
 <u>ZONE 1 A</u>		
Ireland	96	4
 <u>ZONE 2</u>		
France	90	2
Belgium	87	1
Luxembourg	98	1
 <u>ZONE 3</u>		
Italy	99	0
 <u>ZONE 4</u>		
West Germany	43	53
Hungary	-	-
Czechoslovakia	-	-
Austria	85	7
 <u>ZONE 5</u>		
Spain	98	0
Portugal	95	1
 <u>ZONE 6</u>		
Switzerland	36	59
 <u>ZONE 7</u>		
Poland	-	-
 <u>ZONE 8</u>		
Yugoslavia	-	-
Roumania	-	-
Greece	-	-

Source: Radioscopie de l'Europe; Paris:

Sélection du Reader's Digest, 1970 (pp. 62-63)

ECONOMIC INDICES

G N P GROWTH RATE

<u>ZONE 1</u>	<u>1960-1970</u>	<u>1970-1980 Projection</u>
Great Britain	2.7	3.2
Netherlands	5.1	9.6
Denmark	4.7	3.8
Norway	4.7	4.4
Sweden	4.5	3.6
Finland	4.5	4.5
 <u>ZONE 1 A</u>		
Ireland	3.9	4.8
 <u>ZONE 2</u>		
France	5.6	6.0
Belgium	4.7	4.7
Luxembourg	3.0	3.0
 <u>ZONE 3</u>		
Italy	5.7	5.6
 <u>ZONE 4</u>		
West Germany	4.7	4.6
Hungary	-	-
Czechoslovakia	-	-
Austria	4.2	4.9
 <u>ZONE 5</u>		
Spain	-	-
Portugal	-	-
 <u>ZONE 6</u>		
Switzerland	4.2	3.3
 <u>ZONE 7</u>		
Poland	-	-
 <u>ZONE 8</u>		
Yugoslavia	-	-
Roumania	-	-
Greece	-	-
 U.S.	4.2	4.7
Japan	11.3	10.0

Source: O.E.C.D. Main Economic Indicator, 1970.

G.N.P. 1960 - 1980

(At constant prices and rate of change : 1960)

	1960		Rate of economic growth 1960-1970	1970		Projected rate of economic growth 1970-1980	1980	
	GNP global	G.N.P. per capita		G.N.P. global	G.N.P. per capita		G.N.P. global	G.N.P. per capita
AUSTRIA	6.20	873	4.2	9.36	1,269	4.9	15.07	1,478
BELGIUM	11.48	1,162	4.7	18.14	1,879	4.7	28.66	2,691
LUXEMBOURG	0.50	1,670	3.0	0.67	1,988	3.0	0.90	2,500
DENMARK	5.95	1,294	4.7	9.40	1,922	3.8	13.63	2,627
FINLAND	5.28	1,200	4.5	8.18	1,738	4.5	12.68	2,541
FRANCE	60.40	1,316	5.6	103.89	2,064	6.0	185.96	3,442
GERMANY	71.17	1,280	4.7	112.45	1,848	4.6	176.55	2,777
IRELAND	1.86	664	3.9	2.72	931	4.8	4.35	1,307
ITALY	33.92	675	5.7	59.02	1,040	5.6	101.51	1,746
NETHERLANDS	11.33	985	5.1	18.69	1,452	3.6	29.34	2,053
NORWAY	4.53	1,259	4.7	7.16	1,858	4.4	11.03	2,608
PORTUGAL	2.54	285	5.7	4.42	461	7.1	8.75	874
SPAIN	10.25	340	7.4	20.91	634	5.5	40.36	1,117
SWEDEN	12.94	1,726	4.5	20.06	2,518	3.6	24.49	3,130
SWITZERLAND	8.58	1,589	4.2	12.96	2,084	3.3	17.88	2,650
GREAT-BRITAIN	72.28	1,374	2.7	94.69	1,700	3.2	129.73	2,182
		Europe Index= 100						Europe Index= 100
E.E.C.	188.80	59.1	5.2	312.86	62.2	5.2	522.92	65.0
E.E.C. + G.B.	261.08	81.8		407.55	80.1		652.65	81.1
WESTERN EUROPE	319.21	100.0		502.72	100.0		804.89	100.0
SCANDINAVIA	28.70	9.0		44.80	8.9		65.83	8.2
		G.N.P. per capita						G.N.P. per capita
CANADA	37.43	2,103	4.9	60.26	2,857	5.4	101.84	3,926
UNITED-STATES	511.19	2,830	4.2	722.20	3,800	4.7	1,220.08	5,124
JAPAN	42.57	457	11.3	124.30	1,215	10.0	323.18	2,879

G.N.P. IN BILLIONS OF U.S. DOLLARS  
G.N.P. PER CAPITA IN U.S. DOLLARS

SOURCE : O.E.C.D. ESTIMATES.

PERCENTAGE CHANGE AT ANNUAL RATES

23

(At 1963 prices and exchange rates)

				<u>Projections</u>
	<u>1965</u> <u>1960</u>	<u>1970</u> <u>1965</u>	<u>1970</u> <u>1969</u>	<u>1980</u> <u>1970</u>
<u>ZONE 1</u>				
Great Britain	3.3	2.1	2.1	3.2
Netherlands	5.0	5.2	5.6	9.6
Denmark	5.2	4.0	3.2	3.8
Norway	5.4	4.4	3.6	4.4
Sweden	5.3	3.9	4.8	3.6
Finland	5.2	4.8	7.4	4.5
 <u>ZONE 1 A</u>				
Ireland	3.9	4.0	1.4	4.8
 <u>ZONE 2</u>				
France	5.8	5.8	6.0	6.0
Belgium	5.1	4.6	6.1	4.7
Luxembourg	3.3	3.4	2.9	3.0
 <u>ZONE 3</u>				
Italy	5.3	6.0	5.1	5.6
 <u>ZONE 4</u>				
West Germany	5.0	4.5	4.9	4.6
Hungary	-	-	-	-
Czechoslovakia	-	-	-	-
Austria	4.4	5.1	7.1	4.9
 <u>ZONE 5</u>				
Spain	8.6	6.5	6.8	5.5
Portugal	6.3	6.2	6.4	7.1
 <u>ZONE 6</u>				
Switzerland	5.3	3.7	4.4	3.3
 <u>ZONE 7</u>				
Poland	-	-	-	-
 <u>ZONE 8</u>				
Yugoslavia	-	-	-	-
Roumania	-	-	-	-
Greece	8.0	7.0	8.1	-
U.S.A.	4.8	3.3	- 0.4	4.7
Japan	10.0	12.1	10.9	10.0

Source: O.E.C.D.: National Accounts 1953-1969

O.E.C.D. Economic Outlook, 1971.

Rates of Growth 1972 Estimates

	H.I.E.	O.C.D.E.	Mc Graw Hill	Official Experts	American Chamber of Commerce	Management and Government	Institute Economic of Social Research
U.S.A.	3.0 % 4.0 % <sup>a</sup>	6 %	5,5 %	5,5 %	6,5 %		
Canada	5.0 %	6 %	5,5 %				
Japan	6.0 %	6 %	6,4 %	5 % a 6 %			
France	4.7 %	5,25 %	5 %	4,6 % a 4,8 %		5,2 %	
Italy	3.0 %	2,25 %	4 %				
Great Britain	2.0 %	3,5 %	3,3 %			4,5 %	4,1 %
Netherland	2.5 %	3 %	3 %				
West Germany	1.5 %	2 %	1 %			3 %	

COMPARATIVE HOURLY WAGES

(in Dollars)

<u>ZONE 1</u>	<u>1961</u>	<u>1967</u>
Great Britain	\$ .96	\$ 1.36
Netherlands	.78	1.30
Denmark	1.06	1.86
Norway	1.09	1.81
Sweden	1.36	2.32
Finland	.87	1.43
 <u>ZONE 1 A</u>		
Ireland	-	-
 <u>ZONE 2</u>		
France	.98	1.45
Belgium	.91	1.53
Luxembourg	-	-
 <u>ZONE 3</u>		
Italy	.79	1.38
 <u>ZONE 4</u>		
West Germany	1.07	1.71
Hungary	-	-
Czechoslovakia	-	-
Austria	.82	1.31
 <u>ZONE 5</u>		
Spain	-	-
Portugal	-	-
 <u>ZONE 6</u>		
Switzerland	-	-
 <u>ZONE 7</u>		
Poland	-	-
 <u>ZONE 8</u>		
Yugoslavia	-	-
Roumania	-	-
Greece	-	-
 U.S.	2.79	3.46
Japan	.30	.58

Source: Radioscopie de l'Europe;

Paris: Sélection du Reader's Digest, 1970 (pp. 26-27)

HOURLY WAGES

Ranked by Country.

	<u>1967</u>
1. United States	\$ 3.46
2. Sweden	2.32
3. Denmark	1.86
4. Norway	1.81
5. West Germany	1.71
6. Belgium	1.53
7. France	1.45
8. Finland	1.43
9. Italy	1.38
10. Great Britain	1.36
11. Austria	1.31
12. Netherlands	1.30
13. Japan	.58

Source: Radioscopie de l'Europe;

Paris: Sélection du Reader's Digest, 1970 (pp. 26-27)

## COMPARATIVE WEEKLY REVENUES

(Percentage of adults living in families with net weekly revenue of)  
(in U.S. Dollars)

	\$ 23 or less %	\$ 24 - 71 %	\$ 12 - 119 %	\$ 120 & + %
<u>ZONE 1</u>				
Great Britain	9	66	20	5
Netherlands	2	67	22	9
Denmark	4	27	40	29
Norway	6	36	40	18
Sweden	4	42	31	17
Finland	23	56	16	5
<u>ZONE 1 A</u>				
Ireland	33	55	10	2
<u>ZONE 2</u>				
France	17	54	21	8
Belgium	18	56	19	7
Luxembourg	2	61	28	9
<u>ZONE 3</u>				
Italy	35	52	8	5
<u>ZONE 4</u>				
West Germany	4	61	27	8
Hungary	-	-	-	-
Czechoslovakia	-	-	-	-
Austria	13	62	21	4
<u>ZONE 5</u>				
Spain	50	36	8	6
Portugal	76	22	2	0
<u>ZONE 6</u>				
Switzerland	6	41	36	17
<u>ZONE 7</u>				
Poland	-	-	-	-
<u>ZONE 8</u>				
Yugoslavia	-	-	-	-
Roumania	-	-	-	-
Greece	-	-	-	-

Source: Radioscopie de l'Europe; Paris: Sélection du Reader's Digest.  
1910 (pp. 28-29)

Industrial Disputes

	Working days lost (in thousands)			Civilian Employment (millions)
	1967	1968	1969	
1. United States	42,000	49,000	42,900	77,9
2. Italy (zone 3)	8,568	9,240	37,825	18,7
3. Canada	3,975	5,083	7,747	7,8
4. U.K. (zone 1)	2,787	4,690	6,846	24,9
5. Japan	1,830	2,841	3,634	50,4
6. France (zone 2)	4,204	-	2,224	20,0
7. Australia	705	1,079	1,958	5,2
8. Spain (zone 5)	236	241	560	12,2
9. Germany (zone 4)	390	25	249	26,3
10. Belgium (zone 2)	182	364	163	3,7
11. Sweden (zone 1)	-	1	112	3,8
12. Holland (zone 1)	6	14	22	4,5

Sources: Digested from ILO Yearbook of Labour Statistics, 1970

OECD Labour Force Statistics 1958 - 1969

200 LARGEST INDUSTRIALS OUTSIDE THE U.S. - 1971

<u>Rank</u>	<u>Country</u>	<u>No of Companies</u>	<u>No in 1-100</u>
1.	Great Britain	46	20
2.	Germany	26	17
3.	France	21	15
4.	Sweden	7	2
5.	Switzerland	7	4
6.	Italy	7	6
7.	Netherlands	4	2
8.	Belgium	4	3
9.	Luxembourg	1	1

Note: For the first year Japan by-passed Great-Britain, and now leads in number of companies in top 200, with 51. 126 of the largest industrials outside the U.S. are in Western Europe.

Source: The Fortune Directory, 1971.

50 LARGEST BANKS OUTSIDE THE U.S - 1971

<u>Rank</u>	<u>Country</u>	<u>No of Banks</u>	<u>No 1 - 5</u>
1.	West Germany	8	
2.	Italy	6	1
3.	Great Britain	5	2
4.	France	3	2
5.	Switzerland	3	
6.	Netherlands	2	
7.	Belgium	1	

Note: Japan leads all with 15.

The 50 banks increased their assets by an impressive average of 17.1 % compared with the top 50 U.S. banks with only 11.5 %.

Source: The Fortune Directory, 1971

(Per cent by Source of Funds)

1967 1969

	Government Funds	Productive Enterprise Funds
<u>ZONE 1</u>		
Great Britain	51.2	45.0
Netherlands	40.3	57.2
Denmark	59.0	38.7
Norway	61.4	33.7
Sweden	42.1	55.1
Finland	48.0	51.8
<u>ZONE 1 A</u>		
Ireland	52.4	35.6
<u>ZONE 2</u>		
France	48.5	31.8
Belgium	23.2	59.3
Luxembourg	-	-
<u>ZONE 3</u>		
Italy	17.2	57.3
<u>ZONE 4</u>		
West Germany	45.9	53.0
Hungary	34.2	2.7
Czechoslovakia	44.8	55.2
Austria	42.0	55.6
<u>ZONE 5</u>		
Spain	65.0	26.2
Portugal	-	-
<u>ZONE 6</u>		
Switzerland	20.6	75.5
<u>ZONE 7</u>		
Poland	25.0	32.3
<u>ZONE 8</u>		
Yugoslavia	39.6	48.2
Roumania	82.7	13.1
Greece	63.3	33.1
U.S.	59.7	34.5
Japan	29.9	70.0

Source: UNESCO Statistical Yearbook, 1970.

## CURRENT EXPENDITURE FOR R &amp; D

(Per cent by type of activity)

<u>ZONE 1</u>	<u>Basic</u>	<u>Applied</u>	<u>Experimental</u>
Great Britain	10.9	26.2	62.9
Netherlands	49.0		51.0
Denmark	23.6	29.6	46.8
Norway	27.1	32.5	40.4
Sweden	1.7	26.2	76.7
Finland	6.7	35.7	57.6
 <u>ZONE 1 A</u>			
Ireland	12.4	40.8	46.8
 <u>ZONE 2</u>			
France	54.7		45.3
Belgium	21.6	42.4	36.0
Luxembourg	-	-	-
 <u>ZONE 3</u>			
Italy	15.3	41.7	43.0
 <u>ZONE 4</u>			
West Germany	-	-	-
Hungary	15.0	34.0	51.0
Czechoslovakia	14.6	64.6	20.8
Austria	43.3	41.5	16.2
 <u>ZONE 5</u>			
Spain	24.5	45.5	30.0
Portugal	-	-	-
 <u>ZONE 6</u>			
Switzerland	19.3	80.7	-
 <u>ZONE 7</u>			
Poland	-	-	-
 <u>ZONE 8</u>			
Yugoslavia	-	-	-
Roumania	29.0	39.0	32.0
Greece	21.3	48.2	30.5
U.S.	14.8	21.2	64.0
Japan	39.0	21.5	39.5

Source: UNESCO Statistical Yearbook, 1970.

CAR OWNERSHIP

<u>COUNTRIES</u>	% of households possessing		Owners of car having a car of foreign make
	1 car	2 cars	
Germany	48	6	15
Italy	42	3	15
France	56	6	11
Netherlands	48	3	91
Belgium	45	3	100
Luxembourg	51	5	100
Great Britain	50	1	1
Portugal	20	1	100
Austria	54	5	100
Switzerland	54	7	100
Sweden	63	5	62
Denmark	58	4	100
Norway	50	3	100
Finland	35	2	100
Spain	30	2	1
Ireland	42	4	100

## Note:

Germany leads Western Europe in export sales with 30 % of sales. Followed closely by Great Britain 23 % and France 24 %.

28 % of European own cars of foreign make - figure somewhat misleading however because of number of countries which have no automobile industry.

Of countries with own production only Sweden buys more than 50 % 62 % of cars abroad

Source: Radioscopie de l'Europe;

Paris: Sélection du Reader's Digest, 1970 (pp. 131-132)

(2)

# HUDSON INSTITUTE

## INCOMPLETE DRAFT

ENERGY AND ENERGY FUELS

By

Basil Candela  
Tor Ragnar Gerholm

HI-1542/2-CC

5 November 1971

3563

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## ENERGY AND ENERGY FUELS

HI-1542/2-CC

### E R R A T A

Page ii shall be replaced by the following:

#### Energy and Energy Fuels

This chartbook was compiled to accompany a lecture and general discussion on energy, resources and economics given by Herman Kahn to the "Third Organizational Meeting Symposium on Energy Resources and the Environment" at The MITRE Corporation, McLean, Virginia, on November 8, 1971. The lecture and discussion is issued as a separate report by them.

The chartbook is an "Incomplete Draft"; time did not permit the preparation of explanatory pages which would describe the significance of the charts and how each fits into the total picture. However, even without this explanation, an interesting story on this timely subject can be pieced together. It may be further useful to use this chartbook in conjunction with ENERGY - THE ULTIMATE RESOURCE, a Study submitted to the Task Force on Energy of the Subcommittee on Science, Research, and Development of the Committee on Science and Astronautics - U.S. House of Representatives, October, 1971.

Subsequent issues of this chartbook are expected to contain whatever refinements are considered appropriate and, of course, include any new significant data that surfaces. Reactions are sought and welcomed.

Pages 34 & 35: The reference "Source" shall be replaced by the following:

Compilation by Hudson Institute of summary discussions at the "Symposium on Energy and Resources"--the Second Organizational Meeting of the Symposium Committee, the MITRE Corp., September 21 & 22, 1971.

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Energy and Energy Fuels

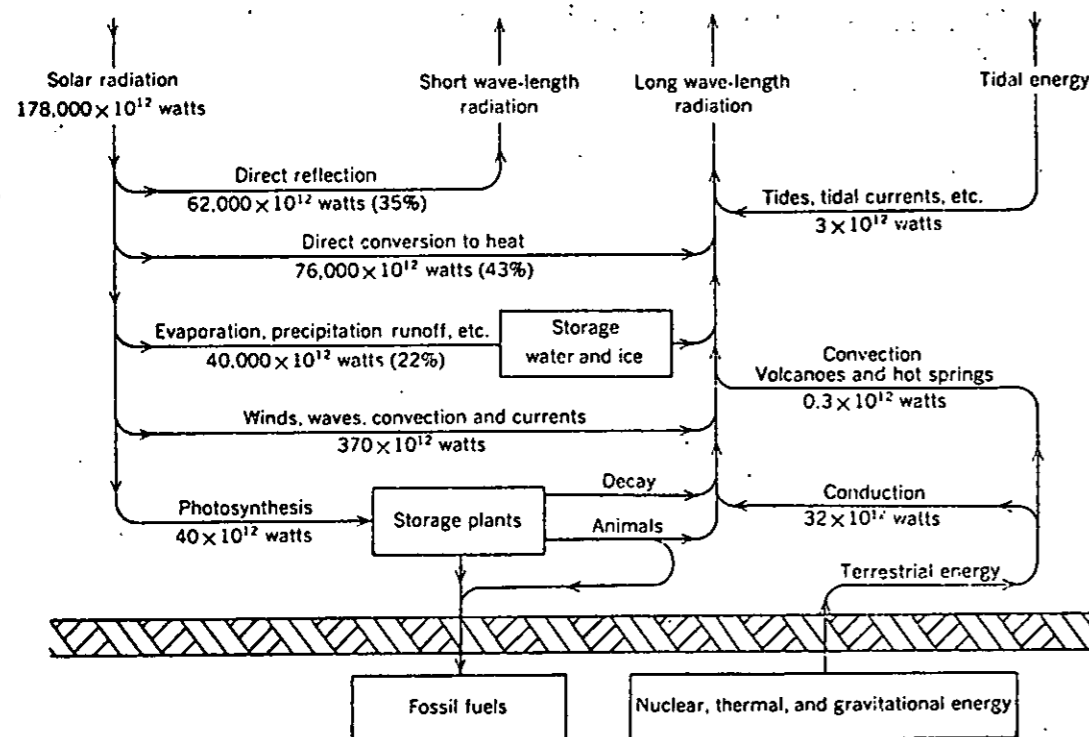
This chartbook was compiled to accompany a lecture and general discussion on "Energy and Energy Fuels" given by Herman Kahn at the MITRE Corp., McLean, Virginia, on November 8, 1971. The lecture and discussion is issued as a separate report by them.

The chartbook is an "Incomplete Draft"; time did not permit the preparation of explanatory pages which would describe the significance of the charts and how each fits into the total picture. However, even without this explanation, an interesting story on this timely subject can be pieced together.

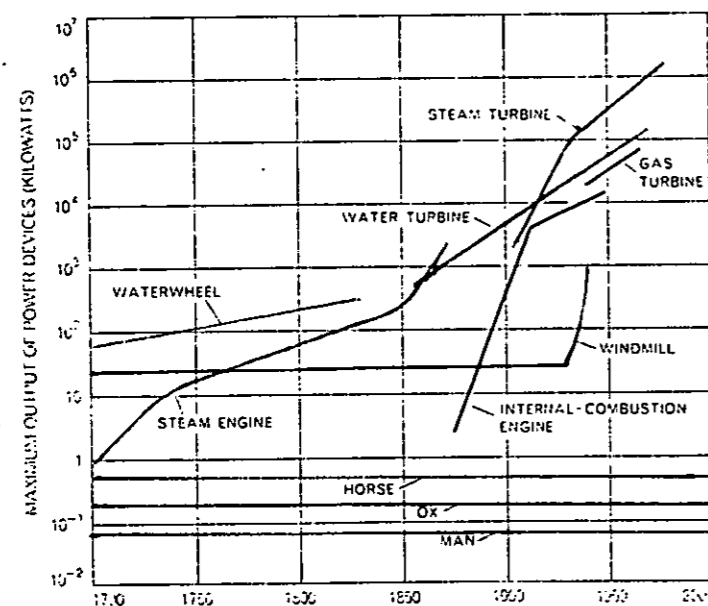
Subsequent issues of this chartbook are expected to correct the mentioned omissions, contain whatever refinements are considered appropriate and, of course, include any new significant data that surfaces.

Constructive criticism of any part of the chartbook, which would improve the presentation of the subject, is welcomed.

## ENERGY FLOW-SHEET FOR THE EARTH

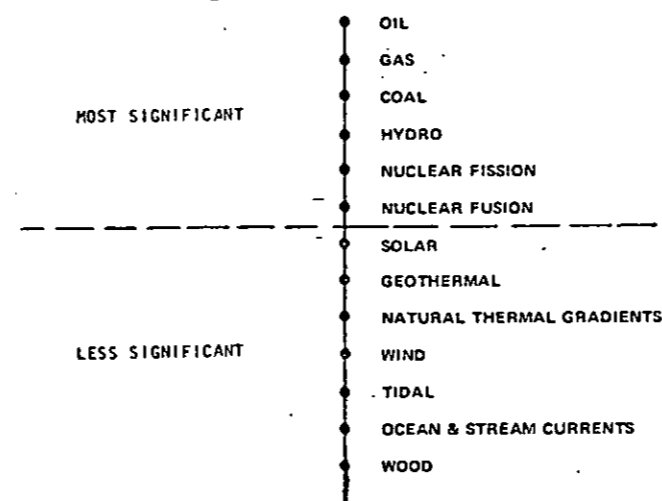


SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION, M. KING HUBBERT; PAPER IAEA-SM-146/1, U.S.G.S., WASHINGTON D.C.



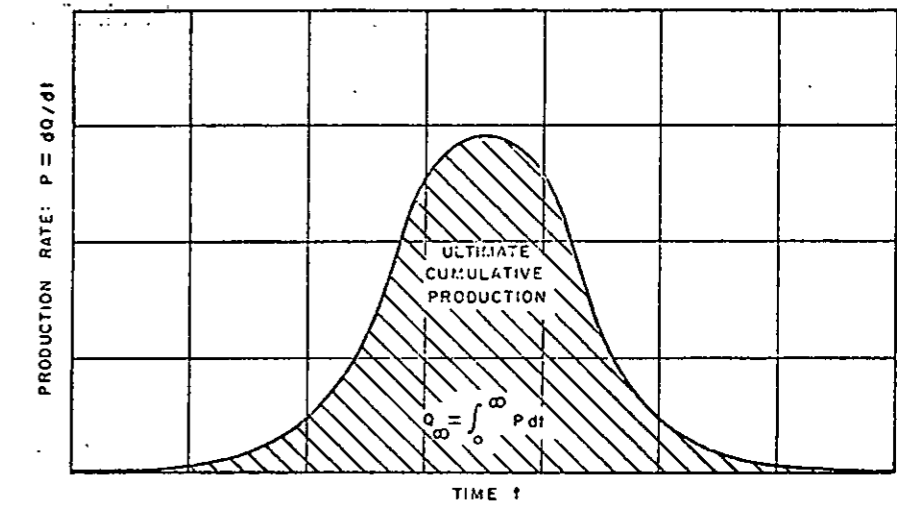
SOURCE: ENERGY AND POWER, CHAUNCEY STARR; SCIENTIFIC AMERICAN VOL. 225, NUMBER 3, SEPTEMBER 1971.

## ENERGY SOURCES



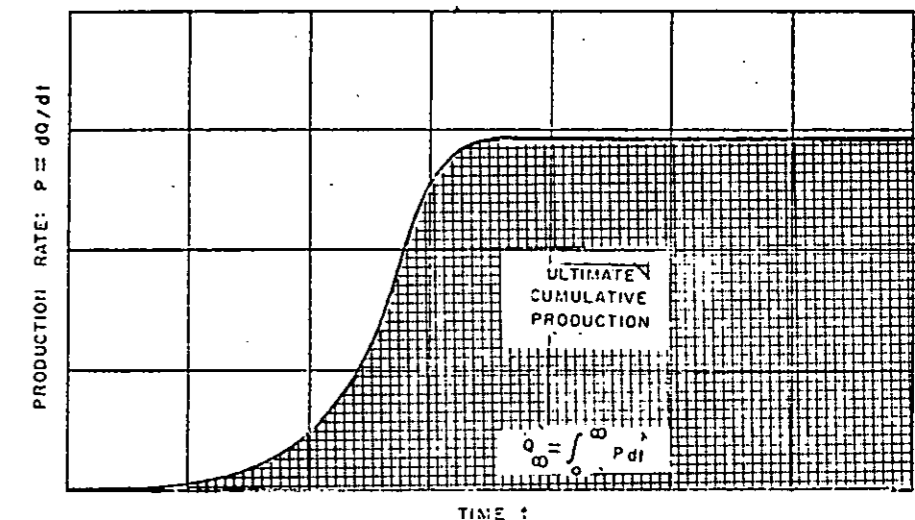
SOURCE: PAPER PRESENTED BY MAURICE RIFKIN AT MITRE CORPORATION SYMPOSIUM ON ENERGY AND RESOURCES, SEPTEMBER 1971. MODIFIED

## PRODUCTION OF AN EXHAUSTIBLE RESOURCE



SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION, M. KING HUBBERT; PAPER IAEA-SM-146/1, U.S.G.S., WASHINGTON D.C.

## PRODUCTION OF A BOUNDED BUT INEXHAUSTIBLE RESOURCE

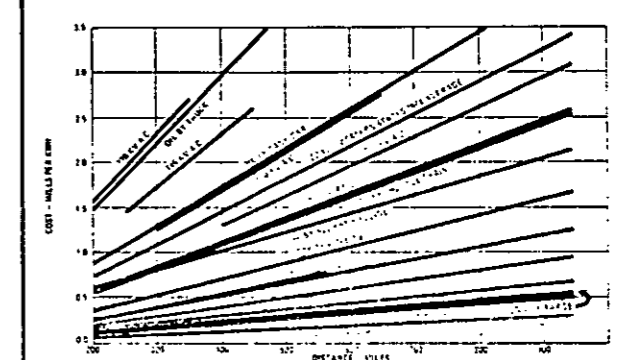


SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION, M. KING HUBBERT; PAPER IAEA-SM-146/1, U.S.G.S., WASHINGTON D.C.

## EFFICIENCIES

ITEM	EFFICIENCY PERCENT
Electric Generator	99
Large Electric Motor	92
Dry Cell Battery	91
Large Hydraulic Turbine	90
Large Steam Boiler	88
Electricity to Microwave Radiation	85
Home Gas Furnace	85
Microwave Radiation to Electricity	70
Wind Driven Turbine	70
Storage Battery	72
Pumped Storage	67
Home Oil Furnace	65
Small Electric Motor	62
Fuel Cell	60
Fossil Fuel Plant and MHD	50
Liquid Fuel Rocket	48
Steam Turbine	47
Steam Power Plant (overall)	41
Gas Laser	39
Diesel Engine	38
Aircraft Gas Turbine	37
Industrial Gas Turbine	35
High Intensity Lamp	32
Fission Nuclear Plant (overall)	30
Solid State Laser	30
Automobile Engine	25
Fluorescent Lamp	20
Wankel Engine	18
Solar Cell	10
Steam Locomotive	8
Thermocouple	7
Incandescent Lamp	4

## AVERAGE RELATIVE ENERGY TRANSPORTATION COSTS



SOURCE: THE 1970 NATIONAL POWER SURVEY - PART III, FEDERAL POWER COMMISSION, WASHINGTON, D.C.

Energy - General Information

1b

2a

World Energy Consumption and Fossil Fuel Resources

ENERGY CONSUMPTION  
METRIC TONS OF COAL EQUIVALENT X 10<sup>6</sup>

COUNTRY	1966	1967	1968	1969	1969 BTU X 10 <sup>15</sup>
WORLD	5510	5611	6013	6406	180
AFRICA	93	94	99	101	3
NORTH AMERICA	2053	2127	2255	2375	67
CENTRAL AMERICA (INC. MEXICO)	104	112	121	122	3
SOUTH AMERICA	86	89	99	108	3
MIDDLE EAST	48	52	56	64	2
ASIA	353	393	436	486	13
EUROPE (EX. EAST EUROPE)	1078	1092	1158	1246	35
COMMUNIST BLOC.	1633	1585	1719	1833	51

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

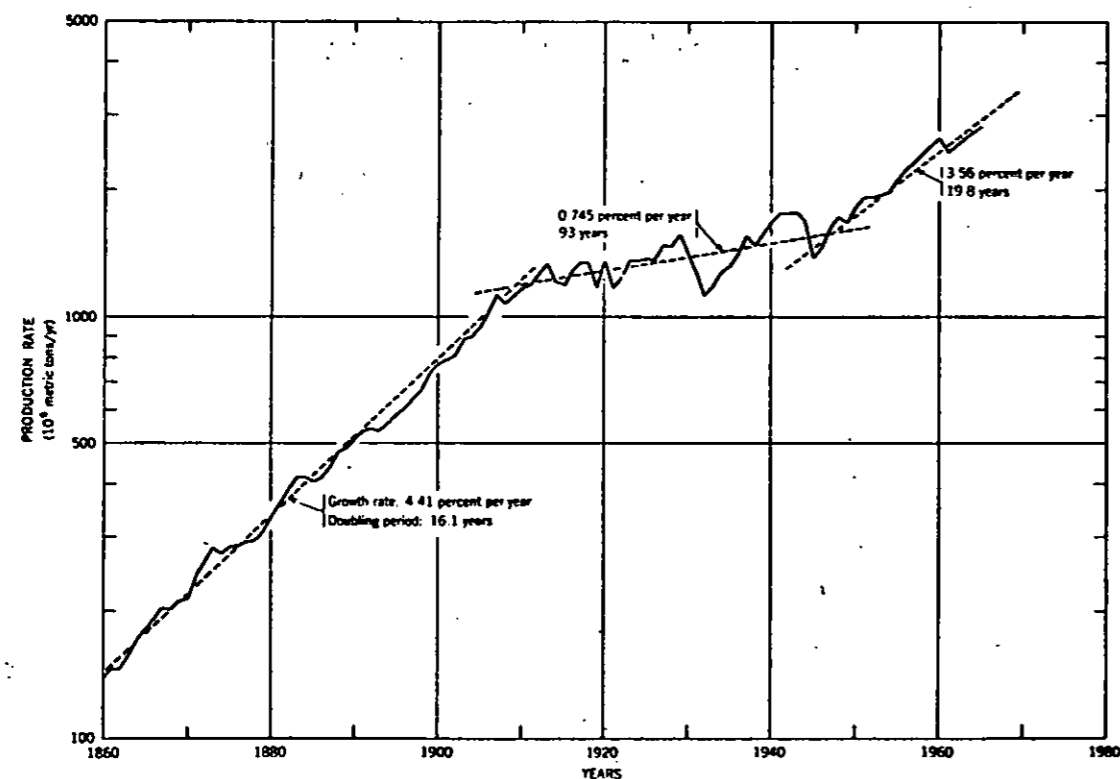
ENERGY CONTENTS OF THE WORLD'S INITIAL  
SUPPLY OF RECOVERABLE FOSSIL FUELS

FUEL	QUANTITY	ENERGY CONTENT BTU X 10 <sup>15</sup>	PERCENT
COAL AND LIGNITE	7.6 X 10 <sup>12</sup> METRIC TONS	190,000	88.8
PETROLEUM LIQUIDS	2,000 X 10 <sup>9</sup> BBLs (272 X 10 <sup>9</sup> METRIC TONS)	11,000	5.2
NATURAL GAS	10,000 X 10 <sup>12</sup> FT <sup>3</sup> (282 X 10 <sup>12</sup> M <sup>3</sup> )	10,000	4.7
TAR-SAND OIL	300 X 10 <sup>9</sup> BBLs (41 X 10 <sup>9</sup> METRIC TONS)	1,700	0.8
SHALE OIL	190 X 10 <sup>9</sup> BBLs (26 X 10 <sup>9</sup> METRIC TONS)	1,100	0.5
TOTALS		213,800	100.0

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.  
MODIFIED

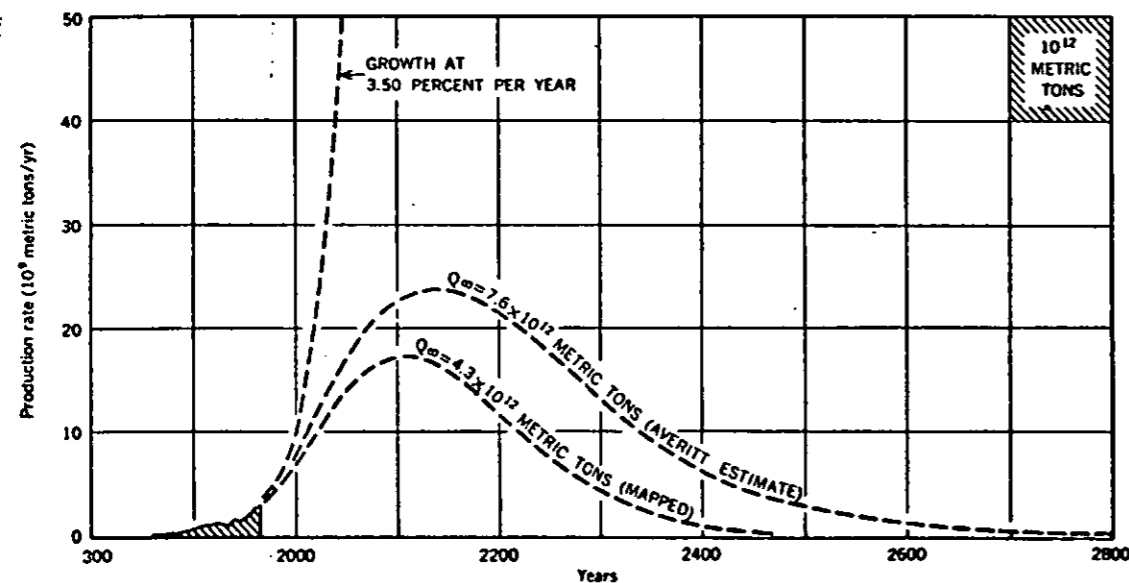
World Energy Consumption and Fossil Fuel Resources

World Energy - Resources - Coal



--World production of coal and lignite. Semi-logarithmic scale.

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT, PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.



--Complete cycle of world coal production

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT, PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

## COAL - RESERVES AND PRODUCTION

COUNTRY	RESERVES METRIC TONS X 10 <sup>6</sup>	PRODUCTION METRIC TONS X 10 <sup>3</sup>				
	1969	AVG. 1961-65	1966	1967	1968	1969
WORLD	6,641,460	1,898,600	2,047,500	1,949,300	2,011,800	2,063,800
AUSTRALIA	16,000	25,367	31,651	32,805	37,839	42,493
CHINA (MAINLAND) <sup>a</sup>	1,011,000	271,800	327,000	227,000	299,000	330,000
W. GERMANY	70,000	141,294	126,290	112,294	112,166	111,780
JAPAN	19,240	52,280	51,347	47,482	46,568	44,690
POLAND	45,741	113,109	121,979	123,881	128,634	135,010
SOUTH AFRICA	72,465	43,336	47,942	49,300	51,655	52,752
U.S.S.R.	4,121,603	373,492	406,592	414,123	416,434	425,795
U.K.	15,500	196,057	177,388	174,898	166,713	152,790
U.S.A.	1,100,000	426,925	492,548	508,379	500,665	513,436

<sup>a</sup> SOME UNCERTAINTY

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

## LIGNITE - RESERVES AND PRODUCTION

COUNTRY	RESERVES METRIC TONS X 10 <sup>6</sup>	PRODUCTION METRIC TONS X 10 <sup>3</sup>				
	1969	AVG. 1961-65	1966	1967	1968	1969
WORLD	2,041,405	708,400	736,500	722,500	738,100	765,100
AUSTRALIA	95,600	18,607	22,133	23,759	23,340	23,279
BULGARIA	1,117	20,917	24,653	26,739	28,282	28,632
CZECHOSLOVAKIA	9,857	71,382	74,108	71,363	74,885	80,337
E. GERMANY	30,000	249,180	249,040	242,027	247,113	254,553
W. GERMANY	62,000	103,606	98,088	96,766	101,516	107,424
POLAND	14,862	15,936	24,508	23,922	26,878	30,865
U.S.S.R.	1,406,380	136,980	144,204	141,444	135,886	137,668
U.S.A.	406,000	2,680	3,521	4,073	4,370	4,547
YUGOSLAVIA	26,600	25,887	28,160	25,558	25,897	25,815

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

World Energy - Resources - Coal

3b

4a

World Energy - Resources - Oil

## CRUDE PETROLEUM - RESERVES AND PRODUCTION

COUNTRY	RESERVES METRIC TONS x 10 <sup>6</sup>	PRODUCTION METRIC TONS x 10 <sup>6</sup>				
		AVG. 1961-65	1966	1967	1968	1969
WORLD	70362	1313	1642	1761	1924	2072
ALGERIA	1040	22.40	33.30	38.40	42.20	43.80
CANADA	1166	34.90	43.20	47.30	50.40	54.10
INDONESIA	2432	22.60	23.00	25.20	29.70	36.60
IRAN	7433	75.50	105.40	128.80	140.50	166.00
IRAQ	3807	56.20	68.00	59.90	73.80	74.50
KUWAIT	9806	97.60	114.30	115.20	122.00	129.50
LIBYA	4054	26.30	72.60	83.50	125.50	149.70
MEXICO	797	16.20	17.30	19.00	20.30	21.40
KUWAIT & SAUDI ARABIA NEUTRAL ZONE	1902	15.70	22.40	22.10	22.90	23.90
SAUDI ARABIA	18638	82.60	119.50	129.30	141.00	148.80
OMAN	2130	5.20	17.50	18.50	24.30	29.30
U.S.S.R.	7987	205.00	265.10	288.10	309.20	328.30
U.S.A.	4004	370.00	409.20	434.60	449.90	455.70
VENEZUELA	2290	170.00	176.40	185.50	189.20	188.10

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

CANADA--SYNCRUDE CANADA LIMITED, 807 BAKER CENTRE, EDMONTON, ALTA., IS PLANNING AN OIL EXTRACTION PLANT, OPEN PIT MINING OPERATION, A PIPELINE FROM FORT MC MURRAY TO EDMONTON, AS WELL AS HOUSING AND POWER DEVELOPMENT, FT. MC MURRAY, ALTA. TOTAL PROJECT COST ESTIMATE, \$360 MILLION.

SOURCE: ENGINEERING NEWS RECORD, NOVEMBER 11, 1971.

## KNOWN SHALE-OIL RESOURCES OF WORLD LAND AREAS

	Proven shale over 2.05 conditions	Marginal and submarginal		
Cont. (U.S. gallons/ ton)	10 - 100	5 - 10	10 - 25	25 - 100
Continents	Oil content (10 <sup>9</sup> barrels)			
Africa	10	small	small	50
Asia	20	ns	14	70
Australia and New Zealand	small	ns	1	small
Europe	50	ns	6	40
North America	80	2,200	1,600	520
South America	50	ns	750	small
Total	190	2,200	2,400	720

ns: No estimate.

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

## TAR-SAND DEPOSITS OF ALBERTA, CANADA

Area	Estimated resources (10 <sup>9</sup> bbls)
Athabasca	266.9
Bluesky-Gething	20.6
Grand Rapids	13.3
Total	300.8

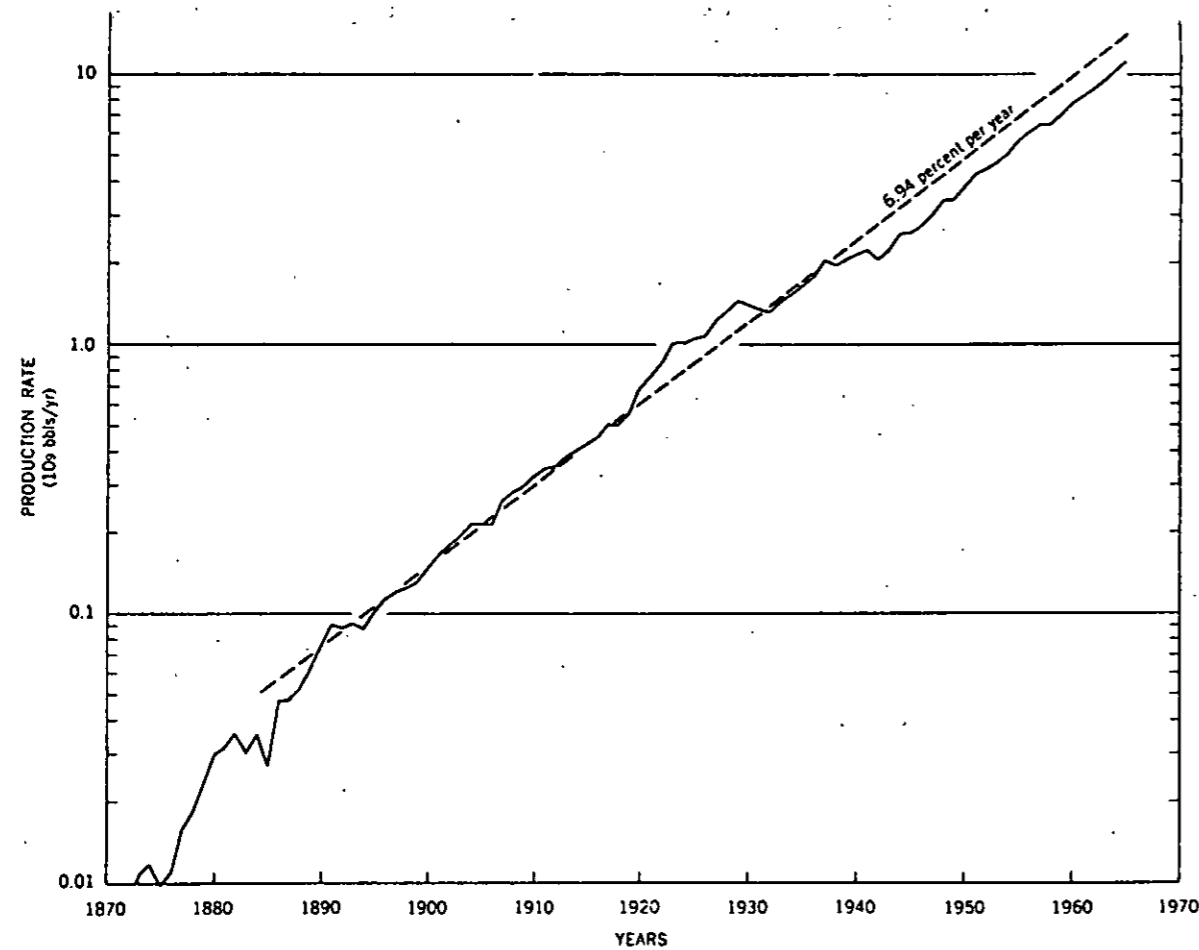
SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

World Energy - Resources - Oil

4b

5a

World Energy - Resources - Oil



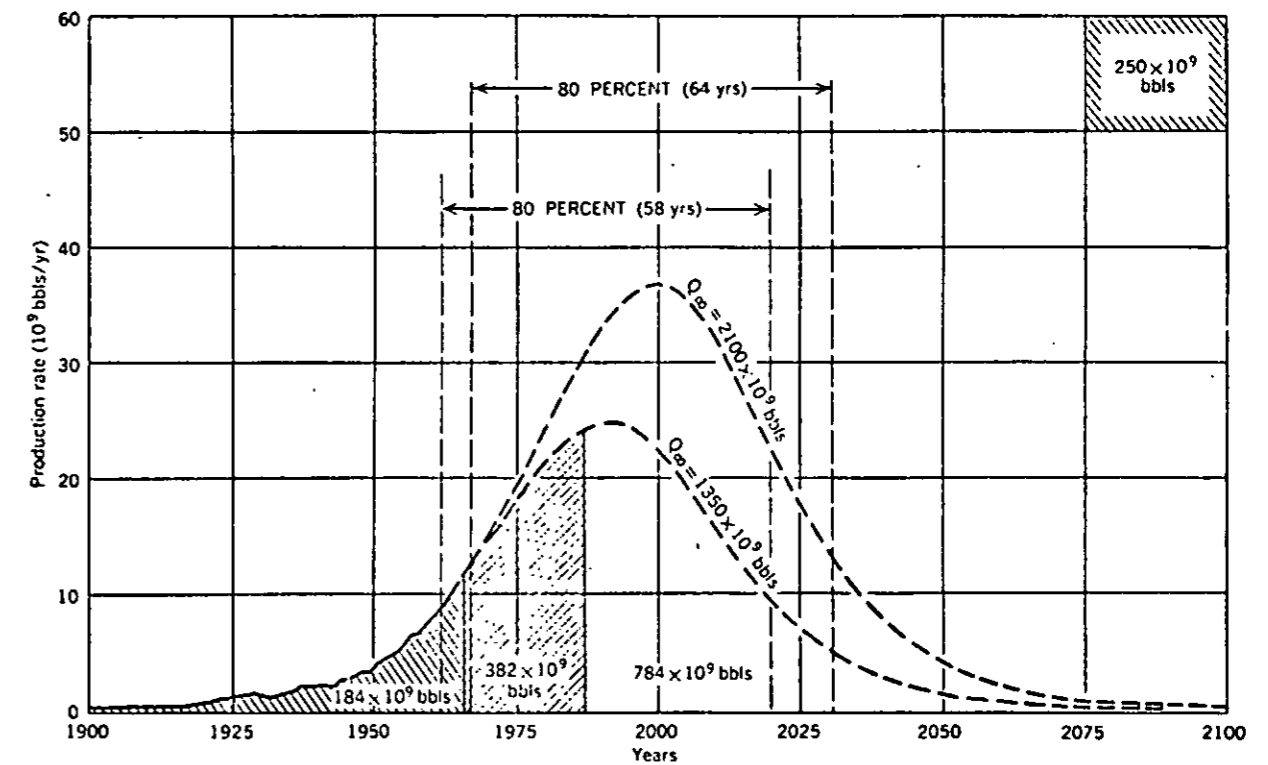
--World production of crude oil. Semi-logarithmic scale.  
SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

100% of world oil production is expected to be produced by 1970.

Country or region	Production, 1970	
	U.S.G.S., 1970 (10 <sup>9</sup> bbls)	W. P. Hubbert, 1970 (10 <sup>9</sup> bbls)
United States	200	200
Canada	85	95
Latin America	221	275*
Western Europe	13	20
Africa	100	250
Middle East	780	600
Far East	85	200*
USSR, China, and satellites	440	500
World totals	2,000	2,090

\* Includes additional offshore areas.

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.



SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

--Complete cycle of world crude-oil production

World Energy - Resources - Oil

World Energy - Resources - Gas-Water-Geothermal-Uranium

## NATURAL GAS - RESERVES AND PRODUCTION

COUNTRY	RESERVES M <sup>3</sup> x 10 <sup>9</sup>	PRODUCTION M <sup>3</sup> x 10 <sup>9</sup>				
		AVG. 1961-65	1966	1967	1968	1969
WORLD	37125	605.00	765.00	823.00	895.00	980.00
ALGERIA	4106	-	-	-	1.68	2.99
CANADA	1471	31.10	44.00	48.10	54.30	62.40
FRANCE	205	4.75	5.16	5.56	5.68	6.51
WEST GERMANY	264	1.66	4.03	4.73	6.91	9.37
IRAN	3030	1.12	1.39	1.47	1.57	2.78
ITALY	198	7.35	8.77	9.30	10.40	12.00
KUWAIT	1133	1.46	1.72	2.71	3.34	3.66
MEXICO	340	12.00	15.00	16.20	16.30	17.20
NETHERLANDS	2422	.81	3.31	6.99	14.10	21.80
ROMANIA	-	14.20	18.60	20.50	21.70	23.90
SAUDI ARABIA	1294	-	-	-	-	-
U.S.S.R.	9118	91.70	142.00	157.00	169.00	181.00
U.K.	765	-	-	-	2.20	5.20
U.S.A.	7790	414.00	487.00	515.00	547.00	586.00
VENEZUELA	750	5.67	6.86	7.51	7.75	7.98

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

WORLD RESOURCES OF URANIUM IN 1970  
(U<sub>308</sub> IN THOUSANDS OF TONS)

PRICE TO \$10 PER POUND	REASONABLY ASSURED	ESTIMATED ADDITIONAL	TOTAL RESOURCES
CANADA	232	230	462
SOUTH AFRICA	200	15	215
FRANCE, NIGER, GABON, C.A.R.	95	81	176
OTHERS	63	49	112
UNITED STATES	390	680	1,070
\$10 SUBTOTAL	980	1,055	2,035
SOUTH WEST AFRICA & AUSTRALIA	100	200	300
\$10 SUBTOTAL	1,080	1,255	2,335
PRICE \$10-\$15 PER POUND			
CANADA	130	170	300
SOUTH AFRICA	65	35	100
FRANCE, NIGER, GABON, C.A.R.	22	35	57
OTHER	43	70	113
UNITED STATES	190	360	550
\$10-\$15 SUBTOTAL	450	670	1,120
LESS-THAN-\$15 TOTAL	1,530	1,925	3,455

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT,  
NATIONAL PETROLEUM COUNCIL, JULY 1971,  
VOLUME 1.

## WORLD POTENTIAL AND DEVELOPED WATER-POWER CAPACITY

REGION	POTENTIAL POWER <sup>a</sup> (10 <sup>3</sup> MW)	PERCENT OF TOTAL	DEVELOPED <sup>b</sup> CAPACITY, 1967 (10 <sup>3</sup> MW)	PERCENT DEVELOPED
NORTH AMERICA	313	11	76	23
SOUTH AMERICA	577	20	10	1.7
WESTERN EUROPE	158	6	90	57
AFRICA	780	27	5	0.6
MIDDLE EAST	21	1	1	4.8
SOUTHEAST ASIA	455	16	6	1.3
FAR EAST	42	1	20	48
AUSTRALIA	45	2	5	11
USSR, CHINA, AND SATELLITES	466	16	30	6.4
WORLD	2,857	100	243	8.5

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT; PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.

## DEVELOPED AND PLANNED GEOTHERMAL-ELECTRIC POWER INSTALLATIONS

COUNTRY AND LOCALITY	INSTALLED CAPACITY 1969 (MEGAWATTS)	PLANNED ADDITIONAL CAPACITY (MEGAWATTS)	TOTAL CAPACITY BY EARLY 1970'S (MEGAWATTS)	DATE OF EARLIEST INSTALLATION
ITALY				
LARDERELLO	370		370	1904
MONTE AMIATA	19		19	1962
TOTAL	389		389	
UNITED STATES				
THE GEYSERS, CALIFORNIA	82	318	400	1960
NEW ZEALAND				
WAIRAKEI	290		290	1958
MEXICO				
PATHE	3.5		3.5	1958
CERRO PRIETO (MEXICALI)	75	75	75	1971
TOTAL	3.5	75	78.5	
JAPAN				
MATSUKAWA	20	40	60	1966
OTAKE	13	47	60	1967
GOSHOGATE	10	10	10	
TOTAL	33	97	130	
ICELAND				
HVERAGERDI		(GEOTHERMAL ENERGY FOR HOUSE AND GREENHOUSE HEATING)	17	1960
U.S.S.R.				
KAMCHATKA				
PAUZHETSK	5	7.5	12.5	1966
PARATUNKA	0.75		0.75	1968
BOLSHIYE BANNYYE	25		25	1968
TOTAL	30.75	7.5	38.25	
GRAND TOTAL	828.25	514.5	1,342.75	

## MOST FEASIBLE WORLD TIDAL POWER

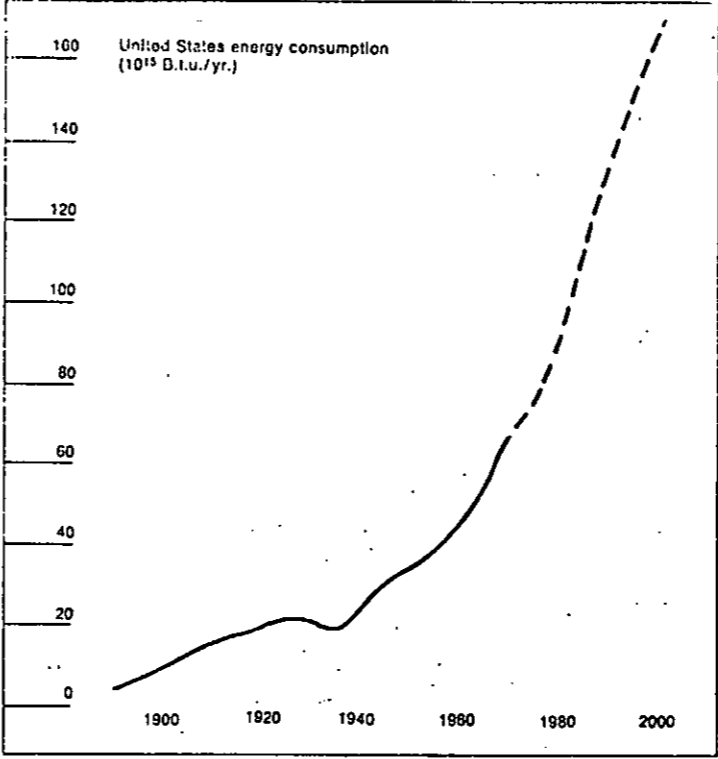
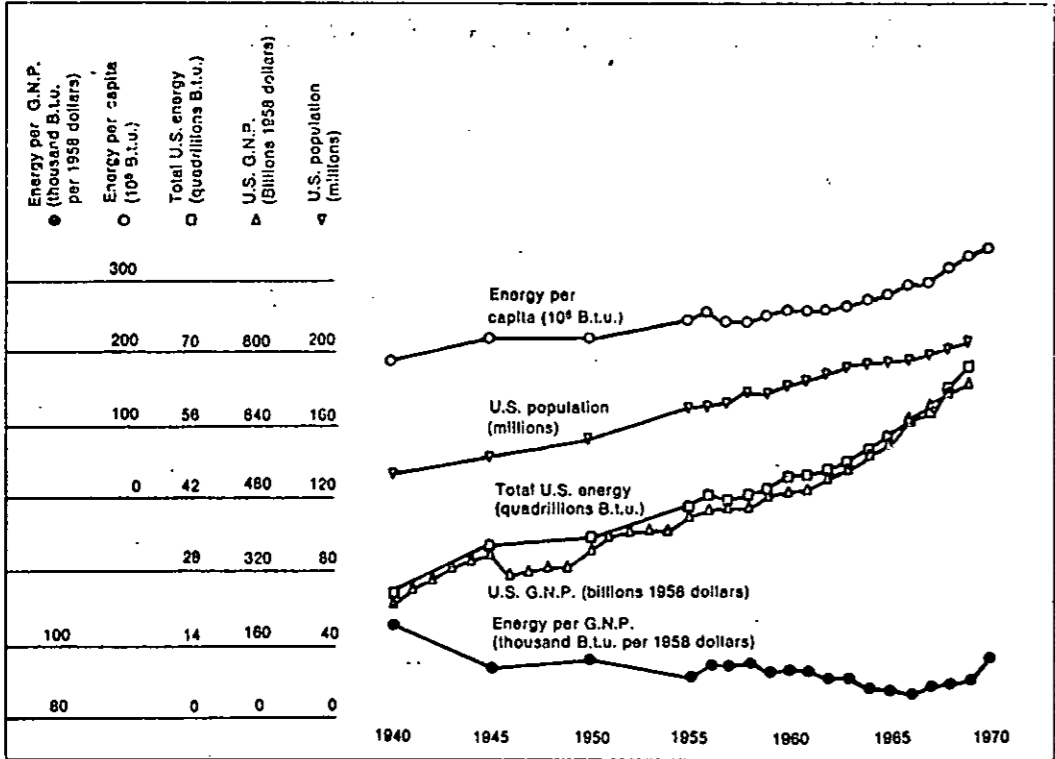
LOCATION	AVERAGE POTENTIAL POWER (10 <sup>3</sup> KW)	POTENTIAL ANNUAL ENERGY (10 <sup>6</sup> KWH)
NORTH AMERICA		
BAY OF FUNDY		
PASSAMAQUODDY	1,800	15,800
COBSCOOK	722	6,330
ANNAPOLIS	765	6,710
MINAS-COBEQUID	19,900	175,000
AMHERST POINT	256	2,250
SHEPODY	2,520	22,100
CUMBERLAND	1,680	14,700
PETITCODIAC	794	6,960
MEMRAMCOOK	590	5,170
SUBTOTAL	29,027	255,020
SOUTH AMERICA		
ARGENTINA		
SAN JOSE	5,870	51,500
EUROPE		
ENGLAND		
SEVERN	1,680	14,700
FRANCE		
ABER-BENOIT	18	158
ABER-WRACH	6	53
ARGUENON & LANCIEUX	446	3,910
FRENAYE	148	1,300
LA RANCE	349	3,060
RUTHENEUF	16	140
MONT SAINT-MICHEL	9,700	85,100
SOMME	466	4,090
SUBTOTAL	11,149	97,811
U.S.S.R.		
KISLAYA INLET	2	22
LUMBOVSKII BAY	277	2,430
WHITE SEA	14,400	126,000
MOZEN ESTUARY	1,370	12,000
SUBTOTAL	16,049	140,452
GRAND TOTAL	63,775	559,483

SOURCE: RESOURCES AND MAN, NATIONAL ACADEMY OF  
SCIENCES, NATIONAL RESEARCH COUNCIL.  
W.H. FREEMAN AND CO., 1969.

SOURCE: RESOURCES AND MAN, NATIONAL ACADEMY OF  
SCIENCES, NATIONAL RESEARCH COUNCIL.  
W.H. FREEMAN AND CO., 1969.

World Energy - Resources - Gas-Water-Geothermal-Uranium

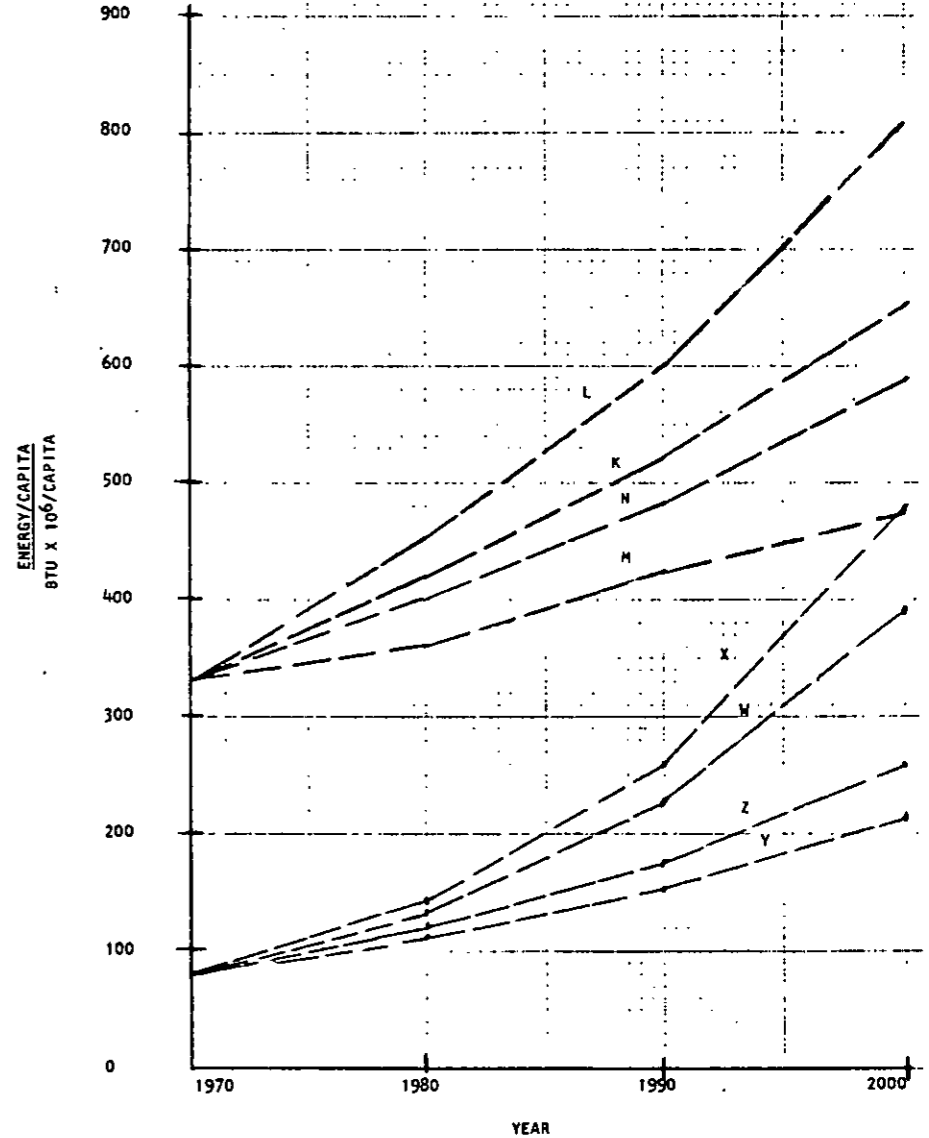
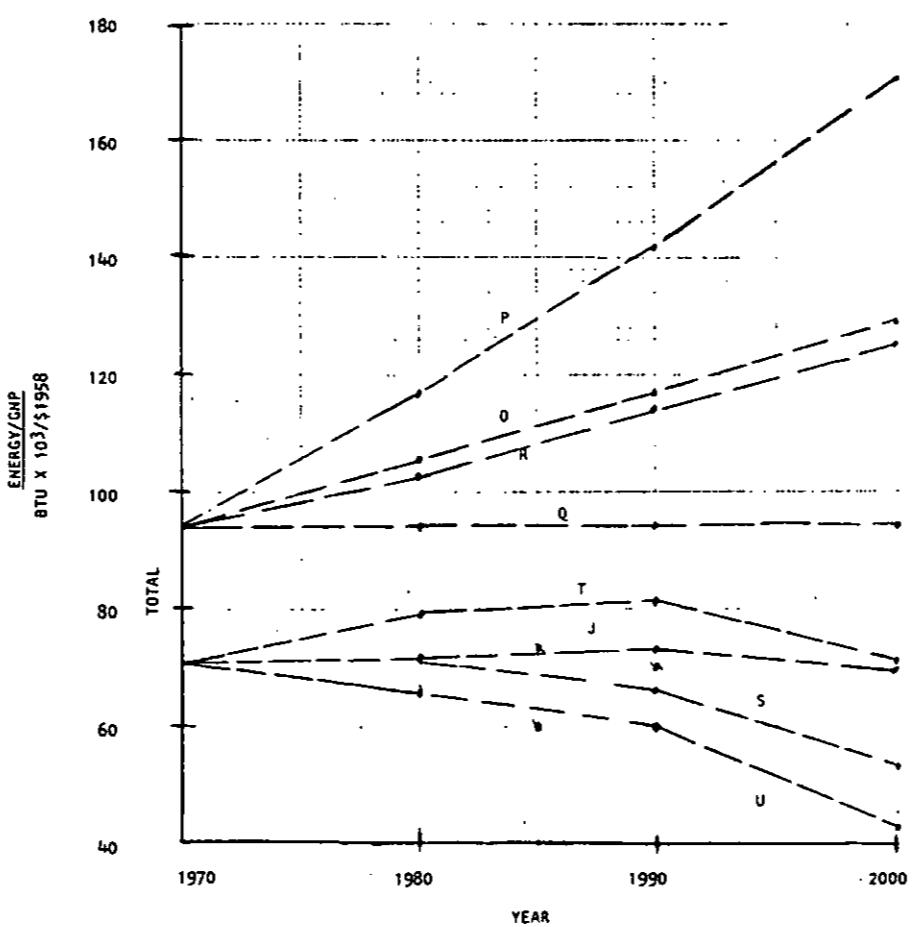
U.S.A. Energy - Consumption and Projections



SOURCE: ENERGY THE ECONOMY AND THE ENVIRONMENT, DAVID C. WHITE; OCTOBER/NOVEMBER 1971, TECHNOLOGY REVIEW.

GROWTH PROJECTIONS

ITEM	1970	PROJECTION GROWTH RATE %	1980	1990	2000	CURVE
POPULATION (x 10 <sup>6</sup> )	205	1 1/2	243	288	342	
		1	226	250	276	
GNP, (1958 DOLLARS x 10 <sup>9</sup> )	720	3	970	1,300	1,740	
		2	880	1,070	1,300	
TOTAL ENERGY (BTU x 10 <sup>12</sup> )	67,800	4	102,600	152,000	224,000	
		3	91,000	122,000	163,000	
EL. ENERGY (INPUT) (BTU x 10 <sup>12</sup> )	16,700	7	33,000	66,000	132,000	
		5	27,200	44,100	71,800	
TOTAL MINUS ELECT. (BTU x 10 <sup>12</sup> )	51,100	4-7	69,600	86,000	92,000	
		3-5	63,800	77,900	91,200	
TOTAL ENERGY/CAP. (BTU x 10 <sup>6</sup> /CAP)	330	4-1 1/2	423	528	655	K
		4-1	455	607	810	L
		3-1 1/2	374	424	478	M
		3-1	402	488	590	N
TOTAL ENERGY/GNP (BTU x 10 <sup>3</sup> /1958\$)	94	4-3	106	117	129	O
		4-2	117	142	172	P
		3-3	94	94	94	Q
		3-2	103	114	125	R
TOTAL EL. ENERGY/GNP (BTU x 10 <sup>3</sup> /1958\$)	71	(4-7)-3	72	66	53	S
		(4-7)-2	79	81	71	T
		(3-5)-3	66	60	52	U
		(3-5)-2	73	73	70	V
EL. ENERGY/CAP. (BTU x 10 <sup>12</sup> /CAP)	81.5	7-1 1/2	136	229	388	W
		7-1	147	264	479	X
		5-1 1/2	112	153	209	Y
		5-1	120	176	260	Z



U.S.A. Energy - Consumption and Projections

7b

8a

U.S.A. Energy - Consumption and Projections

TOTAL U.S. ENERGY SUPPLY-DEMAND BALANCE

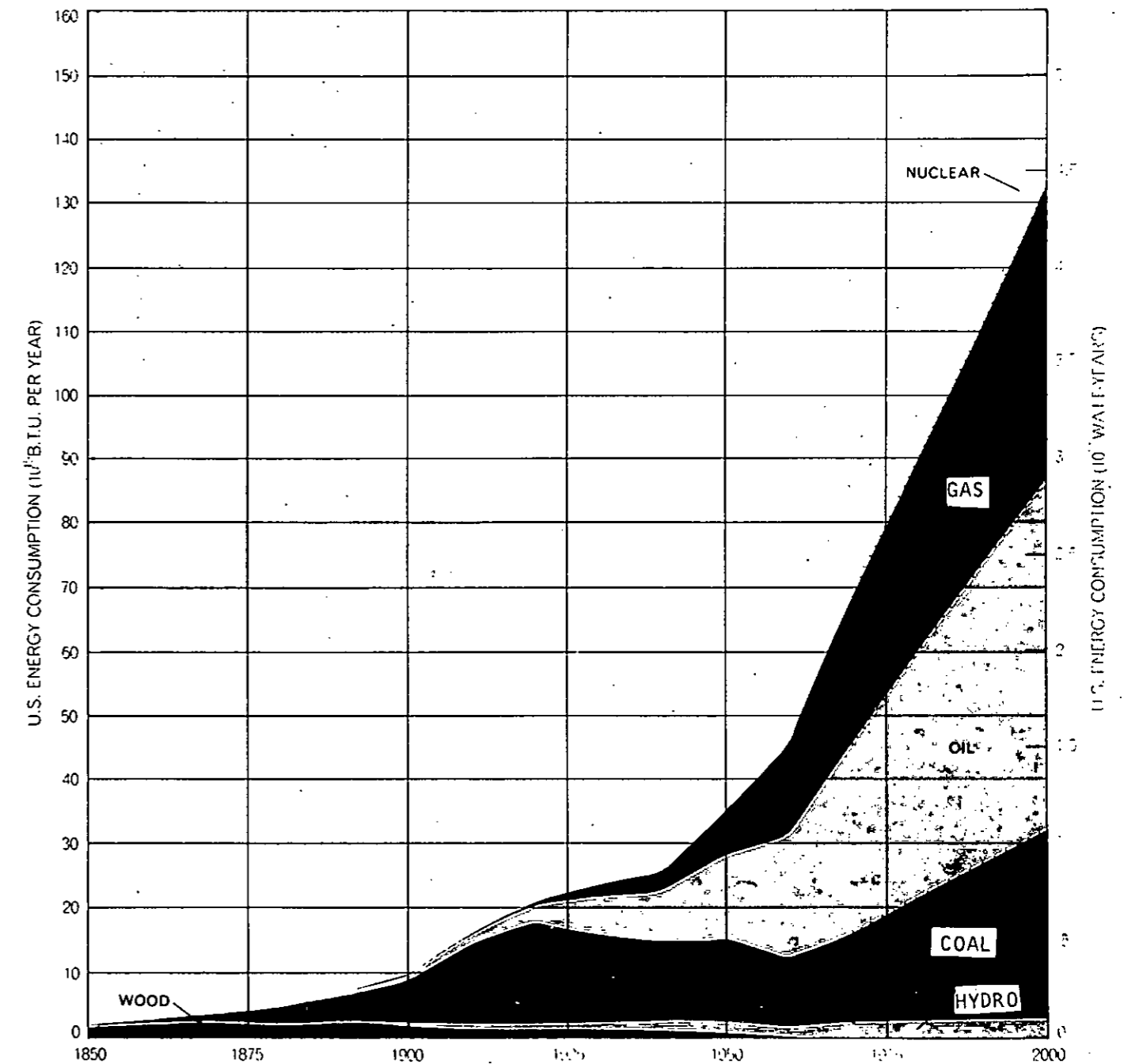
CONSUMING SECTOR	1970			1975			1980			1985		
	BTUx10 <sup>12</sup>	%	GROWTH RATE - % 1970-75	BTUx10 <sup>12</sup>	%	GROWTH RATE - % 1975-80	BTUx10 <sup>12</sup>	%	GROWTH RATE - % 1980-85	BTUx10 <sup>12</sup>	%	GROWTH RATE - % 1970-85
RESIDENTIAL-COMMERCIAL	12994	19.2	2.6	14733	17.6	2.5	16669	16.2	2.4	18768	15.0	2.5
INDUSTRIAL	17798	26.2	2.4	20039	24.0	2.2	22341	21.8	2.0	24667	19.7	2.2
TRANSPORTATION	16282	24.0	4.1	19905	23.9	3.7	23870	23.3	3.4	28214	22.6	3.7
ELECTRIC UTILITIES	16695	24.6	7.1	23525	28.2	7.0	32996	32.2	6.1	44363	35.5	6.7
NON-ENERGY & MISC.	4058	6.0	5.4	5279	6.3	4.9	6705	6.5	5.9	8930	7.2	5.4
TOTAL	67827	100.0	4.2	83481	100.0	4.2	102581	100.0	4.0	124942	100.0	4.2
ENERGY SUPPLY	1970			1975			1980			1985		
	BTUx10 <sup>12</sup>	%	UNITS	BTUx10 <sup>12</sup>	%	UNITS	BTUx10 <sup>12</sup>	%	UNITS	BTUx10 <sup>12</sup>	%	UNITS
COAL	13062	18.6	519 M.T.	16310	19.5	632 M.T.	19928	19.4	799 M.T.	23150	18.5	933 M.T.
HYDROPOWER	2677	3.8	-	2840	3.4	-	3033	3.0	-	3118	2.5	-
NUCLEAR	240	0.3	-	3340	4.0	-	9490	9.2	-	21500	17.2	-
GEOTHERMAL	7	-	-	120	0.1	-	343	0.3	-	514	0.4	-
GAS-DOMESTIC												
EXC. NORTH SLOPE	22520	-	-	20430	-	-	16820	-	-	13410	-	-
NORTH SLOPE	-	-	-	-	-	-	1210	-	-	1550	-	-
DOMESTIC SYNTHETIC	-	-	-	380	-	-	570	-	-	940	-	-
TOTAL	22520	32.0	21.8 TCF	20810	24.8	20.2 TCF	18600	18.2	18.0 TCF	15900	12.8	15.4 TCF
IMPORTS:												
CANADA	860	-	-	1190	-	-	1190	-	-	1190	-	-
MEXICO	50	-	-	50	-	-	-	-	-	-	-	-
L.N.G.	-	-	-	190	-	-	2170	-	-	4130	-	-
L.P.G.	40	-	-	180	-	-	520	-	-	960	-	-
TOTAL	950	1.4	0.9 TCF	1610	1.9	1.5 TCF	3880	3.8	3.7 TCF	6280	5.1	6.1 TCF
GAS - TOTAL	23470	33.4	22.7 TCF	22420	26.7	21.7 TCF	22480	22.0	21.7 TCF	22180	17.9	21.5 TCF
OIL - DOMESTIC:												
EXC. NORTH SLOPE	23000	-	-	21490	-	-	20070	-	-	19150	-	-
NORTH SLOPE	-	-	-	1300	-	-	4250	-	-	4250	-	-
SHAPE OIL	-	-	-	-	-	-	-	-	-	200	-	-
TOTAL	23000	32.9	4.13 BB	22790	27.2	4.05 BB	24320	23.7	4.31 BB	23600	18.9	4.09 BB
IMPORTS TOTAL	7450	10.7	1.23 BB	15660	18.7	2.66 BB	22980	22.4	3.90 BB	30880	24.6	5.41 BB
OIL TOTAL	30450	43.6	5.36 BB	38450	46.0	6.71 BB	47300	46.1	8.21 BB	54480	43.5	9.50 BB
GRAND TOTAL	69906	99.7	-	83480	99.7	-	102574	100.0	-	124942	100.0	-
TOTAL GAS & OIL IMPORTS	-	12.4	-	-	20.7	-	-	26.2	-	-	29.7	-
% OF SUPPLY												

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT,  
NATIONAL PETROLEUM COUNCIL, JULY 1971,  
VOLUME 1.

THE GAS SUPPLY SHORTFALL,  
(IN TRILLIONS OF BTU'S)

	1975	1980	1985
Demand	30,268	34,700	40,119
Supply	22,420	22,480	22,180
Indicated Shortfall	7,848	12,220	17,939

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT,  
NATIONAL PETROLEUM COUNCIL, JULY 1971,  
VOLUME 1.



SOURCE: ENERGY AND POWER, CHAUNCEY STARR;  
SCIENTIFIC AMERICAN VOL. 225, NUMBER 3,  
SEPTEMBER 1971.

U.S.A. Energy - Consumption and Projections

U.S.A. Energy - Coal, Uranium, Lithium, Hydroelectric Reserves

TABLE 12.- TOTAL ESTIMATED REMAINING COAL RESOURCES OF THE UNITED STATES, JAN. 1, 1967

In billions of short tons. Figures are for resources in the ground, about half of which may be considered recoverable. Includes beds of bituminous coal and anthracite 14 inches or more thick and beds of subbituminous coal and lignite 2.5 feet or more thick.

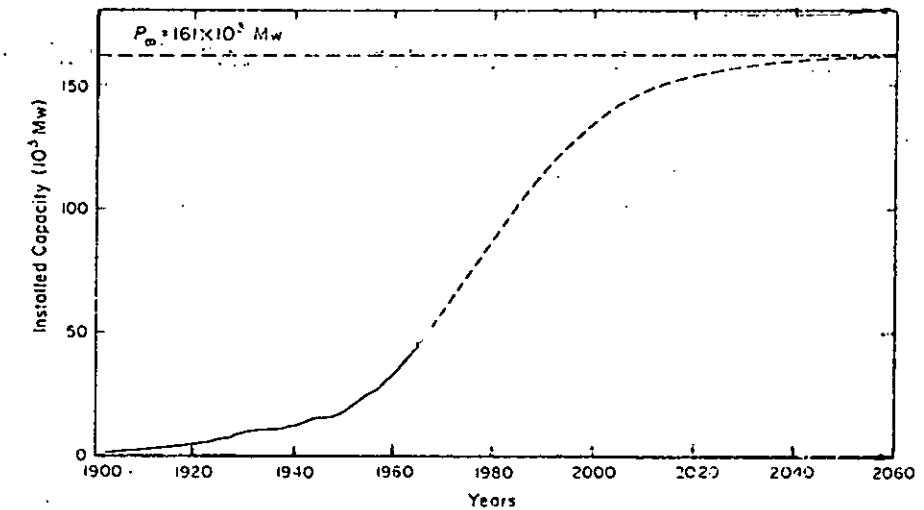
Overburden 0-3,000 ft thick					Overburden 3,000-6,000 ft thick, estimated resources in deeper structural basins		Estimated total remaining resources in the ground, 0-6,000 feet overburden	
Resources determined by mapping and exploration (from table 1)					Estimated additional resources in unmapped and unexplored areas	Estimated total remaining resources in the ground		
Bituminous coal	Subbituminous coal	Lignite	Anthracite and semi-anthracite	Total				
671,019	428,210	447,647	12,939	1,559,875	1,313,980	2,872,955	337,105	3,210,060

SOURCE: THE ECONOMY, ENERGY, AND THE ENVIRONMENT, PREPARED FOR JOINT ECONOMIC COMMITTEE, CONGRESS OF THE U.S. BY THE ENVIRONMENTAL POLICY DIVISION, LEGISLATIVE REFERENCE SERVICE, LIB. OF CONGRESS, SEPTEMBER 1, 1970.

PROJECTED U.S. DEMAND FOR COAL

	1970	1975	1980	1985
(In Trillions of BTU's)				
Coking Coal	2,688	3,136	3,360	3,528
Industrial	2,366	2,262	2,184	2,080
Residential and Commercial	280	196	140	84
Electric Utility	7,728	9,960	12,600	15,696
Projected Normal Domestic Demand	13,062	15,554	18,284	21,388
Assumed Replacement for Shortfall in Other Fuel Supplies	---	756	1,644	1,762
TOTAL DEMAND (Excluding Exports)	13,062	16,310	19,928	23,150
(In Millions of Tons)				
Total U.S. Demand for Coal (Excluding Exports)	519	632	799	933
Plus Exports:				
Coking Coal	56	76	94	120
Electric Utility Coal	15	16	17	18
Total Exports	71	92	111	138
TOTAL DEMAND (Including Exports)	590	724	910	1,071

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT, NATIONAL PETROLEUM COUNCIL, JULY 1971, VOLUME 1.



United States installed and potential water-power capacity.

SOURCE: RESOURCES AND MAN, NATIONAL ACADEMY OF SCIENCES, NATIONAL RESEARCH COUNCIL. W.H. FREEMAN AND CO., 1969.

Uranium price, \$/lb.	U.S. uranium resources, tons	Increase in cost of electricity, mills/kwh.		Million kw.-years of electricity which could be generated	
		Water reactor	Fast breeder	Water reactor	Fast breeder
8	594,000	0.0	0.0	3,470	460,000
10	940,000	0.1	0.0	5,560	720,000
15	1,450,000	0.4	0.0	8,480	1,120,000
30	2,240,000	1.3	0.0	13,100	1,720,000
50	10,000,000	2.5	0.0	58,300	7,700,000
100	25,000,000	5.5	0.0	146,000	19,200,000

SOURCE: ELECTRIC POWER FROM NUCLEAR FISSION, MANSON BENEDICT; TECHNOLOGY REVIEW, OCT./NOV. 1971.

TABLE XI. ESTIMATED LITHIUM RESERVES OF THE UNITED STATES, CANADA, AND AFRICA

Location	Li <sub>2</sub> O Measured, indicated, and inferred (10 <sup>6</sup> metric tons)	Lithium metal (10 <sup>6</sup> metric tons)	Lithium-6 (10 <sup>4</sup> metric tons)	Number of lithium-6 atoms (10 <sup>33</sup> atoms)	Equivalent fusion energy (10 <sup>21</sup> joules)	Equivalent fusion energy BTU x 10 <sup>15</sup>
United States	19.0	8.8	65.4	65.4	234	222,000
Canada	0.4	0.2	1.4	1.4	5	4,750
Africa	0.2	0.1	0.7	0.7	2.5	2,360
TOTAL	19.6	9.1	67.5	67.5	241.5	229,110

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION, M. KING HUBBERT; PAPER IAEA-SM-146/1, U.S.G.S., WASHINGTON D.C.

U.S.A. Energy - Coal, Uranium, Lithium, Hydroelectric Reserves

U.S.A. Energy - Liquid Hydrocarbon Resources

## U.S. PROVED RESERVES OF LIQUID HYDROCARBONS.

(Thousands of Barrels)								
NEW OIL ADDED DURING YEAR								
Year	Changes in Proved Reserves		Reserves Discovered in New Fields	Reserves Discovered in New Pools in Old Fields	Production During Year <sup>1</sup>	Proved Reserves at End of Year	Net Change	Indicated Additional Reserves from Known Reservoirs
	Revisions	Extensions						
CRUDE OIL								
1969	1,258,142	614,710	96,435	150,749	3,195,291	29,631,862	-1,075,255	6,607,898
1968	1,370,109	776,780	166,291	191,455	3,124,188	30,707,117	-669,553	7,040,558
1967	1,900,969	716,467	125,105	219,581	3,037,579	31,376,670	-75,457	7,622,413
1966	1,839,507	814,249	160,384	150,038	2,864,242	31,452,127	99,736	7,594,019 <sup>2</sup>
1965	1,781,231	792,901	227,335	234,612	2,686,198	31,352,391	361,881	.....
1964	899,292	1,419,182	126,682	219,611	2,644,247	30,990,510	20,520	.....
1963	966,051	858,168	96,732	253,159	2,593,343	30,969,990	-419,233	.....
1962	759,053	1,041,257	92,488	288,098	2,550,178	31,389,223	-369,282	.....
1961	1,087,092	1,209,101	107,423	252,951	2,512,273	31,758,505	145,294	.....
1960	787,934	1,323,538	141,296	112,560	2,471,464	31,613,211	-106,176	.....
1959	1,518,678	1,778,705	165,695	203,667	2,483,315	31,719,347	1,183,430	.....
NATURAL GAS LIQUIDS								
1969	106,192	106,815	26,831	41,190	735,962	8,143,174	-454,934	.....
1968	469,689	155,940	26,642	33,388	701,782	8,598,108	-16,723	.....
1967	671,112	159,725	57,272	41,649	644,493	8,614,231	285,265	.....
1966	634,233	131,583	53,378	74,922	588,684	8,328,966	305,432	.....
1965 <sup>3</sup>		721,605		110,707	555,410	8,023,574	276,902	.....
1964		457,702		151,042	536,090	7,746,632	72,654	.....
1963		700,183		177,937	515,659	7,673,978	362,461	.....
1962		580,570		151,979	470,128	7,311,517	262,421	.....
1961		590,537		104,149	461,649	7,049,096	233,037	.....
1960		603,621		121,509	431,379	6,816,059	293,751	.....
1959		593,905		109,539	385,154	6,522,308	318,290	.....
TOTAL LIQUID HYDROCARBONS								
1969	1,364,334	721,525	123,266	191,939	3,931,253	37,775,036	-1,530,189	6,607,893
1968	1,789,798	932,720	192,933	224,843	3,825,970	39,305,225	-685,676	7,040,558
1967	2,572,081	876,192	182,377	261,230	3,652,072	39,990,901	-209,808	7,622,413
1966	2,473,540	945,832	213,762	224,960	3,452,926	39,781,093	405,168	7,594,019 <sup>2</sup>
1965 <sup>3</sup>		3,297,737		582,654	3,241,608	39,375,925	638,783	.....
1964		2,776,176		497,335	3,180,337	38,737,142	93,174	.....
1963		2,524,402		527,828	3,109,002	38,643,968	-56,772	.....
1962		2,380,880		532,565	3,020,306	38,709,740	-106,861	.....
1961		2,886,730		465,523	2,973,922	38,807,461	378,131	.....
1960		2,715,091		375,365	2,902,843	38,429,270	187,615	.....
1959		3,891,288		478,901	2,868,459	38,241,655	1,501,720	.....

## ATHABASCA TAR-SAND DEPOSIT RESERVES

Overburden (feet)	Tar In-Place Subject to Recovery (Billion Bbls.)	Estimated Percent Recovery	Potential Synthetic Crude* (Billion Bbls.)
0-100	45	72	27
100-250	54	60	27
Over 250	300	48	120
<b>TOTAL</b>	<b>399</b>		<b>174</b>

\* At 1.2 bbl. bitumen/bbl. synthetic crude.

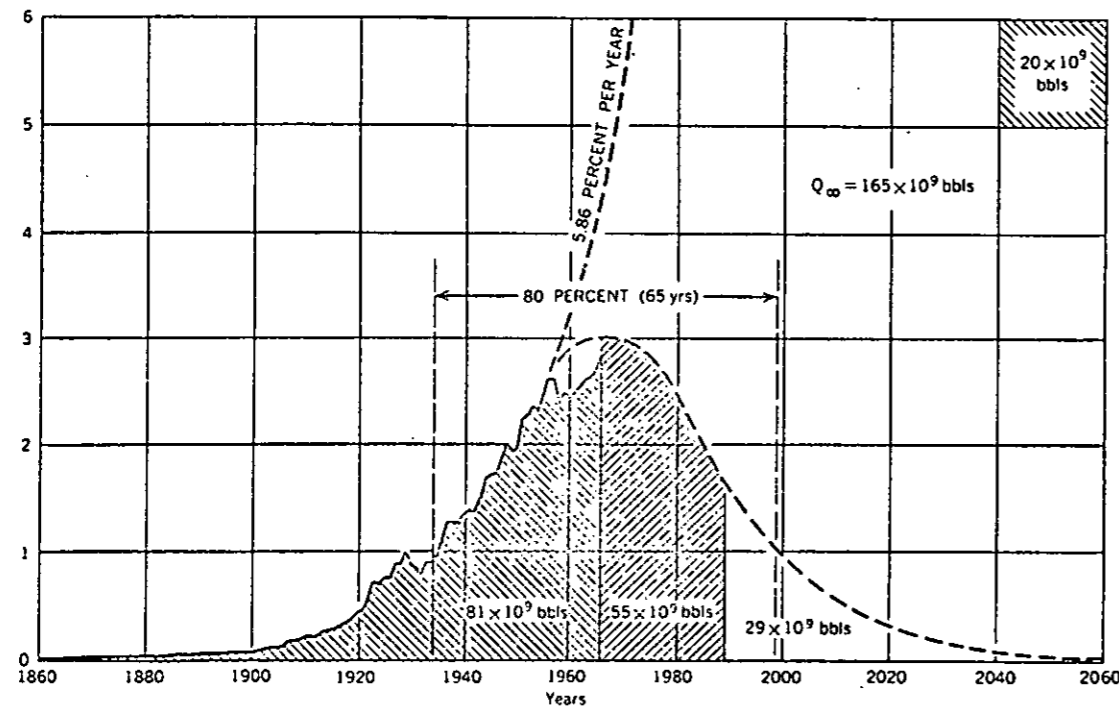
SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT, NATIONAL PETROLEUM COUNCIL, JULY 1971, VOLUME 1.

## ESTIMATED GIANT U.S. TAR-SAND DEPOSITS

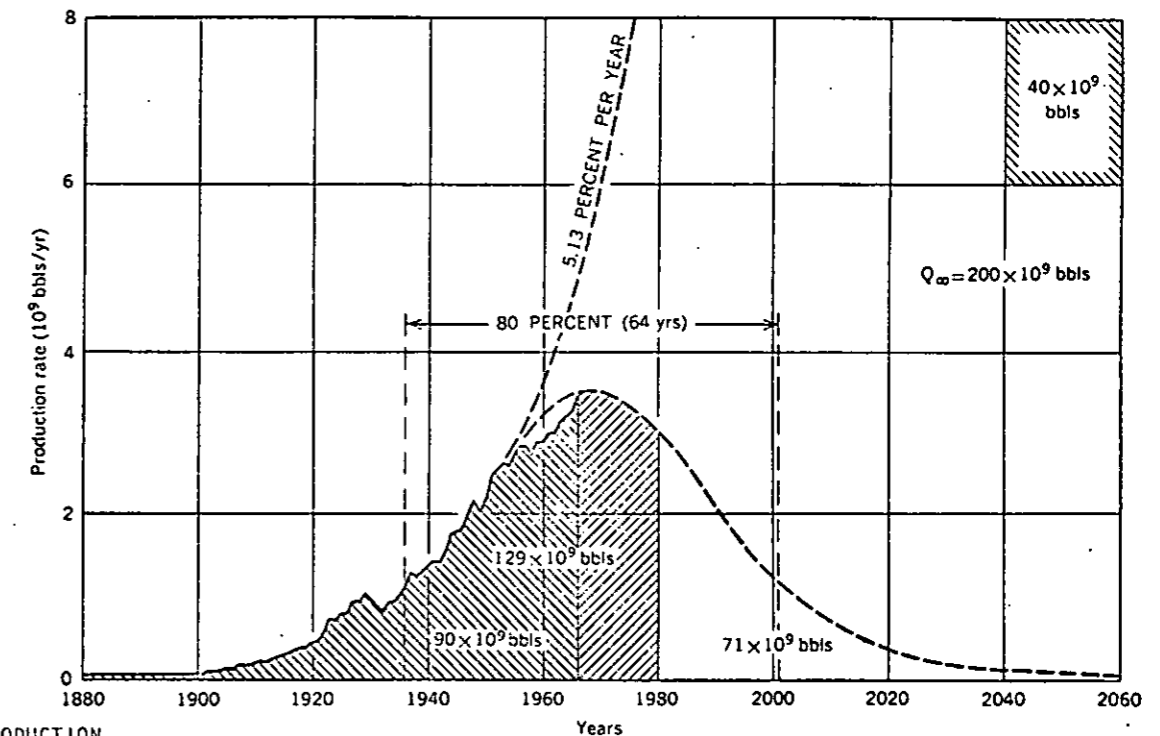
	Extent (Sq. Mi.)	Thickness (Feet)	Overburden Thickness (Feet)	Saturation (Percent/Wt)	Resources In-Place (Billion Bbls.)
Tar Sand Triangle, Utah	200-230	few-500+	0-2000+	-	10.0-18.1
P. R. Spring, Utah	215-250	3-75	0-250	9	5.7-4.0
Sunnyside, Utah	20-25	10-550	0-600	9	2.0-3.0
Circle Cliffs, Utah	28	few-310	0-1800	-	1.0-1.3
Asphalt Ridge, Utah	20-25	5-135	0-500	11	1.0-1.2
<b>TOTAL</b>					<b>17.7-27.6</b>

SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION, AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT, NATIONAL PETROLEUM COUNCIL, JULY 1971, VOLUME 1.



--Complete cycle of U.S. crude-oil production



--Complete cycle of U.S. production of petroleum liquids

SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION, M. KING HUBBERT, PAPER IAEA-SM-146/1, U.S.G.S., WASHINGTON D.C.

U.S.A. Energy - Liquid Hydrocarbon Resources

U.S.A. Energy - Natural Gas Resources

## U.S. GROSS AND MARKETING PRODUCTION OF NATURAL GAS,

Year	Gross Production <sup>1</sup> (Millions of Cubic Feet)			Utilization		Marketed Production <sup>3</sup>
	From Gas Wells	From Oil Wells	Total	Repressuring	Vented and Flared <sup>2</sup>	
1968	16,539,925	4,785,075	21,325,000	1,486,092	516,508	19,322,400
1967	15,345,422	4,906,354	20,251,776	1,590,574	489,877	18,171,325
1966	13,893,921	5,139,918	19,033,839	1,451,516	375,695	17,206,628
1965	13,523,600	4,439,500	17,963,100	1,604,204	319,143	16,039,753
1964	13,035,200	4,405,100	17,440,300	1,638,161	339,996	15,462,143
1963	12,606,022	4,367,346	16,973,368	1,843,297	383,408	14,746,663
1962	11,702,382	4,336,591	16,038,973	1,736,722	425,629	13,876,622
1961	11,195,087	4,265,225	15,460,312	1,682,754	523,533	13,254,025
1960	10,853,426	4,234,485	15,087,911	1,753,996	562,877	12,771,038
1959	10,101,754	4,127,518	14,229,272	1,612,109	571,048	12,046,115
1958	9,154,051	3,992,584	13,146,635	1,482,975	633,412	11,030,248

SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION,  
AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

U.S. NATURAL GAS RESERVE--PRODUCTION HISTORY  
(TRILLION OF CUBIC FEET)

Year	RATIO					
	NET PRODUCTION	PERCENT FROM OIL WELLS	GROSS ADDED TO RESERVE	PROVED RESERVE YEAR END	PROVED RESERVE TO PRODUCTION	ANNUAL RESERVE ADDED TO PRODUCTION
1968	19.4	24	13.8	*287.4	14.8	.71
1967	18.4	26	21.8	292.9	15.9	1.18
1966	17.5	27	20.2	289.3	16.5	1.15
1965	16.3	25	21.3	286.5	17.6	1.31
1964	15.3	25	20.3	281.3	18.4	1.33
1963	14.5	26	18.2	276.2	19.0	1.25
1962	13.6	27	19.5	272.3	20.0	1.43
1961	13.4	28	17.2	266.3	19.8	1.28
1960	13.0	28	13.9	262.3	20.2	1.07
1959	12.4	29	20.6	261.2	21.1	1.68

\*22 PERCENT OF RESERVES AT DEC. 31, 1968, WERE ASSOCIATED DISSOLVED.

SOURCE: AGA GAS FACTS, U.S. BUREAU OF MINES; "NATURAL GAS SUPPLY SUPPLY STUDY."

NATURAL GAS RESERVES AND RESOURCES  
TRILLION CUBIC FEET

	LOWER 48	ALASKA	TOTAL
CUMULATIVE PRODUCTION	388	-	388
PROVED RESERVES 12/31/70**	260	31	291
SUBTOTAL	648	31	679
POTENTIAL SUPPLY 12/31/70**			
PROBABLE	218	39	257
POSSIBLE	326	61	387
SPECULATIVE	307	227	326
SUBTOTAL	851	327	1170
TOTAL DISCOVERABLE AND RECOVERABLE	1499	358	1849

\*AMERICAN GAS ASSOCIATION  
\*\*POTENTIAL GAS COMMITTEE

## ESTIMATED ANNUAL DISCOVERIES OF NATURAL GAS RESERVES IN THE UNITED STATES

Year	Ultimate Recoverable Natural Gas Reserves (Millions of Cubic Feet)			Year
	Non-Associated	Associated-Dissolved	Total	
1969 <sup>1</sup>	1,947,741	152,658	2,100,399	1969 <sup>1</sup>
1968	2,034,350	428,585	2,462,935	1968
1967	4,715,400	833,875	5,549,275	1967
1966	6,519,302	376,110	6,895,412	1966
1965	7,613,884	1,229,404	8,843,288	1965
1964	7,232,606	1,732,071	8,964,677	1964
1963	9,509,353	1,389,747	10,899,100	1963
1962	9,398,448	1,742,621	11,141,069	1962
1961	7,907,557	916,199	8,823,756	1961
1960	11,286,297	2,315,913	13,602,210	1960
1959	14,177,414	1,502,672	15,680,086	1959

SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION,  
AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

## NATURAL GAS RESERVE ADDITIONS IN LOWER 48 STATES (1971-1985)

	Nonassociated		Associated and Dissolved		TOTAL	
	(TCF)	(Quad. BTU's)	(TCF)	(Quad. BTU's)	(TCF)	(Quad. BTU's)
1971-1975	43.52	44.91	6.48	6.69	50	51.60
1976-1980	46.34	47.82	5.66	5.84	52	53.66
1981-1985	33.86	34.95	5.14	5.30	39	40.25
Total	123.72	127.68	17.28	17.83	141	145.51

SOURCE: U.S. ENERGY OUTLOOK - AN INTERIM REPORT,  
NATIONAL PETROLEUM COUNCIL, JULY 1971,  
VOLUME 1.

## GAS RESERVES OF POTENTIAL LNG EXPORTERS

OVERLAND AVAILABILITY	TCF*
U.S.	291
CANADA	68
LNG TANKER AVAILABILITY	
VENEZUELA	27
ECUADOR	5**
TRINIDAD	3.5**
ALGERIA	141
LIBYA	30
NIGERIA	6**

\*SOURCE: OIL AND GAS JOURNAL  
\*\*POSSIBLE EXPORTS BASED ON NEW DISCOVERIES

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U.S.A. Energy - Natural Gas Resources

12a

HI-1542/2-CC

U.S.A. Energy - Mineral Facts

## VALUE OF U. S. MINERAL PRODUCTION,

(Thousands of Dollars)

Year	Petroleum Minerals					All Minerals	Petroleum Minerals as a Per Cent of All Minerals
	Crude Oil <sup>2</sup>	Natural Gas <sup>2</sup>	Natural Gas Liquids <sup>3</sup>	Total Petroleum	Non-Metallic Minerals <sup>4</sup>		
1967	\$9,377,516	\$2,898,741	\$1,182,423	\$13,458,680	\$21,403,000	\$23,736,000	56.70
1966	8,727,387	2,721,875	1,051,390	12,500,652	20,388,000	22,991,000	54.37
1965	8,158,299	2,494,542	911,603	11,564,444	18,980,000	21,524,000	53.73
1964	8,017,078	2,387,689	826,392	11,231,159	18,246,000	20,612,000	54.49
1963	7,965,743	2,328,030	798,943	11,092,716	17,613,000	19,615,000	56.55
1962	7,774,051	2,145,301	798,151	10,717,503	16,901,000	18,838,000	56.89
1961	7,565,582	1,996,241	782,205	10,344,028	16,303,000	18,230,000	56.74
1960	7,420,181	1,789,970	809,385	10,018,536	16,010,000	18,032,000	55.55
1959	7,473,336	1,556,800	758,496	9,788,632	15,811,000	17,381,000	56.31
1958	7,380,065	1,317,492	689,710	9,387,267	14,935,000	16,529,282	56.79

SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION,  
AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

...THE CRUDE OIL RECOVERY RATE WAS ESTIMATED TO BE 30 PERCENT AT THE END OF 1965 AND IS BELIEVED TO BE INCREASING AT AN ANNUAL RATE OF 0.5 PERCENT OF TOTAL ORIGINAL OIL IN PLACE. THE BASES FOR THIS INCREASE ARE NOT WELL DELINEATED, AND THERE IS NO CERTAINTY THAT IT CAN BE CONTINUED AT THE CURRENT RATE. ON THE ASSUMPTION THAT IT WILL BE, HOWEVER, THE IMPROVEMENT OF 7.5 PERCENT IN RECOVERY RATE TO 37.5 PERCENT BY 1980 WOULD YIELD AN ADDITIONAL 29 BILLION BARRELS OF ECONOMICALLY RECOVERABLE RESERVES EVEN IF NO NEW DISCOVERIES WERE MADE...

...IT THEREFORE APPEARS THAT THE DISCOVERY RATE (OF CRUDE OIL) OBSERVED SINCE 1957 WILL NOT BE SUFFICIENT TO OFFSET WITHDRAWALS FROM PROVED RESERVES BETWEEN 1965 AND 1980 ON THE BASIS OF ANTICIPATED RECOVERY RATES. SPECIFICALLY, EITHER THE RECOVERY RATE MUST IMPROVE EVEN FASTER THAN THE 0.5 PERCENT ANNUAL IMPROVEMENT PROJECTED, OR DISCOVERIES MUST BE INCREASED ABOVE THE LEVELS THAT HAVE PREVAILED SINCE 1957...

SOURCE: UNITED STATES PETROLEUM THROUGH 1980,  
U.S. DEPARTMENT OF THE INTERIOR, GPO,  
WASHINGTON, 1968, P. VII.

## STATISTICS OF WELLS DRILLED IN THE UNITED STATES

Year	Wells Completed					Dry Holes as Per Cent of Total (Exclusive of Service Wells)	Producing Oil Wells at End of Year	PRODUCING GAS WELLS AT END OF YEAR	TOTAL FOOTAGE THOUSANDS OF FEET	AVERAGE FOOTAGE FEET	AVERAGE PRICE <sup>(1)</sup> CRUDE AT WELL
	Oil	Gas	Dry	Service	Total						
1968	14,227	3,385	12,987	1,439	32,038	40.54	553,920	112,321	148,252	4,627	\$2.94
1967	15,329	3,659	13,246	1,396	33,630	41.09	573,159	112,498	142,959	4,292	2.92
1966	16,780	4,377	15,227	1,497	37,881	41.85	583,302	111,680	165,544	4,370	2.88
1965	18,761	4,724	16,025	1,922	41,432	40.56	589,203	103,084	181,484	4,380	2.86
1964	20,620	4,855	17,488	2,273	45,236	40.70	588,225	102,966	189,922	4,198	2.88
1963	20,288	4,751	16,347	2,267	43,653	39.50	588,657	100,267	194,357	4,223	2.89
1962	21,249	5,848	16,682	2,400	46,179	38.11	596,385	96,809	198,559	4,330	2.90
1961	21,101	5,664	17,106	3,091	46,962	38.99	594,917	90,761	192,116	4,019	2.89
1960	21,186	5,258	17,574	2,733	46,751	39.92	591,158	83,225	190,103	4,079	2.88
1959	25,800	5,029	19,265	1,670	51,764	38.46	583,141	80,400	209,231	4,042	2.90

(1) \$3.09 IN 1969

SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION,  
AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

## U. S. DEEP WELL OPERATIONS,

(15,000 Feet and Below)

Year	Exploratory Wells Completed	Producing Wells Completed	Total Wells Completed	Total Footage Drilled	Average Well Depth (Feet)	Deepest Well (Feet)	Deepest Producer (Feet)	Average Bits (Per Well)	Average Mud Costs (Per Well)	Average Well Costs	Average Costs Per Foot
1968	150	194	406	6,931,232	17,072	25,340	22,790	65	\$100,305	\$889,991	\$52.13
1967	142	192	402	6,769,371	16,839	25,340	22,483	67	96,375	762,656	45.29
1966	130	149	388	6,693,785	17,252	25,340	22,483	71	84,007	727,996	42.20
1965	117	156	330	5,522,541	16,735	25,340	22,098	59	90,160	610,784	36.50
1964	141	150	308	5,115,938	16,610	25,340	21,793	51	95,507	653,256	39.33
1963	96	128	271	4,401,363	16,241	25,340	21,410	52	97,246	696,000	42.85
1962	74	130	254	4,414,300	17,000	25,340	20,745	63	92,000	654,000	38.00
1961	84	153	243	3,918,324	16,124	25,340	20,745	63	81,000	614,000	38.07
1960	134	136	242	3,858,622	15,945	25,340	20,745	66	86,000	675,000	42.50
1959	142	119	228	3,660,857	16,056	25,340	20,745	71	83,000	650,000	40.48

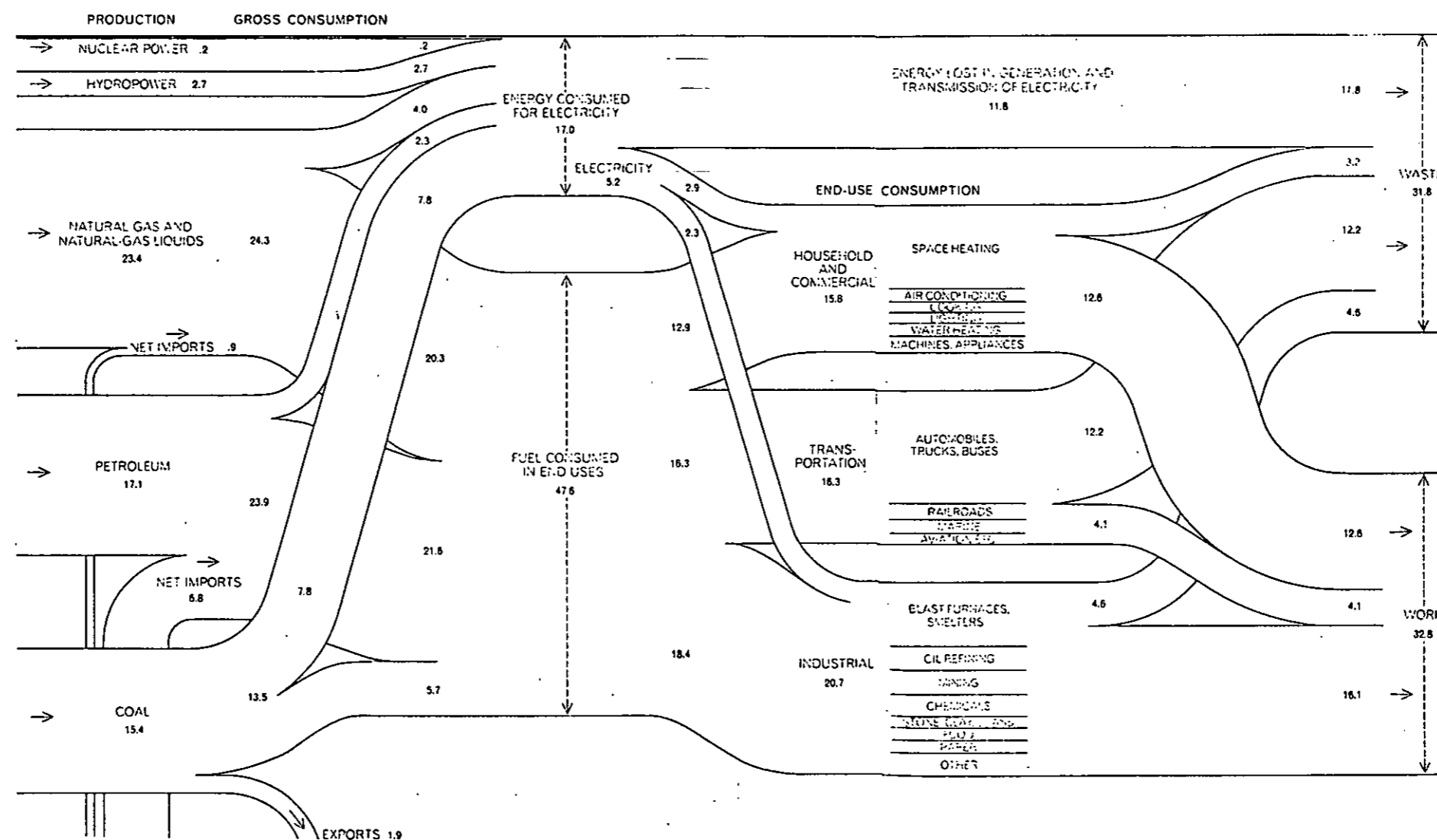
SOURCE: PETROLEUM FACTS AND FIGURES - 1971 EDITION,  
AMERICAN PETROLEUM INSTITUTE, WASHINGTON, D.C.

U.S.A. Energy - Mineral Facts

12b

13a

U.S.A. Energy - Present Consumption End Use



SOURCE: THE FLOW OF ENERGY IN AN INDUSTRIAL SOCIETY, EARL COOK; SCIENTIFIC AMERICAN, VOLUME 224 - NUMBER 3, SEPTEMBER 1971.

HI-1542/2-CC

13b

U.S.A. Energy - Present Consumption End Use

14a

HI-1542/2-CC

Electric Power - General

## ELECTRICAL ENERGY SOURCES

## FOSSIL FUELS

## (CONVENTIONAL STEAM-ELECTRIC)

1. ALWAYS AIR AND THERMAL POLLUTING (70% HEAT REJECTION).
2. NO FUNDAMENTAL SITE LIMITATIONS EXCEPT FOR COOLING WATER AVAILABILITY.
3. TREMENDOUS WORLD RESERVES AVAILABLE, BUT NOT INEXHAUSTIBLE.
4. USES AS FUEL MATERIALS WITH CHEMICAL VALUES.
5. TECHNOLOGY AVAILABLE NOW.
6. RELATIVELY HIGH OPERATING COST.

## HYDRO

1. CLEAN, NON POLLUTING AND NO HEAT REJECTION REQUIRED.
2. ONLY AVAILABLE WHERE IT OCCURS.
3. LARGELY USED UP IN DEVELOPED COUNTRIES.
4. RESOURCE IS NATURALLY RENEWED.
5. TECHNOLOGY AVAILABLE NOW.
6. CAN BE ECONOMICALLY USED FOR EITHER BASE LOAD OR PEAK OPERATION.
7. NEGLIGIBLE OPERATING COST.
8. HIGH CAPITAL COST PER KW.
9. 50 TO 100 YEAR ECONOMIC LIFE.

## NUCLEAR-FISSION

## (CONVENTIONAL STEAM-ELECTRIC)

1. ALWAYS THERMAL POLLUTING (75% HEAT REJECTION).
2. NO FUNDAMENTAL SITE LIMITATIONS EXCEPT FOR COOLING WATER AVAILABILITY.
3. FUEL SUPPLY UNLIKELY TO BE A PROBLEM.
4. ESSENTIALLY LARGE STATION BASE LOAD OPERATION.
5. TECHNOLOGY AVAILABLE NOW.
6. CAPITAL COSTS INTERMEDIATE BETWEEN FOSSIL AND HYDRO.
7. OPERATING COSTS LOWER THAN FOSSIL.
8. SOME PUBLIC RESISTANCE.
9. NEW TECHNOLOGICAL ADVANCES (FAST BREEDER) POSSIBLE AFTER 1980.

## NUCLEAR FUSION

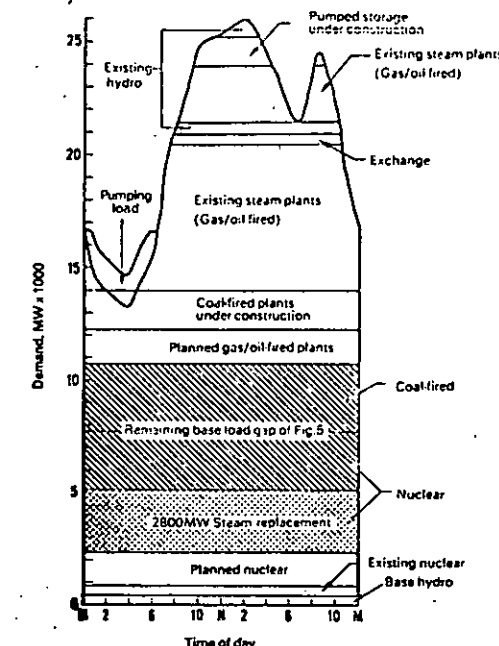
1. NOT YET PROVEN TECHNOLOGY; UNLIKELY TO BE COMMERCIALY AVAILABLE BEFORE 1990.
2. LIMITLESS FUEL AND LOW COST.
3. THERMAL EFFICIENCIES UP TO 90% WITH DIRECT GENERATION.
4. SAFER AND LESS TROUBLESOME THAN ANY FISSION POWER SYSTEM.
5. APART FROM RADIATION PROBLEMS, NO RESTRICTIONS FOR SITE LOCATIONS.
6. NEW PROBLEMS ASSOCIATED WITH HIGH AND INTENSE NEUTRON FLUX.
7. STATIONS MUST BE VERY LARGE.
8. ALL STUDIES INDICATE THAT VERY CHEAP POWER IS POSSIBLE; THE LOWEST COST POWER CONCEIVABLE WITHIN THE CONTEXT OF ANY KNOWN TECHNOLOGY.

## MAGNETO-HYDRODYNAMICS

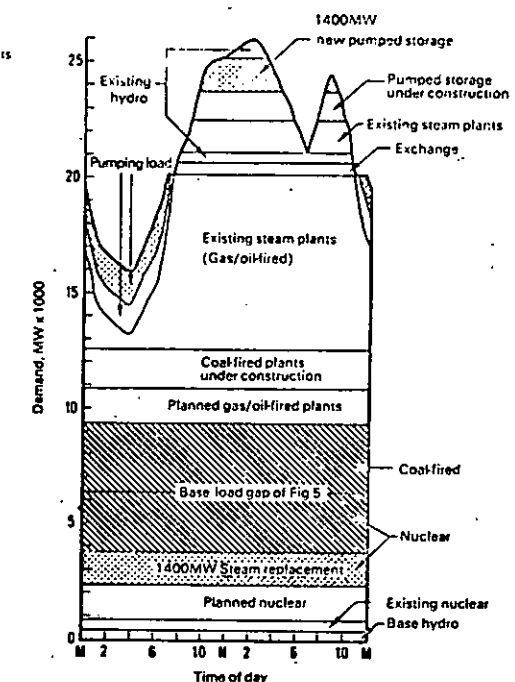
1. WILL BE LESS THERMALLY POLLUTING THAN STEAM-ELECTRIC PLANTS (30% HEAT REJECTION).
2. CAN BE FOSSIL OR NUCLEAR FUELED.
3. COMPLETELY NEW TECHNOLOGY
  - A. NO MOVING PARTS IN GENERATOR
  - B. NO STEAM CYCLE
  - C. VERY RAPID START UP TIME
  - D. DEMONSTRATION UNITS IN OPERATION BY 1972 IN RUSSIA, 1975 IN JAPAN, 1980 IN U.S.A.
  - E. CAN BUILD EXTREMELY LARGE PLANTS (10,000 MEGAWATTS AND UP).

- FUEL CELLS:
- A. NO THEORETICAL LIMIT ON EFFICIENCY.
  - B. LIKELY TO BE IMPORTANT SMALL MOBILE SOURCE OF POWER.
  - C. POTENTIAL FOR CENTRAL STATION POWER.
  - D. WIDE RANGE OF FUELS POSSIBLE.
  - E. CAN BE POLLUTION FREE.
  - F. PRACTICAL SMALL UNITS EXIST TODAY.
- GEOTHERMAL:
- A. ESSENTIALLY IGNORED TECHNOLOGY.
  - B. ZERO OPERATING COST FUEL.
  - C. NO REAL KNOWLEDGE OF POTENTIAL, LOCATIONS OR PROBLEMS.
- TIDAL:
- A. ZERO OPERATING COST FUEL.
  - B. SITE LIMITED.
  - C. VERY HIGH CAPITAL COSTS.
  - D. CYCLICAL POWER.
- SOLAR:
- A. LARGE SCALE SOLAR POWER GENERATION NOT AVAILABLE BEFORE YEAR 2000.
  - B. MUST BE SATELLITE DEPENDENT WITH MICROWAVE TRANSMISSION.
  - C. INEXHAUSTIBLE POLLUTION FREE SOURCE OF ENERGY.

## VARIATIONS IN DEMAND



AN AUGUST PEAK DAY LOAD CURVE  
(15-20 YEARS IN THE FUTURE)  
WITH ADDITIONAL BASE LOAD  
STEAM CAPACITY.



AN AUGUST PEAK DAY LOAD CURVE  
(15-20 YEARS IN THE FUTURE)  
WITH ADDITIONAL PUMPED-STORAGE  
CAPACITY.

## TRANSMISSION

1. MOST ELECTRIC ENERGY TRANSMISSION IS BY ALTERNATING CURRENT AS HIGH AS 735 KV.
2. INCREASING USE OF HIGH VOLTAGE DIRECT CURRENT TRANSMISSION FOR LARGE BLOCS OF POWER SHOULD REDUCE TRANSMISSION COSTS.
3. ELECTRIC TRANSMISSION IS MORE EXPENSIVE WAY OF TRANSFERRING ENERGY THAN TRANSPORTED COAL. SEE ACCOMPANYING CHART.
4. LONG DISTANCE TRANSMISSION INTERTIES CAN TAKE ADVANTAGE OF DAILY, WEEKLY AND SEASONAL VARIATIONS IN DEMAND.
5. FUTURE TECHNOLOGICAL DEVELOPMENTS, SUCH AS CRYOGENIC TRANSMISSION LINES, MICROWAVE AND INCREASING RISES IN TRANSMISSION VOLTAGE MAY LEAD TO SIGNIFICANT REDUCTIONS IN TRANSMISSION COSTS.

ENTIRE SHEET SOURCE: RESULTS OF MEETING BETWEEN H.B. RENFRO (H.B. RENFRO & CO.), ASHTON O'DONNELL (BECHTEL CORP.), P.A.T. KEEPING (BRINCO) AND B. CANDELA (HUDSON INSTITUTE); FEBRUARY 20, 1971.

Electric Power - General

14b

15a

Nuclear Power - General

THE ENRICHING BUSINESS

PRESENT LIGHT-WATER REACTORS REQUIRE ENRICHED URANIUM, U-235 CONTENT HIGHER THAN NATURAL.

TODAY IS THE AEC THE SOLE DOMESTIC SUPPLIER OF ENRICHING SERVICES. HAS THREE LARGE PLANTS ORIGINALLY BUILT FOR MILITARY PURPOSES. THESE ARE NOW OPERATING AT 40 PERCENT CAPACITY, BUT BY 1976, DOMESTIC AND FOREIGN REQUIREMENTS WILL EQUAL THEIR FULL CAPACITY PRODUCTION AND PROVIDE A BUSINESS WITH REVENUES IN EXCESS OF HALF BILLION DOLLARS ANNUALLY.

MAJOR PROBLEM IN ENRICHING INDUSTRY IS WHETHER PRIVATE INDUSTRY CAN MARSHALL THE RESOURCES TO BUILD THE NEW CAPACITY THAT WILL BE REQUIRED. AS A MATTER OF POLICY THE PRESIDENT HAS DECIDED THAT THE GOVERNMENT'S ROLE AS THE SOLE SUPPLIER OF ENRICHING SERVICES SHOULD EVENTUALLY BE ENDED.

AEC HAS RECENTLY GIVEN A LIMITED NUMBER OF PRIVATE COMPANIES ACCESS TO THEIR SEPARATION PROCESS TECHNOLOGIES WHICH REMAIN SECRET.

DOMESTIC SEPARATIVE WORK DEMAND EXPECTED TO LEVEL OFF AND DECREASE WITH THE INTRODUCTION OF BREEDERS (CF. CHART ).

THE PREDICTABLE RISE AND FALL OF THE PROJECTED REQUIREMENTS CURVE IS A VERY UNUSUAL FEATURE IN A HIGHLY CAPITAL INTENSIVE BUSINESS, AND POSES A PROBLEM UNIQUE TO THIS BUSINESS.

SOURCE: REMARKS BY COMMISSIONER W.E. JOHNSON, U.S. AEC TO CONGRESS JOINT COMMITTEE ON DEFENSE PRODUCTION PUBLISHED IN DEFENSE PRODUCTION ACT - PROGRESS REPORT NO. 50 (1971).

NUCLEAR POWER LEARNING CURVE

QUESTION: ARE THE NEWER NUCLEAR PLANTS MORE EFFICIENT THAN THE EARLIER PLANTS?

ANSWER: NET PLANT THERMAL EFFICIENCIES OF NUCLEAR POWER PLANTS HAVE IMPROVED AND WILL CONTINUE TO IMPROVE:

DRESDEN NO. 1 LWR 1960	} LESS THAN 30 PERCENT
YANKEE (ROWE) LWR 1961	
PRESENT GENERATION LWR (1970)	ABOUT 32 PERCENT
RECENTLY ORDERED LWR	32-34 PERCENT
HTGR PROJECTED TO BE	39-40 PERCENT
FORT ST. VRAIN HTGR (1972)	39.2 PERCENT
LMFBR 1000 MW (MID 80'S)	40-42 PERCENT

SOURCE: QUESTION BY CHAIRMAN PATMAN, CONGRESS JOINT COMMITTEE ON DEFENSE PRODUCTION ANSWERED BY COMMISSIONER W.E. JOHNSON, U.S. AEC PUBLISHED IN DEFENSE PRODUCTION ACT PROGRESS REPORT NO. 50 (1971).

- (1) DO WE NEED ALL THAT POWER?
  - \* IN SPITE OF POPULATION CONTROL EFFORTS THERE WILL BE A SIGNIFICANT INCREASE IN POPULATION DURING THE NEXT FEW DECADES.
  - \* THE BASIC PHYSICAL NEEDS - AND HENCE BASIC ENERGY DEMANDS - OF THAT POPULATION WILL BE ENORMOUS.
  - \* A RAISE IN THE STANDARD OF LIVING FOR THE WORLD'S UNDERPRIVILEGED PEOPLE FURTHER INCREASES THE ENERGY DEMAND.
  - \* ENERGY-INTENSIVE INDUSTRIES HOLD THE KEY TO SAVING, NOT DESTROYING, THE ENVIRONMENT.
- (2) WHY SHOULD IT BE NUCLEAR?
  - \* FOSSIL FUELS SHOULD BE SAVED FOR MORE VALUABLE USE.
  - \* USE OF FOSSIL FUELS REPRESENTS - IN TERMS OF AIR POLLUTION - A GREATER HEALTH HAZARD THAN NUCLEAR ENERGY.
  - \* LOGISTIC ADVANTAGES - LESS TRANSPORTATION OF FUEL AND LESS TRANSPORTATION HAZARDS.
  - \* ECONOMIC ADVANTAGES - CHEAPER SOURCE OF ENERGY.
  - \* POLITICAL ADVANTAGES - REDUCED DEPENDENCE ON FOREIGN SUPPLIES.
  - \* IN THE LONG RUN THE ONLY REALISTIC ALTERNATIVE.
- (3) CAN WE HAVE IT SAFELY?
  - \* "WE ARE CONVINCED THAT, KILOWATT FOR KILOWATT, THE GENERATION OF ELECTRICITY BY OUR COMMERCIAL NUCLEAR POWER STATIONS HAS HAD FAR LESS IMPACT ON THE ENVIRONMENT AND OUR HEALTH THAN THE FOSSIL FUEL METHODS OF POWER GENERATION. WE ARE CONFIDENT THAT THIS SITUATION WILL NOT ONLY CONTINUE, BUT THAT IT WILL IMPROVE."
  - \* "THE WHOLE BODY EXPOSURE PER CAPITA PER YEAR AVERAGED OVER THE U.S. POPULATION FROM RADIOACTIVITY IN EFFLUENTS RELEASED FROM NUCLEAR POWER PLANTS AND CHEMICAL REPROCESSING PLANTS DURING NORMAL OPERATION EVEN IN THE YEAR 2000 WILL BE LESS THAN ONE MILLIREM. IN COMPARISON, AVERAGE ANNUAL EXPOSURES TO THE U.S. POPULATION FROM NATURAL BACKGROUND RADIATION IS ABOUT 125 TIMES AS GREAT."
  - \* "THESE LEVELS OF EXPOSURE ARE OBVIOUSLY VERY LOW IN COMPARISON WITH THE MUCH HIGHER EXPOSURES INCURRED BY THE PUBLIC FROM NATURAL BACKGROUND DUE TO COSMIC RADIATION, NATURAL RADIOACTIVITY IN THE BODY AND IN ALL MATERIALS WITH WHICH PEOPLE COME INTO CONTACT, AIR TRAVEL AND FROM MANY ACTIVITIES COMMONLY ENGAGED IN BY THE PUBLIC."

SOURCE: G.T. SEABORG - RETIRING CHAIRMAN OF U.S. AEC - BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

PUBLIC ATTITUDES TOWARDS NUCLEAR POWER

ASKED WHETHER THEY WOULD SUPPORT OR OPPOSE A NUCLEAR POWER PLANT IN THEIR TOWN

IN 1967	62 PERCENT EXPRESSED "FAVOR"
	17 PERCENT WERE "OPPOSED"
	21 PERCENT HAD "NO OPINION"
IN 1970	43 PERCENT EXPRESSED "FAVOR"
	30 PERCENT WERE "OPPOSED"
	27 PERCENT HAD "NO OPINION"

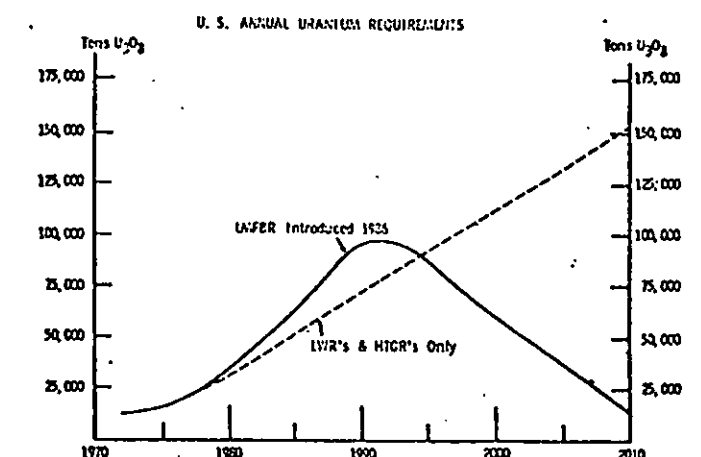
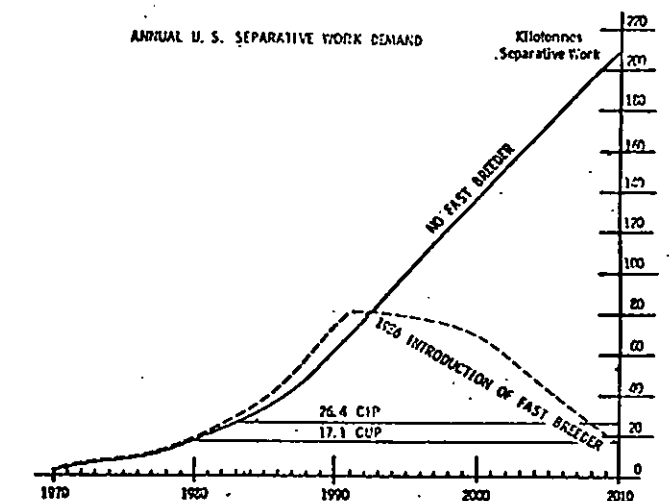
SOURCE: NATIONAL PUBLIC OPINION SURVEYS CONDUCTED FOR THE ELECTRIC COMPANIES PUBLIC INFORMATION PROGRAM (PIP) QUOTED BY COMMISSIONER JOHNSON IN CONGRESS HEARINGS. DEFENSE PRODUCTION ACT PROGRESS REPORT - NO. 50 VOL. 2 1971.

THE YELLOW CAKE MARKET

NATURAL URANIUM OR YELLOW CAKE ( $U_3O_8$ ) IS FROM 1971 COMPLETELY IN THE PRIVATE SECTOR.

MAJOR PROBLEM FACING INDUSTRY TODAY IS THAT REVENUES FROM SALES ARE INSUFFICIENT TO FINANCE EXPANSION IN EXPLORATION AND IN MINING AND MILLING FACILITIES ON THE SCALE NEEDED TO MEET PROJECTED REQUIREMENTS AND MAINTAIN ADEQUATE FORWARD RESERVE. MAGNITUDE OF INVESTMENT THROUGH 1985 MAY BE OF THE ORDER OF \$ 3.5 BILLION.

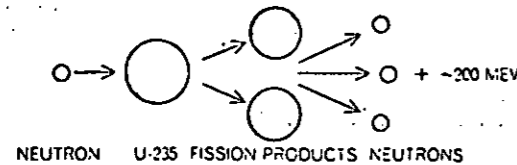
MARKET EXPECTED TO LEVEL OFF AND DECREASE WITH THE INTRODUCTION OF BREEDERS



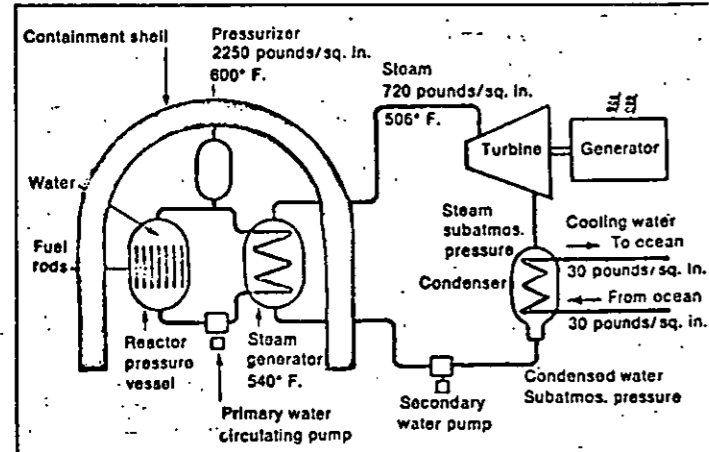
SOURCE: REMARKS BY COMMISSIONER W.E. JOHNSON, U.S. AEC TO CONGRESS JOINT COMMITTEE ON DEFENSE PRODUCTION PUBLISHED IN DEFENSE PRODUCTION ACT - PROGRESS REPORT NO. 50 (1971).

Nuclear Power - General

Nuclear Power - Light Water Reactors



SOURCE: THE ENERGY RESOURCES OF THE EARTH, M. KING HUBBERT; SCIENTIFIC AMERICAN, SEPTEMBER 1971.



The pressurized-water nuclear reactor

#### THE PRESSURIZED LIGHT-WATER REACTOR

CONTAINS THREE SEPARATE WATER SYSTEMS:

THE PRIMARY WATER SYSTEM IS KEPT UNDER PRESSURE (2,250 LBS/SQ. IN.) TO KEEP BOILING TEMPERATURE WELL ABOVE MAXIMUM TEMPERATURE IN THE REACTOR CORE (600°F). SERVES AS A COOLANT AND HEAT TRANSFER MEDIUM, AS A MODERATOR SLOWING DOWN THE FAST NEUTRONS PRODUCED IN FISSION, AS A REACTIVITY STABILIZER BY MEANS OF DISSOLVED NEUTRON-ABSORBING BORIC ACID.

CONTINUOUSLY PURIFIED BY FILTRATION AND ION EXCHANGE TO REMOVE FISSION AND CORROSION PRODUCTS.

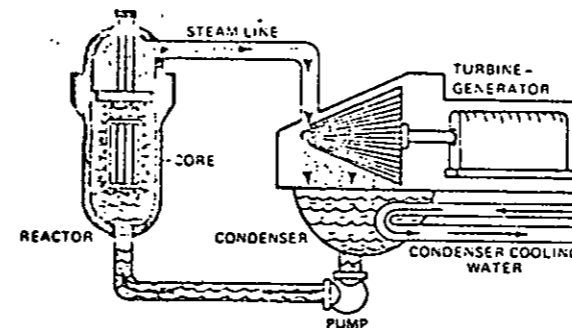
THE SECONDARY WATER SYSTEM IS KEPT AT A PRESSURE OF AROUND 720 LBS/SQ. IN. WHICH ALLOWS FOR STEAM GENERATION IN HEAT EXCHANGER AT A TEMPERATURE OF ABOUT 506°F. THE STEAM FLOWS THROUGH A TURBINE DRIVING AN ELECTRIC GENERATOR; PASSES TO A CONDENSER; IS CONDENSED AT SUBATMOSPHERIC PRESSURE.

THE TERTIARY-OR-COOLING-WATER SYSTEM IS KEPT, IN CONDENSOR COOLING COILS, AT A PRESSURE ABOVE ATMOSPHERIC. COOLING WATER LEAVES CONDENSOR TYPICALLY 20°F WARMER THAN INCOMING WATER. TRANSFERS WASTE HEAT TO WATER RECIPIENTS (RIVERS, LAKES, THE OCEAN) OR TO THE ATMOSPHERE THROUGH COOLING TOWERS. WASTE HEAT MAY BE UTILIZED FOR SPACE HEATING.

SOURCE: MANSON BENEDICT TECHNOLOGY REVIEW OCT./NOV. 1971

#### TYPES OF NUCLEAR (FISSION) REACTORS

1. LIGHT WATER REACTORS (LWR) ARE FUELED BY BUNDLES OF STAINLESS STEEL OR ZIRCONIUM-ALLOY TUBING FILLED WITH PELLETS OF  $UO_2$  ENRICHED TO 3% IN  $U^{235}$ ; WATER AT 315°C CARRIES HEAT TO A STEAM GENERATOR IN PRESSURIZED REACTORS (PWR) WHEREAS BOILING WATER REACTORS (BWR) DO NOT REQUIRE A STEAM GENERATOR
2. HIGH-TEMPERATURE GAS-COOLED REACTOR (HTGR) IS A HELIUM-COOLED GRAPHITE MODERATED REACTOR OPERATING ON THE THORIUM URANIUM FUEL CYCLE; AT 850°C STEAM-CYCLE EFFICIENCIES OF 40% ARE APPROACHED, WHILE LWR EFFICIENCY IS ONLY 33%
3. LIQUID-METAL FAST BREEDER REACTOR (LMFBR) IS FUELED BY A DENSE CORE OF PLUTONIUM AND/OR URANIUM, COOLED BY SODIUM (EXCELLENT CONDUCTOR OF HEAT), AND CAN PRODUCE MORE PLUTONIUM THAN IT CONSUMES WITH DOUBLING TIMES OF 7-20 YEARS
4. GAS-COOLED FAST REACTOR (GCFR) IS FUELED WITH  $UO_2-PuO_2$  CLAD IN STAINLESS STEEL, AND ATTAINS A HIGH BREEDING RATIO BY USING HELIUM COOLING
5. MOLTER-SALT BREEDER REACTOR (MSBR) UTILIZES THE THORIUM URANIUM CYCLE, HAS A RELATIVELY SMALL BREEDING RATIO AND A DOUBLING TIME OF 15 YEARS



BOILING LIGHT WATER REACTOR

SOURCE: E. COOK, IONIZING RADIATION 1971

#### THE BOILING LIGHT-WATER REACTOR

CONTAINS TWO SEPARATE WATER SYSTEMS.

THE PRIMARY WATER SYSTEM IS KEPT AT A PRESSURE OF ABOUT 1,000 LBS/SQ. IN. WHICH ALLOWS THE WATER TO BOIL IN THE REACTOR.

THE STEAM PRODUCED FLOWS DIRECTLY TO A TURBINE DRIVING AN ELECTRIC GENERATOR; PASSES TO A CONDENSOR; IS CONDENSED AND PUMPED BACK TO THE REACTOR.

THE SECONDARY-OR-COOLING-WATER SYSTEM OPERATES IN ABOUT THE SAME WAY AS IN THE PRESSURIZED LIGHT-WATER REACTOR

SOURCE: MANSON BENEDICT, TECHNOLOGY REVIEW OCT./NOV. 1971

#### LIGHT-WATER REACTORS

ORDINARY WATER UNDER PRESSURE AND AT TEMPERATURES UP TO 600°F USED BOTH AS A COOLANT TO TRANSPORT THE HEAT RELEASED IN FISSION OF URANIUM-235 AND AS A MODERATOR TO SLOW DOWN THE FAST NEUTRONS INITIALLY PRODUCED IN FISSION.

TWO DIFFERENT TYPES OF LIGHT-WATER REACTORS:

- \* THE PRESSURIZED WATER REACTOR, USED IN ABOUT 60 PERCENT OF THE LIGHT-WATER REACTOR INSTALLATIONS
- \* THE BOILING WATER REACTOR, USED IN ABOUT 40 PERCENT OF THE LIGHT-WATER REACTOR INSTALLATIONS

SOURCE: MANSON BENEDICT, TECHNOLOGY REVIEW OCT./NOV. 1971

#### SAFETY FEATURES OF THERMAL REACTORS

"THERMAL REACTORS HAVE ONE GREAT INHERENT SAFETY FACTOR: THEY ARE SO CONSTRUCTED THAT THEY ARE BARELY FUNCTIONING. WHATEVER HAPPENS TO THEM, IT TENDS TO STOP THE REACTION." E. TELLER, 1967

REACTOR AND PRIMARY WATER SYSTEM COMPLETELY HOUSED WITHIN STEEL AND CONCRETE.

MULTIPLE BARRIERS AGAINST ESCAPE OF RADIOACTIVITY ABOVE SIGNIFICANT LEVELS:

- \* MOST OF THE RADIOACTIVE FISSION PRODUCTS CONTAINED IN FUEL ELEMENTS OF URANIUM DIOXIDE - A CERAMIC STABLE AGAINST LONG EXPOSURES TO HEAT AND RADIATION.
- \* A SMALL FRACTION OF THE RADIOACTIVE FISSION PRODUCTS APPEAR IN THE PRIMARY WATER SYSTEM FROM WHERE IT IS CONTINUOUSLY REMOVED BY FILTRATION AND ION EXCHANGE.
- \* LEAKAGE FROM PRIMARY TO SECONDARY WATER SYSTEMS PREVENTED BY LEAK TIGHTNESS OF PRIMARY SYSTEM.
- \* AS AN ADDITIONAL SAFETY MEASURE SECONDARY WATER SYSTEM IS ALSO LEAK TIGHT.
- \* COOLING WATER KEPT AT PRESSURE HIGHER THAN THE STEAM BEING CONDENSED, THUS IN CASE OF LEAKAGE WATER FLOWS INTO THE CONDENSOR.

NO SERIOUS ACCIDENTS AND NO OVEREXPOSURE OF THE GENERAL PUBLIC HAVE OCCURRED IN OVER 100 REACTOR-YEARS OF OPERATION OF COMMERCIAL LIGHT-WATER REACTORS. FURTHERMORE ANOTHER 780 REACTOR-YEARS OF OPERATION WITHOUT A REACTOR ACCIDENT HAVE BEEN RECORDED BY PRESSURIZED WATER REACTORS IN THE U.S. NAVY.

SOURCE: MANSON BENEDICT, TECHNOLOGY REVIEW OCT./NOV. 1971

I AM DISMAYED AT SOME OF THE THINGS I HAVE FOUND-- WARNINGS AND FACTS FROM HIGHLY QUALIFIED PEOPLE WHO FIRMLY BELIEVE THAT WE HAVE MOVED TOO FAST AND WITHOUT PROPER SAFEGUARDS INTO AN ATOMIC POWER AGE.

SENATOR THURSTON B. MORTON (1968)

Nuclear Power - Light Water Reactors

16b

17a

Nuclear Power - Breeders

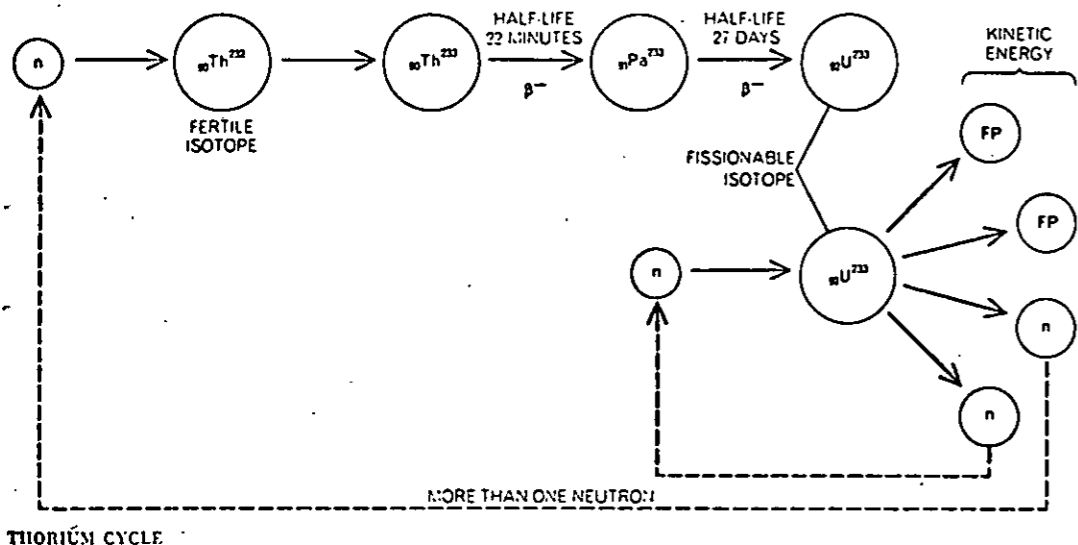
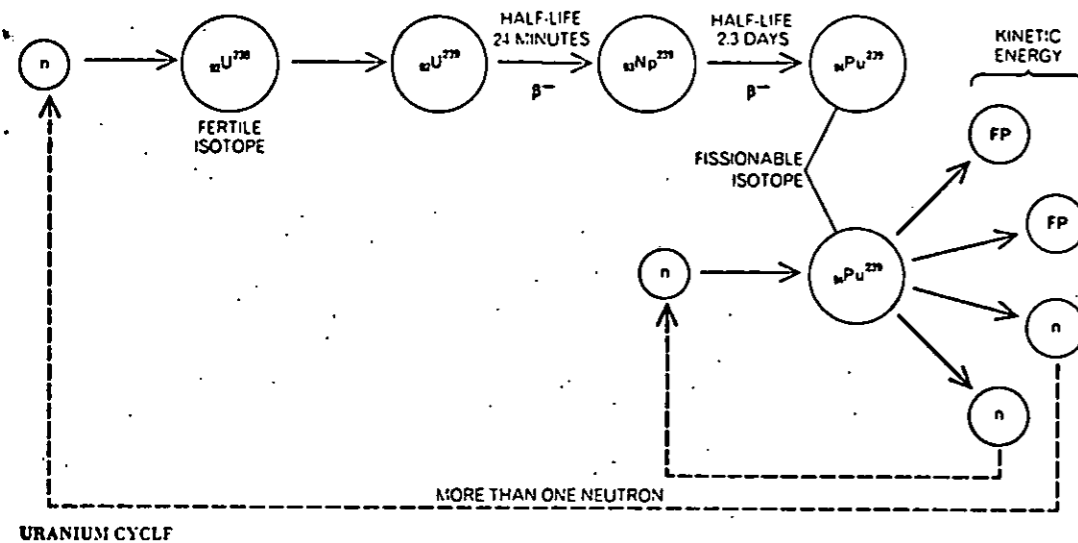
BREEDER REACTORS ARE CHARACTERIZED BY:

**ENERGY CYCLE.** FAST BREEDERS OPERATE ON THE URANIUM-238 - NEPTUNIUM-239 FUEL CYCLE (CF. CHART ).  
THERMAL BREEDERS OPERATE ON THE THORIUM-232 - URANIUM-233 FUEL CYCLE (CF. CHART ).

**COOLANT** USED TO CARRY OFF THE HEAT GENERATED BY FISSION IN THE REACTOR AND DELIVER IT TO THE POWER GENERATING SYSTEM. THREE KINDS OF COOLANTS PRESENTLY BEING STUDIED: LIQUID METAL (CF. CHART ), INERT GAS (CF. CHART ) AND MOLTEN SALT.

**BLANKET** CONTAINING FERTILE URANIUM-238 OR THORIUM-232 IN STAINLESS STEEL TUBES SURROUNDING THE REACTOR CORE. BLANKET USED FOR BREEDING, FERTILE MATERIAL CAN BE DEPLETED. ALSO SERVES AS NEUTRON REFLECTOR IMPROVING NEUTRON ECONOMY. HAS TO BE COOLED.

SOURCE: G.T. SEABORG AND J.L. BLOOM, SCIENTIFIC AMERICAN, NOV 1970



DOUBLING TIME

THE TIME REQUIRED TO PRODUCE AS MUCH NET ADDITIONAL FISSIONABLE MATERIAL AS WAS ORIGINALLY PRESENT IN THE REACTOR. AT THE END OF THE DOUBLING TIME THE REACTOR HAS PRODUCED ENOUGH FISSIONABLE MATERIAL TO REFUEL ITSELF AND TO FUEL ANOTHER IDENTICAL REACTOR.

EFFICIENT BREEDER REACTORS EXPECTED TO HAVE DOUBLING TIMES IN THE RANGE FROM SEVEN TO TEN YEARS.

HELIUM GAS COOLED FAST BREEDERS HAVE SHORTER DOUBLING TIMES (CF. CHART ).

BECAUSE OF DOUBLING BREEDER REACTORS CAN MEET THE NEEDS OF EXPANDING ENERGY ECONOMIES.

SOURCE: G.T. SEABORG AND J.L. BLOOM, SCIENTIFIC AMERICAN, NOV 1970

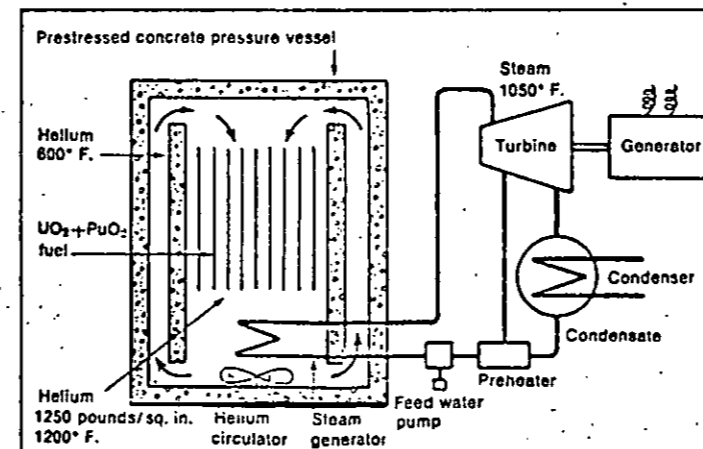
HELIUM GAS COOLED FAST BREEDER

ADVANTAGES:

- \* NO INTERACTION WITH FAST NEUTRONS IN THE REACTOR CORE, HENCE NO INDUCED RADIOACTIVITY AND NO NEED FOR AN INTERMEDIATE HEAT EXCHANGER.
- \* POSSIBILITY OF A DIRECT POWER CYCLE, WHERE THE HELIUM GAS FLOWS FROM THE REACTOR DIRECTLY TO A GAS TURBINE DRIVING THE ELECTRICAL GENERATOR.
- \* NEUTRONS LESS MODERATED (SLOWED DOWN), HENCE REDUCED DOUBLING TIME (CF. CHART ).
- \* TRANSPARENT - VISIBILITY DURING MAINTENANCE AND REFUELING.
- \* NO CORROSION PROBLEMS.
- \* CHEMICALLY INERT.

DISADVANTAGE:

- \* HIGH PRESSURE - 70 TO 100 ATMOSPHERES. SUDDEN LOSS OF COOLANT PRESSURE WOULD BE VERY HAZARDOUS.
- \* RELATIVELY POOR HEAT REMOVAL CHARACTERISTICS.



SOURCE: G.T. SEABORG AND J.L. BLOOM, SCIENTIFIC AMERICAN, NOV. 1970

POT AND LOOP

TWO DIFFERENT DESIGNS OF CONTAINERS FOR THE CORE-AND-BLANKET ASSEMBLY AND THE PRIMARY HEAT TRANSFER SYSTEM ARE UNDER CONSIDERATION:

- (I) IN THE POT TYPE A LARGE TANK WITH LIQUID SODIUM ENCLOSES THE REACTOR VESSEL, THE SODIUM PUMPS AND THE INTERMEDIATE HEAT EXCHANGER.
- (II) IN THE LOOP TYPE ONLY THE REACTOR VESSEL IS FILLED WITH SODIUM. SODIUM PUMPS AND HEAT EXCHANGE LOOPS ARE LOCATED OUTSIDE THE REACTOR CONTAINER.

THE POT TYPE HAS MUCH GREATER HEAT CAPACITY AND IS THEREFORE PRESUMABLY SAFER, BUT IT REQUIRES A MUCH LARGER INVENTORY OF SODIUM.

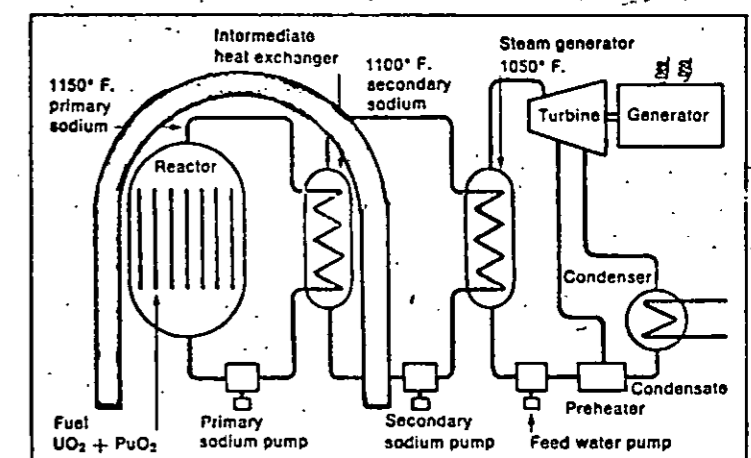
LIQUID SODIUM COOLANT

ADVANTAGES:

- \* EXCELLENT HEAT TRANSFER CHARACTERISTICS.
- \* CAN BE USED AT FAIRLY LOW PRESSURE EVEN AT HIGH TEMPERATURES (1150° F). PRESSURE NECESSARY ONLY TO MAINTAIN FLOW (OF TENS OF THOUSANDS CUBIC METERS PER HOUR THROUGH REACTOR CORE).
- \* NOT PARTICULARLY CORROSIVE.

DISADVANTAGES:

- \* OPAQUE, MAINTENANCE AND REFUELING WITHOUT THE BENEFIT OF VISUAL OBSERVATION.
- \* HIGHLY REACTIVE CHEMICALLY. NECESSARY TO PROVIDE ARGON AS A COVER GAS. WATER LEAKAGE INTO SODIUM MUST BE IMPOSSIBLE.
- \* BECOMES INTENSELY RADIOACTIVE WHEN EXPOSED TO NEUTRONS. RADIATION SHIELDING NECESSARY FOR PROTECTION. COMPLEX HEAT TRANSFER ARRANGEMENT WITH INTERMEDIATE HEAT EXCHANGER TO SEPARATE RADIOACTIVE SODIUM FROM THE STEAM-GENERATING EQUIPMENT.
- \* DEVELOPMENT OF LIQUID SODIUM TECHNOLOGY FOR PUMPS, VALVES AND HEAT-EXCHANGERS.



SOURCE: ELECTRIC POWER FROM NUCLEAR FISSION, MANSON BENEDICT, TECHNOLOGY REVIEW, OCT./NOV. 1971.

Nuclear Power - Breeder

17b

18a

Nuclear Power - Breeders

FAST BREEDER REACTORSON THE DESIRABILITY OF FAST BREEDERS

1. PRESENT LIGHT-WATER REACTORS CONVERT ONLY 1% OF THE LATENT NUCLEAR ENERGY INTO THERMAL ENERGY; BREEDERS CAN CONVERT UP TO 60%
2. AS THE DEMAND FOR URANIUM INCREASES, THE PRICE OF URANIUM INCREASES AND IS PREDICTED TO BE \$30/LB. IN 2000 (\$8/LB. IN 1970)
3. UNLESS SUBSTANTIALLY MORE LOW-COST URANIUM CAN BE FOUND OR A REACTOR DEVELOPED THAT USES URANIUM MORE EFFICIENTLY, NUCLEAR POWER (FISSION) WILL BE PRICED OUT OF COMPETITION WITH COAL IN THE U.S. BEFORE THE YEAR 2000!
4. IN PRINCIPLE, A FAST BREEDER REACTOR CAN PRODUCE MORE PLUTONIUM THAN IT CONSUMES, AND A BREEDING RATIO OF 1.5 CORRESPONDS TO A PLUTONIUM DOUBLING TIME OF 10 YEARS
5. UNIT COSTS OF FAST BREEDERS MAY DECREASE BELOW \$220/KW IN THE LATE 1980'S, SO THAT FAST REACTOR POWERPLANTS MAY BECOME COMPETITIVE WITH COAL-BURNING PLANTS IF THEIR DOUBLING TIME CAN BE MADE AS SMALL AS 10 YEARS
6. INDUSTRIAL DEVELOPMENT OF LIQUID-METAL COOLED FAST BREEDER REACTORS ARE AIMING FOR FUEL COSTS OF 1/2-3/4 MILL/KWH, SO THAT BREEDERS MIGHT ACHIEVE VERY LOW ELECTRIC COSTS OF 1-1.5 MILL/KWH IN THE 1990'S
7. LARGE-SCALE BREEDER POWER GENERATION IMPLIES THE POSSIBILITY OF NUCLEAR INDEPENDENCE FOR COUNTRIES WITHOUT THEIR OWN URANIUM RESERVES AND/OR SEPARATION PLANTS; INDIA, WITH VAST THORIUM RESERVES, HOPES TO BECOME SELF-SUFFICIENT IN NUCLEAR POWER VIA THE THORIUM-URANIUM-233 BREEDING MODE
8. THE FPC FORECAST THAT NUCLEAR POWER WILL PROVIDE 50-60% OF ALL U.S. ELECTRICITY BY THE YEAR 2000 DEPENDS ON THE COMMERCIAL FEASIBILITY OF BREEDER REACTORS

MAJOR SAFETY FEATURE IN FAST BREEDERS: SELF-REGULATION BY THE DOPPLER EFFECT. INCREASING POWER RAISES FUEL TEMPERATURE; NEUTRON ABSORPTION IN URANIUM-238 INCREASES WITH INCREASED TEMPERATURE; THIS RESULTS IN A REDUCTION OF POWER AND VICE VERSA. THE SELF-REGULATING EFFECT MAY BE ENHANCED BY THE ADDITION OF A MODERATOR, SUCH AS BERYLLIUM OXIDE, WHICH INCREASES THE MAGNITUDE OF THE NEUTRON DOPPLER EFFECT.

LIQUID METAL FAST BREEDERS HAVE TO BE SAFEGUARDED AGAINST BUBBLE OR VOID FORMATION IN THE COOLANT. THIS COULD LEAD TO LOCAL OVERHEATING TRIGGERING SEQUENTIAL EVENTS OF HAZARDOUS NATURE.

GAS COOLED FAST REACTORS HAVE TO BE GUARANTEED AGAINST A SUDDEN LOSS OF COOLANT PRESSURE.

NON-U.S. BREEDER DEVELOPMENT PROGRAMS

IN RUSSIA, ENGLAND AND FRANCE, GOVERNMENT AGENCIES HAVE HAD FULL RESPONSIBILITY FOR BREEDER PROJECTS AND HAVE DRIVEN AHEAD WITH CONSTRUCTION OF DEMONSTRATION PLANTS WITHOUT WAITING FOR THE EXHAUSTIVE TESTING OF COMPONENTS NOW CHARACTERISTIC OF THE U.S. PROGRAM AND WITHOUT TRYING TO ESTABLISH SEVERAL COMPETING SOURCES OF SUPPLY. UNLESS THESE FOREIGN PROJECTS RUN INTO MAJOR DIFFICULTIES, LIQUID METAL FAST BREEDER REACTORS WILL BECOME COMMERCIALY AVAILABLE ABROAD MANY YEARS EARLIER THAN IN THE UNITED STATES.

SOURCE: MANSON BENEDICT. TECHNOLOGY REVIEW OCT./NOV. 1971

THE BREEDER REACTOR SHOULD MAKE IT POSSIBLE FOR NUCLEAR FISSION TO SUPPLY THE WORLD'S ENERGY NEEDS FOR THE NEXT MILLENNIUM. THE U.S. GOVERNMENT HAS RECENTLY ANNOUNCED THAT INTENSIVE DEVELOPMENT OF THE FAST BREEDER IS NOW NATIONAL POLICY.

SOURCE: C. STARR, SCIENTIFIC AMERICAN, SEPT. 1971

...BECAUSE OUR GOVERNMENT HAS ENCOURAGED THE BUILDING OF FAR TOO MANY FUEL-WASTING CONVENTIONAL REACTORS BEFORE SOLVING THE PROBLEMS OF FUEL-BREEDING, WE ARE WELL ON THE WAY TO EXHAUSTING URANIUM RESERVES IN THE COMPETITIVE PRICE RANGE. UNLESS WE HALT THIS PROFLIGATE POLICY, THE ATOMIC POWER INDUSTRY WILL PRICE ITSELF OUT OF THE MARKET BEFORE THE END OF THIS CENTURY.

R. CURTIS AND E. HOGAN (1969)

PRESENT AEC BREEDER DEVELOPMENT PROGRAM

1. EBR-11 - A FAST-NEUTRON TEST REACTOR OPERATED BY THE ARGONNE NATIONAL LABORATORY AT AEC'S NATIONAL REACTOR TESTING STATION IN IDAHO. HAS A CUMULATIVE RECORD OF MORE THAN 35,000 MEGAWATT-DAYS OF OPERATION. USED FOR TESTING FUELS AND MATERIALS SINCE 1969 OPERATING AT ITS DESIGN POWER OF 62.5 MEGAWATTS.
2. ZPPR - A ZERO-POWER FAST REACTOR OPERATED BY THE ARGONNE NATIONAL LABORATORY. PLUTONIUM INVENTORY OF 3,000 KOLOGRAMS ALLOWS FOR FULL SCALE MOCK-UPS.
3. FAST FLUX TEST FACILITY NOW BEING DESIGNED. FULL POWER, 400 MEGAWATTS, EXPECTED AROUND 1975. WILL BE USED TO STUDY RADIATION EFFECTS ON FUEL AND STRUCTURAL MATERIALS.
4. FIRST STEPS TAKEN TOWARD CONSTRUCTION OF ONE OR MORE LIQUID-METAL FAST-BREEDER DEMONSTRATION PLANTS. WILL BE BUILT IN COLLABORATION WITH INDUSTRY.

SOURCE: G.T. SEABORG AND J.L. BLOOM, SCIENTIFIC AMERICAN, NOV 1970

"THE AEC R&D FUNDING FOR THE LMFBR WILL BE \$130 X 10<sup>6</sup> IN FY '72. WHEN FUNDS FOR GENERAL REACTOR TECHNOLOGY AND SAFETY AND FOR NECESSARY CAPITAL AND CONSTRUCTION ITEMS ARE INCLUDED, THE TOTAL IS \$228 X 10<sup>6</sup>. THIS TOTAL DOES NOT INCLUDE FUNDING FOR THE DEMONSTRATION PLANT ITSELF. SO, THE AEC IS NOW AUTHORIZED TO ASK CONGRESS TO INCREASE THE FEDERAL CONTRIBUTION TO THE DEMONSTRATION BREEDER BY \$50 MILLION, MAKING A TOTAL OF \$100 MILLION PLUS THE WAIVER OF USE CHARGES AND OTHER SERVICES. THE AEC ADVISES ME THAT THIS FEDERAL CONTRIBUTION, COMBINED WITH THE FUNDING YOU CONTEMPLATE, WILL APPROXIMATE THE TOTAL COST OF THE PLANT, \$400-500 X 10<sup>6</sup>."

SOURCE: DR. EDWARD E. DAVID, JR., SCIENCE ADVISER TO THE PRESIDENT, AND DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY, "RESEARCH, ENVIRONMENT AND ELECTRIC ENERGY", AN ADDRESS BEFORE THE 39TH ANNUAL CONVENTION OF EDISON ELECTRIC INSTITUTE, CLEVELAND, OHIO, JUNE 9, 1971.

	NAME	COUNTRY	POWER		INITIAL OPERATION	TYPE (POT OR LOOP)
			MEGAWATTS (THERMAL)	MEGAWATTS (ELECTRICAL)		
OPERATING	BR-5	U.S.S.R.	5	—	1953	LOOP
	DFR	U.K.	60	15	1959	LOOP
	EBR-II	U.S.	62.5	20	1964	POT
	FERMI	U.S.	200	66	1963	LOOP
	RAPSODIE	FRANCE	40	—	1967	LOOP
	SEFOR	U.S.	20	—	1969	LOOP
UNDER CONSTRUCTION	BOR-60	U.S.S.R.	60	12	1970	LOOP
	BN-350	U.S.S.R.	1,000	150	1971	LOOP
	PFR	U.K.	600	250	1972	POT
	PHENIX	FRANCE	600	250	1973	POT
	BN-600	U.S.S.R.	1,500	600	1973/75	POT
	FFTF	U.S.	400	—	1974	LOOP
PLANNED	KNK-II	WEST GERMANY	53	20	1972	LOOP
	JEFR	JAPAN	100	—	1973	LOOP
	PEC	ITALY	140	—	1975	MODIFIED POT
	SNR	WEST GERMANY	730	300	1975	LOOP
	DEMO #1	U.S.	750-1,250	300-500	1976	NOT DECIDED
	JPFR	JAPAN	750	300	1976	LOOP
DECOMMISSIONED	CLEMENTINE	U.S.	.025	—	1946	LOOP
	EBR-I	U.S.	1	.2	1951	LOOP
	BR-2	U.S.S.R.	.1	—	1956	LOOP
	LAMPRE-I	U.S.	1	—	1961	LOOP

LIQUID-METAL FAST REACTORS built or planned are summarized. Those that produce electricity have far less capacity than the 1,000-megawatt commercial fast-breeder plant that the development program of the U.S. seeks to have in operation by 1984.

SOURCE: G.T. SEABORG AND J.L. BLOOM, SCIENTIFIC AMERICAN, NOV 1970

IT WAS CONCLUDED THAT THE DESCRIPTION OF THE EVENTS THAT COULD TAKE PLACE SUBSEQUENT TO A POSTULATED MELTDOWN OF LARGE PORTIONS OF A FUEL CORE IS AT PRESENT INDETERMINATE AND QUITE SPECULATIVE...RELIABLE AND PRACTICAL METHODS OF CONTAINING LARGE MASSES OF FUEL THAT WOULD PROBABLY RESULT FROM SUCH A MELTDOWN DO NOT EXIST TODAY.

THERMAL REACTORS HAVE ONE GREAT INHERENT SAFETY FACTOR: THEY ARE SO CONSTRUCTED THAT THEY ARE BARELY FUNCTIONING. WHATEVER HAPPENS TO THEM, IT TENDS TO STOP THE REACTION. BUT IF YOU PUT TOGETHER TWO TONS OF PLUTONIUM IN A BREEDER, ONE TENTH OF ONE PERCENT OF THIS MATERIAL COULD BECOME CRITICAL...IN AN ACCIDENT INVOLVING A PLUTONIUM REACTOR, A COUPLE OF TONS OF PLUTONIUM CAN MELT...A SMALL FRACTION OF THE ORIGINAL CHARGE CAN BECOME A GREAT HAZARD.

E. TELLER, 1967

Nuclear Power - Breeders

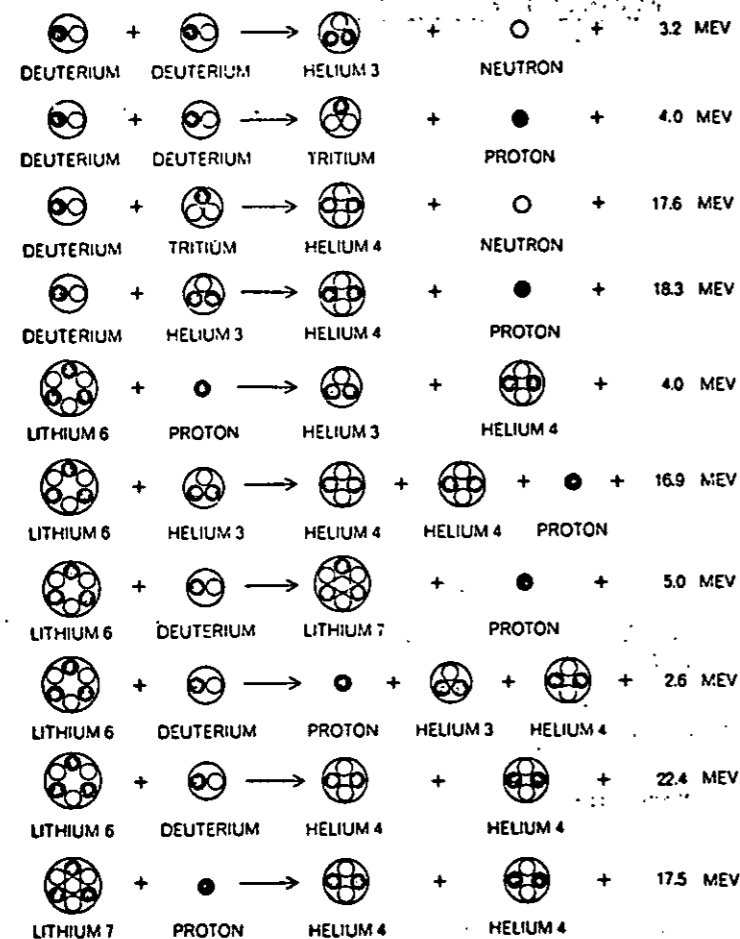
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Nuclear Power Fusion

BASIC PROBLEMS IN CONTROLLED FUSION R&D

CONTROLLED FUSION POWER FEASIBILITY



**IGNITION TEMPERATURE.** THE DEUTERIUM-TRITIUM FUEL CYCLE HAS THE LOWEST IGNITION TEMPERATURE, ABOUT 40 MILLION DEGREES C. WAS FIRST ACHIEVED AT LOS ALAMOS IN 1963 WITH A RELEASE OF 370 WATTS OF FUSION POWER DURING THE 3 MICROSECOND PULSE DURATION.

**CONFINEMENT.** A WIDE VARIETY OF "MAGNETIC BOTTLES" HAVE BEEN DEVELOPED. THESE ARE EITHER LINEAR OR CIRCULAR. PLASMA INSTABILITIES RESULTING IN RAPID ENERGY-LOSS PROCESSES HAVE BEEN REDUCED TO INSIGNIFICANCE.

IGNITION TEMPERATURE AND CONFINEMENT OF STABLE PLASMA HAS NOT YET BEEN ACHIEVED IN THE SAME MACHINE. HOWEVER, THERE IS NOW A GENERAL AGREEMENT THAT THERE ARE NO BASIC LAWS OF PHYSICS THAT PREVENT PLASMA CONFINEMENTS AT IGNITION TEMPERATURE AND ABOVE FOR TIMES LONG ENOUGH TO RELEASE SIGNIFICANT AMOUNTS OF NET FUSION ENERGY.

PLASMA DENSITY MUST EXCEED  $10^{11}$  IONS PER CUBIC CENTIMETER FOR REACTORS OF REASONABLE SIZE. PRESENT EXPERIMENTAL DEVICES CAN BE ARRANGED IN FOUR CATEGORIES.

- (i) **LOW DENSITY PLASMA CONTAINERS** FOR THE STUDY OF FUNDAMENTAL PLASMA PROPERTIES.
- (ii) **MEDIUM DENSITY PLASMA CONTAINERS.** OUTWARD PRESSURE OF THE PLASMA IS MUCH LESS THAN INWARD PRESSURE OF THE MAGNETIC FIELD USED FOR CONTAINMENT. TO THIS CATEGORY BELONG MIRROR, BASEBALL, TOKAMAK, STELLARATOR, AND ASTRON MACHINES.
- (iii) **HIGH DENSITY PLASMA CONTAINERS.** OUTWARD PRESSURE OF THE PLASMA COMPARABLE TO INWARD PRESSURE OF THE MAGNETIC FIELD USED FOR CONTAINMENT. TO THIS CATEGORY BELONG THETA PINCH DESIGNS, LINEAR AND TOROIDAL, AND THE CUSP MACHINE.
- (iv) **VERY HIGH DENSITY PLASMA CONTAINERS.** OUTWARD PRESSURE OF PLASMA EXCEEDS INWARD PRESSURE OF THE MAGNETIC FIELD. NORMALLY SELF-GENERATING MAGNETIC FIELDS WITHIN THE PLASMA ITSELF SERVES FOR CONFINEMENT. MACHINES GENERALLY PULSED. TO THIS CATEGORY BELONG ZETA PINCH DEVICES AND SOME LAZER IONIZED DESIGNS WITH FUEL PELLETS.

SOURCE: W.C. GOUGH AND B.J. EASTLUND, SCIENTIFIC AMERICAN

RATIO OF ENERGY OUTPUT TO ENERGY INPUT NEEDED TO COMPENSATE FOR ALL LOSSES DEFINED AS THE LAWSON FACTOR (R). R EQUAL TO UNITY IMPLIES BREAK EVEN. FOR A DEUTERIUM-TRITIUM FUEL MIXTURE AT TEMPERATURES HIGHER THAN THE IGNITION TEMPERATURE (40 MILLION DEGREES C) DENSITY TIMES CONFINEMENT TIME EQUALS  $10^{14}$  SECONDS PER CUBIC CENTIMETER FOR BREAK EVEN CONDITIONS.\* THIS CRITERION DEFINES A SURFACE IN THE THREE-DIMENSIONAL SPACE OF DENSITY, TEMPERATURE AND CONFINEMENT TIME

\* ASSUMING AN ENERGY-CONVERSION EFFICIENCY OF 33 PER CENT.

CONCEIVABLE FUSION POWER REACTORS

**VERY HIGH DENSITY LASER IGNITED REACTORS** IN THE 5-50 MEGAWATT RANGE. POTENTIALLY USEFUL FOR FUSION PROPULSION SCHEMES.

**MEDIUM DENSITY REACTORS OPERATING ON THE DEUTERIUM-TRITIUM FUEL CYCLE** IN THE BILLION WATT RANGE. ENERGY PRIMARILY RELEASED AS AN INTENSE NEUTRON FLUX. CONVERTED INTO HEAT IN A MODERATOR. THERMAL ENERGY SEPARATELY CONVERTED INTO ELECTRIC POWER.

**MEDIUM DENSITY REACTORS OPERATING ON THE DEUTERIUM-DEUTERIUM, DEUTERIUM-HELIUM OR PROTON-LITHIUM FUEL CYCLES.** ENERGY PRIMARILY RELEASED AS AN INTENSE FLUX OF CHARGED PARTICLES. MAY BE CONVERTED INTO ELECTRIC POWER INDIRECTLY VIA ABSORBER AND HEAT CYCLE SYSTEMS OR, IN LINEAR REACTORS, DIRECTLY (CF. CHART ) WITH, THEORETICALLY, 90 PER CENT CONVERSION EFFICIENCY.

TRITIUM BREEDING

TRITIUM CONSUMPTION IN A 2000 MEGAWATT DEUTERIUM-TRITIUM THERMAL PLANT ABOUT 260 GRAMS PER DAY.

TRITIUM HOLDUP IN BLANKET ABOUT 1000 GRAMS.

DOUBLING TIME OF BREEDING TRITIUM FROM NATURAL LITHIUM CAN BE MADE LESS THAN TWO MONTHS TO MEET THE NEEDS OF AN EXPANDING ECONOMY.

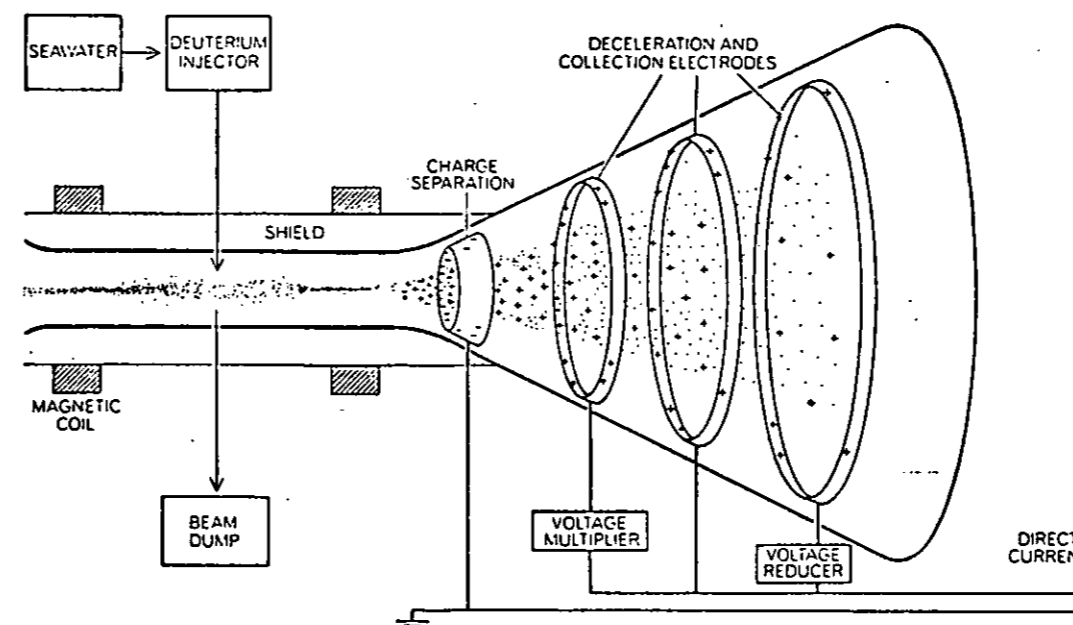
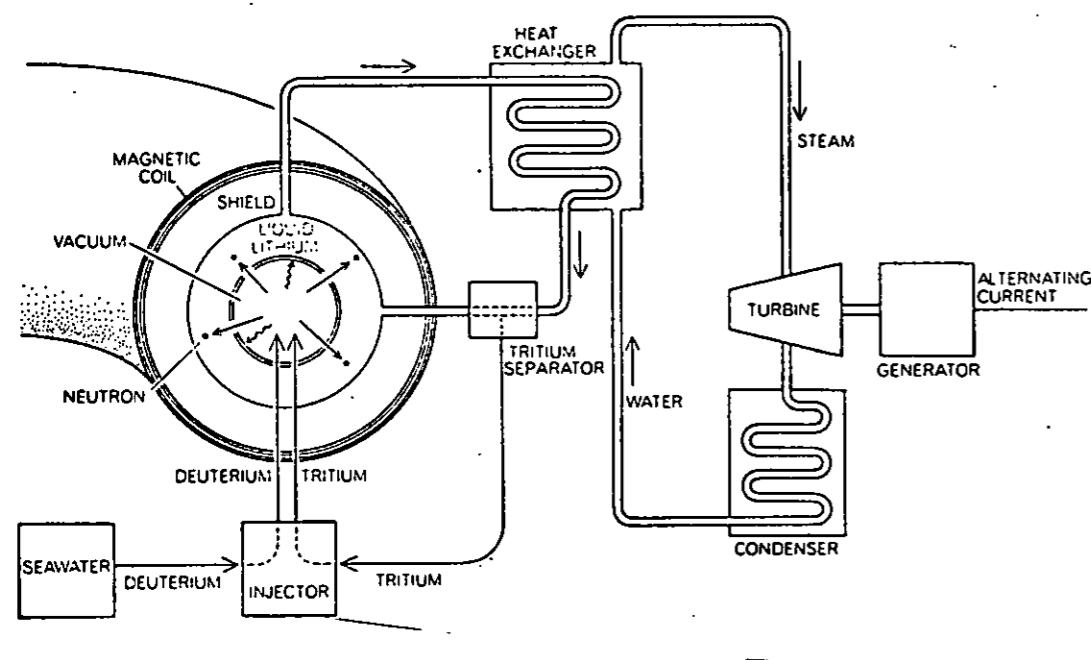
IN THE EARTH'S CRUST THE ABUNDANCE OF LITHIUM IS 5-15 TIMES THAT OF URANIUM. TOTAL AMOUNTS OF LITHIUM RESERVES UNKNOWN BUT ESTIMATED TO LAST THOUSANDS TO MILLIONS OF YEARS AT A GLOBAL CONSUMPTION RATE OF 2.8 Q. (1968 GLOBAL CONSUMPTION ESTIMATED TO 0.17 Q.)

SOURCE: W.C. GOUGH AND B.J. EASTLUND, SCIENTIFIC AMERICAN

MINABLE LITHIUM RESOURCES ARE LIMITED

AS LONG AS FUSION POWER IS DEPENDENT ON THE DEUTERIUM-TRITIUM REACTION... THE ENERGY OBTAINED FROM THIS SOURCE APPEARS TO BE OF ABOUT THE SAME ORDER OF MAGNITUDE AS THAT FROM FOSSIL FUELS. IF FUSION CAN BE ACCOMPLISHED WITH THE DEUTERIUM-DEUTERIUM REACTION, THE PICTURE WILL BE MARKEDLY CHANGED.

SOURCE: K. HUBBERT, SCIENTIFIC AMERICAN, SEPT 1971



Nuclear Power Fusion

19b

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Nuclear Power Fusion

PRESENT STATUS OF CONTROLLED FUSION RESEARCH

"IT IS VERY LIKELY THAT THE PHYSICAL CONDITIONS FOR FULL-SCALE REACTORS CAN BE REACHED IN THE NEAR FUTURE."

CLOSED SYSTEMS:

- (i) TOKAMAK (CF. CHART ).
- (ii) DIFFUSE PINCH.
- (iii) STELLARATORS AND RELATED SYSTEMS - POSSIBILITY OF CONTINUOUS OPERATION.
- (iv) CLOSED-LINE THETA PINCHES (NOT AN EQUILIBRIUM SYSTEM).
- (v) ASTRON - RELATIVISTIC CHARGED PARTICLE LAYER FOR THE CREATION OF A CLOSED LINE MAGNETIC FIELD CONFIGURATION FOR CREATING, HEATING AND CONFINING A HOT PLASMA.
- (vi) INTERNAL CONDUCTOR SYSTEM - MAINLY FOR FUNDAMENTAL PLASMA PHYSICS RESEARCH.

OPEN SYSTEMS:

- (i) MAGNETIC MIRRORS - END LOSSES MAY BE OVERCOME BY RECIRCULATION OF LOST ENERGY AND REDUCTION OF END LOSSES. POSSIBILITY OF DIRECT ENERGY CONVERSION (CF. CHART ).
- (ii) LINEAR THETA PINCH - PRESENT TECHNIQUES WOULD REQUIRE A SEVERAL MILES LONG DEVICE WITH A POWER OUTPUT OF AS MUCH AS  $10^{11}$  W.
- (iii) PLASMA FOCUS - NOT YET FULLY UNDERSTOOD BUT FOUND TO BE ONE OF THE BEST IN TERMS OF APPROACH TO THE LAWSON CRITERION.
- (iv) AXIAL FLOW PINCH.
- (v) INERTIALLY CONFINED PLASMAS - CREATED BY IRRADIATING SOLID TARGETS WITH HIGH-ENERGY LASER PULSES. BREAK EVEN CONDITIONS CURRENTLY FAR BEYOND FORESEEABLE LASER TECHNOLOGY. HIGH-ENERGY ELECTRON BEAMS AND HYPERVELOCITY PARTICLES ARE BEING CONSIDERED AS TRIGGERS FOR THERMONUCLEAR REACTIONS IN SOLID TARGETS. "LIKE A MINIATURE BOMB - BUT NOT DANGEROUS."

SOURCE: IAEA PANEL REPORT 1971

D-T FUSION REACTORS HAVE TO BE LARGE

FUSION ENERGY RELEASED IN TERMS OF HIGH-ENERGY NEUTRONS. THESE HAVE TO BE SLOWED DOWN TO THERMAL ENERGIES FOR ENERGY CONVERSION. DETERMINES MODERATOR DIMENSIONS.

EFFICIENT NEUTRON ECONOMY REQUIRED FOR TRITIUM BREEDING IN THE BLANKET.

TYPICAL DATA MIGHT BE:

TOROID MEAN RADIUS	5 METERS
MAXIMUM RADIUS	8.5 METERS
MINIMUM RADIUS	1.5 METERS
DIAMETER OF REACTOR VESSEL	3.5 METERS
BLANKET MAXIMUM DIAMETER	7 METERS
THERMAL POWER	4,500 MW
ELECTRICAL POWER (40 PERCENT EFFICIENCY)	1,800 MW

CAPITAL INVESTMENT FOR A FUSION POWER PLANT

FOR A FUSION POWER PLANT OF A FEW 1,000 MW CAPITAL INVESTMENT ESTIMATED TO BE COMPARABLE TO A FAST BREEDER OF SIMILAR CAPACITY OR A FEW HUNDRED MILLION DOLLARS. PROTOTYPE WOULD COST MORE: U.S. \$ 500-1,000 MILLIONS.

SOURCE: IAEA PANEL REPORT 1971

COMPARISON BETWEEN D-D AND D-T REACTORS

PARAMETER	UNITS	D-D REACTOR	D-T REACTOR
$n \cdot \tau$	$\text{cm}^{-3} \text{ s}$	$6.3 \times 10^{15}$	$1.7 \times 10^{14}$
TEMPERATURE	keV	60	20
$n$	$\text{cm}^{-3}$	$0.7 \times 10^{15}$	$2.8 \times 10^{14}$
$\tau$	s	9.5	0.6
$\tau_0$	s	$2.0 \times 10^{-3}$	$4.9 \times 10^{-3}$
$\alpha$	$\tau/\tau_{\text{BOHM}}$	5.500	120
$\beta$	$\frac{\text{PLASM PRESS}}{\text{MAGN PRESS}}$	0.60	0.075
BURN OUT	%	22	3.5

ASSUMPTIONS: PLASMA HEATED BY CHARGED REACTION FRAGMENTS  
TOTAL POWER: 5,500 MW  
B=100,000 GAUSS  
ENERGY FLUX THROUGH REACTOR WALLS  $1,300 \text{ W/cm}^2$   
PLASMA RADIUS 125 cm  
INTERNAL REACTOR RADIUS 175 cm

LITHIUM RESOURCES

THE HIGH-GRADE RESOURCES OF LITHIUM (ABOUT 70 Q OR  $70 \times 10^{18}$  BTU) SHOULD BE MORE THAN SUFFICIENT FOR THE FIRST FEW DECADES OF FUSION POWER AND, IF NECESSARY, THE LITHIUM RESOURCES CONTAINED IN THE SEA AND IN LOW-GRADE ORES COULD PROVIDE, AT INCREASED COST, AMOUNTS OF ENERGY COMPARABLE TO THOSE AVAILABLE FROM FISSION. HOWEVER, THERE IS REASON FOR HOPING THAT BEFORE HIGH-GRADE LITHIUM RESOURCES ARE EXHAUSTED, A DEUTERIUM-DEUTERIUM FUSION REACTOR WOULD BE SHOWN FEASIBLE: FOR THIS, THE WORLD'S RESOURCES ARE OF THE ORDER OF  $10^{10}$  Q.

SOURCE: IAEA PANEL REPORT 1971

AN EVALUATION OF THE RUSSIAN TOKAMAK RESULTS

STABLE PLASMA CONFINEMENT HAS BEEN ACHIEVED IN TOKAMAK SYSTEMS IN WHICH ELECTRON AND ION TEMPERATURES OF 15 AND 6 MILLION DEGREES, RESPECTIVELY, DENSITIES OF THE ORDER OF  $5 \times 10^{13} \text{ cm}^{-3}$ , AND ENERGY CONFINEMENT TIMES OF THE ORDER OF 20 msec HAVE BEEN OBSERVED. THESE FIGURES REPRESENT AN IMPROVEMENT WITH RESPECT TO APPROACHING THE LAWSON CRITERION (THE BREAK EVEN CRITERION) BY A FACTOR OF ABOUT 100 DURING THE LAST DECADE. THESE RESULTS ARE THE MOST FAVOURABLE OBTAINED SO FAR IN FUSION RESEARCH WITH CLOSED SYSTEMS. THUS, THE TOKAMAK IS LIKELY TO PROVIDE ONE OF THE POSSIBLE WAYS TO REALIZE A FUSION REACTOR.

REMAINING IMPORTANT PROBLEMS OF THE TOKAMAK DEVICES CONCERN THE VALIDITY OF THE SCALING LAWS, ESPECIALLY IN THEIR EXTENSION TO HIGHER TEMPERATURES AND DENSITIES, THE HEATING OF THE PLASMA TO THERMONUCLEAR TEMPERATURES, AND THE UNDERSTANDING OF THE INTERACTION BETWEEN THE PLASMA AND THE CHAMBER WALLS AND LIMITERS.

SOURCE: IAEA PANEL REPORT 1971

A BRITISH VIEW ON CONTROLLED FUSION

THE PROSPECT OF ACHIEVING PRACTICAL AND ECONOMIC FUSION REACTORS ARE ENCOURAGING. THE PROBLEMS WHICH REMAIN TO BE SOLVED ARE FORMIDABLE: THEY ARE NOT TO BE UNDERESTIMATED, NOR CAN SUCCESS IN SOLVING THEM BE ASSURED. NEVERTHELESS, WORK CAN PROCEED ON A BROADLY OPTIMISTIC BASIS THAT FUSION REACTORS WILL TURN OUT TO BE A PRACTICAL SOURCE OF ELECTRIC POWER, THE TIME-SCALE DEPENDING, OF COURSE, ON THE RATE OF INVESTMENT IN THE RESEARCH AND DEVELOPMENT PROGRAMME.

SOURCE: R.S. PEASE, CULHAM LABORATORY UKAEA (1970)

FUSION POWER FEASIBILITY

PRESENT WORLD R&D EFFORT: 2000 SCIENTISTS AND ENGINEERS. U.S. \$ 120 MILLIONS/YEAR.

IAEA PANEL RECOMMEND A WORLD GROWTH RATE OF ABOUT 15 PERCENT PER YEAR, IN REAL TERMS, FOR 1971-76 PERIOD, FOLLOWED BY AN INCREASED EFFORT WHEN THE INTERMEDIARY PROTOTYPE STAGE IS REACHED.

GIVEN THIS AND A CONTINUATION AND AN EXTENSION OF THE CURRENT INTERNATIONAL CO-OPERATION: "THERE IS A FAIR PROBABILITY THAT THERMONUCLEAR ENERGY WILL BE AVAILABLE FOR ECONOMIC PRODUCTION OF ELECTRICITY BY THE END OF THE TWENTIESH CENTURY."

SOURCE: IAEA PANEL REPORT 1971

Nuclear Power Fusion

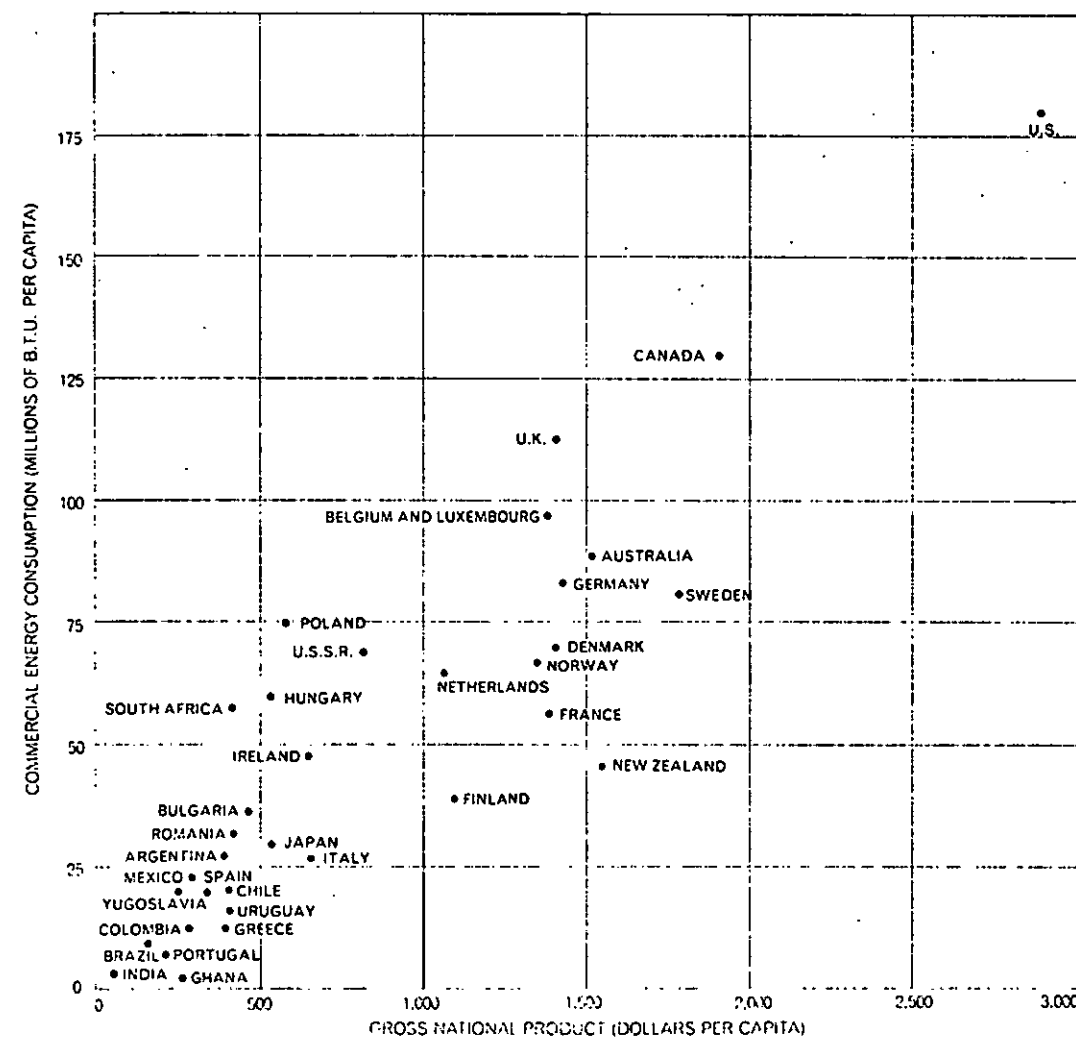
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Electric Power - World

TOTAL MILLION KWH		ELECTRIC ENERGY: PRODUCTION									
	1953	1961	1962	1963	1964	1965	1966	1967	1968	1969	
WORLD	1,264,100	2,434,000	2,635,900	2,848,800	3,134,700	3,376,800	3,636,600	3,860,800	4,205,300	4,567,900	
AFRICA	20,600	43,400	45,600	49,500	54,000	58,300	61,900	67,300	74,400	80,900	
N. AMERICA	595,300	1,017,100	1,087,400	1,159,000	1,247,700	1,333,700	1,442,800	1,522,000	1,655,500	1,790,700	
S. AMERICA	25,400	55,300	60,400	64,500	69,500	73,100	78,600	83,200	90,300	98,900	
ASIA	85,200	221,600	237,700	264,400	329,600	357,300	394,400	419,200	469,800	530,800	
EUROPE	387,000	756,200	798,700	858,300	930,000	998,800	1,061,600	1,125,100	1,216,200	1,311,500	
OCEANIA	16,400	33,800	36,800	40,800	44,900	48,900	52,800	56,200	60,500	66,000	

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS



SOURCE: THE FLOW OF ENERGY IN AN INDUSTRIAL SOCIETY,  
EARL COOK; SCIENTIFIC AMERICAN, VOLUME 224 -  
NUMBER 3, SEPTEMBER 1971.

Million kWh		ELECTRIC ENERGY: PRODUCTION								
Country	1961	1962	1963	1964	1965	1966	1967	1968	*1969	
NUCLEAR — NUCLEAIRE										
WORLD <sup>44</sup>	4 400	6 500	10 600	15 000	24 200	34 600	41 900	52 200	61 600	
Belgium.....	—	4	47	50	—	5	94	60	22	
Canada <sup>11</sup> .....	—	22	87	141	120	161	143	858	494	
France <sup>11</sup> .....	243	423	419	580	897	1 395	2 560	3 159	4 465	
German Dem. Rep. <sup>11, 50</sup> .....	—	—	—	—	—	<sup>48</sup> 96	<sup>45</sup> 326	<sup>45</sup> 392	<sup>48</sup> 425	
Germany, Fed. Rep. <sup>11</sup> .....	24	99	56	104	117	265	1 225	1 767	4 937	
India <sup>18</sup> .....	—	—	—	—	—	—	—	—	1 330	
Italy.....	—	—	323	2 402	3 510	3 863	3 152	2 576	1 679	
Japan <sup>18</sup> .....	—	—	3	2	36	584	629	1 044	1 082	
Netherlands.....	—	—	—	—	—	—	—	27	315	
Puerto Rico.....	—	—	—	—	—	12	38	—	—	
Spain.....	—	—	—	—	—	—	—	83	829	
Sweden.....	—	—	—	4	18	36	50	23	61	
Switzerland <sup>41</sup> .....	—	—	—	—	—	—	—	—	<sup>45</sup> 523	
USSR.....	—	—	—	—	—	<sup>48</sup> 1 647	<sup>45</sup> 1 800	<sup>48</sup> 2 500	—	
United Kingdom.....	2 399	3 659	6 470	8 346	15 836	21 009	24 230	27 196	28 582	
United States.....	1 692	2 270	3 212	3 343	3 657	5 521	7 655	12 528	13 897	
GEOTHERMAL — GEOTHERMIQUE										
Italy.....	2 292	2 346	2 427	2 527	2 576	2 633	2 610	2 694	2 765	
Japan <sup>18</sup> .....	—	—	—	—	—	—	—	276	—	
New Zealand <sup>18</sup> .....	491	761	1 004	1 194	1 255	1 268	1 058	1 206	—	
United States <sup>11</sup> .....	94	100	168	204	189	188	316	436	615	

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

MILLION KWH		ELECTRIC ENERGY: PRODUCTION									
COUNTRY	TYPE	1953	1961	1962	1963	1964	1965	1966	1967	1968	1969
FRANCE	TOTAL	41,462	76,489	83,093	88,245	93,779	101,442	106,111	111,637	117,925	131,516
	HYDRO	21,041	38,214	35,779	43,387	34,715	46,429	51,695	45,134	50,342	52,888
E. GERMANY	TOTAL	24,247	42,515	45,063	47,450	51,032	53,611	56,866	59,686	63,231	65,463
	HYDRO	...	676	611	547	536	785	1,050	1,060	1,197	1,243
W. GERMANY	TOTAL	62,877	124,563	135,438	147,270	161,523	168,765	174,049	180,712	198,915	221,199
	HYDRO	9,358	12,919	12,546	12,378	12,160	15,365	16,997	16,544	16,761	14,590
ITALY	TOTAL	32,619	60,565	64,859	71,344	76,739	82,968	89,993	96,829	104,011	110,447
	HYDRO	27,797	41,982	39,263	46,107	39,328	43,008	44,321	42,949	43,477	42,001
JAPAN	TOTAL	55,698	132,037	140,369	160,213	179,595	192,159	215,314	244,871	273,339	316,084
	HYDRO	41,762	67,956	62,373	69,168	68,949	76,420	79,844	69,664	74,675	76,860
USSR	TOTAL	134,325	327,611	369,275	412,418	458,902	506,672	544,566	587,699	638,661	689,050
	HYDRO	19,201	59,122	71,944	75,859	77,361	81,434	91,823	88,571	104,040	115,181
U.K.	TOTAL	79,105	145,958	160,452	173,647	182,792	195,993	202,564	209,383	223,302	238,256
	HYDRO	1,897	3,852	3,925	3,663	4,022	4,625	4,526	5,742	4,446	4,384
U.S.A.	TOTAL	514,169	881,496	946,526	1,011,418	1,083,741	1,157,583	1,249,444	1,317,301	1,436,028	1,552,298
	HYDRO	109,617	155,630	172,086	168,990	180,302	196,984	197,938	224,949	225,873	253,361

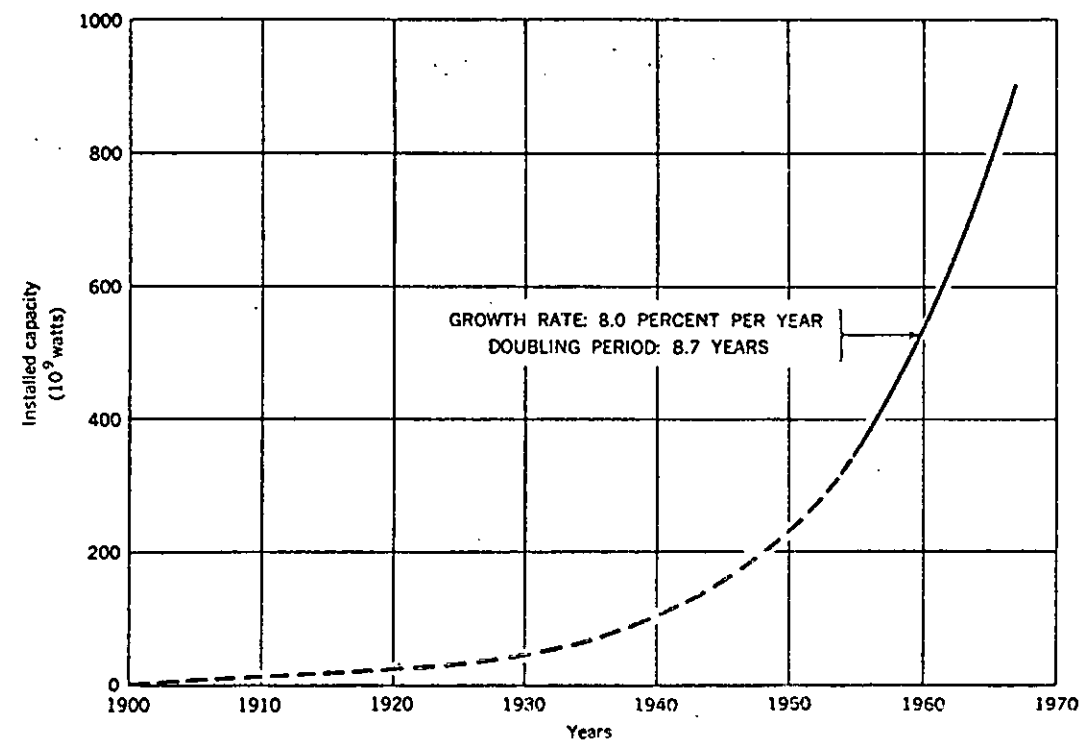
SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

Electric Power - World

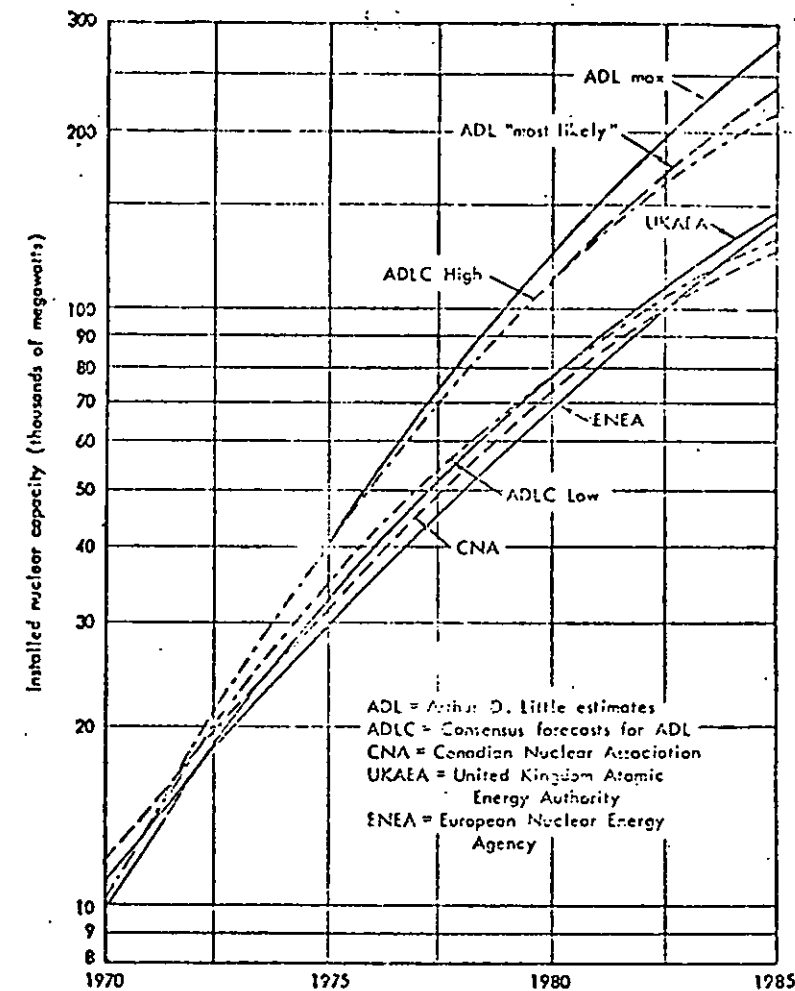
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Electric Power - World



SOURCE: ENERGY RESOURCES FOR POWER PRODUCTION,  
M. KING HUBBERT, PAPER IAEA-SM-146/1,  
U.S.G.S., WASHINGTON D.C.



SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS,  
D.G. BRENNAN, J. KAHN, W. SCHNEIDER JR.,  
B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE,  
HI-1427/2-CC, FEBRUARY 18, 1971.

## BRITISH REACTOR PHILOSOPHY (ACCORDING TO THE UKAEA)

1. IN 10-15 YEARS, NUCLEAR PLANTS WILL INCREASE TO 75 % OF ALL NEW ELECTRIC CAPACITY ADDITIONS
2. BY 1985, 15,000 MWE OF FAST BREEDER CAPACITY IS PROJECTED; COMPUTER ANALYSES SHOW THE LMFBR TO BE MOST ECONOMICAL
3. PLUTONIUM INVENTORY MAY BE A SHORT-TERM PROBLEM IN 1985 AND FREE-MARKET PURCHASES MAY BE NECESSARY--PLUTONIUM HAS NO (EXPLICIT) VALUE IN A CLOSED ECONOMY
4. BRITISH HAVE NO INTEREST IN THE GCFR OR THE THORIUM FUEL CYCLE
5. THEY PREFER TO BUILD LARGE FBR'S TO ACQUIRE REAL EXPERIENCE AND SOLVE REAL PROBLEMS RATHER THAN POSTULATED ONES
6. BRITISH EXPECT AN ELECTRICAL CAPACITY OF 250,000 MWE BY THE YEAR 2000, OF WHICH 160,000 MWE WILL BE NUCLEAR (AND 100,000 MWE FAST BREEDER!)

SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS,  
D.G. BRENNAN, J. KAHN, W. SCHNEIDER JR.,  
B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE,  
HI-1427/2-CC, FEBRUARY 18, 1971.

THOUSAND KW		ELECTRIC ENERGY: INSTALLED CAPACITY									
COUNTRY	TYPE	1953	1961	1962	1963	1964	1965	1966	1967	1968	1969
FRANCE	TOTAL	14,791	23,170	24,053	25,602	26,729	28,209	30,217	31,613	34,133	36,326
	HYDRO	7,131	11,037	11,284	11,868	12,407	12,683	13,292	13,722	14,512	14,740
E. GERMANY	TOTAL	4,875	8,329	8,427	8,894	9,604	10,350	11,067	11,522	11,673	11,970
	HYDRO	...	326	323	320	314	430	630	592	690	...
W. GERMANY	TOTAL	...	29,102	31,207	33,977	37,145	40,603	42,913	45,495	47,052	48,812
	HYDRO	...	3,475	3,511	3,566	3,693	4,072	4,183	4,591	4,734	4,728
ITALY	TOTAL	11,367	18,441	19,586	21,391	23,577	25,398	26,757	28,801	30,228	31,034
	HYDRO	8,916	12,833	13,282	13,802	14,037	14,349	14,473	14,601	14,760	14,775
JAPAN	TOTAL	11,889	25,954	29,153	34,295	38,072	41,004	44,814	49,545	53,187	59,482
	HYDRO	7,402	13,506	14,137	15,106	15,629	16,275	16,806	17,124	17,840	19,309
NORWAY	TOTAL	3,607	7,132	7,686	8,351	9,165	9,915	10,272	11,085	12,122	12,492
	HYDRO	3,461	6,965	7,521	8,210	9,033	9,783	10,140	10,952	11,981	12,352
SWEDEN	TOTAL	5,235	9,750	10,563	11,291	11,553	11,953	12,217	13,302	13,722	14,797
	HYDRO	4,190	7,471	8,249	8,769	8,954	9,131	9,337	10,154	10,419	10,529
USSR	TOTAL	28,602	74,098	82,461	93,050	103,584	115,033	123,007	131,727	142,504	153,790
	HYDRO	4,520	16,366	18,622	20,830	21,251	22,244	23,077	24,813	27,035	29,645
U.K.	TOTAL	23,844	38,862	42,221	44,458	45,236	49,399	51,863	55,785	59,628	61,372
	HYDRO	681	1,294	1,544	1,713	1,760	1,760	2,061	2,159	2,164	2,160
U.S.A.	TOTAL	107,354	199,216	209,575	228,756	240,471	254,519	266,816	288,185	310,181	331,905
	HYDRO	23,054	36,302	38,163	40,928	42,899	44,490	45,691	48,831	51,874	53,375

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

SOURCE: UNITED NATIONS STATISTICAL YEARBOOKS

## Electric energy: installed capacity

Thousand kW										
Country		1961	1962	1963	1964	1965	1966	1967	1968	* 1969
NUCLEAR — NUCLEAIRE										
WORLD		1 020	2 010	2 410	4 110	6 340	8 380	10 520	12 140	15 030
Belgium		—	11	11	11	—	11	11	11	11
Canada		—	20	20	20	20	20	20	240	240
France		97	97	146	166	416	416	1 025	1 271	1 771
German Dem. Rep.		—	—	—	—	—	170	175	175	175
Germany, Fed. Rep.		15	15	15	15	15	322	338	888	933
India		—	—	—	—	—	—	—	—	400
Italy		—	—	210	556	642	642	642	642	642
Japan		—	—	12	12	13	138	179	179	510
Netherlands		—	—	—	—	—	—	—	54	54
Puerto Rico		—	—	—	—	—	16	16	—	—
Spain		—	—	—	—	—	—	—	153	153
Sweden		—	—	—	10	10	10	10	10	10
Switzerland		—	—	—	—	—	—	—	—	350
USSR		105	105	* 105	* 915	* 915	* 915	* 1 150	* 1 150	...
United Kingdom		360	1 089	1 138	1 503	3 387	3 881	4 168	4 648	4 647
United States		442	672	749	906	926	1 942	2 887	2 817	3 980
GEOTHERMAL — GEOTHERMIQUE										
Italy		310	312	331	331	339	342	372	372	395
Japan		—	—	—	—	—	—	—	31	...
New Zealand		91	162	192	192	192	192	192	192	192
United States		12	13	27	27	27	27	55	84	84

Electric Power - World

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Electric Power - U.S.A.

CRITIQUE OF THE NUCLEAR PROMISE

1. DOMESTIC NUCLEAR POWER THROUGH 1980 WILL REQUIRE THE DISCOVERY OF 450,000 TONS OF  $U_3O_8$ , SINCE KNOWN DOMESTIC RESERVES ARE ONLY 160,000 TONS AT \$8/LB.
2. THE PERCEIVED SHORTAGE OF ECONOMICALLY PRODUCED URANIUM IS SPURRING DEVELOPMENT OF THE FAST BREEDER REACTOR, THE SOCIAL COSTS OF WHICH COULD BE QUITE LARGE
3. CONSTRUCTION DELAYS AND COOLING FAILURES INDICATE THAT NUCLEAR POWER IS FAR FROM BEING A RELIABLE SOURCE OF ELECTRICITY
4. THERMAL POLLUTION IS HIGHLY NONTRIVIAL, SINCE BY 1980 THE TOTAL USE OF COOLING WATER IN THE U.S. WILL BE EQUIVALENT TO HALF OF THE TOTAL RUN-OFF OF FRESH WATER DURING DRYER SEASONS OF THE YEAR
5. NUCLEAR POWER GENERATION ECONOMICALLY FAVORS LARGE PLANTS; DEVELOPING COUNTRIES WITH SMALL TRANSMISSION CAPABILITIES WILL FIND IT DIFFICULT TO ABSORB LARGE NUCLEAR POWERPLANTS\*
6. PRICES OF NUCLEAR STEAM SUPPLY SYSTEMS INCREASED 30-50 % DURING 1967; THE COST OF THE BOLSA ISLAND PROJECT IN SOUTHERN CALIFORNIA IS NOW ESTIMATED AT \$750 M INSTEAD OF \$ 444 M. AND HAS BEEN CANCELLED

\*THE TARAPUR NUCLEAR PROJECT IN INDIA WAS NOT ECONOMICALLY JUSTIFIED.

SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS,  
D.G. BRENNAN, J. KAHN, W. SCHWEIDER JR.,  
B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE,  
HI-1427/2-CC, FEBRUARY 18, 1971.

...ANYONE WHO LOOKS AT THE FACTS ON POWER SUPPLY TODAY AND DOESN'T BELIEVE THAT THE INDUSTRY IS IN TROUBLE IS LIVING IN A DREAM WORLD.

DAVID FREEMAN, DIRECTOR, ENERGY POLICY STAFF,  
OFFICE OF SCIENCE AND TECHNOLOGY, THE ECONOMY, ENERGY,  
AND THE ENVIRONMENT, JOINT ECONOMIC COMMITTEE CONGRESS  
OF THE UNITED STATES, SEPTEMBER 1, 1970, PAGE 19.

...BECAUSE OF DELAYS IN THE INSTALLATION OF NEW GENERATING CAPACITY MANY MAJOR POWER GRIDS ARE WITHOUT COMFORTABLE RESERVES TO MEET EMERGENCIES. AND IF THIS OPPOSITION TO EXPANDING OUR ELECTRIC ENERGY SUPPLY CONTINUES, SURELY WE ARE GOING TO BRING ABOUT A CATASTROPHIC SITUATION. THIS WE SIMPLY MUST AVOID.

PHILIP SPORN, MEMBER OF THE NATIONAL ACADEMY OF  
ENGINEERING AND FORMER PRESIDENT OF THE AMERICAN ELECTRIC  
POWER CO., THE ECONOMY, ENERGY, AND THE ENVIRONMENT, JOINT  
ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES,  
SEPTEMBER 1, 1970, PAGE 19.

...IF THE BREEDING REACTORS ARE TO COME INTO USE DURING THE LATER 1980'S, UTILITIES WILL HAVE TO ORDER THEM AT LEAST 6 YEARS EARLIER, IN THE EARLY 1980'S. IT SEEMS REASONABLE TO EXPECT THE UTILITIES TO WANT SEVERAL YEARS ACTUAL EXPERIENCE WITH PROTOTYPE BREEDER NUCLEAR POWER REACTORS BEFORE DECIDING TO BUY BREEDER REACTORS, WHICH MEANS ANY PROTOTYPES WOULD HAVE TO COME INTO SERVICE IN THE LATE 1970'S. ASSUMING ONCE AGAIN A 6-YEAR PERIOD TO DESIGN, BUILD AND BRING A PROTOTYPE BREEDER INTO OPERATION, THE COMMITMENTS TO DO SO MUST BE MADE IN THE EARLY 1970'S. WHETHER THE UTILITIES ARE OR WILL BE READY TO MAKE SUCH A TECHNICAL FINANCIAL COMMITMENT WITHIN THE NEXT FEW YEARS REMAINS TO BE SEEN...

THE ECONOMY, ENERGY, AND THE ENVIRONMENT, JOINT  
ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES,  
SEPTEMBER 1, 1970, PAGE 90.

PHILIP SPORN

(PESSIMISTIC FORECAST THAT NUCLEAR POWER IS RETRO-  
GRESSING IN ITS COMPETITIVENESS WITH FOSSIL FUELS,  
AND THAT FOR THE IMMEDIATE FUTURE NUCLEAR POWER CAN  
ONLY COMPETE WITH COAL THAT COSTS 28 CENTS PER MILLION  
B.T.U. OR MORE)... "SEVEN-MILL NUCLEAR POWER AT THE  
SWITCHBOARD AT 75 PERCENT CAPACITY FACTOR IS SIMPLY  
NOT GOOD ENOUGH TO HEAT WATER, TO REDUCE ALUMINA TO  
ALUMINUM, TO SMELT FERROALLOYS, TO DESALT SEA WATER,  
AND TO CONVERT TO ELECTRICITY THE MANY OTHER ENERGY  
OPERATIONS OUR SOCIETY NEEDS TO HAVE DONE SO AS TO  
ELIMINATE ENVIRONMENTAL POLLUTION"...

THE ECONOMY, ENERGY, AND THE ENVIRONMENT, JOINT  
ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES,  
SEPTEMBER 1, 1970, PAGE 87.

...IN THE YEARS AHEAD, TODAY'S UTOPIAS ABOUT THE  
ENVIRONMENT WILL BE NOTHING COMPARED TO THE CRIES  
OF ANGRY CITIZENS WHO FIND THAT POWER FAILURES DUE  
TO A LACK OF SUFFICIENT GENERATING CAPACITY TO MEET  
PEAK LOADS HAVE PLUNGED THEM INTO PROLONGED LACK-  
OUTS--NOT HERE MINUTES OF INCONVENIENCE, BUT HOURS--  
PERHAPS DAYS--WHEN THEIR HEALTH AND WELL-BEING AND  
THAT OF THEIR FAMILIES, MAY BE SERIOUSLY ENDANGERED.

GLENN T. SEABORG, TESTIMONY BEFORE THE JOINT  
COMMITTEE ON ATOMIC ENERGY ON OCTOBER 29, 1969.  
THE ECONOMY, ENERGY, AND THE ENVIRONMENT, JOINT  
ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES,  
SEPTEMBER 1, 1970, PAGE 19.

AN OVERRIDING REASON FOR COAL SHORTAGES AND  
INCREASED PRICES LIES IN THE CONCENTRATION OF OWNER-  
SHIP OF COAL SUPPLIES IN A FEW GIANT CORPORATIONS  
WHICH ALSO OWN OIL AND GAS OPERATIONS...THE ONLY RE-  
MAINING HOPE FOR COMPETITION RESTS WITH NUCLEAR FUELS.  
AND WHOSE TRACKS DO WE FIND IN THE NUCLEAR FIELD? OIL  
COMPANIES NOW CONTROL 45% OF KNOWN URANIUM MILLING. OIL  
COMPANIES OWN FOUR OUT OF FIVE PLANTS FOR REPROCESSING  
USED NUCLEAR FUEL ELEMENTS.

SENATOR A. GORE  
SEPTEMBER 1, 1970

TABLE 1  
DIVERSIFICATION IN THE TWENTY-FIVE LARGEST PETROLEUM  
COMPANIES BY ENERGY INDUSTRY, RANKED BY ASSETS,  
AS OF EARLY 1970

Petroleum Company	1969 Assets* (\$ Thousand)	Rank in Assets	Energy Industry				
			Gas	Oil Shale	Coal	Uranium	Tar Sands
Standard Oil (N.J.)	17,537,951	1	X	X	X	X	X
Texaco	9,281,573	2	X	X	X	X	
Gulf	8,104,824	3	X	X	X	X	X
Mobil	7,162,994	4	X	X		X	
Standard Oil of California	6,145,875	5	X	X			
Standard Oil (Indiana)	5,150,677	6	X	X		X	X
Shell	4,356,222	7	X	X	X	X	X
Atlantic Richfield	4,235,425	8	X	X	X	X	X
Phillips Petroleum	3,102,280	9	X	X		X	
Continental Oil	2,896,616	10	X	X	X	X	
Sun Oil	2,523,211	11	X	X	X	X	X
Union Oil of California	2,476,414	12	X	X		X	
Occidental*	2,213,506	13	X		X		
Cities Service	2,065,600	14	X	X		X	X
Getty*	1,859,024	15	X	X		X	
Standard Oil (Ohio)*	1,553,591	16	X	X	X	X	
Pennzoil United, Inc.	1,356,832	17	X			X	
Signal	1,258,611*	18	X				
Marathon	1,221,288*	19	X	X			
Amerasia-Hess	982,157	20	X			X	
Ashland	846,412	21	X	X	X	X	
Kerr-McGee	667,910	22	X		X	X	
Superior Oil	494,025	23	X	X			
Coastal States Gas Producing	490,190*	24	X				
Murphy Oil	343,914	25	X				

\* Source: "Moody's Industrial Manual," June 1969 and 1969 Annual Reports.  
\* Includes Hooker Chemical Company.  
\* Includes Sully and Tidewater.  
\* Includes reported British Petroleum assets.  
\* As of June 30, 1969.  
\* As of September 30, 1969.

Electric Power - U.S.A.

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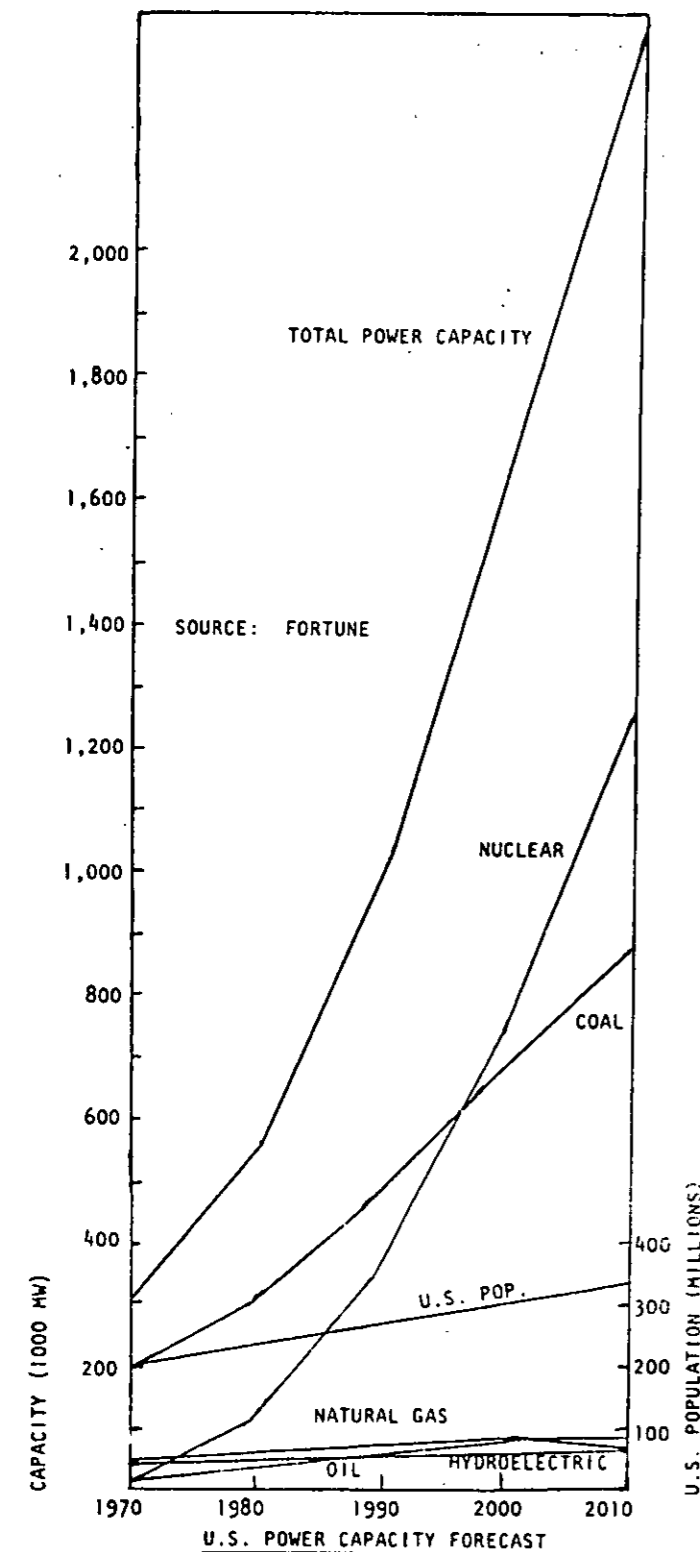
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Electric Power - U.S.A.

## ESTIMATED FUEL USE FOR ELECTRIC POWER GENERATION

TOTALS	1970	1980	1990
REQUIRED ENERGY BTU X 10 <sup>12</sup>	16,700	33,000	58,000
MILLION TONS COAL EQUIVALENT	669	1,360	2,320
INSTALLED CAPACITY (G.W.)	340	660	1,150
LOAD FACTOR (APPROX.)	54%	54%	54%
PERCENT OF ENERGY PROVIDED BY:			
COAL	49.0	38.4	27.9
OIL	10.6	7.3	4.8
GAS	23.7	16.5	10.5
HYDRO	15.5	9.3	4.0
NUCLEAR	1.2	28.5	52.8
FUEL QUANTITIES REQUIRED (ANNUAL CONSUMPTION)			
MILLION TONS COAL	328	506	650
MILLION BARRELS OIL	316	434	480
TRILLION FT <sup>3</sup> GAS	3.83	5.27	5.90
TONS URANIUM OXIDE (LIGHT WATER REACTORS ONLY)	340	16,000	52,000

DERIVED FROM PAGES 7 and 8.



SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS,  
D.G. BRENNAN, J. KAHN, W. SCHNEIDER JR.,  
B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE,  
HI-1427/2-CC, FEBRUARY 18, 1971.

## SOME UNDERLYING ASSUMPTIONS...

1. THE DEMAND FOR ELECTRICITY WILL CONTINUE TO GROW WITH A TEN-YEAR DOUBLING TIME, AS IN THE PAST
2. THE ENVIRONMENT CAN ABSORB THE WASTES OF DOUBLING ELECTRIC POWER EVERY DECADE WITH WHATEVER TECHNOLOGICAL CONTROLS THAT ARE AVAILABLE
3. COMPETITION AMONG FUELS WILL REMAIN EFFECTIVE
4. NUCLEAR POWERPLANTS WILL GENERATE MUCH OF THE WORLD'S FUTURE ELECTRICITY
5. VERY LARGE STEAM-ELECTRIC PLANTS WILL PROVE FEASIBLE TO BUILD AND OPERATE, AND NOT INCREASE OUTAGE RISKS
6. THE ECONOMIES OF SCALE WILL BE REALIZED
7. SITES FOR POWERPLANTS AND RIGHTS-OF-WAY FOR TRANSMISSION LINES WILL BE AVAILABLE AS NEEDED
8. THE EFFICIENCY OF POWERPLANTS AND PERFORMANCE OF TRANSMISSION LINES WILL BE IMPROVED
9. THE ELECTRICITY INDUSTRY CAN FINANCE NEW FACILITIES, AND DO SO WITHOUT VIOLATING ANTITRUST LAWS
10. DELAYS WILL NOT GET WORSE

## ...AND CORRESPONDING PITFALLS

1. ELECTRICAL POWER GENERATION CANNOT EXPONENTIALLY INCREASE FOREVER; IF IT DID SO FOR 200 MORE YEARS, HUMAN ENERGY PRODUCTION WOULD CONTRIBUTE SIGNIFICANT GLOBAL HEATING AND CLIMATIC CHANGES WOULD OCCUR
2. THAT 16 % OF THE FRESH-WATER RUNOFF IN THE U.S. WILL BE USED AS COOLING WATER IN 1980 INDICATES THAT ENVIRONMENTAL TECHNOLOGIES MUST BE GREATLY IMPROVED
3. INTERFUEL COMPETITION IS GRINDING TO A HALT, AND ENERGY CARTELS ARE INVADING THE MARKET FOR NUCLEAR FUELS (SEE GORE QUOTE)
4. COMMERCIAL FEASIBILITY OF FAST BREEDER REACTORS MAY NOT OCCUR (IN TIME) AND THE NUCLEAR POWER INDUSTRY MAY MOVE FROM "FISSILE TO FIZZLE"
5. OUTAGE EXPERIENCE GAINED DURING THE SUMMER OF 1970 INDICATES THAT GIGANTIC ELECTRIC PLANTS MAY ADD TO THE FRAGILITY OF URBAN SOCIETY
6. ECONOMIES OF SCALE ARE REALIZED ONLY IF ONE DISCOUNTS CONSIDERATIONS OF SAFETY, SCHEDULING, POLLUTION, AND COMPETITION
7. THE POWER INDUSTRY IS RUNNING OUT OF SPACE, ESPECIALLY NEAR ANTAGONISTIC AND SO<sub>2</sub>-WEARY URBAN POPULATIONS, AND IN LESS THAN TWO CENTURIES THE ENTIRE CONTINENTAL U.S. WILL BE OCCUPIED BY POWERPLANTS (ASSUMING TEN-YEAR DOUBLING)
8. INDUSTRIES AND THE U.S. GOVERNMENT ARE MORE INTERESTED IN "MORE POWER" THAN IN MORE EFFICIENT, LESS THEMALLY POLLUTING POWER
9. IT IS DOUBTFUL WHETHER THE NECESSARY CAPITAL OF \$300-\$350 BILLION REQUIRED BY 1990 CAN BE FUNDED BY AN INTENSELY DECENTRALIZED INDUSTRY
10. DELAYS ARE GETTING WORSE, SO THAT THE AEC ASSUMES 6-12 MONTH DELAYS FOR ALL NUCLEAR FACILITIES ORDERED AFTER 1968

SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS,  
D.G. BRENNAN, J. KAHN, W. SCHNEIDER JR.,  
B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE,  
HI-1427/2-CC, FEBRUARY 18, 1971.

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SOURCE: BITUMINOUS COAL FACTS, 1970, NATIONAL COAL ASSOCIATION, WASHINGTON, D.C.

### Steam-Electric Plant Capacity, Net Generation, Fuel Consumption, and Unit Costs by Regions and States, 1968

REGION AND STATE	NUMBER OF COMPANIES 1	NUMBER OF PLANTS	INSTALLED CAPACITY (Thous. Kw)2	NET GENERATION (Mil. Kwh)3	FUEL UNITS (THOUSANDS)			COST PER UNIT				COST PER MILLION B.T.U. (CENTS)				AVERAGE B.T.U. CONTENT			TOTAL B.T.U. (BILLIONS)				PERCENT OF TOTAL B.T.U.			
					COAL (Tons)	OIL (Barrels)	GAS (Mcf)	F.O.B. PLANT COAL (Tons)	COAL (Tons)	AS BURNED OIL (Barrels)	GAS (Cents/Mcf)	F.O.B. PLANT COAL (Tons)	COAL (Tons)	OIL (Barrels)	GAS (Cents/Mcf)	COAL (Lb.)	OIL (Gal.)	GAS (Cu. ft.)	COAL	OIL	GAS	TOTAL	COAL	OIL	GAS	
NEW ENGLAND																										
1. Connecticut	6	13	2,684.2	13,083.1	2,650	12,481	294	\$ 8.01	\$ 8.24	\$1.83	32.9	31.6	32.5	29.3	31.6	12,679	149,054	1,033	67,198.3	78,134.3	303.7	145,636.3	46	54	-	1.
2. Maine	3	5	459.1	2,696.3	-	4,978	-	-	-	1.91	-	-	-	-	-	-	-	-	-	-	-	31,280.0	-	100	-	2.
3. Massachusetts	16	28	4,612.4	21,281.3	2,822	23,531	7,480	9.22	9.27	1.82	31.6	36.5	36.7	29.1	31.7	12,637	148,911	999	71,316.5	147,169.4	7,468.9	225,954.8	32	65	3	3.
4. New Hampshire	1	5	694.0	3,143.4	765	1,776	-	8.34	8.55	1.79	-	30.3	31.0	28.5	-	13,769	149,767	-	21,066.6	11,171.4	-	32,238.0	65	35	-	4.
5. Rhode Island	3	4	365.1	1,470.4	111	2,367	1,492	10.04	11.17	1.94	35.0	36.9	41.0	30.8	33.6	13,614	149,888	1,040	3,011.5	14,901.0	1,552.1	19,464.6	15	77	8	5.
6. Vermont	1	1	30.0	56.1	32	-	-	10.15	10.03	-	-	36.9	36.5	-	-	13,744	-	-	879.6	-	-	879.6	100	-	-	6.
TOTAL	30	56	8,844.8	41,730.6	6,379	45,133	9,266	8.63	8.79	1.84	32.2	33.7	34.3	29.4	32.0	12,813	149,113	1,006	163,472.3	282,656.1	9,324.7	455,453.3	36	62	2	7.
SOUTH ATLANTIC																										
7. Del. Mar. Bay	5	18	6,669.4	30,036.7	5,508	24,673	18,248	8.57	8.66	2.20	32.5	32.6	33.0	35.4	31.4	13,127	148,255	1,037	144,601.7	153,632.1	18,919.2	317,153.0	46	48	6	8.
8. Del. Mar. State	8	34	14,011.9	61,038.0	13,428	101,176	13,428	8.72	8.85	2.18	38.0	33.2	33.7	35.0	36.7	13,126	148,320	1,036	352,449.2	210,132.7	104,776.3	667,358.2	53	31	16	9.
9. New York City	2	17	9,685.4	37,989.9	4,740	33,714	91,303	10.27	10.27	2.18	38.5	38.0	38.0	34.9	37.1	13,517	148,321	1,035	128,144.8	210,021.0	94,529.9	432,695.7	30	48	22	10.
10. New York State (Excl. NYC)	6	17	4,326.5	23,048.1	8,688	18	9,873	7.88	8.08	4.15	33.9	30.5	31.3	67.5	32.7	12,909	146,128	1,038	224,304.4	111.7	10,246.4	234,662.5	96	-	4	11.
11. Pennsylvania	11	41	11,921.3	64,252.5	26,449	9,735	3,671	5.72	5.91	2.16	29.6	23.4	24.2	34.5	30.2	12,220	149,006	989	646,404.9	60,925.4	3,631.9	710,962.2	91	8	1	12.
12. Maryland	1	9	3,205.2	16,804.8	4,467	9,463	3,048	8.43	8.72	2.09	29.6	31.4	32.4	33.3	30.2	13,434	149,314	979	119,485.1	59,344.3	2,984.0	181,813.4	64	33	1	13.
13. Pennsylvania (Excl. NYC)	10	32	8,716.1	47,647.7	22,002	272	623	5.18	5.35	4.79	na	21.6	22.3	82.3	na	11,974	138,300	1,040	526,919.8	1,581.1	647.9	529,148.8	100	-	-	14.
TOTAL	74	93	52,602.6	155,327.2	45,385	68,140	123,095	6.96	7.12	2.18	37.0	27.6	28.3	35.0	35.8	12,597	148,395	1,034	1,143,455.8	426,690.2	127,327.4	1,695,473.4	67	25	8	15.
SOUTH CENTRAL																										
14. Illinois	17	42	14,384.1	66,307.0	29,233	340	69,406	5.10	5.23	3.11	27.9	23.9	24.5	49.7	26.7	10,684	148,895	1,043	624,661.2	2,125.6	72,394.5	699,181.3	69	11	14	16.
15. Indiana	18	33	9,141.1	47,400.0	21,165	158	5,635	4.87	4.95	4.32	27.2	21.9	22.2	74.4	26.9	11,154	138,050	1,013	472,158.7	913.2	5,706.5	478,778.4	99	-	1	17.
16. Michigan	13	37	8,838.2	48,669.9	20,097	20	2,024	7.38	7.41	4.38	48.3	29.6	29.7	75.2	47.7	12,463	138,810	1,042	500,937.8	116.6	2,109.0	503,163.4	100	-	-	18.
17. Ohio	25	50	14,239.7	71,957.6	31,144	229	7,769.4	5.27	5.36	4.34	35.2 4	22.6	23.0	75.2	33.9 4	11,661	140,195	1,039 4	726,327.4	1,348.4	6,284.4 4	734,954.9 4	99	-	-	19.
18. Wisconsin	13	26	4,465.7	20,694.3	8,231	191	20,722	7.38	7.47	4.20	31.3	31.1	31.4	74.4	30.7 4	11,888	134,647	1,020	195,691.5	1,080.7	21,134.9	217,907.1	80	-	-	20.
TOTAL	86	188	51,068.8	255,028.8	109,870	938	105,556 4	5.69	5.78	3.84	29.0 4	24.8	25.2	64.6	28.0 4	11,467	141,829	1,037 4	2,519,776.6	5,584.3	107,629.3 4	2,633,983.1 4	94	-	-	81.
WEST SOUTH CENTRAL																										
19. Texas	18	40	2,729.3	11,196.4	3,175	105	64,411	5.67	5.87	4.22	26.7	26.5	27.4	72.7	26.2	10,734	141,880	1,020	68,162.8	624.5	65,726.9	134,514.2	51	-	-	21.
20. Louisiana	18	34	3,019.4	12,461.4	461	258	129,564	5.96	6.07	2.74	23.1	24.8	25.2	43.5	23.0	12,037	150,110	1,003	11,100.7	1,624.7	130,014.2	142,739.6	8	-	-	22.
21. Mississippi	22	40	3,275.5	14,607.0	4,551	433	61,904	6.86	6.99	3.23	25.1	30.6	31.1	53.3	24.9	11,162	145,083	1,012	101,593.1	2,640.3	62,665.5	164,898.9	45	-	-	23.
22. Missouri	20	35	4,320.8	18,285.1	7,162	58	43,635	4.71	4.79	3.58	23.1	21.7	22.1	58.9	23.8	10,845	145,250	971	155,349.8	332.0	42,355.8	198,057.6	78	-	-	24.
23. Arkansas	11	18	1,530.7	5,212.3	533	40	44,441	7.35	7.59	3.15	26.3	30.2	31.1	49.6	26.2	12,216	150,914	1,006	13,022.5	251.0	44,689.1	57,962.6	23	-	-	25.
24. North Dakota	8	15	687.0	3,150.8	2,839	25	13	1.74	1.96	4.26	na	12.6	14.2	70.3	na	6,909	144,369	1,054	39,227.5	152.8	13.7	39,394.0	100	-	-	26.
25. South Dakota	6	10	163.9	662.0	239	3	2,940	4.96	4.93	4.20	28.8	28.8	28.6	70.0	28.5	8,371	149,425	1,007	4,001.4	18.2	3,979.7	6,979.3	27	-	-	27.
TOTAL	103	192	15,726.6	65,375.0	18,961	921	346,908	5.30	5.24	3.22	24.6	25.2	25.1	52.6	24.5	10,349	146,380	1,004	392,437.8	5,663.5	348,424.9	744,544.2	52	-	-	28.
WEST ATLANTIC																										
26. Delaware	2	5	725.8	4,123.7	1,413	408	5,636	8.02	8.14	3.63	31.9	30.7	31.2	61.0	31.1	13,055	150,125	1,037	36,894.2	2,573.8	5,644.3	45,112.3	81	-	-	29.

Electric Power - U.S.A.

Environmental Factors - General

## MOST ENERGY SOURCES HAVE SIGNIFICANT ENVIRONMENTAL IMPACTS

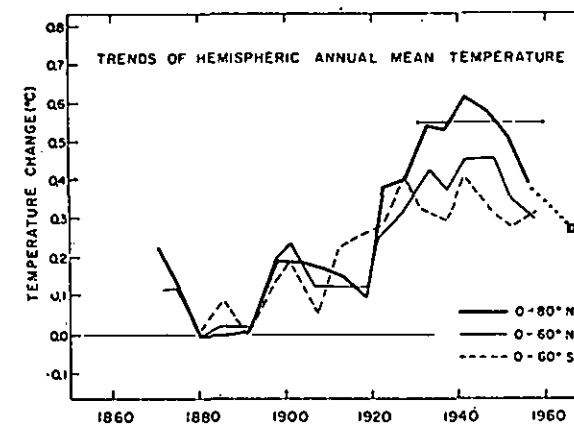
ENERGY SOURCE	IMPACTS ON LAND RESOURCE			IMPACTS ON WATER RESOURCE			IMPACTS ON AIR RESOURCE		
	PRODUCTION	PROCESSING	UTILIZATION	PRODUCTION	PROCESSING	UTILIZATION	PRODUCTION	PROCESSING	UTILIZATION
COAL	DISTURBED LAND	SOLID WASTES	ASH, SLAG DISPOSAL	ACID MINE DRAINAGE					SULFUR OXIDES - NITROGEN OXIDES PARTICULATE MATTER
URANIUM	DISTURBED LAND		DISPOSAL OF RADIOACTIVE MATERIAL		DISPOSAL OF RADIOACTIVE MATERIAL				
OIL				OIL SPILLS, TRANSFER, BRINES					CARBON MONOXIDE NITROGEN OXIDES HYDROCARBONS
NATURAL GAS									
HYDRO									

SCIENTIFIC ATTENTION IS BEING DRAWN TO THE STUDY OF THE EARTH'S CLIMATE. AGREEMENT SEEMS TO BE REACHED THAT THE AVERAGE TEMPERATURE OF THE EARTH ROSE GRADUALLY FROM THE 1880'S TO ABOUT 1940 AND THEN A DECLINE BEGAN WHICH IS CONTINUING TODAY. (SEE GRAPH BELOW). THE RISE IN TEMPERATURE IS ATTRIBUTED TO THE RELEASING OF CARBON DIOXIDE TO THE ATMOSPHERE BY THE COMBUSTION OF FOSSIL FUELS, RISING FROM ABOUT 290 PARTS PER MILLION TO ABOUT 322 PARTS PER MILLION TODAY. 368 PARTS PER MILLION IS EXPECTED BY THE YEAR 2000.

CARBON DIOXIDE IN THE ATMOSPHERE PRODUCES A "GREENHOUSE" EFFECT BY PERMITTING SHORT WAVE ULTRA VIOLET RADIATION FROM THE SUN TO PASS TO THE EARTH, BUT TRAPPING THE EARTH'S LONGER INFRA RED WAVELENGTH RERADIATION, TO WHICH CARBON DIOXIDE APPEARS OPAQUE WARMING RESULTS.

ONE ANSWER TO THE DECREASE IN TEMPERATURE IS THE INCREASED RELEASE OF PARTICULATE MATTER INTO THE ATMOSPHERE WHICH REFLECTS SUNLIGHT. MOST PARTICU-

LATES SEEM TO HAVE COME FROM VOLCANIC ERUPTIONS, BUT MAN IS ADDING TO THE LOAD. SIMILAR EFFECTS ARE ANTICIPATED WHEN HIGH ALTITUDE FLYING BY SUPERSONIC TRANSPORTS WILL RELEASE WATER VAPOR CLOUDS WHICH WILL DISSIPATE VERY SLOWLY DUE TO LACK OF AIR CURRENTS.



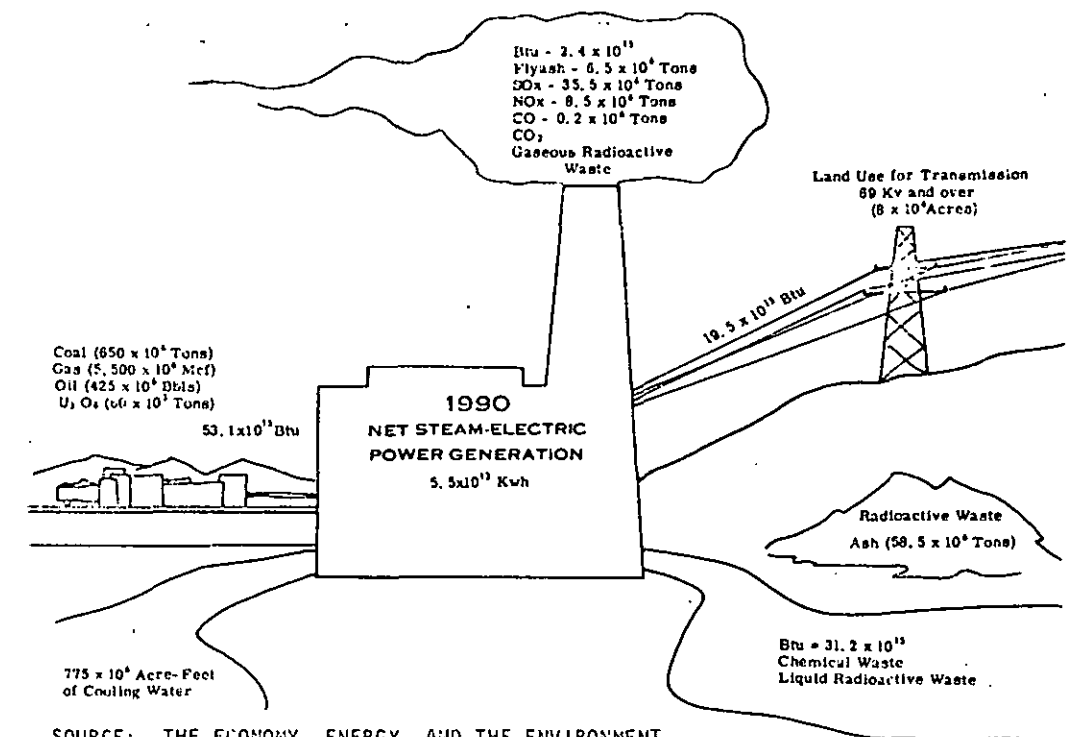
SOURCE: EARTH'S COOLING CLIMATE, FRANZIER; SCIENCE NEWS, NOVEMBER 15, 1969.

## ESTIMATED REMAINING COAL RESERVES OF THE UNITED STATES, BY RANK, SULFUR CONTENT, ON JAN. 1, 1965

COAL RANK	SULFUR CONTENT, PERCENT										TOTAL
	0.7 OR LESS	0.8 TO 1.0	1.1 TO 1.5	1.6 TO 2.0	2.1 TO 2.5	2.6 TO 3.0	3.1 TO 3.5	3.5 TO 4.0	OVER 4.0		
BITUMINOUS COAL	104,168.4	110,928.9	49,125.7	42,564.4	47,636.9	51,400.0	90,118.7	127,434.9	105,169.1	728,547.0	
SUBBITUMINOUS COAL	256,616.3	130,586.3	150.5	1,303.7					8.6	388,665.4	
LIGNITE	344,623.6	61,388.5	41,164.5			464.7				447,641.3	
OTHER	14,652.0	96.0		145.5	286.3					15,179.8	
GRAND TOTAL	720,060.3	302,999.7	90,440.7	44,013.6	47,923.2	51,864.7	90,118.7	127,434.9	105,177.7	1,580,033.5	
PERCENT OF TOTAL	45.6	19.2	5.7	2.8	3.0	3.3	5.7	8.0	6.7	100.0	

SOURCE: THE ECONOMY, ENERGY, AND THE ENVIRONMENT, PREPARED FOR JOINT ECONOMIC COMMITTEE, CONGRESS OF THE U.S. BY THE ENVIRONMENTAL

POLICY DIVISION, LEGISLATIVE REFERENCE SERVICE, U.S. OF CONGRESS, SEPTEMBER 1, 1970.



SOURCE: THE ECONOMY, ENERGY, AND THE ENVIRONMENT, PREPARED FOR JOINT ECONOMIC COMMITTEE, CONGRESS OF THE U.S. BY THE ENVIRONMENTAL POLICY DIVISION, LEGISLATIVE REFERENCE SERVICE, LIB. OF CONGRESS, SEPTEMBER 1, 1970.

ACCORDING TO THE DEPARTMENT OF THE INTERIOR, ABOUT TWO-THIRDS OF THE COAL PRODUCED EAST OF THE MISSISSIPPI RIVER CANNOT MEET PRESENT LIMITS FOR SULFUR CONTENT AND VIRTUALLY NONE OF IT WILL BE ABLE TO MEET THE MORE RESTRICTIVE STANDARD OF 0.37 PERCENT THAT SOME STATES HAVE SCHEDULED BY THE END OF THE YEAR 1971.

## RANGE OF COLLECTION EFFICIENCIES FOR COMMON TYPES OF FLY ASH CONTROL EQUIPMENT

TYPE OF FURNACE	RANGE OF COLLECTION EFFICIENCIES, %			
	ELECTROSTATIC PRECIPITATOR	HIGH-EFFICIENCY CYCLONE	LOW-RESISTANCE CYCLONE	SETTLING CHAMBER EXPANDED CHIMNEY BASES
CYCLONE FURNACE	65 - 99 <sup>a</sup>	30 - 40	20 - 30	-
PULVERIZED UNIT	80 - 99.9 <sup>a</sup>	65 - 75	40 - 60	-
SPREADER STOKER	-	85 - 90	70 - 80	20 - 30
OTHER STOKERS	-	90 - 95	75 - 85	25 - 50

<sup>a</sup> HIGH VALUES ATTAINED WITH HIGH-EFFICIENCY CYCLONES IN SERIES WITH ELECTROSTATIC PRECIPITATORS.

SOURCE: COMPLICATION OF AIR POLLUTANT EMISSION FACTORS, R.L. DUPREY; U.S. DEPT. OF HEALTH, EDUCATION AND WELFARE, DURHAM, N. CAROLINA, 1968.

Environmental Factors - General

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Environmental Factors - Air Pollution

① TYPES AND SOURCES OF ATMOSPHERIC POLLUTANTS

CONTAMINANT	MAJOR POLLUTION SOURCES	NATURAL SOURCES	ANNUAL ESTIMATED EMISSIONS	
			POLLUTION	NATURAL
SO <sub>2</sub>	COMBUSTION OF COAL AND OIL	VOLCANOES	146 x 10 <sup>6</sup> TONS	NONE
H <sub>2</sub> S	CHEMICAL PROCESSES, SEWAGE TREATMENT	VOLCANOES, BIOLOGICAL ACTION IN SWAMP AREAS	2 x 10 <sup>6</sup> TONS	100 x 10 <sup>6</sup> TONS
CO	AUTO EXHAUST AND OTHER COMBUSTION	FOREST FIRES	220 x 10 <sup>6</sup> TONS	11 x 10 <sup>6</sup> TONS
NO/NO <sub>2</sub>	COMBUSTION	BACTERIAL ACTION IN SOIL (?)	53 x 10 <sup>6</sup> TONS	500 x 10 <sup>6</sup> TONS
NH <sub>3</sub>	WASTE TREATMENT	BIOLOGICAL DECAY	4 x 10 <sup>6</sup> TONS	5900 x 10 <sup>6</sup> TONS
N <sub>2</sub> O	NONE	BIOLOGICAL ACTION IN SOIL	NONE	1000 x 10 <sup>6</sup> TONS
HYDRO-CARBONS	COMBUSTION EXHAUST, CHEMICAL PROCESSES	BIOLOGICAL PROCESSES	88 x 10 <sup>6</sup> TONS	480 x 10 <sup>6</sup> TONS
CO <sub>2</sub>	COMBUSTION	BIOLOGICAL DECAY, RELEASE FROM OCEANS	1.3 x 10 <sup>10</sup> TONS	10 <sup>12</sup> TONS

SOURCE: CONSERVING OUR ENVIRONMENT, WHAT CHEMICAL ENGINEERING CAN AND SHOULD DO, HOOGE; ADDRESS I. CH. E. ANNUAL MEETING, APRIL 21, 1970.

③ RESEARCH FUNDING IN AIR POLLUTION CONTROL (MILLIONS OF DOLLARS)

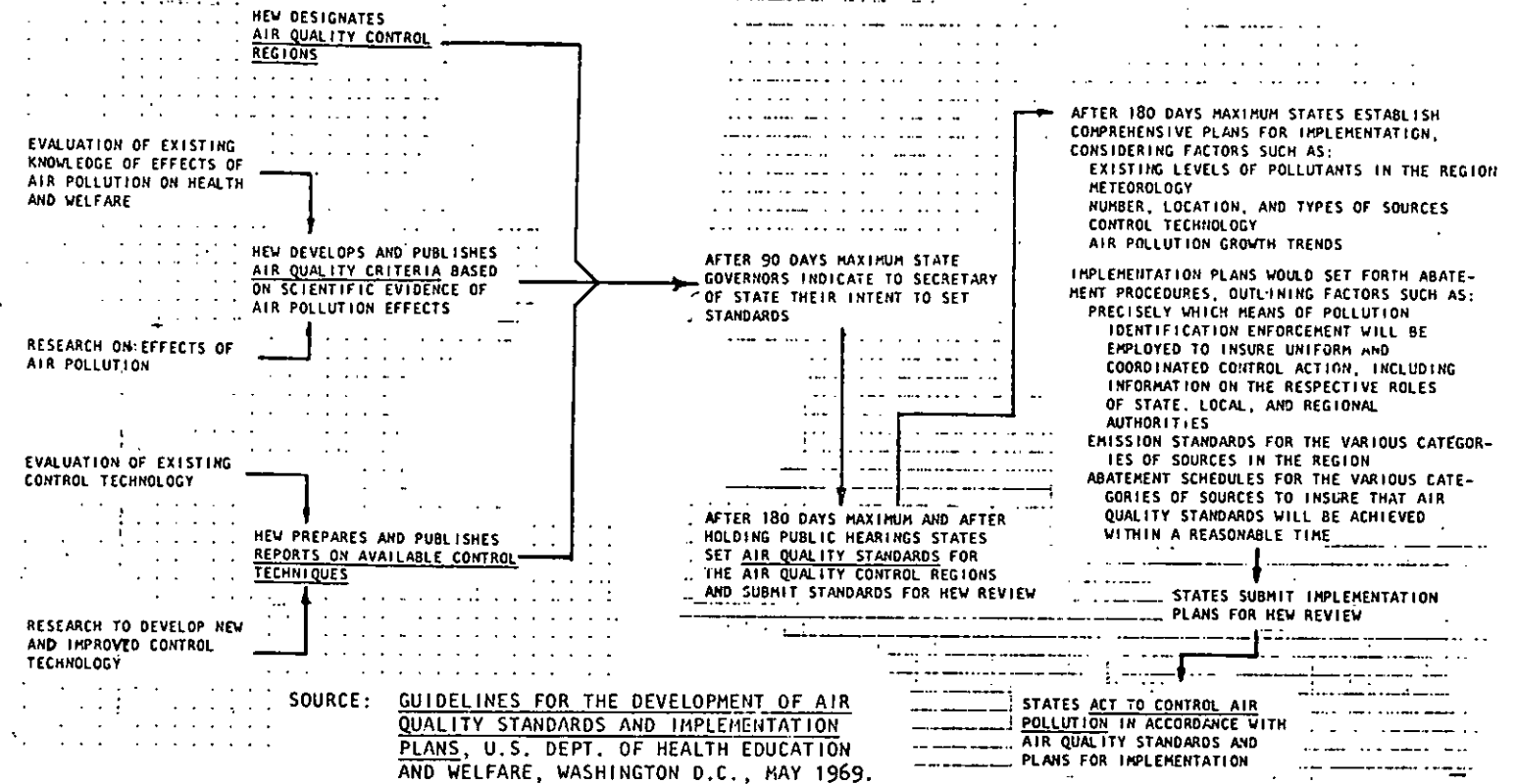
YEAR	1961	1965	1969
FEDERAL	0	4.1	20.5
NON-FEDERAL	9.3	9.6	26.8
TOTAL	9.3	13.7	47.3

SOURCE: PROGRESS IN STATE AND LOCAL AIR POLLUTION CONTROL UNDER THE CLEAN AIR ACT, YAFFE; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, ARLINGTON, VIRGINIA, MAY 14, 1969.

④ APPROXIMATE TOTAL 1966 U.S. AIR POLLUTION BY SOURCE MILLION TONS PER YEAR

	MOTOR VEHICLES	INDUSTRY	POWER PLANTS	SPACE HEATING	REFUSE DISPOSAL	TOTAL	PERCENT OF TOTAL
CARBON MONOXIDE	66	2	1	2	1	72	50.7
SULFUR OXIDES	1	9	12	3	1	26	18.3
NITROGEN OXIDES	6	2	3	1	1	13	9.2
HYDROCARBONS	12	4	1	1	1	19	13.4
PARTICULATE MATTER	1	6	3	1	1	12	8.4
TOTAL	86	23	20	8	5	142	-
PERCENT OF TOTAL	60.6	16.8	14.1	5.6	3.5	-	100.0

SOURCE: CONSERVING OUR ENVIRONMENT, WHAT CHEMICAL ENGINEERING CAN AND SHOULD DO, HOOGE; ADDRESS I. CH. E. ANNUAL MEETING, APRIL 21, 1970.

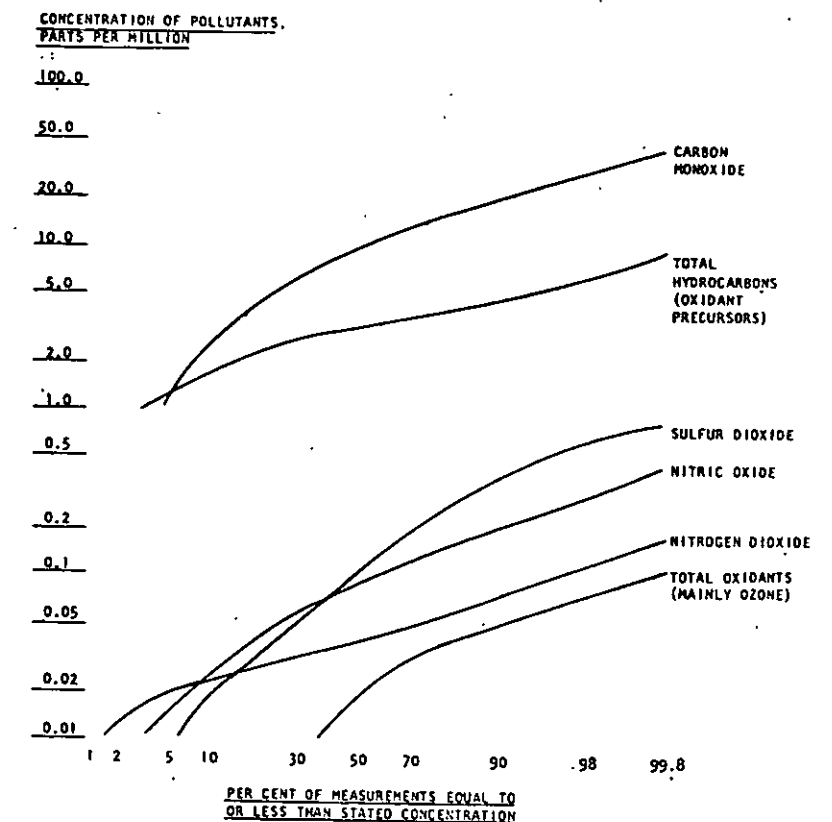


SOURCE: GUIDELINES FOR THE DEVELOPMENT OF AIR QUALITY STANDARDS AND IMPLEMENTATION PLANS, U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, WASHINGTON D.C., MAY 1969.

⑤ SULFUR DIOXIDE, OXIDES OF NITROGEN, AND PARTICULATE EMISSIONS FROM ALL SOURCES - 1970

POLLUTANT	SOURCE	EMISSIONS, 10 <sup>6</sup> TONS/YR				PERCENT
		COAL	PETROLEUM	GAS	TOTAL	
SULFUR DIOXIDE	UTILITIES	15.1	1.3	-	16.4	54
	OTHER COMBUSTION	4.9	3.4	-	8.3	26
	MOTOR VEHICLES	-	0.7	-	0.7	2
	INDUSTRIAL & CHEMICAL	-	-	-	5.6	18
	TOTAL				31.0	100
NITROGEN OXIDES	UTILITIES	3.0	0.3	0.6	3.9	25
	OTHER COMBUSTION	0.9	1.9	0.8	3.6	24
	MOTOR VEHICLES	-	6.9	-	6.9	45
	INDUSTRIAL & CHEMICAL	-	-	-	0.9	6
	TOTAL				15.3	100
PARTICULATE	UTILITIES	3.0	< 0.1	< 0.1	3.0	20
	OTHER COMBUSTION	1.4	0.7	0.1	2.2	15
	MOTOR VEHICLES	-	0.7	-	0.7	5
	INDUSTRIAL & CHEMICAL	-	-	-	9.0	60
	TOTAL				14.9	100

SOURCE: AIR POLLUTION, EDWARD F. TIERK; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, ARLINGTON, VIRGINIA, FEB. 1969.



SOURCE: MUST WE BREATHE SULFUR OXIDES, THOMAS K. SHERWOOD; TECHNOLOGY REVIEW, JANUARY 1970.

Environmental Factors - Air Pollution

27b

28a

Environmental Factors - Air Pollution

① GASEOUS EMISSION FACTORS FOR COAL COMBUSTION  
(POUNDS PER TON OF COAL BURNED)

POLLUTANT	TYPE OF UNIT		
	POWER PLANT	INDUSTRIAL	DOMESTIC AND COMMERCIAL
ALDEHYDES (HCHO)	0.005	0.005	0.005
CARBON MONOXIDE	0.5	3	50
HYDROCARBONS (CH <sub>4</sub> )	0.2	1	10
OXIDES OF NITROGEN (NO <sub>2</sub> )	20	20	8
OXIDES OF SULFUR (SO <sub>2</sub> )	385 <sup>a</sup>	385	385

<sup>a</sup> - S EQUALS PERCENT SULFUR IN COAL, E.G., IF SULFUR CONTENT IS 2 PERCENT, THE OXIDES OF SULFUR EMISSION WOULD BE 2 X 38 OR 76 POUNDS OF SULFUR OXIDES PER TON OF COAL BURNED.

② EMISSION FACTORS FOR FUEL OIL COMBUSTION  
(POUNDS PER 1,000 GALLONS OF OIL BURNED)

POLLUTANT	TYPE OF UNIT			
	POWER PLANT	INDUSTRIAL RESIDUAL	AND COMMERCIAL DISTILLATE	DOMESTIC
ALDEHYDES (HCHO)	0.6	2	2	2
CARBON MONOXIDE	0.04	2	2	2
HYDROCARBONS	3.2	2	2	3
OXIDES OF NITROGEN (NO <sub>2</sub> )	104	72	72	12
SULFUR DIOXIDE	1575 <sup>a</sup>	1575	1575	1575
SULFUR TRIOXIDE	2.45 <sup>a</sup>	25	25	25
PARTICULATE	10	23	15	8

<sup>a</sup> - S EQUALS PERCENT SULFUR IN OIL, E.G., IF THE SULFUR CONTENT IS 2 PERCENT, THE SULFUR DIOXIDE EMISSION WOULD BE 2 X 157 OR 314 POUNDS OF SULFUR DIOXIDE PER 1,000 GALLONS OF OIL BURNED.

③ EMISSION FACTORS FOR NATURAL GAS COMBUSTION  
(POUNDS PER MILLION CUBIC FEET OF NATURAL GAS BURNED)

POLLUTANT	TYPE OF UNIT		
	POWER PLANT	INDUSTRIAL PROCESS BOILERS	DOMESTIC AND COMMERCIAL HEATING UNITS
ALDEHYDES (HCHO)	1	2	NEG.
CARBON MONOXIDE	NEG.	0.4	0.4
HYDROCARBONS	NEG.	NEG.	NEG.
OXIDES OF NITROGEN (NO <sub>2</sub> )	390	214	116
OXIDES OF SULFUR (SO <sub>2</sub> )	0.4	0.4	0.4
OTHER ORGANICS	3	5	NEG.
PARTICULATE	15	18	19

④ PARTICULATE EMISSION FACTORS FOR COAL COMBUSTION WITHOUT CONTROL EQUIPMENT

TYPE OF UNIT	PARTICULATE PER TON OF COAL BURNED <sup>a, 1b</sup>	PERCENT 44 MICRONS OR GREATER	PERCENT 20 TO 44 MICRONS	PERCENT 10 TO 20 MICRONS	PERCENT 5 TO 10 MICRONS	PERCENT LESS THAN 5 MICRONS
PULVERIZED GENERAL	16 A	25	23	20	17	15
DRY BOTTOM	17 A	25	23	20	17	15
WET BOTTOM WITHOUT FLY ASH REINJECTION	13 A	25	23	20	17	15
WET BOTTOM WITH FLY ASH REINJECTION <sup>b</sup>	24 A	25	23	20	17	15
CYCLONE	2 A	10	7	8	10	65
SPREADER STOKER - WITHOUT FLY ASH REINJECTION	13 A	61	18	11	6	4
WITH FLY ASH REINJECTION <sup>b</sup>	20 A	61	18	11	6	4
ALL OTHER STOKERS	5 A	70	16	8	4	2
HAND-FIRED EQUIPMENT	20	--	--	--	--	100

<sup>a</sup> - "A" IS % OF ASH CONTENT. IF THE FACTOR IS 17 AND THE ASH CONTENT IS 10 PERCENT, THE PARTICULATE EMISSION BEFORE THE CONTROL EQUIPMENT WOULD BE 170 POUNDS OF PARTICULATE PER TON OF COAL.

<sup>b</sup> - VALUES SHOULD NOT BE USED AS EMISSION FACTORS. VALUES REPRESENT THE LOADING REACHING THE CONTROL EQUIPMENT ALWAYS USED ON THIS TYPE OF FURNACE.

⑤ POWER PLANT GASEOUS EMISSIONS  
(pounds per ton of coal equivalent heating value)

POLLUTANT	FUEL AND COMBUSTION EFFICIENCY		
	COAL 75%	FUEL OIL 85%	NATURAL GAS 90%
ALDEHYDES	0.005	0.10	0.025
CARBON MONOXIDE	0.5	0.007	NEG.
HYDROCARBONS	0.2	0.53	NEG.
OXIDES OF NITROGEN	20.0	17.5	9.5
OXIDES OF SULFUR	38.0 <sup>a</sup>	28.0 <sup>a</sup>	0.075
PARTICULATES	170.0 <sup>b</sup>	2.0	0.4

<sup>a</sup>) 1% SULFUR CONTENT

<sup>b</sup>) ESTIMATED WITH 10% ASH

Environmental Factors - Air Pollution

28b

29a

Environmental Factors - SO<sub>2</sub>

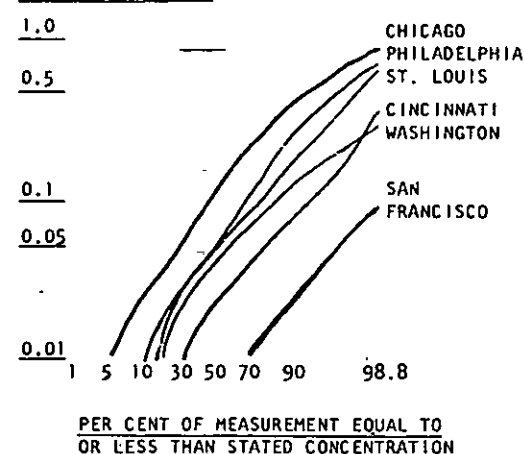
① ANNUAL EMISSION OF SULFUR DIOXIDE  
(MILLIONS OF TONS)

	1966	1970	1980	1990	2000
POWER PLANT OPERATION (COAL AND OIL)	13.0	28.0	42.0	60.0	97.0
OTHER COMBUSTION OF COAL	4.7	4.3	3.5	2.9	2.5
COMBUSTION OF PETROLEUM PRODUCTS (EXCLUDING POWER PLANT OIL)	4.4	5.3	7.1	9.6	12.7
SMELTING OF ORES	3.5	3.7	4.1	4.5	5.0
PETROLEUM REFINERY OPERATION	1.6	1.4	1.2	0.9	0.8
MISCELLANEOUS SOURCES	1.3	0.9	0.5	0.3	0.2
<b>TOTAL</b>	<b>28.5</b>	<b>43.6</b>	<b>53.4</b>	<b>78.2</b>	<b>118.2</b>

SOURCE: MUST WE BREATHE SULFUR OXIDES, THOMAS  
K. SHERWOOD; TECHNOLOGY REVIEW,  
JANUARY 1970.

## ENVIRONMENTAL FACTORS SO<sub>2</sub>

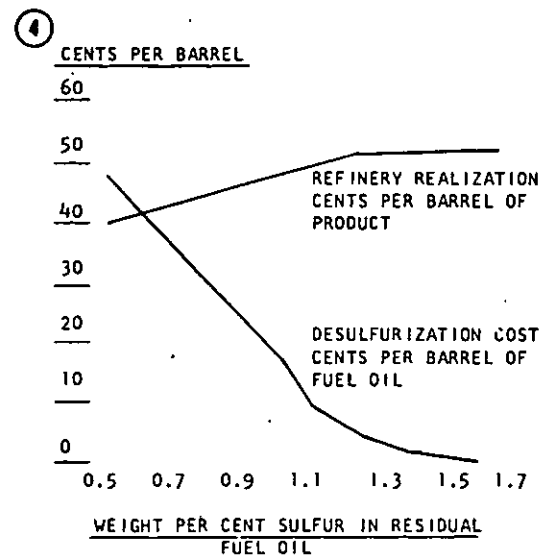
② SULFUR DIOXIDE CONCENTRATION  
PARTS PER MILLION



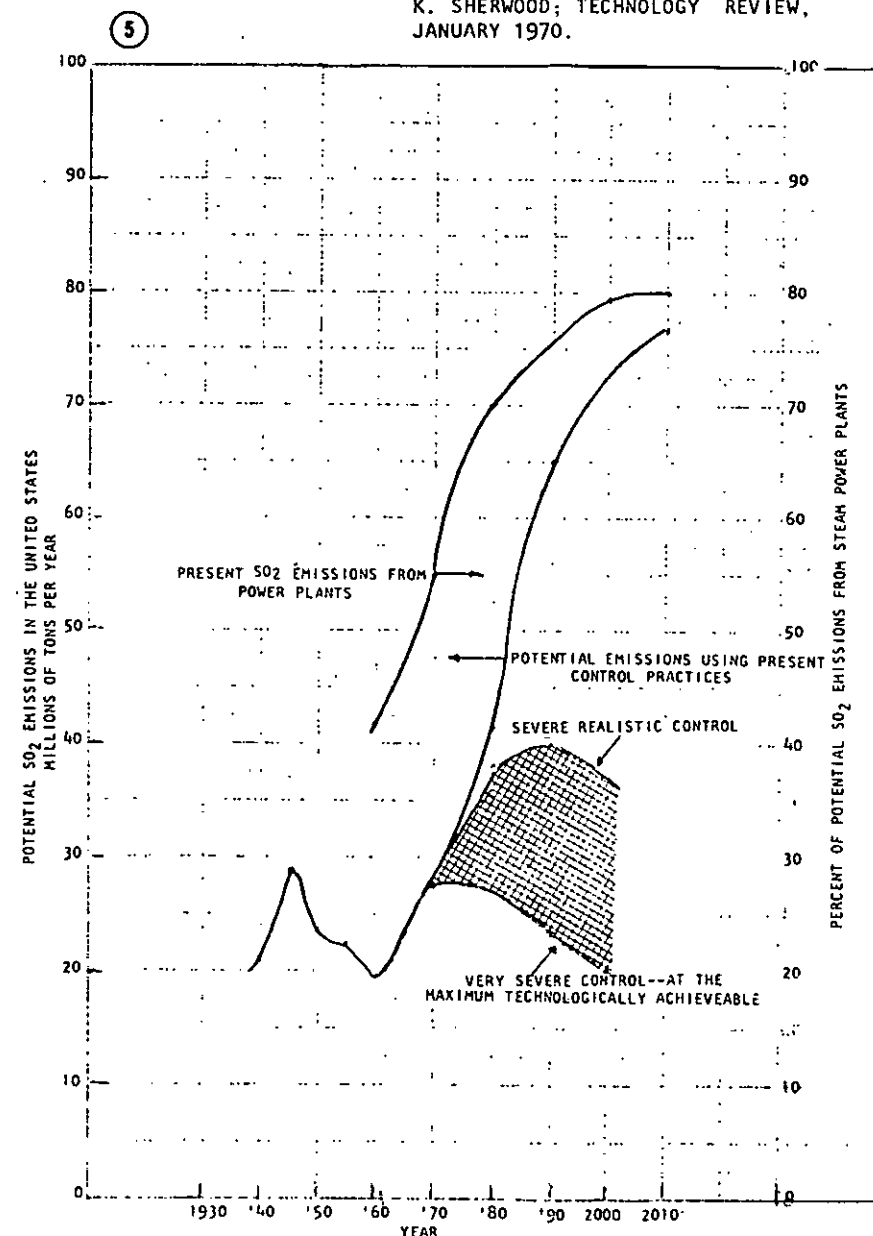
SOURCE: MUST WE BREATHE SULFUR OXIDES, THOMAS  
K. SHERWOOD; TECHNOLOGY REVIEW,  
JANUARY 1970.

③ POSSIBILITIES TO COPE WITH PROBLEM

SOLUTION	APPRAISAL
1. UNDERTAKE MASSIVE PROGRAM TO QUICKLY BUILD NUCLEAR POWER PLANTS	1. IMPRACTICAL BECAUSE OF PROHIBITIVE EXPENSE AND COMPRESSED TIME FACTOR
2. REMOVE SULFUR FROM FUELS BEFORE BURNING	2. REDUCING SULFUR CONTENT OF OIL FROM 2.6 TO 0.5 PERCENT INCREASES POWER STATION PRICE 50 TO 80 CENTS PER BARREL (ABOUT 0.7 MILLS PER KWH)--AN INCREASE IN FUEL COST OF 20 TO 35 PERCENT. SEE CHART 4.  SULFUR, AS PYRITES CAN BE WASHED FROM COAL TO 1.0 PERCENT AT AN INCREMENTAL COST OF 25 TO 75 CENTS PER TON. APPROX. 15-20 PERCENT OF HIGH SULFUR UTILITY COAL IS WASHABLE.  SULFUR PRESENT IN COAL AS A COMPLEX ORGANIC CAN BE REMOVED BY EXPENSIVE--AND AT PRESENT COST UNACCEPTABLE--HYDROGENATION AND LIQUEFACTION.  MOST OF NEEDED COAL CANNOT BE DESULFURIZED ADEQUATELY AT ACCEPTABLE COSTS.
3. PRODUCTION OF LIQUID AND GASEOUS FUELS FROM COAL	3. UNDER DEVELOPMENT. NOT YET ECONOMICALLY ATTRACTIVE.
4. VERY TALL STACKS	4. LIMITED ACCEPTABILITY DUE TO: (1) HIGH WINDS WHICH CAUSE LOOPING OF THE PLUME BACK DOWN TO GROUND LEVELS WITHIN RELATIVELY SHORT DISTANCES; (2) FUMIGATIONS ASSOCIATED PRIMARILY WITH THE BREAKUP OF DIURNAL TEMPERATURE INVERSIONS IN THE ATMOSPHERE; (3) THE BROAD LIMITATION ON GASEOUS DILUTION ASSOCIATED WITH THE LONGER-TERM LIMITS OF TOTAL MIXING DEPTHS IN THE ATMOSPHERE.
5. LOCATE PLANTS IN "REMOTE" AREAS	5. LIMITED PRACTICALITY. SO <sub>2</sub> STILL ADMITTED TO AIR SINK.
6. REMOVE SO <sub>2</sub> FROM COMBUSTION GASES BEFORE ADMISSION TO ATMOSPHERE: PROCESSES INCLUDE: A) DRY LIME/STONE INJECTION WITH WET SCRUBBER B) DRY LIME/STONE INJECTION ONLY C) AQUEOUS SOLUTIONS OF CHEMICALS THAT REACT WITH SO <sub>2</sub> D) MOLTEN MIXTURE OF INORGANIC CARBONATES E) SOLID CARBON OR RECIRCULATED FLY ASH ABSORPTION F) CATALYTIC OXIDATION TO SO <sub>3</sub> AND THEN TO SULFURIC ACID. G) ALKALIZED ALUMINA AND MANGANESE OXIDE ABSORBENTS	6. TECHNOLOGY DOES NOT NOW EXIST TO EFFECTIVELY CONTROL SO <sub>2</sub> EMISSIONS & IT IS COMING ALONG TOO LATE TO PREVENT A VERY SUBSTANTIAL INCREASE IN SO <sub>2</sub> POLLUTION LEVELS DURING NEXT TEN TO FIFTEEN YEARS.  ABOUT 25 PROCESSES UNDER DEVELOPMENT. SEVERAL HAVE REACHED PILOT-PLANT STAGE. ONLY ONE HAS BEEN INSTALLED IN SIZEABLE OPERATING POWER PLANTS.  COST ESTIMATES RANGE UP TO 1 MILL PER KWH. IF COST IS 0.5 MILLS PER KWH, ANNUAL CHARGE WOULD BE ABOUT \$500 MILLION IN 1970 AND \$2 BILLION IN 2000. CAPITAL INVESTMENT REQUIRED IS ABOUT \$10/KW; EQUAL TO \$8 BILLION BY 2000.
7. FOREIGN PURCHASE OF LIQUEFIED GAS, FUEL OIL. DISCOVERY OF NEW LOW-SULFUR RESERVES (ALASKA NORTH SLOPE)	7. VARYING INCREASES OF COST OF POWER GENERATION
8. FUEL CELLS, FUSION REACTORS, ELECTROGASDYNAMICS, MAGNETOHYDRODYNAMICS.	8. FUTURE TECHNOLOGY



SOURCE: MUST WE BREATHE SULFUR OXIDES, THOMAS  
K. SHERWOOD; TECHNOLOGY REVIEW,  
JANUARY 1970.



Environmental Factors - SO<sub>2</sub>

Environmental Factors - Air Pollution - Automobile and Aircraft

## ① AVERAGE EMISSION FACTORS FOR AUTOMOBILE EXHAUST

TYPE OF EMISSION	EMISSIONS		
	POUNDS PER 1000 VEHICLE MILES	POUNDS PER 1000 GALLONS OF GAS	POUNDS PER VEHICLE-DAY
ALDEHYDES (HCHO)	0.3	4	0.007
CARBON MONOXIDE	165.0	2300	4.160
HYDROCARBONS	12.5	200	0.363
OXIDES OF NITROGEN (NO <sub>2</sub> )	8.5	113	0.202
OXIDES OF SULFUR (SO <sub>2</sub> )	0.6	9	0.016
ORGANIC ACIDS (ACETIC)	0.3	4	0.007
PARTICULATES	0.8	12	0.022

AVERAGE ROUTE SPEED OF 25 MILES PER HOUR

SOURCE: COMPILATION OF AIR POLLUTANT EMISSION FACTORS, R.C. DUPREY; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, DURHAM, N. CAROLINA, 1968.

## ④ AUTOMOBILE EMISSION CONTROL LEVELS

		1963 UNCONTROLLED, AUTOMOBILE	1968 NATIONAL STANDARD	1970 (EITHER)		1975	1980
ESTIMATED POLLUTION PER CAR PER YEAR (LBS)	EXHAUST HYDROCARBONS	300	90	90	60	20	< 10
	CARBON MONOXIDE	1700	750	750	500	250	< 120
	NITROGEN OXIDES	90	90	20	40	15	< 10
	CRANKCASE BLOWBY (HYDROCARBONS)	130	NONE	NONE	NONE	NONE	NONE
	EVAPORATION (HYDROCARBONS)	90	90	NONE	NONE	NONE	NONE
	TOTAL	2310	1020	860	600	285	< 140
TYPICAL EMISSION LEVELS	EXHAUST HYDROCARBONS (PPM)	900	275	275	180	50	< 25
	CARBON MONOXIDE %	3.5	1.5	1.5	1.0	0.5	< 0.25
	NITROGEN OXIDES (PPM)	1500	1500	350	600-800	250	< 100
	(PPM=PARTS PER MILLION)						

SOURCE: GUIDELINES FOR THE DEVELOPMENT OF AIR QUALITY STANDARDS AND IMPLEMENTATION PLANS, U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, WASHINGTON D.C., MAY 1969.

## ② GASOLINE EVAPORATION EMISSION

POINT OF EMISSION	LB/1000 GAL OF THROUGHPUT	PERCENT EMISSION LOSSES, BY VOLUME
FILLING TANK VEHICLES		
SPLASH FILL	8.2	0.14
SUBMERGED FILL	4.9	0.08
50% SPLASH FILL AND 50% SUBMERGED FILL	6.4	0.11
FILLING SERVICE STATION TANKS		
SPLASH FILL	11.5	0.19
SUBMERGED FILL	7.3	0.12
50% SPLASH FILL AND 50% SUBMERGED FILL	9.4	0.15
FILLING AUTOMOBILE TANKS	11.6	0.19
AUTOMOBILE EVAPORATION LOSSES (GAS TANK & CARBURETOR)	92	1.5

AN AVERAGE GASOLINE SPECIFIC GRAVITY OF 0.73 IS ASSUMED.

SOURCE: COMPILATION OF AIR POLLUTANT EMISSION FACTORS, R.C. DUPREY; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, DURHAM, N. CAROLINA, 1968.

## ⑥ EMISSION FACTORS FOR AIRCRAFT BELOW 3,500 FEET (POUNDS PER COMBINATION OF LANDING &amp; TAKEOFF)

TYPES OF EMISSION	JET AIRCRAFT, FOUR ENGINE <sup>a,b</sup>		TURBOPROP AIRCRAFT		PISTON-ENGINE AIRCRAFT	
	CONVENTIONAL	FAN JET	TWO ENGINE	FOUR ENGINE	TWO ENGINE	FOUR ENGINE
ALDEHYDES (HCHO)	4	2.2	0.3	1.1	0.2	0.5
CARBON MONOXIDE	35	20.6	2.0	9.0	134.0	326.0
HYDROCARBONS	10	19.0	0.3	1.2	25.0	60.0
OXIDES OF NITROGEN (NO <sub>2</sub> )	23	9.2	1.1	5.0	6.3	15.4
PARTICULATES	34	7.4	0.6	2.5	0.6	1.4

a - NO WATER INJECTION ON TAKE-OFF

b - FOR THREE-ENGINE AIRCRAFT, MULTIPLY THESE DATA BY 0.75 AND FOR TWO-ENGINE AIRCRAFT, MULTIPLY THESE DATA BY 0.5.

FOUR ENGINE JET AIRCRAFT USE ABOUT 630 GALLONS  
" " TURBOPROP " " 625 "  
" " PISTON " " 117 "  
TWO " " " " 48 "

SOURCE: COMPILATION OF AIR POLLUTANT EMISSION FACTORS, R.C. DUPREY; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, DURHAM, N. CAROLINA, 1968.

## ⑤ EMISSION FACTORS FOR DIESEL ENGINES (POUNDS PER 1,000 GALLONS OF DIESEL FUEL)

TYPE OF EMISSION	EMISSION FACTOR
ALDEHYDES (HCHO)	10
CARBON MONOXIDE	60
HYDROCARBONS	136
OXIDES OF NITROGEN (NO <sub>2</sub> )	222
OXIDES OF SULFUR	40
ORGANIC ACIDS (ACETIC)	31
PARTICULATE	110

SOURCE: COMPILATION OF AIR POLLUTANT EMISSION FACTORS, R.C. DUPREY; U.S. DEPT. OF HEALTH EDUCATION AND WELFARE, DURHAM, N. CAROLINA, 1968.

Environmental Factors - Air Pollution - Automobile and Aircraft

Environmental Factors - Water Pollution - Heat

①

USE OF COOLING WATER BY U.S. INDUSTRY, 1964		
INDUSTRY	COOLING WATER INTAKE (BILLIONS OF GALLONS)	% OF TOTAL
ELECTRIC POWER	40,680	81.3
PRIMARY METALS	3,387	6.8
CHEMICAL AND ALLIED PRODUCTS	3,120	6.2
PETROLEUM AND COAL PRODUCTS	1,212	2.4
PAPER AND ALLIED PRODUCTS	607	1.2
FOOD AND KINDRED PRODUCTS	392	0.8
MACHINERY	164	0.3
RUBBER AND PLASTICS	128	0.3
TRANSPORTATION EQUIPMENT	102	0.2
ALL OTHER	273	0.5
TOTAL	50,065	100.0

SOURCE: INDUSTRIAL WASTE GUIDE ON THERMAL POLLUTION,  
U.S. DEPT. OF INTERIOR, CORVALLIS, OREGON,  
SEPTEMBER 1968.

②

OVERALL EFFICIENCIES OF STEAM ELECTRIC PLANTS	
FOSSIL FUELED PLANT	38 TO 40%
PROPOSED FOSSIL PLANTS WITH MHD TOPPING CYCLE	53 TO 59%
PRESENT LIGHT WATER NUCLEAR REACTOR PLANTS	30 TO 32%
PROPOSED ADVANCED NUCLEAR REACTOR PLANTS	39 TO 43%

③

U.S. ELECTRIC UTILITY POWER STATISTICS RELATING TO POPULATION AND CONSUMPTION				
	1950	1968	ESTIMATE 1980	ESTIMATE 2000
POPULATION (MILLIONS)	152	202	235	320
TOTAL POWER CAPACITY (MILLIONS OF KW)	85	290	600	1,352
KW CAPACITY/PERSON	0.6	1.4	2.5	~4.25
POWER CONSUMED PER PERSON PER YEAR (KW-HR)	2,000	6,500	11,500	~25,000
TOTAL CONSUMPTION (KW-HR)	325 BILLION	1.3 TRILLION	2.7 TRILLION	~8 TRILLION

④

COMPARATIVE COSTS OF COOLING WATER SYSTEMS FOR STEAM ELECTRIC PLANTS		
TYPE OF SYSTEM	INVESTMENT COST FOR A 1,000 MEGAWATT PLANT	
	FOSSIL FUEL	NUCLEAR FUEL
ONCE-THROUGH, NO CONTROL MEASURES, HEAT DISCHARGED DIRECTLY INTO A FRESH WATER RIVER OR LAKE	THIS METHOD TAKEN AS BASE-LINE--IT IS THE MINIMUM COST OPTION AND REQUIRES NO ADDITIONAL COSTS	
ONCE-THROUGH, NO CONTROL MEASURES, HEAT DISCHARGED DIRECTLY INTO A SALT WATER SOURCE	\$2 TO 3 MILLION	\$3 TO 5 MILLION
COOLING PONDS WITH RECIRCULATION OF THE WATER FROM THE POND (APPROXIMATELY 1,000 ACRES NEEDED FOR A PLANT OF THIS SIZE)	\$4 TO 6 MILLION	\$6 TO 9 MILLION
WET COOLING TOWERS, MOST HEAT LOSS TO ATMOSPHERE VIA EVAPORATION WITH RESULTANT PRODUCTION OF FOGS, MISTS, AND CONSIDERABLE WATER LOSS	\$5 TO 9 MILLION	\$8 TO 13 MILLION
DRY COOLING TOWERS, HEAT TRANS- FERRED TO ATMOSPHERE WITHOUT EVAPORATION, NO RESULTING FOG OR MIST. TO DATE NO SUCH TOWERS HAVE BEEN CONSTRUCTED FOR A LARGE POWER STATION	PERHAPS \$20 MILLION	PERHAPS \$25 MILLION

⑤

PERCENT COST INCREASE BECAUSE OF THERMAL POLLUTION CONTROL OF THE AVERAGE U.S. CONSUMER			
TYPE OF COOLING SYSTEM	CLASS OF CONSUMER		
	INDUSTRIAL	COMMERCIAL	RESIDENTIAL
ONCE-THROUGH--FRESH WATER	NO ADDED COST; THE BASE SITUATION. ALL COSTS LISTED BELOW ARE INCREASES OVER THIS SITUATION		
ONCE-THROUGH--SEA WATER	0.34%	0.16%	0.14%
COOLING POND	0.94%	0.43%	0.39%
WET MECHANICAL DRAFT TOWER	3.17%	1.41%	1.28%
WET NATURAL DRAFT COOLING TOWER	1.48%	0.68%	0.62%
DRY COOLING TOWER	VERY UNCERTAIN, MAY BE IN THE RANGE OF 1-1/2% TO OVER 3% FOR RESIDENTIAL CONSUMERS		

Environmental Factors - Water Pollution - Heat

Environmental Factors - Radiation Pollution

RADIATION POLLUTION

DOSE AND DOSE-RATE. THE SAME DOSE IS LESS-EFFECTIVE WHEN SPREAD OUT OVER A LONG PERIOD OF TIME. THIS IMPLIES THAT THERE IS SOME REPAIR OF DAMAGE.

HIGH AND LOW DOSES. HIGH DOSE MEANS AROUND 400 RADS CORRESPONDING TO THE LETHAL DOSE FOR 50 PERCENT MORTALITY (LD50). LOW DOSE MEANS 0.1 - 5 RADS. 0.1 RAD CORRESPONDS TO THE NATURAL BACKGROUND IN MOST PARTS OF THE WORLD.

SOMATIC AND GENETIC EFFECTS. SOMATIC EFFECTS REPRESENT RADIATION INSULTS TO THE EXPOSED INDIVIDUAL. GENETIC EFFECTS INSULTS TO SUBSEQUENT GENERATIONS OF OFF-SPRINGS.

GENETIC DOSE

ICRP DEFINITION: "THE GENETIC DOSE TO A POPULATION IS THE DOSE WHICH, IF IT WERE RECEIVED BY EACH PERSON FROM CONCEPTION TO THE MEAN AGE OF CHILDBEARING, WOULD RESULT IN THE SAME GENETIC BURDEN TO THE WHOLE POPULATION AS TO THE ACTUAL DOSES RECEIVED BY THE INDIVIDUALS."

ICRP RECOMMENDS THAT THE GENETIC DOSE BE 5 RADS PER GENERATION. A GENERATION IS TAKEN AS 30 YEARS. THIS MEANS ABOUT 170 MILLIRADS PER YEAR. THIS RECOMMENDATION HAS BEEN ACCEPTED BY THE U.S. FEDERAL RADIATION COUNCIL (NOW SUPERSEDED BY THE ENVIRONMENTAL PROTECTION AGENCY).

THE GENETIC DOSE IS MADE UP OF DIFFERENT CONTRIBUTIONS. OF THESE NUCLEAR ENERGY PROGRAMS MAY ACCOUNT FOR A MAXIMUM OF 40 PERCENT OR 67 MILLIRADS PER YEAR.

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

GENETIC RADIATION INSULTS

HIGH DOSE KNOWN TO CAUSE GENETIC MUTATIONS OR CHROMOSOME OBSERVATIONS.

SOME OF THESE EFFECTS MANIFEST THEMSELVES IN THE FIRST GENERATION, OTHERS REMAIN LATENT FOR SEVERAL GENERATIONS. DELETERIOUS MUTATIONS CLEARED BY NATURAL SELECTIONS IN ABOUT 10 GENERATIONS.

AMELIORATION OF THE EXISTING GENETIC LOAD (10 GENERATIONS' WORK OF ACCUMULATED MUTATIONS) MAY BECOME FEASIBLE BY THE YEAR 2000.

AMONG EFFECTS OBSERVED IN FIRST GENERATION OFF-SPRINGS OF INSECTS AND ANIMALS:

- \* ABORTIONS
- \* STILLBIRTHS
- \* CONGENITAL DEFECTS
- \* INFANT MORTALITY
- \* REDUCTION IN BIRTH WEIGHT
- \* CHANGE IN SEX RATIO

NONE OF THESE EFFECTS HAVE SO FAR BEEN DEFINITELY ESTABLISHED AS OF GENETIC ORIGIN IN CHILDREN BORN TO HIROSHIMA SURVIVORS. THERE IS NO REASON TO BELIEVE THAT MAN IS IMMUNE FROM GENETIC DAMAGE, BUT UNTIL FURTHER EVIDENCE BECOMES AVAILABLE WE HAVE TO EXTRAPOLATE FROM DATA OBSERVED IN MICE.

SOURCE: P.J. LINDOP AND J. ROTBLAT, J. LEDERBERG BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

SOMATIC RADIATION INSULTSAT HIGH DOSE:

- \* CANCER; LEUKEMIA, CANCER OF THE BONE, LUNG, THYROID, ETC.
- \* CATARACTS
- \* IMPAIRED FERTILITY
- \* SHORTENING OF LIFESPAN - ACCELERATED AGING

AT LOW DOSE:

- ADULTS - NONE OF THE ABOVE EFFECTS HAVE BEEN OBSERVED. POSSIBLE EFFECTS ARE TOO SMALL. PRESENT CONTROVERSY CONCERNS DIVERGENT THEORETICAL EXTRAPOLATIONS (CF. CHART).
- FETUS - EXPERIENCE FROM X-RAY EXAMINATIONS DURING PREGNANCY SUGGESTS 5-10 TIMES HIGHER SENSITIVITY THAN FOR ADULTS.

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

THE PROBLEM OF RADIOACTIVITY

1000 MW ELECTRIC ENERGY OUTPUT FROM A NUCLEAR POWER PLANT RESULTS IN SOME  $10^{10}$  NEW RADIOACTIVE NUCLIDES/SEC.

AFTER SIX MONTHS OF RUNNING AT THIS LEVEL THE REACTOR ACTIVITY IS ABOUT  $7 \times 10^9$  CURIES.

PLANNED RELEASE

AT PRESENT THERE IS A PLANNED RELEASE OF GASEOUS PRODUCTS INTO THE AIR AND OF LOW CONCENTRATION LIQUIDS INTO WATERS. MOST SERIOUS ARE TRITIUM AND KRYPTON-85 WITH A HALF-LIFE OF ABOUT 11 YEARS. BY THE YEAR 2000 THE ANNUAL RELEASE OF KRYPTON-85 HAS BEEN ESTIMATED TO BE ABOUT 250 MILLION CURIES.

STORAGE

AFTER REPROCESSING OF THE FUEL LONG-LIVED FISSION PRODUCTS HAVE TO BE STORED. THE MOST DIFFICULT NUCLIDES ARE STRONTIUM-90 AND CESIUM-137, WITH HALF-LIVES OF THE ORDER OF 30 YEARS. BY THE YEAR 2000 THE ANNUAL INCREASE OF Sr-90 HAS BEEN ESTIMATED TO BE ABOUT  $10^{10}$  CURIES. Sr-90 IN STORAGE MAY REACH AN EQUILIBRIUM AT ABOUT  $4 \times 10^{11}$  CURIES. THIS IS ABOUT 300 TIMES THE RADIOACTIVITY OF THE URANIUM CONTENT IN THE EARTH'S SEAWATER.

ACCIDENTS

TODAY'S THERMAL REACTORS ARE KNOWN TO BE SAFE. THE PROBABILITY FOR AN ACCIDENT HAS BEEN ESTIMATED TO 1:1000 FOR MINOR ACCIDENTS AND 1:100,000 FOR MAJOR ACCIDENTS. SAFETY INCREASES WITH TIME AS TECHNOLOGY DEVELOPS. A MAJOR REACTOR ACCIDENT COULD BE VERY DANGEROUS AND INVOLVE A GREAT NUMBER OF PEOPLE. THE ISSUES OF SABOTAGE, WAR AND NATURAL DISASTERS, SUCH AS EARTHQUAKES, HAVE TO BE CONSIDERED.

ACCIDENTS MAY OCCUR DURING TRANSPORT OF FUEL ELEMENTS FROM THE REACTOR TO THE PROCESSING PLANT. THE DAMAGE INVOLVED WOULD BE MUCH SMALLER THAN AN ACCIDENT TO A REACTOR, BUT THE PROBABILITY OF AN ACCIDENT MIGHT BE HIGHER BECAUSE OF LARGE NUMBERS OF SHIPMENTS AND LONG TRANSPORTATIONS.

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

THE PLUTONIUM PROBLEMPLUTONIUM IS

- \* VERY TOXIC
- \* CARCINOGENIC IN MICROGRAM QUANTITIES
- \* A NUCLEAR EXPLOSIVE

IF LIQUID METAL FAST BREEDERS ARE DEVELOPED AND IMPLEMENTED ACCORDING TO AEC PROJECTIONS COMMERCIAL PLUTONIUM PRODUCTION WILL AMOUNT TO

- \* 30 TONS ANNUALLY BY 1980
- \* MORE THAN 100 TONS ANNUALLY BY 2000

NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC) REPORTED UNABLE, OVER SEVERAL YEARS OF OPERATION, TO ACCOUNT FOR SIX PERCENT (100 KILOGRAMS) OF HIGHLY ENRICHED URANIUM THAT PASSED THROUGH ITS PLANT.

"WE HAVE A LONG WAY TO GO TO GET INTO THAT HAPPY LAND WHERE ONE CAN MEASURE SCRAP EFFLUENTS, PRODUCTS, INPUTS AND DISCARDS TO ONE PERCENT ACCURACY."

AEC DIRECTOR

SOURCE: D.P. GEESAMAN, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

- \* "WE ARE CONVINCED THAT, KILOWATT FOR KILOWATT, THE GENERATION OF ELECTRICITY BY OUR COMMERCIAL NUCLEAR POWER STATIONS HAS HAD FAR LESS IMPACT ON THE ENVIRONMENT AND OUR HEALTH THAN THE FOSSIL FUEL METHODS OF POWER GENERATION. WE ARE CONFIDENT THAT THIS SITUATION WILL NOT ONLY CONTINUE, BUT THAT IT WILL IMPROVE."
- \* "THE WHOLE BODY EXPOSURE PER CAPITA PER YEAR AVERAGED OVER THE U.S. POPULATION FROM RADIOACTIVITY IN EFFLUENTS RELEASED FROM NUCLEAR POWER PLANTS AND CHEMICAL REPROCESSING PLANTS DURING NORMAL OPERATION EVEN IN THE YEAR 2000 WILL BE LESS THAN ONE MILLIREM. IN COMPARISON, AVERAGE ANNUAL EXPOSURES TO THE U.S. POPULATION FROM NATURAL BACKGROUND RADIATION IS ABOUT 125 TIMES AS GREAT."
- \* "THESE LEVELS OF EXPOSURE ARE OBVIOUSLY VERY LOW IN COMPARISON WITH THE MUCH HIGHER EXPOSURES INCURRED BY THE PUBLIC FROM NATURAL BACKGROUND DUE TO COSMIC RADIATION, NATURAL RADIOACTIVITY IN THE BODY AND IN ALL MATERIALS WITH WHICH PEOPLE COME INTO CONTACT, AIR TRAVEL AND FROM MANY ACTIVITIES COMMONLY ENGAGED IN BY THE PUBLIC."

SOURCE: G.T. SEABORG - RETIRING CHAIRMAN OF U.S. AEC - BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

THE FUSION-TORCH

REDUCTION OF ALL KINDS OF WASTES INTO CONSTITUENT ATOMS FOR SEPARATION AND RECYCLING.

GENERATION OF MASSIVE OUTPUTS OF ULTRAVIOLET RADIATION AND X-RAYS BY TRACE AMOUNTS OF HEAVY ATOMS IN THE PLASMA. RADIOACTIVE ENERGY MAY BE USED FOR BULK HEATING, DESALINATION OF SEAWATER, HYDROGEN PRODUCTION AND NEW CHEMICAL PROCESSING METHODS.

SOURCE: W.C. GOUGH AND B.J. EASTLUND, SCIENTIFIC AMERICAN

Environmental Factors - Radiation Pollution

32b

33a

Environmental Factors - Radiation Pollution

PROTECTION REGULATIONS

MAXIMUM PERMISSIBLE DOSES (MPD) FOR OCCUPATIONAL EXPOSURE ARE ESTABLISHED ON THE RECOMMENDATIONS OF THE INTERNATIONAL COMMISSION ON RADIOLOGICAL PROTECTION (ICRP).

DOSE LIMIT APPLIES TO MEMBERS OF THE PUBLIC WHICH ARE NOT OCCUPATIONALLY INVOLVED IN RADIATION WORK. AT PRESENT THE DOSE LIMIT IS PUT AT ONE TENTH OF THE MAXIMUM PERMISSIBLE DOSE.

GENETIC DOSE REFERS TO EXPOSURE OF THE WHOLE POPULATION. THE LIMITING FACTOR IS NOT THE SOMATIC BUT THE GENETIC EFFECT. GUIDELINES ARE SET ON THE BASIS OF ICRP RECOMMENDATIONS.

DOSE LIMIT

ICRP RECOMMENDATION (1/10 OF MPD) INVOLVES AN ELEMENT OF JUDGEMENT:

"THE RISKS TO MEMBERS OF THE PUBLIC FROM MAN-MADE SOURCES OF RADIATION SHOULD BE LESS THAN OR EQUAL TO OTHER RISKS REGULARLY ACCEPTED IN EVERYDAY LIFE, AND SHOULD BE JUSTIFIABLE IN TERMS OF BENEFITS THAT WOULD NOT OTHERWISE BE RECEIVED."

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

MAXIMUM PERMISSIBLE DOSES FOR OCCUPATIONAL EXPOSURE (INTERNATIONAL COMMISSION ON RADIOLOGICAL PROTECTION)

ICRP RECOMMENDATIONS ON MPD HAVE BEEN GRADUALLY REDUCED:

YEAR	MPD (RADS PER WEEK)
1924	1.5
1934	1.0
1936	0.5
1950	0.3
1956	0.1

PRESENT ICRP RECOMMENDATION OF 0.1 RADS PER WEEK (OR 5 RADS PER YEAR) APPLIES TO WHOLE-BODY EXPOSURE; FOR EXPOSURE OF PARTICULAR ORGANS HIGHER VALUES ARE ALLOWED.

ICRP ALSO ESTABLISHES LEVELS FOR MAXIMUM PERMISSIBLE CONCENTRATION OF DIFFERENT RADIOACTIVE ISOTOPES IN WATER AND IN THE AIR. THESE ARE SO CALCULATED THAT IF A RADIATION WORKER DRANK THE WATER AND BREATHED THE AIR CONTAINING THAT ACTIVITY HE WOULD NOT RECEIVE A DOSE LARGER THAN THE MPD.

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

RADIOACTIVE WASTE DISPOSALPRESENT U.S. PROCEDURE:

- \* SPENT FUEL ASSEMBLIES REMOVED FROM REACTOR IN SHIELDED CONTAINERS DESIGNED TO WITHSTAND SHIPPING ACCIDENTS.
- \* TRANSPORTED TO REPROCESSING PLANT WHERE URANIUM AND PLUTONIUM ARE RECOVERED AND RADIOACTIVE FISSION PRODUCTS ARE CONCENTRATED.
- \* RADIOACTIVE WASTES STORED IN SOLUTION FOR AROUND FIVE YEARS IN DOUBLE-WALLED CONTAINERS.
- \* EVAPORATED TO DRYNESS. SOLID FISSION PRODUCTS SEALED IN STEEL CONTAINERS.
- \* SHIPPED TO A NATIONAL RADIOACTIVE WASTE REPOSITORY LOCATED IN A SALT MINE IN CENTRAL KANSAS. THIS LOCATION CHOSEN BECAUSE GEOLOGIC EVIDENCE INDICATES NO CONTACT WITH GROUND WATERS FOR FAR MORE THAN THE 1000 YEAR PERIOD REQUIRED FOR COOLING DOWN TO HARMLESS RADIATION LEVELS.
- \* STORAGE 1,500 FEET UNDERGROUND.

ADDITIONAL MEASURES FOR THE RETENTION OF THE LONG-LIVED GASEOUS RADIOACTIVE SPECIES TRITIUM AND KRYPTON-85 RELEASED IN REPROCESSING WILL BE REQUIRED WHEN THE VOLUME OF FUEL IS GREATER THAN NOW.

CONCLUSIONS OF A NATIONAL ACADEMY OF SCIENCE COMMITTEE (NOVEMBER 1970):

"THE USE OF BEDDED SALT FOR THE DISPOSAL OF RADIOACTIVE WASTES IS SATISFACTORY... (AND) IS THE SAFEST CHOICE NOW AVAILABLE, PROVIDED THE WASTES ARE IN AN APPROPRIATE FORM AND THE SALT BEDS MEET THE NECESSARY DESIGN AND GEOLOGICAL CRITERIA. THE SITE NEAR LYONS, KANSAS, SELECTED BY THE A.E.C. IS SATISFACTORY, SUBJECT TO DEVELOPMENT OF CERTAIN ADDITIONAL CONFIRMATORY DATA AND EVALUATION."

SOURCE: MANSON BENEDICT, TECHNOLOGY REVIEW OCT./NOV. 1971

NEW EMISSION GUIDELINES

THE AEC HAS LOWERED THE STANDARDS FOR EMISSION OF RADIOACTIVE MATERIALS FROM LIGHT WATER-COOLED NUCLEAR POWER REACTORS. ("FEDERAL REGISTER", JUNE 9, 1971. pp 1113-1117).

THE NEW GUIDELINES ARE:

- \* 10 MILLIREMS AS THE INTEGRATED DOSE OVER A YEAR'S TIME, AT ANY POINT ON THE SITE BOUNDARY, FROM GASEOUS EMISSIONS.
- \* 5 MILLIREMS AS THE MAXIMUM CALCULATED DOSE TO ANY PERSON OVER A YEAR'S TIME, AS THE RESULT OF DISCHARGE OF LIQUID WASTES.
- \* 5 MILLIREMS AS THE MAXIMUM ANNUAL DOSE TO ANY ORGAN AS A RESULT OF DISCHARGE OF LONG LIVED ACTIVITIES (DEFINED FOR HALF-LIFE 8 DAYS OR MORE).

NOT ONLY ARE ALLOWABLE EMISSIONS REDUCED, BUT ALSO ACTUAL EXPECTATIONS FOR TOTAL EXPOSURE OF THE POPULATION ARE PUBLISHED.

THE GOFMAN - TAMPLIN CASE

JOHN W. GOFMAN, FORMER ASSOCIATE DIRECTOR AND ARTHUR R. TAMPLIN, BIOPHYSICIST, BOTH AT LAWRENCE RADIATION LABORATORY AT LIVERMORE, CALIFORNIA, ARGUE AGAINST THE VALIDITY OF PRESCRIBED RADIATION LEVELS. THE ARGUMENT IS PRIMARILY ABOUT THE AMOUNT OF SOMATIC INSULT.

GOFMAN - TAMPLIN

- ASSUME - IN ACCORDANCE WITH ICRP - LINEAR RELATIONSHIP BETWEEN INDUCTION OF TUMOR AND DOSE, DOWN TO VERY SMALL DOSES.
- ASSUME - IN DISAGREEMENT WITH ICRP - THAT THE PROBABILITY OF TUMOR INDUCTION BY RADIATION IS PROPORTIONAL TO THE NATURAL INCIDENCE OF THE TUMOR.
- INTRODUCE THE CONCEPT OF THE DOUBLING DOSE, THE DOSE OF RADIATION WHICH INDUCES AS MANY NEW TUMORS AS ARE NATURALLY PRESENT.
- CALCULATE THE DOUBLING DOSE TO 100 RADS, LATER REDUCED TO 50 RADS.
- CONCLUDE THAT THE U.S. ACCEPTED ICRP RECOMMENDATION OF 5 RADS PER GENERATION (ABOUT 170 MILLIRADS/WEEK) WOULD RESULT IN 16,000 RESP. 32,000 ADDITIONAL CASES OF CANCER PER YEAR WHICH IS AN ORDER OF MAGNITUDE MORE THAN ICRP ESTIMATES. NATURAL OCCURRENCE OF CANCER IS STILL ANOTHER FACTOR OF TEN LARGER. THUS THE CONTROVERSY IS ABOUT WHETHER 1 PERCENT (WHICH WOULD BE STATISTICALLY INSIGNIFICANT) OR 10 PERCENT (WHICH IS SIGNIFICANT) IS THE MOST LIKELY RADIATION INDUCED CANCER INCREMENT.
- INSIST THAT THERE IS NO JUSTIFICATION FOR ACCEPTING ANY NUMBER OF ADDITIONAL DEATHS, EVEN IF IT IS ONLY ONE PER CENT OF THE NATURAL CANCER INCIDENCE. CONCRETE EVIDENCE OF THE BENEFITS OF NUCLEAR ENERGY, IN TERMS OF THE NUMBER LIVES SAVED OR IMPROVED VERSUS CONCRETE EVIDENCE OF THE HARM OF RADIATION POLLUTION SHOULD BE FURNISHED AND CONSIDERED BEFORE LICENSE IS GRANTED.

SOURCE: P.J. LINDOP AND J. ROTBLAT, BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971.

BY SETTING THE 5 TO 15 MILLIREMS PER YEAR AS THE MAXIMUM DOSE FROM LIGHT WATER EFFLUENTS, THE AVERAGE MEMBER OF THE PUBLIC CAN BE EXPECTED TO RECEIVE LESS THAN 1 PERCENT INCREMENTAL DOSE (1 MILLIREM PER YEAR) OVER BACKGROUND AS A RESULT OF CURRENT GENERATION POWER REACTORS.

THE NEW GUIDELINES ARE FOR NEW REACTORS; OPERATORS OF REACTORS LICENSED UNDER THE OLD RULES WILL HAVE 36 MONTHS TO BRING THEM INTO CONFORMITY. IN FACT, FEW EXISTING REACTORS SHOULD HAVE ANY DIFFICULTY IN MEETING THE NEW STANDARDS: PRESSURIZED WATER REACTORS HAVE ALREADY EXHIBITED VERY LOW RADIOACTIVITY IN EFFLUENTS, AND BOILING WATER REACTORS CAN REDUCE THEIR EFFLUENT ACCEPTABLY BY INSTALLING NOT-TOO-EXPENSIVE OFF-GAS STORAGE AND DECAY SYSTEMS.

NUCLEAR FUEL-CYCLE COSTS WILL RISE SLIGHTLY AS A RESULT.

SOURCE: BULLETIN OF THE ATOMIC SCIENTISTS, SEPTEMBER 1971

Environmental Factors - Radiation Pollution

An Energy Ethic - The Right to Buy Some Energy on Demand

A) DEVELOPMENT OF "ENERGY ETHIC"

1. For practical purposes all energy delivered by man is rightly a commodity to be paid for.
2. Technology has introduced convenience in energy usage to the point that some energy-based necessities cannot change in emergencies.
  - a) Heating systems from wood and coal to oil and gas. No fireplaces in some houses and most apartments.
  - b) Cooking systems from wood to gas and electric
  - c) Transport systems from horse to gasoline and diesel
3. "Energy Ethic" needs to be developed.
  - a) Ethic suggests self-evident right to maintenance of health and well being, right to work, right to get to work.
  - b) A quantity of "preferential" energy must be made available for purchase on demand.
  - c) Purchase price cannot be exorbitant.
  - d) No person, organization or government body has the right to deliberately interrupt the energy flow unless consent is given by contract.
  - e) Family units (residential) have preference over commercial or industrial
4. Reason for development of "Energy Ethic"
  - a) In past, "Ethic" was not endangered. Energy supply kept pace with demand. Energy prices were "reasonable"
  - b) Today, on occasion, crises occur where electrical energy supply cannot meet demand causing deliberate blackouts, brownouts, load shedding; energy by natural gas is interrupted
  - c) Future projections indicate probable worsening situation in electrical and natural gas energy supply and probable crises occurring in domestic fuel oil (#2 oil) supply.
5. Crisis Definition
  - a) A situation involving danger of widespread violence or deep and persistent dissatisfaction.
  - b) A deteriorating condition which, if allowed to continue, leads to intolerable results or major economic dislocation.
  - c) Impossibility of holding to opposing policies currently in effect (which bear on energy).

B) REASONS FOR CRISIS

1. Inability in immediate past to correctly predict electrical energy demand growth (at about 9%) due primarily to air conditioning growth.
2. Conflicting viewpoints between government and industry regarding interstate gas rates have curtailed exploratory drilling and created gas energy shortage.
3. National security increasingly jeopardized by dependency on foreign petroleum and natural gas supply.
4. Inability to successfully store large amounts of available non-peak electrical energy for use during peaks other than by pumped-storage.
5. Inability to successfully bring power plants on line at target date.
  - a) Time required between go-ahead decision and full operation six to eight years and may get longer in future.
  - b) Increasing size of plants aggravating this condition.
  - c) In past, construction problems and new techniques related to nuclear power plants required longer field time than estimated.
6. Limitations of using existing hydro plants for peaking operation.
  - a) Not enough of them and some not close enough to load centers.
7. Environmental and associated legal constraints.
  - a) Sulfur Dioxide
    - 1) Technology incapable as yet of economically eliminating SO<sub>2</sub> during or after the combustion process to comply with new restrictions.
    - 2) Because of (1), sulfur content of fuel is being limited to 1% or less severely restricting acceptable supply. Capability to remove sulfur from fuel may not be extensive enough to take care of demand.
  - b) Radiation
    - 1) Public fears of nuclear explosion by accident or sabotage restricting acceptable site locations.
    - 2) Public fears of irradiation hard to overcome restricting acceptance site locations.
    - 3) Statements by people like Prof. Teller that nuclear plants should be underground because of the possibility of (1) tend to prove "points" against above-ground sites; may greatly increase costs and extend time requirements to put on stream.

- 4) New limitations imposed by regulating bodies may shut down existing nuclear plants, delay those already being constructed and impose extremely rigid criteria for new plants. Net effect is further time delay as well as cost increase.

c) Heat Rejection

- 1) Heat rejection to interior water bodies limiting availability of sites.
- 2) Wet cooling towers ugly and "waste" water by evaporation.
- 3) Dry cooling towers extremely costly, ugly, and push energy costs to "unacceptable" levels. Problems aggravated in hot summer greatly.
- 4) Large power plants being pushed toward the sea where land may be at a premium. Damage to sea life possibly a problem. Siting limitations possible.

d) Visual and Nature Preserving

- 1) "Ugly" above ground transmission lines being blocked. Demand that lines be underground greatly increases cost and construction time delay factor.
  - 2) New hydroelectric and pumped storage projects blocked. Related to (B-4) and (B-6) above.
  - 3) Some oil pipelines blocked.
  - 4) Fears of accidents to supertankers may cause restrictions
  - 5) Restrictions on strip mining.
8. Breeder fission and fusion power will have no real impact in the 1970's and probably not in the 1980's and possibly not in the 1990's on the overall supply problem:
  9. Solar, geothermal, tidal power will have no real impact on the overall supply problem in the foreseeable future.

An Energy Ethic - The Right to Buy Some Energy on Demand

An Energy Ethic - The Right to Buy Some Energy on Demand

C. VIOLATION OF "ENERGY ETHIC" CAUSED BY ELECTRICAL ENERGY CRISIS  
(DURING PEAK DEMAND PERIODS)

1. Voltage Reductions and Brownouts.
  - a) Possible damage to motors if too low or held for long time.
2. Blackouts
  - a) Business curtailment
  - b) Possibility of crime increase
  - c) Possibility of accident increase
  - d) Breakdown of vital services possible
  - e) If during winter presents intolerable condition as all modern heating systems need electricity to operate. Home "health" units inoperable.
  - f) If during summer, home health units inoperable. Air conditioning off (possibly vital in special cases). Buildings with inoperable windows may have to evacuate because of solar and other heat buildup. Large commercial buildings may have to evacuate by law due to lack of lighting and ventilation.
3. Load Shedding

D) DIFFICULTY OF ENFORCING ELECTRICAL "ENERGY ETHIC"

1. All residential units and probably all businesses are entitled to some electrical energy at all times, but not unlimited quantity. How can restricted use be enforced?
2. Each living and working group is different; how can ethical maximum be established for each?
3. Conservation may have to be voluntary (save-a-watt) which may not work.

E) PERSONAL PREFERENCE SOLUTIONS TO ELECTRICAL ENERGY CRISIS

1. Private generator sets
2. Vacation enforcement during electric peak season (similar to the French August vacation)
3. Change in working hours to have long lunch break (similar to the French) during midafternoon summer peak. Probably requires some staggering among commercial groups.

F) ENFORCED SOLUTIONS TO THE ELECTRICAL ENERGY CRISIS: THE MAINTENANCE OF THE ETHIC

1. Revision of electric rates.
  - a) Now set up to favor luxury usage; demand and consumption rates reduce as usage increases.
  - b) Reverse rate structure--at least for peaking months--So that rates increase as usage increases. Make penalty for excessive usage very high.
    - 1) Rate structure can be made so that total bill for reasonable residential usage will not be too different from present.
    - 2) Voluntary conservation may be result.
    - 3) The poor actually may get a break as the rich will pay the premium prices.
    - 4) Research toward lower electrical usage products may be spurred.
    - 5) Some relief necessary for all electric homes if peak demand occurs in heating season.
2. Removal of present "sulfur" restrictions until technology can successfully cope with problem.
  - a) Not to be a permanent solution, but "ethic" must be maintained.
  - b) During most of year, SO<sub>2</sub> emissions really no vital problem. During inversions, etc., community can call for immediate switch to low sulfur fuels.
  - c) Possible danger of relaxing research for sulfur and SO<sub>2</sub> reduction.
3. Removal of strip mining restrictions.
  - a) Redressing can be done. Point to success of Pennsylvania experience.
  - b) Turn redressing job over to government forces (might as well give Corps of Engineers something to do.) Of industry incapable or unwilling.
  - c) Industry bankruptcy possibility before redressing can be beaten by legally withholding an amount of coal stripped until redressing is done.
4. Possible legal restrictions to electric energy usage.
  - a) All electric homes:
  - b) Large electric motor driven air conditioning compressors (absorption type machines are available as alternate)
  - c) Commercial building demand may be maximized on a fixed KW/FT<sup>2</sup> basis. Owner may put whatever he wants in building, but cannot exceed demand maximum.

DOES A CRISIS EXIST?

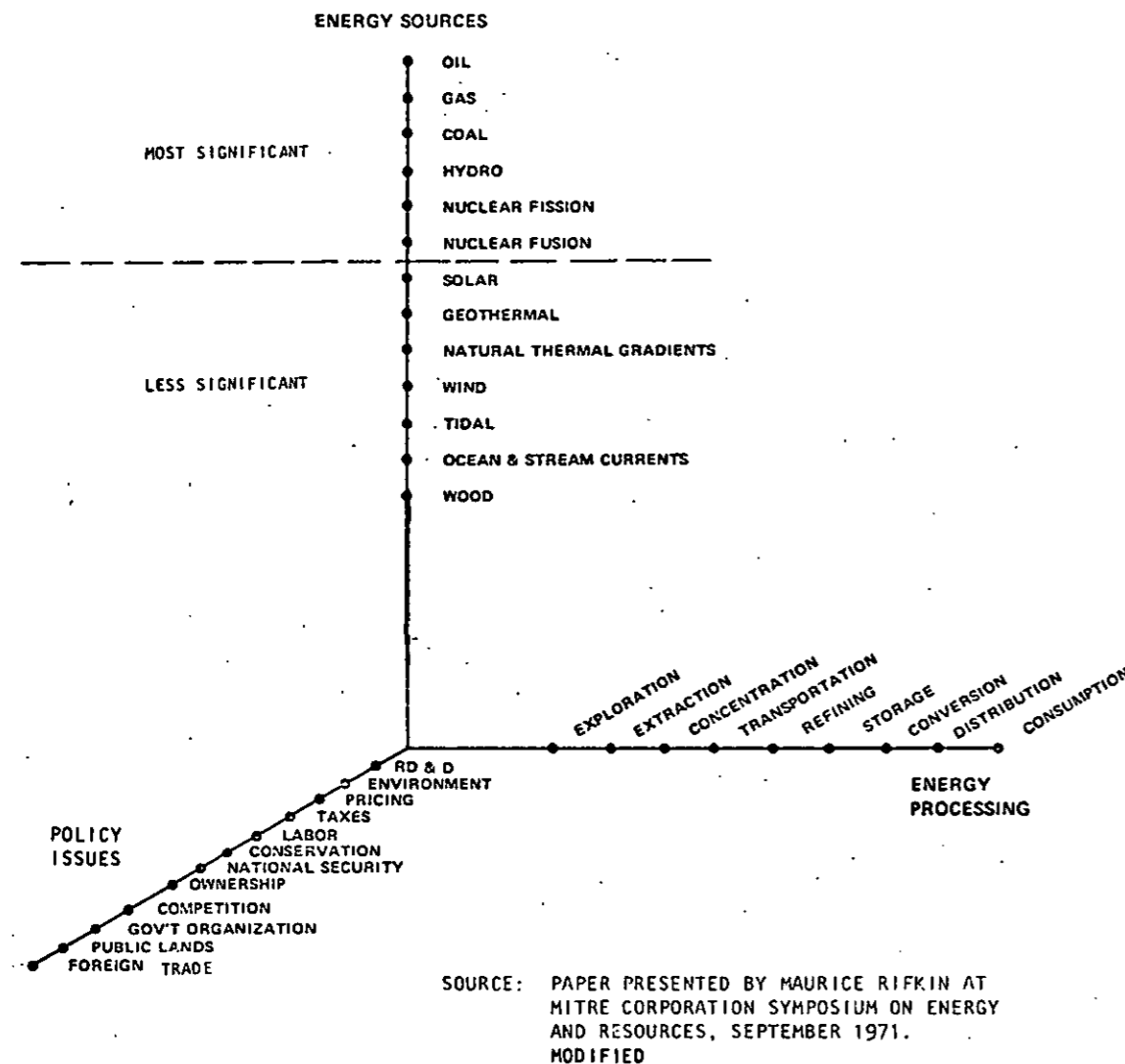
CRISIS DEFINITION

- A) A SITUATION INVOLVING DANGER OF WIDESPREAD VIOLENCE OR DEEP AND PERSISTENT DISSATISFACTION.
- B) A DETERIORATING CONDITION WHICH, IF ALLOWED TO CONTINUE, LEADS TO INTOLERABLE RESULTS OR MAJOR ECONOMIC DISLOCATION.
- C) IMPOSSIBILITY OF HOLDING TO OPPOSING POLICIES CURRENTLY IN EFFECT (WHICH BEAR ON ENERGY).

SOURCE: PAPER BY HUDSON INSTITUTE AS A RESULT OF SYMPOSIUM ON ENERGY AND RESOURCES HELD AT MITRE CORPORATION, SEPTEMBER 21-22, 1971.

An Energy Ethic - The Right to Buy Some Energy on Demand

Gross Energy Assessment



QUESTION 16. WHAT ARE SOME OF THE DECISIONS WHICH MUST BE MADE TO ASSURE INDUSTRY ADEQUATE QUANTITIES OF ENERGY.

MR. SCOTT, DECISIONS ON THE ESTABLISHMENT OF PRIORITIES IN THE ALLOCATION OF FUNDING FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL PROGRAMS; ESTABLISHMENT OF INCENTIVES FOR EXPLORATION FOR GAS AND OIL AND FOR COMMERCIAL DEVELOPMENT OF BOTH COAL GASIFICATION AND COAL LIQUEFACTION AND POSSIBLY ENERGY RATIONING. SPECIFIC QUESTIONS CURRENTLY VISIBLE RELATE TO: APPROPRIATE AIR POLLUTION STANDARDS; ALASKAN PIPELINE COMPLETION; OFFSHORE TERMINAL FACILITIES FOR DEEP WATER VESSELS; RESOLUTION OF CONTINENTAL SHELF POLICIES; THERMAL POLLUTION STANDARDS; STRIP MINING AND LAND USE LAWS; SITING OF UTILITIES, REFINERIES AND CHEMICAL PROCESSING PLANT.

REPLY OF MR. HAROLD B. SCOTT--ACTING ASST. SECT. OF COMMERCE FOR DOMESTIC AND INTERNATIONAL BUSINESS. HEARINGS SEPT 22, 1971 BEFORE JOINT COMMITTEE ON DEFENSE PRODUCTION. DEFENSE PRODUCTION ACT PROGRESS REPORT #50 (VOLUME 2) G.P.C. P. 313.

- I. SUPPLY
- INVENTORY KNOWN WORLD ENERGY RESOURCE RESERVES (WHERE, HOW MUCH). MAJOR INFORMATION GAPS.
  - PROJECT NEW DISCOVERIES BY LOCATION, SIZE AND TIME PERIOD.
  - RESOURCE DEPLETION RATES--CURRENT AND PROJECTED, AMOUNT AND LOCATION.
  - COST FACTORS (INCLUDING CAPITAL REQUIREMENTS AS WELL AS NON-MONETARY COSTS) CURRENT AND PROJECTED FOR MAJOR COMPONENTS OF ENERGY SYSTEMS.
    - ENERGY-ENERGY (HYDRO, GEOTHERMAL, SOLAR, AND TIDAL)
      - COLLECTION
      - TRANSMISSION
      - CONVERSION
    - FUEL-FUEL (COAL, OIL, NATURAL GAS, BREEDER REACTORS)
      - EXTRACTION
      - TRANSPORT
      - REFINING
      - CONVERSION
    - FUEL-ENERGY (COAL, OIL, NATURAL GAS, NUCLEAR, MUNICIPAL WASTE)
      - EXTRACTION
      - TRANSPORT
      - REFINING
      - CONVERSION
    - ELECTRIC POWER
      - TRANSMISSION (INTERNATIONAL-INTERREGIONAL)
      - TRANSMISSION AND LOCAL DISTRIBUTION

- II. DEMAND
- INVENTORY KNOWN WORLD CONSUMPTION (WHERE, HOW MUCH). MAJOR INFORMATION GAPS.
  - PROJECTIONS OF INCREASED USES (INCLUDING NEW USES) BY LOCATION, AMOUNT AND TIME PERIOD.
  - INDIRECT COST FACTORS (ENVIRONMENTAL EFFECTS, ETC.).
- III. MAJOR SUPPLY/DEMAND IMBALANCES IN TERMS OF:
- QUANTITY.
  - LOCATION
  - TIME PERIOD
  - TECHNOLOGY--TOOLS, LABOR SKILLS, ETC.
  - FINANCE--CAPITAL REQUIRED

SOURCE: PAPER PRESENTED BY MITRE CORPORATION AT SYMPOSIUM ON ENERGY AND RESOURCES, JULY 30, 1971.

#### RESOURCE ISSUES

- NATURAL GAS (LNG, NUCLEAR STIMULATION)
- DRILLING FOR GAS AND OIL
- COAL PRODUCTION
- URANIUM PRODUCTION AND ENRICHMENT
- GEOTHERMAL FIELDS
- VALIDITY OF FUEL RESOURCE ESTIMATES

#### OPERATIONAL ISSUES

- NATIONAL ENERGY POLICY
- IMPLICATIONS OF FUEL IMPORTS (ECONOMIC AND MILITARY)
- PLANNING FOR ELECTRIC POWER
- AVOIDING SHORTAGES
- POWERPLANT SITES AND TRANSMISSION RIGHTS-OF WAY
- POLICY ON PROMOTING OR DISCOURAGING USE OF ELECTRICITY

#### TECHNOLOGICAL ISSUES

- EXOTIC TRANSMISSION MODES (UNDERGROUND CRYOGENIC SUPERCONDUCTORS, LASERS)
- BREEDER REACTORS (SAFETY, PLUTONIUM AVAILABILITY)
- BYPRODUCT USE OF WASTE HEAT
- TECHNICAL LIMITS TO POWERPLANT SIZE
- EFFICIENCY OF STEAM-ELECTRIC PLANTS (MHD OR THERMIONIC TOPPING)
- PROSPECTS FOR THE FUEL CELL
- CONTROLLED FUSION

#### ENVIRONMENTAL ISSUES

- CONTROL OF SULFUR DIOXIDE
- MILITARY USES OF REACTOR-PRODUCED PLUTONIUM
- A POLICY OF ZERO POLLUTION
- TECHNOLOGY ASSESSMENT OF MAJOR POWER PROJECTS
- COSTS OF CLEAN ELECTRICITY (TAX INCENTIVES)
- TRANSPORTATION OF OIL
- RECLAIMING STRIP MINES
- MINIMAL THERMAL POLLUTION

#### ECONOMIC ISSUES

- PRICING ELECTRICITY (SOCIAL COSTS)
- SALE OF AEC GASEOUS DIFFUSION PLANTS
- TREND TOWARD LARGER POWERPLANTS (STORING, SHARING)
- REQUIREMENTS FOR CAPITAL (\$300-350 BILLION IN 20 YEARS)
- ECONOMIC LIMITATIONS ON GROWTH IN DEMAND
- PLUTONIUM PURCHASES BY FEDERAL GOVERNMENT
- VALIDITY OF QUOTED NUCLEAR POWER COSTS
- LARGE AEC NUCLEAR R & D FUNDING LEVEL

SOURCE: SOME INTERESTING TECHNOLOGICAL AREAS, D.G. BRENNAN, J. KAHN, W. SCHNEIDER JR., B.J. SMERNOFF, F. SWAN; HUDSON INSTITUTE, HI-1427/2-CC, FEBRUARY 18, 1971.

HI-1542/2-CC

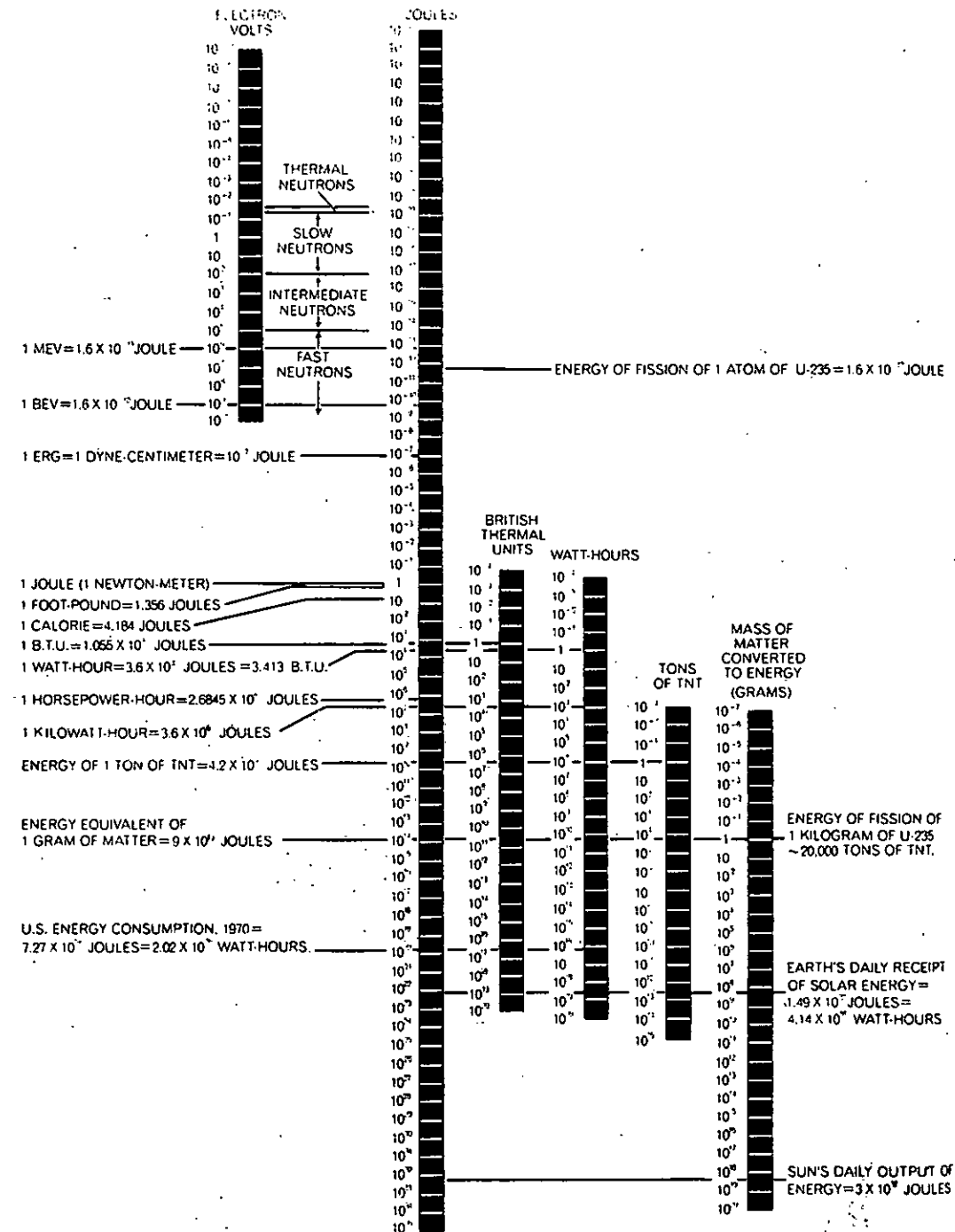
36b

Gross Energy Assessment

37a

HI-1542/2-CC

Conversion Charts



**WEIGHT CONVERSION TABLE**

1 SHORT TON	= 2000 POUNDS
1 METRIC TON	= 2205 POUNDS
1 LONG TON	= 2240 POUNDS
73.5 BARRELS OIL	= 1 METRIC TON

**ENERGY CONVERSION TABLE**

	BILLION BTU	THOUSAND TONS COAL	MILLION KWH
ONE TRILLION BTU EQUALS	1000	40	290
ONE THOUSAND TONS COAL EQUALS	25	1	7.32
ONE THOUSAND BARRELS OIL EQUALS	5.8	0.232	1.7
ONE MILLION CU. FT. GAS EQUALS	1.032	.0415	.304
100# URANIUM EQUIV. PRESENT DAY REACTORS EQUALS APPROX.	25	1	7.32
100# URANIUM EQUIV.-PLUTONIUM RECYCLE-PRESENT DAY REACTORS EQUALS APPROX.	75	3	22.0
100# URANIUM EQUIV.-BREEDER REACTORS-60% EFF. EQUALS APPROX.	2250	90	660.0
100# $\text{Li}_2\text{O}$ EQUALS (FUSION LITHIUM-6)	520	21	148
ONE MILLION KWH EQUALS	3.412	.136	1

SOURCE: ENERGY AND POWER, CHAUNCEY STARR;  
SCIENTIFIC AMERICAN VOL. 225, NUMBER 3,  
SEPTEMBER 1971.

Conversion Charts

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HUDSON INSTITUTE

FRANCE - ALLEMAGNE

par

Michel de Rosen - Olivier Blanchard

6 septembre 1971

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### AVANT-PROPOS

Deux remarques importantes :

Cette étude essaie d'évaluer les chances de croissance de l'Allemagne de l'Ouest et de la France, à moyen terme.

- Elle ne le fait, presque toujours, que du point de vue économique.

L'étude sociologique

politique .... est insuffisante.

- Elle sous-estime peut-être l'influence de la C.E.E.

L'Allemagne et la France sont considérées comme "adversaires économiques". Ceci est une hypothèse, probablement valable à l'heure actuelle, mais discutable pour l'avenir.

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I - L'ALLEMAGNE EST TOUJOURS EN TÊTE, MAIS ....

### 1.1. QUELQUES CHIFFRES.

L'Allemagne de l'Ouest a un P.N.B. plus important que la France.

Dans le détail, on voit qu'elle a un poids industriel plus lourd et une structure industrielle plus solide.

Sa position exportatrice est également tout à fait remarquable.

1.1. QUELQUES CHIFFRES.

1967

(PIB en million §) (autres en §)

	ALLEMAGNE	FRANCE
Total PIB ( 1968 )	116 025	109 786
PNB par tête	2 030	2 190
Revenu national par tête	1 754	1 853
Revenu industriel par tête	803	806

SOURCES : Radioscopie de l'Europe, Sélection du Reader's Digest ,  
Paris, 1970.  
Annuaire Statistiques de l'O.N.U. 1969, N.Y., 1970.

STRUCTURE DE L'INDUSTRIE.

1968

Nombre de salariés par entreprises	U.S.A.	ALLEMAGNE	FRANCE
+ de 500	42,9 %	38,8 %	26,8 %
50 à 499	40,7 %	34,1 %	36,8 %
10 à 49	13,1 %	13,9 %	17,2 %
1 à 9	3,3 %	13,6 %	19,2 %

(  $\Sigma$  =

100

100

100)

SOURCE : I.N.S.E.E., 'L'Industrie Française, Paris, 1969.

---

"Les dix premières entreprises allemandes pèsent autant que les vingt cinq premières entreprises françaises".

SOURCE : Entreprise, Paris, 27 avril 1968.

"POIDS" INDUSTRIEL.

Combien de personnes travaillent dans l'industrie ?

1967

(million personnes)

	ALLEMAGNE	FRANCE
Industrie	13,1	7,9
Industrie Manufacturière	10,1	5,8

SOURCE : Bulletin de la Communauté Economique Européenne.

"POIDS" INDUSTRIEL.

En 1967, quand la production de la France était de : 100,  
celle de l'Allemagne était de :

Voitures	129
Téléviseurs	147
Matériel de génie civil	158
Tracteurs agricoles	169
Tubes acier	218
Tôles fortes	236
Matières plastiques	282
Colorants organiques	440
Moissoneuses batteuses	672

SOURCE : Bulletin de la Communauté Economique Européenne.

BRANCHES INDUSTRIELLES A LA POINTE DU PROGRES EN ALLEMAGNE  
PENDANT LES ANNEES 60.

Croissance du Chiffre d'Affairesde 1960 à 1969.

Transformation de matières plastiques	+ 244 %
Raffinerie de pétrole	148 %
Industrie automobile	126 %
Construction électrique et électronique	124 %
Industrie chimique	119 %
Construction mécanique	116 %
Industrie de métaux non ferreux	108 %
Brasserie	86 %
Industrie des matériaux de construction	85 %
Confection	81 %
Construction en acier et métaux légers	72 %
Textile	55 %
Sidérurgie	39 %

SOURCE : Michel Drancourt, Entreprise, Paris, 1970.

UNE POSITION A L'EXPORTATION TRES FORTE.

Deux comparaisons entre la France et l'Allemagne :

Exportations de huit pays  
en 1960 et 1968

1960			1968		
Pays	Rang	Indice	Pays	Rang	Indice
U. S. A.	1	100	U.S.A.	1	172
Allemagne	2	100	Allemagne	2	218
Angleterre	3	100	Angleterre	3	157
France	4	100	France	6	187
U.R.S.S.	5	100	U.R.S.S.	7	189
Canada	6	100	Canada	4	237
Italie	7	100	Italie	8	241
Japon	8	100	Japon	5	323

SOURCE : Bulletin de l'O. C. D. E.

EXPORTATIONS DE LA FRANCE ET DE L'ALLEMAGNE, EN 1968.

En millions de Francs.

PRODUITS	FRANCE	ALLEMAGNE
Boissons et tabacs	392	98
Matières brutes non comestibles	767	661
Combustibles minéraux lubrifiants	325	826
Produits de l'industrie chimique	1 361	3 144
Articles manufacturés	3 167	5 482
Machines et matériel de transport	3 726	11 353
Articles manufacturés divers	1 134	2 326
<b>TOTAL Industries</b>	<b>10 946</b>	<b>24 281</b>
Produits agricoles	1 726	561
<b>TOTAL</b>	<b>12 672</b>	<b>24 842</b>

SOURCE : I. N. S. E. E. L'Industrie Française, 1969.

UN DERNIER INDICE.

"L'Allemagne possède le plus grand réseau télex du monde :

69 000 abonnés

U. S. A. : 39 000

Angleterre 22 500."

SOURCE : The Economist, "Etude sur l'Allemagne", 10 janvier 1970.

## 1.2. POURQUOI CETTE AVANCE ?

### - Les points importants :

- . la priorité accordée à l'investissement
- . le financement

### - Rappels sur :

- . les problèmes français
- . le "miracle allemand".

1.2. LES EXPLICATIONS.

L'explication économique :

la relation investissement - croissance.

Part du PNB affecté au  
"Business investment"

Part de l'industrie dans  
le PNB

ALLEMAGNE	FRANCE
21, 3 %	14,0 %
51, 0 %	47,0 %

SOURCE : Expansion, septembre 1969.

Autre explication probable : le rôle des banques.

Les banques jouent un rôle beaucoup plus grand en Allemagne qu'en France

contrôlent de nombreuses entreprises.

Importance des "holdings".

En France, les plus grandes banques commerciales sont nationalisées. Mais leur stratégie est désormais semblable à celle des banques privées étrangères.

---

En 1969, parmi les 50 plus grandes banques commerciales en dehors des Etats-Unis :

Nombre de banques parmi les  
50 plus grandes banques commerciales

FRANCE	3	(3 en 1968)
ALLEMAGNE	6	(7 en 1968)

SOURCE : Fortune Directory, Part III, Chicago, Aout 1970.

N.B. Cette liste omet des banques telles que "le Crédit Agricole", qui fait des prêts destinés au développement de l'agriculture, et la "Caisse Centrale des Banques Populaires".

QUELQUES AUTRES EXPLICATIONS POSSIBLES.

- Position internationale de la France.

Indochine et Algérie

Décolonisation

- Recherche de l'indépendance dans certains domaines français.

Energie nucléaire

Espace

Aéronautique

Ordinateurs

En conséquence, les efforts fournis dans d'autres branches essentielles telles que produits chimiques ou mécaniques, furent bien moindres que ceux fournis par les Allemands.

- Législation archaïque (en évolution depuis 1958).

- Décentralisation en Allemagne par opposition à la :

- Centralisation française.

Le miracle allemand :

Une explication trop sommaire :

Les déterminants de la croissance allemande :

- les facteurs de production
  - situation du capital au lendemain de la défaite
  - afflux de main d'oeuvre : expulsés  
réfugiés
- domaine monétaire
  - réforme de 1948
  - dévaluation de 1949
- domaine économique
  - adaptation structurelle de la production aux  
besoins : d'investissement  
d'exportation
- domaine sociologique
  - action de Erhardt.
  - action des syndicats

SOURCE : Revue d'Allemagne, Paris, janvier-mars 1969.

### 1.3. LES POSITIONS RESPECTIVES CHANGENT.

- Dans le passé récent, quelques indices.
- Les très importantes prévisions de l'O.C.D.E.

### 1.3. LES POSITIONS RESPECTIVES CHANGENT.

Depuis quelques années :

#### TAUX DE CROISSANCE

	1950-1956	1956-1961	1961-1966
<u>P.N.B. total</u>			
Allemagne	9,0	6,0	4,3
France	4,2	4,5	5,4
<u>P.N.B. par habitant</u>			
Allemagne		4,8	3,1
France		3,4	4,0

SOURCE : Revue d'Allemagne, janvier-mars 1969.

1958 = 100

1968

Allemagne  
France

P. N. B.	Production Industrielle	Investissements
175	195	214
185	185	224

SOURCE : OCDE, OSCE, COE  
Expansion, octobre 1969.

PREDICTIONS POUR 1980 : "LA BOMBE".

Trois points importants :

1°- Une croissance plus rapide en France qu'en Allemagne.

	Taux de croissance	
	Observé 1960-1970	Prévu 1970-1980
France	5,6	6,0
Allemagne	4,7	4,6

2°- Revenu par tête : France, deuxième du monde,  
en 1980 (après les Etats Unis)

en \$	1968	1970	1980	
			<u>montant</u>	<u>rang</u>
E.U.	4000	4100	5600	1er
France	2200	2500	4100	2ème
Allemagne	1900	2100	3200	5ème

3°- Croissance de la Productivité :

France, 1er pays du monde en 1970

	§ par an	rang
France	5,4	1er
Allemagne	4,3	3ème
E.U.	2,3	12ème

SOURCE: O.E.C.D., O.S.C.S., C.O.E.: Expansion, octobre 1970

2. FRANCE : EVOLUTION RAPIDE.

LA FRANCE A CHANGE.

La France vue par Mac Arthur et Scott vers les années 60 :

- 1°- Ethique de non profit. On s'attaque plus au technique qu'au commercial, au produit qu'au marché.
- 2°- Formation inadaptée des cadres, en général sortis des grandes écoles d'ingénieurs, peu disposés aux affaires.
- 3°- Le business est agressif vis à vis de l'extérieur, et non vis à vis du marché intérieur.

Tout change actuellement, et cela seulement depuis quelques années.

SOURCE : Mac Arthur et Scott,

Harvard ausculte la France.

2.1. UNE PRISE DE CONSCIENCE DES VALEURS INDUSTRIELLES.

Deux livres très importants.

- Jean-Jacques Servan-Schreiber : 1968 "Le Défi Américain".
- Lionel Stoleru : 1969 "L'impératif industriel".

Les idées :

- Le profit est un instrument qu'il faut remettre à l'honneur.
- Une très grande influence sur le patronat français.

Résultats :

- Un très grand succès de librairie.
- Une très grande influence sur le patronat français.

UN CHANGEMENT D'ATTITUDE DU PATRONNAT FRANCAIS.

- L'existence de deux grandes "business schools" :

l'I.N.S.E.A.D.

l'I. S. A. (1969).

- La création de nombreux instituts de gestion privés :

l'I. A. E.

l'I. S. U. P. ...

- L'existence de bonnes revues économiques :

l'Expansion

Entreprise

imprégnées d'une nouvelle mentalité

connaissent une croissance très rapide.

LA PRISE DE CONSCIENCE DE L'AVANCE ALLEMANDE.

Ambroise Roux, au nom du C.N.P.F. montre "la nécessité" de choisir un taux de croissance élevé pour le 6ème plan : 8 %

Il prend comme argument le retard français sur l'Allemagne :

- du point de vue de l'industrie
- du point de vue des exportations.

SOURCE : Le Figaro, février 1970.

LA RECHERCHE DE LA RENTABILITE.

"En novembre 1970 a été créée l'Association des entreprises performantes"...

- ... L'Association n'a pas recruté sa centaine d'adhérents par profession ou par région, mais selon des critères de performances :
  - croissance minimum de 17 % par an
  - rentabilité minimum de 10 %.
- ... Son objectif : renverser le consensus défavorable de l'opinion française contre l'industrie privée...
- ... Le premier ministre sera présent au ler congrès de l'Association le 14 mai."

SOURCE : L'Expansion, Paris, mai 1971.

ATTITUDE NOUVELLE VIS-A-VIS DE LA JEUNESSE.

Le cas des hauts fonctionnaires.

En France : l'E.N.A. est un symbole  
quelques noms : Jacques Chirac  
Saint-Géours  
les inspecteurs des finances.

En Allemagne : pas de jeunes fonctionnaires.

SOURCE : Alfred Grosser, L'Allemagne de notre temps,  
Fayard, Paris, 1970.

UNE ENQUETE PARMI LES BUSINESSMEN FRANCAIS.

1°- Même si cela devait diminuer leurs profits, les compagnies devraient-elles avoir des responsabilités "civiles" ?

Oui : 94,2 %

Non : 5,8 %

2°- A votre avis, dans quels domaines une compagnie peut-elle apporter le plus son aide ?

Formation professionnelle	30,3 %
Aménagement du temps de travail	47,3 %
Rapports avec l'Université	42,5 %
Décentralisation	36,7 %
Combat contre les nuisances	36,5 %
Logement et habitat	20,2 %
Vie de la communauté locale	14,7 %
Intégrer des inadaptés sociaux	10,5 %

SOURCE : Sondage I.F.O.P.,

"Informations économiques et financières", 1970 .

Une enquête parmi les businessmen français (suite).

- Quelles sont, parmi les idées suivantes sur l'économie française, celles qui correspondent le mieux à votre point de vue ?
- Quels sont d'après vous les trois points les plus importants ?

	n'approu- vent pas	approu- vent	1 des 3 points im- portants
Subventions à l'agriculture déficit des entreprises na- tionalisées (trop importantes)	6,6 %	91,3%	36,9%
Management pas assez répandu	6,6	88,4	35,9
Marges bénéficiaires trop faibles	18,7	76,3	32,6
Charges fiscales trop lourdes	18,7	76,5	29,0
Infrastructures insuffisantes	2,2	95,3	24,9
Vocation exportatrice insuffisante	4,8	88,9	23,5
Esprit d'entreprise pas assez répandu	8,7	86,7	21,2
Mauvais climat social	27,5	65	20,9
Recherche appliquée insuffisante	8,6	83,1	15,8
Système bancaire pas assez dynamique	20,9	70,5	15,7
Pas assez de goût du risque	16,7	76,3	11,6
Taille des entreprise trop faible	43,7	47,7	10,6

SOURCE : idem

## 2.2. UN ENVIRONNEMENT INDUSTRIEL FAVORABLE.

### Les facteurs de production :

Démographie

Productivité

Charges : coût de la main d'oeuvre  
charges sociales et fiscales

### L'environnement :

La politique industrielle.

DEMOGRAPHIE : Une bonne situation pour l'avenir.

- Accroissement annuel de la population de 1965 à 1980

- France	0,7
- Allemagne	0,5

- Pourcentage de la jeunesse parmi la population totale en 1965 (de 0 à 19 ans).

- France	33,9
- Allemagne	28,6
-(Japon)	(36,9)

SOURCE : O.C.D.E.

26 % des français ont moins de 15 ans  
contre 20 % des anglais  
et 20 % des américains.

UN "BRAIN DRAIN" BEAUCOUP PLUS IMPORTANT EN ALLEMAGNE  
QU'EN FRANCE.

Les français aiment rester chez eux.

Pourcentage du personnel scientifique et technique issus des universités ayant émigré :

	Savants	Ingénieurs	Personnel
Allemagne	6,0	9,8	8,2
France	0,5	1,2	0,9

Malgré une prise de conscience du danger :

mesures du gouvernement allemand qui offre :

- un voyage gratuit
- une participation aux frais pour les ingénieurs désirant rentrer en Allemagne.

Résultats : 70 scientifiques "récupérés".

SOURCE : O.C.D.E. 1965.

Business Week.

LA PRODUCTIVITE : PERFORMANCE ET CROISSANCE.

On peut rapprocher un chiffre déjà cité.

SOURCE : Economie et Statistique

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La croissance de la production : 1960-1980.

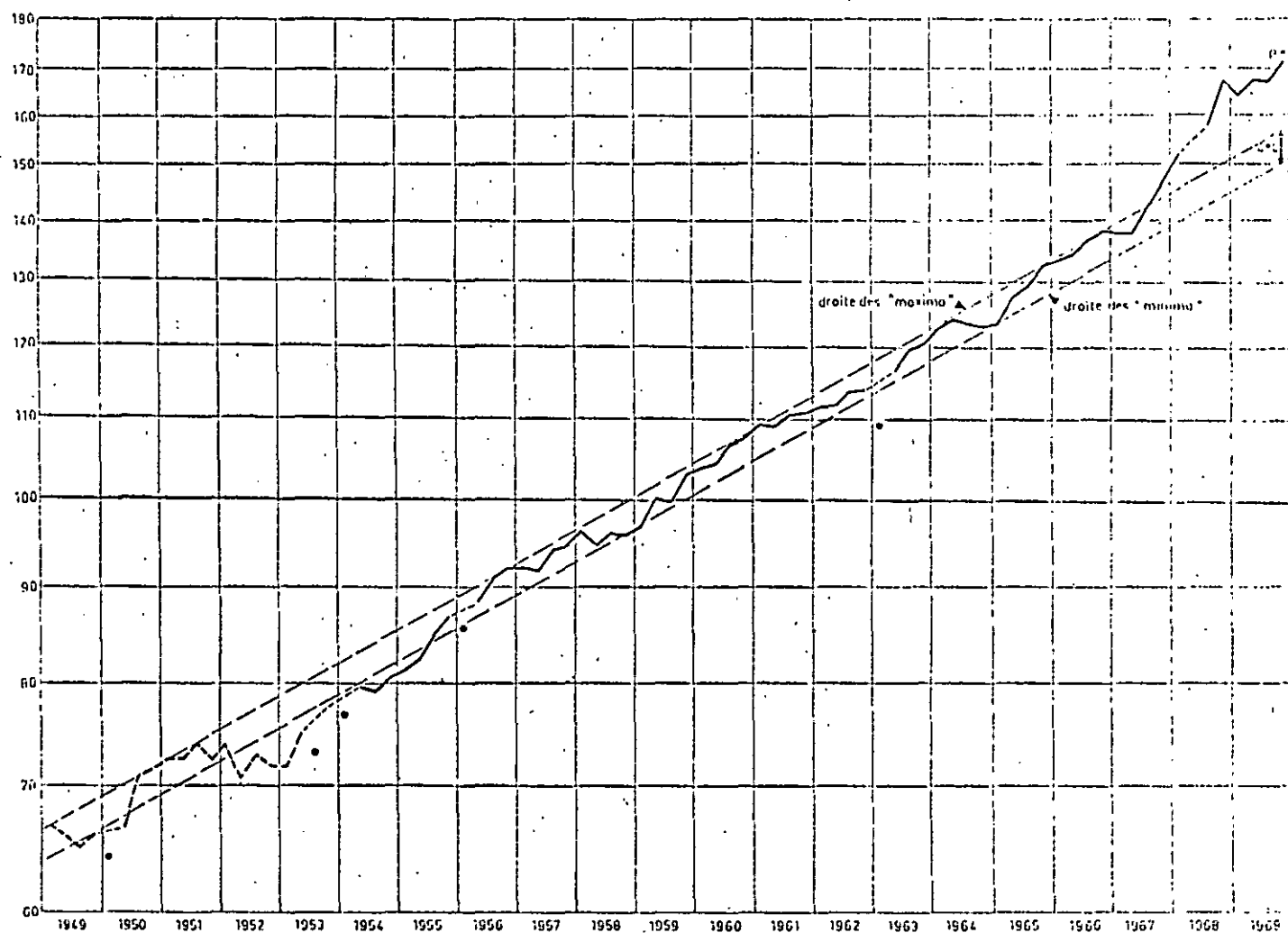
- Situation actuelle : 1970.

	pourcentage par an	rang
France	5,4	1er
Allemagne	4,3	3e

On peut comparer ces chiffres avec ceux des tableaux de la page suivante.

## ACCROISSEMENT DE LA PRODUCTIVITE

### 1. De 1949 à 1969



• Données calculées; dans le cas où l'indice de la production industrielle présente des aléas importants (froids, grèves) le mode de calcul des indicateurs ne permet pas d'estimer correctement le niveau de la productivité; l'évolution conjoncturelle est mieux retracée en interpolant entre les deux trimestres adjacents.

De 1955 à 1969 série homogène : de 1949 à 1954 voir « Mode de calcul des indicateurs » p. 14. Les droites de « maxima » et « minima » sont valables du milieu de 1955 au milieu de 1967.

### 2. Prévisions 1970 = 100 :

	1975	1980
France	130	169
Allemagne	124	154
(U.S.A.)	(117)	(134)

SOURCE : O.C.D.E. La croissance de la production, décembre 1970

# LA PRODUCTIVITE : SITUATION.

"La productivité des firmes françaises est, en moyenne, sensiblement la même que celle des firmes européennes.

... (mais) la productivité européenne (firmes françaises et non françaises confondues) est souvent ridiculement faible devant la productivité américaine".

## Chiffre d'affaires par personne employée

(en Francs - 1969)

?

	FRANCE		EUROPE	
Automobile	Peugeot	85 000	<u>Volkswagen</u> (*)	96 000
Pneumatique	Michelin	50 000	Dunlop	61 000
Pétrole	C. F. P.	365 000	B. P.	280 000
Chimie	Rhône-Poulenc	85 000	<u>BASF</u> (*)	141 000
Distribution	Nouvelles Galeries	134 000	<u>Karstadt</u> (*)	98 000
Mécanique	Schneider	57 000	<u>Krupp</u> (*)	114 000
Sidérurgie	Usinor	130 000	<u>A Thyssen</u> (*)	129 000
Construc. électrique	C. G. E.	69 000	<u>Siemens</u> (*)	53 000
Non-ferreux	Le Nickel	134 000	Rio Tinto Zinc	100 000

SOURCE : Expansion, "Europe Compétition", octobre 1970.

\* Entreprises allemandes.

CHARGES :

COUT DE LA MAIN D'OEUVRE : à peu près le même en France qu'en Allemagne.

1969

	FRANCE	ALLEMAGNE	(ITALIE)
Industries alimentaires	100	103,4	96,9
Industrie cotonnière	100	130,9	96,8
Fibres artificielles	100	88,7	75,7
Chimie	100	98,4	80,3
Verre	100	94,1	77,7
Sidérurgie	100	110,5	99,1
Machines agricoles	100	111,8	85,3
Construction navale	100	109,5	97,2
Automobile	100	100,2	90,2

SOURCE : I.N.S.E.E. Etude de l'Industrie Française, Paris, 1969.

1969 :

D'une façon générale, les coûts allemands étaient inférieurs de 2,5 % à ceux de la France, ceux de l'Italie de 18,6 %.

CHARGES :IMPORTANCE DES CHARGES FISCALES ET SOCIALES INCLUSES DANS LE PNB.  
(en pourcentage)

1958		1967	
France	34,6	Suède	40,9
Allemagne	32,7	Hollande	37,1
Suède	30,6	France	36,7
Hollande	29,6	Allemagne	35,3
Angleterre	28,3	Angleterre	32,8
...		...	
...		...	
...		...	
Japon	18,0	Japon	18,9

SOURCE : Expansion, octobre 1969.

I. N. S. E. E.

O. S. C. E.

# LA POLITIQUE INDUSTRIELLE.

Dans quelle mesure le Plan français est-il exact ?

- Au fur et à mesure que les années passent, les objectifs ne sont jamais atteints.

Exemple : taux moyen de croissance prévu pour le 5ème Plan : 5,7 %.

Chiffres pour :

1966	5,9 %
1967	4,7 %
1968	4,2 %
1969	8,7 %
1970	5,0 %

- D'une façon générale, la plupart des objectifs ont été atteints ou dépassés, excepté pour quelques chiffres dans le domaine social.

TAUX D'ACCROISSEMENT EN POURCENTAGE				
	4ème Plan		5ème Plan	
	Prévision	Réalisé	Prévision	Réalisé
P. I. B.	6,2 %	6,3 %	5,7 %	5,7 %
Investissements	8,6 %	7,1 %	6,0 %	8,2 %
Consommation privée	6,0 %	5,7 %	5,2 %	5,3 %

SOURCE : Commissariat Général au Plan.

LA POLITIQUE INDUSTRIELLE : l'I.D.I.

- En place depuis 1970
- Son directeur : Maurice Schloegel dit :

"L'outil devient véritablement opérationnel maintenant et on en jugera les fruits dans les prochains mois".

Les critères sont simples : un homme  
un marché  
un cash flow

Il y a là peut-être un instrument de politique économique efficace et qui ne commettra pas les fautes de l'I.R.I italien.

SOURCE : Expansion, Paris, juillet-août 1971..

LA POLITIQUE INDUSTRIELLE : D'EXCELLENTS TECHNOCRATES.

"La force des technocrates français vient non seulement du rôle important de l'Etat dans l'industrie, mais aussi de la haute réputation de leur principale source d'éducation les "grandes écoles" qui attirent les esprits les plus brillants de France. D'autres ont une formation administrative et sortent quelque fois de l'Ecole Nationale d'Administration, école de fin d'études supérieures où la sélection est extrêmement sévère.

SOURCE : John Ardagh, The New French Revolution.

### 2.3. DEJA DE GIGANTESQUES PROGRES.

Les entreprises : rentabilité  
dimension

RENTABILITE : UNE MONTEE EN FLECHE.LES CINQ FIRMES LES PLUS RENTABLES : 1968

	Allemagne	Angleterre	France	Italie
Sidérurgie	3	-	-	2
Mécanique	3	1	1	-
Construction électrique	2	2	1	-
Automobile	3	-	1	1
Chimie	3	2	-	-
Pharmacie	2	2	1	-
Textile	1	4	-	-
Alimentation	2	1	1	1
$\Sigma$	19	12	5	4

Donc :      Allemagne : 19  
                  France : 5

SOURCE : Expansion, octobre 1969, octobre 1970.  
 "Europe compétition"

RENTABILITE (suite)LES TROIS FIRMES LES PLUS RENTABLES : 1969

	Allemagne	France	G. B.	UEBL	Suède
Automobile	2	-	-	-	1
Textile	1	-	2	-	-
Chimie	3	-	-	-	-
Pharmacie	-	1	2	-	-
Alimentation	-	2	1	-	-
Distribution	-	2	1	-	-
Mécanique	1	1	1	-	-
Sidérurgie	1	-	-	2	-
Métaux non ferreux	1	2	-	-	-
Construction électrique	1	2	-	-	-
$\Sigma$	10	10	7	2	1

Donc :

Allemagne : 10

France : 10

SOURCE : idem.

RENTABILITE.

Cependant :

"Les succès français sont généralement le fait de firmes modestes, sans doute remarquablement gérées et hautement spécialisées, mais loin d'avoir atteint la taille internationale".

Il nous faut donc connaître aussi la dimension des entreprises.

SOURCE: Expansion, "Europe compétition", Paris, octobre 1970.

DIMENSIONS DES ENTREPRISES :

Une amélioration.

Parmi les 200 plus grandes entreprises (en dehors des U.S.A.) :

1968

Nombre d' Entreprises			
	Rang 1 à 100	Rang 101 à 200	$\Sigma$ 1 à 200
France	15	6	21
Allemagne	17	11	28

1969

Nombre d' Entreprises			
	Rang 1 à 100	Rang 101 à 200	$\Sigma$ 1 à 200
France	16	5	21
Allemagne	15	11	26

SOURCE : Fortune, Part III, Chicago, août 1970.

POSITION VIS-A-VIS DE L'EXTERIEUR :

Le commerce français : un changement très significatif au cours de l'année 1970.

EVOLUTION de 1969 à 1970 (en pourcentages)

	Importations	Exportations
Agriculture	+ 17	+ 14
Energie	+ 29	+ 18
Matières premières	+ 10	+ 23
Demi produits	+ 26	+ 32
Biens d'équipement	+ 23	+ 29
Biens de consommation	+ 5	+ 39

On exporte des produits de plus en plus "élaborés".

SOURCE : Ministère de l'Economie et des Finances, Paris.

UN DERNIER EXEMPLE: LES ORDINATEURS

NOMBRE D'ORDINATEURS

	1960	1965	1966	1967	1970	1975
FRANCE	60	1043	1578	2008	4631	?
ALLEMAGNE	172	1657	2523	2963	6329	?
ratio FRANCE % ALLEMAGNE	34.9	62.9	62.5	67.7	73.1	?

La France a en effet fait un gros effort.

SOURCE: Expansion, "Spécial ordinateurs", Paris, 1970.

-Développement poussé en France de la formation technologique en informatique.

-Création d'une "Délégation à l'Informatique".

-La France est maintenant le deuxième pays après les Etats Unis pour le software. Le chiffre d'affaires était autour de \$ 80 Millions en 1968 et augmente de 25 à 30% par an.

-Le software contrôlé par des entreprises étrangères ( IBM, Service Bureau, et Honeywell-Bull ) représente à peu près 30% du software total.

-Le gouvernement français aide les entreprises nationales afin qu'elles gardent leur indépendance.

SOURCE: Le Monde Diplomatique, Paris, Décembre 1970.

COMMENT LES ECONOMISTES FRANCAIS VOIENT L'AVENIR :

5 SCENARIOS DE L'INSEE

A. Hypothèse d'un ralentissement du rythme du progrès technique et de l'acroissement de la productivité.

B. Evolution défavorable de l'environnement international, généralisation des politiques de "stop and go".

Environnement international dynamique, diffusion continue des effets du développement de la science permettent une croissance rapide.

L'effort de concentration, de rationalisation de l'appareil productif s'intensifie. Le surcroît de ressources disponibles augmente la liberté de choix quant à leur affectation.

C. Priorité est accordée à la production par le marché et la consommation privée.

D. Priorité est accordée aux biens non marchands (loisirs et biens collectifs).

E. Priorité est accordée à l'équipement industriel.

CLASSIFICATION DES DIFFERENTES ESQUISSES DE CROISSANCE.

CRITERES DE CLASSIFICATION

	Investissement productif	Depenses publiques	Consommation privée	Esquisses présentant ces caracte- ristiques en 1985.
FRANCE ITALIE U.K.	FAIBLE	FAIBLE	FAIBLE	A.B.
ALLEMAGNE JAPON	FORT	FAIBLE	FAIBLE	E
SUEDE.	FORT	FORT	FAIBLE	D
E.U.	FAIBLE	FORT en raison dé- penses mi- litaires.	FORT	-
AUTRES	FORT	FAIBLE	FORT	C

L'ETUDE DES 5 SCENARIOS

A. L'hypothèse du ralentissement du progrès technique n'est pas du tout improbable. La croissance de la productivité et de l'investissement productif serait alors ralentie.

La concurrence internationale maintiendrait une croissance assez rapide de la production, cependant ralentie par rapport au passé. Ce ralentissement n'apparaîtrait qu'après 1975, car de 1970 à 1975, l'économie française bénéficierait des gains de productivité de la mise en œuvre des techniques apparues au cours des années récentes.

B. L'ensemble des pays occidentaux entre dans une longue période de "stop and go". Aucun ne pouvant aller durablement plus vite que les autres et l'ensemble ne parvenant pas à un accord sur l'allure à adopter, l'effort de chacun pour ne pas dépasser les autres dans la hausse des prix aurait pour conséquence un ralentissement général de la croissance.

L'effort de concentration et d'assainissement des structures industrielles se ralentit alors. L'ouverture vers l'extérieur est ralentie. La croissance dans ce scénario est encore un peu plus lente que celle du scénario A.

C. La modernisation de l'appareil productif français n'est pas remise en cause. Mais la société choisit une croissance rapide consacrée par priorité à la production de biens marchands. Donc il y a une forte augmentation de la consommation privée et ralentissement de dépenses publiques.

Ceci suppose que les salariés acceptent d'accorder la priorité à la croissance.

D. La politique ne remettant pas en cause la contrainte de compétitivité mais affirmant en même temps deux autres priorités:

- accroissement des loisirs
- développement des équipements collectifs sociaux et culturels

On a alors une accélération des dépenses publiques et un accroissement rapide des équipements collectifs, surtout du logement (qui est à la fois : biens de consommation investissement productif)

La croissance de la consommation privée, plus faible que dans C, reste forte. Mais il y a un problème de financement des opérations publiques (fiscalité).

- E. - Priorité accordée à l'impératif industriel,
- Accélération de l'exode rural,
  - Effort accru en faveur de l'investissement productif,
  - Effort par la construction de logements,
  - Freinage des dépenses publiques non directement liées au développement industriel,
  - L'effort d'investissement est plus fort que dans C,
  - Fort investissement à l'étranger,
  - La consommation privée croît à vitesse assez rapide.

Deux problèmes :

- Financement des investissements,
- Problème des équipements collectifs.

LA CROISSANCE DU PNB SELON LES 5 SCENARIOS

TAUX DE CROISSANCE ANNUEL DU PNB (en %).

	1965-85	1965-70	1970-75	1975-85
A	5,3	5,7	5,5	5,0
B	5,0	5,7	5,5	4,4
C	6,0	5,7	6,0	6,1
D	6,0	5,7	6,0	6,1
E	6,7	5,7	6,5	7,3

SOURCE : Economie et Statistique (n° 15), 1970.

3. ALLEMAGNE : UN GRAND POINT D'INTERROGATION.

UNE SITUATION QUI PARAÎT BONNE

1°-Une vue d'ensemble des perspectives de croissance

2°-Deux atouts

-Une capacité d'adaptation aux circonstances

-Une industrie efficace.

## LES PERSPECTIVES DE CROISSANCE A MOYEN TERME EN ALLEMAGNE

"Optimisme pleinement justifié en ce qui concerne les chances de croissance à long terme" de notre économie, mais cette croissance ne pourra plus s'appuyer sur un accroissement de la main d'oeuvre comme dans les années 50.

SOURCE: Revue Trimestrielle Economique de la Dresdner Bank,  
février 1970

1950 - 1959	Population active	+5,5 millions
1960 - 1969	Population active	+0,6 millions
1970 - 1979	Population active	-"trou" de 1,9 millions

SOURCE: Président de l'office fédéral du Travail

Donc la croissance doit se faire par les gains de productivité.

Tous les facteurs sont favorables:

- taux d'investissement supérieur à la moyenne des autres pays
- main d'oeuvre de qualité
- syndicats calmes

On peut y ajouter ( voir suite ) :

- des capacités d'adaptation remarquables :  
l'exemple de l'agriculture
- une industrie dynamique:  
le nombre de fusions (mergers)

DE TRES BONNES CAPACITES D'ADAPTATION :

L'exemple de l'agriculture :

Population active en RFA

	1950	1961	1966	1980
En millions	5,11	3,59	2,88	1,95
En pourcentage	25,6	13,5	10,8	7,0

- L'Allemagne a réussi là où la France a tant de difficultés et ceci sans trop de heurts.
- Les résultats sont bons.

SOURCE : Problèmes économiques.

Rendements (1966)

	Blé	Vin	Lait
Allemagne	41,1	87,4	3649
France	36,6	49,3	2912

SOURCE : Annuaire Statistique de l'O.N.U. 1969, 21ème édition, N.Y., 1970.

UNE INDUSTRIE DYNAMIQUE:

NOMBRE DE FUSIONS (MERGERS) IMPORTANTES EN ALLEMAGNE:

Croissance Rapide

1958	15
1962	38
1965	50
1967	65
1968	65
1969	168
1970	305

Ce qui indique que la "prise de conscience" dont on a parlé à propos de la France est déjà réalisée en Allemagne et déjà entrée dans les mœurs.

SOURCE: Problèmes Economiques, avril 1971.

MAIS QUELQUES BLOCAGES DANGEREUX ...

- ° Introduction : l'interview de Karl Schiller.
- ° Plan : trois points.
  - Les secteurs archaïques ou les secteurs en retard sont tout au plus des obstacles mais non des blocages :
  - Les problèmes les plus graves (blocages) viennent :
    - . de l'enseignement (recherches),
    - . du marché du travail.
  - Quelques incertitudes :
    - . incertitude politique,
    - . inflation,
    - . commerce extérieur.

INTERVIEW DE KARL SCHILLER (Septembre 1969)

QUESTION: " Quelles sont les faiblesses structurelles  
de l'économie allemande?

REPONSE: " En dehors du danger quereprésentent la con-  
servation de structures actuelles, je ne vois que 2  
problèmes de fond. L'un a son origine dans notre retard  
dans certaines industries essentielles pour l'avenir,  
comme les ordinateurs et la construction aéronautique  
et spatiale. L'autre danger pourrait résulter du niveau  
insuffisant de la recherche, de l'enseignement et de  
la formation professionnelle dans notre pays."

SOURCE: Expansion, septembre 1969.

DES SECTEURS ARCHAÏQUES PEUVENT PESER ENCORE QUELQUE TEMPS:

Le Charbon

Le Textile

LE CHARBON

° la "Ruhr Kohle A.G." a perdu entre août 1969 et avril 1971 plus que son capital initial de 534 millions de marks.

° Nécessité d'investir probablement 1 milliard de marks dans les 3 années à venir pour "assainir" la situation.

SOURCE: Michel Drancourt, Le Figaro, mai 1971.

DANS LES SECTEURS DE POINTE , L'ALLEMAGNE SEMBLE  
SUR LE POINT DE COMBLER SON RETARD:

L'exemple de l'Informatique.

°Un changement d'attitude en Allemagne depuis 1967:

effort public

"programme de promotion de l'informatique"  
pour 1967-1971

effort privé

Siemens A.E.G.

°Des chiffres

Effort Public:

Allemagne

France

Taux de variation  
( % ) 1967-1969

31,5

59,8

( % ) 1969-1970

70

18,1

SOURCE: Etudes statistiques des communautés Européennes,  
1970.

Effort Privé: Turnover de l'industrie informatique  
allemande.

Année

1968

1969

1970

Montant  
(millions  
de DM)

1083

1631

2714

SOURCE: Expansion, "Spécial Ordinateurs", 1970.

LE RETARD DIMINUE AUSSI DANS LES AUTRES SECTEURS:

° La Politique Nucléaire Allemande:

Début tardif. Croissance rapide.

Siemens est en train de construire en Argentine la première centrale nucléaire sud américaine.

Il est sur le point d'en vendre à plusieurs pays de l'Europe et de l'Asie

° L'Aéronautique:

En pleine restructuration.

LES SECTEURS DE POINTE: l'opinion de Franz-Josef Strauss

QUESTION: "La situation des secteurs industriels de pointe tels que l'électronique, les industries aérospatiales et atomiques, vous paraît-elle satisfaisante en Allemagne?"

REPONSE: "Je ne méconnais pas les progrès réalisés en RFA dans ces secteurs, au cours des dernières années. En dépit de ces progrès, nous accusons un retard technologique en comparaison des grandes puissances de l'Ouest et de l'Est; ... C'est justement de ce point de vue que l'union économique et politique de l'Europe me paraît avoir une signification décisive; c'est même une question vitale."

SOURCE: Entreprise, 16 décembre 1967.

L'EDUCATION : LE BLOCAGE PRINCIPAL.

° Une indication quantitative :

INSCRIPTION SCOLAIRE EN 1950, 1965, 1980

(en pourcentage du groupe d'âge)

	SECONDAIRE			PRIMAIRE et SECONDAIRE			SUPERIEUR			$\Sigma$		
	1950	1965	1980	1950	1965	1980	1950	1965	1980	1950	1965	1980
Allemagne	33	47	56	76	77	83	4	9	24	59	59	69
France	19	39	59	74	87	92	6	17	31	55	73	77
Angleterre	32	43	59	68	72	82	5	12	20	52	58	69

SOURCE : Bulletin de l'O.C.D.E.

EDUCATION (suite) :

Nombre d'étudiants : 1961 = 100

En 1969

France	+ 121 %
Allemagne	+ 21 %

SOURCE : O.C.D.E., 1967.  
Documents, 1969.

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"D'après les prévisions du gouvernement allemand, il sera impossible, entre 1970 et 1980, d'étendre les capacités d'accueil dans la même proportion que l'effectif prévu".

(x 2 entre 1970 et 1980) :

SOURCE : O.C.D.E., 1970.

EDUCATION (suite):

Les problèmes paraissent insolubles à moyen terme :

"Par suite du manque de personnel, il n'y a pratiquement aucune chance d'accroître les capacités des sections de langues modernes, d'allemand et d'économie dans les années qui viennent."

SOURCE: Die Welt, 21 juillet 1967.

### LE MARCHE DU TRAVAIL

- ° Dans les années 50, la main d'oeuvre était très abondante à cause de la présence de réfugiés de l'Est.
- ° Depuis, le marché du travail est très tendu et doit faire appel à la main d'oeuvre étrangère.

#### Origine des travailleurs étrangers

Yugoslaves	389 000
Italiens	375 000
Turcs	328 000
Grecs	230 000
Espagnols	170 000
Portugais	- de 50 000

- ° Mais ceci ne résout pas le problème de l'absence de main d'oeuvre qualifiée.

SOURCE : Problèmes Economiques, décembre 1970.

# UN RETARD ALLEMAND POUR LA RECHERCHE

- ° Nombre de brevets déposés en Allemagne par des allemands :

1930	62 000
1952	48 000
1963	36 000

- ° Déficit de la balance de brevets (milliards de DM) :

1950	12
1967	508

Contre 200 milliards en France en 1967.

SOURCE : J.F. Poncet, La Politique économique de la RFA, 1970.

- ° Des chiffres globaux :

Recherche	France	Allemagne
en % P.N.B.	2,2 %	1,9 %
Financement public	1,5 %	0,9 %
Financement privé	0,7 %	1,0 %

SOURCE : Enquêtes statistiques des Communautés Européennes, 1970

LE PROBLEME SEMBLE DONC ETRE CELUI-LA :

- ° Le facteur "travail" va être mal adapté,
  - quantitativement insuffisant
  - qualitativement insuffisant.
- ° La croissance doit donc être assurée par les gains de productivité. Or la recherche n'est pas dans une situation très favorable.

## UNE INCERTITUDE.

Un ébranlement de la société allemande.

### Quelques points :

- ° Des valeurs traditionnelles bousculées.
  - un nombre toujours croissant d'objecteurs de conscience.
  - une crise à l'université et qui dépasse le cadre de l'université elle-même.
  - une certaine contestation de la place prépondérante du pouvoir économique en R.F.A.
- ° La société allemande paraît mal armée pour résorber ses problèmes : il n'existe pas de "structure de contestation".

### L'INCERTITUDE POLITIQUE

- ° les 2 grands partis n'ont pas encore réellement trouvé leur statut.
  - ° le C.D.U. n'arrive pas à définir une position cohérente, après le départ d'Adenauer.
  - ° le S.P.D. a abandonné son ancienne doctrine mais n'en a pas trouvé de nouvelle.
- ° ne paraissent pas "en situation" face aux problèmes qui apparaissent, problèmes différents de ceux de l'après-guerre.

Relations Est-Ouest

Croissance et Loisirs

SOURCE: European Society and Politics, Stanley Rothman,  
the Bobbs-Merrill Company, Inc., Indianapolis & New-York,  
1970.

COMMERCE EXTERIEUR : FORCE OU FAIBLESSE ?

Une constatation :

L'Allemagne de l'Ouest dépend beaucoup plus que la France du commerce extérieur.

Ratio	Importation PNB	Exportation PNB	
	1963	1969	
Allemagne	15,5 13,8	19,0 13,3	export ratio import ratio
France	9,4 10,5	13,1 14,4	export ratio import ratio

SOURCE : Ministère de l'Economie et des Finances.

Force ou faiblesse ?

- ° Une très grande sensibilité à la conjoncture internationale : difficultés de politique économique.
- ° Les exportations attaquent le même marché que les exportations japonaises :
  - mécanique,
  - chantiers navals.

Les japonais paraissent mieux armés.

LA CONCURRENCE INTERNATIONALE EST SEVERE:

L'exemple de l'industrie automobile.

° Une forte expansion

immatriculations + 14,5 % en 1970

° Percée étrangère sur le marché allemand

(immatriculations en 1969 : % d'augmentation)

Volkswagen	+ 23 %
Opel	+ 29
Ford	+ 51
Fiat	+ 25
Renault	+ 34
Simca	+ 34
Peugeot	+ 27
Citroen	+ 45

° Bénéfice en diminution : l'exemple de Volkswagen

1970 : bénéfices - 42 %

Ceci étant du à une montée rapide de salaires:

+ 33 % en 3 ans

SOURCE: Le Figaro, 1970.

Perspectives, mars 1970

LA CONCURRENCE INTERNATIONALE EST SEVERE:

La Photo

"Les Allemands ne sont plus les rois de l'optique. Dans le domaine de la photo, leur production stagne depuis 10 ans et ils perdent leurs marchés extérieurs les uns après les autres.

Les Japonais ne sont plus les rois de l'imitation - les principales innovations - visée reflex, cellule incorporée, oeil électronique - sont venues, ces derniers temps, de chez eux."

"En 10 ans, les Japonais ont battu les Allemands sur tous les marchés du monde."

SOURCE: Expansion, juillet - août 1971.

L'OPINION DES BUSINESSMEN ALLEMANDS:

Discours du Docteur Wilfried Guth  
devant le "Club des Exportateurs de Munich"

"Nos exportations, dit-on, sont trop élevées pour des raisons non seulement conjoncturelles, mais aussi structurelles; privant notre économie de certaines ressources, elles équivaldraient à une perte réelle de substance. Dépendant trop fortement de l'exportation, notre appareil productif serait particulièrement vulnérable. Mais est-ce possible de manipuler une structure économique adulte, actuellement ouverte ?

...mais il existe un moyen d'alléger notre commerce extérieur et notre structure intérieure de production dans le sens souhaité: c'est l'accroissement des investissements directs à l'étranger."

SOURCE: Problèmes Economiques, 19 mars 1970.

LES PREVISIONS A COURT TERME.

la stagnation prévue n'est-elle pas l'indice  
de ces problèmes structurels ?

d'après la Deutsche Bank:

- ° les profits vont baisser de 10 à 15 % en 1971  
plus rapidement encore en 1972
- ° l'inflation sera supérieure à plus de 6 %  
(les prévisions des autres experts sont de 5,5 %  
les prévisions du gouvernement de Bonn sont inférieures à 5 %)
- ° cependant, certainement pas de recession en 1971

Franz Heinrich Ulrich (porte parole de la Deutsche Bank) pense que le mark flottant a "en fait mis fin au boom économique allemand. Notre économie est dans une phase de stagnation avec plein emploi des forces productives, capital et travail".

SOURCE : Herald Tribune, "Prévisions de la Deutsche Bank",  
4 août 1971.

4. DEUX PROBLEMES:

L'INFLATION

LES PROBLEMES SOCIAUX

4.1.L'INFLATION: PERSONNE N'EN SAIT RIEN

#### 4.2. LA SITUATION SOCIALE

UN CHIFFRE INQUIETANT : LE NOMBRE DE JOURNEES DE GREVE.

Journées de grève par an (en milliers)

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Allemagne	782	61	65	64	450	878	16	48	27	389	25	
France	1137	1938	1069	2606	1901	5991	2496	979	2523	4203	94172	

SOURCE : Expansion, Paris, octobre 1969.

## TROIS OPINIONS SUR LE SYNDICALISME FRANCAIS

### 1. PIERRE DE CALAN

" Les incidents se produisent généralement en province dans des régions qui n'étaient pas industrialisées et qui commence à peine à s'industrialiser. Il y a une civilisation industrielle et syndicale dans laquelle des régions de France n'ont pas encore pénétré. Les séquestrations de cadres et de patrons sont l'une des conséquences de la mutation qui touche ces régions. Elle sont malgré tout une exception.

Et j'ajouterai qu'en réalité, dans la France d'aujourd'hui, l'entreprise industrielle est un îlot de calme et de raison. N'oubliez pas qu'au moment des grèves de 1968, les discussions avec les syndicalistes ont pu être dures; elles sont presque partout restées raisonnables. C'est un signe qui ne trompe pas. "

SOURCE: Entreprise, février 1971.

## 2. JEAN-PAUL PIGASSE

" La crise du syndicalisme français risque de s'aggraver dans les années à venir. La politisation gagnera . Les syndicats deviendront de moins en moins représentatifs mais de plus en plus violents. A plus ou moins long terme, toute discussion deviendra impossible. Ce ne sera plus la raison mais la pression qui l'emportera alors. "

SOURCE: Entreprise 1971.

### 3. ROGER PRIOURET.

" Actuellement les dirigeants de Renault et ceux de quelques grandes entreprises conviennent qu'ils ignorent ce qui passe dans les ateliers. Chez Fiat à Turin ou dans certaines usines de la British Motor Leyland (B.L.M.) en Grande Bretagne, on est plus avancé: le commandement a échappé totalement aux managers. Le pouvoir dans l'atelier est passé du contremaître au délégué syndical. Les ordres transmis par la direction sont préalablement jugés par ceux qui doivent les appliquer. S'ils ne conviennent pas, ils sont rejetés. Il y a vraiment là naissance d'un pouvoir ouvrier.

...La vraie question est de savoir si le syndicalisme ne va pas créer des zones d'autogestion. Pour finir, ce système peut aboutir à bloquer le processus de progrès économique. Car il n'y a pas de croissance industrielle sans autorité et discipline. "

SOURCE: L'Express, 1971.

# LE SYNDICALISME ALLEMAND : QUELQUES ASPECTS

- ° Pas de croissance véritable au cours des 20 dernières années.

D.G.B. créé en 1949

nombre de membres  
( en millions )

1949	4.9
1952	6.0
1966	6.5
1970	6.4

- ° Deux autres syndicats ( beaucoup moins importants )

Deutscher Beamtenbund                      700 000 membres

D.A.G.    500 000        "

- ° Ce déclin relatif s'explique par:

- désaffection des salariés face à la lourde machine syndicale : beaucoup de travailleurs ne voient pas la nécessité de s'organiser car ils profitent des luttes menées par les syndicats.

SOURCE: Alfred Grosser, L'Allemagne de notre temps, Fayard, Paris, 1970.

LA PRODIGIEUSE RICHESSE DES SYNDICATS ALLEMANDS.

- ° Ils contrôlent de nombreuses entreprises dont la quatrième banque d'Allemagne, la "Bank für Gemeinwirtschaft".
- ° Ils forment de nombreux militants et cadres dans des écoles spécialisées.
- ° Il y a ainsi une technocratie des syndicats allemands. Les cadres syndicaux deviennent des techniciens qui se coupent des masses. Il y a donc apparition de grèves sauvages.
- ° Les chefs d'entreprise, qui savent la richesse des syndicats, préfèrent céder aux revendications. Ceci rend les chiffres du nombre de journées de grève moins intéressants, comme indice du climat social.
- ° D'autre part, les grèves sont très strictement réglementées par les syndicats eux-mêmes et par la législation allemande.

SOURCE : Alfred Grosser, L'Allemagne de notre temps, Fayard, Paris, 1970.

# LES PROBLEMES DU SYNDICALISME ALLEMAND

" Du côté gouvernemental, le D.G.B. n'a pas trop de craintes à éprouver. Il n'en est pas du tout de même pour son avenir dans son ensemble. Moins à cause des attaques venues de la droite (...) qu'à cause d'un double mécontentement exprimé sur la gauche, à la base et chez les jeunes. "

La Base : les grèves sauvages  
 en septembre 1969 : Ruhr  
                                     Brême  
                                     Kiel  
                                     Sarre

Les Jeunes: sous représentés  
 exemple du congrès de 1969

4 délégués avaient moins de 30 ans  
 364 délégués avaient plus de 40 ans

SOURCE: Grosser, L'Allemagne de notre temps, Fayard, Paris, 1970

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# HUDSON INSTITUTE

## INCOMPLETE DRAFT

STAGES OF SOVIET DEVELOPMENT: 1945-1980

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HI-1528-CC

1 October 1971

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Stages of Soviet Foreign and Domestic Policy: 1946-47

In 1946 the Soviet Union was a hyper-totalitarian state. Stalin's leadership had emerged unshaken from the ordeal of the Nazi invasion and early Soviet military reverses. The personal dictatorship was unquestioned, and the postwar Soviet Union began repairing its devastated economy at the expense of the population at large, while, rightly or wrongly sensing a new security threat from the West, simultaneously pursuing expansionist policies abroad.

A. INTERNAL POLITICAL AND SOCIAL POLICY

1. ULTRACENTRALIZED DICTATORSHIP; EXTREME CULT OF PERSONALITY; PARTY AND STATE LEADERSHIP POSTS FUSED
2. MASS PURGES (AFFECTING RANK-AND-FILE COMMUNIST PARTY, OFFICER CORPS, MANAGERIAL APPARATUS, GENERAL POPULATION.)
3. HIGH DEGREE OF UNPREDICTABILITY IN POLICE AND JUDICIAL PROCESS
4. CP (COMMUNIST PARTY) AND POLITICAL POLICE FUNCTION AS PARALLEL AND COMPETING ORGANS OF CONTROL
5. EXTENSIVE FORCED LABOR (10-15 MILLIONS)
6. ULTRADEPRESSED LIVING STANDARDS; RATIONING
7. HIGHLY RESTRICTED FOREIGN CONTACTS (NO VISAS FOR UNOFFICIAL FOREIGNERS; NO PASSPORTS FOR GENERAL POPULATION; SOVIET OFFICIALS DEPUTED TO FOREIGN POSTS, SCREENED BEFOREHAND, "QUARANTINED" ON RETURN)
8. TOTAL CENSORSHIP (INCOMING AND OUTGOING MAIL; FOREIGN NEWS)

B. IDEOLOGY

1. "BUILDING SOCIALISM"
2. "SOCIALIST REALISM"--"ZHDANOVISM"--IN ARTS; "MARXIST" CANONS OF PHYSICAL SCIENCE MANDATORY
3. MANY NATIONAL ROADS TO SOCIALISM POSSIBLE; "PEOPLE'S DEMOCRACY" AND LIMITED CLASS STRUGGLE ARE PERMISSIBLE ALTERNATIVE TO "DICTATORSHIP OF PROLETARIAT" (IN SATELLITES)
4. WAR BETWEEN CAPITALISM AND SOCIALISM IS INEVITABLE

C. ECONOMIC POLICY

1. GNP: \$90 BILLION\*
2. WARTIME CONCESSIONS TO PEASANT SELF-INTEREST REPEALED
3. NO FOREIGN AID TO NON-COMMUNIST STATES
4. BLOC ECONOMIES AUTARCHIC, UNCOORDINATED

\*ESTIMATE, IN 1970 PRICES.

D. EXTERNAL RELATIONS (WITH COMMUNIST NATIONS)

1. SATELLITES IN PROCESS OF FORMATION (POLAND, HUNGARY, RUMANIA, BULGARIA, ALBANIA, YUGOSLAVIA; CZECHOSLOVAK SOCIALIST REPUBLIC FEBRUARY 1948). INCIPIENT TAKE-OVER IN FINLAND FAILS
2. COMINFORM FOUNDED; CENTRAL BUREAU (BELGRADE) TO COORDINATE PARTY LINES
3. HIGH DEGREE INTERFERENCE IN INTERNAL AFFAIRS OF SATELLITES; SOVIET ARMY OFFICER, SECURITY ADVISORS BECOME SATELLITE "CITIZENS," ARE DEPUTED TO SATELLITE POSTS
4. NON RULING PARTIES (FRANCE, INDIA, ITALY, GREECE, IRAN, ETC.) DOCILE, DISCIPLINED

E. EXTERNAL RELATIONS (WITH NON-COMMUNIST NATIONS)

1. COLD WAR BEGINS
2. EXTREME HOSTILITY TO FORMER WESTERN ALLIES
3. UNFRIENDLY TO "NEUTRALS": E.G., NEHRU, SUKARNO ARE "RUNNING DOGS OF IMPERIALISTS"
4. RECOGNIZES CHINESE NATIONALISTS
5. SUCCESSFUL DIRECT TERRITORIAL DEMANDS AGAINST GERMANY, POLAND, HUNGARY, CZECHOSLOVAKIA, FINLAND, BALTIC STATES, JAPAN, CHINA (PORT ARTHUR, EXTRATERRITORIAL CONTROL MANCHURIAN RAILWAYS); UNSUCCESSFUL AGAINST TURKEY, IRAN
6. SOVIET TROOPS OCCUPY EAST-GERMANY, EAST ZONE OF AUSTRIA; HARASS ALLIES; BLOCKADE BERLIN (JUNE 1948)

F. MILITARY POSTURE\*

1. STRATEGIC FORCES  
THERE IS A STRONGLY UNEQUAL RELATIONSHIP BETWEEN THE STRATEGIC CAPABILITIES OF THE U.S. AND THE U.S.S.R.

NO ATOMIC WEAPONS  
STRATEGIC AIRCRAFT: "BULL" (INITIAL PRODUCTION)  
TACTICAL AIRCRAFT: DEVELOPING MIG-15 (SUPERSONIC)  
LITTLE AIR DEFENSE

2. OTHER FORCES  
THERE IS A GROSSLY UNEQUAL RELATIONSHIP BETWEEN THE CONVENTIONAL CAPABILITIES OF THE U.S.S.R. AND THE U.S. (WESTERN EUROPE IS "HOSTAGE" TO THE RED ARMY)

TOTAL REGULAR ARMED FORCES PERSONNEL  
~ 6,000,000

\*BASED ON UNCLASSIFIED SOURCES

1b

Stages of Soviet Foreign and Domestic Policy: 1946-47

2a

Stages of Soviet Foreign and Domestic Policy: 1955

Stalin died in 1953 and the Soviet Union then entered an era of concession, retreat, and consolidation. The doctrine of "collective leadership" was promulgated at Stalin's tomb; but the struggle among contending factions and personalities created conditions of extreme instability at the apex of the power structure though the base of the Soviet society remained largely unshaken. The retreat from Stalinism --and a resulting political instability--was most marked in the satellites where, especially in Hungary and Poland, much of the preceding "socialist" transformation of society was undone. In general, 1955 marked the era of maximum insecurity for the Soviet bloc: the leadership question was unanswered, the satellites were restive, and the United States held a near-absolute strategic superiority over the U.S.S.R. (though it did not fully understand this at the time).

A. INTERNAL POLITICAL AND SOCIAL POLICY

1. COLLECTIVE LEADERSHIP; CULT OF PERSONALITY ATTACKED; PARTY AND STATE LEADERSHIP POST SEPARATED
2. NONLETHAL PURGES AT HIGH LEVELS CP, ARMY, MANAGERIAL APPARATUS; GENERAL POPULATION AFFECTED
3. GREATER PREDICTABILITY OF POLICE AND JUDICIAL PROCESS (DOCTRINE OF "SOCIALIST LEGALITY")
4. CP FUNCTIONS AS MAJOR ORGAN OF POLITICAL CONTROL; POLICE REORGANIZED, DOWNGRADED
5. PRICE CUTS; SLOWLY RISING LIVING STANDARD
6. MINOR FOREIGN CONTACTS: FIRST CULTURAL-EXCHANGE NEGOTIATIONS; LITTLE FOREIGN TOURISM; SOVIET OFFICIALS TRAVEL ABROAD MORE FREELY, THOUGH NO PASSPORTS ISSUED FOR GENERAL POPULATION
7. STILL EXTREME CENSORSHIP OF INCOMING NEWS, BOOKS, MAGAZINES; CENSORSHIP ON OUTGOING NEWS LESSENED (NEWS COPY NO LONGER SUBMITTED IN ADVANCE)
8. FIRST RELEASES OF STALIN'S VICTIMS; POSTHUMOUS REHABILITATIONS

D. EXTERNAL RELATIONS (WITH COMMUNIST NATIONS)

1. RAPPROCHEMENT WITH BELGRADE (KHRUSHCHEV APOLOGIZES)
2. NATIONAL COMMUNISTS IN SATELLITES (GOMULKA, NAGY, YUGOV, ETC.) RELEASED FROM PRISON OR REINSTATED IN HIGH POSTS; SOME TAKE LEADERSHIP (E.G., HUNGARY).
3. SATELLITES UNSTABLE: MASS DECOLLECTIVIZATION IN HUNGARY, POLAND, CZECHOSLOVAKIA; MAJOR POLITICAL AND ECONOMIC CONCESSIONS INSTITUTED
4. PEKING SUBORDINATE, BUT INFLUENTIAL; PURSUES POLICIES FAVORING DECENTRALIZATION OF LEADERSHIP WITHIN BLOC
5. COMINFORM DISBANDED
6. NONRULING PARTIES SHOW INCREASING INITIATIVE; DEBATE IMPLICATIONS OF COEXISTENCE, DESTALINIZATION, ETC.

B. IDEOLOGY

1. "BUILDING SOCIALISM"
2. NATIONAL ROADS TO SOCIALISM PERMISSIBLE ONCE MORE (FOLLOWING STALINIST CRACKDOWN, ACCEPT REVISED TITOIST FORMULA)
3. UNOFFICIAL AND SEMI-OFFICIAL ATTACKS ON SOCIALIST REALISM IN ARTS TOLERATED; MARXIST CANONS IN PHYSICAL SCIENCES MODIFIED
4. "COMPETITIVE COEXISTENCE"
5. INEVITABILITY OF WAR BETWEEN CAPITALISM AND SOCIALISM DEBATED BY CONTENDING FACTIONS

E. EXTERNAL RELATIONS (WITH NON-COMMUNIST NATIONS)

1. REDUCED TENSION IN EAST-WEST RELATIONS
2. FIRST SUMMIT MEETING, LEADING TO MUTUAL EVACUATION OF AUSTRIA
3. FRIENDLY TO NEUTRALS; KHRUSHCHEV-BULGANIN "JUNKETS"; MANY NEUTRALS STRONGLY PRO-SOVIET
4. NORTH/SOUTH VIETNAM PARTITIONED; U.S.S.R. "SUPPORTS" (SOME CLANDESTINE ARMS AID, PROPAGANDA) GUERRILLA WARS IN MALAYA, LAOS, BURMA

C. ECONOMIC POLICY

1. GNP: \$170-175 BILLION\*
2. AGROGORODA DROPPED; FREE MARKET BROADENED; HOUSEHOLD PLOT, PRICE CONCESSIONS TO PEASANTS
3. FIRST FOREIGN AID TO NON-COMMUNIST STATES
4. COMECON ATTEMPTS A MORE "RATIONAL" COORDINATION BLOC-WIDE ECONOMY

\*ESTIMATE, IN 1970 DOLLARS

F. MILITARY POSTURE\*

1. STRATEGIC FORCES  
THERE IS STILL A STRONGLY UNEQUAL RELATIONSHIP IN THE STRATEGIC CAPABILITIES OF THE U.S. AND THE U.S.S.R. THOUGH LATTER NOW HAS JOINED "NUCLEAR CLUB"

THERMONUCLEAR WEAPONS  
STRATEGIC AIRCRAFT:  
"BADGER"  
"BISON"  
"BEAR" (INITIAL PRODUCTION)  
TACTICAL AIRCRAFT:  
MIG 17  
MIG 19  
EXTENSIVE BUT ONLY MODERATELY  
EFFECTIVE AIR DEFENSE  
ECM  
BALLISTIC FORCES:  
T.2. INTERMEDIATE-RANGE ROCKET  
(INITIAL PRODUCTION)

2. OTHER FORCES  
THERE IS STILL AN UNEQUAL RELATIONSHIP IN CONVENTIONAL CAPABILITY BETWEEN THE U.S. AND THE U.S.S.R.

TOTAL ARMED FORCES: ~ 5 MILLION

\*BASED ON UNCLASSIFIED SOURCES

Stages of Soviet Foreign and Domestic Policy: 1955Stages of Soviet Foreign and Domestic Policy: 1971-75

N.S. Khrushchev emerged from the post-Stalin interregnum as seemingly the new leader of the U.S.S.R. but was in fact no more than primus inter pares. Despite predictions to the contrary, the institution of collective leadership proved a relatively workable one: when Khrushchev fell (presumably because the Cuban missile fiasco in Autumn 1962, the failure to bring Communist China to heel, the collapse of the Virgin lands scheme, and an embarrassing world-wide reputation for unpredictability and nearbuffoonery had undercut his authority) he was succeeded by a new collective which, at present, remains more or less intact.

Along with the doctrine of collective leadership, the general policies of the Khrushchev era have survived into the present. There has been some regression of internal liberties, but no resurgence of genuine "Stalinism," nor is it likely that there could be without a new upheaval of the scale of 1928-32.

What is more and more evident in the Soviet Union is a general loss of vitality in all but the military sector. The political and economic future (compared to the Western world, and especially Japan) no longer seems an exhilarating prospect. There is the grim possibility that the U.S.S.R., while retaining formidable military power, will become more and more a technological backwater, stagnant intellectually and ruled without particular competence by a self-perpetuating but increasingly superfluous Communist Party elite.

A curious feature of the Communist scene begins to be noticeable: Communism is by origin a European philosophy, but in Western Europe and the U.S.S.R. it is beginning to lose its grip on the intellectual imagination. Communism as a dynamic force remains only in Asia--and there it largely derives its power from nationalism and xenophobia and a rather magical belief among alienated elites that it will bring them a capacity for saving order, and social unity rather than from the "class conflict" as such.

Asian Communism as a system therefore sometimes seems nearly as repugnant to the Soviets as to the West. Nor are the new-Left revolutionary movements of Afro-Asia and Latin America more congenial in spirit. Despite a lingering Soviet hope that revolutionary disorders in the Third World will sooner or later lead to a Soviet-oriented ideology and politics, the Soviet leaders no longer back such movements uncritically, as once they did in Cuba, the Congo and Indonesia. Even in the Middle-East, the Soviet "victory" is coldly considered to impair Western influence (at great financial cost) without gaining truly reliable allies. In Cairo, Baghdad, and Damascus the local Communist Parties remain outlawed, despite the fact that Egypt, Iraq, and Syria totally depend on Soviet military aid.

A. INTERNAL POLITICAL AND SOCIAL POLICY

1. AN OLIGARCHIC CENTRALIZED DICTATORSHIP; NO CULT OF PERSONALITY; DESPITE THE EXISTENCE OF A "MILITARY-INDUSTRIAL COMPLEX," CIVILIAN CONTROL REMAINS STRONG
2. THERE IS A DEVELOPMENT OF AN ESTABLISHED AND "NORMAL" DISMISSAL PROCESS
3. PREDICTABILITY OF POLICE AND JUDICIAL PROCESS, BUT THERE ARE OCCASIONAL USES OF "EXTRA-LEGAL" MEANS (E.G., "MEDICAL" EXAMINATIONS FOR SANITY) TO DISCIPLINE POLITICAL DEVIANTS; CERTAIN PUNITIVE SECTIONS OF THE CRIMINAL CODE REMAIN PURPOSELY VAGUE
4. THE POPULATION IS GENERALLY RECONCILED TO THE FEATURES OF SOVIET SOCIETY AND IDENTIFIES THE "SOCIALIST SYSTEM" WITH THE MOTHERLAND; THERE IS CONSEQUENTLY DEEP RESENTMENT AGAINST THE "INTELLECTUALS AND JEWS" WHO "SLANDER" THE SYSTEM
5. THERE ARE MODERATELY EXTENSIVE FOREIGN CONTACTS: REGULAR CULTURAL EXCHANGES; EXCHANGES OF LECTURERS, PROFESSORSHIPS; LIMITED STUDENT EXCHANGES; EXTENSIVE FOREIGN TOURISM (20,000 - 25,000 AMERICANS YEARLY); BUT FEW PASSPORTS ARE ISSUED FOR SOVIET CITIZENS ON UNOFFICIAL BUSINESS, ALTHOUGH FOREIGN TRAVEL IS RELATIVELY COMMON FOR SOVIET OFFICIALS
6. THERE IS FURTHER REDUCED CENSORSHIP OF FOREIGN NEWS, BOOKS, MAGAZINES, LITTLE PRIOR CENSORSHIP ON NON-STRATEGIC OUTGOING NEWS, BUT FOREIGN NEWSMEN ARE STILL INTIMIDATED.

B. IDEOLOGY

1. THE U.S.S.R. IS BUILDING COMMUNISM; "ALL OTHERS ARE BUILDING SOCIALISM," CHINESE CLAIMS NOTWITHSTANDING; BUT AS THE TARGET DATE FOR "COMMUNISM" APPROACHES (1973), LESS AND LESS IS HEARD OF THE ISSUE
2. THE SOVIET PARTY ASSERTS AN AMBIGUOUS POLICY--THEORETICALLY RECOGNIZING "MANY ROADS TO SOCIALISM" BUT REMAINING THE "FOREFRONT AND LEADER OF THE PROGRESSIVE MOVEMENT IN THE WORLD" AND, DISQUIETINGLY, AVOIDS DEFINING THE PRECISE LIMITS OF THE "BREZHNEV DOCTRINE," ITS RIGHT TO INTERVENE TO SUPPORT "SOCIALISM" WHERE, IN A "FRIENDLY" STATE, IT IS THREATENED.
3. THE DOCTRINE OF SOCIALIST REALISM IS NO LONGER A POSITIVE INJUNCTION; MANY PAINTERS, WRITERS, POETS WORK IN MODERNIST OR SEMI-MODERNIST FORMS BUT FIND IT DIFFICULT TO EXHIBIT OR PUBLISH; JAZZ AND ROCK ARE EVERYWHERE; THERE ARE FREE CANONS OF PHYSICAL SCIENCE AND A NOTICEABLE WEAKENING OF STERILE ORTHODOXY IN ECONOMICS AND SOCIAL SCIENCE PUNCTUATED, FROM TIME TO TIME, BY FRANTIC PARTY EFFORTS TO TIGHTEN CONTROLS.
4. THE DOCTRINE OF WAR IS AMBIGUOUS: IN POLEMICS WITH THE CHINESE, NUCLEAR WAR AND OTHER "ADVENTURISM" IS HELD TO BE A RECKLESS INVITATION TO WORLD-WIDE DISASTER (SOCIALIST AS WELL AS CAPITALIST); BUT ADDRESSING THE WEST, MILITARY LEADERS SEEMINGLY ASSERT A DOCTRINE OF SOVIET NUCLEAR "VICTORY."
5. COMPETITIVE COEXISTENCE

A GENERAL DECLINE OF IDEOLOGY AS SUCH (BUT IDEOLOGY CONTINUES TO INTERFERE WITH PURE PRAGMATISM, IN FOREIGN POLICY, ECONOMIC PLANNING, ETC. NEVERTHELESS)

C. ECONOMIC POLICY

1. GNP: \$400-500 BILLION.\* THE LIVING STANDARD IS AT THE "LOW-MODERATE EUROPEAN" LEVEL.
2. STILL EXPERIMENTS HALF-HEARTEDLY WITH "LIBERMANISM," BUT FEARS POLITICAL CONSEQUENCES OF DECENTRALIZATION
3. THE REGIME AFFIRMS THE RELATIVE SUPERIORITY OF INDUSTRY OVER AGRICULTURE; BUT AGRICULTURAL INVESTMENT RISES STEADILY
4. AFFIRMS THE SUPERIORITY OF HEAVY INDUSTRY OVER LIGHT AND CONSUMER INDUSTRY; BUT LIGHT AND CONSUMER INDUSTRY INVESTMENT RISES STEADILY
5. GROWING ATTEMPTS TO IMPORT CONSUMER TECHNOLOGY (E.G., FIAT PLANT AT TOGLIATTIGRAD) AND PRODUCTS.
6. THE VIRGIN LANDS SCHEME HAS FOUNDERED; THE U.S.S.R. SEARCHES, FIRST, FOR AN AGRO-TECHNICAL MEANS OF RAISING FOOD PRODUCTION; SECOND, FOR ORGANIZATIONAL SOLUTIONS; THIRD, FOR IMPORTS FROM THOSE DEPENDENT ON IT FOR SECURITY OR ARMS
7. THERE IS REDUCED FOREIGN AID TO NON-COMMUNIST STATES
8. THE SOVIET ATTEMPT TO FOSTER RATIONAL INTEGRATION OF COMECON ECONOMIES, TO MATCH THE COMMON MARKET, MEETS STRONG SATELLITE RESISTANCE (ESPECIALLY IN ROMANIA), BUT THE SOVIETS PERSIST.

\*ESTIMATE, IN 1970 DOLLARS.

D. EXTERNAL RELATIONS (WITH COMMUNIST NATIONS)

1. RATHER TENSE RELATIONS WITH BELGRADE (FOLLOWING HIGH-POINT OF 1962 RAPPROCHEMENT). ON THE YUGOSLAV SIDE THE ISSUE HAS LOST EMOTIONAL IMPORTANCE, BUT THE SOVIETS GIVE OCCASIONAL DISQUIETING EVIDENCE OF INTEREST IN "SOCIALIST" YUGOSLAVIA'S INTERNAL AFFAIRS AND UNCERTAINTY REGARDING THE BREZHNEV DOCTRINE'S APPLICATION TO EVENTS IN BELGRADE
2. NATIONAL COMMUNISTS IN SATELLITES ATTEMPT HETERODOX POLICIES BUT ARE SEVERELY CONSTRAINED BY THE "BREZHNEV DOCTRINE" JUSTIFYING SOVIET INTERVENTION IN EMERGENCY
3. THERE ARE MANY LATENT STRAINS IN SATELLITE-SOVIET RELATIONS: ROMANIAN AND HUNGARIAN LEADERSHIP DESIRE CLOSER RELATIONS WITH WEST; MIDDLE LEVEL AND RANK-AND-FILE PARTY MEMBERS IN POLAND DESIRE EITHER MORE LIBERAL POLICIES, THAT IS CLOSER TIES WITH WEST, OR ARE VIOLENTLY NATIONALIST, THAT IS ANTI-SEMITIC, ANTI-SOVIET; CZECHOSLOVAK LEADERSHIP LARGELY ISOLATED FROM RANK-AND-FILE WHO ARE STILL PRO-WESTERN AND "LIBERAL"; EVEN AFTER ULBRICHT, THE EAST-GERMAN LEADERSHIP, RELATIVELY LESS INTERESTED THAN MOSCOW IN IMPORTING WESTERN TECHNOLOGY, IS AT ODDS WITH MOSCOW'S "DETENTE" POLICY WHICH THREATENS THE REGIME'S STABILITY.
4. BREAK WITH ALBANIA CONTINUES
5. MOSCOW/HAVANA RELATIONS SOMEWHAT COOL. CASTRO STILL SEEN AS DANGEROUSLY HETERODOX
6. VIRTUAL RUPTURE OF PARTY RELATIONS WITH PEKING; SERIOUS TERRITORIAL DISPUTES OVER CENTRAL ASIAN AND MARITIME PROVINCE FRONTIERS CONTINUE
7. NONRULING PARTIES ARE HIGHLY UNSTABLE, SHIFTING ALLEGIANCE BETWEEN MOSCOW AND PEKING, OR DENOUNCING BOTH

E. EXTERNAL RELATIONS (WITH NON-COMMUNIST NATIONS)1. GENERAL

- a) "DETENTE." THERE IS SOME INTEREST IN BARGAIN-STRIKING WITH THE WEST IN AN EFFORT TO FREEZE THE PRESENT INTERNATIONAL ORDER AND PREVENT A FURTHER GROWTH OF WORLD PLURALISM, TO REDUCE THE COST OF THE OVERALL MILITARY PROGRAM, TO FACILITATE THE IMPORT OF ADVANCED TECHNOLOGY, AND TO CONCENTRATE ON CHINA.
- b) THERE IS A GENERAL LOSS OF DIRECTION; "KNEE-JERK" OPPORTUNISM IN MIDDLE-EAST, AFRICA WITHOUT SERIOUS ANALYSIS OF COSTS, CONSEQUENCES, GENUINE POSSIBILITIES, ETC.
- c) "SHOWING THE FLAG."

2. UNITED STATES

- a) THERE IS A SIGNIFICANT TRUCE IN COLD WAR AS THE SOVIET REGIME'S FORMER DESIRE TO SUPPLANT THE UNITED STATES IS MODIFIED TO A MORE PRACTICAL DESIRE TO ACHIEVE CO-PRIMACY.
- b) EMBARRASSED BY U.S. ACTIONS IN VIETNAM AND ELSEWHERE WHICH IN EFFECT DEMAND THAT THE U.S.S.R. MAKES GOOD ITS PROCLAIMED ROLE AS PROTECTOR IN "NATIONAL LIBERATION WARS."

- c) THE PRESTIGE OF U.S. IS STILL HIGH AND THE U.S.S.R. IS COVERTLY SEEKING TO EMULATE IT, BUT MOSCOW IS INCREASINGLY CONTEMPTUOUS OF SIGNS OF AMERICAN "DECADENCE."

3. WESTERN EUROPE

- a) A GROWING CONCERN ABOUT THE STRENGTH OF THE COMMON MARKET.
- b) STILL ATTEMPTING TO HASTEN DISSOLUTION OF NATO.
- c) BEGINNING OF REALIZATION THAT A EUROPEAN SECURITY CONFERENCE WILL NOT MERELY DAMAGE THE U.S. POSITION, BUT INEVITABLY ERODE WARSAW PACT.
- d) STRONG DESIRE TO IMPORT MODERN TECHNOLOGY FROM WESTERN EUROPE (RATHER THAN FROM U.S., WHICH HUMILIATING).

4. AFRO-ASIA AND LATIN AMERICA

INCREASED SCEPTICISM ABOUT RELIABILITY OF DISTANT REVOLUTIONS.

F. MILITARY POSTURE\*1. STRATEGIC FORCES

APPROACHING OR HAS ACHIEVED "STRATEGIC PARITY" WITH THE UNITED STATES. MASSIVE NUCLEAR FORCES ALSO TARGETED AGAINST WESTERN EUROPE, CHINA.

MASSIVE STOCKPILE OF THERMONUCLEAR WEAPONS

STRATEGIC AIRCRAFT: PHASING OUT

TACTICAL AIRCRAFT: MIG 21, SU 7, MIG 23

BALLISTIC FORCES: 1500 ICBM'S (SS-8, SS-9, SS-10)

MRV'S 750-1000 IR/MRBU'S

LIGHT ABM

2. OTHER FORCES

SOME SUPERIORITY OVER WESTERN CONVENTIONAL FORCES, COMPROMISED BY NEED TO GUARD CHINESE FRONTIER.

MAKING EFFORT TO DEVELOP OVERSEAS "STRIKE" CAPABILITY IN EMULATION OF U.S.

STRONG BUILD-UP OF NAVAL FORCES WITHOUT REAL UNDERSTANDING OF SEA DOCTRINE; NAVAL FORCES SERIOUSLY COMPROMISED BY LACK OF AIR COVER, DISTANT BASES.

NO AIRCRAFT CARRIERS; HEAVY (SUPERSTITIONS?) RELIANCE ON MISSILE DEFENSES.

\*BASED ON UNCLASSIFIED SOURCES

### Stages of Soviet Foreign and Domestic Policy: 1971-75

Thus, for the U.S.S.R., the Chinese frontier areas pose a long-term threat, the fundamental situation of the satellite states (vide, Czechoslovakia and Poland in 1968-70) remains precarious, the probes into the Middle-East and the Mediterranean are possibly dangerous and show little evidence of being thought through to ultimate conclusions. Despite moves beyond the traditional areas of Soviet influence and domination and much ritual boasting, the impression is one of a society on the defensive.

The contemporary Soviet Union is powerful but troubled; its best minds are alienated and in the place of the dynamism and confidence evident a decade ago, there is a mere repetition of old solutions and old slogans by Party mediocrities--and a truculent assertion by the man-in-the-street (the Soviet version of the "silent majority") that the U.S.S.R., in spite of everything, is first and best.

### Stages of Soviet Foreign and Domestic Policy: 1980

In 1980 the Soviet Union will be 63 years old. The Russia, whose historic features (in a "republican" rather than in a monarchical form) increasingly appear through the thin overlay of Soviet ideology, will be more than a thousand. As the revolutionary frenzies recede into the past, more and more the problems of Soviet society will appear once more to be the age-old problems of Russia's uneasy and ambiguous relationship to the West. It is not merely that the generation gap--the conflict between "the fathers and the sons"--will have reappeared; or that the intellectuals, as chronically the case in the Russian past, will have proven chronically dissident and disloyal. It is that Russian society, despite the agony of the Revolution and the post-revolutionary industrial plans, will be seen to be falling farther and farther behind the West. By 1980, through a kind of revolutionary tour de force, Russia will have equalled, and even in selected areas surpassed, the Europe and the America of the model of the first half of the twentieth century: but just as Czarist Russia in the early 1800's saw its painfully acquired eighteenth century-style great power status compromised, as Europe and America developed a new industrial civilization, so in 1980, the U.S.S.R. will likely be the master of industrial techniques which are increasingly outmoded by the West's advance into post-industrial society. The Soviets are not ready for the "second industrial revolution" underway in the West.

While this sense of obsolescence is somewhat mitigated by the spectacle of continued social dissent and the proliferation of the counter-culture" in the United States (trends perceived in the Soviet Union as decadent), the continued progress of Western Europe and Japan within the capitalist world confirm the mood of depression. By 1980 Japan has clearly passed the Soviet Union in raw GNP--a contradiction of Marxist-Leninist theory, a blow to Soviet racial pride, and an implicit rebuke to harsh Soviet development policies which have, since 1917, demanded so much in suffering. West European progress, while numerically less spectacular than the Japanese growth, is even more blatantly tied to rising standards of living--a development seen in many quarters as confirming the old chasm dividing "backward" Russia from the developed world.

The obsolescence is seen outside the U.S.S.R. and by wide new groups in the Soviet Union itself. The unintellectual young see the Communist Party (with its pretensions and narrow-mindedness) as essentially comical, or "square." The new intelligentsia find the Party less amusing: their reaction is the more ominous one that the Party is a reactionary clique, a "brake on progress." The unideological technocrats who staff the nation's industries are less abstract in their complaints: they see the Party professional, or Apparatchik, as a more or less useless man--a nuisance. Whatever the function of the Party may once have been, to galvanize a moribund Tsarist Russia and "rationalize" it, there is less and less need for professional administrators of others' people's talents and labor--men whose claim to understand all science and economics by virtue of having studied Marx and Lenin is now seen as absurd.

## A. INTERNAL POLITICAL AND SOCIAL POLICY

1. STILL AN OLIGARCHIC, CENTRALIZED AUTOCRACY (QUASI-DICTATORSHIP), WITH INCREASINGLY SMOOTH-FUNCTIONING PROCESSES OF DISMISSAL, POLICY DEBATE WITHIN LIMITS, ETC.
2. CIVILIAN CONTROL OF MILITARY STILL SURE.
3. HIGH PREDICTABILITY OF POLICE AND JUDICIAL PROCESS FOR ORDINARY CITIZENS; THERE IS HESITATION AND INCONSISTENCY APPARENT IN THE TREATMENT OF DISSIDENT INTELLECTUALS; SOME EFFORT IS MADE TO PLACATE AND MEET OPINIONS OF SCIENTIFIC INTELLECTUALS WHO SYMPATHIZE WITH DEMONSTRATORS
4. THERE IS A GROWING SOCIAL SCHISM BETWEEN THE HIGHLY NATIONALISTIC, UNTHINKING "MAN-IN-THE-STREET" AND THE INTELLIGENTSIA WHO ARE ACTUALLY NEEDED TO MAN THE MORE MODERN SECTORS OF THE SOVIET ECONOMY AND SOCIETY.
5. FOREIGNERS ARE MORE OR LESS DISLIKED, SPONTANEOUSLY HARASSED, BY POPULACE, NOT MERELY BY THE POLITICAL POLICE. TOURISM DOES NOT KEEP PACE WITH ITS SPECTACULAR GROWTH OUTSIDE THE BLOC
6. INCONSISTENT CENSORSHIP POLICIES

## B. IDEOLOGY

1. THE U.S.S.R. HAS "ACHIEVED COMMUNISM" AS PROMISED; BUT THE BOAST IS ACTUALLY AN EMBARRASSMENT
2. THE IDEOLOGY IS A DOGMATIC INHERITANCE WHICH NO LONGER GENERATES ENTHUSIASM OR DEEP BELIEF BUT WHICH CANNOT BE DROPPED WITHOUT CALLING THE LEGITIMACY OF INDIVIDUAL CAREERS, THE PARTY, AND EVEN THE GOVERNMENT ITSELF, INTO QUESTION
3. MORE AND MORE THE APPEAL OF THE STATE IS TO NAKED NATIONALISM AND TRADITIONAL CULTURAL RIVALRY WITH THE "DECADENT" WEST
4. THERE IS RITUAL BOASTING OF MILITARY SUPERIORITY TO THE WEST AND COMMUNIST CHINA, BUT NO EXPECTATION OF ACTUAL WAR AGAINST THE WEST (IN CONTRAST TO MUCH ANXIETY ABOUT CHINA)

## C. ECONOMIC POLICY

1. GNP: APPROXIMATELY \$600-650 BILLION.\* DESPITE THE THEORETICAL GAINS, THE LIVING STANDARD REMAINS MORE OR LESS AT THE "LOW-MODERATE EUROPEAN" LEVEL. THERE IS SURPRISINGLY LITTLE MASS PRESSURE FOR IMPROVEMENT
2. EXPERIMENTS WITH DECENTRALIZATION IN SOME DISREPUTE AS POLITICALLY DANGEROUS; ATTEMPT IS NOW TO "COMPUTERIZE" A CENTRALLY PLANNED ECONOMY
3. INDUSTRY IS STILL FAVORED OVER AGRICULTURE; THERE ARE MASSIVE EFFORTS TO IMPROVE AGRICULTURAL PRODUCTIVITY BY TECHNICAL MEANS, HIDDEN INCENTIVES TO AGRICULTURAL LABOR. IMPORTS OF AGRICULTURAL PRODUCE ARE GRADUALLY REPLACING EFFORTS TO STIMULATE NATIVE PRODUCTION
4. HEAVY INDUSTRY STILL DOMINATES, LEADING TO AN UNDER-DEVELOPMENT OF ADVANCED SECTORS OF THE ECONOMY LIKE COMPUTERS, GENERAL ELECTRONICS. (AS DISTINCT FROM STRATEGIC SECTOR)
5. COMECON IS LARGELY A DEAD LETTER

\*ESTIMATE IN 1970 DOLLARS

## D. EXTERNAL RELATIONS (WITH COMMUNIST NATIONS)

1. THE NEXT 10 YEARS WILL POSE A SERIES OF CRITICAL CHALLENGES TO THE STABILITY OF EASTERN EUROPE.
  - a) FOLLOWING THE DEATH OR INCAPACITY OF TITO (VIRTUALLY CERTAIN BEFORE 1980) YUGOSLAVIA IS LIKELY TO EVOLVE RAPIDLY IN THE DIRECTION OF A MIXED ECONOMY, A PROCESS ACCOMPANIED BY MUCH DENATIONALIZATION, GROWTH OF THE SMALL AND INTERMEDIATE PRIVATE SECTOR, AND (SOME) NATIONAL DISORDERS. THE DILEMMA FOR THE SOVIETS WILL BE WHETHER TO APPLY THE "BREZHNEV DOCTRINE" TO YUGOSLAVIA--IF THE PROCESS SEEMS LIKELY TO INFECT NEIGHBORING BULGARIA, ROMANIA OR HUNGARY, OR SHOULD THREATEN THE ACTUAL DISINTEGRATION OF SOCIALIST AUTHORITY IN BELGRADE--WHILE RISKING A MILITARY COLLISION WITH THE WEST.
  - b) WITH THE PASSING OF THE ULBRICHT LEADERSHIP EAST-GERMANY MAY (1) BECOME INFECTED WITH THE KIND OF LIBERAL ECONOMIC AND POLITICAL THOUGHT EVIDENT IN CZECHOSLOVAKIA IN 1968 AND ATTEMPT TO DRAW CLOSER TO BONN, OR (2) MORE LIKELY FIND ITSELF MORE AND MORE ISOLATED FROM LIBERALIZING LEADERS IN OTHER SATELLITE CAPITALS (AND EVEN MOSCOW) WHOSE OWN NEED IS FOR MODERNIZATION AND THE ACHIEVEMENT OF MODERATE EUROPEAN LIVING STANDARDS BASED ON THE IMPORTATION OF WESTERN ADVANCED TECHNOLOGY, THESE EVEN WILL NOT CARE FOR THE SPECIAL PROBLEM OF EAST-GERMANY OR BE INFLUENCED BY SUCCESSORS LACKING ULBRICHT'S PRESTIGE.
  - c) IF MODERNIZING AND REVOLUTIONARY TRENDS IN POLAND (THERE ARE STRONG PRESSURES) WERE TO PARALLEL THOSE IN CZECHOSLOVAKIA IN 1968, THE CHALLENGE TO THE U.S.S.R. WOULD BE FAR MORE SEVERE THIS TIME: AN INTERVENTION IN POLAND, UNLIKE AN INTERVENTION IN CZECHOSLOVAKIA, RAISES THE PROSPECT OF A PROTRACTED WAR IN EAST-CENTRAL EUROPE IN WHICH, IN THE INITIAL PHASES, SOVIET FORCES MIGHT BE BADLY MAULED.
  - d) IF THERE IS ANYTHING REMOTELY RESEMBLING A EUROPEAN SECURITY SETTLEMENT, THE U.S.S.R. MAY FIND IT DIFFICULT, IF NOT IMPOSSIBLE, TO MAINTAIN AUTHORITY OVER THE SATELLITES--PARTICULARLY IF, AS PART OF THE SETTLEMENT, "ALL FOREIGN TROOPS ARE TO WITHDRAW FROM THE TERRITORY OF OTHER STATES" (ROMANIAN FORMULA).
2. RELATIONS WITH HAVANA DISTANT; THERE HAS BEEN A CONSIDERABLE EVOLUTION OF CUBAN "SOCIALISM" ON A DIVERGENT PATH.
3. THE CONFLICT WITH COMMUNIST CHINA WILL PROBABLY BE CONTAINED AT LOW VIOLENCE LEVELS. (FOLLOWING THE DEATH OF MAO TSE-TUNG THE TRANSFER OF POWER IN PEKING WILL PROBABLY BE ORDERLY AND ANTI-SOVIET POLICIES REMAIN IN FORCE.) THERE WILL, HOWEVER, BE A CONSIDERABLE NUCLEAR THREAT TO THE SOVIET REAR IF SIMULTANEOUSLY THE CHINESE AVOID IDEOLOGICAL EXCESSES AND CONCENTRATE ON BUILDING AN ARMAMENTS INDUSTRY (CONVENTIONAL) ALSO, THE THREAT TO SOVIET SECURITY WILL BE SEVERE. (THERE IS ALSO MUCH ANXIETY ABOUT U.S.-CHINESE RELATIONS, WHICH AS THEY WARM, CANNOT HELP WEAKENING MOSCOW'S BARGAINING POSITION.)
4. IF IN CASE OF MISCALCULATION, AN ARMED CONFLICT (AT HIGH VIOLENCE LEVELS) BREAKS OUT WITH COMMUNIST CHINA, TWO DANGERS LOOM: (A) A LONG DRAWN OUT CHINESE GUERRILLA RESISTANCE WHICH WOULD STRAIN THE SOVIET SOCIAL FABRIC (AMALRIC SCENARIO); OR (B) NUCLEAR WEAPONS MAY BE USED BY BOTH SIDES. IN THE SECOND CASE, WHILE THE U.S.S.R. HAS FAR MORE IMPRESSIVE FORCES THAN THE CHINESE, NEVERTHELESS DAMAGE TO CENTRAL AUTHORITY AND COMMAND AND CONTROL IN THE U.S.S.R. MIGHT LEAD TO THE FALL OF THE SOVIET REGIME.\*

\*RATED AT LOW PROBABILITY FOR 1975-1985.

## E. EXTERNAL RELATIONS (WITH NON-COMMUNIST NATIONS)

1. GENERAL
  - a) IN SPITE OF THE ECONOMIC BURDEN IMPOSED BY THE ARMS RACE, NO AGREEMENT TO SWEEPING ARMS-CONTROL LIMITATIONS (SALT) IS LIKELY. INSTEAD THERE ARE PIECEMEAL AGREEMENTS TO LIMIT ABM DEPLOYMENT, POSSIBLY MIRV'S.
  - b) STILL "SHOWING THE FLAG" IN THE WORLD'S OCEANS, BUT WITHOUT A WELL THOUGHT OUT STRATEGIC PURPOSE.
  - c) INFLUENCE IN THE MIDDLE-EAST BEGINNING TO WANE. THERE HAS PROBABLY NOT BEEN A MAJOR CONFRONTATION IN THE REGION, WITH ISRAEL OR THE U.S. THERE MAY HAVE BEEN SKIRMISHES, AND EVEN LIMITED ACTIONS DURING WHICH SOVIET PERSONNEL AND EQUIPMENT COME INTO PLAY. SO LONG AS THE NUMBERS INVOLVED REMAIN LIMITED (AND IT IS NOT EASY TO INTRODUCE LARGE NUMBERS WITHOUT RISKING A WORLD WAR), THE SOVIET PERFORMANCE IS LIKELY TO BE POOR (I.E., ON A MAN-FOR-MAN, AIRPLANE-FOR-AIRPLANE, OR SMALL-UNIT-FOR-SMALL-UNIT BASIS THE ISRAELIS SHOULD WIN). THE ARAB STATES ARE LIKELY TO BE INCREASINGLY IMPATIENT WITH SOVIET ADVICE WHICH HAS NOT LED TO IMPORTANT RESULTS FOR THEM.
2. UNITED STATES
 

"RITUAL" COLD WAR.
3. EUROPE
 

THE CRUCIAL ISSUE WILL BE THE SUCCESS OR FAILURE OF THE EUROPEAN SECURITY CONFERENCE. AN IMAGINATIVE WESTERN DIPLOMACY COULD MOVE THE SOVIETS BACK TO THE U.S.S.R. ITSELF AND ATTEMPT TO STABILIZE EAST-CENTRAL EUROPE. FAILURE TO DO SO RUNS THE RISK IN THE LONG RUN THAT THE SOVIET AUTHORITY WILL BREAK DOWN IN THE REGION (IN REVOLUTIONARY FASHION) OR THAT THE GERMAN PROBLEM COULD EXPLODE. THE PROBABILITY, HOWEVER, IS A REACTIONARY ATTEMPT BY THE SOVIETS TO MAINTAIN THE STATUS QUO SUCCESSFULLY THROUGH 1975-1980, BUT AT INCREASING POLITICAL, ECONOMIC, AND SOCIAL COSTS, AMONG THEM THE GROWING STAGNATION OF SOVIET BLOC MASS TECHNOLOGY AND GENERAL INTELLECTUAL LIFE.
4. AFRO-ASIA AND LATIN AMERICA
  - a) ONLY RESIDUAL INTEREST IN FAR-DISTANT REGIONS.
  - b) STUNG BY JAPANESE ECONOMIC SUCCESSSES, GROWS TRUCULENT IN THE FAR-EAST.

## F. MILITARY POSTURE\*

1. STRATEGIC FORCES
 

DESPITE ECONOMIC PRESSURES TO ARRIVE AT A LIMITATION OF STRATEGIC ARMS MUTUALLY AGREED TO BY EAST AND WEST BROAD EFFORTS THROUGHOUT THE DECADE OF THE 70'S ARE LIKELY TO FAIL: ON THE SOVIET SIDE A FUNDAMENTAL SUSPICION OF THE WEST, INDEED A HOSTILITY TO IT, COUPLED WITH A FEAR OF GROWING COMMUNIST CHINESE STRATEGIC POWER, FORCE THE SOVIETS TO CONTINUE THEIR ARMS BUILD-UP.

ICBM FORCES LEVEL OFF AROUND THE MID-70'S WITH ABOUT 1500-1750 ICBM'S OF VARYING CAPACITY--MISSILES WITH THREE-FIVE MIRV'S OF YIELD RANGING BETWEEN FIVE AND 20 MEGATONS. THERE IS AN AMBITIOUS SLM CAPACITY--ABOUT 25 MISSILE-CARRYING SUBMARINES ON THE POLARIS-POSEIDON MODEL, BUT AGAIN WITH HIGHER WARHEAD YIELD.

IRBM/MRBM CAPACITY LEVELS OFF AT ABOUT 700 MISSILES, RETARGETABLE AGAINST WESTERN EUROPE AND CHINA AS THE NEED MAY BE.

THE SOVIETS IN GENERAL FOLLOW TECHNOLOGY: THEY HAVE FOB'S, ABM, RECONNAISSANCE SATELLITE KILLERS, CITY-BUSTING WARHEADS, COUNTERFORCE WARHEADS, TACTICAL "CLEAN" AND LOW-YIELD WEAPONS SYSTEMS, ALL WITHOUT ANY CLEAR STRATEGIC DOCTRINE. SO FAR AS THERE IS A STRATEGIC DOCTRINE AT ALL, IT CAN BE SUMMARIZED AS: IT IS BETTER TO BE STRONG THAN WEAK, MORE IS BETTER THAN LITTLE, HIGH YIELD IS BETTER THAN LOW YIELD, DEVELOP ANY WEAPON POSSIBLE BECAUSE A USE WILL TURN UP.
2. OTHER
 

THE ARMED FORCES REMAIN AT APPROXIMATELY FIVE MILLION IN ALL.

THE SOVIETS HAVE ADDED TWO NUCLEAR-POWERED AIRCRAFT CARRIERS TO THE NAVAL FORCES AND HAVE EQUIPPED THEM WITH ADVANCED MANNED BOMBER AND INTERCEPTOR CRAFT. THEY ARE ALSO EMULATING THE UNITED STATES AND DEVELOPING A POWERFUL OVERSEAS "STRIKECOM" CAPACITY. THESE MOBILE-AND-AMPHIBIOUS FORCES NUMBER THREE DIVISIONS.

\*BASED ON UNCLASSIFIED SOURCES

Stages of Soviet Foreign and Domestic Policy: 1971-75

The polarization between the Party and these groups is by no means complete. For one thing, the Party makes strenuous--though not always consistent--efforts to recruit the talented young, the intellectuals, the technocrats and scientists.

It pays them increasingly well--so that by 1980 the reemergence of a class system, albeit a class-mobile system, is virtually complete.

Thus it is still likely that the effort to draw the most vigorous elements of Soviet society into the circle of the Party will prove generally successful. But the bloom is off the Party and everyone knows it except...the man in the street.

In this projection it is not so much the masses who are disaffected.\* Nor are the young "stilyagi" who may wear tight trousers and sport long hair, or the factory administrators and engineers, likely to mount strong political initiatives. They will not challenge authority on their own; least of all will the unimaginative "common man" whose material and legal lot is palpably improving. The challenge is merely latent in these groups. The key element is once again the intellectual. They are formulating a general critique of Soviet society. They are formulating the reasons for Soviet backwardness. A general loss of confidence from other causes, could make the masses turn to the dissidents for leadership; then the regime could fall.

But the parallel with the satellite states like Hungary and Poland following Stalin's death should not be pressed too far. Barring a catastrophe (for example, a humiliating defeat or a protracted crisis in a war with China) sufficient to destroy utterly the prestige of the Communist Party, no armed challenge should be expected but rather a general stagnation of life and a steadily eroding Party morale.

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\*Note that this U.S.S.R. is essentially the one postulated in the Standard Surprise-Free Hudson Institute 1980 World.

Soviet Science and Technology

① SOVIET SCIENCE AND TECHNOLOGY  
AN ALMOST COMPLETE "CONSENSUS" AMONG AMERICAN VISITORS

SOVIET SCIENTIFIC ACCOMPLISHMENTS HAVE BEEN SPOTTY: OUTSTANDING EXPLOITS IN SPACE; SOLID ENGINEERING AND APPLICATION OF NUCLEAR SCIENCE; BRILLIANT WORK IN MATHEMATICS, THEORETICAL PHYSICS AND ASTRONOMY; ELEGANT EXPERIMENTS IN CERTAIN BRANCHES OF EXPERIMENTAL PHYSICS. BUT IN MANY IMPORTANT AREAS, SOVIET WORK IS EITHER WEAK OR PEDESTRIAN.... THE RESEARCH BASE OF THE SOVIET UNION IS VERY NARROW, CONFINED AS IT IS TO ACADEMY INSTITUTES AND FOUR OR FIVE MAJOR UNIVERSITIES.... PHYSICAL FACILITIES FOR CARRYING OUT SCIENTIFIC INVESTIGATIONS IN THE SOVIET UNION ARE BARELY ADEQUATE EXCEPT IN A SMALL NUMBER OF PRESTIGE LABORATORIES.... SCIENTIFIC EQUIPMENT IS EITHER COPIED FROM AMERICAN MODELS OR IMPORTED.

J. TURKEVICH, FOREIGN AFFAIRS, 1966

② ...WE STILL HAVE NOT BROUGHT OURSELVES TO RECOGNIZE THE GREAT IMPORTANCE THE SOVIET REGIME ATTACHES TO MAXIMUM DEVELOPMENT AND FULL UTILIZATION OF SCIENCE AND TECHNOLOGY, OR THE OVERRIDING PURPOSEFULNESS WITH WHICH IT IS CONCENTRATING HUMAN AND MATERIAL RESOURCES TO THESE ENDS.... ONE OF THE MOST FUNDAMENTAL ATTRIBUTES OF THE SOVIET REGIME IS THE IDEOLOGICAL AND PRACTICAL CONVICTION THAT THROUGH THE FORCED DEVELOPMENT OF SCIENCE AND TECHNOLOGY THE U.S.S.R. CAN ACHIEVE WORLD LEADERSHIP.... IN CONTRAST TO MOST OTHER MODERN GREAT POWERS, THE UNITED STATES TRADITIONALLY HAS NOT EVEN CARRIED FORWARD AS A MATTER OF COURSE SUBSTANTIAL RESEARCH AND DEVELOPMENT IN FIELDS RELATED TO MILITARY SECURITY. BETWEEN THE TWO WORLD WARS, FOR EXAMPLE, U.S. EXPENDITURES FOR MILITARY R&D WERE BUT A FRACTION OF THOSE OF GERMANY, THE U.S.S.R., BRITAIN, FRANCE AND JAPAN.

F. KOHLER AND M. HARVEY, ORBIS, 1969

\*COMPARE THIS SOVIET SET OF ATTITUDES WITH THE GROWING FAILURE OF TECHNOLOGICAL NERVE IN THE U.S., PARTLY EXEMPLIFIED BY THE PROFESSIONAL UNEMPLOYMENT PROBLEM, SST DEFEAT, AND 49-48 SENATE VOTE FOR THE LOCKHEED LOAN GUARANTEE.

③ CONVERGENCE IN U.S./S.U. R&D DECISION-MAKING

SOME BELIEVE THAT, IN BOTH THE U.S. AND THE SOVIET SPACE PROGRAMS, AND INDEED IN ALL ENTERPRISES INVOLVING THE USE OF ADVANCED SCIENTIFIC KNOWLEDGE AND COMPLEX TECHNOLOGY, FORCES ARE AT WORK THAT ARE INCOMPATIBLE WITH EXISTING INSTITUTIONS AND THEIR TRADITIONAL METHODS OF DECISION-MAKING AND CONTROL AND HENCE ARE LEADING TO AN ESSENTIALLY UNIFORM NEW WAY OF RUNNING THINGS IN BOTH COUNTRIES.... ONLY A SCIENTIFIC-TECHNOLOGICAL ELITE, WHICH ALONE HAS THE KNOWLEDGE AND TRAINING NECESSARY TO UNDERSTAND WHAT THE BUSINESS IS ALL ABOUT, CAN COPE WITH THE INTRICACIES OF A GREAT TECHNOLOGICAL ENTERPRISE. WHATEVER THE APPEARANCE, THEREFORE, THE SCIENTISTS AND TECHNOLOGISTS ARE MAKING THE REAL DECISIONS AND DETERMINING THE ACTUAL DIRECTION OF THESE ENTERPRISES, AND... ARE GRADUALLY RESHAPING THE FUNDAMENTALS OF THE SYSTEM WITHIN WHICH THEY ARE OPERATING.

F. KOHLER AND D. HARVEY, ADMINISTERING AND MANAGING THE U.S. AND SOVIET SPACE PROGRAMS, SCIENCE, 1970

④ U.S./S.U. R&D COMPARISON

1. SOVIET DEFENSE-RELATED EXPENDITURES HAVE STEADILY GROWN BY 10-13% THROUGH 1957-71 PERIOD; U.S. OUTLAYS REMAINED CONSTANT THROUGH 1965-71 AND WERE REDUCED IN EFFECTIVE BUYING POWER BY (VIETNAM-RELATED) INFLATION
2. DURING 1968 ALONE, THE S.U. GRADUATED AT LEAST 5 TIMES AS MANY ENGINEERS AS THE U.S.\*
3. MOST SOVIET PH.D.-EQUIVALENT SCIENTISTS AND ENGINEERS OBTAINED THEIR EDUCATION AFTER 1950, SO THAT RELATIVE YOUTH AND BOLDNESS COULD BE INCREASINGLY EVIDENT IN FUTURE R&D PROGRAMS
4. IN THE U.S., OVER 100,000 AEROSPACE ENGINEERS ARE UNEMPLOYED, AND NEW PH.D. PHYSICISTS FIND IT NEARLY IMPOSSIBLE TO OBTAIN JOBS IN THEIR AREAS OF TRAINING; THE OVERALL MORALE OF U.S. SCIENCE AND TECHNOLOGY IS QUITE LOW IN AN ANTI-MILITARY/INDUSTRIAL COMPLEX, ANTI-TECHNOLOGY POLITICAL ENVIRONMENT
5. SOVIET SUCCESSSES IN SUPERSONIC TRANSPORT (TU-144), SPACE (LUNAS 16, 17 AND VENERA 7) AND ELECTRICAL POWER GENERATION RESEARCH (FUSION, FAST BREEDERS, MHD) ARE IN SHARP CONTRAST WITH THE RELATIVE PAUCITY OF VISIBLE U.S. TECHNOLOGICAL SUCCESSSES

\*HOWEVER THE U.S. GRADUATES TWICE AS MANY SCIENTISTS AS THE S.U.

⑤ MEASURES ENCOMPASSED BY THE 1968 DECREE ON R&D

1. NEW PLANNING PROCEDURES, INVOLVING 10 TO 15 YEAR TECHNOLOGICAL FORECASTS, FOR "DETERMINING MORE CORRECTLY THE GENERAL DIRECTION OF THE DEVELOPMENT OF TECHNOLOGY, FOR UTILIZING RESOURCES MORE RATIONALLY, FOR AVOIDING MANY COSTLY MISTAKES." (V.A. KIRILLIN, CHAIRMAN OF GNTK)
2. ORGANIZATIONAL CHANGES, INVOLVING THE ESTABLISHMENT OF "COMPOSITE SCIENTIFIC INSTITUTIONS FULFILLING SCIENTIFIC-RESEARCH, DESIGN-CONSTRUCTION AND TECHNOLOGICAL TASKS"
3. FINANCIAL CHANGES, TO PROVIDE FLEXIBILITY IN ALLOCATING FUNDS FOR SCIENTIFIC RESEARCH
4. INCENTIVES AND SANCTIONS FOR ORGANIZATIONS AND INDIVIDUALS; INSTITUTIONS THAT FAIL TO FULFILL THEIR ASSIGNMENTS WILL EITHER BE CLOSED OR REORGANIZED
5. DEVELOPMENT OF "COMPETITION IN THE SCIENTIFIC-TECHNOLOGICAL FIELD AND THE PREVENTION OF MONOPOLIES IN SOLVING THE MOST IMPORTANT SCIENTIFIC AND TECHNICAL PROBLEMS"
6. EFFICIENT TECHNOLOGY TRANSFER, IN THAT THE "NEWEST ACHIEVEMENTS" OF BOTH FOREIGN AND DOMESTIC SCIENCE AND TECHNOLOGY ARE TO BE DRAWN UPON

⑥ UNDERLYING CONCEPTS IN SOVIET CYBERNETICS

1. BIOLOGICAL EVOLUTION, ORGANISM THEORY, AND ENTROPY ARE CENTRAL
2. THE EVOLUTIONARY PROCESS INVOLVES INCREASING COMPLEXITY SO AS TO INSURE GREATER CHANCES OF SUCCESS (I.E., A LARGER CHOICE OF STRATEGIES) IN THE "GAME WITH ENTROPY"
3. ORGANISMIC COMPLEXITY IS ACCOMPANIED BY SIMPLIFICATIONS, I.E., AUTOMATION OF SUBSYSTEMS
4. SCIENCE AND TECHNOLOGY ARE THE KEYS TO AN OPTIMAL STRATEGY OF SOCIETAL DEVELOPMENT, IN WHICH GROWING COMPLEXITY IS BALANCED BY AUTOMATION OF SOCIETAL SUBSYSTEMS
5. CYBERNETICS--THE CONTROL OF DYNAMIC PROCESSES AND THE PREVENTION OF INCREASING DISORDER WITHIN THEM--HOLDS THE HOPE OF RATIONAL CONTROL FOR WHICH SOVIETS HAVE LONG BEEN STRIVING, AS WELL AS A NEW DEFINITION OF WHAT RATIONALITY IS
6. MAN IS PART OF THE EVOLUTIONARY DRAMA AND IS MORE THAN AN OBSERVER AND FORECASTER

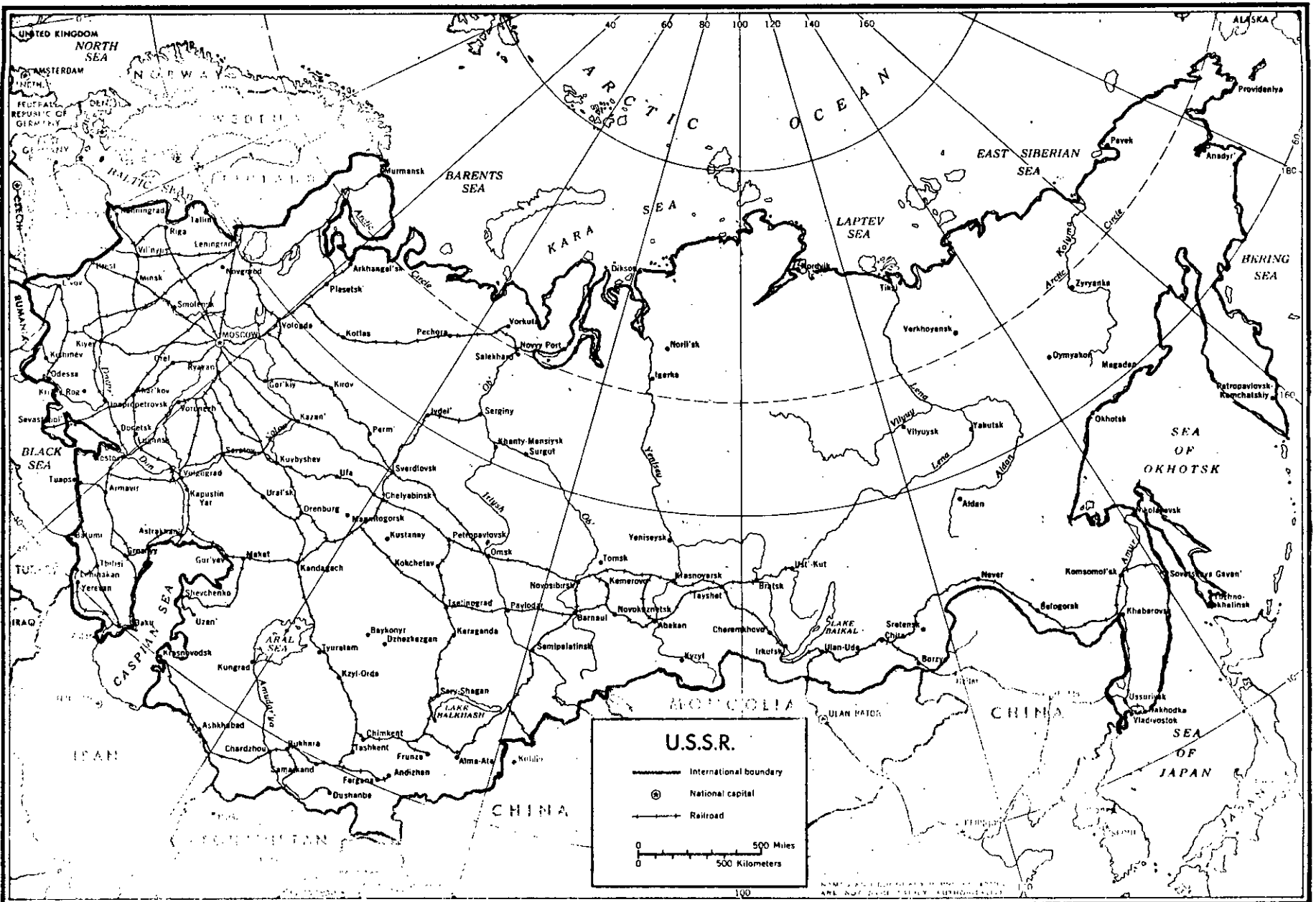
⑦ SYSTEMS ANALYSIS AND COMPUTER UTILIZATION IN THE U.S./S.U. SPACE PROGRAMS

THE SOVIET AND U.S. PROGRAMS PARALLEL EACH OTHER TO A SURPRISING EXTENT IN THE USE OF THE SYSTEMS APPROACH AND ITS VARIOUS SUBELEMENTS, SUCH AS SYSTEMS ANALYSIS, SYSTEMS ENGINEERING, AND SYSTEMS MANAGEMENT. THE RUSSIAN PROCEDURES ARE OFTEN LESS SOPHISTICATED THAN THE AMERICAN, BUT THEY WORK IN ESSENTIALLY THE SAME WAY AND YIELD ESSENTIALLY THE SAME RESULTS. AND IN BOTH PROGRAMS, OF COURSE, COMPUTER SCIENCE AND COMPUTER TECHNOLOGY PLAY THE SAME KEY ROLE IN PLANNING, IN DATA STORAGE AND PROCESSING, AND IN REAL-TIME INFORMATIONAL AND FEEDBACK SYSTEMS, ALTHOUGH THE QUALITY OF U.S. HARDWARE AND U.S. APPLICATIONS IS APPRECIABLY HIGHER.

F. KOHLER AND D. HARVEY, ADMINISTERING AND MANAGING THE U.S. AND SOVIET SPACE PROGRAMS, SCIENCE, 1970

⑧ I THINK IN THE CURRENT SCIENTIFIC AND TECHNICAL REVOLUTIONARY ERA, COMPUTERS AND THEIR APPLICATIONS WILL INFLUENCE THE TOTALITY OF INDUSTRIAL AND SOCIAL DEVELOPMENT TO NO LESS AN EXTENT THAN DID MACHINE TOOLS DURING THE INDUSTRIAL REVOLUTION....

M.V. KELDYSH, PRESIDENT AN SSSR



COUNTRY SURVEYLAND:

APPROXIMATELY 8.6 MILLION SQUARE MILES; OCCUPIES ONE-SIXTH OF EARTH'S LAND SURFACE.

EXTENDS ACROSS 11 TIME ZONES.

ABOUT 9.7% CULTIVATED; ALMOST ALL OF REMAINDER TOO COLD OR TOO DRY FOR FARMING.

CLIMATE VARIES FROM ARCTIC IN THE NORTH TO SUBTROPICAL AND DESERT IN THE SOUTH; PREDOMINANTLY COLD CONTINENTAL.

MUCH OF THE COASTLINE IS EITHER ICEBOUND MOST OF THE YEAR OR BORDERS ON ENCLOSED SEAS.

PEOPLE:

POPULATION, 242 MILLION (JAN 1970-ESTIMATE); ABOUT 77% IN EUROPEAN RUSSIA.

ABOUT 76% RUSSIANS, UKRAINIANS, AND WHITE RUSSIANS; 24% DISTRIBUTED AMONG ABOUT 170 OTHER ETHNIC GROUPS.

MALES COMPRISE ONLY 46% OF THE POPULATION; MORE THAN 70% OF THE POPULATION IS UNDER 40.

APPROXIMATELY 47% OF THE POPULATION IS RURAL.

SANITARY CONDITIONS VARY BUT ARE GENERALLY BELOW EUROPEAN STANDARDS.

GOVERNMENT:

ONE-PARTY. TOTALITARIAN STATE WITH "SOCIALIZED" ECONOMY.

CENTRALIZED REGIME WITH 15 UNION REPUBLICS; THE RUSSIAN REPUBLIC OCCUPIES 76% OF TOTAL AREA.

RULING GROUP, PRESIDUM OF THE COMMUNIST PARTY CENTRAL COMMITTEE; MANY CENTRAL COMMITTEE MEMBERS ARE ALSO LEADING GOVERNMENT OFFICIALS.

COMMUNIST PARTY MEMBERSHIP (1965) ABOUT 11,800,000.

ELABORATE POLICE SYSTEM TO PREVENT ORGANIZED OPPOSITION AND PUBLIC EXPRESSION OF DISSENT.

ECONOMY:

FOOD: NORMALLY SELF-SUFFICIENT.

MAJOR INDUSTRIES: DIVERSIFIED, HIGHLY DEVELOPED HEAVY INDUSTRY BASED ON NEARLY COMPLETE SELF-SUFFICIENCY IN RAW MATERIALS; CONSUMER GOODS INDUSTRIES COMPARATIVELY LESS DEVELOPED.

ELECTRIC POWER: 459 BILLION KWH WERE PRODUCED IN 1964, ABOUT 2,000 KWH PER CAPITA.

FOREIGN TRADE: ABOUT 5% OF TOTAL WORLD TRADE, MOSTLY WITH SATELLITES AND COMMUNIST CHINA; REMAINDER INCREASINGLY WITH ASIAN AND AFRICAN UNDERDEVELOPED COUNTRIES.

EXPORTS: WIDE VARIETY OF FUELS, MINERALS, AGRICULTURAL PRODUCTS, AND MANUFACTURES.

SIGNIFICANT SHORTAGES: TIN, NATURAL RUBBER, CHEMICAL AND TEXTILE MACHINERY AND EQUIPMENT, HOUSING.

COMMUNICATIONS:

RAILROADS: ABOUT 80,000 ROUTE MILES, MOSTLY 5'0" GAGE.

HIGHWAYS: APPROXIMATELY 827,000 MILES; ONLY 25% PAVED OR GRAVEL.

INLAND WATERWAYS: 87,000 MILES USED FOR NAVIGATION.

PERCENTAGE OF FREIGHT HAULED (1963): BY RAILROAD 76.0, WATER 14.8, ROAD 5.2, PIPELINE 4.0.

PERCENTAGE OF PASSENGERS HAULED (1963): BY RAILROAD 60.3, WATER 1.9, ROAD 29.9, AIR 7.9.

TELECOMMUNICATIONS: WIRE AND RADIO NETWORKS CONCENTRATED MAINLY IN WESTERN USSR, CENTERED ON MOSCOW; IN 1963 MORE THAN 35 MILLION RADIO RECEIVERS AND MORE THAN 10 MILLION TELEVISION RECEIVERS.

SOURCES: D.A. PAMPHLET 550-6 USSR: STRATEGIC SURVEY, 1969 EDITION.  
BACKGROUND NOTES ON THE COUNTRIES OF THE WORLD, U.S. DEPARTMENT OF STATE.

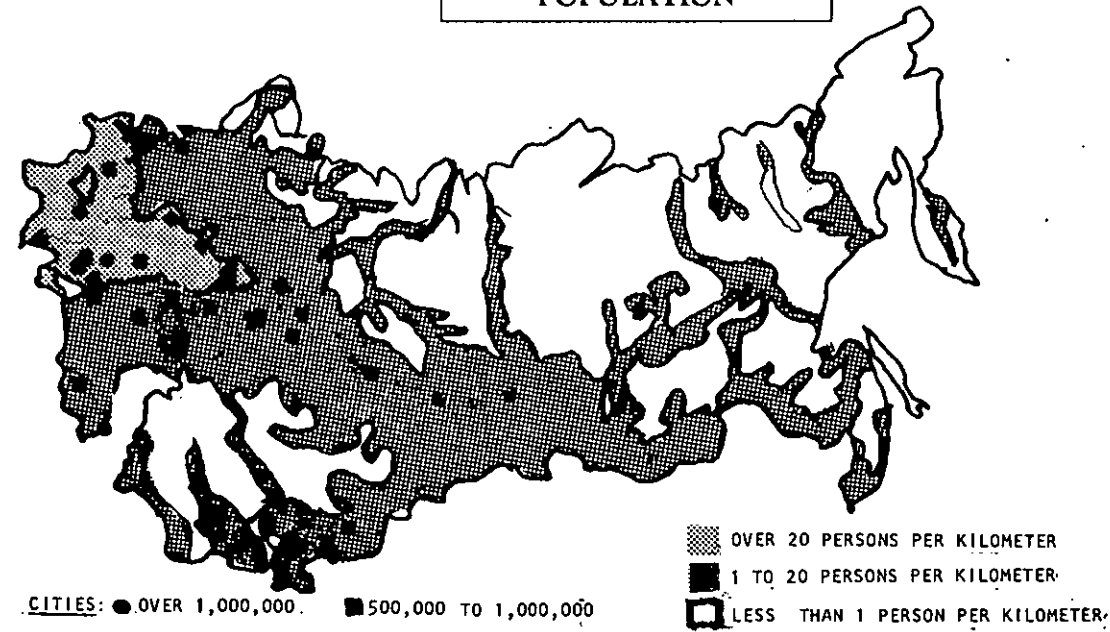
Background DataBackground DataAREA AND POPULATION

THE FOLLOWING TABLE SHOWS THAT AREA AND POPULATION OF THE U.S.S.R. AND THE CONSTITUENT (UNION) REPUBLICS:

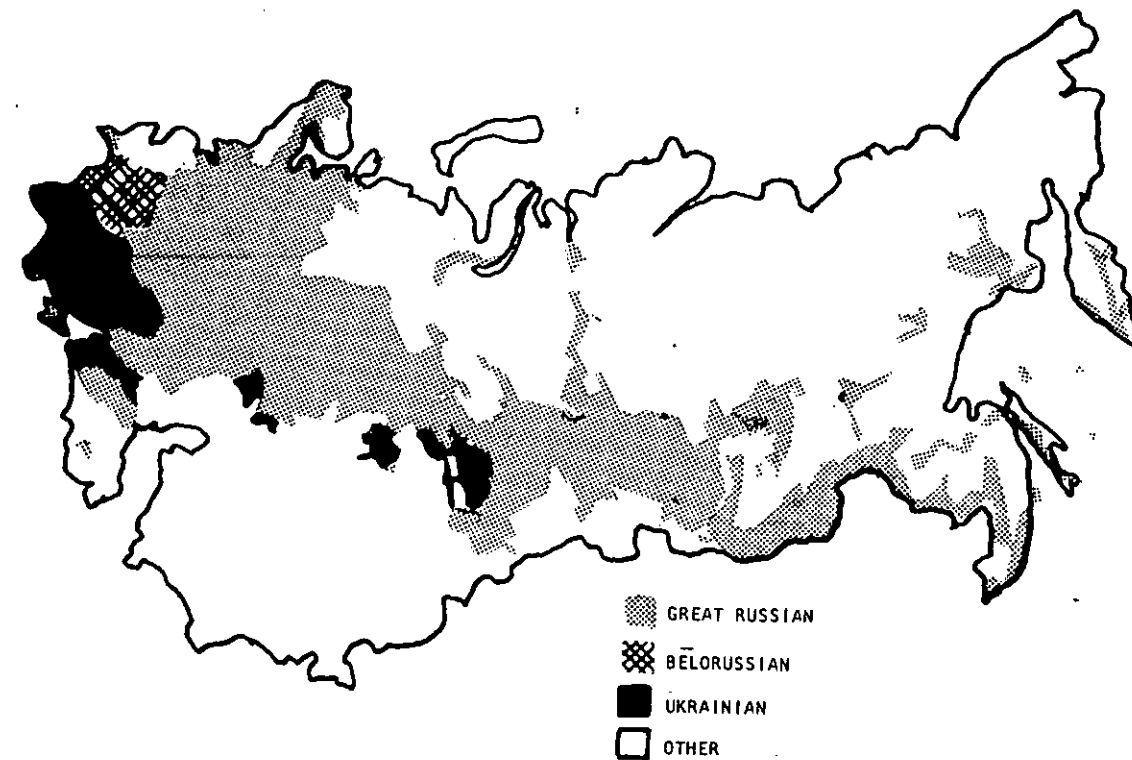
UNION REPUBLIC (WITH CAPITAL)	AREA (IN '000 SQ. KM.)	POPULATION 1 JANUARY 1970 (IN THOUSANDS)
R.S.F.S.R. (MOSCOW) .. ..	17,075.4	130,090
UKRAINIAN S.S.R. (KIEV) .. ..	603.7	47,136
BYELORUSSIAN S.S.R. (MINSK) .. ..	207.6	9,003
UZBEK S.S.R. (TASHKENT) .. ..	449.6	11,963
KAZAKH S.S.R. (ALMA-ATA) .. ..	2,715.1	12,850
GEORGIAN S.S.R. (TBILISI) .. ..	69.7	4,688
AZERBAIJAN S.S.R. (BAKU) .. ..	86.6	5,111
LITHUANIAN S.S.R. (VILNIUS) .. ..	65.2	3,129
MOLDAVIAN S.S.R. (KISHINEV) .. ..	33.7	3,572
LATVIAN S.S.R. (RIGA) .. ..	63.7	2,365
KIRGHIZ S.S.R. (FRUNZE) .. ..	198.5	2,933
TADJIKIS S.S.R. (DUSHANBE) .. ..	143.1	2,900
ARMENIAN S.S.R. (EREVAN) .. ..	29.8	2,493
TURKMEN S.S.R. (ASHKhabAD) .. ..	488.1	2,158
ESTONIAN S.S.R. (TALLINN) .. ..	45.1	1,357
TOTAL .. ..	22,402.2	241,748

SOURCE: THE INTERNATIONAL YEARBOOK AND  
STATESMEN'S WHO'S WHO-1971

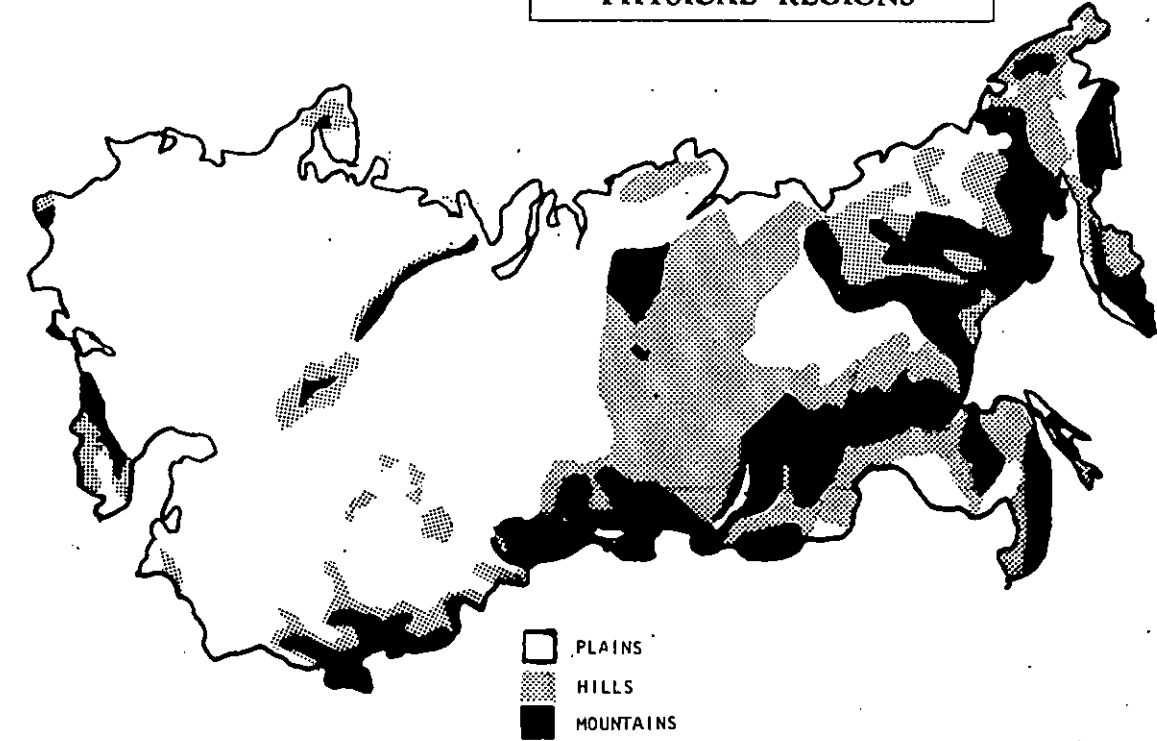
POPULATION



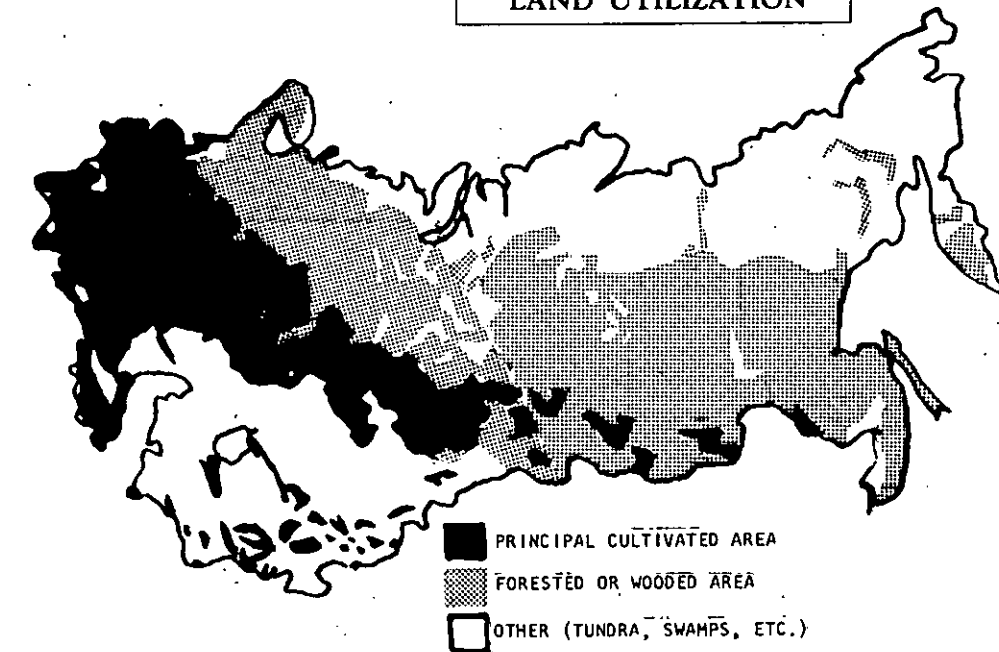
MAJOR ETHNIC GROUPS



PHYSICAL REGIONS



LAND UTILIZATION



Background Data

THE FOLLOWING TABLE SHOW POPULATION FIGURES FOR CAPITALS  
OF ALL THE UNION REPUBLICS AND FOR CITIES WITH MORE THAN  
200,000 INHABITANTS AT 1 JANUARY 1970 (IN THOUSANDS):

MOSCOW (IN PRESENT BOUNDARIES) .. ..	7,061	ROSTOV-ON-DON .. ..	789
LENINGRAD (1) .. ..	3,950	VOLGOGRAD .. ..	818
KIEV .. ..	1,632	SARATOV .. ..	758
TASHKENT .. ..	1,385	UFA .. ..	773
BAKU (2) .. ..	1,261	RIGA .. ..	733
KHARKOV .. ..	1,223	EREVAN .. ..	767
GORKY .. ..	1,170	ALMA-ATA .. ..	730
NOVOSIBIRSK .. ..	1,161	VORONEZH .. ..	660
KUIBYSHAV .. ..	1,047	ZAPOROZHYE .. ..	658
SVERDLOVSK .. ..	1,026	KRASNOYARSK .. ..	648
TBILISI .. ..	889	LVOV .. ..	553
DONETSK .. ..	879	KRIVROY ROG .. ..	573
CHELYABINSK .. ..	874	JAROSLAW .. ..	517
KAZAN .. ..	869	KARAGANDA .. ..	522
DNIEPROPETROVSK .. ..	863	FRUNZE .. ..	431
PERM .. ..	850	TALLINN .. ..	363
MINSK .. ..	916	DUSHANBE .. ..	374
OMSK .. ..	821	VILNIUS .. ..	372
ODESSA .. ..	892	KISHINEV .. ..	357
		ASHKHABAD .. ..	253

SOURCE: THE INTERNATIONAL YEARBOOK AND  
STATESMEN'S WHO'S WHO-1971

(10)

# HUDSON INSTITUTE

## UN ANALYSE GLOBALE (ET RESUME) POUR DEBATTRE DES ANNEES 70 ET 80

Edmund Stillman

3 January 1972

HI-1565-CC

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Paris 6ème, France

UNE ANALYSE GLOBALE (ET RESUME)  
POUR DEBATTRE DES ANNEES 70 ET 80

HUDSON INSTITUTE  
European Division

CROTON-ON-HUDSON, NEW-YORK

4, rue de Chevreuse, PARIS 6e

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## Discussion du tableau synoptique

i

## Introduction

Cette brochure décrit dans ses grandes lignes, sous forme de tableau synoptique, le contexte du Programme d'Etudes du Hudson Institute sur les Problèmes de Politique des années 1970-1980. La version complète de ce contexte se trouve dans deux rapports du Hudson Institute : Volume I : Commentaires sur Etendues, Méthodologies, Présentation de l'Etude, et Volume II : Contexte de base pour la discussion des Problèmes actuels de Politique.

Le contexte de nos Etudes Politiques contient des options, hypothèses, suppositions et questions que l'Institut considère comme importantes pour l'étude de l'avenir à court et à moyen-terme. Le contexte n'est pas en lui-même une étude ; il ne forme pas non plus une liste exhaustive des éléments d'une étude. Il est l'énumération des éléments que nous croyons être fondamentaux, négligés ou critiques dans une approche systématique de ce que le monde peut devenir dans les années 1975-1985. Nous considérons l'étude, les projections et prévisions sur l'avenir à court terme (5 à 7 ans) comme une entreprise sérieuse et, d'après l'expérience analytique d'organismes comme le Hudson ou la Rand Corporation au cours des années 1950 et 1960, comme offrant une certaine sûreté, parfois même une grande sûreté d'information. La plupart, mais non toutes les prévisions et projections sur l'avenir à long-terme présentent généralement --et presque inévitablement-- de sérieux défauts. Elles ne peuvent donc pas, la plupart du temps, être considérées comme des prévisions définitives et sérieuses, bien qu'elles puissent quand même influencer la politique de l'Etat ou celle de l'entreprise dans la mesure où elles mettent en valeur des problèmes et des possibilités importantes. Notre propre étude des années 80 et même de l'an 2000, est entreprise en partie comme "un jeu de l'esprit", mais plus encore pour la perspective qu'elle offre dans le cadre d'un travail à plus court terme. (voir p. 9 chart 6).

L'Etude des Problèmes Politiques de l'Avenir, entreprise par le Hudson, s'appuie sur quatre autres programmes de l'Institut, reliés entre eux. Le premier et le plus important est l'Etude sur le "Corporate Environment : 1975-1985", à laquelle participent et que financent une certaine de grandes entreprises et institutions publiques mondiales. Cette étude a plus particulièrement en vue l'impact politique et social de l'évolution des valeurs et des genres de vie, l'évolution des idées reçues et des institutions économiques et politiques --y compris le décollage de la culture post-industrielle, l'ascension spectaculaire du Japon, le commerce international croissant, le rôle des entreprises multinationales (et leurs relations particulières avec, à la fois, le monde développé et le monde sous-développé) l'attention croissante accordée aux problèmes de l'écologie et de l'environnement et, bien entendu, l'influence des technologies nouvelles et en voie de développement sur l'entreprise et l'environnement dans lequel elle opère. L'Etude s'intéresse aussi à l'apparition possible de nouvelles formes d'organismes--publics, privés ou mixtes--qui remplissent des rôles

Enfin, elle est extrêmement concernée par le "management" en tant que --d'après la définition de Peter Drucker-- "une nouvelle discipline, une nouvelle fonction, et une nouvelle classe dirigeante".

Le second des Programmes du Hudson se rapportant à l'Etude des Problèmes d'Ordre Public, est un programme de travaux financés par un gouvernement, principalement le gouvernement des Etats-Unis, mais aussi les gouvernements européens et ceux d'Amérique Latine. Cette recherche implique parfois des sources privées. Elle s'attache aussi à des questions spécialisées et confidentielles, mais à l'heure actuelle, l'Institut fait un grand effort pour relier la recherche gouvernementale à son étude générale sur l'avenir et vice versa, fournissant ainsi aux clients privés et publics une recherche politique qui permette d'améliorer la connaissance générale commune de l'avenir de notre société.

? Le troisième programme est financé par des subventions privées ou venant de fondations, et permet un travail innovateur et spéculatif n'ayant généralement aucun rapport direct avec les besoins spécifiques et clairement définis des ministères et des entreprises individuelles ; (Le quatrième consiste en une série d'études particulièrement approfondies ou d'études d'ensemble des problèmes du "business", et obtenant en général un certain support financier des entreprises intéressées par ces options. La plus importante de ces études est la Responsabilité Sociale de l'Entreprise Américaine, étude à laquelle s'intéressent six corporations\* américaines appartenant déjà au programme d'études sur le Corporate Environment.

#### Les trois tendances de base et comment les étudier.

? Le contexte, qui est présenté sous forme de chart\*, commence par trois charts décrivant les trois projections de base de ce que nous appelons le monde standard du Hudson Institute. On devrait plus justement l'appeler le Monde Standard n° 1 du Hudson Institute, car il existe d'autres mondes "standards" que certains membres de l'Institut trouveraient au moins aussi intéressants sinon plus. Le "monde standard" est un concept méthodologique suggérant une projection sans surprise de la situation actuelle, dans laquelle on met en valeur les théories d'un groupe particulier, en leur donnant la possibilité de se développer par elles-mêmes. Le groupe pourrait être une partie du personnel du Hudson Institute ou un groupe du Département d'Etat américain, une représentation de la bourgeoisie française, des membres du Présidium Soviétique, etc. Il est aussi possible pour un groupe d'avoir plusieurs projections "sans surprises", souvent même contradictoires. (Une projection "sans surprise" se définit donc comme exprimant les aspirations théoriques d'un groupe quelconque --si ces théories se réalisent, alors le groupe en question ne devrait pas être surpris).

La première de ces trois charts de la page 1 présente une projection de base pour les années 70 et 80. Différentes tendances sont énumérées dans l'ordre de leur importance pour l'Etude de Politique (bien que ceci soit discutable étant donné les deux derniers points de la chart 1). Les deux

\* voir page xi

premières tendances (alinéas A et B) de cette projection totale sont aussi décrites en détail à la même page. La première, "la tendance multiple" résume une tendance de base de la culture occidentale, qui, comme le suggère la chart, peut remonter à quelques 1000 ans. Alors que de nombreux historiens proposent des théories expliquant cette tendance, nous ne nous intéressons pas aux théories mêmes, mais acceptons comme hypothèse de travail que cette tendance existe et qu'elle est importante.

La seconde tendance, "la Naissance de la Société post-industrielle américaine de l'an 2000" reflète notre idée que, dans les vingt ou trente prochaines années, nous serons témoins d'un changement culturel dans l'humanité aussi important que tous ceux qui ont pu avoir lieu jusqu'à maintenant --c'est-à-dire, ce passage vers le "post-industriel" aura une signification comparable à celles des révolutions agricoles et industrielles. Il est évident que pratiquement tout ce qui se passe à l'heure actuelle peut donc anticiper ce changement, en faire partie, ou être modifié par sa présence.

Il y a plusieurs façons d'envisager la société "post-industrielle". Une d'entre elles est de définir le concept "d'occupation quaternaire" --par opposition aux occupations primaires, secondaires et tertiaires-- comme s'intéressant à une activité pour elle-même (récréation, rituels, religion, activités de la réalisation de soi, certaines formes d'éducation, de nombreux cours d'éducation physique et de recyclages intellectuels pour adultes, etc.), ou services à de telles activités, ou services à de tels services. Une autre façon de définir la même chose est de prendre en considération le concept chinois des cinq garanties. Le gouvernement chinois, par tradition, a toujours ressenti l'obligation d'offrir à son peuple une nourriture, un toit, des vêtements, des soins médicaux et des funérailles décentes (tout ceci selon les critères chinois). Une culture "post-industrielle" est une culture pour laquelle le devoir de procurer au peuple les cinq garanties est extrêmement facile et ne demande ni aucune attention particulière ni aucun effort.

Sur la page suivante, se trouve une courte discussion de quelques problèmes de méthodologie qui sont soulevés quand on essaie d'approfondir les tendances de ces trois premières charts. Nous avons d'abord un alinéat sur les objectifs de base d'une telle recherche. La complexité même de cette chart --le fait qu'il y ait autant d'objectifs-- révèle la complexité et la difficulté de cette tâche. Alors que nous voudrions mettre l'accent sur la deuxième partie de la chart --améliorer directement les décisions-- en fait l'étude met surtout en valeur la première partie --améliorer le processus de base de la prise de décision. (Les termes un peu ésotériques de la ligne 5 de cette chart sont expliquées dans la chart suivante).

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\*\* Les occupations primaires sont extractives : pêche, agriculture, mines, etc. Les occupations secondaires sont : la construction et les manufactures, les occupations tertiaires sont : les services rendus aux occupations primaires ou secondaires, ou services rendus à ces services.

Une méthode de base dans ce genre d'études est d'énoncer ou de proposer quelque chose qui se situerait entre un modèle rigoureux et un analogue --aller plus loin que l'analogue, même si l'on ne peut pas développer utilement un modèle rigoureux ; c'est ce qu'implique un "paradigme", dans le sens où nous utilisons le mot (après R.K. Merton). De plus, la recherche politique utile implique de communiquer de nombreux renseignements à un preneur de décision ou au directeur de recherche d'un projet et de le faire de telle façon que, non seulement il se servira de cette information, mais qu'il ira plus loin par lui-même. Ces deux dernières exigences pédagogiques sont décrites par nos termes "propédeutiques" et "heuristiques". Il est vrai que, toute la controverse autour du "boom de l'information" vient en grande partie des difficultés à trouver des dispositifs propédeutiques et heuristiques et du peu d'attention généralement portée à ces deux aspects. (Cette brochure est, en fait, notre premier pas vers un paradigme propédeutique et heuristique de notre étude).

La chart suivante (chart 3) sur l'utilisation des méthodes analytiques met en garde une organisation contre les véritables problèmes soulevés par une trop grande utilisation de méthodes analytiques dans ses opérations, tactiques, stratégies. La réserve, le scepticisme, voir même l'hostilité dont font preuve de nombreux organismes vis-à-vis de cet engouement pour les méthodes analytiques, peuvent être justifiés soit par une expérience passée, soit par pur instinct.

La chart 4, sur la formation vers l'incompétence, décrit quelques causes et aspects d'un concept des plus importants. Une des raisons essentielles pour laquelle un organisme comme le Hudson peut souvent apporter une contribution substantielle aux choix des options politiques et à leur réalisation, est qu'il possède un certain nombre de moyens d'éviter, d'alléger, et/ou de maîtriser de nombreux problèmes de formation vers l'incompétence, le plus crucial d'entre eux étant, bien sûr, de trouver les gens compétents pour travailler sur le projet ou que l'on puisse consulter à ce propos.

Dans la chart 5, nous notons, en passant, qu'il est très difficile d'avoir un organisme de recherche comme la Rand ou le Hudson dans les pays européens et nous donnons trois raisons essentielles à cette difficulté. Ces raisons reflètent une grande différence d'optique entre les cultures européennes et américaines.

Dans la chart 6, nous décrivons "Les six outils de base de l'Etude des Politiques", dont le premier est le plus important --examiner simplement le monde dans sa réalité et trouver ce qui s'y passe et/ou appliquer la forme de théorie la plus simple qui soit à la situation. Les métaphores et analogues historiques du paragraphe suivant ne sont pas, bien sûr, des méthodes de vérification, mais ils aident à chercher des idées, à expliquer et exposer des problèmes qui, autrement, seraient des plus difficiles à formuler et à clarifier. Contrairement au mythe général, les organismes comme le Hudson n'utilisent que très peu l'alinéat 3, modèles analytiques, surtout parce que ces outils nous apparaissent trop faibles pour la majorité de notre travail. Nous utilisons, comme indiqué plus haut, les approches

énoncées ligne 4, les méthodologies propédeutiques et heuristiques et les paradigmes. Il existe aussi des méthodologies spéciales (voir ligne 5) qui sont très utiles. Enfin, nous essayons, en attirant de nombreux "outsiders", de surmonter quelques unes des déficiences qui sont normalement le lot des organismes professionnels de recherche politique.

Il faut remarquer que nous nous intéressons beaucoup plus à la recherche politique qu'à la recherche académique. Ce qui entraîne, voir chart 7, un certain nombre de problèmes différents --en particulier, celui de la superficialité dans certains domaines. C'est pourquoi nous espérons, grâce à notre interaction avec les participants du "Corporate Environment Study", aux nombreuses études en profondeur et au fait que nous utilisons de nombreux consultants, éviter certaines des faiblesses propres à la recherche politique. De toute façon, notre attitude de base, de même que notre organisation et méthodologie, évite presque automatiquement la plupart des faiblesses de la recherche académique.

### Une forte prédisposition à l'agitation.

Les deux pages suivantes présentent en effet quelques unes des horreurs qui peuvent se produire dans les dix ou vingt prochaines années, tout en nous offrant aussi de nombreux aspects de l'environnement qui soient extrêmement rassurants. Sur la première de ces deux pages nous exposons et décrivons quelques unes des options de base influençant la stabilité ou l'instabilité du système international et l'utilisation et le contrôle de la force et de la menace de force. Il serait utile au lecteur d'étudier ces cinq charts attentivement.

Le graphique n° 1 montre que nous croyons que le monde était très dangereux dans les années 50, qu'il devint relativement sûr dans les années 60 et le début des années 70, mais qu'il redeviendra probablement dangereux avant la fin du siècle. La chart 2 explique quelques unes des raisons qui nous ont guidés. Une des choses importantes qui s'est passée est que les facteurs de stabilité indiqués dans cette chart commencent à s'éroder et que, de plus, de nouveaux problèmes se posent.

Cependant, la chart 3 remarque qu'il existe d'importantes raisons structurelles de stabilité ; que, plus que jamais, pour la plupart des pays et des problèmes, les comparaisons des forces et des pouvoirs entre les pays sont aberrantes.

On peut donc penser qu'une carte du monde dessinée maintenant définirait encore en l'an 2000, avec une précision raisonnable, les frontières politiques d'Amérique Latine, d'Amérique du Nord, d'Europe, d'Union Soviétique, du Japon, et de la Chine. Il est facile d'imaginer quelques modifications importantes de frontières dans les pays afro-asiatiques, mais il semble à peu près certain que les frontières politiques du monde d'aujourd'hui resteront stables.

La chart 4 nous rappelle cependant qu'il existe encore des risques d'affrontement militaire entre les nations, même si 90 % des motifs traditionnels de ce genre de violence ont diminué ou même disparu. La chart 5 présente quelques uns des problèmes technologiques plus larges qui seront décrits

sur la page suivante. Aussi importants que puissent paraître les problèmes exposés au chapitre des "Principales Sources de Stabilité et d'Instabilité internationales", les problèmes "technologiques" soulevés au chapitre suivant sont peut-être encore plus sérieux (de même que comprenant, ou influençant énormément le problème de la stabilité internationale).

Les sept grands sujets de la chart 1 et les dix exemples pour chacun de ces sujets donnés dans les sept charts suivantes offrent une vision dégrisante sinon effrayante de quelques perspectives d'avenir. Nous sommes nombreux à croire que cette "Crise technologique imminente de 1985" paraît plus sérieuse qu'aucune autre question soulevée dans l'étude.

### Le ferment actuel de la culture occidentale.

La série de pages qui suit décrit les changements qui ont lieu, et que beaucoup ressentent, au sein de la culture occidentale et ses systèmes de valeur. Sur la page "Culture en évolution", nous commençons par mettre en valeur (deux premiers alinéats) l'évolution du rôle du travail et des valeurs orientées vers le travail, du moins en ce qui concerne les classes moyennes supérieures. Ce changement, bien que ne touchant pratiquement qu'une élite, reste cependant un des plus évidents et significatifs des dix années d'après-guerre, et suivant le but choisi, pourrait être un des plus importants.

La chart 3 reflète un problème propre à une culture moderne, industrielle et méritocratique, caractérisée par une période d'adolescence et d'éducation académique prolongées. Parmi les problèmes qui se posent, nombreux sont ceux qui offrent une similarité avec les problèmes que l'on pouvait observer dans le passé dans des sociétés comme la Chine de Confucius, encore qu'ils se présentent sous forme différente.

Les charts 4, 5 et 6 sont vues dans l'optique du macro-historien. Nous utilisons la terminologie de Sorokin dans la mesure où elle est fondamentalement neutre. La chart 5 montre comment la mode occidentale actuelle en Art se désintéresse des thèmes religieux et héroïques. Une question se pose alors d'elle-même : dans quelle mesure ce désintérêt --et son évolution ultérieure-- se reflètera-t-il sur d'autres aspects de la culture occidentale? Quelques "systèmes de vérité" possibles sont illustrés dans la chart 6.

La plus intéressante de toutes les pages de cette brochure est peut-être la suivante : "Evolution des valeurs et Weltanschauungen". La chart 1 s'applique surtout aux Etats-Unis. C'est un fait que nous pouvons définir "l'Amérique moyenne" ou les valeurs américaines traditionnelles en disant que ceux qui se sentent concernés par les points soulevés ici posséderont probablement les valeurs américaines traditionnelles. Celles-ci sont justement les valeurs qui sont entrain de disparaître dans la bourgeoisie, la grande bourgeoisie (classe moyenne supérieure et supérieure) et l'élite intellectuelle d'aujourd'hui --en particulier parmi les professeurs et de nombreux jeunes inscrits dans les universités les plus renommées aux Etats-Unis.

La chart 2 présente quelques alternatives de domaines où il est probable que les gens dont les systèmes de valeur traditionnels s'érodent --ou se sont érodés-- essaieront de trouver "le sens et le but de la vie". Nous pourrions ajouter que les huit premières possibilités de cette chart représentent des valeurs "saines" et que les huit suivantes sont des valeurs "malsaines" --bien qu'il soit évident que ce jugement parte d'un point de vue traditionnel. En terme de "sain" ou de "malsain", la ligne 17 est neutre et ambivalente.

La chart 3 propose une façon intéressante de considérer les idéologies politiques américaines actuelles. Nous pensons que la même idéologie peut souvent être soit saine soit malsaine suivant le trait souligné. Ceci est en partie une question de jugement de l'observateur, en partie aussi, c'est un fait objectif. Ce que nous essayons de dire dans cette chart est que ces cinq idéologies, si elles sont maîtrisées raisonnablement, peuvent mener aux possibilités communes de la partie supérieure de la colonne 6 ; alors que n'importe laquelle de ces mêmes idéologies, prise dans un contexte "pathologique" pourrait aussi amener aux possibilités communes de la partie inférieure de la colonne 6.

Il est bon de noter que le mot "humaniste" pendant la première partie et le milieu de la Renaissance mettait en valeur les colonnes 3 et 4 par opposition à la colonne 5. A la fin de la Renaissance, l'Eglise Catholique avait réussi à intégrer raisonnablement les colonnes 3 et 4 avec la colonne 5. L'humanisme signifiait alors n'importe quelle combinaison raisonnable de la partie supérieure de ces trois colonnes. Aujourd'hui, l'humanisme tend à opposer les colonnes 1 et 2 aux colonnes 3, 4 et 5. Nous pensons qu'une définition propre du mot, comme il est expliqué dans la colonne 6, devrait comprendre une combinaison des parties supérieures des colonnes 1 à 5 avec une part minime de 3 et de 4. Nous ajouterons que nous ne prétendons pas que les cinq idéologies décrites dans les cinq listes, aussi bien dans les parties supérieures qu'inférieures des colonnes, soient nécessairement typiques d'une culture autre que la culture américaine, ou qu'elles forment une liste exhaustive des possibilités de la culture américaine. Mais ces cinq syndromes particuliers nous paraissent être d'utiles outils pour une analyse de la scène américaine, dans une moindre mesure de l'Europe et peut-être aussi de l'Asie.

#### Usure croissante des libéralismes politiques et économiques récents.

Les deux pages suivantes sur les mutations économiques et politiques sont à la fois la source et la dérivée des pages précédentes sur les changements culturels et des systèmes de valeur. Il est possible de soutenir que c'est ce changement économique même --ou changement politique-- qui est à la base des tendances et des problèmes apparents dans les changements actuels de la culture et de ses valeurs. De toute façon il existe un rapport étroit entre ces différentes questions.

Il est probablement juste de placer les problèmes économiques d'abord, car la stabilité et la sécurité économiques et politiques actuelles que nous avons notées (ou du moins la stabilité et la sécurité apparentes) de même que la richesse croissante, dégagent certainement des forces aptes à opérer les changements décrits dans les deux pages précédentes. Les charts 1 et 2 offrent des scénarios consistants du monde économique et technologique de l'an 2000. (Nous croyons fermement que le Japon devrait être un des états leaders, si ce n'est le leader post-industriel). Les deux scénarios soulignent le fait que le cliché de l'îlot de richesse d'Amérique du Nord et d'Europe entouré d'une mer de misère économique est trompeur. Entre 20 et 25 % de la population mondiale devraient vivre dans des pays caractérisés par ce que nous appelons des sociétés post-industrielles. Il devrait aussi y avoir des enclaves post-industrielles ailleurs dans le monde. Une autre tranche de 20 à 25 % de la population mondiale devrait vivre dans des pays possédant un niveau économique équivalent à celui de l'Amérique et de l'Europe d'aujourd'hui. Ceux-ci devraient en fait devenir les ateliers industriels du monde ; c'est-à-dire, surtout le sud et l'est de l'Europe, l'Amérique Latine, l'Asie du Pacifique Non Communiste et peut-être certaines parties du Moyen-Orient et de l'Afrique du Nord. A peu près la moitié de la population mondiale vivra dans deux larges zones culturelles : la Chine continentale et la zone culturelle hindoue. Du point de vue de la compétition internationale économique et technologique, ces deux zones resteront certainement passives et stationnaires --et ceci est une des raisons, mais non la seule, pour laquelle ces régions ne joueront pas, sur la scène internationale, des rôles aussi importants que beaucoup maintenant attendraient d'elles. L'Afrique Noire risque fort d'être plus une zone et cause de conflit qu'une force politique indépendante. Le Moyen-Orient et l'Afrique du Nord comprendront certainement quelques états dont le niveau technologique et économique sera relativement avancé, mais la plupart des pays de cette région resteront probablement passifs ou "stationnaires", du moins comparés au dynamisme relatif et à l'influence des nouvelles zones industrielles et post-industrielles. Nous noterons enfin que 5 à 10 % de la population mondiale vivront probablement dans un état de pauvreté irréductible --ne dépassant pas le cap historique des 250 \$ par habitant. (Avant la révolution industrielle, aucune nation ou zone culturelle rurale ne dépassa probablement jamais ce cap pendant une longue période de temps, mais ces dernières régions risquent fort de n'avoir aucune règle de politique cohérente.

La chart 3 donne les quinze raisons pour lesquelles nous pensons que les taux d'accroissement industriels japonais vont probablement continuer à être assez élevés pour donner au Japon une prédominance, voir même une prééminence économique, technologique et financière dès la fin du siècle. Même si les taux d'accroissement tombent de 20 à 30 % dans les dix prochaines années, il reste toujours possible que le Japon possède le revenu par habitant le plus élevé du monde et peut-être aussi le PNB le plus élevé du monde.

La chart 4 montre comment calculer vous-même le PNB possible des Etats-Unis en l'an 2000 (et par déduction le PNB par habitant). La chart 5 a un rapport direct avec notre Etude sur le "Corporate Environment". Elle montre qu'en ce qui con-

x

... les économies nationales, le commerce mondial deviendra de plus en plus important et qu'en ce qui concerne les deux, les entreprises multinationales deviendront extrêmement importantes. Par conséquent, à la fin du siècle, quelques 300 entreprises multinationales devraient dominer le commerce mondial et une part importante de la production nationale. Mais, aux environs de l'an 2000, cette croissance économique rapide des entreprises multinationales risque de se trouver limitée et de commencer à décroître. Ceci pourra entraîner une crise ou autre sorte de changement.

Nous pensons que la chart 1 de la page "Changements politiques" offre une assez bonne description de la tendance générale de la discussion politique actuelle aux Etats-Unis --et, dans une certaine mesure, dans le monde entier-- du moins en ce qui concerne les milieux "intellectuels" de la bourgeoisie et de la grande bourgeoisie. Nous adoptons pratiquement la même attitude vis-à-vis du "milieu" politique que celle de Schumpeter et que d'autres ont préconisée vis-à-vis du "milieu" économique qui déclencha la grande crise économique de 1929 : un certain nombre de cycles économiques ont coïncidé dans leur phase de dépression à peu près à la même époque et la crise était devenue inévitable à la fin des années 20; mais par suite de l'incapacité du gouvernement, cette crise se transforma en une catastrophe quasi-totale.

La chart 2 fait ressortir de façon volontairement critique quelques unes des tendances récentes qui ont influencé les intellectuels. Nous reprenons ici, de façon plus élaborée, le n°2 de la chart 1. La chart 3 montre qu'il y a aujourd'hui peu de sens de l'intérêt public. Ainsi, alors que la moitié des américains adultes aurait pu rendre compte des huit options de la chart 3, il est presque impossible, du milieu de 1965 au milieu de l'année 1969, de trouver ces points décrits de façon raisonnable et cohérente dans la presse de qualité ou, à quelques exceptions près, dans la littérature d'érudition. La connaissance de l'étranger était pire.

Comme le montre la chart 4, nous pensons que les discussions les plus courantes de ces problèmes entamées à la fin des années 60, début des années 70, vont continuer --les problèmes et leurs limites seront définis beaucoup plus clairement. Nous avons choisi des termes descriptifs, et plutôt flatteurs, pour chaque groupe. Ainsi les membres de la "gauche humaniste" acceptent en général ce terme pour eux-mêmes mais objectent à l'utilisation du terme "centre responsable" pour les adversaires, car cela implique que la gauche humaniste est extrémiste et irresponsable. Le centre responsable, bien sûr, refuse de n'être pas considéré humaniste, et/ou, progressiste. Les "conservationnistes" se considèrent aussi humanistes, progressistes, responsables et plutôt au centre. En fait, même les "traditionnalistes" répliquent que, formant le courant de la tradition américaine, ils sont obligatoirement progressistes, juste milieu, s'intéressant à l'américain moyen --et que tous les autres groupes sont mal nommés. L'avantage de cette terminologie est qu'elle est acceptée par chacune des personnes concernées, qu'elle décrit les différences de façon raisonnable et qu'elle met en valeur quelques unes de ces différences de façon fort utile. A ces quatre groupes on pourrait en ajouter de nombreux autres qui sont en fait la continuation d'attitudes et d'idéologies d'avant la deuxième guerre mondiale.

### Extrapolation, Prévision, Influence sur le Futur.

Les deux dernières pages soulevaient les questions les plus fondamentales de notre Etude : comment faire face à l'avenir et la possibilité de créer ce que l'on pourrait appeler des idéologies de l'An 2000, celles-ci servant de réponse, partielle ou temporaire, à la recherche du but et du sens de la vie. Sous différentes formes correspondant aux différents groupes et classes, une idéologie de l'an 2000 peut servir de ligne directrice ou de force motrice, non seulement aux groupes d'élite, mais aussi à la grande masse des gens. Elle peut aussi fournir une justification relativement claire et persuasive aux efforts de nombreux pays développés ou sous-développés pour améliorer le choix de leurs options politiques et la réalisation de celles-ci. Tournons-nous d'abord vers la méthodologie d'examen du futur.

La première chart est un exemple type de courbe enveloppante. On utilise souvent ces dernières en prévision technologique. Dans cette chart, nous avons donc porté en ordonnée la puissance (c'est-à-dire, vitesse  $\times$  par la capacité (mémoire) des ordinateurs disponibles les plus récents, et en abscisse, la date à laquelle ils ont été mis en circulation. Chaque petit cercle sur la courbe représente non seulement un nouvel ordinateur, mais encore un changement technologique précis par rapport aux ordinateurs précédents. La courbe illustre le fait que l'amélioration dans le temps dépendait plus de l'augmentation du nombre des innovations technologiques que de l'amélioration de la technologie déjà existante. La technologie, à chaque point donné de la courbe, était si nouvelle que cinq ou dix ans plus tôt, non seulement, elle n'aurait pas atteint le stade des possibilités contemporaines, mais se situerait bien au-delà de tout entendement normal ou même de l'imagination d'un ingénieur. Les gens croient en général que le taux d'amélioration des performances dû aux technologies nouvelles est essentiellement imprévisible. Cependant, en ce qui concerne les ordinateurs, ainsi d'ailleurs que de nombreuses technologies, on peut observer empiriquement que les améliorations peuvent s'inscrire sur une courbe d'une simplicité remarquable.

Cette caractéristique de l'avance technologique pendant les vingt ou trente dernières années (et souvent remontant encore plus loin) est des plus importantes : les résultats obtenus par des innovations pourtant non prévues ont été relativement prévisibles. Une recherche des caractéristiques et de la validité de ce phénomène est un élément important dans notre étude de l'avenir. Les renseignements donnés par la courbe sont aussi intéressants. Cette courbe suggère qu'à peu près tous les deux ou trois ans la puissance des ordinateurs a été multipliée par dix. On peut soutenir que cette augmentation --ou un équivalent quelconque (dans les nouveaux appareils, le concept de "puissance" n'est pas vraiment définissable d'une seule façon)-- risque de continuer pendant tout le siècle, ou du moins pendant les vingt ou trente années à venir (c'est-à-dire, chaque décennie devrait être témoin d'une augmentation de la puissance des ordinateurs les plus avancés de l'ordre de 10 000 fois leur puissance originelle en l'an 2000 ; l'amélioration de la puissance --ou capacité équivalente-- devrait être de quelques billions de fois supérieure à celle d'aujourd'hui.

Une des conséquences de changements aussi rapides en technologie, et dans de nombreux aspects de la vie moderne, est que la plupart de nos buts sociaux sont maintenant incertains. La chart 2 énumère les domaines dans lesquels ces buts sont non seulement incertains, mais de plus la base d'une controverse. Nous espérons bien, en fait, éclaircir cette controverse, et peut-être même obtenir "une convergence au deuxième degré" en ce qui concerne de nombreuses prises de position actuelles. Une conséquence (et cause) du flux et de la controverse sur les buts sociaux est expliquée à la chart 3 : la remise en question croissante des bienfaits du progrès --et, dans un certain nombre de cas, l'idée même du progrès. Ainsi, une des attitudes fondamentales et caractéristiques de la culture occidentale au cours des 200 dernières années est à présent remise en question.

Dans la chart 4, nous trouvons sept points de vue fondamentaux que divers individus ou cultures possèdent vis-à-vis du changement historique. Les trois derniers points de cette chart couvrent assez bien notre propre opinion du sujet. En partant de cette position, nous pouvons définir le problème de la prévision, (voir chart 5) en délimitant six classes de variables, chacune d'elles présentant un problème spécifique de prévision ou de projection. Nous terminons la page (et introduisons la suivante) avec une chart sur les différentes raisons d'étudier l'an 2000.

Il est intéressant de noter que l'étude de l'an 2000 peut être faite pour jouer un rôle semblable à celui d'une idéologie type. Les trois premières charts de la dernière page notent quelques aspects des idéologies intenses, et la chart 5 explique de façon quantitative pourquoi la chart 4 est probablement fautive pour la plupart des pays, du moins si l'on pouvait formuler une idéologie de l'an 2000 raisonnable. C'est-à-dire que cela montre que le pouvoir de l'intérêt composé est si fort que des taux de croissance vraisemblables, ou autres changements composés, peuvent créer une différence énorme sur une période de vingt à trente ans.

Un rôle important pour de nombreuses idéologies est de servir de guide et de stimulant au développement économique et social. La chart 7 compare dans cette optique trois idéologies relativement proches. La chart 8, débattant de l'utilité des idéologies de l'an 2000, sert de contraste à la chart 4 qui suggère que des idéologies intenses et violentes sont nécessaires.

\* Le mot "chart" s'applique à un ensemble de données d'importance variable et de forme diverse, il peut désigner tout aussi bien un paragraphe, un graphique, un chapitre, une citation, etc.

TABLEAU SYNOPTIQUE

1  
LES TROIS PROJECTIONS DE BASE POUR LE "MONDE STANDARD" N°1 DU HUDSON INSTITUTE

II. PROJECTIONS "RELATIVEMENT A-MILITAIRES", "RELATIVEMENT A-POLITIQUES"  
"SANS SURPRISES", DES ASPECTS LES PLUS SIGNIFICATIFS DU DERNIER TIERS  
DU XXEME SIECLE

*war sans pyrrus*

- A. Continuation et/ou ralentissement de la tendance multiple.
- B. Début de la culture post-industrielle dans les nations comptant 20 % de la population mondiale et dans quelques enclaves dans le monde.
- C. "Règlement politique" de la deuxième guerre mondiale --y compris la montée du Japon comme troisième super-puissance (ou quasi super-puissance) et la renaissance des deux Allemagnes.
- D. La crise technologique imminente de 1985 --nécessité "d'ordonnance par zone" à l'échelle mondiale (mais probablement ad hoc) et autres contrôles-- possibilités de ralentissement contraint de la tendance A ci-dessus.
- E. Sauf des exceptions importantes, érosion des douze leviers traditionnels de la société et recherche parallèle du sens et du but de la vie et création d'une certaine confusion culturelle.
- F. Début et conséquence des nouveaux milieux politiques différents ; exemple : début de la confrontation "gauche humaniste" --"centre responsable" notamment au sein de la haute culture occidentale (visible).
- G. Communisme, capitalisme et christianisme de plus en plus "révisionnistes" en Europe et dans l'Hémisphère occidental.
- H. Diminution générale du consensus et de l'autorité --variété générale croissante (et un certain accroissement de la polarisation) dans les idéologies, les systèmes de valeurs, les styles de vie.
- I. Problèmes mondiaux de "l'ordre public" (domestiques et à l'étranger).
- J. Réactions et rébellions populistes et/ou "conservatrices".
- K. Problème plus aigu de la formation vers l'incompétence et/ou des arguments mal fondés ou non pertinents.
- L. Meilleures compréhension et technique pour un développement économique soutenu pour riches et pauvres. Taux de croissance annuel élevé du PNB par habitant (1% - 15%) presque partout ; la révolution agricole ; capacités à l'échelle mondiale de posséder une industrie et une technologie modernes --importance croissante des firmes et conglomérats multinationaux.
- M. Mouvements de masse ou élitistes, "nativistes", messianiques et autres mouvements irrationnels d'ordre émotionnel --déclin de la politique rationnelle.

- N. De nombreuses crises chroniques (ex. quatre pays divisés, le conflit israélo-arabe, hostilité sino-soviétique et sino-américaine, etc.).
- O. Agitation et luttes nouvelles et nombreuses dans les pays afro-asiatiques et peut-être en Amérique Latine et dans l'APNOC (l'Asie Pacifique Non Communiste).
- P. Monde relativement multipolaire et anarchique, mais aussi relativement calme et unifié --c'est-à-dire, croissance énorme du commerce international, des communications et des voyages ; croissance vers une unification et une institutionnalisation technologique ; déclin relatif de la puissance, de l'influence et du prestige des Etats-Unis et de l'URSS ; apparition de nouvelles "puissances intermédiaires" : par exemple : l'Allemagne de l'Est, Brésil, Mexique, Indonésie, Egypte, Argentine, etc. tentative possible de la part du Japon de devenir une sorte de leader mondial ; ascension et chute de la Chine et de l'Europe.
- Q. Quelques surprises "non significatrices" et peut-être aussi significatrices.

A. IL EXISTE UNE TENDANCE MULTIPLE DE BASE,  
A LONG TERME, ALLANT VERS :

1. Une culture de plus en plus "sensate" (empirique, de ce monde, laïque, humaniste, pragmatique, manipulative, explicitement rationnelle, utilitaire, contractuelle, épicurienne, hédoniste, etc.) -- récemment la disparition presque totale du sacré, et l'érosion relative de tabous, totems, charismes "irrationnels" et formes d'autorité.
2. Elites bourgeoises, bureaucratiques et "méritocratiques", et récemment intellectuelles et technocrates.
3. Une accumulation des connaissances scientifiques et technologiques.
4. Une institutionnalisation du changement technologique notamment de la recherche, du développement, de l'innovation et de la diffusion --récemment une insistance croissante et volontaire à découvrir et créer des systèmes et des "sérendipités" (art de faire des découvertes fortuites et heureuses).
5. La croissance des moyens militaires de destruction massive.
6. Jusqu'à récemment, élargissement de la partie du monde dominée ou fortement influencée par la culture occidentale.
7. Une opulence et, depuis peu, des loisirs croissants.
8. Un accroissement démographique à un taux actuellement explosif mais qui diminue.
9. Urbanisation et suburbanisation et "étalement urbain" --bientôt croissance des mégalo-poles.
10. Récemment, et chaque jour davantage, problèmes déterminés par le macro-environnement (par exemple, contraintes dues à la dimension finie du globe terrestre et des divers réservoirs locaux et globaux).
11. Importance décroissante des occupations primaires et (depuis peu) secondaires et (encore plus récemment) tertiaires.
12. Instruction et alphabétisation croissantes --depuis peu-- "l'industrie du savoir" et la croissance du rôle et du nombre des intellectuels.
13. Les idées, la discussion et la planification axées sur "le progrès" et l'avenir --depuis peu une certaine amélioration des méthodologies et des outils-- une certaine régression également.

14. Un rationalisme innovateur et manipulatif appliqué de plus en plus aux mondes social, politique, culturel et économique, aussi bien qu'à modeler et à exploiter le monde matériel --problème de plus en plus aigu de la rationalité ritualiste et incomplète ou de la pseudo-rationalité.
15. La tendance multiple devenant de plus en plus universelle.
16. Un rythme de changement accéléré dans tous les domaines ci-dessus.

B. LA NAISSANCE DE LA SOCIETE "AMERICAINE" POST-INDUSTRIELLE (OU POST-CONSOMMATION DE MASSE)  
"DE L'AN 2000"

1. La plupart des activités "économiques" sont quaternaires (essentiellement activités personnelles et d'auto-service, et de services à ces activités, et services à ces services) plutôt que primaires, secondaires ou tertiaires (axées vers la production et la distribution).
2. Revenu annuel par tête : \$5,000-25,000 environ, (soit environ dix fois le revenu industriel et cent fois le revenu pré-industriel).
3. "L'efficacité" économique au sens strict n'est plus prioritaire.
4. Le marché peut jouer un rôle restreint à côté du secteur public et des "comptes sociaux".
5. Revenu minimum garanti et prestations sociales pour les "pauvres méritants" --chiffre minimum pour les autres également.
6. Organisations "contractuelles" et anarchiques (contre les systèmes de "marché" et de "commande") peut-être plus nombreuses.
7. Les entreprises commerciales ne seraient plus les sources principales d'innovation ni les centres d'attention.
8. Emploi courant de l'automation, des ordinateurs, de la cybernétique.
9. Le monde rétréci serait une "métropole mondiale", et non pas un "village mondial".
10. Société du savoir et élites savantes.
11. Durée de vie "doctrinaire" typique serait de 2 à 20 ans.
12. Société qui s'instruit --importance de l'instruction des adultes. L'imagination, le courage et l'innovation-- moindre importance de l'expérience, du jugement et de la prudence et peut-être de la sagesse.
13. Amélioration rapide des institutions et des techniques d'enseignement et de formation--"l'éducation" pourrait retomber en arrière.
14. Erosion (dans certaines classes supérieures et moyennes supérieures) des valeurs axées sur le travail, la réussite, l'avancement et les gratifications remises à plus tard.

15. Erosion probable (du moins dans ces classes) des onze autres "leviers traditionnels" et accent mis sur la recherche "du sens et du but de la vie".
16. "Chaos et polarisation de la période sensate récente" très apparents.
17. Critères "sensate", laïques, d'humanisme, peut-être de sybaritisme pourraient devenir essentiels, chez certains groupes importants --du moins pendant cette période de transition.
18. Multiplication probable de cultures secondaires ; développement d'une société en "mosaïque".
19. Mais la recherche "du sens et du but de la vie" trouvera en général une solution (ou des solutions) au moins intérimaire.
20. Cette solution pourrait comporter des éléments "hostiles au progrès", hostiles aux points 14 et 18 ci-dessus, et/ou hostiles au rationalisme, et/ou hostiles à la "culture occidentale".

## METHODOLOGIE

## I - OBJECTIFS FONDAMENTAUX DU PROJET

### Améliorer le processus de base de la prise de décisions.

1. Stimuler et élargir l'imagination.
2. Offrir des perspectives et pénétrations holistiques.
3. Clarifier, définir, identifier, exposer et discuter les problèmes majeurs, atteindre une convergence au deuxième degré.
4. Etablir et étudier des variantes de contextes et "paquets" de politiques.
5. Créer des méthodologies propédeutiques et heuristiques et des paradigmes.
6. Améliorer la coopération et la communication intellectuelles (emploi d'analogies historiques scénarios, métaphores, modèles analytiques, concepts précis et d'un langage approprié).
7. Résultant de ce qui précède, atteindre une plus grande convergence au premier, deuxième et troisième degré\* --améliorer le niveau général de la discussion et établir un seuil inférieur d'acceptabilité.

\* Une convergence au premier degré est un accord sur des problèmes tangibles ; au deuxième degré, c'est se mettre d'accord sur ce qu'est réellement une convergence ou une divergence au premier degré ; au troisième degré c'est un accord sur le fait de savoir pourquoi l'on peut ou l'on ne peut pas atteindre une convergence du deuxième degré.

Améliorer directement les décisions.

1. Donner une vision plus large des problèmes actuels et accroître les possibilités de réactions intelligentes en face des problèmes nouveaux et anciens.
2. Améliorer la capacité d'identifier et de comprendre la signification de situations et de crises nouvelles.
3. Clarifier les choix actuels en soulignant ceux qui comportent une certaine souplesse et permettent de réagir d'une façon appropriée à toutes les éventualités.
4. Développer et atteindre une convergence au premier degré sur les hypothèses, conclusions, suggestions et recommandations importantes.

## II - TROIS NOTIONS UTILES

<u>Paradigme</u>	Série explicitement structurée d'hypothèses, définitions, conjectures, analyses, et questions, en spécifiant leur cadre et leur interrelations.
<u>Propédeutique</u>	Propre à communiquer un enseignement préparatoire dans un art ou dans une science --aucune implication de caractère élémentaire ou de simplicité exagérée.
<u>Heuristique</u>	Incitant à découvrir ou à enquêter ; un moyen de démonstration qui sert à encourager la personne à continuer elle-même ses recherches --aucune implication d'érudition ou de rigueur.

III- L'EMPLOI DE METHODES ANALYTIQUES PAR UN  
ORGANISME PEUT RESULTER EN

- A. Dix écueil courants.\*\*
- B. Pseudo-rationalisme ou rationalisme rituel.
- C. Abandon de la "sagesse populaire", des dic-  
tons utiles et des blocages psychologiques  
utiles.
- D. Calculs et analyses trop poussés et/ou trop  
onéreux.
- E. Trop grande importance donnée aux maîtres de  
recherche et chercheurs "intellectuels" et/ou  
sachant bien s'exprimer.
- F. Vétilles ou choses hors de propos prises trop  
au sérieux.
- G. Innovation prématurée.

\*\* Les dangers et les difficultés qui ne sont pas  
facilement anticipés ou évités par un processus nor-  
mal et routinier. Voir Ten Common Pitfalls (H.Kahn  
and I. Mann, Mémoire de la Rand Corporation R.M.  
1937, le 17 juillet 1957).

#### IV - POURQUOI "FORMATION VERS L'INCOMPETENCE ?"

1. Tendance classique à n'utiliser que les muscles (métiers ou formulations) favoris ou habitués.
2. Professionalisme étroit, normal et amplifié.
3. Contraintes organisationnelles ou bureaucratiques, arbitraires ou préférentielles.
4. Prestige ou motivations mal placés.
5. Partis pris idéologiques (engagement ou non-engagement politique).
6. Manque d'imagination, de courage, de préparation ou d'autres qualités nécessaires à l'innovation utile et à la créativité.
7. Manque général d'expérience pratique et d'analyses rigoureuses et réalistes.
8. (Peut-être le plus important) utilisation croissante d'expérience et d'intuition hors de propos ; adoption plus générale de buts simplistes, théoriques, naïfs et/ou prenant les désirs pour des réalités et utopiques.
9. Autres effets du "nouveau milieu politique".

V - POURQUOI L'EUROPE N'AURA JAMAIS DE  
RAND OU DE HUDSON

1. Les gouvernements refusent --pour des raisons d'ordre financier et politique-- de donner leur appui à ce genre de recherche spéculative, indépendante et sans contrainte (et fondamentalement critique), dont la qualité n'est pas sûre.
2. Tradition de compartiments et de secret au sein du gouvernement.
3. Le personnel qualifié a tendance à préférer les formulations de type professionnel ou académique plutôt que de se référer aux résultats de la recherche politique générale.

## VI - LES SIX OUTILS DE LA RECHERCHE POLITIQUE

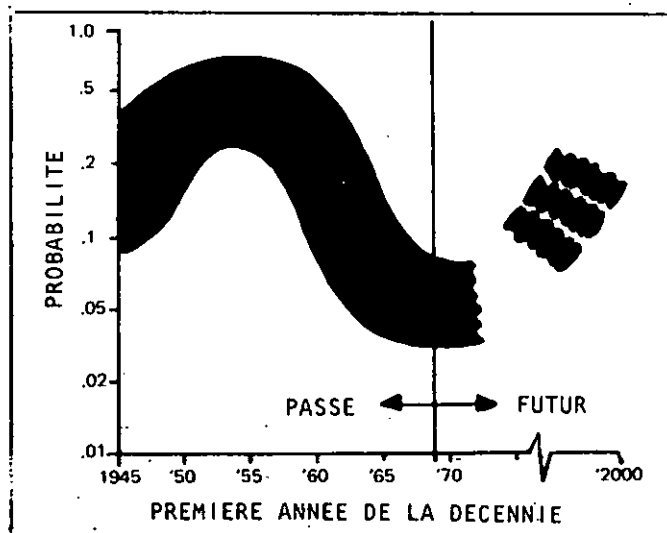
1. Recherche et analyse empiriques, et théorie simple.
2. Métaphores et analogies historiques.
3. Modèles analytiques comprenant :
  - A. Une description des systèmes "analysables".
  - B. L'établissement de variantes de politiques possibles.
  - C. L'explication des critères, des buts ou des valeurs.
4. Méthodologies propédeutiques et heuristiques et paradigmes.
5. Scénarios, jeux et autre emploi de stimulations et de spécifications "arbitraires" ; par exemple, projections sans surprises, mondes types et canoniques, etc.
6. Emploi systématique et éclectique de techniques, perspectives, possibilités à la fois "interdisciplinaires" et traditionnelles.

## VII - RECHERCHE POLITIQUE/RECHERCHE ACADEMIQUE

1. Axée sur la prise de décisions/axée sur l'étude du sujet.
2. Axée sur des décisions particulières, des décisions possibles, ceux responsables des décisions ou leurs états-majors plutôt que sur les collègues professionnels ou sur une contribution à l'étude d'un sujet donné et/ou une accumulation de renseignements.
3. A grande échelle (et peut-être de ce fait superficielle) plutôt que dirigée en profondeur (et peut-être de ce fait limitée et/ou sectaire).
4. Exécutée dans des délais relativement courts sans contrainte de temps.
5. Relativement éclectique, intuitive, et heuristique/Relativement disciplinée, unifiée et rigoureuse.
6. Pose la question : vos informations, "en quoi changent-elles quelque chose ?"/Pose la question : "votre science : la possédez-vous à fond ?".
7. Se sert de recherche académique et des autres "inputs" comme une machine à traiter ou à consommer.

PRINCIPALES SOURCES, ACTUELLES ET FUTURES, DE  
STABILITE ET D'INSTABILITE INTERNATIONALES

I - ESTIMATIONS SUBJECTIVES (COURANTES ET AD HOC)  
DE LA PROBABILITE D'UN "DESASTRE" DE L'OTAN  
AU COURS DE LA PROCHAINE DECENNIE



## II - QUELQUES RAISONS SPECIFIQUES POUR LESQUELLES LE MONDE SEMBLAIT JOUIR D'UNE CERTAINE SECURITE DANS LES ANNEES 60

### En général :

1. Rétablissement de l'Europe et du Japon.
2. Faiblesse de l'Allemagne (et du Japon ?).
3. Contrôle de l'Afrique, du Moyen-Orient, de la frontière chinoise et de l'Amérique Latine.
4. Faiblesse des pays sous-développés.
5. Détente US/URSS et confiance croissante dans la stabilité.
6. Septicisme accru devant la possibilité d'une crise.
7. Maintien (?) de la supériorité stratégique des U.S.A. sur l'U.R.S.S.
8. Thermidor russe --perte de l'enthousiasme et/ou de l'audace.

### Dans le secteur stratégique :

9. Forces stratégiques des U.S.A. (et de l'U.R.S.S.) relativement invulnérables (?).
10. Protections organisationnelles et techniques --contrôle des armements.
11. Politique de riposte graduée et du contrôle des crises.
12. La guerre nucléaire semble invraisemblable.

### Dans le secteur de la guerre limitée :

13. "Vides politiques" (endroits où aucune des grandes puissances n'est présente) peu nombreux.
14. Compétence et compréhension accrues (aux U.S.A. et en U.R.S.S.).

### Dans le secteur technologique :

15. Coût et complexité des armements stratégiques.
16. Nouvelles variétés de blé et de riz.

# 111 - POURQUOI LA "FORCE" ET LES CALCULS MILITAIRES SEMBLANT-ILS DE MOINS EN MOINS APPROPRIES ?

1. Le monde est une seule communauté d'hommes --il n'y a pas de hors-la-loi, de barbares, ni de "untermenschen"-- tout le monde a des droits humains-- en fait beaucoup de communautés pluralistes de sécurité (un contexte politique et moral rend la guerre légale et le seul emploi de la force "impensables" dans la plupart des situations).
2. Le développement interne est la technique à la fois efficace et à la mode pour atteindre la plupart des buts nationaux --y compris l'obtention d'une base de puissance et d'influence, aussi bien que de richesse.
3. La technologie moderne et les autres progrès ont détourné, amoindri ou rendu transitoire la valeur stratégique traditionnelle de nombreuses zones géographiques.
4. En conséquence, les nations ne cherchent plus en principe les moyens d'utiliser la force pour acquérir butin, travailleurs, territoires étrangers, avantages commerciaux, revenu, puissance, effectifs militaires, ni même pour régler des dettes, venger des insultes, maintenir la loi internationale, etc.
5. Les pressions idéologiques et religieuses en faveur de l'emploi de la force sont faibles --du moins en comparaison de bien des époques passées.
6. En outre :
  - A. Les Etats-Unis, l'O.N.U. et autres, non seulement assument un rôle de "police" et de protection, mais servent également à limiter le succès d'actes d'agression initialement réussis.
  - B. La guerre totale (et donc, dans une certaine mesure, toute guerre) est "impensable" ou "impossible".
  - C. Peu d'irréductibilité "sérieux" en Europe (sauf peut-être en Allemagne), en Amérique du Nord et du Sud, au Japon.
  - D. Crainte générale (mais décroissante) de l'extrémisme.
  - E. Codes de conduite actuels relativement stricts.
  - F. Résultat, il semble qu'aujourd'hui la paix soit fondée autant sur la satisfaction et l'acceptation que sur la dissuasion et la faiblesse.
  - G. Il semble y avoir également des idées illusoires et/ou des rêves au sujet de la probabilité de l'absence de guerres nationales dans certaines régions du monde, quelque soit pratiquement le type de politique.

IV - QUELQUES RAISONS "CLASSIQUES" POUR  
LESQUELLES UN CONFLIT MAJEUR POURRAIT  
ENCORE ECLATER

1. Défense du statu quo ou autres droits acquis.
2. Autre acte de violence délibérée.
3. Mauvais calculs ou escalade involontaire.
4. Réaction outrée, hystérique ou irrationnelle.
5. Renouveau de zèle idéologique dans le P.C. russe ou dans celui d'autres pays.
6. Goût pour les idéologies violentes (crypto-facistes et anarchistes aussi bien que crypto-communistes)--surtout dans le tiers monde et parmi les jeunes.
7. Développement dans le bloc afro-asiatique d'un désir de vengeance contre les ex-impérialistes.
8. Poussée afro-asiatique contre la Rhodésie, l'Afrique du Sud et/ou le Portugal ou même contre l'Occident en général, etc.
9. Revendications et pressions de la Chine, de l'Allemagne de l'Ouest, du Japon, etc.
10. Autres revendications révisionnistes, territoriales et politiques en Europe Centrale.

V - LA CRISE TECHNOLOGIQUE IMMINENTE  
DE 1985

"Le globe terrestre lui-même traverse une crise qui évolue rapidement --crise qu'on peut attribuer au fait que le milieu dans lequel le progrès technologique doit se réaliser est devenu à la fois trop petit et trop organisé...

Pendant la première moitié de ce siècle... cette sécurité... fut essentiellement une question de "lebensraum" géographique et politique : une aire géographique de plus en plus grande, disponible pour les activités technologiques, associée à une intégration politique du monde de plus en plus étendue. A l'intérieur de ce cadre en extension, il était possible d'absorber les tensions majeures créées par le progrès technologique.

Aujourd'hui, cette soupape de sécurité se trouve fortement restreinte, littéralement et au figuré, la place se fait plus rare. A la fin, nous commençons à ressentir les effets de la taille réelle et finie de la terre d'une façon critique.

Ainsi la crise ne vient-elle pas d'événements fortuits ni d'erreurs humaines. Elle est inhérente au rapport de la technologie, à l'organisation politique d'autre part... D'ici 1980, la crise se développera probablement au-delà de tout ce qui s'est vu par le passé. Personne ne peut prévoir le quand et le comment de sa fin --ni la situation qui en résultera".

John Von Neumann  
Fortune, juin 1955

## CRISES TECHNOLOGIQUES EN 1985

AVANT 1985, DES DANGERS TECHNOLOGIQUES SPECIAUX  
APPARAITRONT PROBABLEMENT DANS LES SECTEURS SUIVANTS :

- I. Technologie intrinsèquement dangereuse.
- II. Pollution ou dégradation du milieu, progressive et/ou à l'échelle nationale.
- III. Pollution ou dégradation du milieu, spectaculaire et/ou à l'échelle multi-nationale.
- IV. Options dangereuses de politique domestique.
- V. Conséquences internationales entraînant des bouleversements.
- VI. Choix personnels dangereux.
- VII. Possibilités bizarres.

## I - TECHNOLOGIE INTRINSEQUEMENT DANGEREUSE

- A. Moyens modernes de destruction massive.
- B. Réacteurs nucléaires --fusion ou fission.
- C. Explosifs nucléaires, centrifuges à gaz rapides, etc.
- D. Missiles de recherche scientifique, lance-satellites, avions commerciaux, etc.
- E. "Progrès" biologique et chimique.
- F. Biologie moléculaire et génétique.
- G. "Maîtrise des cervaux".
- H. Nouvelles techniques pour l'émeute, la criminalité, la terreur ou la violence ordinaire.
- I. Nouvelles techniques anti-émeutes ou de maintien de l'ordre.
- J. Nouveaux synergismes et "sérendipités"  
(art de faire des découvertes fortuites et heureuses).

II - POLLUTION OU DEGRADATION DU MILIEU  
PROGRESSIVE ET/OU A L'ECHELLE NATIONALE

- A. Débris radio-actifs de plusieurs procédés nucléaires pacifiques.
- B. Possibilité "d'effet de serre" ou d'autres effets dûs à l'augmentation du CO<sub>2</sub> dans l'atmosphère.
- C. Chaleur perdue.
- D. Autres déchets spéciaux.
- E. Autres détritus, débris, ou simples ordures.
- F. Bruits, laideur, etc., indissociables de nombreuses activités modernes.
- G. Urbanisation excessive.
- H. Surpeuplement excessif.
- I. Tourisme excessif.
- J. Insecticides, engrais, "produits chimiques" de croissance, additifs alimentaires, etc.

III - POLLUTION OU DEGRADATION DU MILIEU  
SPECTACULAIRE, ET/OU A L'ECHELLE MULTI-NATIONALE

- A. Guerre nucléaire.
- B. Essais nucléaires.
- C. Guerre ou accident bactériologiques et chimiques.
- D. Lunes artificielles.
- E. Projets "West Ford", "Storm Fury", etc.
- F. Transports supersoniques (ondes de choc).
- G. Contrôle de la météorologie.
- H. Grands projets "géomorphologiques".
- I. Pétroliers d'une capacité d'un million de tonnes (le Torrey Canyon ne transportait que 111 825 tonnes) et avions d'une capacité d'un million de livres.
- J. Autres entreprises ou mécanismes, d'envergure, "excessive".

#### IV - OPTIONS DANGEREUSES DE POLITIQUE INTERIEURE

- A. Archives contrôlées par ordinateur.
- B. Autre surveillance par ordinateur.
- C. Autres techniques évoluées de surveillance.
- D. Capacités centralisées, excessivement dégradables (ou peu rassurantes).
- E. Amélioration des connaissances et techniques en matière "d'agit-prop" et autres moyens de provoquer des conflits et des troubles.
- F. Amélioration des connaissances et techniques en matière de préventions de troubles.
- G. Options gouvernementales complexes, ou critiques menant vers la "technocratie" ou le "césarisme".
- H. Influence des armes nucléaires sur la politique intérieure.
- I. Attitudes excessivement illusoire.
- J. Autres attitudes dangereuses.

V - CONSEQUENCES INTERNATIONALES ENTRAINANT  
DES BOULEVERSEMENTS

- A. Effets nouveaux et "traditionnels" de manifestations.
- B. Main d'oeuvre "non qualifiée" rendue inutile par la technologie.
- C. Nouvelles matières synthétiques --par exemple, café, huile de schiste, etc.
- D. Modernisation forcée.
- E. Sentiment croissant de culpabilité chez de nombreux individus des nations riches --notamment parmi les associaux et les jeunes.
- F. Moyens de transport (voyage) et de communications "réalistes" peu coûteux et largement accessibles.
- G. "Brain drains" accélérés.
- H. Nourriture (synthétique ?) peu coûteuse.
- I. Instruction bon marché.
- J. Contrôle et exploitation des mers, de l'espace, de la lune.

## VI - CHOIX PERSONNELS DANGEREUX

- A. Choix du sexe.
- B. Engineering génétique.
- C. Drogues psychédéliques et autres drogues influençant l'état d'esprit.
- D. Stimulation électronique des centres du plaisir.
- E. Autres méthodes de satisfaction sensuelle.
- F. Permissivité et indulgence excessives.
- G. Retrait de la vie sociale (drop-outs) et autres aliénations.
- H. Narcissisme et autres genres d'estime de soi excessifs.
- I. Super cosmétologie.
- J. Hibernation prolongée.

## VII - POSSIBILITES BIZARRES

- A. Changements génératifs ; par exemple longévité prolongée.
- B. Fonctionnement artificiel du corps ; par exemple, "pacemakers" (stimulation du coeur).
- C. Vie et mort des individus ; par exemple, reins artificiels, etc.
- D. Nouvelles formes d'humanité ; par exemple, ordinateurs "vivants".
- E. Contraception "forcée" pour les groupes ou les nations "impossibles".
- F. Autres contrôles ou influences extérieurs sur ce qui devrait être des choix personnels ou même institutionnellement privés.
- G. Sanctions de vie et de mort ou autre contrôle des sociétés "hors-la-loi" qui cependant n'ont encore commis aucun crime traditionnel.
- H. Même la continuation du système des états nationaux.
- I. Contrôle et limitation du changement et de l'innovation.
- J. Changements radicaux de l'écologie, à l'échelle planétaire.
- K. Pollution interplanétaire.

## CULTURE EN EVOLUTION

I - QUELQUES UNES DES RAISONS QUI POURRAIENT  
INCITER LES AMERICAINS A REJETER LES AT-  
TITUDES ACTUELLES AXEES SUR LE TRAVAIL,  
LA REUSSITE, L'AVANCEMENT.

1. Pourquoi pas ?
2. En outre, n'importe qui peut gagner sans effort \$ 10-25 000 par an.
3. Le gouvernement fournira un revenu minimum garanti --autres prestations sociales et gratuites.
4. Il sera facile d'obtenir un supplément de \$ 1-10 000 par an auprès des parents ou des amis.
5. L'utilité marginale de l'argent diminuera.
6. La société pensera qu'elle peut se permettre d'entretenir les paresseux et les originaux.
7. Effets de nouvelles idées sur l'éducation des enfants.
8. Réactions excessives --des intellectuels et des beatniks-- contre les valeurs "bourgeoises", "directoriales", "bureaucratiques", "industrielles", "puritaines" et "pré-opulentes" --promotion de l'idée qu'il est tout simplement indécent de s'enrichir-- ou du sentiment de culpabilité à se comporter en avare ou à contribuer à une "société de déchets" et/ou à la crise technologique de 1985.

## II - VALEURS TRADITIONNELLES SATISFAITES PAR LE TRAVAIL

<u>Attitude fondamentale envers le travail considéré comme :</u>	<u>Valeur supplémentaire fon- damentale satisfaite par le travail.</u>
A. Une interruption.	Revenu immédiat.
B. Un travail.	Revenu à long terme --quel- ques valeurs axées sur le travail (on travaille pour vivre).
C. Une occupation.	Exercice et maîtrise d'apti- tudes satisfaisantes --une certaine satisfaction des va- leurs axées sur le succès.
D. Une carrière.	Participation à une activité ou un projet importants. Va- leurs axées sur le travail, le succès, la promotion, sa- tisfaites dans une grande mesure.
E. Une vocation.	Identification et réalisation de soi.
F. Une mission.	Obnubilation presque fanatique par le succès ou l'avancement (on vit pour travailler).

### III - UNE TROP GRANDE IMPORTANCE DONNEE A UNE INSTRUCTION ACADEMIQUE PEUT ENTRAINER

Extension de la sous-culture adolescente.

Mandarinisme (intellectuel vu comme "le père  
et la mère de son pays".)

Méritocratie.

Trop grande importance donnée à "l'instruction  
par les livres" (monde de concepts et documenta-  
tion encyclopédique plutôt que monde réel et in-  
formation perçue et transmise oralement).

"Formation vers l'incompétence".

Esprit de clocher intellectuel et/ou instruit.

Coupure avec sa propre culture ou sous-culture.

Autre coupure avec le monde pratique.

IV - ON POURRAIT OPPOSER LES SYSTEMES  
IDEATIONNELS, INTEGRES (IDEALISTES)  
ET SENSATE DES :

Beaux Arts	Relations familiales
Vérité	Relations civiques
Musique	Littérature
Arts scéniques	Morale
Architecture	Instruction
Droit	Gouvernement
Economie politique	etc...

Il est évident qu'il faut aussi tenir compte de la théorie de la logique ou des secteurs de pointe ou des secteurs en retard de même que des exceptions possibles.

## \* V - QUATRE ETAPES CULTURELLES DES BEAUX ARTS

<u>"Idéationnel"</u>	<u>Idéaliste ou intégré</u>	<u>Sensate</u>	<u>Sensate récent</u>
Transcendental	Style mélangé	Terre à Terre	Simple
Supersensoriel	Héroïque	Naturaliste	Contestataire
Religieux	Noble	Réaliste	Révolté
Symbolique		Visuel	Blette
Allégorique	Sublime	Illusioniste	Extrême
Statique	Patriotique	Commun	Recherche de la sensation
Honorable	Moraliste	Amusant	Emoustillant
Anonyme	Beau	Intéressant	Dépravé
Traditionnel	Flatteur	Erotique	Maniaque
Immanent	Instructif	Satirique	Violamment original
		Original	Exhibitionnisme
		Eclectique	Avili
		Syncrétique	Vulgaire
		A la mode	laid
		Technique du	Nihiliste
		Superbe	Désacralisant
		Matérialiste	Pornographique
		Commercial	Sarcastique
		Professionnel	Sadique

## VI - TROIS SYSTEMES DE VERITE

<u>Idéationnel</u>	<u>Sensate</u>	<u>Sensate récent</u>
Révéle	Empirique	Cynique
Charismatique	Pragmatique	Désillusionné
Certain	Opérationnel	Nihiliste
Dogmatique	Pratique	Orwellien
Mystique	Terre à terre	Blasé
Intuitif	Scientifique	Transitoire
Infaillible	Sceptique	Superficiel
Religieux	Expérimental	Fatigue
Supersensoriel	Faillible	Sophisme
Commun	Sensoriel	Formaliste
Sauveur	Matérialiste	Athé
Spirituel	Mécanistique	Trivial
Absolu	Relativiste	Inconsistant
Supernaturel	Agnostique	Dénué de sens
Moral	Instrumental	Aliéné
Emotionnel	Vérifiable	Commode
Mythique	Empiriquement	Absolument
	ou logique-	relativiste
	ment	

## EVOLUTION DES VALEURS ET WELTANSCHAUUNGEN

I - LES DOUZE LEVIERS TRADITIONNELS DE LA  
SOCIÉTÉ (C.A.D. SOURCES TRADITIONNELLES  
"D'ÉPREUVES DE LA VIE" D'INTÉGRATION  
SOCIALE, ET/OU DU SENS ET DU BUT DE LA VIE)

1. Religion, tradition et/ou autorité.
2. Biologie et physique (ex. pressions et contraintes du milieu physique, les aspects les plus tragiques de la condition humaine, etc.).
3. Défense des frontières (territorialité).
4. Gagner sa vie (ex. les cinq garanties).
5. Défense des intérêts vitaux, économiques et stratégiques.
6. Défense des intérêts vitaux, politiques et moraux, et ceux indispensables pour le moral du peuple.
7. Les vertus "guerrières" telles que devoir, patriotisme, honneur, héroïsme, gloire, courage, etc.
8. Importance donnée à la virilité --chez les adolescents : sports d'équipe, personnages héroïques, activités agressives et compétitives, rébellion contre les "rôles de femmes" ; chez l'adulte : jouer le rôle de l'homme adulte. (Importance similaire donnée à la féminité).
9. "L'éthique puritaine" (récompense finale, orientation vers le travail, la réussite, l'avancement, sublimation des désirs sexuels, etc.).
10. Haut niveau (peut-être absolu) de fidélité, engagement, et/ou identification avec la nation, l'état, la ville, le clan, le village, la famille élargie, la société secrète, et/ou autres larges groupes.
11. Autre sublimation et/ou répression des instincts sexuels, agressifs, esthétiques, et/ou "autres instincts".
12. Autres tabous, rites, totems, mythes, coutumes et charismes "irrationnels" et/ou restrictifs.

II - "LA TRANSITION" ACTUELLE ET/OU LA RECHERCHE  
DU SENS ET DU BUT DE LA VIE SEMBLANT DE NATURE  
A ACCENTUER LES POINTS SUIVANTS :

1. Consommation élevée, matérialisme et autre quête des valeurs "sensate" de la classe moyenne.
2. Néo-cynisme.\*
3. Etre un être humain (néo-épicurisme, motivations familiales et altruistes et/ou importance des échanges humain et de la responsabilité sociale).
4. Satisfaction d'un sens de la responsabilité (néo-stoïcisme), et engagement de conduite responsable.
5. Néo-gentlemen (par exemple, néo-athéniens, et/ou europianisation des Etats-Unis).
6. Réalisation de soi (conscience-III ?).
7. Projets ou programmes spéciaux créant un esprit, un élan, un orgueil, un enthousiasme, un charisme et/ou un chauvinisme, généraux ou spécifiques.
8. Nouvelle religiosité (église clandestine ? conscience-III ?).
9. Adolescence semi-permanente.
10. "Panem et circenses" (y compris, par exemple, la sécurité sociale et les "happenings").
11. Développement de cultes nouveaux et anciens (église clandestine ? conscience-III ?).
12. Réformisme fanatique --exemple, propagande de mise à exécution, contestation par la terreur, conspirations violentes, insistance pour obtenir des solutions immédiates ("now !" generation).
13. Contestation, révolution, violence pour le plaisir ou même comme mode de vie (par exemple, engagement dans le nihilisme, l'anarchisme et/ou le néo-facisme, aussi bien que dans des mouvements "ordinaires" de contestation, des manifestations et des émeutes.
14. "Drogue et fornication".
15. Autres genres de "drop outs" (mouvements de retrait-déchet) et de quasi drop outs.
16. Réactions émotionnelles et "réactionnaires" en contre coup --traditionalistes.
17. Gauche humaniste, centre responsable, idéologies conservatrices et traditionalistes.

\* Le terme "néo" employé dans ce paragraphe implique une version moderne de ce qui s'est passé en Grèce au 3ème siècle.

### III - LES IDEOLOGIES SOCIALES ET POLITIQUES AUX ETATS-UNIS TENDENT A METTRE EN VALEUR :

(1) <u>Transcendance</u>	(2) <u>Impulsion</u>	(3) <u>Raison</u>	(4) <u>Conscience</u>	(5) <u>Volonté de Dieu</u>	<u>Possibilités communes</u>
(menant au mieux à une emphase raisonnable ou acceptable sur :)					
Spiritualité Mysticisme Déférence Idéalisme Altruisme Pan humanisme Perspective Détachement Franchise	Liberté Créativité Perception Spontanéité Réalisation du moi Participation Perception sensorielle Joie et amour Extase	Rationalisme Synthèse Calcul Planification Prudence Compréhension Souplesse Modération Amélioration	Dévouement Loyauté Responsabilité Ordre Organisation Tradition Justice Obéissance Sacrifice	Vérité révélée Adoration Salut Crainte Dignité Eschatologie Droiture Soumission Fatalisme	Recherche personnelle du sens et du but de la vie.  Cohésion sociale  Humanisme  Paix intérieure
(mais comportant un potentiel pathologique correspondant tendant vers)					
"Dropping out" Passivité Simplicité Cultisme Retraite Mysticisme Manies Superstition Naïveté	Anarchie Désordre Chaos Violence Nihilisme Egoïsme Promiscuité Autre indul- gence Indulgence envers soi- même	Deshumanisa- tion Scientisme Rationalisme Technocratie Méritocratie Théorie Abstraction Calcul Indécision	Fanatisme Despotisme Autoritarisme Sado-masochis- me Esprit vindi- catif Punition Culpabilité Rigidité Insensibilité	Fanatisme Dogmatisme Bigoterie Intolérance Superstition Hypocrisie Pharisaïsme Passivité Fatalisme	Elitisme Intolérance Cultisme Hypocrisie Pharisaïsme Bigoterie Rationalisation Insensibilité

## MUTATIONS ECONOMIQUES

## I - SIX GROUPES ECONOMIQUES EN L'AN 2000 (ESTIMATION DE LA POPULATION EN MILLIONS D'HABITANTS)

VISIBLEMENT POST-INDUSTRIEL

Japon	130
Etats-Unis	300
Suède, Danemark,	
Norvège	20
Allemagne de l'Ouest,	
Berlin Ouest, France	130
Allemagne de l'Est,	
Berlin Est,	20
Canada	30
	<hr/>
	630

Post-industriel récent

Royaume-Uni	60
Bénélux, Autriche,	
Finlande	50
Tchécoslovaquie,	
Hongrie, Bulgarie	40
Israël, Australie	25
Italie, Yougoslavie	80
Porto Rico	5
U.R.S.S.	310
	<hr/>
	570

CONSOMMATION DE MASSE

Nouvelle Zélande	5
Pologne, Roumanie	
Albanie	75
Espagne, Grèce, Por-	
tugal, Irlande, Islande	60
Vénézuela, Antilles	
Néerlandaises	35
Lybie, Jordanie, Chypre	10
Afrique du Sud et du	
Sud-Ouest, Iran, Taiwan	115
	<hr/>
	300

Industriel confirmé

Caraïbes non latines, Jamaïque,	
Argentine, Colombie,	
Guyane, Surinam	450
Turquie, Irak, Asie	
du Sud-Ouest	140
Moyen-Orient, Asie du	
Sud et de l'Est	190
Zambie	10
Hong-Kong, Indonésie,	
Corée du Sud, Malaisie,	
Philippines, Singapour,	
Thaïlande et Sud	
Vietnam	430
	<hr/>
	1220

EN TRANSITION

Six républiques d'Amérique	
Centrale, Honduras Britan-	
nique, Cuba, République	
Dominicaine, etc.	150
R.A.U., Maroc, Tunisie,	
Cap Vert, Afrique du Nord	
Syrie	170
Chine Continentale	1200
Inde, Pakistan, Ceylan	1150
Rhodésie, Congo, Ghana,	
Kenya, Sierra Leone,	
Mélanésie, Polynésie,	
Micronésie	260
Cambodge, Laos	20
	<hr/>
	2950

Pré-industriel

Soudan, Nigéria, Ethiopie,	
Tanzanie, Ouganda,	
Malawi	280
Birmanie	50
	<hr/>
	330

## II - SCENARIO ECONOMIQUE TYPE DE L'AN 2000 (EN DOLLARS US 1970)

	POPULATION (en milliards)	PNB (billions)	PNB/HAB. (en milliers)
Largement post-industriel	1,4	11,0	8
Japon	0,13	2,0	15,0
Etats-Unis	0,30	3,0	10
Europe	0,60	4,0	7,0
U.R.S.S.	0,31	2,0	6,0
Canada, Australie			
Nouvelle-Zélande	0,05	0,4	8,0
Industriel confirmé	1,6	1,8	1,1
APNOC en voie de développement (1)	0,6	0,7	1,2
Amérique Latine	0,6	0,7	1,2
Moyen-Orient et Afrique du Nord	0,35	0,3	0,8
Largement en transition	3,0	1,2	0,4
Chine Continentale	1,2	0,6	0,5
Zone culturelle hindoue (2)	1,2	0,5	0,4
Afrique Noire	0,55	0,2	0,3
TOTAL MONDIAL	6,0	14,0	2,4

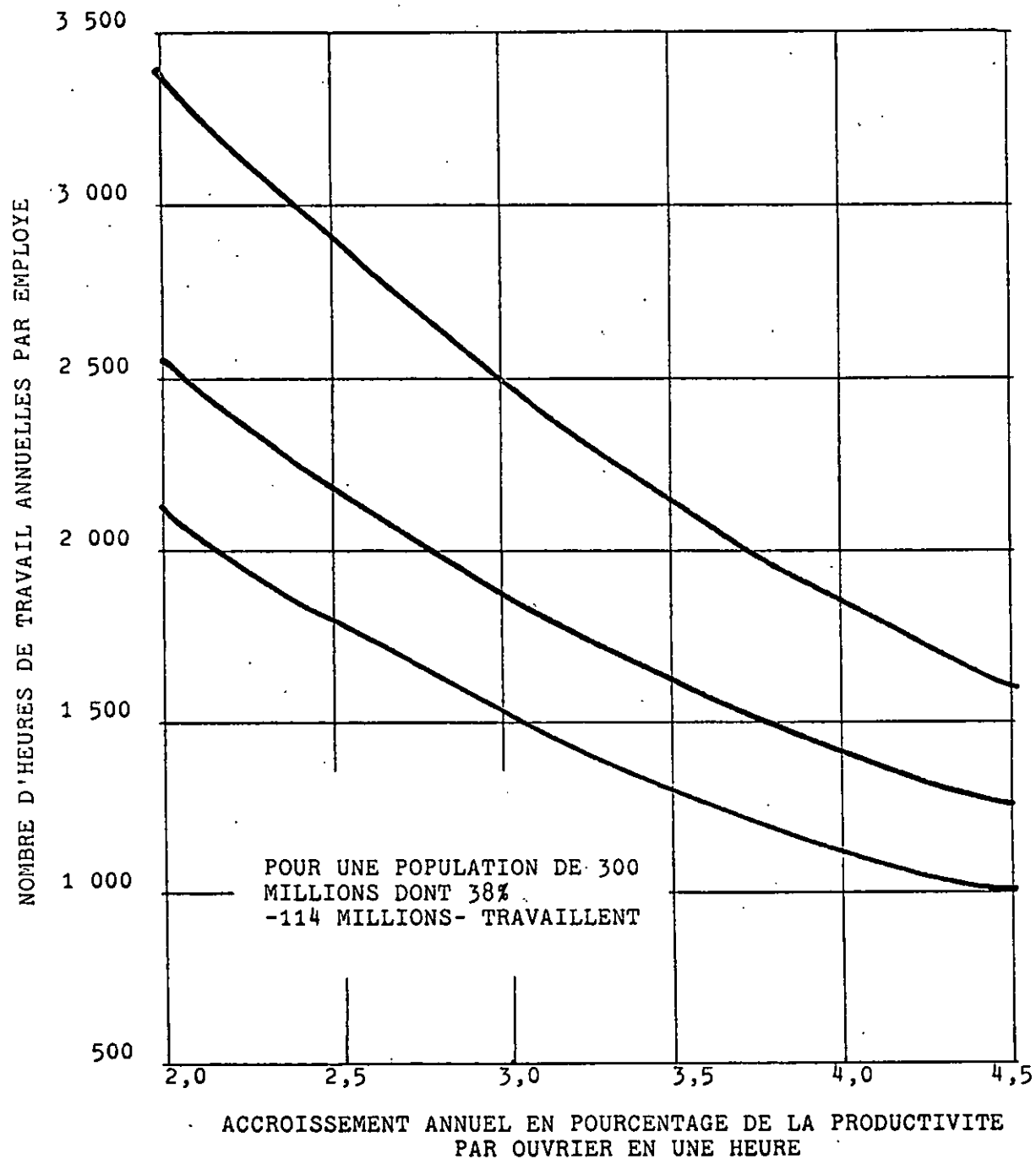
(1) comprend : Birmanie, Cambodge, Hong-Kong, Indonésie, Laos, Malaisie, Philippines, Singapour, Sud-Corée, Sud-Vietnam, Taiwan, Thaïlande.

(2) comprend : Ceylan, Pakistan, Inde.

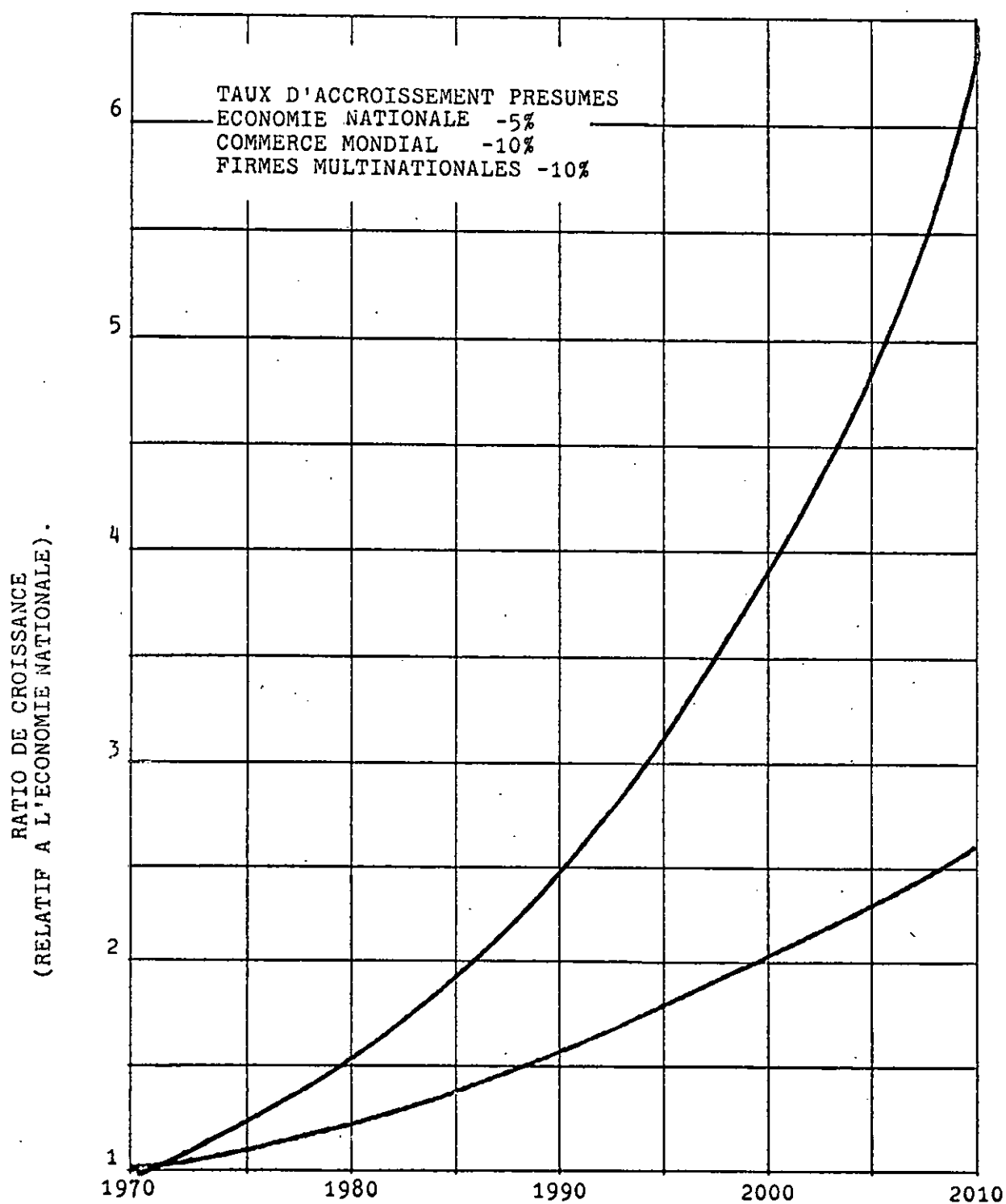
III - QUINZE RAISONS A LA CONTINUATION PROBABLE  
DE LA CROISSANCE RAPIDE DE L'ECONOMIE  
JAPONAISE ( ~ 10%)

1. Taux d'épargne et d'investissement élevés (double des Etats-Unis).
2. Enseignement et formation de haut niveau (échelle américaine et qualité européenne dans les classes secondaires).
3. "Capitaux adéquats".
4. Capitaux disponibles pour des entreprises qui se lancent.
5. Capacités technologiques compétitives avec celles de l'Occident.
6. Du point de vue économique et patriotique, les employés sont axés sur l'avancement, la réussite, le travail, la gratification remise à plus tard, la loyauté, l'enthousiasme. Ce phénomène s'accroîtra probablement.
7. Moral solide et volonté de développement économique et de compétition avec l'Occident --de la part du gouvernement, des patrons, des travailleurs et du public.
8. Acceptation de s'adapter et/ou de sacrifier aux nécessités. Main d'oeuvre et capital relativement mobiles.
9. Gestion excellente de l'économie --par le gouvernement, par les entreprises, et dans une certaine mesure, par les travailleurs --ce qui donne un capitalisme contrôlé et, dans une certaine mesure, collectiviste ("Japon & Co") mais toujours compétitif et orienté vers le marché (mais non dominé par lui).
10. Accès suffisant --dans des conditions satisfaisantes et allant peut-être en s'améliorant --à la plupart des ressources et marchés mondiaux.
11. Les pressions visant à détourner les ressources importantes vers des secteurs de "faible productivité économique" sont relativement rares et/ou faibles.
12. La forte croissance actuelle facilite la poursuite d'un progrès rapide.
13. Accent mis de plus en plus sur la recherche et le développement.
14. Main d'oeuvre qualifiée disponible dans l'APNOC et ailleurs.
15. Presque tous les développements technologiques et économiques futurs et la plupart des développements culturels et politiques semblent favorables à la continuité des points ci-dessus.

IV - TROIS PROJECTIONS DU PNB POUR L'AN 2000  
(en dollars 1970)



V - PROJECTION SANS SURPRISE : IMPORTANCE RELATIVE DU COMMERCE  
MONDIAL ET DES FIRMES MULTINATIONALES



## CHANGEMENTS POLITIQUES

# I - LA DECENNIE SERAIT CARACTERISEE PAR UN NOUVEAU MILIEU POLITIQUE

1. Une tendance laïque s'étendant sur huit ou neuf cents ans dans les pays occidentaux.

Une culture sensate axée sur des valeurs cosmopolites, humanistes, antimilitaristes, nationalistes, intellectuelles, relativistes, scientifiques, rationalistes, manipulatrices, laïques et hédonistes --et bientôt, arrivée de la culture post-industrielle (voir chapitre I de "L'An 2000").

2. Renaissance dans les pays occidentaux de la réaction qui a suivi la guerre de 14 contre le nationalisme et le militarisme.
3. Réaction émotionnelle (par exemple, la nouvelle gauche, mais bien plus étendue que ce groupe) contre la science et la technologie, l'organisation économique et administrative perfectionnée et rationnelle, les bureaucraties gouvernementales et privées et les douzes leviers traditionnels de la société.
4. Crise du libéralisme, caractérisée entre autres, par une réaction contre l'individualisme et le rationalisme, perte d'audace chez les libéraux et/ou désillusion générale sur les valeurs libérales.
5. Rôle croissant de l'intellectuel accompagné d'une tendance vers l'abandon de tous les tabous, totems, mythes, et charismes "irrationnels" et restrictifs ; et vers la mise en question de toutes les revendications, faits, hypothèses et loyauté traditionnels ; accent mis sur le nouveau et refus de l'ancien simplement parce que c'est ancien (à moins de critères intellectuels "acceptables").
6. Réaction, autant à l'intérieur du pays qu'à l'étranger, contre le gouvernement des Etats-Unis --résultat inévitable du rang de "super grande puissance" des Etats-Unis et de la dépendance excessive par rapport aux Etats-Unis après la guerre (suivie d'un désir de couper les liens, tout aussi inévitable), mais qui a été exacerbée par l'opération de la "Baie des Cochons", l'incident du "U-2", une réaction générale contre "l'américanisation", et, surtout, la guerre au Vietnam.

7. Déclin général de la réputation et du prestige des forces armées et du pouvoir établi --aux États-Unis en particulier-- ce dernier phénomène lui-même aggravé par les aspects apparemment incompétents (plutôt qu'immoraux) de nombreux incidents récents (exemple, "Amérique l'Incompétente").
8. Continuation et même stimulation de la progression des espérances (à l'intérieur du pays, parmi des groupes au revenu le plus bas et à l'étranger dans les pays les moins développés) et tolérance moindre de la part des intellectuels et des classes supérieures en ce qui concerne l'existence des inégalités "irrationnelles", "indéfendables" et "injustes" --compliquée dans plusieurs pays par les "complexes de culpabilité" et les idéologies anti-anti gauche des classes supérieures et moyennes supérieures.
9. Fossé étonnement profond entre les générations et les classes, dû en partie aux raisons ci-dessus et en partie au fait que les classes nanties ont tendance à élever leurs enfants dans un environnement extrêmement permissif, passif, sur-stimulé, "tout de suite", axé sur la satisfaction, contrastant avec l'éthique puritaine (de même qu'avec le milieu de la crise économique et de la deuxième guerre mondiale dans lequel la "classe gouvernementale" actuelle de 40 à 50 ans a été élevée). L'érosion des douze leviers traditionnels crée un changement énorme dans l'environnement extérieur.
10. Aux U.S.A., un spot braqué sur --et le début de-- la résolution des "échecs sociaux" comme les espérances des noirs, pauvreté persistante, pollution, diverses sortes de difficultés urbaines, qui ont tendance à provoquer un intérêt excessif dans ces problèmes, des espérances peu réalistes suivies de frustration, désillusion et/ou aliénation.
11. Aliénation de nombreux jeunes des classes supérieures et moyennes supérieures --en partie stimulée par l'apparente apathie et insensibilité de leurs aînés envers divers problèmes non-résolus, tels que 6-10 ci-dessus ; en partie une réaction quasi-anarchiste contre la bureaucratie et le système (qui n'est souvent qu'une version extrême des cinq premières tendances) en partie un mouvement plus ou moins normal d'envol du nid --un envol qui, comme toujours, entraîne au moins quelques excès dramatiques, mais transitoires, mais qui, dans l'environnement actuel, semble aussi risquer de résulter en un certain nombre de réactions extrémistes relativement durables et plutôt éclectiques.

12. Enfin, tous les points ci-dessus sont mis en valeur par les divers média actuels d'information (en particulier par la diffusion de reportages sur la violence gouvernementale --interne et externe). Même s'il semble en effet intensifier et aggraver presque toutes les tendances ci-dessus, l'influence du média peut aussi être exagérée --en particulier lorsqu'il transforme en désastres des incidents et erreurs relativement mineurs, dans de nombreux cas, le problème semble être dû autant à l'ineptie des autorités qu'à la nature du reportage et des média concernés.

## II - TENDANCES IDEOLOGIQUES RECENTES

1. 1916-1940 : la première guerre mondiale a fourni la preuve du bien fondé de la critique, exprimée par les pacifistes et les relativistes.

La crise économique est venue corroborer la critique réformiste et donner du pouvoir aux intellectuels --affaiblir l'autorité établie.

Les écrits pacifistes des intellectuels de cette période ont renforcé considérablement les positions relativistes, cosmopolites, pacifistes, anti-militaristes, réformistes, sociales-démocrates.

2. 1941-milieu des années 50 : Hitler, Staline, la guerre de 40, la guerre froide et la Corée ont terni l'éclat du relativisme, cosmopolitisme, pacifisme, antimilitarisme et réformisme violent.

Néanmoins, le mouvement Wallace de 1948 a montré que les intellectuels américains réaffirmaient ces idées.

Les intellectuels se sont retirés dans les années 50 --les étudiants (c.a.d. "la génération silencieuse") ont suivi la position de leurs maîtres.

3. La fin des années 60 : l'expérience et la leçon de la guerre de 40 font partie de l'histoire --relativisme revitalisé-- notre système n'est plus considéré comme automatiquement bon.

Les armes nucléaires et la guerre du Viet-Nam ont donné un nouvel essor au pacifisme, antimilitarisme et cosmopolitisme.

Les mouvements des droits civils et anti-pauvreté ont donné un nouvel essor au réformisme et à la cause sociale-démocrate.

Défaites politiques inévitables des causes des intellectuels ont entraîné un nouvel essor de l'élitisme (et, dans le milieu actuel, recours à la violence).

4. Les années 70 : promettent d'être "pires" que la période 1916-1940, mais réaction en contre-coup (ou "contre-réforme") pourrait changer le pronostic.

III - PROBLEMES MECONNUS DE "L'AMERIQUE MOYENNE"  
(du moins de mi-65 à mi-69)

1. Ordre public.
2. Réaction contre les noirs.
3. Attitude fondamentale envers le noir.
4. Législation sur le port des armes et autres questions concernant les armes à feu.
5. Pornographie.
6. Education sexuelle dans les écoles publiques.
7. Rébellion contre l'impôt scolaire.
8. Attitude envers la religion, le drapeau, "fighting words", etc.

#### IV - NOUVEAUX ELEMENTS POLITIQUES DES ANNEES 70

Gauche humaniste : s'intéresse aux relations humaines --c'est-à-dire, d'homme à homme, entre homme et femme, problèmes d'aliénation, etc., profondément anti-hiérarchique et anti-bureaucratique, favorise ainsi la démocratie à participation et tend souvent vers l'anarchie. La gauche humaniste compte parmi ses adhérents la plupart des "déchets" (hippies, nouvelle gauche, etc.) et les mouvements révolutionnaires étudiants, mais déborde de ce cadre et a de nombreux "compagnons de route", a aussi hérité de nombreux anciens libéraux.

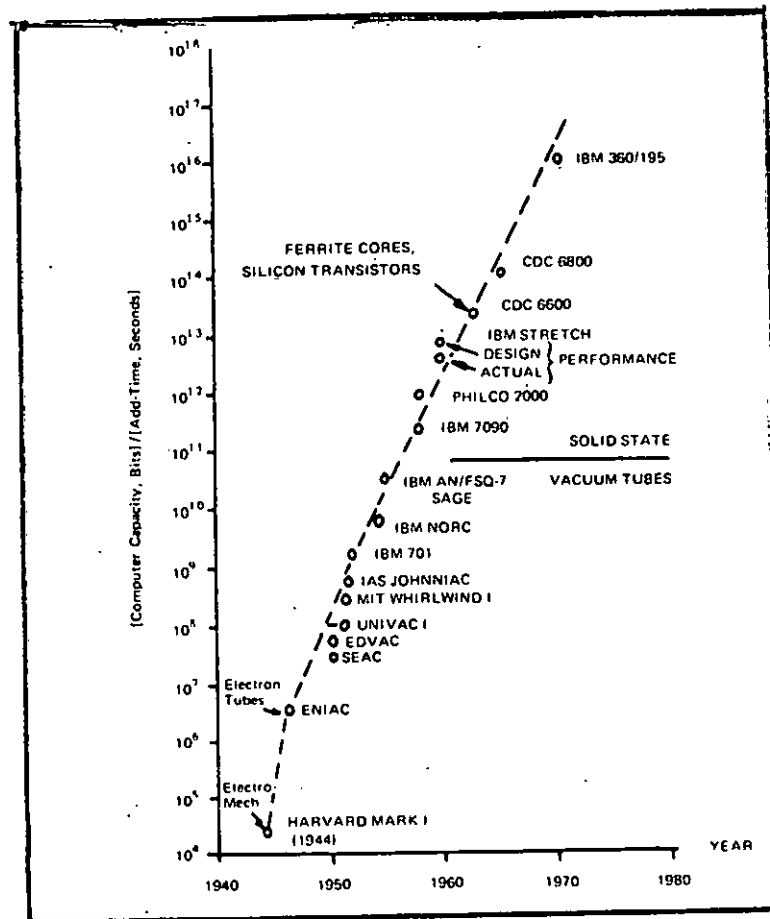
Centre responsable : tout comme la gauche humaniste, groupe progressiste et réformiste --s'étend des purs technocrates, dont le seul souci est d'entretenir le fonctionnement du système (et qui doutent que la gauche humaniste puisse manier le pouvoir correctement), à ceux qui estiment profondément "le système" --relativement proche du vieux consensus libéral, mais modifié énormément par une compréhension des arguments en faveur du conservatisme. Alors qu'il partage bien des valeurs et autres caractéristiques avec la gauche humaniste, il a tendance à se définir par opposition à ou comme une alternative de la gauche humaniste.

Conservateurs : essaient de préserver les valeurs anciennes, mais pas forcément intéressées par les questions économiques et préoccupations politiques de "Landon" ou de "Goldwater". Très sceptiques devant le progrès technologique, culturel et politique, ils soutiennent un bon nombre de ces valeurs et idéologies "démodées" comme la "classe moyenne inférieure aliénée" sans avoir nécessairement tendance à être racistes, réactionnaires, autoritaires, chauvins ou anti-intellectuels.

Traditionalistes : (ex. la "classe moyenne inférieure" ou "l'Amérique moyenne" ou la "majorité silencieuse aliénée" (réactionnaire ?) : extrêmement conscients d'être aliénés du consensus libéral et de "l'establishment progressiste" ; mobiles vers le haut, mais en difficultés financières ; relativement racistes mais n'aiment pas se servir d'arguments racistes ; apprécient la chasse, la télévision et le cinéma non-intellectuels, non-sophistiqués ; mœurs démocratiques ; comportement viril ; valeurs patriotiques et religieuses.

FACE A L'AVENIR

## I - PROGRES DE LA CAPACITE DES ORDINATEURS



II - LES BUTS SOCIAUX SONT ENTRAIN DE CHANGER  
EN CE QUI CONCERNE :

1. La technologie et l'environnement.
2. Les biens et les services.
3. Le travail et les loisirs.
4. L'économie et le gouvernement.
5. L'éducation et la religion.
6. Les mœurs et les morales.
7. Le progrès et la croissance.
8. Le sens et le but de la vie.

### III - QUELQUES BIENFAITS (POTENTIELS OU ACTUELS) DU PROGRES

1. Défonctionnalisation --perte partielle (mais croissante) du sens de beaucoup d'activités traditionnelles de par le développement de raccourcis vers la gratification : érosion des "leviers traditionnels" de la société.
2. Accumulation, augmentation et prolifération des armes de destruction massive.
3. Perte de la vie privée et de la solitude.
4. Augmentation du pouvoir privé et/ou gouvernemental sur les individus.
5. Perte de l'échelle et de la perspective humaines.
6. Déshumanisation de la vie sociale ou même du moi psychologique.
7. Centralisation croissante des systèmes administratifs ou technologiques, dangereusement vulnérable, trompeuse ou dégradante.
8. Création de nouvelles capacités si dangereuses en elles-mêmes qu'en abuser entraînerait de funestes conséquences.
9. Accélération de l'évolution, trop rapide ou trop cataclysmique pour permettre une adaptation efficace.
10. Choix trop grands, complexes, importants, incertains ou compréhensifs pour les soumettre sans danger au jugement faillible des hommes.

IV - QUELQUES PERSPECTIVES HISTORIQUES SUR LE  
CHANGEMENT (S'APPLIQUANT AUSSI BIEN AUX  
INSTITUTIONS ET AUX NATIONS  
QU'AUX CIVILISATIONS)

1. Statisme, traditionalisme, et/ou éternel recommencement.
2. Progressisme : tendance multiple, nouvelles espérances révolutionnaires, utopie, chiliar-tic, point culminant.
3. Décadence : non-compétition, "hubris", âge d'or perdu, nostalgie, conservatisme.
4. Cycles : grandeur et décadence, croissance et dégénérescence (scénarios de Quigley), renaissance (scénarios de Sorokin), flux et reflux. "réguliers".
5. Absence de systèmes et incohérence.
6. Systèmes types (empiriques) : tendance multiple, flux et reflux irréguliers, analyse empirique et analytique des tendances, scénarios typiques ou phénoménologiques.
7. Eclectisme et synchrétisme : tendance multiple, autres analyses de tendances, autres systèmes typiques (en particulier, emploi métaphorique des scénarios de Quigley et de Sorokin ou de l'histoire ancienne), une certaine possibilité actuelle de dégénérescence et/ou de renaissance (crypto-historicisme).

V - CLASSIFICATION DES VARIABLES (OU FACTEURS)  
EN VUE D'UNE APPROCHE ECLECTIQUE ET  
SYNCRETIQUE DE LA FUTUROLOGIE

1. Relativement stables : climat, topographie générale, langue, religion, "caractère, institutions et style nationaux".
2. Evolution lente (exponentielle ?) : ressources naturelles, démographie, ressources en capitaux, aptitudes et formation, technologie, P.N.B., politique d'assistance sociale.
3. Restreintes : caractère politique, alliances, activité dans les affaires, budget de la défense nationale, moral, situation militaire.
4. "Prévisibles" : scénarios types, premiers mobiles, problèmes primordiaux.
5. Fortuites : résultat de guerre ou de révolution, catastrophes naturelles, personnalités, autres événements.
6. Incalculables : phénomènes excessivement complexes, ou problèmes insuffisamment compris.

## VI - POURQUOI ETUDIER L'AN 2000 ?

1. Jeu d'esprit.
2. Conduit à des interactions utiles et à des pénétrations holistiques.
3. Sert de contexte à des études de "recherche politique" portant sur 5 à 10 ans.
4. Peut donner un sens à des études de "recherche politique" portant sur 10 à 20 ans.
5. Permet une approche directe (sinon même une clairvoyance) des politiques des puissances et d contrôle de l'armement.
6. L'An 2000 est une juste perspective pour de nombreux problèmes du type développement ou évolution.
  - A. Assez éloigné pour permettre des résultats.
  - B. Assez proche pour avoir un sens.
  - C. A son propre charisme.
7. La fin du deuxième millénaire A.D. peut être un point de transition historique très important.
  - A. Fin effective de la culture pré-industrielle.
  - B. Début de la culture post-industrielle.
  - C. Précurseur de la culture (presque) post-économique.

## UNE IDEOLOGIE DE L'AN 2000 ?

## I - QU'EST-CE QU'UNE IDEOLOGIE ?

1. Accentue certaines valeurs et croyances.
2. Possède une théorie du passé.
3. Et une théorie du futur (ces deux théories ont en général été basées sur des valeurs sociales).
4. Donne à l'action une raison, une impulsion, une règle de conduite.
5. Et une théorie de succès et de justice (c'est-à-dire, bon moral).

## II - IMPORTANCE D'UNE IDEOLOGIE INTENSE

1. Cadre discipliné et dévoué.
2. Légitimité et attrait.
3. Mouvement de masse (ou acceptation par la masse).
4. Recrutement.
5. Alliés et sympathisants à l'extérieur.
6. Charisme de "vague du futur".
7. Autres avantages.

### III - INCONVENIENTS D'UNE IDEOLOGIE INTENSE

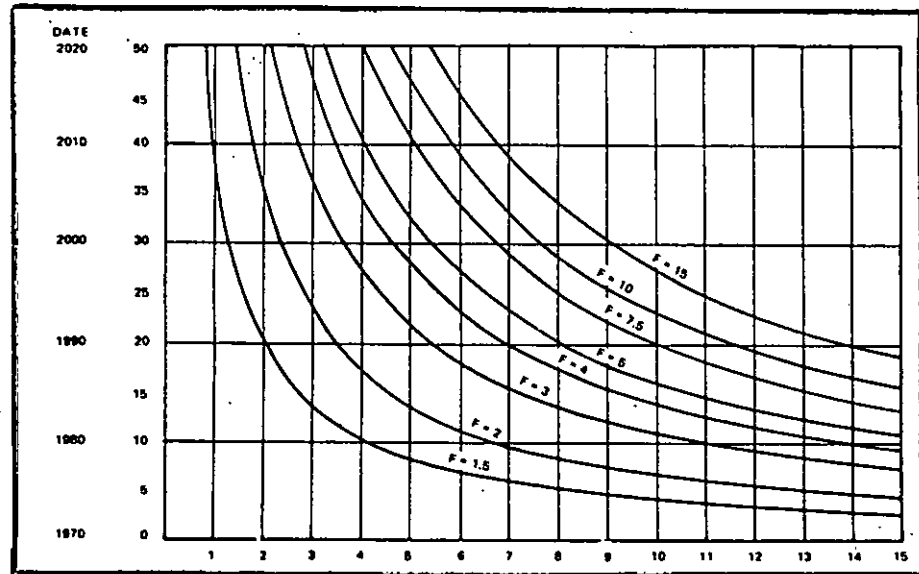
1. Problème étranger à régler.
2. Programme extrémiste.
3. Emploi excessif de la terreur.
4. Théories "crackpot" (épouser des idées considérées comme excentriques ou bizarres par les experts en la matière, ou d'après les normes traditionnelles).
5. Administration "crackpot".
6. Gaspillage des dons et des ressources.
7. Souci excessif d'une intervention étrangère et prosélytisme.

## IV - CONSENSUS ASSEZ COURANT

"... le développement tombera entre les mains de groupes révolutionnaires fanatiques, Les hommes modérés ne chevaucheront pas les "tigres du développement", pas plus que les systèmes politiques ou économiques modérés ne les maîtriseront ni ne les pousseront en avant".

R. Heilbroner

V - DATE (OU ANNEES NECESSAIRES) POUR  
ACCROITRE LE PNB PAR UN CERTAIN FACTEUR  
(F)



## VI - PERSPECTIVE DE L'AN 2000 (IDEOLOGIE)

### Ce qui est :

1. Augmentation de la population, croissance du PNB, impact de la recherche et du développement, changements culturels et autres questions d'intérêt composé et à long terme sont mis en perspective.
2. Permet la mise en place de critères réalistes.

### Ce qui devrait être :

3. Stimuler des groupes d'élites --ne serait-ce que pour donner un exemple.
4. Enjoindre les derniers bénéficiaires à la patience.
5. Eviter d'insérer dans les programmes et institutions les stigmates du "moral de l'ancien régime".
6. Faire le recensement des groupes frustrés et aliénés.
7. Stimuler la société toute entière.

## VII - TROIS IDEOLOGIES DU DEVELOPPEMENT

### Idéologies marxistes et connexes

Moderne  
 Laïque (anti-religieuse)  
 Scientifique et technologique \*  
 Anti-occidentale et anti-capitaliste  
 Lutte des classes et révolution  
 Se sert de partisans farouchement fidèles et d'une organisation stricte

### Idéologies de l'an 2000

Peut paraître moderne  
 Laïque (non religieuse)  
 Economique et technologique \*\*  
 Occidentale et capitaliste  
 Intérêt composé  
 Emploie la force de persuasion, l'individualisme, la tradition et la hiérarchie.

### Idéologie du "Gap"

Moderne  
 "Humanitaire" et paternaliste  
 Egalitaire  
 Contre la richesse  
 Illusion de charité, d'aide, de subside  
 --parfois esprit de concurrence, combat  
 Exploite les sentiments de peur, d'envie de culpabilité, etc.

- \* S'inspirant en général de la technologie existante
- \*\* Technologie latérale

# VIII - NECESSITE D'UNE IDEOLOGIE DE L'AN 2000

1. Pénétration du "moral de l'ancien régime et attitudes semblables, intensifiées par les idéologies marxistes et de "gap".
2. Intensification du nombre et du pouvoir des intellectuels, universitaires, jeunes, etc.
3. Accroissement de la culture "sensate", besoin d'un "sens et d'un but" à la vie.
4. Besoin décroissant (ressenti) d'efficacité et d'épargne (économie post-industrielle).
5. Rôle décroissant (ressenti) des exigences de la défense nationale.

(11)

L'EUROPE ET LES EUROPEENS : ETUDE GENERALE

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Avec la collaboration de

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HI-1487-CC

1 June 1971

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ANNEXE : L'AUTRE EUROPE

## PREMIERE PARTIE

### PROFIL DE L'EUROPE DE L'OUEST

CETTE SECTION A POUR BUT DE PRESENTER SOUS FORME CONDENSEE LES 16 PAYS QUE COMPREND L'EUROPE OCCIDENTALE. DANS LA PARTIE I LES CARACTERISTIQUES, C'EST A DIRE DENSITE DE POPULATION, TAUX DE CROISSANCE ECONOMIQUE, NIVEAU DE VIE "NON ALIMENTAIRE"... SONT ALIGNEES "VERTICALEMENT" AFIN DE PERMETTRE AU LECTEUR DE SE FAIRE UNE IDEE RAPIDE DES TRAITS PRINCIPAUX ET DES PERFORMANCES ECONOMIQUES DE CHAQUE PAYS (IL FAUT NOTER QUE DANS LA PARTIE II, "LE PRESENT PROJETE DANS L'AVENIR 1970 - 1980", PRATIQUEMENT LES MEMES DONNEES SONT ETUDIEES D'UNE FACON PLUS APPROFONDIE ET "HORIZONTALEMENT", PERMETTANT ALORS UNE COMPARAISON RAPIDE ENTRE LES DIFFERENTS PAYS.

AUSSI SECS ET ELEMENTAIRES QUE CES CHIFFRES PUISSENT PARAITRE, LA SECTION I VAUT LA PEINE D'ETRE ETUDIEE. CES PROFILS REVELENT UN CERTAIN NOMBRE DE TRAITS DE LA SCENE EUROPEENNE CONTEMPORAINE QUI SONT PARFOIS MAL INTERPRETES OU OUBLIES... PAR EXEMPLE LES NIVEAUX COMPARES DE CONSOMMATION D'ENERGIE, LES TAUX DE CROISSANCE, ET LE CLASSEMENT PAR RANGS DU NIVEAU DE VIE. TOUS CES INDICES ETANT SOUVENT SURESTIMES EN FAVEUR DE L'EUROPE DU NORD OUEST ET DE L'ALLEMAGNE EN PARTICULIER, PAR RAPPORT A CERTAINS AUTRES PAYS OU CERTAINES REGIONS.

## GENERALITES

①

## 1. ALLEMAGNE

SUPERFICIE .....	248 000 km2
SUPERFICIE CULTIVEE .....	140 000 km2
POPULATION 1968 .....	60 165 000
DENSITE DE POPULATION 1968 .....	233 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,66
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	4 267 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 4.691.300.000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 3.428.000.000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	1 %
P.N.B. 1960 (1) .....	8 71.170.000.000
P.N.B. 1970 .....	8 112.450.000.000
PROJECTION P.N.B. GLOBAL 1980 .....	8 176.550.000.000
P.N.B. PAR HABITANT 1960 .....	8 1.280
P.N.B. PAR HABITANT 1970 .....	8 1.848
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2.777
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,7 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,6 %
POURCENTAGE DE POPULATION URBAINE .....	67,2 %
POURCENTAGE DE POPULATION RURALE .....	32,8 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	78,9

(1) P.N.B.: PRODUIT NATIONAL BRUT. PRIX CONSTANT 1963  
 SOURCES: OCDE, OUTLOOK FOR ECONOMIC GROWTH, PARIS, MAI 1970  
 SELECTION DU READER'S DIGEST, RADIOSCOPIE DE L'EUROPE, PARIS, 1970

②

## 2 - AUTRICHE

SUPERFICIE .....	83 800 km2
SUPERFICIE CULTIVEE .....	39 300 km2
POPULATION 1968 .....	7 349 000
DENSITE DE POPULATION 1968 .....	87 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,21
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	2 692 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 508.500.000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 817.000.000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,5 % (1968)
P.N.B. 1960 .....	8 6.200.000.000
P.N.B. 1970 .....	8 9.360.000.000
PROJECTION P.N.B. GLOBAL 1980 .....	8 15.070.000.000
P.N.B. PAR HABITANT 1960 .....	8 873
P.N.B. PAR HABITANT 1970 .....	8 1.269
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 1.478
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,2 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,9 %
POURCENTAGE DE POPULATION URBAINE .....	50 %
POURCENTAGE DE POPULATION RURALE .....	50 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	68,8

③

## 3 - BELGIQUE

SUPERFICIE .....	30 500 km2
SUPERFICIE CULTIVEE .....	16 300 km2
POPULATION 1968 .....	9 619 000
DENSITE DE POPULATION 1968 .....	314 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	3,0
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	4 635 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 143.200.000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 1.430.000.000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,8 %
P.N.B. 1960 .....	8 11.480.000.000
P.N.B. 1970 .....	8 18.140.000.000
PROJECTION P.N.B. GLOBAL 1980 .....	8 28.660.000.000
P.N.B. PAR HABITANT 1960 .....	8 1.262
P.N.B. PAR HABITANT 1970 .....	8 1.879
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2.691
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,7 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,7 %
POURCENTAGE DE POPULATION URBAINE .....	68,7 %
POURCENTAGE DE POPULATION RURALE .....	31,3 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	63,5

④

## 4 - DANEMARK

SUPERFICIE .....	43 000 km2
SUPERFICIE CULTIVEE .....	30 200 km2
POPULATION 1968 .....	4 870 000
DENSITE DE POPULATION 1968 .....	113 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,4
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	4 514 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 630 900 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 806 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,8 %
P.N.B. 1960 .....	8 5.950.000.000
P.N.B. 1970 .....	8 9.400.000.000
PROJECTION P.N.B. GLOBAL 1980 .....	8 13.630.000.000
P.N.B. PAR HABITANT 1960 .....	8 1 294
P.N.B. PAR HABITANT 1970 .....	8 1 922
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2 627
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,7 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	3,8 %
POURCENTAGE DE POPULATION URBAINE .....	58,3 %
POURCENTAGE DE POPULATION RURALE .....	41,7 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	88,0

⑤

## 5 - ESPAGNE

SUPERFICIE .....	501 800 km2
SUPERFICIE CULTIVEE .....	407 200 km2
POPULATION 1968 .....	32 411 000
DENSITE DE POPULATION 1968 .....	64 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,26
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	1 104 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 1 932 900 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 1 557 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,8 %
P.N.B. 1960 .....	8 10 250 000 000
P.N.B. 1970 .....	8 20 910 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 40 360 000 000
P.N.B. PAR HABITANT 1960 .....	8 340
P.N.B. PAR HABITANT 1970 .....	8 634
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 1 117
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	7,4 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	5,5 %
POURCENTAGE DE POPULATION URBAINE .....	45,6 %
POURCENTAGE DE POPULATION RURALE .....	54,4 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	58,1

⑥

## 6 - FINLANDE

SUPERFICIE .....	337 000 km2
SUPERFICIE CULTIVEE .....	28 500 km2
POPULATION 1968 .....	4 688 000
DENSITE DE POPULATION 1968 .....	14 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,11
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	3 161 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 43 200 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 124 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,7 %
P.N.B. 1960 .....	8 5.280.000.000
P.N.B. 1970 .....	8 8 180.000.000
PROJECTION P.N.B. GLOBAL 1980 .....	8 12.680.000.000
P.N.B. PAR HABITANT 1960 .....	8 1 200
P.N.B. PAR HABITANT 1970 .....	8 1 738
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2 541
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,5 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,5 %
POURCENTAGE DE POPULATION URBAINE .....	55,9 %
POURCENTAGE DE POPULATION RURALE .....	44,1 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	56,0

7

## 7 - FRANCE

SUPERFICIE .....	551 600 km2
SUPERFICIE CULTIVEE .....	335 500 km2
POPULATION 1968 .....	49 920 000
DENSITE DE POPULATION 1968 .....	91 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,42
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	3 018 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 1 277 200 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 3 113 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	1 % (1963)
P.N.B. 1960 .....	8 60 000 000 000
P.N.B. 1970 .....	8 103 890 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 185 960 000 000
P.N.B. PAR HABITANT 1960 .....	8 1 316
P.N.B. PAR HABITANT 1970 .....	8 2 064
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 3 442
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	5,6 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	6,0 %
POURCENTAGE DE POPULATION URBAINE .....	63 %
POURCENTAGE DE POPULATION RURALE .....	37 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	76,7

8

## 8 - IRLANDE

SUPERFICIE .....	70 300 km2
SUPERFICIE CULTIVEE .....	47 800 km2
POPULATION 1968 .....	2 910 000
DENSITE DE POPULATION 1968 .....	41 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,26
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	2 452 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 376 800 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 415 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,4 % (1968)
P.N.B. 1960 .....	8 1 860 000 000
P.N.B. 1970 .....	8 2 720 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 4 350 000 000
P.N.B. PAR HABITANT 1960 .....	8 664
P.N.B. PAR HABITANT 1970 .....	8 931
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 1 307
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	3,9 %
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,8 %
POURCENTAGE DE POPULATION URBAINE .....	46,1 %
POURCENTAGE DE POPULATION RURALE .....	53,9 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	50,9

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## 9 - ITALIE

SUPERFICIE .....	301 200 km2
SUPERFICIE CULTIVEE .....	203 800 km2
POPULATION 1968 .....	52 750 000
DENSITE DE POPULATION 1968 .....	174 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,93
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	1 957 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 694 000 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 3 787 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,8 %
P.N.B. 1960 .....	8 33 920 000 000
P.N.B. 1970 .....	8 59 020 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 101 510 000 000
P.N.B. PAR HABITANT 1960 .....	8 675
P.N.B. PAR HABITANT 1970 .....	8 1 040
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 1 746
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	5,7
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	5,6
POURCENTAGE DE POPULATION URBAINE .....	47,7 %
POURCENTAGE DE POPULATION RURALE .....	52,3 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	60,0

10

## 10 - LUXEMBOURG

SUPERFICIE .....	2 600 km2
SUPERFICIE CULTIVEE .....	1 400 km2
POPULATION 1968 .....	336 000
DENSITE DE POPULATION 1968 .....	129 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,9
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	4 635 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 143 200 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 1 430 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,7 % (1968)
P.N.B. 1960 .....	8 500 000 000
P.N.B. 1970 .....	8 670 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 900 000 000
P.N.B. PAR HABITANT 1960 .....	8 1 670
P.N.B. PAR HABITANT 1970 .....	8 1 988
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2 500
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	3,0
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	3,0
POURCENTAGE DE POPULATION URBAINE .....	62,2 %
POURCENTAGE DE POPULATION RURALE .....	37,8 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	

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## 11 - NORVEGE

SUPERFICIE .....	308 800 km2
SUPERFICIE CULTIVEE .....	10 000 km2
POPULATION 1968 .....	3 819 000
DENSITE DE POPULATION 1968 .....	12 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,21
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	3 963 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 768 000 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 1 570 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	0,8 %
P.N.B. 1960 .....	8 4 530 000 000
P.N.B. 1970 .....	8 7 160 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 11 030 000 000
P.N.B. PAR HABITANT 1960 .....	8 1 259
P.N.B. PAR HABITANT 1970 .....	8 1 858
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2 608
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,7
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,4
POURCENTAGE DE POPULATION URBAINE .....	48,7 %
POURCENTAGE DE POPULATION RURALE .....	51,3 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	88,8

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## 12 - PAYS-BAS

SUPERFICIE .....	33 600 km2
SUPERFICIE CULTIVEE .....	22 400 km2
POPULATION 1968 .....	12 743 000
DENSITE DE POPULATION 1968 .....	375 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	2,15
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	3 585 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	8 951 400 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	8 2 204 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967 .....	1,3 %
P.N.B. 1960 .....	8 11 330 000 000
P.N.B. 1970 .....	8 18 690 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	8 29 340 000 000
P.N.B. PAR HABITANT 1960 .....	8 985
P.N.B. PAR HABITANT 1970 .....	8 1 452
PROJECTION P.N.B. PAR HABITANT 1980 .....	8 2 053
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	5,1
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 .....	4,6
POURCENTAGE DE POPULATION URBAINE .....	80 %
POURCENTAGE DE POPULATION RURALE .....	20 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR RAPPORT A LA SUEDE .....	89,4

## GENERALITES

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## 13 - PORTUGAL

SUPERFICIE .....	91 500 km2
SUPERFICIE CULTIVEE .....	49 400 km2
POPULATION 1968 .....	9 505 000
DENSITE DE POPULATION 1968 .....	103 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,31
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	526 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	\$ 307 100 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	\$ 493 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967:	1,1 % (1968)
P.N.B. 1960 .....	\$ 2 540 000 000
P.N.B. 1970 .....	\$ 4 420 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	\$ 8 750 000 000
P.N.B. PAR HABITANT 1960 .....	\$ 285
P.N.B. PAR HABITANT 1970 .....	\$ 461
PROJECTION P.N.B. PAR HABITANT 1980 .....	\$ 874
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	5,7
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 ..	7,1
POURCENTAGE DE POPULATION URBAINE .....	22,7 %
POURCENTAGE DE POPULATION RURALE .....	77,3 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR	
RAPPORT A LA SUEDE .....	39,2

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## 14 - ROYAUME-UNI

SUPERFICIE .....	244 000 km2
SUPERFICIE CULTIVEE .....	195 000 km2
POPULATION 1968 .....	55 283 000
DENSITE DE POPULATION 1968 .....	227 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,41
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	5 164 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	\$ 3 612 300 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	\$ 7 352 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967:	0,6 % (1966)
P.N.B. 1960 .....	\$ 72 280 000 000
P.N.B. 1970 .....	\$ 94 690 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	\$ 129 730 000 000
P.N.B. PAR HABITANT 1960 .....	\$ 1 374
P.N.B. PAR HABITANT 1970 .....	\$ 1 700
PROJECTION P.N.B. PAR HABITANT 1980 .....	\$ 2 182
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	2,7
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 ..	3,2
POURCENTAGE DE POPULATION URBAINE .....	77,5
POURCENTAGE DE POPULATION RURALE .....	22,5
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR	
RAPPORT A LA SUEDE .....	84,9

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## 15 - SUEDE

SUPERFICIE .....	449 800 km2
SUPERFICIE CULTIVEE .....	36 800 km2
POPULATION 1968 .....	7 912 000
DENSITE DE POPULATION 1968 .....	17 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	0,41
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	5 078 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	\$ 184 400 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	\$ 1 012 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967:	0,9 % (1966)
P.N.B. 1960 .....	\$ 12 940 000 000
P.N.B. 1970 .....	\$ 20 060 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	\$ 28 490 000 000
P.N.B. PAR HABITANT 1960 .....	\$ 1 726
P.N.B. PAR HABITANT 1970 .....	\$ 2 518
PROJECTION P.N.B. PAR HABITANT 1980 .....	\$ 3 130
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,5
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 ..	3,6
POURCENTAGE DE POPULATION URBAINE .....	72,8 %
POURCENTAGE DE POPULATION RURALE .....	27,2 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR	
RAPPORT A LA SUEDE .....	100

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## 16 - SUISSE

SUPERFICIE .....	41 300 km2
SUPERFICIE CULTIVEE .....	21 800 km2
POPULATION 1968 .....	6 147 000
DENSITE DE POPULATION 1968 .....	147 par km2
KILOMETRES DE ROUTES PAR km2 1967 .....	1,4
ENERGIE CONSOMMEE PAR HABITANT 1968 .....	2 721 kg
BALANCE DU COMMERCE VISIBLE 1968 .....	\$ 480 500 000
RECETTES DU COMMERCE INVISIBLE 1968 .....	\$ 1 568 000 000
AUGMENTATION ANNUELLE MOYENNE POPULATION 1963-1967:	1,2 % (1965)
P.N.B. 1960 .....	\$ 8 580 000 000
P.N.B. 1970 .....	\$ 12 960 000 000
PROJECTION P.N.B. GLOBAL 1980 .....	\$ 17 880 000 000
P.N.B. PAR HABITANT 1960 .....	\$ 1 589
P.N.B. PAR HABITANT 1970 .....	\$ 2 084
PROJECTION P.N.B. PAR HABITANT 1980 .....	\$ 2 650
TAUX DE CROISSANCE ANNUELLE 1960-1970 .....	4,2
PROJECTION TAUX DE CROISSANCE ANNUELLE 1970-1980 ..	3,3
POURCENTAGE DE POPULATION URBAINE .....	51,3 %
POURCENTAGE DE POPULATION RURALE .....	48,7 %
NIVEAU DE VIE NON ALIMENTAIRE EN POURCENTAGE PAR	
RAPPORT A LA SUEDE .....	95,4

## DEUXIEME PARTIE

### PRESENT PROJETE DANS L'AVENIR

#### L'EUROPE EN CHIFFRES

1970-1980

LES TABLEAUX SUIVANTS, TIRES DES SOURCES INDIQUEES, PERMETTENT DES COMPARAISONS VERTICALES ENTRE LES 16 NATIONS ETUDIEES ICI. BIEN QU'IL SOIT CERTAIN QU'UNE ETUDE GENERALE NE PUISSE PAS RENDRE JUSTICE AUX MULTIPLES FACTEURS QUI ENTRENT EN JEU DANS L'EUROPE OCCIDENTALE D'AUJOURD'HUI, LES TABLEAUX CI-DESSOUS (DECRIVANT LES TENDANCES DEMOGRAPHIQUES, L'EVOLUTION DE LA MAIN-D'OEUVRE, LES SCHEMAS DE MIGRATION, LES "BRAIN DRAINS" ET "BRAIN GAINS" LES TAUX DE CROISSANCE ECONOMIQUES ET COUTS DE MAIN - D'OEUVRE), LAISSENT NEANMOINS ENTREVOIR LA VITALITE ET LA CREATIVITE D'UN CONTINENT EN TRAIN DE SUBIR UNE EVOLUTION RAPIDE DE LA PASSIVITE ET LA RUINE ECONOMIQUE DES PREMIERES ANNEES D'APRES-GUERRE, A UN AVENIR CARACTERISE PAR DES NIVEAUX DE VIE ELEVES ET LA PREDOMINANCE D'UNE CULTURE "POST-INDUSTRIELLE".

①

POPULATION D'EUROPE ET DE QUELQUES AUTRES PAYS (en millions d'habitants)

PAYS	1969		TAUX D'ACCROISSEMENT 1960-1980	PROJECTION 1980	
AUTRICHE .....	7,377		0,30	7,624	
BELGIQUE .....	9,657		0,90	10,657	
LUXEMBOURG .....	0,337		0,50	0,356	
DANEMARK .....	4,890		0,55	5,193	
FINLANDE .....	4,706		0,55	4,998	
FRANCE .....	50,325		0,65	54,044	
ALLEMAGNE .....	60,842		0,40	63,574	
IRLANDE .....	2,921		1,20	3,330	
ITALIE .....	54,129		0,65	58,129	
PAYS-BAS .....	12,873		0,95	14,289	
NORVEGE .....	3,853		0,85	4,227	
PORTUGAL .....	9,579		0,40	10,009	
ESPAGNE .....	32,949		0,85	36,145	
SUEDE .....	7,968		0,70	8,604	
SUISSE .....	6,219		0,75	6,753	
GRANDE-BRETAGNE ..	55,670		0,60	59,456	
		INDICE			INDICE
C.E.E. ....	188,163	58,0		201,049	57,9
C.E.E. + G.B. ...	243,833	75,2		260,505	75,0
EUROPE OCCIDENT.	314,295	100,0		347,388	100,0
CANADA .....	21,089		1,9	25,939	
ETATS-UNIS .....	203,220		1,45	238,093	
JAPON .....	102,320		0,85	112,245	

SOURCE : RADIOSCOPIE DE L'EUROPE, SELECTION DU READER'S DIGEST, PARIS 1970.

1969, OCDE

TAUX DE CROISSANCE ECONOMIQUE - NATIONS UNIES (F.A.O.)

1980 : ESTIME PAR ANDRE PIATIER.

## EUROPE OCCIDENTALE

## 2 Taux de natalité et de mortalité

1946-1950 à 1967

(pour mille habitants)

PAYS	TAUX DE NATALITE						TAUX DE MORTALITE					
	1946 1950	1951 1955	1956 1960	1961 1965	1966	1967	1946 1950	1951 1955	1956 1960	1961 1965	1966	1967
AUTRICHE .....	16,7	15,0	17,2	18,5	17,6	17,4	12,7	12,2	12,5	12,6	12,5	13,0
BELGIQUE .....	17,6	16,7	17,0	17,0	15,8	15,2	13,0	12,2	11,9	12,0	12,0	12,2
DANEMARK .....	20,7	17,6	16,7	17,3	18,4	..	9,3	8,9	9,2	9,8	10,3	..
FINLANDE .....	26,6	22,1	19,4	17,8	16,8	16,5	11,1	9,5	9,0	9,3	9,4	9,4
FRANCE .....	20,9	19,1	18,2	18,0	17,5	16,8	13,1	12,7	11,7	11,2	10,7	10,8
ALLEMAGNE OCCIDENT.	16,6	16,0	17,2	18,3	17,8	17,3	11,0	10,7	11,1	11,1	11,3	11,2
GRECE .....	..	19,3	19,2	17,8	17,9	18,5	..	7,1	7,4	7,9	7,9	8,3
IRLANDE .....	22,2	21,4	21,1	21,9	21,6	21,1	13,3	12,5	11,8	11,8	12,2	10,7
ITALIE .....	21,2	18,1	18,1	19,1	18,9	18,1	10,8	9,8	9,5	9,8	9,5	9,7
PAYS-BAS .....	25,9	21,9	21,1	20,7	19,2	18,9	7,9	7,5	7,6	7,9	8,1	7,9
NORVEGE .....	20,6	18,6	17,9	17,4	17,9	18,0	9,2	8,5	8,9	9,5	9,6	9,2
PORTUGAL .....	25,1	23,8	24,2	23,8	22,2	21,1	13,4	11,5	11,3	10,7	10,7	10,0
ESPAGNE .....	21,5	20,4	21,6	21,5	20,9	21,1	11,6	9,9	9,2	8,8	8,6	8,7
SUEDE .....	18,2	15,2	14,3	15,0	15,8	15,5	10,2	9,7	9,7	10,0	10,0	10,1
SUISSE .....	19,0	17,1	17,6	18,7	18,3	17,7	10,9	10,1	9,8	9,5	9,3	9,0
TURQUIE .....	38,8	42,2	44,0	..	..	..	17,6	14,1	12,6	..	..	..
ROYAUME-UNI .....	18,3	15,7	16,8	18,3	17,9	17,4	11,8	11,7	11,6	11,8	11,8	11,2
YOUgoslavie .....	28,7	28,1	24,1	21,5	20,2	19,5	13,2	12,1	10,2	9,2	8,0	8,7

a) ESTIMATION DU PLAN DE DEVELOPPEMENT 1968-1972.

b) MOYENNE 1947-1950

SOURCE : ECONOMIC SURVEY OF EUROPE, 1968, UNITED-NATIONS, N.Y. 1969.

## EUROPE OCCIDENTALE

## 3 ACCROISSEMENT DE LA POPULATION TOTALE PAR GROUPES D'AGE

1950 à 1980

(Taux annuels moyens)

PAYS	ANNEES	GROUPES D'AGES						
		0-14	15-19	20-30	40-64	65 +	TOUS AGES	15-64
AUTRICHE .....	1951-1965	0,4	0,8	0,3	-0,4	1,9	0,3	0,0
	1965-1980	0,8	1,6	0,5	-0,6	1,4	0,5	0,1
BELGIQUE .....	1950-1965	1,5	1,0	0,0	0,1	1,5	0,6	0,2
	1965-1980	0,4	0,5	0,7	-0,1	1,0	0,4	0,3
DANEMARK .....	1950-1965	0,0	2,5	-0,0	1,0	2,2	0,7	0,7
	1965-1980	1,2	-0,7	1,4	-0,2	1,8	0,8	0,4
FINLANDE .....	1950-1965	0,2	3,1	0,4	1,2	2,2	0,9	1,1
	1965-1980	-0,7	-1,3	1,7	0,1	2,2	0,6	0,6
FRANCE .....	1950-1965	1,9	1,6	0,8	0,3	1,4	1,0	0,7
	1965-1980	0,5	0,1	1,2	0,2	1,8	0,7	0,6
ALLEMAGNE OCCIDENTALE ..	1950-1965	0,8	-0,1	1,5	0,6	2,6	1,1	0,9
	1965-1980	0,8	2,2	-0,5	0,0	1,8	0,5	0,0
GRECE .....	1951-1965	-0,0	-0,5	0,8	1,7	2,9	0,8	0,9
	1965-1980	-0,2	-0,2	0,1	1,8	2,6	0,7	0,8
IRLANDE .....	1951-1966	0,3	0,7	-1,3	0,1	0,1	-0,1	-0,4
	1966-1981	2,3	1,0	3,2	-0,5	1,0	1,6	1,4
ITALIE .....	1951-1966	0,2	0,3	0,5	1,1	2,2	0,7	0,7
	1966-1981	0,7	0,6	0,2	0,8	2,3	0,8	0,5
PAYS-BAS .....	1950-1965	1,1	2,4	0,6	1,5	2,8	1,3	1,2
	1965-1980	0,5	0,2	1,9	0,7	2,2	1,1	1,2
NORVEGE .....	1950-1965	1,7	2,2	-1,0	1,8	2,9	1,1	0,7
	1965-1980	1,2	-0,4	1,9	-0,5	2,2	0,9	0,5
PORTUGAL .....	1950-1965	0,5	-0,1	0,1	1,2	1,7	0,6	0,5
	1965-1980	1,6	1,1	1,3	1,0	2,5	1,4	1,2
ESPAGNE .....	1950-1965	1,3	..	-0,7	..	2,3	1,0	0,7
	1965-1980	1,0	1,2	0,8	1,2	1,9	1,1	1,0
SUEDE .....	1950-1965	0,8	2,2	-0,4	1,6	2,8	1,0	0,8
	1965-1980	1,1	-0,6	0,9	-0,5	1,9	0,5	0,0
SUISSE .....	1950-1966	1,4	2,3	1,6	0,9	2,3	1,5	1,4
	1966-1981	1,1	0,3	0,4	0,5	1,6	0,7	0,5
TURQUIE .....	1950-1965	3,4	1,4	2,8	1,9	3,9	2,7	2,2
	1965-1980	1,9	3,4	2,8	2,7	3,7	2,5	2,9
ROYAUME-UNI ..	1951-1965	0,8	2,2	-0,3	0,6	1,3	0,6	0,4
	1965-1980	1,1	0,6	0,9	-0,5	1,4	0,6	0,2
YOUgoslavie ..	1951-1966	0,9	0,1	1,6	1,1	2,6	1,2	1,2
	1966-1981	0,2	0,2	0,9	2,0	2,2	1,0	1,2

SOURCE : IBID.

## EUROPE OCCIDENTALE

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## PYRAMIDE DES AGES POUR TOUTE LA POPULATION 1950-1980

(en pourcentages)

PAYS	ANNEE	GROUPES D'AGE						
		0-14	15-19	20-39	40-64	65 +	TOUS AGES	15-64
AUTRICHE .....	1951	22,9	6,3	26,5	33,6	10,6	100	66,5
	1965	23,1	6,8	26,5	30,6	13,1	100	63,8
	1980	24,2	8,1	26,7	25,9	15,1	100	60,7
BELGIQUE .....	1950	21,0	7,1	28,3	32,5	11,1	100	67,9
	1965	23,9	7,5	26,0	29,9	12,7	100	63,4
	1980	23,7	7,5	27,0	27,9	13,9	100	62,5
DANEMARK .....	1950	26,3	6,8	28,9	28,8	9,1	100	64,6
	1965	23,8	8,9	25,9	30,1	11,3	100	64,9
	1980	25,2	7,1	28,5	26,1	13,1	100	61,7
FINLANDE .....	1950	30,0	7,7	29,5	26,1	6,6	100	63,4
	1965	26,8	10,6	27,4	27,2	8,0	100	65,2
	1980	24,6	8,0	31,8	25,3	10,3	100	65,1
FRANCE .....	1950	22,5	7,6	27,3	31,2	11,4	100	66,1
	1965	25,6	8,3	26,2	27,9	12,0	100	62,4
	1980	24,6	7,6	27,6	26,0	14,2	100	61,2
ALLEMAGNE OCCID.	1950	23,3	7,2	27,5	32,6	9,4	100	67,3
	1965	22,5	6,1	29,1	30,5	11,8	100	65,7
	1980	23,8	7,9	25,4	28,5	14,5	100	61,7
GRECE .....	1951	28,8	10,3	30,7	23,5	6,7	100	64,4
	1965	25,6	8,5	30,5	26,4	9,0	100	65,4
	1980	22,0	7,4	28,8	30,4	11,3	100	66,6
IRLANDE .....	1951	28,9	8,1	26,8	25,5	10,7	100	60,4
	1966	30,8	9,2	22,3	26,6	11,1	100	58,1
	1981	33,9	8,4	28,2	19,4	10,1	100	56,0
ITALIE .....	1951	26,1	8,5	30,3	26,9	8,2	100	65,7
	1966	24,3	8,0	29,1	28,6	10,1	100	65,6
	1981	23,9	7,8	26,8	28,8	12,7	100	63,4
PAYS-BAS .....	1950	29,2	8,1	29,4	25,6	7,7	100	63,1
	1965	28,4	9,6	26,4	26,1	9,5	100	62,1
	1980	26,0	8,4	29,8	24,7	11,1	100	62,9
NORVEGE .....	1950	22,6	7,3	32,7	28,0	9,3	100	67,9
	1965	24,7	8,4	23,8	31,0	12,1	100	63,2
	1980	25,4	7,0	27,3	25,3	15,0	100	59,6
PORTUGAL .....	1950	29,5	9,6	30,2	23,7	7,0	100	63,5
	1965	29,0	8,8	28,3	25,8	8,1	100	62,8
	1980	29,8	8,3	27,9	24,4	9,6	100	60,6
ESPAGNE .....	1950	26,2		66,5		7,2	100	66,5
	1965	27,4	8,1	29,0	26,7	8,8	100	63,8
	1980	27,2	8,3	27,7	26,9	9,9	100	62,9
SUEDE .....	1950	21,6	6,7	32,1	29,8	9,9	100	68,5
	1965	20,9	8,0	25,8	32,5	12,8	100	66,3
	1980	22,8	6,7	27,2	27,8	15,6	100	61,7
SUISSE .....	1950	23,6	7,0	29,1	30,8	9,6	100	66,8
	1966	23,3	7,9	29,7	28,1	11,0	100	65,7
	1981	24,7	7,4	28,4	27,1	12,4	100	63,0
TURQUIE .....	1950	38,0	11,3	28,0	19,1	3,4	100	58,4
	1965	41,7	9,3	28,1	16,8	4,0	100	54,2
	1980	38,9	10,5	28,6	17,2	4,8	100	56,3
ROYAUME-UNI ...	1951	22,6	6,3	28,8	31,5	10,9	100	66,6
	1965	23,3	7,9	25,3	31,5	12,0	100	64,7
	1980	25,0	7,9	26,8	26,8	13,6	100	61,4
YUGOSLAVIE ...	1951	30,9	10,9	28,9	23,7	5,7	100	63,4
	1966	25,5	9,3	30,8	23,4	7,0	100	63,5
	1981	26,2	8,2	30,2	27,2	8,3	100	63,5

SOURCE : IBID.

## EUROPE OCCIDENTALE

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NOMBRE DE FEMMES POUR CENT HOMMES, PAR GROUPES D'AGE

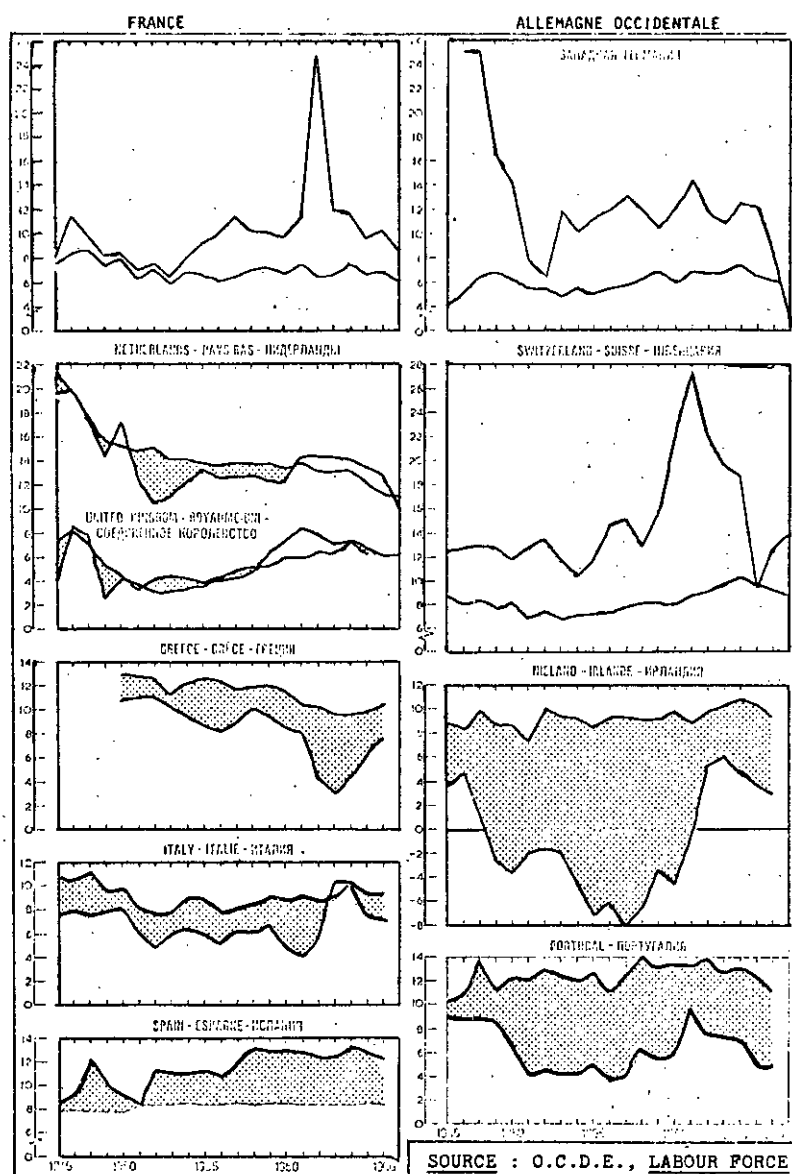
1950-1980

PAYS	ANNEE	GROUPES D'AGE						
		0-14	15-19	20-39	40-64	65 +	TOUS AGES	15-64
AUTRICHE .....	1951	96	97	122	122	140	116	119
	1965	96	96	99	131	163	114	113
	1980	95	97	98	117	182	112	106
BELGIQUE .....	1950	97	99	98	107	124	103	102
	1965	95	96	97	106	141	104	101
	1980	96	96	97	104	144	104	100
DANEMARK .....	1950	96	98	101	106	112	102	103
	1965	95	95	99	104	122	102	101
	1980	96	96	96	103	122	101	99
FINLANDE .....	1950	96	97	108	119	167	109	111
	1965	96	96	97	120	168	107	106
	1980	96	96	97	110	163	105	102
FRANCE .....	1950	97	97	99	115	152	108	106
	1965	96	95	94	106	168	105	99
	1980	96	96	97	101	143	103	98
ALLEMAGNE OCCID. ....	1950	96	96	124	122	124	114	120
	1965	95	95	95	131	158	111	110
	1980	95	96	96	110	168	108	102
GRECE .....	1951	95	101	108	111	126	105	108
	1965	95	96	109	109	130	106	107
	1980	95	95	96	110	122	103	102
IRLANDE .....	1951	96	91	97	96	104	96	96
	1966	96	93	99	100	116	99	98
	1981	96	96	95	104	121	100	98
ITALIE .....	1951	96	98	103	111	122	104	106
	1966	96	96	99	108	137	104	103
	1981	96	96	97	105	129	103	101
PAYS-BAS .....	1950	95	96	101	105	109	101	102
	1965	95	95	96	106	119	101	100
	1980	95	96	96	104	138	102	99
NORVEGE .....	1950	96	97	99	108	126	103	102
	1965	95	95	96	103	124	101	99
	1980	95	94	95	100	114	99	97
PORTUGAL .....	1950	96	101	104	121	154	108	109
	1965	96	103	112	116	152	110	113
	1980	95	95	101	117	147	106	106
ESPAGNE .....	1950	96		109		144	108	109
	1965	95	98	102	113	141	105	106
	1980	96	96	98	108	140	103	102
SUEDE .....	1950	96	97	98	105	116	101	101
	1965	95	96	96	101	122	100	98
	1980	95	95	95	100	126	101	97
SUISSE .....	1950	96	100	106	113	133	108	108
	1966	96	99	99	108	147	105	103
	1981	95	96	99	105	142	104	101
TURQUIE .....	1950	91	87	98	112	160	98	100
	1965	93	88	100	99	139	97	98
	1980	97	97	92	102	114	97	96
ROYAUME-UNI .....	1951	96	103	104	113	143	108	108
	1965	95	96	98	106	164	106	102
	1980	95	95	97	101	155	104	99
YOUGOSLAVIE .....	1951	96	97	113	113	133	107	110
	1966	95	96	100	116	139	104	105
	1981	94	94	97	108	132	101	101

NOTE : LES PROJECTIONS DES RATIOS DES SEXES (1980-81) NE COMPRENNENT PAS LA MIGRATION SAUF POUR LA FINLANDE ET LE ROYAUME-UNI.

SOURCE : IBID.

**6** ACCROISSEMENT ACTUEL DE LA POPULATION ET MIGRATION NETTE  
DANS LES PAYS D'EUROPE OCCIDENTALE, 1946-1967  
(pour mille habitants)



LEGENDE :

VARIATION DE LA POPULATION TOTALE.  
EXCEDENT DE NATALITE PAR RAPPORT A  
LA MORTALITE.

SOURCE : O.C.D.E., LABOUR FORCE  
STATISTICS, 1968 DANS  
ECONOMIC SURVEY OF EUROPE,  
NATIONS-UNIES, N.Y. p. 221

IMMIGRATION NETTE.

IMMIGRATION NETTE.

**7** EMIGRATION ET ACCROISSEMENT DE LA POPULATION  
DANS CINQ PAYS EMETTEURS 1950-1965

PAYS	ACCROISSE- MENT NATU- REL DE LA POPULATION (milliers)	EMIGRATION NETTE		TAUX ANNUELS DE CROISSANCE DEMOGRAPHIQUE	
		MILLIERS	% PAR RAP- PORT A L' ACCROISSE- MENT NATUREL	AVEC EMIGRATION	SANS EMIGRATION
GRECE .....	1 377	393	28,5	0,7	1,1
IRLANDE .....	410	490	119,5	- 0,2	0,9
ITALIE .....	6 459	1 533	23,7	0,7	0,9
PORTUGAL .....	1 733	940	54,2	0,6	1,3
ESPAGNE .....	5 616	1 548	27,6	0,9	1,2
TOTAL DES 5 PAYS .	15 595	4 904	31,4		

SOURCE : IBID.

**8** IMMIGRATION ET ACCROISSEMENT DE LA POPULATION  
DANS LES CINQ PRINCIPAUX PAYS RECEPTEURS (1950-1965)

PAYS	ACCROISSE- MENT DE LA POPULATION (milliers)	IMMIGRATION NETTE		TAUX ANNUELS D' ACCROISSEMENT DEMOGRAPHIQUE	
		MILLIERS	POURCENTAGE PAR RAPPORT A L'ACCROIS- SEMENT	IMMIGRANTS COMPRIS	IMMIGRANTS NON COMPRIS
BELGIQUE .....	803	179	22,3	0,6	0,5
FRANCE .....	7 125	2 665	37,4	1,0	0,7
ALLEMAGNE OCCIDENT	8 994	4 166	46,3	1,1	0,6
SUEDE .....	731	198	27,1	0,7	0,5
SUISSE .....	1 250	626	50,1	1,6	0,8
TOTAL DES 5 PAYS .	18 903	7 834	41,4		

SOURCE : IBID.

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## IMMIGRANTS EN EUROPE OCCIDENTALE 1950-1958

PAYS D'ORIGINE	ANGLETERRE	FRANCE	ALLEMAGNE	SUEDE	SUISSE	HOLLANDE
ALGERIE .....		471 020				
AUTRICHE .....			116 400		40 617	
GRANDE-BRETAGNE .....				2 042		
CHYPRE .....	59 190					
DANEMARK .....				18 214		
FINLANDE .....				78 995		
FRANCE .....					44 968	
ALLEMAGNE .....	134 050			14 674	111 945	
GRECE .....	8 520		211 800	5 763	7 568	1 328
INDE .....	232 210					
IRLANDE .....	647 560					
ITALIE .....	96 660	585 880	454 200		509 930	9 600
MAROC .....		88 280				14 783
NORVEGE .....				12 958		
PAYS-BAS .....			98 200			
PAKISTAN .....	73 130					
POLOGNE .....	110 450	131 280				
PORTUGAL .....	5 420	303 160	26 900			2 134
ESPAGNE .....	34 510	618 200	175 000	2 463	81 450	11 403
TUNISIE .....		60 180				
TURQUIE .....	4 310	7 760	205 400	1 730	6 705	15 074
ANTILLES .....	267 850					
YOUGOSLAVIE .....	12 290	48 200	169 100	15 021	10 803	2 800
AUTRES .....	740 870	350 040	466 700	12 414	76 584	
TOTAL .....	2 427 020	2664 000	1 924 200	172 883	890 570	57 142

## SOURCES :

ANGLETERRE : RECENSEMENT 1966  
 FRANCE : RECENSEMENT 1968  
 SUEDE : STATEN INVANDARVERK 1969  
 ALLEMAGNE : WIRTSCHAFT UND STATISTIK, HEFT, JUILLET 1969  
 HOLLANDE : LANELIJKE WERKERS, SEPTEMBRE 1969.  
 AGENOR N° 15 JANVIER/FEVRIER 1970.  
 BRUXELLES : LE SCANDALE DES 8 MILLIONS D'IMMIGRANTS, 1969.

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## EUROPE : ESTIMATION DES TAUX D'ACCROISSEMENT ANNUELS MOYENS

REGION & PAYS	VARIATIONS EN POURCENTAGE DU PNB TOTAL								VARIATIONS EN % DU PNB PAR PAYS								TAUX ACTUELS D'ACCROISSEMENT DE LA POPULATION
	1950 1955	1955 1960	1960 1965	1965 1970	VARIATIONS PAR RAPPORT A L'ANNEE PRECEDENTE				1950 1955	1955 1960	1960 1965	1965 1970	VARIATIONS PAR RAPPORT A L'ANNEE PRECEDENTE				
					1966	1967	1968	1969					1966	1967	1968	1969	
BELGIQUE .....	3,4	2,5	5,1	4,0	2,8	3,4	3,8	6,0	2,9	1,9	4,4	3,5	2,2	2,8	3,4	5,6	0,5
LUXEMBOURG .....	2,3	2,8	3,2	3,0	1,4	2,1	3,8	4,6	1,6	2,2	2,1	2,6	0,8	1,5	3,6	4,3	0,4
FRANCE .....	4,3	4,7	5,8	5,7	5,5	4,8	4,2	8,3	3,5	3,7	4,5	4,9	4,6	4,0	3,4	7,4	0,8
ALLEMAGNE, REP. FED. ....	9,5	6,3	5,0	4,5	2,3	0,2	7,6	7,9	8,6	5,2	3,7	3,9	1,2	-0,1	7,1	7,4	0,6
ITALIE .....	6,0	5,5	5,1	5,9	5,9	6,4	5,7	5,5	5,4	4,9	4,3	5,1	5,1	5,6	5,0	4,7	0,8
PAYS-BAS .....	5,6	3,9	5,0	4,9	2,6	6,1	6,2	4,7	4,4	2,6	3,6	3,7	1,2	4,9	5,0	3,6	1,2
C.E.E. TOTAL .....	6,3	5,2	5,3	5,1	4,1	3,5	5,8	7,2	5,5	4,3	4,2	4,4	3,2	2,8	5,1	6,5	0,7
DANEMARK .....	2,0	4,6	5,2	3,8	2,2	3,9	3,5	5,7	1,2	3,9	4,4	3,0	1,4	3,0	2,8	5,0	0,8
GRECE .....	6,4	5,4	8,0	6,8	7,3	5,3	6,4	8,3	5,3	4,5	7,9	5,8	6,5	4,1	5,4	7,2	1,0
IRLANDE .....	6,4		7,1	0,6	9,5	-1,7	-5,9	1,3	4,4	1,5	5,3	-0,8	7,3	-3,2	-6,8	0,3	1,5
NORVEGE .....	4,0	3,2	5,4	4,6	4,3	5,8	3,8	4,5	3,0	2,3	4,6	3,7	3,5	5,0	2,8	3,6	0,9
PORTUGAL .....	3,7	4,4	6,4	5,3	3,2	6,9	5,8	5,2	3,2	3,9	5,6	4,4	1,9	6,1	4,8	4,3	1,0
TURQUIE .....	6,3	5,2	4,2	7,5	10,4	6,0	6,6	6,8	3,5	2,3	1,7	5,0	7,7	3,5	4,0	4,1	2,6
ROYAUME-UNI .....	2,7	2,4	3,4	2,2	2,0	2,0	2,8	2,0	2,5	1,9	2,6	1,7	1,4	1,4	2,4	1,6	0,5
O.T.A.N. EUROPE TOTAL .....	5,2	4,5	4,9	4,6	3,7	3,4	5,1	6,1	4,3	3,5	3,7	3,7	2,7	2,4	4,3	5,2	0,9
AUTRICHE .....	7,0	5,2	4,1	4,5	4,8	3,0	4,1	6,0	6,7	4,9	3,5	4,1	4,2	2,5	3,8	5,6	0,4
FINLANDE .....	5,6	4,3	5,2	3,7	2,3	2,2	2,2	8,1	4,5	3,4	4,4	3,2	1,7	1,6	1,7	7,7	0,5
IRLANDE .....	2,2	1,3	3,8	4,0	1,2	4,2	6,8	3,8	2,5	1,9	3,5	3,6	1,0	3,5	6,4	3,4	0,4
ESPAGNE .....		2,9	8,6	6,2	8,1	4,2	4,4	8,0		2,1	7,8	5,2	6,8	3,2	3,5	6,9	1,1
SUEDE .....	3,2	3,5	5,4	3,5	2,8	2,4	4,0	5,0	2,5	2,9	4,7	2,8	1,8	1,6	3,4	4,3	0,8
SUISSE .....	5,0	4,0	5,3	3,2	2,8	1,8	4,0	4,4	3,8	2,5	3,2	2,0	1,8	0,6	2,7	3,1	1,1
O.C.D.E. EUROPE TOTAL .....	5,1	4,4	5,1	4,6	3,8	3,2	5,0	6,1	4,3	3,4	4,0	3,7	2,8	2,4	4,1	5,3	0,8
PAYS EUROPEENS DEVELOPPES .....	5,0	4,4	4,9	4,4	3,5	3,1	5,0	6,0	4,3	3,6	3,9	3,7	2,6	2,4	4,4	5,4	0,6

SOURCE : AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON DC, GROSS NATIONAL PRODUCT, TAUX D'ACCROISSEMENT ET TENDANCES. 30 AVRIL 1970, P.5 (TREND DATA).

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## PRODUIT NATIONAL BRUT 1958-1969

(Aux prix et aux taux de change 1963)

en milliers de dollars E. U.

PAYS	1958	1963	1968	ESTIMATION 1969 (1)
AUTRICHE .....	6,29	7,85	9,63	10,1
BELGIQUE .....	11,19	13,99	17,08	18,3
LUXEMBOURG .....	-	0,55	0,62	-
DANEMARK .....	6,18	7,91	9,93	10,6
FINLANDE .....	4,67	6,36	7,60	8,2
FRANCE .....	64,0 (2)	84,07	108,11	110,4
ALLEMAGNE .....	67,50	94,73	117,06	127,0
IRLANDE .....	1,86	2,30	2,71	-
ITALIE .....	35,53	48,58	63,92	64,0
PAYS-BAS .....	11,60	14,68	19,47	20,1
NORVEGE .....	4,56	5,74	7,29	7,5
PORTUGAL .....	2,32	3,10	4,15	-
ESPAGNE .....	12,04	16,07	21,51	-
SUEDE .....	13,29	16,77	20,59	21,4
SUISSE .....	8,71	11,66	13,91	14,6
GRANDE-BRETAGNE ..	72,56	86,21	99,53	101,8
C.E.E. ....	194,6	256,6	326,6	339,9
EUROPE OCCIDENTALE	-	-	523,1	-
CANADA .....	33,05	40,23	52,59	54,9
ETATS-UNIS .....	488,60	598,70	770,90	791,8
JAPON .....	39,89	67,62	114,22	124,0

SOURCE : O.C.D.E., PRINCIPAUX INDICATEURS ECONOMIQUES, AVRIL 1970.

SELECTION DU READER'S DIGEST, RADIOSCOPIE DE L'EUROPE, PARIS

(1) L'ESTIMATION POUR 1969 EST DUE AU NATIONAL INSTITUTE OF ECONOMIC DE STOCKHOLM.

(2) LE P.N.B. DE LA FRANCE POUR 1958 N'A PAS ETE PUBLIE PAR L'O.C.E. CAUSE DES RECTIFICATIONS RECENTES FAITES PAR LA COMPTABILITE NOUS L'AVONS DONC ESTIME.

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## PRODUIT NATIONAL BRUT EN 1968

(Aux prix et taux de change courants)

PAYS	P.N.B. GLOBAL en milliards de \$	P.N.B. PAR HABITANT en \$	P.N.B. PAR HABITANT U.S.A. = 100
AUTRICHE .....	11,40	1 550	35,4
BELGIQUE .....	20,75	2 160	49,3
LUXEMBOURG .....	-	-	-
DANEMARK .....	12,39	2 540	58,0
FINLANDE .....	8,01	1 710	39,0
FRANCE .....	126,23	2 530	57,8
ALLEMAGNE .....	132,48	2 200	50,2
IRLANDE .....	2,98	1 020	23,3
ITALIE .....	74,98	1 390	31,7
PAYS-BAS .....	25,23	1 980	45,2
NORVEGE .....	9,02	2 360	53,9
PORTUGAL .....	5,01	530	12,1
ESPAGNE .....	25,20	770	17,6
SUEDE .....	25,57	3 230	73,7
SUISSE .....	17,16	2 790	63,6
GRANDE-BRETAGNE ..	102,67	1 850	42,2
C.E.E. ....	380,4	2 040	46,6
EUROPE OCCIDENTALE	599,8	1 852	42,2
CANADA .....	62,44	3 010	68,7
ETATS-UNIS .....	880,77	4 380	100,0
JAPON .....	141,81	1 400	32,0

SOURCE : COLONNES 1 et 2 : O.C.D.E., PRINCIPAUX INDICATEURS ECONOMIQUES. AVRIL 1970.

RADIOSCOPIE DE L'EUROPE, SELECTION DU READER'S DIGEST, PARIS 1970.

**13** INDICATEUR DE NIVEAU DE VIE  
NON ALIMENTAIRE

PAYS	INDICE : SUEDE=100	RANG
SUEDE .....	100	1
SUISSE .....	95,4	2
FRANCE .....	76,7	8
DANEMARK .....	88,0	5
BELGIQUE .....	63,5	10
ALLEMAGNE .....	78,9	7
NORVEGE .....	88,8	4
GRANDE-BRETAGNE ..	84,9	6
PAYS-BAS .....	89,4	3
FINLANDE .....	56,0	13
AUTRICHE .....	68,8	9
ITALIE .....	60,0	11
IRLANDE .....	50,9	14
ESPAGNE .....	58,1	12
PORTUGAL .....	39,2	15

SOURCE : IBID.

**14** EXPORTATIONS RELATIVES  
RESULTATS EN TERMES DE VALEURS

VARIATIONS EN POURCENTAGE : ESTIMATIONS ET PREVISIONS

PAYS	ACCROISSEMENT DES MARCHES ET DES EXPORTATIONS						TOTAL DES GAINS ET PERTES DE MARCHÉ (c)			
	1968 à 1969		1969 à 1970		1970 II A 1970 Id		MOYENNE			
	CROISSANCE DES									
	MAR- CHES DE L'EX- PORT. a)	EXPOR- TA- TIONS	MAR- CHES DE L'EX- PORT. a)	EXPOR- TA- TIONS	MAR- CHES DE L'EX- PORT. b)	EXPOR- TA- TIONS	60-61 à 67-68	1968 à 1969	1969 à 1970	1970II à 1971Id
ANGLETERRE ...	13,7	12,5	13,5	10,5	8	6	-3,4	-1,2	-3	-2
ETATS-UNIS ...	14,1	9,6	12,5	12	8,5	7	-1,4	-4,5	-0,5	-1,5
FRANCE .....	17,5	18,2	16	18,5	8	10	0,9	0,7	2,5	2
ALLEMAGNE ....	14,0	16,9	15	15	8	4,5	0,6	2,9	0	-3,5
ITALIE .....	15,5	15,3	16,5	12	8,5	12	4,4	-0,2	-4,5	3,5
BELGIQUE/LUX..	19,8	23,4	13,5	11,5	9	8	0,5	3,6	-2	-1
PAYS-BAS .....	19,0	19,5	15,5	16	8,5	8	0,4	0,5	3/4	-0,5
CANADA .....	12,1	9,2	13,5	13	8,5	8	-2,2	-2,9	-0,5	-0,5
JAPON .....	12,9	23,3	11	20	9,5	15,5	7,3	10,4	9	6
AUTRE PAYS										
OCDE NORD ..	15,8	16,3	15	13,5	8,5	10	-0,2	0,5	-1,5	1,5
OCDE SUD ...	15,4	16,1	13,5	14	8	10	1,3	0,7	0,5	2
TOTAL OCDE	15,1	15,1	14	14	8,5	8,5	-	-	-	-

a) CORRIGE EN FONCTION DES EPPETS DE DELAI DUS AUX GREVES DES DOCKERS EN G.B. (FIN 1967) ET AUX U.S.A. (DEBUT 1969), DE L'ACCELERATION DES EXPORTATIONS ALLEMANDES (FIN 1968) ET DES GREVES ITALIENNES ET CANADIENNES (FIN 1969).

b) ACCROISSEMENT QUI SE SERAIT PRODUIT DANS LES EXPORTATIONS D'UN PAYS S'IL AVAIT MAINTENU EXACTEMENT SA PART DANS LES EXPORTATIONS TOTALES DE L'OCDE VERS CHACUNE DES 19 LARGES ZONES GEOGRAPHIQUES. LES CHIFFRES SONT CORRIGES EN FONCTION DES FACTEURS SPECIAUX TELS QUE LE COMMERCE AUTOMOBILE ENTRE LES U.S.A. ET LE CANADA D'APRES LES ACCORDS D'OTTAWA.

c) DIFFERENCE ENTRE LES TAUX D'ACCROISSEMENT DES MARCHES ET DES EXPORTATIONS, C'EST-A-DIRE CALCULER D'QUELLE MESURE LES PAYS GAGNENT OU PERDENT(-) DES PARTS DE MARCHES DANS LES EXPORTATIONS TOTALES DE L'OCDE.

d) TAUX ANNUELS CORRIGES DES VARIATIONS SAISONNIERES.

SOURCE : O.C.D.E., ECONOMIC OUTLOOK, N° 7, JUILLET 1970, P. 19

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## INDICATEURS DE PRIX ET DE SALAIRES

## DANS 9 PAYS

PAYS	PRIX A LA CONSOMMATION					
	VARIATION ANNUELLE EN POURCENTAGE			VARIATION EN % AUX TAUX ANNUELS		
	1967	1968	1969	69 Q1 à 69 Q3	69 Q3 à 70 Q1	1970 Fev. à Mars 4/5
AUTRICHE ...	4,5	2,6	3,4	3,3	4,9	3,2
BELGIQUE ...	2,9	2,7	3,8	3,8	4,7	4,0
DANEMARK ...	6,8	8,7	3,6	4,4	7,2	6,2
FINLANDE ...	5,8	8,7	2,9	1,4	2,8	0,0
PAYS-BAS ...	3,4	3,7	7,5	2,6	4,3	5,6
NORVEGE ...	4,4	3,4	3,3	3,2	16,4a	4,8
ESPAGNE ....	6,2	5,1	2,1	2,8	5,5	4,3
SUEDE .....	4,3	1,9	2,7	3,4	8,4a	4,3
SUISSE .....	3,9	2,5	2,5	1,2	3,5	2,9

TAUX OU GAINS HORAIRES					
PAYS	VARIATION ANNUELLE EN POURCENTAGE			DERNIERES DONNEES, ACCROISSEMENT SUR L'ANNEE PRECEDENTE	
	1967	1968	1969		A LA DATE DE
<b>TAUX</b>					
AUTRICHE ...	7,7	6,8	5,9	13,3	AVRIL 70
PAYS-BAS ...	6,4	8,0	9,3	6,0	AVRIL 70
SUISSE .....	5,1	4,0	4,7	5,1	1970 Q1
<b>GAINS</b>					
BELGIQUE ...	6,7	5,6	7,9	9,5	1970 Q1
DANEMARK ...	9,6	11,4	11,6	12,0	1969 Q4
FINLANDE ...	8,3	11,8	9,0	8,2	1969 Q4
NORVEGE ....	8,1	7,5	9,7	6,2	1970 Q1
ESPAGNE ....	15,7	9,1	11,7	12,5	1969 Q4
SUEDE .....	9,4	6,5	8,1	13,5	1970 Q1

- a) TAUX DE CROISSANCE AFFECTES PAR L'INTRODUCTION DE LA T.V.A. EN NORVEGE (1.1.70) ET PAR L'ACCROISSEMENT DU TAUX DE LA T.V.A. EN SUEDE A PARTIR DU 1/2/70.
- b) LES CHIFFRES SE RAPPORTENT A L'INDUSTRIE SAUF DANS LES PAYS SUIVANTS : BELGIQUE : INDUSTRIES D'EXTRACTION, MANUFACTURIERES ET TRANSPORTS, NORVEGE ET SUEDE : INDUSTRIES D'EXTRACTION ET MANUFACTURIERES. POUR LES PAYS-BAS ET LA NORVEGE, LES CHIFFRES NE COUVRENT QUE LES TRAVAILLEURS HOMMES.
- SOURCE : IBID

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## SALAIRE UNITAIRE OU CÔUT UNITAIRE DE MAIN D'OEUVRE

## DANS LES INDUSTRIES MANUFACTURIERES

(en chiffres corrigés des variations saisonnières)

Indice 1966 = 100

PAYS	1967	1968	1969	DERNIERES DONNEES	DATE
<b>ETATS-UNIS</b>					
Coût unitaire de la main d'oeuvre.....	104,7	108,4	112,7	116,7	70 Q1
<b>CANADA</b>					
Traitements et Salaires unitaires ..	105,6	107,2	112,1	114,6	69 Q4
<b>JAPON</b>					
Traitements et Salaires unitaires ..	96,5	97,2	98,9	97,8	70 Q1
<b>FRANCE</b>					
Traitements unitaires (en dollars U.S.) ..	101	106	107	110	70 Q1
			102,5	97,6	
<b>ALLEMAGNE</b>					
Traitements unitaires (en dollars U.S.) ..	99,5	96,8	98,8	108,8	70 Q1
			101,0		
<b>ITALIE</b>					
Coût unitaire de la main d'oeuvre .....	104,1	103,1	107,5	114,1	70 Q1
<b>ROYAUME-UNI</b>					
Traitements et salaires unitaires ... (en dollars U.S.) ..	100,6	101,5	106,4	112,4	JAN-70
	98,9	87,0	91,2	96,3	FEV 1970

NOTE : LES CÔUTS UNITAIRES DE MAIN D'OEUVRE COMPRENNENT TOUS LES CÔUTS D'EMPLOI SUPPORTES PAR L'EMPLOYEUR ; LES CÔUTS UNITAIRES DE SALAIRE ET TRAITEMENT NE COMPRENNENT PAS LE REVENU SUPPLEMENTAIRE DE MAIN D'OEUVRE, LES CONTRIBUTIONS DE L'EMPLOYEUR A LA S.S. ETC... ; LES UNITES DE SALAIRE DESIGNENT SEULEMENT LES SALAIRES.

a) INDUSTRIES MANUFACTURIERES ET D'EXTRACTION.

SOURCE : IBID.

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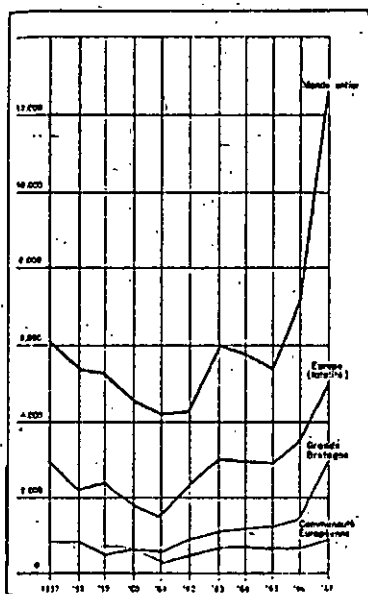
## DISTRIBUTION DES REVENUS FAMILIAUX

POURCENTAGE D'ADULTES VIVANT DANS DES FAMILLES DONT LE REVENU NET EST DE :

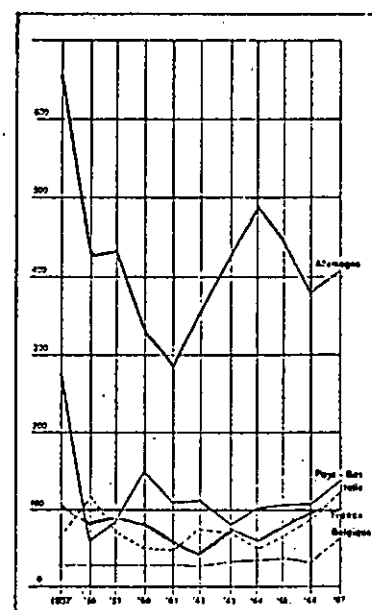
PAYS	-12 \$	12-23 \$	24-47 \$	48-71 \$	72-95 \$	96-119 \$	120-143 \$	144 \$ +
AUTRICHE .....								
BELGIQUE .....	3	15	30	26	14	5	2	5
DANEMARK .....		4	11	16	23	17	10	19
FINLANDE .....								
FRANCE .....	6	11	33	21	16	5	3	5
IRELANDE .....	17	16	39	16	7	3	1	1
ITALIE .....	16	19	36	16	6	2	2	3
LUXEMBOURG ...		2	19	42	17	11	5	4
PAYS-BAS .....		2	32	35	16	6	4	5
NORVEGE .....	1	5	10	26	25	15	9	9
PORTUGAL .....	45	31	16	6	2			
ESPAGNE .....	20	30	27	9	6	2		6
SUEDE .....	2	2	14	28	21	16	7	10
SUISSE .....	2	4	12	29	25	11	6	11
ROYAUME-UNI ..	2	7	42	24	9	11	2	3
ALLEMAGNE DE L'OUEST ....	1	3	25	36	21	6	5	3

SOURCE : RADIOSCOPIE DE L'EUROPE, SELECTION DU READER'S DIGEST, PARIS 1970,

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IMMIGRATION DE SAVANTS ET INGENIEURS  
AUX ETATS-UNIS 1957-1967ALORS QUE L'IMMIGRATION TOTALE A AUGMENTE  
DE FACON DRAMATIQUE, CELLE VENANT DES SIX  
EST RESTEE REMARQUABLEMENT STABLE.SOURCE : "IL MERCATO DEI CERVELLI", p.6

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IMMIGRATION DE SAVANTS ET INGENIEURS  
DE LA COMMUNAUTE VERS LES ETATS-UNIS 1957-1967SOURCE : IBID, p. 86

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## RECHERCHE ET DEVELOPPEMENT EN ELECTRONIQUE, 1965

(en millions de dollars)

PAYS	DEPENSES			SOURCES DE FINANCEMENT			
	SECTEUR PUBLIC	SECTEUR PRIVE	TOTAL	SECTEUR PUBLIC			SECTEUR PRIVE
				DIRECT	INDIRECT	TOTAL	
FRANCE .....	82,0	175,4	257,4	82,0	55,4	137,4	120,0
ALLEMAGNE .....	57,0	155,0	212,0	57,0	30,0	87,0	125,0
ITALIE .....	5,0	22,4	27,4	5,0	1,1	6,1	21,3
BELGIQUE .....	0,8	9,9	10,7	9,9	0,1	0,9	9,8
PAYS-BAS .....	1,0	34,0	35,0	1,0	0,2	1,2	33,8
COMMUNAUTE TOTAL	145,8	396,7	542,5	145,8	86,8	232,6	309,9
U.S.A. ....	950,0	4 050,0	5 000,0	950,0	3 300,0	4 250,0	750,0
JAPON .....	52,9	93,2	146,1	52,9	1,4	54,3	91,8
ROYAUME-UNI .....	84,0	197,0	281,0	84,0	94,0	178,0	103,0

SOURCE : IBID.

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## COMMERCE DES DIFFERENTS PAYS DE L'EUROPE OCCIDENTALE

## EUROPE DE L'EST

(Valeur en millions de dollars US et pourcentages)

PAYS D'ORIGINE POUR LES EXPORT. ET DE DESTINATION POUR LES IMPORT.	IMPORTATIONS C.A.F.					EXPORTATIONS F.O.B.					BALANCE DU COMMERCE EXPORTATIONS MOINS IMPORTATIONS (IMPORTATIONS REDUITES DE 10 %		
	1967		VARIATIONS EN % PAR RAPPORT A LA PERIO- DE CORRESPONDANTE DE L'ANNEE PRECED.			1967		VARIATIONS EN % PAR RAPPORT A LA PERIODE CORRESPONDANTE DE L' ANNEE PRECEDENTE.					
	VALEUR EN MIL- LIONS DE DOLLARS	PART EN % DES IM- PORT. TOTAL- LES DU PAYS	1966	1967	JANV. NOV. 1968	VALEUR EN MIL- LIONS DE DOLLARS	PART EN % DES IM- PORT. TOTAL- LES DU PAYS	1966	1967	JANV. NOV. 1968	1966	1967	JANV. NOV. 1968
BELGIQUE-LUXEMB.	136	1,9	12	1	9	155	2,2	23	36	- 6	- 7	33	12
FRANCE .....	361	2,9	28	4	3	438	3,8	29	13	30	74	113	215
ALLEMAGNE OCC. <sup>a</sup>	666	3,8	10	2	15	883	4,1	18	27	7	110	284	225
ITALIE .....	666	7,1	17	34	- 3	445	5,1	8	25	21	-106	-172	- 48
PAYS-BAS .....	159	1,9	-	5	11	180	2,5	11	54	- 1	- 19	37	21
TOTAL C.E.E.	2 008	3,7	14	12	6	2 101	3,7	18	26	13	52	295	425
AUTRICHE .....	209	9,1	- 2	- 6	17	293	16,2	6	13	-	59	105	67
DANEMARK .....	121	3,9	10	- 4	- 3	100	4,1	2	2	-14	- 15	- 9	- 21
FINLANDE .....	326	19,4	10	- 1	2	318	20,9	- 6	16	- 6	- 22	25	8
NORVEGE .....	82	3,0	4	15	- 5	49	2,8	-23	1	7	- 16	- 25	- 17
PORTUGAL .....	11	1,1	13	-14	34	8	1,1	8	16	-19	- 5	- 2	- 7
SUEDE .....	205	4,4	12	2	13	190	4,2	6	16	20	- 17	6	13
SUISSE .....	90	2,2	19	- 6	-	127	3,6	34	13	11	26	46	51
ROYAUME-UNI <sup>b</sup> ..	698	3,9	9	3	3	463	3,3	31	13	13	-198	-165	-105
TOTAL A.E.L.F.	1 742	4,7	9	1	5	1 548	5,1	10	8	5	-188	- 19	- 11
GRECE .....	91	7,6	- 2	-10	34 <sup>d</sup>	90	18,1	24	- 4	-26 <sup>d</sup>	2	8	- 38 <sup>d</sup>
ISLANDE .....	19	11,5	-18	5	-14	17	17,2	12	-	-29	1	-	- 3
IRLANDE <sup>b</sup> .....	26	2,4	- 1	11	- 1	1	0,2	-67	-16	108	-13	- 23	- 18
ESPAGNE .....	62	1,8	-32	32	11	73	5,3	133	28	- 3	15	17	6
TURQUIE .....	91	13,2	46	8	7	87	16,7	12	17	7	- 1	5	3
YOUgoslavIE .....	445	26,0	34	-10	10 <sup>c</sup>	453	36,2	- 2	1	- 9 <sup>c</sup>	1	53	- 29 <sup>c</sup>
TOTAL (RESTE DE L'EUROPE OCCIDENT)	734	8,8	20	- 4	12	721	16,0	7	4	- 9	5	60	- 79
EUROPE OCCIDENT.	4 484	4,5	13	4	6	4 370	4,8	13	17	7	-131	336	335

SOURCE : ECONOMIC SURVEY OF EUROPE, 1968, UNITED NATIONS, N.Y., 1969.

a) COMMERCE AVEC L'ALLEMAGNE DE L'EST EXCLU.

b) RE-EXPORTS EXCLUS.

c) 10 MOIS SEULEMENT.

d) PROVISoire.

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## COMMERCE DE L'EUROPE OCCIDENTALE AVEC LES DIFFERENTS PAYS DE L'EUROPE DE L'EST

(Valeur en millions de dollars actuels, variation en pourcentage par rapport à la période correspondante de l'année précédente et balance du commerce)

PAYS D'ORIGINE POUR LES EXPORTATIONS ET DE DESTINATION POUR LES IMPORTATIONS	IMPORTATIONS C.A.P.				EXPORTATIONS F.O.B.				BALANCE DU COMMERCE EXPORTATIONS MOINS IMPORTATIONS (IMPORT. REDUITS DE 10 %)		
	VALEUR EN 1967	VARIATION EN % PAR RAPPORT A LA PERIODE DE L'ANNEE PRECEDENTE			VALEUR EN 1967	VARIATION EN % PAR RAPPORT A LA PERIODE DE L'ANNEE PRECEDENTE			1965	1976	JAN/NOV 1968 a
		1966	1967	JAN/NOV 1968 a		1966	1967	JAN/NOV 1968 a			
ALBANIE .....	7	27	21	21	12	7	-	49	6	6	8
BULGARIE .....	200	25	- 7	9	325	54	- 5	- 8	148	145	99
TCHÉCOSLOVAQUIE .....	533	10	4	10	483	21	-13	16	92	3	24
ALLEMAGNE DE L'EST ..	373	14	-	5	380	12	- 5	- 16	62	44	- 30
HONGRIE .....	373	16	3	3	396	13	14	-	21	60	36
POLOGNE .....	674	9	4	4	668	16	13	5	- 40	61	43
ROUMANIE .....	405	19	20	3	607	19	63	2	71	243	218
UNION SOVIETIQUE .....	1 920	12	7	8	1 503	- 1	34	17	-491	-225	- 49
<b>TOTAL EUROPE EST ..</b>	<b>4 485</b>	<b>13</b>	<b>4</b>	<b>6</b>	<b>4 374</b>	<b>13</b>	<b>17</b>	<b>7</b>	<b>-131</b>	<b>337</b>	<b>349</b>

SOURCE : IBID.

a) POUR LE ROYAUME-UNI ET L'IRLANDE, EXPORTATIONS GENERALES ; POUR LA YOUGOSLAVIE, 10 MOIS SEULEMENT.

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## COMMERCE DE L'EUROPE OCCIDENTALE PAR REGION D'ORIGINE ET DE DESTINATION

(en millions de dollars actuels et variation en pourcentages par rapport à la période correspondante de l'année précédente).

PAYS D'ORIGINE POUR LES IMPORTATIONS ET DE DESTINATION POUR LES EXPORTATIONS	IMPORTATIONS C. A. F.					EXPORTATIONS (a) F. O. B.				
	VALEUR EN 1967	VARIATION EN POURCENTAGE				VALEUR EN 1967	VARIATION EN POURCENTAGE			
		1966	1967	1968			1966	1967	1968	
				1ère moitié	2ème moitié				1ère moitié	2ème <sup>d</sup> moitié
<b>EUROPE OCCIDENTALE <sup>b</sup>....</b>	59 499	10	5	6	15	58 416	9	5	6	16
Parmi laquelle :										
C.E.E. ....	38 544	11	5	7	17	33 335	10	4	9	21
A.E.L.E. & FINLANDE ....	17 977	8	3	3	11	20 205	6	6	2	10
RESTE DE L'EUROPE OCCID.	2 978	12	8	8	8	4 876	13	6	-2	11
<b>RESTE DU MONDE .....</b>	41 185	7	1	5	12	32 899	10	6	6	20
Parmi lequel :										
U.S.A. & CANADA .....	12 743	6	-1	3	15	9 332	19	5	21	29
EUROPE DE L'EST & URSS. <sup>c</sup>	4 484	13	4	8	2	4 389	13	17	3	9
JAPON .....	1 359	16	10	10	11	1 073	22	40	2	6
AUSTRALIE, NOUVELLE ZELANDE & AFRIQUE DU SUD	2 924	3	-6	2	10	3 142	-3	4	-9	13
CHINE CONTINENTALE .....	390	25	-7	-24	19	622	36	29	-32	-1
<b>PAYS EN VOIE DE DEVELOPPEMENT .....</b>	19 211	6	2	7	12	13 942	5	1	4	21
Parmi lesquels :										
AMERIQUE .....	5 263	5	1	-7	1	3 867	14	4	9	20
AFRIQUE .....	6 604	7	-	9	20	4 618	-2	3	1	18
ASIE .....	7 260	5	5	14	12	5 354	7	-2	3	24
<b>TOTAL MONDIAL .....</b>	100 684	8	3	6	14	91 315	9	5	6	18
(y compris les pays non spécifiés).										

SOURCE : ECONOMIC SURVEY OF EUROPE, 1968. UNITED NATIONS, N.Y. 1969

a) POUR LE ROYAUME UNI ET L'IRLANDE, EXPORTATIONS GENERALES Y COMPRIS RE-EXPORTATIONS

b) Y COMPRIS GIBRALTAR ET MALTE

c) NON COMPRIS LE COMMERCE ENTRE L'ALLEMAGNE DE L'OUEST ET DE L'EST

d) PROVISIOIRE ; BASE UNIQUEMENT SUR 5 MOIS.

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## COMMERCE TOTAL DE L'EUROPE OCCIDENTALE PAR PAYS SEPARES ET GROUPES DE PAYS

(millions de dollars actuels et variation en pourcentage par rapport à la période correspondante de l'année précédente)

PAYS OU REGION	IMPORTATIONS C.A.F.				EXPORTATIONS F.O.B.				BALANCE EXPORT. FOB MOINS IMPORT. CAP		VARIATION BALANCE PAR RAPPORT A LA PERIODE CORRESPONDANTE DE L'AN- NEE PRECEDENTE		
	VARIATION EN %				VARIATION EN %				1967	1968	1967	1 <sup>er</sup> moit 1968 <sup>b</sup>	2 <sup>e</sup> moit 1968 <sup>b</sup>
	VALEUR 1968	1966	1967	1968	VALEUR 1968	1966	1967	1968					
BELGIQUE-LUXEMB...	8 195	12	-	14	8 176	7	3	16	-128	-19	212	39	69
FRANCE .....	14 009	15	-4	13	12 720	8	4	12	-1 024	-1 289	-45	51	-341
ALLEMAGNE OCCIDENT	20 171	3	-4	16	24 844	13	8	14	4 385	4 673	2 273	-297	452
ITALIE .....	10 248	17	13	6	10 178	12	8	17	-995	-70	-455	456	440
PAYS-BAS .....	9 298	7	4	12	8 343	6	8	14	-1 050	-955	217	48	44
C.E.E. ....	61 921	9	2	13	64 261	10	7	14	1 188	2 340	2 202	297	664
AUTRICHE .....	2 496	11	-1	8	1 989	5	7	10	-501	-507	142	6	-28
DANEMARK .....	3 215	6	5	3	2 571	6	3	4	-660	-644	-72	39	22
FINLANDE .....	1 592	5	-2	-6	1 636	6	1	7	-163	43	58	39	22
NORVEGE .....	2 663	9	14	-3	1 878	8	11	8	-1 010	-785	-170	105	135
PORTUGAL .....	1 043	13	-	3	734	10	9	7	-329	-309	56	56	-30
SUEDE .....	5 123	4	3	9	4 945	8	6	9	-175	-178	126	-105	100
SUISSE .....	4 502	7	5	10	4 022	10	7	15	-606	-479	42	105	22
ROYAUME-UNI .....	18 959	3	6	7	15 346	7	-2	7	-3 342	-3 612	-1 331	-720	306
A.E.L.E. ....	39 593	5	5	6	33 121	7	2	8	-6 786	-6 471	-1 149	-463	646
GRECE .....	1 091 <sup>d</sup>	8	-3	18 <sup>d</sup>	351 <sup>d</sup>	24	22	-7 <sup>d</sup>	- 691	-741 <sup>d</sup>	126	-45	-137
ISLANDE .....	145	17	2	-11	89	8	-31	-8	- 66	-55	-47	-	3
IRLANDE .....	1 173	-	3	9	796	9	15	1	- 293	-377	68	-15	-65
ESPAGNE .....	3 505	19	-3	1	1 589	30	10	15	-2 100	-1 916	237	186	5
TURQUIE .....	708 <sup>d</sup>	26	-5	13 <sup>d</sup>	439 <sup>d</sup>	7	7	-1 <sup>d</sup>	- 168	-269 <sup>d</sup>	66	-75	-41
YOUGOSLAVIE .....	1 796	22	8	5	1 260	12	2	1	- 455	-537	-102	-33	29
RESTE DE L'EUROPE OCCIDENTALE ...	8 418	16	-	5	4 524	17	8	4	-3 773	-3 895	348	18	-206
TOTAL EUROPE OCC.	109 932	8	3	10	101 906	9	5	12	-9 371	-8 026	1 401	-143	1 104
ETATS-UNIS .....	33 033	19	5	24	33 916	11	4	9	4 415	883	-118	-2 136	-1 254
CANADA .....	11 446	17	8	14	12 558	18	11	19	494	1 112	260	330	333
JAPON .....	12 990	17	22	11	12 980	16	7	24	-1 221	-10	-968	351	838

SOURCE : ECONOMIC SURVEY OF EUROPE, 1968 UNITED NATIONS, N.Y. 1969.

a) CHIFFRES CORRIGES DES VARIATIONS SAISONNIERES AU TAUX ANNUEL ; ESTIMATION PARTIELLE POUR LE 2<sup>e</sup> MOITIE.

b) CHIFFRES CORRIGES DES VARIATIONS SAISONNIERES ; SECONDE MOITIE : ESTIMATION PARTIELLE.

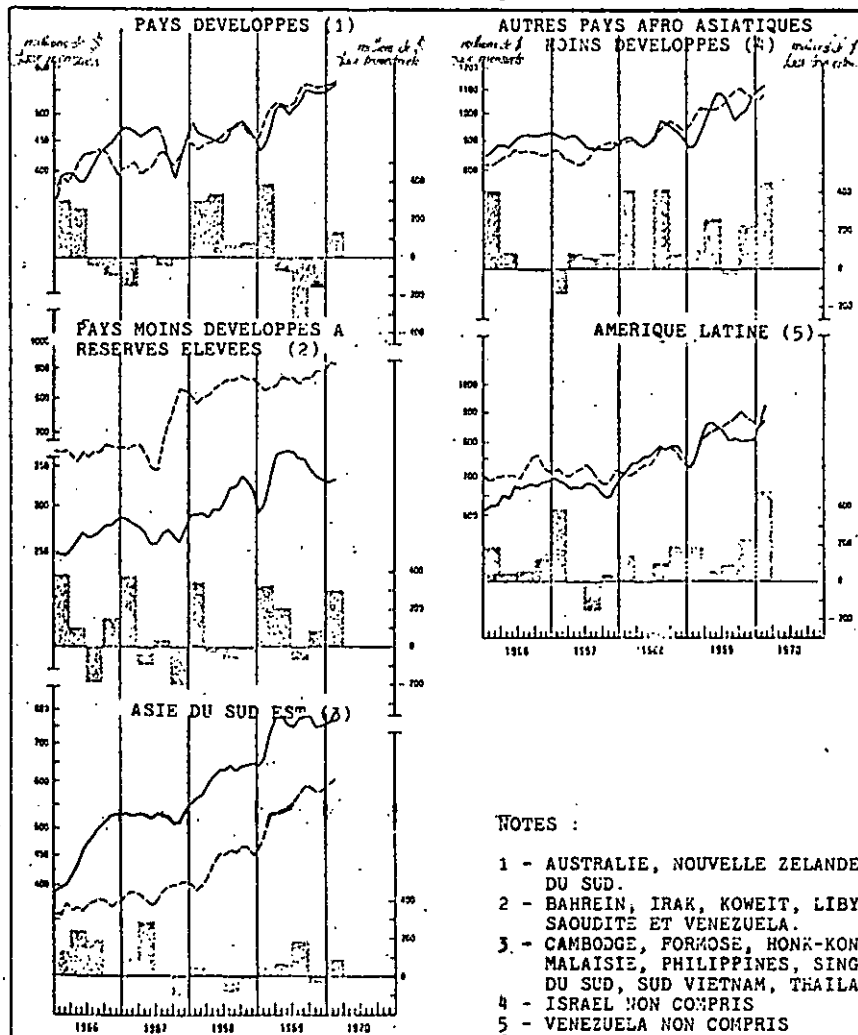
c) EXPORTATIONS GENERALES Y COMPRIS RE-EXPORTATIONS.

d) 10 MOIS SEULEMENT POUR LA GRECE ET 11 MOIS POUR LA TURQUIE.

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COMMERCE DE LA ZONE DE L'OCDE, AVEC LES PAYS  
DE PRODUCTION PRIMAIRE ET EVOLUTION DES RESERVES  
DE CES PAYS.

CHIFFRES CORRIGES DES VARIATIONS SAISONNIERES  
MOYENNES MOBILES DE 3 MOIS.



NOTES :

- 1 - AUSTRALIE, NOUVELLE ZELANDE, AFRIQUE DU SUD.
- 2 - BAHREIN, IRAK, KOWEIT, LIBYE, ARABIE SAOUDITE ET VENEZUELA.
- 3 - CAMBODGE, FORMOSE, HONG-KONG, LAOS, MALAISIE, PHILIPPINES, SINGAPOUR, COREE DU SUD, SUD VIETNAM, THAILANDE.
- 4 - ISRAEL NON COMPRIS
- 5 - VENEZUELA NON COMPRIS
- 6 - LES EXPORTATIONS DE LA ZONE DE L'OCDE ET LES IMPORTATIONS DES PAYS D'AMERIQUE DU NORD SONT EXPRIMEES SUR LA BASE F.O.B. LES IMPORTATIONS DES AUTRES PAYS DE L'OCDE LE SONT SUR LA BASE C.A.F.
- 7 - Y COMPRIS LA POSITION NETTE AU FMI ET LES DROITS DE TIRAGES SPECIAUX. LES DONNEES DU QUATRIEME TRIMESTRE 1967 NE SONT PAS CORRIGES POUR LE CHANGEMENT DANS LES RESERVES DES PAYS DE LA ZONE STERLING DU FAIT DE LA DEVALUATION DE LA LIVRE.

SOURCE : PERSPECTIVES ECONOMIQUES DE L'OCDE  
N° 8 PARIS, DEC.70, P.17

LEGENDE :

EXPORTATIONS DE L'O.C.D.E. VERS PAYS )  
DU GROUPE (6) ) ECHELLE  
IMPORTATIONS DE L'O.C.D.E. EN )  
PROVENANCE DES PAYS DU GROUPE (6) ) GAUCHE

MOUVEMENTS DES RESERVES DES PAYS ) ECHELLE  
DU GROUPE (7) ) DE  
DROITE

## PRESENT PROJETE DANS L'AVENIR-L'EUROPE EN CHIFFRES

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## ETAT RESUME DES BALANCES DE PAIEMENTS

(En milliards de dollars, chiffres non corrigés des variations saisonnières)

PAYS	CHIFFRES EFFECTIFS						PREVISIONS		
	1969			JANVIER-SEPTEMBRE <sup>a</sup> 1970			1970		
	BALANCE DES PAIEMENTS COURANTS	MOUVEMENTS DE CAPITAUX (b)	BALANCE DES REGLEMENTS OFFICIELS	BALANCE DES PAIEMENTS COURANTS	MOUVEMENTS DE CAPITAUX (b)	BALANCE <sup>c</sup> DES REGLEMENTS OFFICIELS	BALANCE DES PAIEMENTS COURANTS	MOUVEMENTS DE CAPITAUX (b)	BALANCE DES REGLEMENTS OFFICIELS
ETATS-UNIS ..	-0,89	3,61	2,72	0,55	-8,30	-7,73	1 3/4	-10	-8 1/2
ALLEMAGNE ...	1,60	-4,37	-2,77	0,22 <sup>c</sup>	3,84 <sup>c</sup>	4,06	1	4	5
ROYAUME-UNI .	1,00	-0,18	0,82	0,60	1,10	1,67	1	1	2
FRANCE <sup>d</sup> .....	-1,40 <sup>a</sup>	0,30 <sup>a</sup>	-1,10 <sup>e</sup>	0,20	1,30	1,51 <sup>e</sup>	-	1 1/2	1 1/2 <sup>e</sup>
ITALIE .....	2,37	-3,04	-0,67	0,70	-1,20	-0,48	1	-1	-
CANADA .....	-0,74	0,79	0,05	0,80	0,68	1,48	3/4	1/2	1 1/4
JAPON .....	2,12	-1,16	0,96	1,08 <sup>c</sup>	-0,83 <sup>c</sup>	0,25	2	-1 1/4	3/4
AUTRES PAYS DE L'OCDE .	-0,31	0,35	0,04	-1,60	3,22	1,61	-1 3/4	3	1 1/4
O.C.D.E.	3,75	-3,70	0,05 <sup>f</sup>	2,60	-0,20	2,37 <sup>f</sup>	5 1/2	-2 1/2	3 <sup>f</sup>

a) EN PARTIE, ESTIME PAR LE SECRETARIAT.

b) Y COMPRIS LES FONDs BANCAIRES ET LES TRANSACTIONS NON RECENSEES.

c) CHIFFRES EFFECTIFS.

d) TRANSACTIONS AVEC LES PAYS N'APPARTENANT PAS A LA ZONE FRANC.

e) Y COMPRIS LES REGLEMENTS NETS POUR LE COMPTE DES PAYS D'OUTRE-MER DE LA ZONE FRANC.

f) LE SOLDE DE LA BALANCE DES REGLEMENTS OFFICIELS DES PAYS DE LA ZONE DE L'OCDE N'EST PAS IDENTIQUE A CELUI DE LA BALANCE DU RESTE DU MONDE. LA SOMME DES BALANCES DES REGLEMENTS OFFICIELS DE L'ENSEMBLE DES PAYS NE S'ADDITIONNE PAS A ZERO EN RAISON D'UNE PART DES ORGANISATIONS INTERNATIONALES ET DES TRANSACTIONS EN OR AVEC LE SECTEUR PRIVE, D'AUTRE PART DE L'ECART RESIDUEL RESULTANT DE LA COMPTABILISATION ASYMETRIQUE DES MOUVEMENTS DE CAPITAUX. UN DEPLACEMENT D'AVOIRS PUBLICS ETRANGERS PRECEDEMMENT DEPOSES AUPRES DES BANQUES AMERICAINES VERS LE MARCHE DE L'EURO-DOLLAR, COMME CELA S'EST APPAREMMENT PRODUIT EN 1970

REPRESENTE DES ENTREES QUI SONT COMPTABILISEES DANS LES MOUVEMENTS DE CAPITAUX PRIVES DES PAYS UTILISATEURS FINAUX D'EURO-DOLLARS SANS QUE DES SORTIES DE CAPITAUX SOIENT ENREGISTREES EN CONTREPARTIE DANS D'AUTRES PAYS. CECI ENTRAINE DONC L'ENREGISTREMENT D'UNE ENTREE DE CAPITAUX ET D'UN EXCEDENT DE LA BALANCE DES REGLEMENTS OFFICIELS POUR LA ZONE DE L'OCDE ET L'APPARITION D'UNE DIVERGENCE AVEC LA BALANCE DES CAPITAUX ET DES REGLEMENTS OFFICIELS DU RESTE DU MONDE. UN ACCROISSEMENT DES AVOIRS EN DEUTSCHMARKS DES BANQUES CENTRALES ETRANGERES DANS LES BANQUES COMMERCIALES ALLEMANDES DONNE UN RESULTAT SEMBLABLE. DURANT LES 9 PREMIERS MOIS DE 1970 LES BALANCES EN DEUTSCHMARKS ONT AUGMENTE DE PLUS DE 0,5 MILLIARDS DE DOLLARS.

NOTE : LES CHIFFRES AYANT ETE ARRONDIS, LES TOTAUX NE CORRESPONDENT PAS NECESSAIREMENT A LA SOMME DE LEURS COMPOSANTS.

SOURCE : PERSPECTIVES ECONOMIQUES DE L'O.C.D.E., n° 8, PARIS, DECEMBRE 1970, PAGE 24.

DEMANDE ET PRODUCTION : FRANCE<sup>a</sup>

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VARIATIONS EN POURCENTAGES  
VOLUME CORRIGE DES VARIATIONS SAISONNIERES EN TAUX ANNUELS  
ESTIMATIONS ET PREVISIONS

	1969 BILLIONS FRANCS	PAR RAPPORT A L'ANNEE PRECEDENTE			PAR RAPPORT AU SEMESTRE PRECEDENT				
		1969	1970	1971	1969 II	1970 I	1970 II	1971 I	1971 II
CONSUMMATION PRIVEE .....	438,36	7,2	3,75	5,75	6,3	1,2	6,50	5,50	5,50
CONSUMMATION PUBLIQUE ...	89,12	3,6	2,50	3,50	2,4	2,6	2,50	3,75	3,75
INVESTISSEMENTS FIXES .....	184,08	10,1	7,25	7	10,1	6,7	5,50	7	8,75
DEMANDE INTERIEURE FINALE (stocks non compris)	711,56	7,5	4,50	5,75	6,8	2,8	5,75	5,75	6
* PLUS VARIATION DE LA FORMATION DES STOCKS ...	18,46 <sup>b</sup>	1,2	0	0,25	-1,5	0,6	0,25	0,25	0
* PLUS VARIATION DE LA BALANCE EXTERIEURE ...	-5,0	-0,5	1,25	0	0,9	2,3	-0,75	0	0
PIB AU PRIX DU MARCHE .....	725,00	7,9	5,75	5,75	6,1	5,7	5,25	5,75	6
PRODUCTION INDUSTRIELLE	-	12,8	7	7,50	7,5	7,0	6,50	7,50	8

\* LES VARIATIONS ANNUELLES ET SEMESTRIELLES DE LA FORMATION DES STOCKS ET DE LA BALANCE EXTERIEURE SONT EXPRIMES EN POURCENTAGE DU PIB DE LA PERIODE PRECEDENTE. LA SOMME DE CES DEUX CHIFFRES ET DU TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE EST A PEU PRES EGALE AU TAUX DE VARIATION DU PIB. DES DIFFERENCES PEUVENT CEPENDANT APPARAÎTRE EN PRATIQUE, CAR LE TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE N'EST PAS EXPRIME EN POURCENTAGE DU PIB.

a) LES CHIFFRES SE RAPPORTENT AUX NOUVELLES SERIES DE COMPTES NATIONAUX DE LA FRANCE, EXPRIMEES DANS LE SYSTEME NORMALISE.

b) MONTANT EFFECTIF DE LA FORMATION DE STOCKS ET DE LA BALANCE EXTERIEURE.

SOURCE : IBID.

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BALANCE DES PAIEMENTS : FRANCE<sup>a</sup>VALEUR, MILLIONS DE DOLLARS  
ESTIMATIONS ET PREVISIONS

CHIFFRES	1969	1970	1971	1969 II	1970 I II	1971 I II
CORRIGES DES VARIATIONS SAISONNIERES.						
EXPORTATIONS ....	13 650	16 250	18 300	6 950	7 900 8 350	8 850 9 450
VARIATIONS EN %	(18,2)	(20)	(12,50)	(3,4)	(34,6) (13)	(12,25) (12,50)
IMPORTATIONS ....	14 350	15 900	18 050	7 350	7 550 8 350	8 750 9 300
VARIATIONS EN %	(24,4)	(10,50)	(13)	(5,3)	(10,0) (18,75)	(10,75) (12,25)
BALANCE COMMERCIALE ....	- 700	350	250	- 400	350 0	100 150
SERVICES ET TRANSFERTS PRIVES NETS .....	- 750 <sup>c</sup>	- 450	- 550	- 150 <sup>c</sup>	- 200 - 250	- 250 - 300
TRANSFERTS PUBLICS NETS .....	50	100	100	0	50 50	50 50
BALANCE DES PAIEMENTS COURANTS ..	-1 400	0	- 200	- 550	200 - 200	- 100 - 100
NON CORRIGES						
BALANCE DES PAIEMENTS COURANTS ..	-1 400	0	- 200	- 500	150 - 150	- 150 - 50
OPERATIONS EN CAPITAL A LONG TERME .....	376			210		
OPERATIONS EN CAPITAL A COURT TERME ET NON RE-CEENSEES .....	- 625			309		
REGLEMENTS MULTILATERAUX .....	- 16			25		
BALANCE DES OPERATIONS NON MONETAIRES .....	-1 665			44	1 305	
VARIATIONS DES RESERVES (AUGMENTATIONS = +)	- 368			222	614	

a) TRANSACTIONS AVEC LES PAYS N'APPARTENANT PAS A LA ZONE FRANC.

b) PAR RAPPORT A LA PERIODE PRECEDENTE, EN TAUX ANNUELS, STATISTIQUES DOUANIERES, COMMERCE GLOBAL.

c) CHIFFRES OFFICIELS SUR LA BASE DES REGLEMENTS.

SOURCE : IBID.

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## DEMANDE ET PRODUCTION : ALLEMAGNE

VARIATIONS EN POURCENTAGES  
VOLUME CORRIGE DES VARIATIONS SAISONNIERES EN TAUX ANNUELS  
ESTIMATIONS ET PREVISIONS

	1969 BILLION DM	PAR RAPPORT A L' ANNEE PRECEDENTE			PAR RAPPORT AU SEMESTRE PRECEDENT				
		1969	1970	1971	1969 II	1970 I II	1971 I II	1971 I II	1971 I II
CONSOMMATION PRIVEE .....	333,5	8,0	7,25	4,25	7,0	9,0	4,75	4,75	3,75
CONSOMMATION PUBLIQUE ....	93,9	4,3	2,75	5,50	7,5	-2,3	8,75	3,75	6,25
INVESTISSEMENTS FIXES .....	146,2	12,1	8,50	3,50	9,6	9,2	6,50	3,75	0
DEMANDE INTERIEURE FINALE (stocks non compris)	573,6	8,6	7	4,25	7,8	7,3	5,50	4	3
*PLUS VARIATION DE LA FORMATION DES STOCKS	13,5 <sup>a</sup>	0,5	-1	-1	0,1	-0,7	-2,50	-0,50	0
*PLUS VARIATION DE LA BALANCE EXTERIEURE ...	15,1 <sup>a</sup>	-0,5	-1	-0,25	0,7	-2,5	0	-0,25	-0,50
PNB AU PRIX DU MARCHE .....	602,2	8,0	4,50	3	8,2	3,6	3	3,25	2,50
PRODUCTION INDUSTRIELLE ..	-	13,0	6	2	8,3	9,0	-2,50	4,25	0,50

LES VARIATIONS ANNUELLES ET SEMESTRIELLES DE LA FORMATION DES STOCKS ET DE LA BALANCE EXTERIEURE SONT EXPRIMEES EN POURCENTAGE DU PNB DE LA PERIODE PRECEDENTE. LA SOMME DE CES DEUX CHIFFRES ET DU TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE EST A PEU PRES EGALE AU TAUX DE VARIATION DU PNB. DES DIFFERENCES PEUVENT CEPENDANT APPARAÎTRE EN PRATIQUE, CAR LE TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE N'EST PAS EXPRIME EN POURCENTAGE DU PNB.

a) MONTANT EFFECTIF DE LA FORMATION DE STOCKS ET DE LA BALANCE EXTERIEURE.

SOURCE : IBID.

## PRESENT PROJETE DANS L'AVENIR-L'EUROPE EN CHIFFRES

(30)

## BALANCE DES PAIEMENTS : ALLEMAGNE

VALEUR, MILLIONS DE DOLLARS  
ESTIMATIONS ET PREVISIONS

CHIFFRES	1969	1970	1971	1969 II	1970 I II	1971 I II
CORRIGES DES VARIATIONS SAISONNIERES.						
EXPORTATIONS ... VARIATIONS EN % <sup>a</sup>	29 116 (17,0)	34 100 (17,25)	37 350 (9,53)	15 423 (25,0)	16 516 (17,3)	17 600 (11)
IMPORTATIONS ... VARIATIONS EN % <sup>a</sup>	23 960 (23,7)	28 700 (20)	31 000 (8)	12 537 (16,4)	14 083 (29,5)	14 600 (5,50)
BALANCE COMMERCIALE .....	5 156	5 400	6 350	2 886	2 433	3 000
SERVICES ET TRANSFERTS PRIVES NETS .....	-2 431	-3 100	-3 650	-1 313	-1 453	-1 650
TRANSFERTS PUBLICS NETS .....	-1 121	-1 300	-1 350	- 610	- 650	- 650
BALANCE DES PAIEMENTS COURANTS ..	1 604	1 000	1 350	963	330	700
NON CORRIGES.						
BALANCE DES PAIEMENTS COURANTS ..	1 604	1 000	1 350	862	176	800
OPERATIONS EN CAPITAL A LONG TERME <sup>b</sup> .....	-5 723			-3 278	-1 279	
OPERATIONS EN CAPITAL A COURT TERME ET NON RECEVEES <sup>c</sup> .....	161			-2 787	2 137	
BALANCE DES OPERATIONS NON MONETAIRES .....	-3 958			-5 203	1 034	
VARIATIONS DES RESERVES (AUGMENTATIONS = +) .....	-3 013			-3 227	1 688	

- a) PAR RAPPORT A LA PERIODE PRECEDENTE, EN TAUX ANNUELS, STATISTIQUES DOUANIERES.  
b) A L'EXCLUSION DES OPERATIONS SPECIALES.  
c) Y COMPRIS LES PAIEMENTS ANTICIPES POUR LES IMPORTATIONS MILITAIRES.

SOURCE : IBID.

## DEMANDE ET PRODUCTION : ITALIE

(31)

VARIATIONS EN POURCENTAGES  
VOLUME CORRIGE DES VARIATIONS SAISONNIERES EN TAUX ANNUELS  
ESTIMATIONS ET PREVISIONS

	1969 BILLION LIRE	PAR RAPPORT A L'ANNEE PRECEDENTE			PAR RAPPORT AU SEMESTRE PRECEDENT				
		1969	1970	1971	1969 II	1970 I II	1971 I II	1971 I II	1971 I II
CONSUMMATION PRIVEE .....	32 641	5,7	8	7,50	5,3	10,5	5,25	8,50	8
CONSUMMATION PUBLIQUE .....	6 876	3,1	4,25	4,75	2,0	5,0	5	4	6
INVESTISSEMENTS FIXES ..	10 543	8,4	8,25	5	2,0	11,3	8,75	2	7,50
DEMANDE INTERIEURE FINALE (STOCKS NON COMPRIS)	50 060	5,9	7,50	6,75	4,2	9,9	6	6	8
* PLUS VARIATION DE LA FORMATION DES STOCKS.	190 <sup>a</sup>	-0,2	1	0,50	-2,1	1,7	0,50	0,50	0
* PLUS VARIATION DE LA BALANCE EXTERIEURE ..	816 <sup>a</sup>	-0,7	-1,75	-0,25	-2,9	-0,8	-0,25	0	-0,50
PIB AU PRIX DU MARCHE ..	51 066	4,8	6,50	6,75	-3,1	11,7	6,25	6,25	7
PRODUCTION INDUSTRIELLE		3,3	7,50	7,50	-10,1	19,9	3	8,75	9,25

\* LES VARIATIONS ANNUELLES ET SEMESTRIELLES DE LA FORMATION DES STOCKS ET DE LA BALANCE EXTERIEURE SONT EXPRIMEES EN POURCENTAGE DU PIB DE LA PERIODE PRECEDENTE. LA SOMME DE CES DEUX CHIFFRES ET DU TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE EST A PEU PRES EGALE AUX TAUX DE VARIATION DU PIB. DES DIFFERENCES PEUVENT CEPENDANT APPARAÎTRE EN PRATIQUE, CAR LE TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE N'EST PAS EXPRIME, EN POURCENTAGE DU PIB.

a) MONTANT EFFECTIF DE LA FORMATION DE STOCKS ET DE LA BALANCE EXTERIEURE.

SOURCE : IBID.

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## BALANCE DES PAIEMENTS : ITALIE

VALEUR, MILLIONS DE DOLLARS  
ESTIMATIONS ET PREVISIONS

CHIFFRES	1969	1970	1971	1969 II	1970 I II		1971 I II	
<u>CORRIGES DES VARIATIONS SAISONNIERES.</u>								
EXPORTATIONS ....	11 642	13 250	15 200	5 818	6 254	7 000	7 400	7 800
VARIATIONS EN % <sup>a</sup>	(15,3)	(14)	(14,50)	(-5,9)	(22,5)	(19,75)	(13)	(12,50)
IMPORTATIONS ....	11 056	13 500	15 500	5 686	6 490	7 000	7 500	8 000
VARIATIONS EN % <sup>a</sup>	(21,7)	(22)	(15)	(20,3)	(21,2)	(24,75)	(12)	(12,50)
BALANCE COMMERCIALE .....	584	-250	-300	132	- 236	0	- 100	- 200
SERVICES ET TRANSFERTS PRIVES								
NETS <sup>b</sup> .....	1 880	1 400	1 700	819	748	650	700	850
TRANSFERTS PUBLICS NETS ....	-95	-250	-150	- 1	-83	500		
BALANCE DES PAIEMENTS COURANTS ..	2 369	900	1 250	950	430	500	600	650
<u>NON CORRIGES.</u>								
BALANCE DES PAIEMENTS COURANTS ..	2 369	900	1 250	1 124	184	700	350	900
OPERATIONS EN CAPITAL A LONG TERME <sup>c</sup>	-3 189			-1 552				
OPERATIONS EN CAPITAL A COURT TERME ET NON RECENSEES .....	- 509			- 29				
BALANCE DES OPERATIONS NON MONETAIRES .....	-1 329			- 457	- 531			
VARIATIONS DES RESERVES (AUGMENTATIONS = +) ....	- 140			53	- 331			

a) PAR RAPPORT A LA PERIODE PRECEDENTE, EN TAUX ANNUELS, STATISTIQUES DOUANIÈRES.

b) LES CHIFFRES POUR 1970 SONT AFFECTES PAR L'INFLUENCE DE MOUVEMENT SPECULATIFS ON SUPPOSE QUE CES DERNIERS AURONT DISPARU EN 1971 ET QUE LA BALANCE DES OPERATIONS INVISIBLES RETROUVERA SA POSITION TENDANCIELLE.

c) A L'EXCLUSION DES OPERATIONS SPECIALES.

SOURCE : <sup>a</sup>IPID.

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DEMANDE ET PRODUCTION : ROYAUME-UNI<sup>a</sup>VARIATIONS EN POURCENTAGES  
VOLUME CORRIGE DES VARIATIONS SAISONNIERES EN TAUX ANNUELS  
ESTIMATIONS ET PREVISIONS

	1969 BILLION LIVRE	PAR RAPPORT A L'ANNEE PRECEDENTE			PAR RAPPORT AU SEMESTRE PRECEDENT				
		1969	1970	1971	1969 II	1970 I II		1971 I II	
CONSUMMATION PRIVEE .....	28,6	0,4	3	3,50	2,4	2,8	3,75	3,50	3,50
CONSUMMATION PUBLIQUE.....	8,1	-1,1	1,25	1	2,4	0,8	1	1	1
INVESTISSEMENTS FIXES ..	7,9	-0,6	0	3,50	-1,2	-1,0	3,75	3,50	3,50
DEMANDE INTERIEURE FINALE	44,6	0,0	2	3	1,7	1,8	3,75	3	3
PLUS VARIATION DE LA FORMATION DES STOCKS ..	0,3 <sup>b</sup>	0,5	-0,25	0,25	-0,9	0,0	0,25	0,50	0,25
PLUS VARIATION DE LA BALANCE EXTERIEURE ..	0,2 <sup>b</sup>	1,4	0	-0,50	2,8	-1,4	-0,25	-0,50	-0,50
PIB AU PRIX DU MARCHE ..	45,1	1,9	1,75	3	3,6	0,3	3	3	2,75
PRODUCTION INDUSTRIELLE	-	2,6	0,50	3,75	1,3	-0,4	1,50	4	3,50

LES VARIATIONS DE LA FORMATION DE STOCKS ET DE LA BALANCE EXTERIEURE SONT EXPRIMEES EN POURCENTAGE DU PIB DE L'ANNEE OU DU SEMESTRE PRECEDENTS. LA SOMME DE CES DEUX POURCENTAGES ET DE LA VARIATION DE LA DEMANDE INTERIEURE FINALE EST EN GENERAL EGALE A LA VARIATION DU PIB, MAIS EN PRATIQUE, DES DIVERGENCES SONT POSSIBLES PARCE QUE LE TAUX DE VARIATION DE LA DEMANDE INTERIEURE FINALE N'EST PAS EXPRIME EN POURCENTAGE DU PIB.

a) LES CHIFFRES QUI SE REFERENT AU PASSE (JUSQU'EN 1970 I) RESULTENT D'UN COMPROMIS ENTRE LES TROIS ESTIMATIONS DU PIB.

b) MONTANT EFFECTIF DE LA FORMATION DE STOCKS ET DE LA BALANCE EXTERIEURE.

SOURCE : <sup>a</sup>IBID.

## PRESENT PROJETE DANS L'AVENIR-L'EUROPE EN CHIFFRES

## BALANCE DES PAIEMENTS : ROYAUME-UNI

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VALEUR, MILLIONS DE DOLLARS  
ESTIMATIONS ET PREVISIONS

CHIFFRES	1969	1970	1971	1969 II	1970 I II	1971 I II
CORRIGES, DES VARIATIONS SAISONNIERES.						
EXPORTATIONS <sup>a</sup> ....	16 946	18 500	19 900	8 820	9 098	9 400
VARIATIONS EN % <sup>b</sup>	(12,4)	(9)	(7,50)	(16,0)	(5,7)	(7)
IMPORTATIONS <sup>c</sup> ....	17 285	18 800	20 550	8 712	9 243	9 550
VARIATIONS EN % <sup>d</sup>	(5,0)	(10)	(9)	(5,3)	(14,5)	(5,50)
BALANCE COMMERCIALE .....	- 339	- 300	- 650	108	- 145	- 150
SERVICES ET TRANSFERTS PRIVES						
NETS .....	1 757	1 750	1 850	890	832	900
TRANSFERTS PUBLICS-NETS .....	- 420	- 400	- 400	- 214	- 194	- 200
BALANCE DES PAIEMENTS COURANTS ..	998	1 050	800	784	494	550
OPERATIONS EN CAPITAL A LONG						
TERME <sup>e</sup> .....	-199			-84	-120	
BALANCE DE BASE ..	799			701	374	
NON CORRIGES.						
BALANCE DE BASE .	799			561	506	
OPERATIONS EN CAPITAL A COURT						
TERME ET NON RECENSEES .....	891			418	1 115	
BALANCE DES OPERATIONS NON MONTAIRES .....	1 690			979	1 621	
VARIATION DES RESERVES (AUGMENTATION = +) .....	107			84	263	
DONT :						
PAIEMENTS ECHELONNES POUR LES ACHATS D'AVIONS MILITAIRES AUX ETATS-UNIS .....	146	20	20	31	-	20
						10

a) NE TIEN PAS COMPTE DE LA SOUS ESTIMATION CONTENUE DANS LES CHIFFRES DOUANIERS, QUI A ETE RECENTEMENT ANNONCEE.

b) PAR RAPPORT A LA PERIODE PRECEDENTE, EN TAUX ANNUELS, STATISTIQUES DOUANIERS.

c) Y COMPRIS LES PAIEMENTS ECHELONNES POUR LES ACHATS D'AVIONS MILITAIRES AUX ETATS-UNIS.

d) A L'EXCLUSION DES ACHATS D'AVIONS MILITAIRES AUX ETATS-UNIS.

e) CORRIGE DE L'INCIDENCE DES OPERATIONS SPECIALES DECOULANT DES ACCORDS DE COMPENSATION PASSES AVEC L'ALLEMAGNE.

SOURCE : IBID.

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## ATTITUDES, CONDITIONS DE VIE, COHESION SOCIALE, SENS CIVIQUE

	CONDITIONS DE VIE MEILLEURES QU'IL Y A 5 ANS	NOMBRE DE PAYS OU L'ON VIT MIEUX QUE CHEZ SOI	ATTITUDE FAVORABLE		DESAPPROUVENT			CLASSEMENT CUMULE
			AUX JEUNES 18-24 ANS	AUX PLUS DE 45 ANS	PRENDRE LA PROPRIETE DE L'EMPLOYEUR	LA PLACE DE LA FEMME A LA MAISON	CONDUIRE APRES BOIRE	
ALLEMAGNE.....	8e	6e	9e	2e	3e	3e	11e	6e
ITALIE .....	4e	12e	16e	16e	6e	13e	5e	12e
FRANCE .....	15e	11e	14e	15e	13e	16e	14e	16e
PAYS-BAS .....	11e	9e	12e	13e	10e	8e	9e	12e
BELGIQUE .....	10e	5e	13e	9e	12e	13e	5e	11e
LUXEMBOURG ....	14e	3e	9e	3e	15e	5e	11e	9e
GRANDE-BRETAGNE	7e	10e	7e	8e	16e	6e	11e	10e
PORTUGAL .....	15e	8e	14e	14e	9e	10e	16e	15e
AUTRICHE .....	12e	15e	8e	11e	1er	2e	5e	7e
SUISSE .....	4e	2e	6e	10e	5e	1er	5e	2e
SUEDE .....	3e	1er	2e	4e	6e	7e	1er	1er
DANEMARK .....	4e	4e	3e	5e	11e	10e	1er	4e
NORVEGE .....	8e	7e	3e	7e	2e	4e	9e	5e
FINLANDE .....	12e	16e	3e	1er	8e	15e	3e	8e
ESPAGNE .....	2e	13e	9e	12e	14e	12e	15e	14e
IRLANDE .....	1er	14e	1er	5e	1er	9e	3e	3e

NOTE : LES PAYS PEUVENT ETRE EX-AEQUO.

SOURCE : RADIOSCOPIE DE L'EUROPE, SELECTION DU READER'S DIGEST, PARIS 1970.

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## LES PRODUITS LES PLUS REPUTES

(Pourcentage de population donnant une opinion favorable)

PRODUITS	ALLEMAGNE	ITALIE	FRANCE	HOLLANDE	ANGLETERRE	SUISSE	SUEDE	NORVEGE	U.S.A.
LES AVIONS	U.S.A. 77 G.B. 26	U.S.A. 42	FRANCE 61 U.S.A. 59 G.B. 40 ALLEM. 20	U.S.A. 64 HOLLA. 40 G.B. 33 FRANCE 26	G.B. 74 U.S.A. 60 FRANCE 27	U.S.A. 53 FRANCE 28 G.B. 25	U.S.A. 58 SUEDE 51 FRANCE 31 G.B. 27	U.S.A. 64 G.B. 29 FRANCE 31	U.S.A. 82 G.B. 30
LES APPAREILS PHOTOS ET CAMERAS	ALLEM. 64 JAPON 61	JAPON 33 ALLEM. 28	ALLEM. 59 JAPON 46 U.S.A. 27 FRANCE 25	ALLEM. 60 JAPON 58	ALLEM. 53 JAPON 55 G.B. 23	JAPON 53 ALLEM. 42	JAPON 63 ALLEM. 43 SUEDE 27 SUISSE 20	ALLEM. 48 JAPON 48	JAPON 56 ALLEM. 46 U.S.A. 46
LES AUTOMOBILES	ALLEM. 81 U.S.A. 42 FRANCE 37 ITALIE 32	ITALIE 52 U.S.A. 29 ALLEM. 27	FRANCE 71 ALLEM. 57 U.S.A. 51 ITALIE 46 G.B. 33	ALLEM. 70 U.S.A. 52 G.B. 48 HOLLA. 32 ITALIE 31	G.B. 84 U.S.A. 46 ALLEM. 48 FRANCE 31 ITALIE 25	ALLEM. 52 U.S.A. 43 ITALIE 32 G.B. 31 FRANCE 30	SUEDE 68 ALLEM. 61 U.S.A. 56 G.B. 47 ITALIE 27	ALLEM. 59 U.S.A. 53 G.B. 43 SUEDE 38 FRANCE 26	U.S.A. 82 ALLEM. 41 G.B. 23 JAPON 21 ITALIE 20
LES PLASTIQUES ET PRODUITS CHIMIQUES	ALLEM. 70 U.S.A. 44	U.S.A. 30 ITALIE 24	U.S.A. 40 ALLEM. 39 FRANCE 37	HOLLA. 34 U.S.A. 33 ALLEM. 24	G.B. 58 U.S.A. 48 ALLEM. 25	SUISSE 51 U.S.A. 27 ALLEM. 26	SUEDE 45 U.S.A. 29 ALLEM. 24	U.S.A. 29 NORV. 24 ALLEM. 21	NON ETUDIES
LES COSMETIQUES	FRANCE 80 ALLEM. 28 U.S.A. 20	FRANCE 45	FRANCE 76 U.S.A. 29	FRANCE 67 U.S.A. 20	FRANCE 69 U.S.A. 43 G.B. 42	U.S.A. 21	FRANCE 67 U.S.A. 20	FRANCE 71	U.S.A. 55 FRANCE 50
LES PRODUITS PHARMACEUTIQUES	ALLEM. 76 U.S.A. 32	U.S.A. 23	FRANCE 57 U.S.A. 34 ALLEM. 31	ALLEM. 41 HOLLA. 34 SUISSE 27 U.S.A. 27	G.B. 56 U.S.A. 54 ALLEM. 29	SUISSE 67 ALLEM. 26 U.S.A. 21	ALLEM. 45 SUEDE 43 SUISSE 22 U.S.A. 22	ALLEM. 34 U.S.A. 27	NON ETUDIES
LES REFRIGERATEURS	ALLEM. 75 U.S.A. 22	ITALIE 39 ALLEM. 22	ALLEM. 43 FRANCE 39 ITALIE 34 U.S.A. 30	ALLEM. 58 ITALIE 34 HOLLA. 21	G.B. 62 U.S.A. 33 ALLEM. 24	ALLEM. 49 SUISSE 27	SUEDE 60 ALLEM. 42 U.S.A. 21	NORV. 47 ITALIE 27 ALLEM. 20	NON ETUDIES
LES NAVIRES	ALLEM. 45 JAPON 44 U.S.A. 40 G.B. 29		FRANCE 57 G.B. 38 U.S.A. 29	HOLLA. 66 JAPON 52 U.S.A. 27 G.B. 24	G.B. 79 JAPON 54 U.S.A. 34 ALLEM. 22	G.B. 26 U.S.A. 24 JAPON 20	SUEDE 70 JAPON 46 G.B. 30 U.S.A. 21 NORV. 20	JAPON 61 NORV. 54 G.B. 25 SUEDE 20	NON ETUDIES
L'ACIER	ALLEM. 62 SUEDE 32 U.S.A. 27	ALLEM. 43	ALLEM. 58 FRANCE 45 U.S.A. 26	ALLEM. 51 SUEDE 40 HOLLA. 22	G.B. 77 ALLEM. 45 U.S.A. 35 JAPON 20	SUEDE 38 ALLEM. 29	SUEDE 78 ALLEM. 42	SUEDE 50 ALLEM. 26 U.S.A. 24	NON ETUDIES
LES FIBRES SYNTHETIQUES	ALLEM. 64 U.S.A. 35		FRANCE 31 U.S.A. 31 ALLEM. 24	HOLLA. 30 U.S.A. 21 ALLEM. 20	G.B. 66 U.S.A. 37	SUISSE 33 U.S.A. 33	U.S.A. 24 SUEDE 23	U.S.A. 24 U.S.A. 24	JAPON 26 JAPON 26
LES MACHINES A ECRIRE ET A CALCULER	ALLEM. 61 U.S.A. 28	ITALIE 31	U.S.A. 40 FRANCE 31 ALLEM. 30 ITALIE 20	ALLEM. 29 U.S.A. 29	G.B. 37 U.S.A. 32 ALLEM. 24	SUISSE 32 U.S.A. 25 ALLEM. 22	SUEDE 47 ALLEM. 21	U.S.A. 28 ALLEM. 26	U.S.A. 64
LES PNEUS	ALLEM. 61 U.S.A. 27 FRANCE 25	ITALIE 33	FRANCE 68 U.S.A. 26	FRANCE 31 HOLLA. 27 G.B. 26 U.S.A. 26	G.B. 70 U.S.A. 35	FRANCE 29 U.S.A. 24	SUEDE 50 U.S.A. 37 ALLEM. 26 G.B. 25	NORV. 42 U.S.A. 28 G.B. 24	U.S.A. 80 28
LA MODE FEMININE	FRANCE 61 ALLEM. 53	FRANCE 40 ITALIE 39	FRANCE 77	FRANCE 79 ITALIE 24 HOLLA. 21	FRANCE 76 G.B. 65	FRANCE 54 SUISSE 24	FRANCE 59 SUEDE 47 G.B. 27	FRANCE 68 G.B. 23	FRANCE 68 U.S.A. 54 ITALIE 22

SOURCES : "RADIOSCOPIE DE L'EUROPE 1970", SELECTION DU READER'S DIGEST, PARIS, 1970.

### TROISIEME PARTIE

#### LE RAPPORT DES FORCES EN EUROPE

1800-1985

LA TROISIEME PARTIE RETRACE L'EVOLUTION DE L'EQUILIBRE DES FORCES EN EUROPE DEPUIS WATERLOO (1815). EN QUELQUES FAITS ET CHIFFRES, LES TABLEAUX REVELENT, DE FACON CONCISE, UN SIECLE ET DEMI D'HISTOIRE EUROPEENNE (LA CHUTE DE L'EMPIRE NAPOLEONNIEN, LA NAISSANCE DE L'INDUSTRIALISME EUROPEEN, LA LENTE ECLIPSE DE LA FRANCE, L'ACCESSION DE LA PRUSSE, PLUS TARD DE L'ALLEMAGNE UNIE, A LA TETE DE L'EUROPE, LES DEGATS CAUSES A LA POSITION DE L'ALLEMAGNE, VAINCUE AU COURS DE DEUX GUERRES MONDIALES). UNE LECTURE APPROFONDIE DE CES TABLEAUX DEVOILERA DES TENDANCES ECONOMIQUES QUI TROUVENT LEUR PARALLELE EN POLITIQUE : LA GRANDE-BRETAGNE QUI A COMMENCE SA REVOLUTION INDUSTRIELLE AU 18<sup>eme</sup> SIECLE, SE TROUVE DANS UNE POSITION DE DECLIN AUSSI BIEN ECONOMIQUE QUE POLITIQUE DEPUIS LES DERNIERES ANNEES DU 19<sup>eme</sup> SIECLE ET, EN CE QUI CONCERNE SA FORCE ECONOMIQUE, OU PNB, ELLE RISQUE FORT D'ETRE BIENTOT DEPASSEE PAR L'ITALIE; L'ALLEMAGNE QUI A DOMINE LA SCENE ECONOMIQUE ET POLITIQUE DEPUIS DES ANNEES 1890, COMMENCE MAINTENANT A RALENTIR - TOUTES PROPORTIONS GARDEES. DE MEME QU'EN POLITIQUE L'ALLEMAGNE DE L'OUEST N'EST QU'UN RESTE TRONQUE DE L'ANCIEN REICH, DE MEME SA PREDOMINANCE ECONOMIQUE TOTALE N'EST PLUS. EN PNB PAR HABITANT ELLE A ETE DEPASSEE PAR LA FRANCE (DEBUT DES ANNEES 1960)- RENVERSEMENT DE ROLES SURPRENANT - ET IL EST PROBABLE QU'ELLE LE SERA AUSSI EN PNB GLOBAL (VERS LES ANNEES 1975).

## LE RAPPORT DES FORCES EN EUROPE-1800-1985

①

P. N. B. 1960-1980

(à prix et taux de changes constants : 1960)

P.N.B. GLOBAUX EN MILLIARDS DE DOLLARS  
P.N.B. PAR HABITANT EN DOLLARS

	1960		TAUX CROIS- SANCE ANNUUEL 1960 1970	1970		PROJEC- TION TAUX DE CROIS- SANCE 60-70	1980	
	P.N.B. GLOBAL	PNB PAR HABITANT		P.N.B. GLOBAL	PNB PAR HABITANT		P.N.B. GLOBAL	PNB PAR HABITANT
AUTRICHE .....	6,20	873	4,2	9,36	1 269	4,9	15,07	1 478
BELGIQUE .....	11,48	1 162	4,7	18,14	1 879	4,7	28,66	2 691
LUXEMBOURG .....	0,50	1 670	3,0	0,67	1 988	3,0	0,90	2 500
DANEMARK .....	5,95	1 294	4,7	9,40	1 922	3,8	13,63	2 627
FINLANDE .....	5,28	1 200	4,5	8,18	1 738	4,5	12,68	2 541
FRANCE .....	60,40	1 316	5,6	103,89	2 064	6,0	185,96	3 442
ALLEMAGNE .....	71,17	1 280	4,7	112,45	1 848	4,6	176,55	2 777
IRLANDE .....	1,86	664	3,9	2,72	931	4,8	4,35	1 307
ITALIE .....	33,92	675	5,7	59,02	1 040	5,6	101,51	1 746
PAYS-BAS .....	11,33	985	5,1	18,69	1 452	9,6	29,34	2 053
NORVEGE .....	4,53	1 259	4,7	7,16	1 858	4,4	11,03	2 808
PORTUGAL .....	2,54	285	5,7	4,42	461	7,1	8,75	874
ESPAGNE .....	10,25	340	7,4	20,91	634	5,5	40,36	1 117
SUEDE .....	12,94	1 726	4,5	20,06	2 518	3,6	24,49	3 130
SUISSE .....	8,58	1 589	4,2	12,96	2 084	3,3	17,88	2 650
GRANDE-BRETAGNE	72,28	1 374	2,7	94,69	1 700	3,2	129,73	2 182
		EN INDICE EUROPE =100						EN INDICE EUROPE =100
C. E. E. ....	188,80	59,1	5,2	312,86	62,2	5,2	522,92	65,0
C. E. E. + G. B.	261,08	81,8		407,55	80,1		652,65	81,1
EUROPE OCCIDENT.	319,21	100,0		502,72	100,0		804,89	100,0
SCANDINAVIE ....	28,70	9,0		44,80	8,9		65,83	8,2
		PNB PAR HABITANT						PNB PAR HABIT.
CANADA .....	37,43	2 103	4,9	60,26	2 857	5,4	101,84	3 926
ETATS-UNIS .....	511,19	2 830	4,2	772,20	3 800	4,7	1220,08	5 124
JAPON .....	42,57	457	11,3	124,30	1 215	10,0	323,18	2 879

SOURCE : LES TAUX DE CROISSANCE (ESTIMATION 1960-1970 ET PREVISION 1970-1980)  
ONT ETE CALCULES PAR L'O.C.D.E. : OUTLOOK FOR ECONOMIC GROWTH,  
MAI 1970.

②

ACCROISSEMENT DE LA POPULATION (en millions)

1820 - 1980

	1820	1840	1850	1910	1938	1960	1970	1980
FRANCE .....	27	34	35,0	39,5	42,0	45,7	50,7	53,8
ALLEMAGNE .....	24	31	35,0	64,6	68,6	53,2 (72,7)*	60,3 (77,5)*	62,6 (80,2)*
ROYAUME-UNI .....	16	27	27,3	44,9	47,5	52,5	55,7	59,5
RUSSIE (U.R.S.S.)	29	38	--	161,0	170,0	214,4	243,4	268,8
EUROPE .....	199	228	337	465	550	639	676	703

\* LES NOMBRES ENTRE PARENTHESES CORRESPONDENT A LA R.D.A. ET REPUBLIQUE FEDERALE  
SOURCES : RADIOSCOPIE DE L'EUROPE 1970, SELECTION DU READER'S DIGEST, PARIS 70  
ANNUAIRE STATISTIQUE DE LA FRANCE, 1966, RESUME RETROSPECTIF, INSEE  
ANNUAIRE STATISTIQUE 1969, NATIONS-UNIES, NEW-YORK, 1970

**3** POPULATION DE L'ALLEMAGNE  
EN TANT QUE FRACTION DE L'EUROPE

1820 - 1980

1820	1850	1910	1938	1980
12,5	10,0	13,3	14,0	8,5 (11,1)*

## SOURCES :

RADIOSCOPIE DE L'EUROPE, 1970,

SELECTION DU READER'S DIGEST,  
PARIS, 1970

ANNUAIRE STATISTIQUE DE LA FRANCE

RESUME RETROSPECTIF, INSEE,  
PARIS, 1966STATISTICAL YEARBOOK, O.N.U.  
NEW YORK 1970\* SE RAPPORTE A LA POPULATION TOTALE  
DES DEUX ALLEMAGNES.

**4** PRODUCTION INDUSTRIELLE  
(en millions de livres Sterling)  
1800-1840

	ROYAUME UNI	FRANCE	ALLEMAGNE	RUSSIE
1800	230	190	60	15
1820	290	220	85	20
1840	387	264	150	40

SOURCE : ATLAS-ZUR WELTGESCHICHTE,  
MUNICH, 1964

**5** POURCENTAGE DE LA PRODUCTION INDUSTRIELLE  
MONDIALE

	ROYAUME UNI	FRANCE	ALLEMAGNE	RUSSIE	AUTRES
1800	35%	29%	9%	2%	25%
1820	34%	25%	10%	2%	29%
1840	30%	20%	12%	3%	35%

SOURCE : ATLAS ZUR WELTGESCHICHTE,  
MUNICH, 1964

**6** PRODUCTION D'ALUMINIUM  
(en millions de tonnes)

1899-1965

	ALLEMAGNE	ROYAUME UNI	FRANCE	ITALIE	MONDE
1899	1,6	0,6	0,8		
1913	12,0	7,5	13,5	0,9	
1939	195,1	45,3*	60,1	34,2	630,0
1950	27,8	111,0	83,0	49,2	1 300,0
1960	168,9	140,8	282,5	102,6	3 700,0
1965	237,6	215,0	340,8	-	5 160,0

+ ESTIMATION

SOURCES : ANNUAIRE STATISTIQUE DE LA FRANCE  
1966, RESUME RETROSPECTIF,  
INSEE, PARIS

**7** PRODUCTION DE FERRO-ALLIAGES  
(en millions de tonnes)

1870-1965

	ALLEMAGNE	ROYAUME UNI	FRANCE	RUSSIE
1870	1 262	6 059	1 178	360
1913	16 764	10 424	5 207	4 207
1939	17 478	8 108	7 376	14 000*
1950	9 511 (9 848)*	9 819	7 838	19 175
1960	25 739 (27 734)*	16 016	14 365	46 800
1965	27 013 (29 353)*	17 736	16 020	66 240

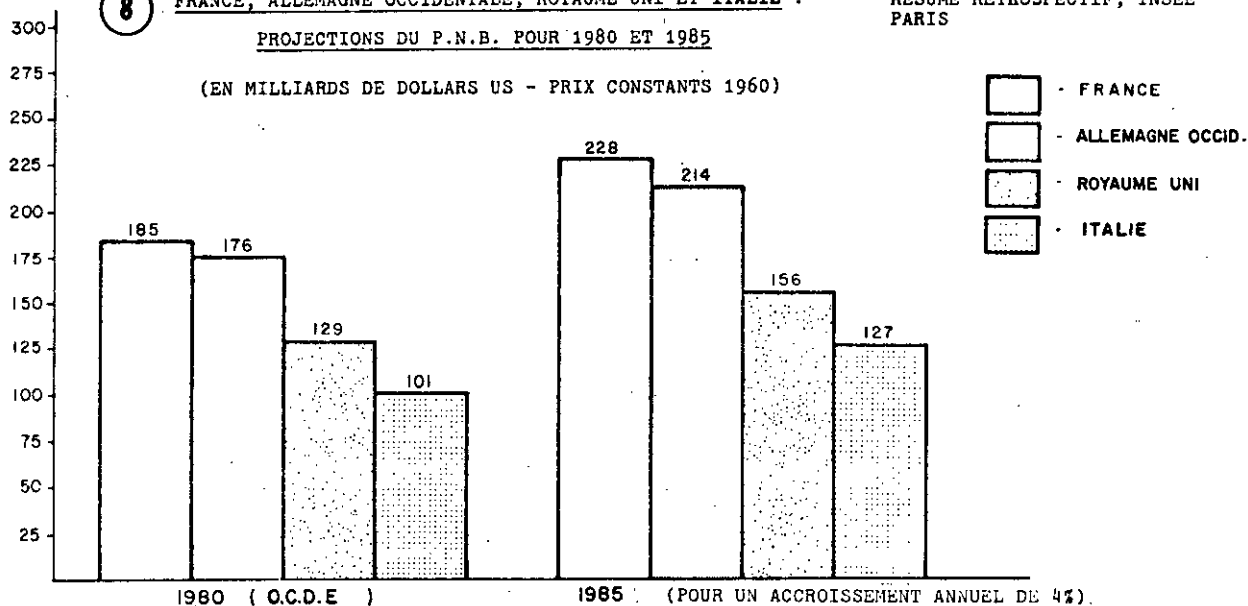
+ ESTIMATION

\* LES DEUX ALLEMAGNES REUNIES (RDA, RFA)

SOURCES : ANNUAIRE STATISTIQUE DE LA  
FRANCE, 1966  
RESUME RETROSPECTIF, INSEE  
PARIS

**8** FRANCE, ALLEMAGNE OCCIDENTALE, ROYAUME-UNI ET ITALIE :  
PROJECTIONS DU P.N.B. POUR 1980 ET 1985

(EN MILLIARDS DE DOLLARS US - PRIX CONSTANTS 1960)



SOURCE : O.C.D.E., OUTLOOK FOR ECONOMIC GROWTH, MAY 1970, PLUS CALCULS DU HUDSON INSTITUTE.

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ROLE DE LA PRUSSE  
DANS L'INDUSTRIE ALLEMANDE

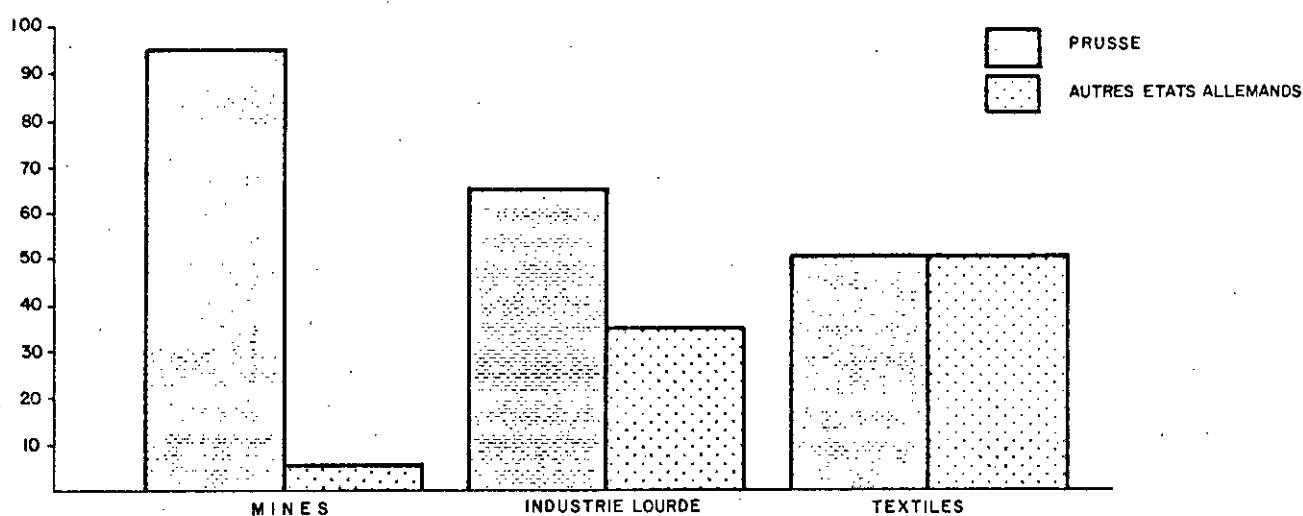
1855

	PRUSSE	AUTRES ETATS ALLEMANDS
MINES .....	95 %	5 %
INDUSTRIE LOURDE	65 %	35 %
TEXTILES .....	50 %	50 %

SOURCE : ATLAS ZUR WELTGESCHICHTE,  
MUNICH, 1964

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LE ROLE DE LA PRUSSE DANS L'INDUSTRIE ALLEMANDE 1855



SOURCE : ATLAS ZUR WELTGESCHICHTE, MUNICH 1964

11

DIFFERENTES PROJECTIONS DU P.N.B.

POUR QUELQUES PAYS EUROPEENS

(en milliards de \$ US 1967)

	TAUX D'AC- CROISSEMENT PRESUMES	1980	1985	2000
FRANCE	B 2	163	180	242
	H 5,5	253	330	738
ALLEMAGNE DE L'OUEST	B 2	179	198	266
	H 5,5	278	363	810
ITALIE	B 2	94,2	104	140
	H 6	155	208	498
ROYAUME- UNI	B 1	118	126	160
	H 4	178	227	486
SUEDE	M 4	43,3	52,7	94,9
TURQUIE	M 5,5	27,5	35,9	80,2
YUGOSLAVIE	M 6,0	39,9	52,6	117

SOURCES : CALCULS HUDSON INSTITUTE.

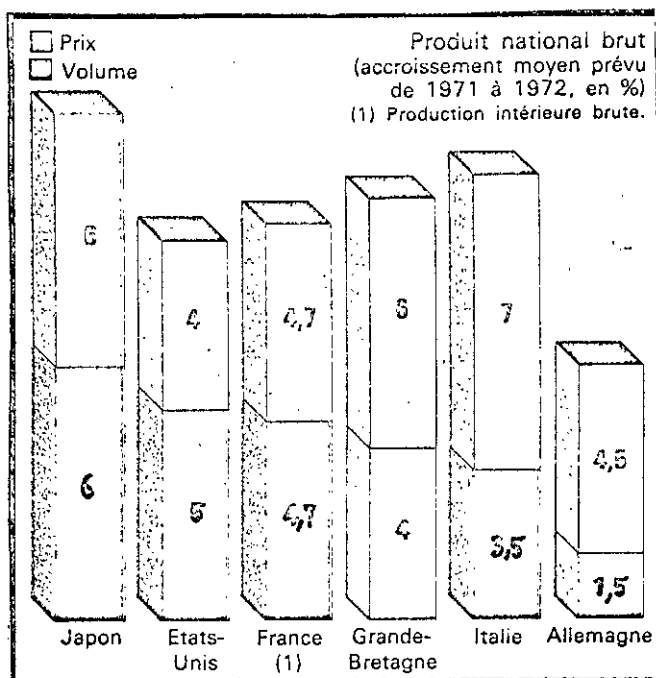
EUROPE AND THE EUROPEANS

ADDENDA

Hudson Institute  
European Division

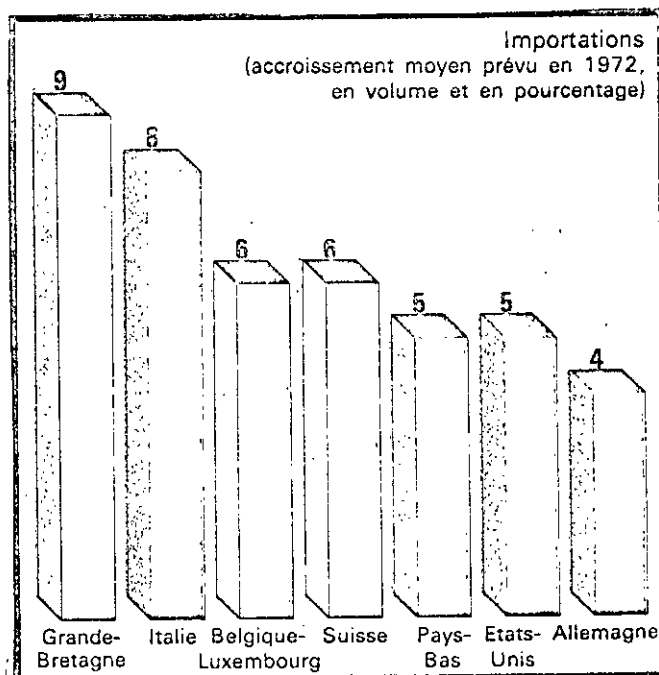
## L' Expansion en 1972

### Expension in 1972



G.N.P. (predicted average growth in percent. from 1971 to 1972.)

1. G.D.P.

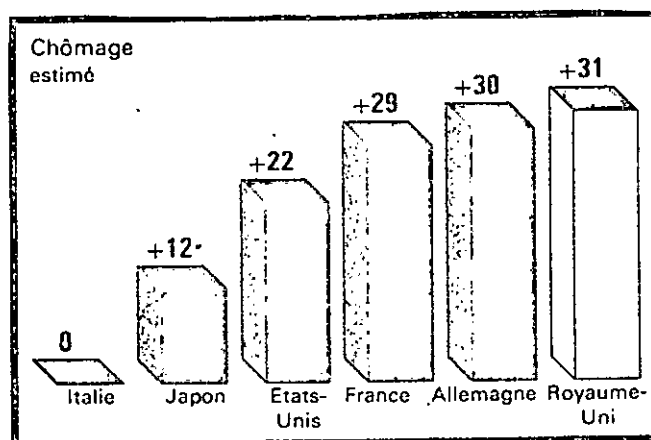


IMPORTS. (predicted average growth in 1972, in percent. and volume.)

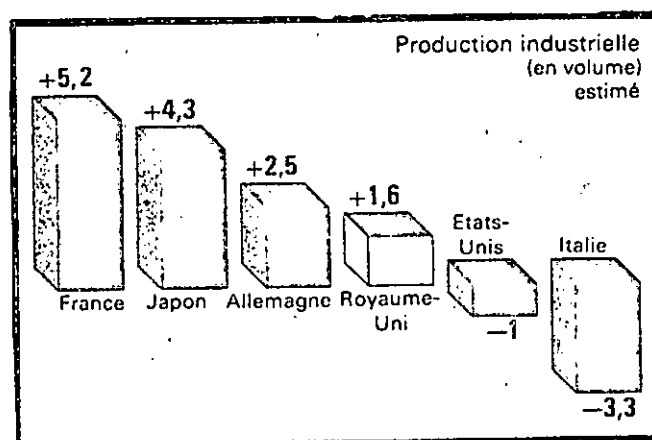
Source : Expansion, Paris, January 1972.

Croissance : Ralentissement Mondial

Growth : Reduction of World Growth Rate



UNEMPLOYMENT. Estimates.



INDUSTRIAL PRODUCTION (in volume). Estimates.

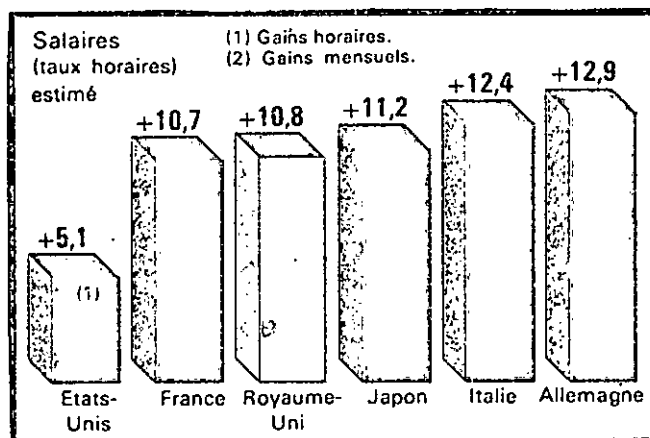
Source : Expansion, Paris, January 1972

## Inflation : Permanence Mondiale du Phénomène

Variations en pourcentage entre la moyenne de 1970 et celle de 1971.

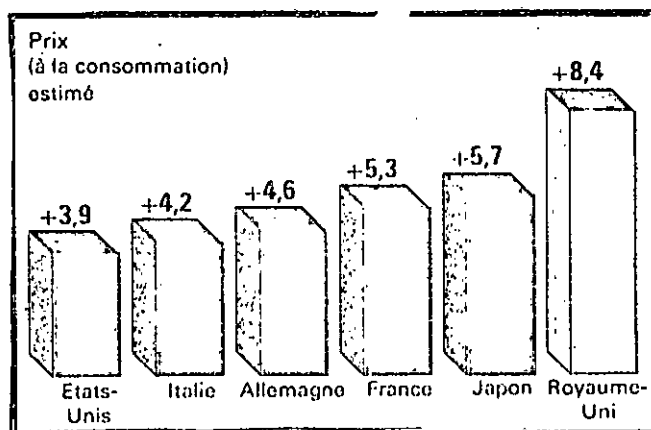
## Inflation : a Permanent World Phenomenon

Average percentage change - 1970 - 1971



WAGES (hourly rates). Estimates.

1. hourly earnings
2. monthly earnings



CONSUMER PRICES. Estimates

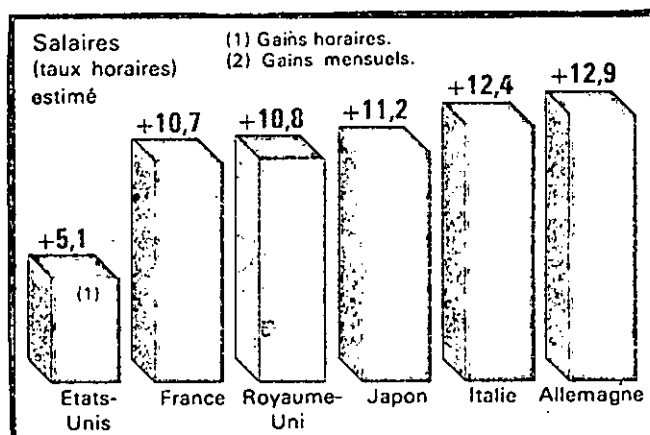
Source : Expansion, Paris, January 1972

## Inflation : Permanence Mondiale du Phénomène

Variations en pourcentage entre la moyenne de 1970 et celle de 1971.

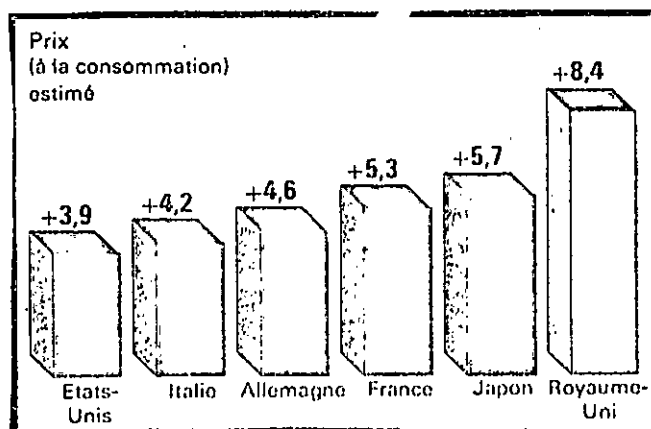
## Inflation : a Permanent World Phenomenon

Average percentage change - 1970 - 1971



WAGES (hourly rates). Estimates.

1. hourly earnings
2. monthly earnings



CONSUMER PRICES. Estimates

Source : Expansion, Paris, January 1972

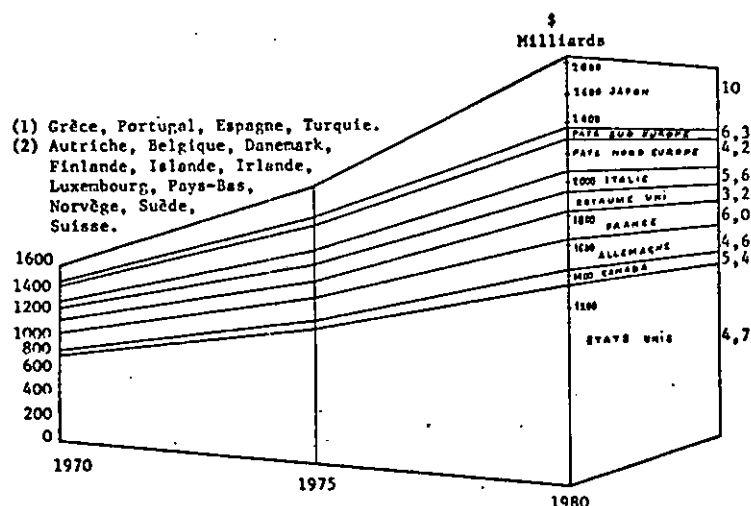
GROSS NATIONAL PRODUCT - TOTAL AND PER CAPITA - PRODUIT NATIONAL - TOTAL ET PAR TÊTE

	at 1953 prices and 1953 exchange rates aux prix et aux taux de change de 1953								
	1950	1955	1967	1968	1969	1970	1955 1950	1970 1955	1970 1969
	Billion dollars - Milliards de dollars						Percentage change at annual rates Taux de variation annuel		
Canada	34.98	45.75	50.19	52.59	55.22	57.05	5.5	4.5	3.3
United States - États-Unis	530.60	672.00	736.20	770.40	791.80	723.60	4.8	3.3	-0.4
Japan - Japon	49.73	80.05	99.62	113.82	128.05	142.01	10.0	12.1	10.9
Austria - Autriche	7.12	8.82	9.50	9.94	10.55	11.30	4.4	5.1	7.1
Belgium - Belgique	12.05	15.43	16.57	17.16	18.31	19.42	5.1	4.6	6.1
Luxembourg	0.51	0.60	0.61	0.64	0.69	0.71	3.3	3.4	2.9
Denmark - Danemark	7.01	9.03	9.54	9.88	10.64	10.99	5.2	4.0	3.2
Finland - Finlande	5.52	7.11	7.45	7.63	8.39	9.01	5.2	4.8	7.4
France	70.94	93.33	104.01	108.79	117.14	124.22	5.8	5.3	6.0
Germany - Allemagne	84.89	103.43	111.31	119.29	128.70	135.01	5.0	4.5	4.9
Greece - Grèce	3.77	5.54	6.27	6.68	7.20	7.78	8.0	7.0	3.1
Iceland - Islande	0.27	0.37	0.40	0.38	0.38	0.41	6.5	2.1	7.9
Ireland - Irlande	2.04	2.47	2.64	2.85	2.96	3.00	3.9	4.0	1.4
Italy - Italie	41.45	53.64	60.67	64.55	68.37	71.88	5.3	6.0	5.1
Netherlands - Pays-Bas	13.19	16.85	18.29	19.49	20.61	21.76	5.0	5.2	5.8
Norway - Norvège	4.89	6.36	7.01	7.27	7.61	7.83	5.4	4.4	3.6
Portugal	2.61	3.55	3.96	4.31	4.50	4.79	6.3	6.2	6.4
Spain - Espagne	12.08	18.28	20.60	21.77	23.42	25.01	8.6	6.5	6.8
Sweden - Suède	14.52	18.83	19.95	20.59	21.78	22.83	5.3	3.9	4.8
Switzerland - Suisse	9.88	12.78	13.38	13.94	14.69	15.34	5.3	3.7	4.4
Turkey - Turquie	6.26	7.71	9.02	9.63	10.23	10.72	4.3	6.8	4.8
United Kingdom - Royaume-Uni	78.92	92.93	96.84	99.66	100.99	103.11	3.3	2.1	2.1
O.E.C.D.-Total - O.C.D.E.-Total	992.9	1 280.5	1 404.0	1 481.3	1 552.2	1 592.8	5.2	4.5	2.6
North America - Amérique du Nord	565.6	717.8	786.4	823.0	847.0	845.7	4.9	3.3	-0.2
O.E.C.D.-Europe - O.C.D.E.-Europe	377.6	482.7	518.0	544.5	577.2	605.2	5.0	4.6	4.9
E.E.C. - C.E.E.	222.7	288.9	311.5	329.9	353.8	373.0	5.3	5.2	5.4
E.F.T.A.	130.7	159.8	168.0	173.6	179.5	185.7	4.1	3.0	3.4

SOURCES : National Accounts of OECD Countries 1953-1969; OECD Country Surveys; OECD Outlook for Economic Growth, n09, 1971.

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## ESTIMATION DU PRODUIT INTERIEUR BRUT

AU COUT DE FACTEUR -  
PRIX ET TAUX DE CHANGE 1968TAUX D'ACCROIS-  
SEMENT MOYEN %

EN L'ABSENCE DE CHANGEMENTS IMPORTANTS ET IMPREVUS DES CONDITIONS POLITIQUES ET ECONOMIQUES DU MONDE, ET A CONDITION QUE LES REGRESSIONS NE SOIENT PAS PLUS IMPORTANTES ET PROLONGEES QUE CELLES DES ANNEES 60, LE PRODUIT INTERIEUR BRUT COMBINE DE LA ZONE DE L'OCDE TOUTE ENTIERE POURRAIT S'ACCROITRE DE 65 A 70 POUR CENT VERS 1980 SOIT A PEU PRES 5,3% PAR AN.

CE TAUX EST PLUS ELEVE QUE CELUI DES ANNEES 60 SURTOUT GRACE A L'ENTREE DU JAPON DONT LE TAUX D'ACCROISSEMENT A ETE 2 A 3 FOIS PLUS ELEVE QUE CELUI DE LA MAJORITE DES AUTRES NATIONS MEMBRES, AVEC UNE MOYENNE DE 11,3% PENDANT LA DERNIERE DECADE. LA PRODUCTION DU JAPON DEVRAIT S'ACCROITRE DE 10% EN MOYENNE PAR AN DANS LES 8 OU 10 ANNEES A VENIR.

DEUXIEMEMENT, LES PAYS QUI SE SONT DEVELOPPEES RAPIDEMENT AU COURS DES DERNIERS DIX ANS POSSEDENT UNE PLUS GRANDE PART TOTALE DES RESSOURCES DE L'OCDE AUJOURD'HUI QU'ILS N'EN POSSEDAIENT AU PARAVANT; AINSI LEUR TAUX D'ACCROISSEMENT PLUS RAPIDE ACRA PLUS DE POIDS DANS LE RESULTAT TOTAL DE L'OCDE DANS LES ANNEES 1970. TROISIEMEMENT LES ECONOMIES DE PLUSIEURS PAYS - BELGIQUE, FINLANDE, IRLANDE ET, TRES IMPORTANT DE PAR SON POIDS DANS LE RESULTAT TOTAL, LES EU-FONCTIONNENT AU DESSOUS DE LEURS POSSIBILITES REELLES EN 1970 ET ONT UN TAUX DE CHOMAGE UN PEU PLUS ELEVE QU'ELLES NE LE SOUHAITERAIENT DANS UN AVENIR A LONG TERME. POUR ABSORBER CETTE CAPACITE INUTILISEE, IL LEUR FAUT SE DEVELOPPER PLUS RAPIDEMENT PENDANT LES QUELQUES ANNEES A VENIR PLUTOT QUE SUR UNE PERIODE DE TEMPS LONGUE.

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## PROJECTIONS DE L'EMPLOI, LA PRODUCTIVITE ET LA PRODUCTION 1970-1980

(indice 1970 = 100)

PAYS	POIDS 1968 (1)	1975			1980		
		EMPLOI	PRODUC- TIVITE	PIB	EMPLOI	PRODUC- TIVITE	PIB
<u>PAYS PRINCIPAUX</u>							
CANADA .....	3,6	115	114	131	130	130	169
ETATS-UNIS .....	52,3	109	117	127	118	134	158
JAPON .....	8,7	105	(157)	(165)	(111)	(236)	(260)
FRANCE .....	7,1	(103)	(130)	(133)	(106)	(169)	(179)
ALLEMAGNE .....	7,6	(101)	(124)	(125)	(102)	(154)	(157)
ITALIE .....	4,3	104	126	131	108	159	172
ROYAUME-UNI .....	5,7	(99)	(116)	(115)	(102)	(133)	(137)
<u>TOTAL CI-DESSUS</u>	89,3	105	124	131	111	152	169
<u>SAUF JAPON</u>	80,6	105	120	127	111	143	160
<u>AUTRES PAYS</u>							
<u>EUROPE NORD</u>							
AUTRICHE .....	0,6	103	122	126	109	148	161
BELGIQUE .....	1,2	103	123	126	(106)	(150)	(158)
DANEMARK .....	0,8	(101)	(120)	(121)	(101)	(144)	(145)
FINLANDE .....	0,4	102	123	126	103	151	155
ISLANDE .....	0,1	-	-	(125)	-	-	(155)
IRLANDE .....	0,2	103	122	126	107	149	160
LUXEMBOURG .....	0,1	-	-	(116)	-	-	(134)
PAYS-BAS .....	1,5	105	120	126	111	141	157
NORVEGE .....	0,5	102	122	125	104	(149)	(154)
SUEDE .....	1,4	102	117	119	104	137	142
SUISSE .....	1,0	103	115	118	105	132	138
<u>TOTAL CI-DESSUS</u>	7,8	103	119	123	106	142	1 511
<u>AUTRES PAYS</u>							
<u>EUROPE SUD</u>							
GRECE .....	0,4	105	140	147	110	188	207
PORTUGAL .....	0,3	-	-	141	-	-	(198)
ESPAGNE .....	1,5	-	-	(131)	-	-	(171)
TURQUIE .....	0,7	-	-	139	-	-	193
<u>TOTAL CI-DESSUS</u>	2,9	-	-	136	-	-	184

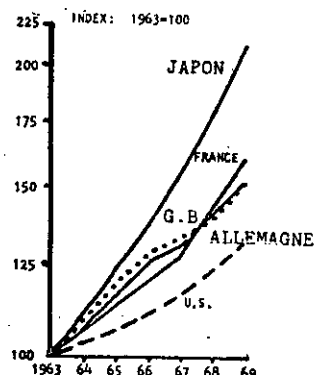
(1) PIB AU COUT DU FACTEUR, A PRIX ET TAUX DE CHANGE 1968. CHIFFRES ENTRE PARENTHESES : ESTIMATIONS.

SOURCE : OCDE : OBSERVER N° 46, JUIN 1970, P. 25

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## GAINS HORAIRES

INDEX : 1963 = 100

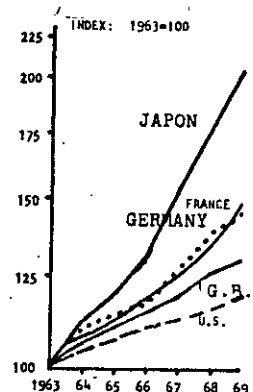


SOURCE : FORTUNE MAGAZINE, AOUT 1970

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## PRODUCTION PAR LIVRE ET PAR EMPLOYE

INDEX : 1963 = 100



SOURCE : FORTUNE MAGAZINE, AOUT 1970

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## EUROPE OCCIDENTALE : DEVELOPPEMENTS PREVUS DE LA POPULATION ACTIVE TOTALE 1965-1980

(Selon six variantes de projection)

PAYS	POP. ACTIVE 1965	PROJECTION POPULATION ACTIVE 1980						CHANGEMENT TOTAL 50-65	CHANGEMENT TOTAL 1965-1980					
		I	II	VARIANTES III IV		V	VI		I	II	VARIANTES III IV		V	VI
				(en millions)							(en pourcentages)			
AUTRICHE ...	3,36	3,56	3,37	3,38	3,37	(3,40)	(2,74)	0,6	0,6	0,4	0,8	0,4	(1,2)	(-18,5)
BELGIQUE ...	3,70	3,94	3,94	3,94	4,26	(4,35)	(3,46)	4,0	6,6	6,6	6,7	15,3	(17,5)	(-6,4)
DANEMARK ...	2,30	2,48	2,36	2,40	2,36	(2,41)	(1,98)	6,5	7,9	2,7	4,5	2,7	(4,8)	(-13,9)
FRANCE ...	20,51	23,08	22,23	22,57	23,01	(23,40)	18,99	9,6	12,5	8,4	10,1	12,2	(14,1)	(-7,4)
ALLEMAGNE DE L'OUEST	27,01	27,85	27,19	27,38	28,04	(28,52)	23,01	18,3	3,1	0,6	1,4	3,8	(5,6)	(-14,8)
PAYS-BAS ...	4,54	5,47	5,27	5,32	6,35	(6,43)	(5,27)	14,6	20,5	16,1	17,2	39,7	(41,6)	(-16,1)
NORVEGE ...	1,54	1,69	1,65	1,66	1,73	(1,82)	(1,48)	11,4	10,0	7,3	8,1	12,3	(18,3)	(-3,8)
SUEDE ...	3,45	3,53	3,45	3,52	3,49	(3,59)	(2,85)	11,1	2,2	0,1	2,1	1,3	(4,1)	(-17,4)
SUISSE ...	2,73	2,94	2,90	2,95	3,06	(3,12)	(2,54)	24,9	7,7	6,4	8,0	12,1	(14,4)	(-6,9)
ROYAUME-UNI	26,10	27,25	26,93	27,08	26,93	(27,20)	22,30	13,5	4,4	3,2	3,8	3,2	(4,2)	(-14,5)
10 PAYS COMBINES ...	95,22	101,79	99,30	100,21	102,60	(104,24)	84,61	13,0	6,9	4,3	5,2	7,7	(9,5)	(-11,1)

- VARIANTES : 1. TAUX D'ACTIVITE CONSTATE, 1965.  
 2. PROJECTIONS DES PAYS (SUR LA BASE DES TENDANCES PREDOMINANTES ET D'UNE DEMANDE ET POLITIQUES INCHANGÉES).  
 3. COMME POUR LA VARIANTE 2, MAIS LES TAUX D'ACTIVITE POUR LES HOMMES DE 55 ANS ET PLUS SE STABILISENT AU LIEU DE DECROITRE.  
 4. HOMMES COMME POUR VARIANTE 2, TAUX D'ACTIVITE POUR LES FEMMES DE TOUS AGES COMME POUR LE ROYAUME UNI. EN 1965.  
 5. HOMMES COMME POUR VARIANTE 2, TAUX D'ACTIVITE POUR LES FEMMES DE TOUS AGES COMME POUR LA PROJECTION "ELEVEE" DE LA SUEDE POUR 1980.  
 6. HOMMES COMME POUR VARIANTE 2, TAUX D'ACTIVITE POUR FEMMES DE TOUS AGES COMME POUR LES PAYS-BAS.

SOURCE : O.C.D.E. ESTIMATIONS DU SECRETARIAT.

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TAUX MOYENS ANNUELS EN POURCENTAGES  
DE L'ACCROISSEMENT DU P. I. B.

PAYS	ESTIMATION 1960 - 1970 (1)	PROJECTION 1970 - 1980 (2)
<b>PRINCIPAUX PAYS</b>		
CANADA .....	4,9	5,4
ETATS-UNIS .....	4,2	4,7 (3)
JAPON .....	11,3	10,0
FRANCE .....	5,6	6,0
ALLEMAGNE .....	4,7	4,6
ITALIE .....	5,7	5,6
ROYAUME-UNI .....	2,7	3,2
TOTAL CI-DESSUS .....	4,8	5,4
SAUF JAPON .....	4,3	4,9
<b>AUTRES PAYS EUROPE NORD</b>		
AUTRICHE .....	4,2	4,9
BELGIQUE .....	4,7	4,7
DANEMARK .....	4,7	3,8
FINLANDE .....	4,5	4,5
ISLANDE .....	4,3	4,5
IRLANDE .....	3,9	4,8
LUXEMBOURG .....	3,0	3,0
PAYS-BAS .....	5,1	4,6
NORVEGE .....	4,7	4,4
SUEDE .....	4,5	3,6
SUISSE .....	4,2	3,3
TOTAL CI-DESSUS .....	4,6	4,2
<b>AUTRES PAYS EUROPE SUD</b>		
GRECE .....	6,8	7,6
PORTUGAL .....	5,7	7,1
ESPAGNE .....	7,4	5,5
TURQUIE .....	5,7	6,8
TOTAL CI-DESSUS .....	6,7	6,3
TOTAL O. C. D. E. ....	4,8	5,3
TOTAL OCDE SAUF JAPON ET FINLANDE	4,4	4,8
O.C.D.E. EUROPE .....	4,7	4,8
C. E. E. ....	5,2	5,2
A. E. L. E. ....	3,4	3,6

(1) TOTAUX PONDERES AVEC PIB AUX PRIX ET TAUX DE CHANGE DE 1963

(2) TOTAUX PONDERES AVEC PIB AUX PRIX ET TAUX DE CHANGE DE 1968

(3) Y COMPRIS L'EFFET PROBABLE D'ELIMINATION DU "GAP" QUI EXISTE ACTUELLEMENT ENTRE LA PRODUCTION REELLE ET POTENTIELLE.

SOURCE : OUTLOOK FOR ECONOMIC GROWTH, PARIS, MAI 1970.

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## PROJECTION DU P. N. B. POUR 1985

A TAUX D'ACCROISSEMENT VARIABLES  
(en milliards de dollars US) (1)FRANCE, ALLEMAGNE DE L'OUEST,  
ROYAUME-UNI, ITALIE

	1981 (2)	1982	1983	1984	1985
FRANCE .... 3%	191	197	203	209	215
4%	193	203	211	219	228
5%	195	205	215	226	237
ALLEMAGNE . 3%	181	187	192	198	204
4%	183	190	198	206	214
5%	185	194	204	214	225
ROYAUME-UNI 3%	133	137	141	145	150
4%	134	140	145	151	156
5%	136	143	150	157	165
ITALIE .... 3%	104	107	110	114	117
4%	108	112	117	122	127
5%	109	115	120	126	133

(1) PRIX CONSTANTS 1960.

(2) CALCULE A PARTIR DE L'ESTIMATION DE  
L'O.C.D.E. POUR L'ANNEE PRECEDENTE.  
VOIR O.C.D.E. OUTLOOK FOR ECONOMIC  
GROWTH, MAI 1970, PARIS.

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APRES WATERLOO LA NOUVELLE CARTE FUT TRACEE  
PAR DES HOMMES D'ETAT POUR QUI UNE REVOLUTION  
EMANANT DE FRANCE ETAIT LE PLUS GRAND DES DAN-  
GERS POUR LE BIEN-ETRE DE L'HUMANITE...

LA FRONTIERE EST DE LA FRANCE FUT DONC BORDEE  
PAR UNE SERIE D'ETATS ET DE PROVINCES "TAMPONS"  
DESTINES A PROTEGER LE CORPS DE L'EUROPE CENTRA-  
LE CONTRE LA REVOLUTION, AU NORD UN ROYAUME DES  
PAYS-BAS, QUI DURA JUSQU'EN 1830, EPOQUE OU L'U-  
NION FRAGILE ENTRE LA HOLLANDE CALVINISTE ET LA  
BELGIQUE CATHOLIQUE FUT DISSOUTE; AU SUD UN RO-  
YAUME DE SARDAIGNE, RAFFERMI PAR L'INCORPORA-  
TION DE GENES ET DE LA SAVOIE, ALORS QUE LA RE-  
GION INTERMEDIAIRE DU RHIN ETAIT CONPIEE, PRIN-  
CIPALEMENT A L'INSTIGATION DU GOUVERNEMENT BRI-  
TANNIQUE, A LA GARDE DE LA PRUSSE. PERSONNE NE  
PREVOYAIT ALORS L'UNION DE L'ALLEMAGNE ET DE LA  
COURONNE PRUSSIESE, NI LE CHANGEMENT DANS LA  
BALANCE DU POUVOIR EUROPEEN QUI FAIT DE L'ALLE-  
MAGNE, ENCORE MAINTENANT UNE PUISSANCE REDOUTABLE  
POUR SES VOISINS. LA PERSPECTIVE EN 1814 ETAIT  
BIEN DIFFERENTE. LA FRANCE ETAIT ALORS CONSIDE-  
REE COMME L'ENNEMI GENERAL, ET LA PRUSSE COMME  
LA PUISSANCE LA PLUS QUALIFIEE POUR SURVEILLER  
DE PRES LE RHIN.

H.A.L. FISHER,  
A HISTORY OF EUROPE  
DIXIEME EDITION, LONDRES 1969

## QUATRIEME PARTIE

### LE PROBLEME DE LA SECURITE

#### A. ETAT RESUME DES FORCES

#### B. L'AMERIQUE ET LA SECURITE EUROPEENNE

LA QUATRIEME PARTIE DECRIT LES FACTEURS ECONOMIQUES ET MILITAIRES A LA BASE DU PROBLEME DE DEPENSE ET DE SECURITE EN EUROPE OCCIDENTALE. LA CHARGE RELATIVEMENT LEGERE SUPPORTEE PAR LES ALLIES EUROPEENS DE L'OTAN EST ANALYSEE GRAPHIQUEMENT DANS LES TABLEAUX 3 ET 5. (LE BUDGET AMERICAIN DE LA DEFENSE, SEMBLE ETRE LE DOUBLE OU LE TRIPLE DU BUDGET MOYEN DE L'EUROPE OCCIDENTALE, LE MEME DESEQUILIBRE ETANT EVIDENT EN CE QUI CONCERNE LES EFFECTIFS MILITAIRES.) LE TABLEAU 6 MONTRE LE DESEQUILIBRE DE L'EFFORT ENTRE LES PAYS DE L'OTAN ET CEUX DU PACTE DE VARSOVIE, ALORS QUE LES FACTEURS ECONOMIQUES DECRITS DANS LA PARTIE II CI - DESSUS, AINSI QUE LES COMPARAISONS DANS LA SUITE DE LA PARTIE IV, MONTRENT QUE L'EUROPE OCCIDENTALE EST LA ZONE IDEALE SUR LAQUELLE APPLIQUER LA DOCTRINE NIXON ... LA SUBSTITUTION DE LA FORCE DE DEFENSE LOCALE PAR UNE INTERVENTION OU UNE RESPONSABILITE AMERICAINE PRIMORDIALE. LA SECTION IV B. ESSAIE DE METTRE EN VALEUR LES INTERETS CONTRADICTOIRES DES PRINCIPAUX ACTEURS DANS L'ARENE DE LA SECURITE EUROPEENNE: E.U, URSS, ALLEMAGNE DE L'OUEST, FRANCE ET ROYAUME-UNI.

A. ETAT RESUME DES FORCES① LES FORCES STRATEGIQUES NUCLEAIRES EUROPEENNES.MISSILES

1970 : 48 MISSILES POLARIS APPARTENANT A DEUX SOUS-MARINS DE G.B.

1971 : 96 MISSILES DE TYPE POLARIS APPARTENANT A TROIS SOUS-MARINS DE G.B. ET TROIS SOUS-MARINS FRANCAIS.

1976 : 168 MISSILES DE TYPE POLARIS APPARTENANT A QUATRE SOUS-MARINS DE G.B. ET TROIS SOUS-MARINS FRANCAIS, 18 IRBM FRANCAIS.

AVIATION D'ATTAQUE A LONGUE PORTEE

1970 : 135 APPAREILS VULCAN (1), BUCCANEER (2), MIRAGE (3), (DE PLUS, AVIONS D'ATTAQUE A RAYON D'ACTION MOYEN EN UTILISATION DANS LES PAYS D'EUROPE OCCIDENTALE AU NOMBRE DE 1 000, TYPIQUEMENT ADAPTABLES AUX MISSIONS STRATEGIQUES MARGINALES. CECI N'EST PAS TYPIQUEMENT VRAI DE L'AVIATION SOVIETIQUE DE LA MEME CLASSE).

- (1) MACH 0,95  
(2) MACH 0,95  
(3) MACH 2,2

② EUROPE OCCIDENTALE - PUISSANCE STRATEGIQUE NATIONALE 1970.

	<u>TYPE</u>	<u>NOMBRE</u>
G.B.	POLARIS SLEM	48
	BOMBARDIERS A MOYENNE PORTEE (1)	110
	AVIATION D'ATTAQUE (2)	80
FRANCE	AVIATION D'ATTAQUE (3)	36
(1) VULCAN (MACH 0,95), CANBERRA (MACH 83)		
(2) BUCCANEER (MACH 0,95)		
(3) MIRAGE 1 VA (MACH 2,2).		

③ BLOC SOCIALISTE EUROPEEN (1969)

<u>BUDGET DE LA DEFENSE</u>	<u>PAR HABIT. EN DOLLARS</u>	<u>% DU P.N.B.</u>
U R S S	164	8,5
BULGARIE	28	2,8
TCHECOSLOVAQUIE	109	5,6
ALLEMAGNE DE L'EST	116	5,9
HONGRIE	44	3,4
POLOGNE	62	5,0
ROUMANIE	29	2,9
(YOUgoslavie)	(29)	(5,3)

④ EUROPE OCCIDENTALE (1969)

<u>BUDGET DE LA DEFENSE</u>	<u>PAR HABITANT EN DOLLARS</u>	<u>% DU P.N.B.</u>
BELGIQUE	67	3
G.B.	100	5,1
DANEMARK	72	2,6
FRANCE	123	4,4
ALLEMAGNE	103	4,0
GRECE	47	5,1
ITALIE	44	2,9
LUXEMBOURG	23	0,9
PAYS-BAS	80	3,7
NORVEGE	95	3,8
PORTUGAL	19	4,6
ESPAGNE	18	2,1
SUEDE	138	4
SUISSE	66	2,2

(CHIFFRES DE COMPARAISON POUR LES ETATS-UNIS) 393 8,6

⑤ EUROPE OCCIDENTALE : EFFECTIFS MILITAIRES, 1970

<u>PAYS</u>	<u>FORCES REGULIERES</u>	<u>PARA-MILITAIRES</u>	<u>RESERVE</u>	<u>TOTAL DES HOMMES D'AGE MILITAIRE</u>	<u>% DES FORCES REGULIERES PAR RAPPORT AUX HOMMES D'AGE MILITAIRE</u>
ANGLETERRE	390 000		270 000	10 200 000	3,8
FRANCE	506 000	75 000	430 000	9 800 000	5,2
ALLEMAGNE	466 000	18 500	663 000	11 500 000	4,1
GRECE	159 000	23 000	200 000	1 775 000	9,0
ITALIE	413 000	76 000	630 000	10 775 000	3,8
HOLLANDE	121 250	3 000	190 000	2 520 000	5,0
PORTUGAL	185 500	15 000	500 000	1 770 000	10,5
SUEDE	82 000		545 000	1 510 000	5,4
CHIFFRES DE COMPARAISON POUR LES ETATS-UNIS :					
	3 161 000		1 023 500	37 100 000	8,5

\* SOURCES : NON OFFICIELLES TIREES DE :  
THE STRATEGIC BALANCE, INSTITUTE  
OF STRATEGIC STUDIES, LONDRES 1970  
OU DE : THE NEW YORK TIMES.

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## BLOC SOCIALISTE EUROPEEN - EFFECTIFS MILITAIRES, 1970

PAYS	FORCES REGULIERES	PARA - MILITAIRES	RESERVE	TOTAL DES HOMMES D'AGE MILITAIRE	% DES FORCES REGULIERES PAR RAPPORT AUX HOM- MES AGE MILIT.
U R S S	3.305.000 *	230.000	2.100.000	47.600.000	6,9
TCHECOSLOV.	168.000	35.000	500.000	2.800.000	6,0
POLOGNE	242.000	45.000	450.000	6.400.000	3,6
ALLEMAGNE DE L'EST	129.000	73.500	200.000	2.960.000	4,1
ROUMANIE	181.000	50.000	250.000	4.140.000	4,4

\* 31 DIVISIONS EN EUROPE CENTRALE ET DE L'EST, 60 DIVISIONS DANS LA PARTIE SOVIETIQUE EUROPEENNE, 8 DIVISIONS EN URSS CENTRALE, 28 DIVISIONS DANS LE SUD DE L'URSS, 30 DIVISIONS DANS LA ZONE DE LA FRONTIERE CHINOISE.

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## L'EUROPE OCCIDENTALE - LE PACTE DE VARSOVIE

## COMPARAISON DES FORCES NAVALES

	L'EUROPE OCCIDENTALE (1)	PACTE DE VARSOVIE
SOUS-MARINS DE TYPE POLARIS	3 (7 en 1979)	25 (55-85 en 1976) (2)
SOUS-MARINS A PROPULSION NUCLEAIRE DE LA FLOTTE	3	55
SOUS-MARINS	91	272
CROISEURS LANCE-ENGINS	8	9
DESTROYERS ET FREGATES LANCE-ENGINS (Y COMPRIS A/A)	26	29
PORTE-AVIONS	4	
PORTE-HELICOPTERES	5	
NAVIRES DE DEBARQUEMENT	4	
CROISEURS, DESTROYERS, FREGATES AS	184	150 (1)
CROISEURS		15
EFFECTIFS NAVALS	355 350	513 000

(1) GRANDE-BRETAGNE, FRANCE, ALLEMAGNE, DANEMARK, NORVEGE, ITALIE, PAYS-BAS, BELGIQUE, PORTUGAL, ESPAGNE, GRECE.

(2) DIX SOUS-MARINS NUCLEAIRES SOVIETIQUES SONT DE TYPE POLARIS ; 15 SONT PREVUS POUR N'ENVOYER QUE 3 MISSILES BALLISTIQUES.

(3) 25 SOUS-MARINS SOVIETIQUES REGULIERS SONT EQUIPES DE 3 MISSILES BALLISTIQUES.

N.B. A CAUSE DE L'INCOMPATIBILITE DE CERTAINS TYPES, CES CHIFFRES DOIVENT ETRE CONSIDERES APPROXIMATIFS.

SOURCE : INSTITUTE FOR STRATEGIC STUDIES, THE MILITARY BALANCE, 1970.

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## EUROPE OCCIDENTALE - PACTE DE VARSOVIE

## COMPARAISONS DE LA PUISSANCE AERIENNE STRATEGIQUE

	L'EUROPE OCCIDENTALE (1)	PACTE DE VARSOVIE
MISSILES	57 (2)	630 (3)
BOMBARDIERS SUBSONIQUES A LONGUE PORTEE		140
BOMBARDIERS SUPERSONIQUES A MOYENNE PORTEE	45	
BOMBARDIERS SUBSONIQUES A MOYENNE PORTEE	110	500 (4)
CHASSEURS (SUBSONIQUES ET SUPERSONIQUES)	666	(1 340) (5)

(1) GRANDE-BRETAGNE, FRANCE, ALLEMAGNE, DANEMARK, NORVEGE, ITALIE, PAYS-BAS, BELGIQUE, PORTUGAL, GRECE.

(2) POLARIS BRITANNIQUES ET MBIC FRANCAIS. TOTAL PREVU POUR LES ANNEES 1975 : 130.

(3) CE SONT DES MISSILES A MOYENNE PORTEE COUVRANT A PRESENT LES CIBLES EUROPEENNES : IL EST EVIDENT QU'UN NOMBRE PLUS IMPORTANT DE MISSILES SOVIETIQUES POURRAIT ETRE DIRIGE VERS L'EUROPE AU CAS OU LA MENACE STRATEGIQUE DES ETATS-UNIS SERAIT RETIREE OU NEUTRALISEE.

(4) PLUS DE 300 A L'HEURE ACTUELLE DANS LA CONFIGURATION MARITIME.

(5) UNIQUEMENT LES PREMIERS TYPES SOVIETIQUES D'AVIONS DE BOMBARDEMENT (BLINDER 1962 ; BEAGLE, 1950) NETTEMENT ADAPTABLES AUX MISSIONS STRATEGIQUES A CAUSE DE LA LIMITATION DE PORTEE. LES TYPES OCCIDENTAUX SONT PRESQUE TOUS ADAPTABLES AU MOINS A UNE UTILISATION STRATEGIQUE MARGINALE.

N.B. EN RAISON DE L'INCOMPATIBILITE DE CERTAINS TYPES, CES CHIFFRES DOIVENT ETRE CONSIDERES APPROXIMATIFS.

SOURCE : INSTITUTE FOR STRATEGIC STUDIES, THE MILITARY BALANCE, 1970.

1 INTERETS "PERMANENTS" DES E.U. DANS L'ARENE EUROPEENNE

1. L'INTEGRITE PHYSIQUE ET POLITIQUE DES ETATS - UNIS.
2. QUE L'EUROPE OCCIDENTALE NE TOMBE PAS SOUS LE CONTROLE OU LA COUPE SOVIETIQUE
3. QUE LA GUERRE OU UN DESORDRE PROFOND N'ECCLATE PAS A L'INTERIEUR DE L'EUROPE OCCIDENTALE.
4. MAINTIEN D'UN ENVIRONNEMENT INTERNATIONAL STABLE.
5. INFLUENCER LE RYTHME ET LA QUALITE DE LA PROLIFERATION NUCLEAIRE
6. COMMERCE PACIFIQUE ET AVANTAGE ECONOMIQUE RECIPROQUE
7. MAINTIEN D'UNE COMMUNION INTELLECTUELLE ET MORALE AVEC L'EUROPE

2 L'ENGAGEMENT DE L'OTAN

EN 1949 LE COMITE DE RELATIONS ETRANGERES DU SENAT DES ETATS-UNIS SOUTINT QUE, PAR LE TRAITE DE L'OTAN, LES E.U. N'ETAIENT PAS "OBLIGES DE REAGIR A UNE ATTAQUE CONTRE PARIS OU COPENHAGUE DE LA FACON MEME DONT ILS REAGIRAIENT A UNE ATTAQUE CONTRE NEW-YORK". LE TRAITE NE DONNAIT PAS NON PLUS AU PRESIDENT LE "POUVOIR D'ENTREPRENDRE AUCUNE ACTION, SANS AUTORISATION SPECIALE DU CONGRES, QU'IL N'AURAIT PU ENTREPRENDRE EN L'ABSENCE DU TRAITE".

RAPPORT DU COMITE DE RELATIONS ETRANGERES, LE 6 JUIN 1949, RAPPORT EXECUTIF DU SENAT N°8, 81ème CONGRES, 1ère SESSION.

3 LES NON-INTERETS DES E.U. EN EUROPE

1. COMBATTRE LE COMMUNISME EN TANT QUE SYSTEME DE VALEURS OU SYSTEME ECONOMIQUE
2. LIBERER L'EUROPE DE L'EST
3. PROLONGER L'OTAN AU-DELA DE SA PERIODE D'UTILITE MILITAIRE.
4. PROMOUVOIR L'UNIFICATION DE L'EUROPE
5. EMPECHER L'UNIFICATION DE L'EUROPE

4 L'EVOLUTION DES PREOCCUPATIONS NATIONALES A PROPOS DE L'EUROPE 1949 - 1971A ETATS-UNIS

1949	1966	1971
DEFENSE CONTRE LA CONQUETE SOVIETIQUE	EVITER UN INCIDENT EUROPEEN MENANT A UNE GUERRE NUCLEAIRE STRATEGIQUE	MAINTIEN DU SOUTIEN POLITIQUE ET FISCAL DE L'EUROPE OCCIDENTALE PENDANT UNE PERIODE DE CRISES ECONOMIQUES ET DOMESTIQUES AUX E.U. AINSI QUE DE PREOCCUPATIONS EN ASIE
RESTAURATION DE LA STABILITE POLITIQUE INTERIEURE DE L'EUROPE (Y COMPRIS CONTROLE DES PARTIS COMMUNISTES DE CHAQUE PAYS).	MAINTIEN DE LA STABILITE POLITIQUE INTERIEURE ET DE L'INDEPENDANCE DE L'EUROPE	ACCORD AVEC L'URSS SUR LE CONTROLE DES ARMES STRATEGIQUES
RELEVER L'ECONOMIE	RENFORCEMENT DE LA COOPERATION E.U. - UNION SOVIETIQUE (CONTROLE DE L'ARME-MENT ETC.)	REDUCTION DES DEPENSES FISCALES ET MILITAIRES DES E.U. AU MOYEN DE: (1) DETENTE AVEC L'URSS, (2) PRETENTIF DE L'EUROPE A UNE RESPONSABILITE ACCRUE.
EXPULSION DES SOVIETIQUES D'ALLEMAGNE DE L'EST, D'AUTRICHE, DES PAYS SATELLITES.	MAINTENIR L'INFLUENCE POUR UN "REGLEMENT" FINAL	MINIMISER LES CONFLITS D'INTERETS E.U.-URSS
BASES MILITAIRES	DEFENSE CONTRE LA CONQUETE SOVIETIQUE DE L'EUROPE	MAINTENIR L'INFLUENCE POUR UN "REGLEMENT" FINAL; AMBIVALENCE SUR LES INITIATIVES DU TRAITE ALLEMAND.
	BALANCE DES PAIEMENTS	DEFENSE CONTRE LA CONQUETE SOVIETIQUE.

B UNION SOVIETIQUE

1949	1966	1971
RELEVEMENT DE L'ECONOMIE SOVIETIQUE (Y COMPRIS REPARATIONS PILLAGE)	EVITER UNE GUERRE NUCLEAIRE STRATEGIQUE AVEC LES E.U.	EVITER UNE GUERRE NUCLEAIRE STRATEGIQUE AVEC LES E.U.
EVITER UNE GUERRE NUCLEAIRE STRATEGIQUE AVEC LES E.U.	INCORPORATION DES PAYS SATELLITES	MAINTIEN DE L'INFLUENCE ET DU PRESTIGE DANS LES PAYS SATELLITES
INCORPORATION DES PAYS SATELLITES	MAINTIEN DE L'INFLUENCE ET DU PRESTIGE DANS LES PAYS SATELLITES	MAINTIEN DE LA SECURITE, DE L'INFLUENCE, DU PRESTIGE, DU CONTROLE ULTIME DANS LES PAYS SATELLITES
	EVITER UNE ADAPTATION VIOLENTE DU STATU-QUO EN EUROPE DE L'EST	
INCORPORATION DE L'EUROPE OCCIDENTALE	SECURITE DEVANT LE RENOUVEAU ALLEMAND	CULTIVER LES RELATIONS AVEC L'ALLEMAGNE, LA FRANCE, LA GRANDE-BRETAGNE POUR EMPECHER L'APPARITION D'UNE MENACE ALLEMANDE, REDUIRE LES PRESSIONS SUR L'EUROPE DE L'EST ET DETACHER L'EUROPE OCCIDENTALE DES E.U.
SECURITE DEVANT LE RENOUVEAU ALLEMAND	RENFORCEMENT DE LA COOPERATION E.U. - UNION SOVIETIQUE (CONTROLE DE L'ARME-MENT, ETC.)	RENFORCER LA COOPERATION E.U. - UNION SOVIETIQUE SUR LE CONTROLE DE L'ARME-MENT ETC.

**C ALLEMAGNE DE L'OUEST**

1949	1966	1971
RELEVEMENT DE L'ECONOMIE	MAINTIEN DE L'ORDRE CONSTITUTIONNEL	MAINTIEN DU SOUTIEN DES E.U.
RESTAURATION DE LA RESPECTABILITE	RECONCILIATION AVEC LES VOISINS	NORMALISATION DES RELATIONS AVEC L'URSS; L'EUROPE DE L'EST POUR SE REASSURER CONTRE LA DIMINUTION DU SOUTIEN DES E.U.
ORDRE CONSTITUTIONNEL INTERIEUR	DEFENSE CONTRE LA CONQUETE SOVIETIQUE	DEVELOPPEMENT DE L'UNITE AUTANT POLITIQUE QU'ECONOMIQUE DE L'EUROPE.
DEFENSE CONTRE LA CONQUETE SOVIETIQUE	REUNIFICATION	DEFENSE CONTRE LA CONQUETE SOVIETIQUE
REUNIFICATION	RESTAURATION DU RANG ET DU PRESTIGE	MAINTIEN DE L'ORDRE CONSTITUTIONNEL
RESTAURATION DES FRONTIERES	ASSURANCE DE MARCHES FAVORABLES	ASSURANCE DE MARCHES FAVORABLES
	RECTIFICATION DES FRONTIERES	REUNIFICATION

**D GRANDE-BRETAGNE**

1949	1966	1971
RELEVEMENT DE L'ECONOMIE	CROISSANCE (ET STABILITE) DE L'ECONOMIE	CROISSANCE ET STABILITE DE L'ECONOMIE; POSITION TECHNOLOGIQUE DANS LE MONDE
DEFENSE CONTRE LA CONQUETE SOVIETIQUE	MAINTIEN DE RELATIONS PRIVILEGIEES AVEC E.U.	ASSURANCE DE MARCHES FAVORABLES.
	ASSURANCE DE MARCHES FAVORABLES	CHOIX ENTRE ENTREE EN EUROPE ET MAINTIEN DE RELATIONS PRIVILEGIEES AVEC E.U.
	SECURITE CONTRE LA CONQUETE SOVIETIQUE	SECURITE CONTRE LE RELEVEMENT ECONOMIQUE ET POLITIQUE DE L'EUROPE
SECURITE DEVANT LE RENOUVEAU ALLEMAND	SECURITE DEVANT LE RENOUVEAU ALLEMAND(?)	SECURITE CONTRE LA MENACE SOVIETIQUE.

**E FRANCE**

1949	1966	1971
RELEVEMENT DE L'ECONOMIE	RETROUVER LA CONFIANCE NATIONALE	CROISSANCE DE L'ECONOMIE ET DE LA TECHNOLOGIE
DEFENSE CONTRE LA CONQUETE SOVIETIQUE	ORDRE CONSTITUTIONNEL INTERIEUR	ORDRE CONSTITUTIONNEL INTERIEUR
DEFENSE CONTRE LE PARTI COMMUNISTE NATIONAL	DEFENSE CONTRE LA CONQUETE SOVIETIQUE	"NORMALISATION" EN EUROPE COMME MOYEN DE SECURITE POLITIQUE ET ECONOMIQUE
ORDRE CONSTITUTIONNEL INTERNE	REAFFIRMATION DE L'INFLUENCE TRADITIONNELLE	ASSURANCE DE MARCHES FAVORABLES
SECURITE DEVANT LE RENOUVEAU ALLEMAND	ASSURANCE DE MARCHES FAVORABLES	REAFFIRMATION DE L'INFLUENCE TRADITIONNELLE.
	SECURITE DEVANT LE RENOUVEAU ALLEMAND	SECURITE "SUR TOUS LES AZIMUTHS".

**5 TRAITE GERMANO-SOVIETIQUE DE 1970**

1. RECONNAIT LES FRONTIERES EUROPEENNES EXISTANTES, Y COMPRIS LA LIGNE ODER-NEISSE.
2. RENONCE A L'UTILISATION DE LA FORCE
3. DES LETTRES JOINTES PRECISENT QUE LES ASPIRATIONS ALLEMANDES VERS UNE UNIFICATION PACIFIQUE NE SONT PAS CONTRAIRES A L'ACCORD, ET QUE LES DROITS DES ALLIES EN ALLEMAGNE ET A BERLIN NE SONT PAS REMIS EN QUESTION.
4. NE COMPRENAIT AUCUNE CONCESSION SOVIETIQUE SUR BERLIN SI CE N'EST DES ASSURANCES PRIVEES D'"AMELIORATION".

**6 EBAUCHE DU TRAITE GERMANO-POLONAIS DE 1970**

1. ETABLIT DES RELATIONS DIPLOMATIQUES NORMALES
2. RECONNAIT A LA POLOGNE LES TERRITOIRES DE L'ODER-NEISSE
3. DANS UNE NOTE JOINTE, SE MET D'ACCORD SUR LE PROBLEME DE L'EMIGRATION DES ALLEMANDS VIVANT DANS LA PARTIE OUEST DE LA POLOGNE

NEW YORK TIMES  
1e 15 Novembre 1970

**7 NOUVEAUX ORGANISMES DE L'UNITE EUROPEENNE**

1. UN "CENTRE DE DECISION" RESPONSABLE DE LA POLITIQUE ECONOMIQUE DES SIX ET ASSUMANT DE NOMBREUX POUVOIRS JUSQU'ALORS DETENUS NATIONALEMENT, AVEC UN ACCROISSEMENT CORRESPONDANT DU CONTROLE PARLEMENTAIRE PAR UN PARLEMENT EUROPEEN (IMPLIQUANT UNE FORME CONVENABLE D'ELECTION EUROPEENNE) A ETE PROPOSE POUR ENTRER EN VIGUEUR AVANT 1980, LES DIFFERENTES ETAPES ETANT PREVUES DEBUTER DES JANVIER 1971.
2. UN SYSTEME RELIANT LES BANQUES CENTRALES EUROPEENNES AVEC POUVOIR DE DECIDER DE LA POLITIQUE MONETAIRE INTERIEURE AUX ETATS MEMBRES ET A L'EXTERIEUR DE CONTROLER LES RESERVES MONETAIRES COMMUNES A L'EUROPE ET UNE MONNAIE COMMUNE.

PROPOSE AU CONSEIL DE LA CEE PAR LE COMITE D'EXPERTS WERNER (BRUXELLES, OCTOBRE 1970);

## CINQUIEME PARTIE

### C.E.E. ET UNIFICATION

LA PARTIE V CHERCHE A METTRE EN VALEUR LES  
PROBLEMES ENTRE LA GRANDE-BRETAGNE ET LE  
MARCHE COMMUN.

LA PARTIE V.B EST UNE ETUDE GENERALE DES FORCES  
POUR ET CONTRE L'INTEGRATION EUROPEENNE.

① RELATIONS MUTUELLES ENTRE LA C.E.E.,  
LA GRANDE-BRETAGNE ET LA SCANDINAVIE

1960-1980

(P.N.B. en million de \$) •

	P.N.B. 1960	% de L'Europe=100	P.N.B. 1970	% de L'Europe=100	P.N.B. 1980	% de L'Europe=100
C. E. E.	188,80	59,1	312,86	62,2	522,92	65,0
C. E. E. + G. B.	261,08	81,8	407,55	80,1	652,65	81,1
G. B.	72,28	22,7	94,69	17,9	129,73	16,1
EUROPE DE L'EST	319,21	100,0	502,72	100,0	804,89	100,0
SCANDINAVIE	28,70	9,0	44,80	8,9	65,83	8,2

• EN DOLLARS U.S. CONSTANTS 1960

SOURCE : O.C.D.E., OUTLOOK FOR ECONOMIC GROWTH, PARIS, MAI 1970

② L'ENTREE DE LA GRANDE-BRETAGNE DANS LA C.E.E. BILAN  
POSITIF.

LA PLUPART DES INDUSTRIES BRITANNIQUES Y GAGNERAIENT

LES PRINCIPALES INDUSTRIES BRITANNIQUES SORTIRAIENT GAGNANTES D'UNE ENTREE DANS LA COMMUNAUTE EUROPEENNE, SELON LE BULLETIN DU MARCHE COMMUN PUBLIE LE MOIS DERNIER PAR LA COMMISSION DE BRUXELLES. QUELQUES SECTEURS SEULEMENT POURRAIENT EN SUBIR DES CONSEQUENCES NEFASTES.

"LES GAGNANTS" SERAIENT LES INDUSTRIES QUI ONT UN RATIO CAPITAL/CHIFFRE D'AFFAIRES IMPORTANT, DONT L'EFFICACITE RELATIVE SUBIT FACILEMENT LA COMPARAISON AVEC LA MOYENNE DE L'EUROPE OCCIDENTALE. PARMI CES INDUSTRIES: L'ELECTRONIQUE, LES PRODUITS PHARMACEUTIQUES, L'INDUSTRIE AEROSPACIALE, LES PRODUITS CHIMIQUES, L'INDUSTRIE MECANIQUE, ELECTRIQUE.

"LES GAGNANTS MODESTES" SERAIENT LES INDUSTRIES POUR LESQUELLES UN ETAT DE MEMBRE DE LA COMMUNAUTE AURAIT PEU D'EFFET DIRECT (PAR EXEMPLE LA CONSTRUCTION ET LES SERVICES OU UN ACCROISSEMENT ECONOMIQUE PLUS IMPORTANT POURRAIT ETRE COMPENSE PAR UN COUT DE LA MAIN-D'OEUVRE PLUS ELEVE). PARMI CES INDUSTRIES QUI TIRERAIENT UN "PROFIT NOTABLE" MAIS QUI RENCONTRERAIENT UNE CONCURRENCE PLUS ACHARNEE HORS DE LA COMMUNAUTE ET QUI SOUFFRIRAIENT DE SALAIRES ET DE FRAIS MATERIELS PLUS IMPORTANTS: L'INDUSTRIE AUTOMOBILE, LA CONSTRUCTION NAVALE, LES TEXTILES, ET LE COMMERCE DE DETAIL.

"LES PERDANTS EVENTUELS" COMPRENNENT: LES INDUSTRIES DONT LA PROTECTION DOUANIERE CONTRE LES CONCURRENTS DE LA COMMUNAUTE SERAIT SUPPRIMEE, TELLES LES INSTRUMENTS SCIENTIFIQUES; LES INDUSTRIES QUI DEPENDENT D'UNE LARGE PROPORTION DE MATIERE PREMIERE IMPORTEE, CELLE-CI POUVANT DEVENIR PLUS CHERE, TELLES L'INDUSTRIE DU PAPIER ET DE LA CHAUSSURE; LES INDUSTRIES QUI S'ATTENDENT A UNE NETTE MONTEE DES PRIX ET QUI NE SE DEVELOPPENT QUE LENTEMENT, TELLES L'ALIMENTATION, LA CONFECTIO ET LA BRASSERIE.

DE PLUS LA COMMISSION DE BRUXELLES A EXPRIME SA CONFIANCE DANS LE FAIT QU'UNE ENTREE DANS LA COMMUNAUTE ACCELERERAIT LA CROISSANCE DE L'ECONOMIE BRITANNIQUE CAR ELLE APPARTIENDRAIT A UN MARCHE PLUS LARGE. ON PEUT S'ATTENDRE A CE QUE LES TAUX D'ACCROISSEMENT VARIENT SUIVANT LES SECTEURS :

• AU DESSUS DE L'ACCROISSEMENT MOYEN :  
INDUSTRIES MECANIQUE ET ELECTRIQUE, RAFFINERIES DE PETROLE, CONSTRUCTION AUTOMOBILE, AVIATION.

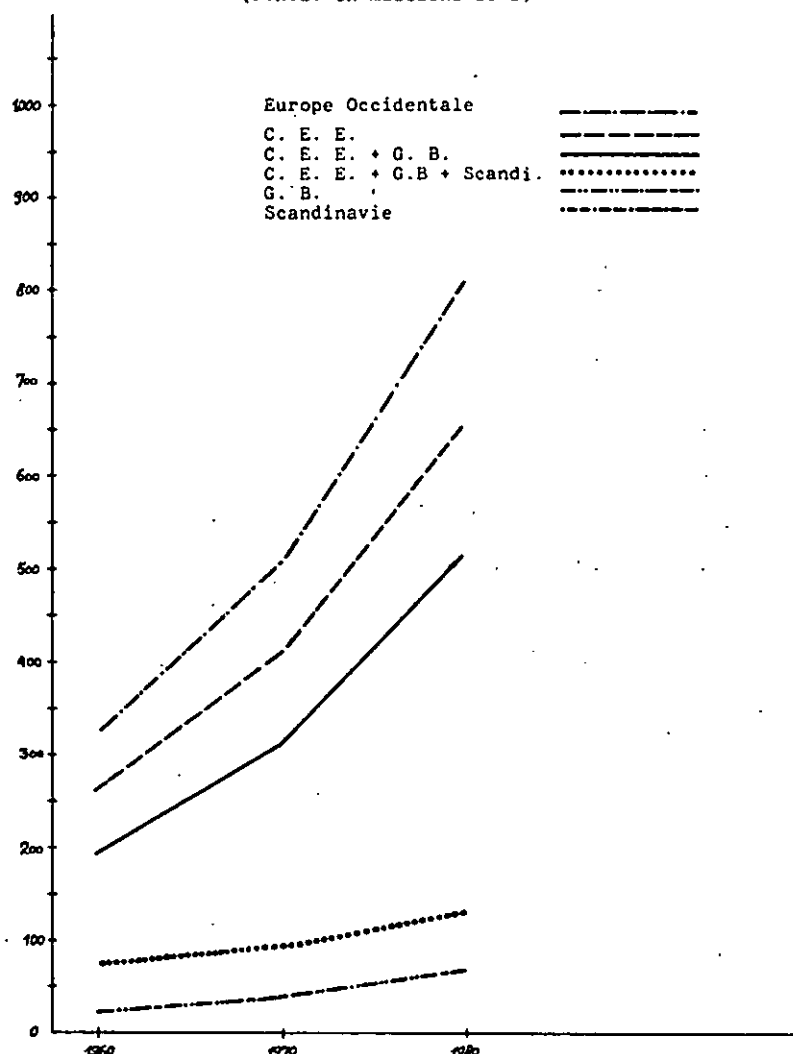
• ACCROISSEMENT MOYEN :  
LA CONSTRUCTION NAVALE, LES TRANSPORTS, COMMUNICATIONS, TEXTILES, MATERIAUX DE CONSTRUCTION.

• EN DESSOUS DE L'ACCROISSEMENT MOYEN :  
AGRICULTURE, CHARBONNAGES, L'INDUSTRIE ALIMENTAIRE, LE FER ET L'ACIER

SOURCE : COMMUNAUTE EUROPEENNE N°130 JANV.1970

③ ACCROISSEMENT EN EUROPE OCCIDENTALE  
POUR DIFFERENTS ACTEURS ET DIFFERENTES OPTIONS  
(1960-80)

(P.N.B. en millions de \$)

SOURCE : OCDE, OUTLOOK FOR ECONOMIC GROWTH, PARIS MAI 1970.

4

LA MAJORITE NEGATIVELE MARCHE COMMUN :

L'ETUDE MONTRE QU'UN REFERENDUM COMME L'A SUGGERE Mr. WEDGWOOD BEEN, PROUVERAIT ENCORE QU'UNE FORTE MAJORITE EST CONTRE L'ENTREE -SI LA QUESTION SE POSAIT MAINTENANT. LES NOUVELLES CONCLUSIONS DE L'O.R.C.\* MONTRENT QUE 64% DES GENS SONT CONTRE L'ENTREE DE LA GRANDE-BRETAGNE ET 29% SONT POUR (7% NE SE PRONONCENT PAS). EN OUTRE CE SONT CEUX QUI S'Y OPPOSENT QUI SONT LES PLUS FANATIQUES: 40% SE DECLARENT "TRES FERMEMENT" CONTRE ET LA PROPORTION S'ELEVE A 52% CHEZ LES PERSONNES DE PLUS DE 65 ANS. CEUX QUI SONT TRES FERMEMENT "POUR" N'ATTENDENT QUE 7%, CHIFFRE S'ELEVANT A 16% DANS LES CLASSES AISEES A ET B.

MAIS CE MOYEN D'OFFRIR A L'IDEE EUROPEENNE DES FUNERAILLES DECENTES, LE REFERENDUM, POURRAIT EN FIN DE COMPTE, SUSPENDRE SES INSTIGATEURS. PLUS DE GENS SONT POUR L'ENTREE MAINTENANT QU'EN FEVRIER DERNIER. ET LES CHIFFRES DES DERNIERS 18 MOIS SUGGERENT QUE L'EUROPEANISME EN GRANDE-BRETAGNE EST EN TRAIN DE SORTIR DE SA PERIODE DE DEPRESSION. ALORS QUE LES MINISTRES DEPLOIENT LEURS ARGUMENTS POUR QUE LA GRANDE-BRETAGNE DEVIENNE MEMBRE, IL SE PEUT QUE CETTE COTE CONTINUE A MONTER.

	MAI 1969	SEPT. 69	FEV. 70	NOV. 70
POUR	41	30	18	29
CONTRE	43	54	72	64
NE SAVENT PAS	16	16	10	7

(CHIFFRES EN POURCENTAGE)

\* : HARRIS POLL

• : O.R.C. OPINION RESEARCH CENTER

JOHN WHALE

SOURCE: SUNDAY TIMES, LONDON, NOV. 22, 1970

6

ATTITUDES ACTUELLES ENVERS L'EUROPE PAR GROUPES D'AGE 1969 (EN POURCENTAGE FAVORABLE)

(2000 ECOLEIERS ET LEURS PARENTS)

SI LES ETATS-UNIS D'EUROPE ETAIENT CREES MAINTENANT, EST-CE QUE VOTRE PAYS DEVRAIT EN FAIRE PARTIE ?

	ALLEMANDS	FRANCAIS	ANGLAIS
ENFANTS	92	83	76
PARENT	71	65	31

EST-CE QUE VOUS ETES EN THEORIE, FAVORABLES A LA CREATION D'UNE ARMEE EUROPEENNE COMPRENANT LES DIFFERENTES ARMEES D'EUROPE DONT LA VOTRE ?

	ALLEMANDS	FRANCAIS	ANGLAIS
ENFANTS	72	57	47
PARENTS	54	47	32

LE GOUVERNEMENT D'UNE EUROPE UNIE DEVRAIT-IL AVOIR LE DROIT DE DECIDER DES PROBLEMES MAJEURS SI SES DECISIONS CONTRECARRAIENT CELLES DE VOTRE PAYS ?

	ALLEMANDS	FRANCAIS	ANGLAIS
ENFANTS	50	48	46
PARENTS	37	46	21

LE MARCHE COMMUN A-T-IL EU JUSQU'A MAINTENANT UNE INFLUENCE FAVORABLE SUR VOTRE VIE EN GENERAL ?

	ALLEMANDS	FRANCAIS	ANGLAIS
ENFANTS	58	35	27
PARENTS	31	21	10

SOURCE : UNIVERSITY OF MICHIGAN, SURVEY (Dr RONALD INGLEHART), EUROPEAN COMMUNITY JANV. 1970.

6

A. FRANCAIS ET ITALIENS MAL JUGES PAR LE SONDAGE D'UN JOURNAL ANGLAIS SUR LA CEE.

LONDRES, 2 MAI (AP) : LES FRANCAIS ET LES ITALIENS "SONT EN GENERAL CONSIDERES COMME MALHONNETES, SALES ET TROP INTERESSES A FAIRE L'AM...", RAPPORTE AUJOURD'HUI UN SONDAGE D'OPINIONS BRITANNIQUE.

LE SONDAGE, EFFECTUE SUR 1000 PERSONNES CONCLUE QUE LES ANGLAIS CONSIDERENT LES ALLEMANDS TRAVAILLEURS MAIS "VIOLENTS, INTOLERANTS ET PAS AMICAUX".

LES BELGES LAISSENT LES BRITANNIQUES INDIFFERENTS "PEU D'ENTRE EUX SEMBLANT EN AVOIR ENTENDU PARLER". SEULS LES HOLLANDAIS, PARMI LES NATIONS MEMBRES DU MARCHE COMMUN, SE SONT BIEN TIREES DE CETTE ETUDE D'OPINION PUBLIQUE MENEES PAR LE LONDON SUNDAY TIMES.

DE NOMBREUX ANGLAIS TROUVENT QUE LES HOLLANDAIS "SONT HONNETES, PROPRES ET QU'ON PEUT COMPTER SUR EUX." LE JOURNAL EXPLIQUE QUE CECI EST PROBABLEMENT DU AU FAIT QUE LA HOLLANDE SOUTIENNE INCONDITIONNELLEMENT L'ENTREE DE LA GRANDE-BRETAGNE DANS LE MARCHE COMMUN.

5

INSULARITE BRITANNIQUE :UN EXEMPLE GROSSIER (ET PEUT-ETRE INJUSTE)

"JE VOUS DIS QUE VOUS ETES MEILLEUR QU'UN FRANCAIS JE PARIERAI N'IMPORTE QUELLE SOMME QUE VOUS, QUI LISEZ CECI, FAITES PLUS DE 1,70m. ET PESEZ PLUS DE 70 Kg., ALORS QU'UN FRANCAIS FAIT 1,62m. ET NE PESE QUE 57 Kg. LE FRANCAIS APRES SA SOUPE PREND UN PLAT DE LEGUME, QUAND VOUS EN AVEZ UN DE VIANDE. VOUS ETES UN ANIMAL DIFFERENT ET SUPERIEUR - UN ANIMAL "A BATTRE LES FRANCAIS" (L'HISTOIRE DE LA GUERRE DE CENT ANS L'A DEMONTRE)."

CHARLES MAKEPEACE THACKERAY.

5

A. L'ETUDE MONTRE QUE 22% VEULENT FAIRE PARTIE DES SIX.

22% SEULEMENT DES GENS INTERROGES DANS UN SONDAGE D'OPINION SUR LE MARCHE COMMUN PENSEAIENT QUE LA GRANDE-BRETAGNE DEVRAIT ENTRER DANS LA CEE.

59% S'OPPOSAIENT A TOUTE TENTATIVE ET LES 19% RESTANT NE SAVAIENT PAS SI "NOUS DEVRIONS ESSAYER D'ENTRER DANS LE MARCHE COMMUN".

C'EST CE QU'IL RESSORT D'UN SONDAGE EFFECTUE PAR LE SALES RESEARCH SERVICES DANS 50 POINTS DE GRANDE-BRETAGNE A LA FIN DU MOIS DE JANVIER. DES QUESTIONS DE BASE FURENT POSEES A 479 PERSONNES, DONT 49% AVAIENT ENTENDU PARLE DU MARCHE COMMUN. DES QUESTIONS PLUS DETAILLEES FURENT POSEES A 356 PERSONNES QUI SEMBLAIENT ETRE TOUT A FAIT AU COURANT DE LA QUESTION.

Mr. COLIN GREENHALGH, DIRECTEUR DU SALES RESEARCH SERVICES, ANNONCA HIER QUE LES RESULTATS SUGGERAIENT QU'UN REFERENDUM LANCE MAINTENANT POURRAIT TRES BIEN ETRE CONTRE L'ENTREE. "NOUS AIMERIONS FAIRE D'AUTRES ETUDES AU FUR ET A MESURE QUE LES NEGOCIATIONS AVANCENT" DIT-IL "IL SE POURRAIT FORT QU'ELLES RENDENT INUTILE UN REFERENDUM COUTEUX".

LE PRINCIPAL ARGUMENT CONTRE L'ENTREE, SOULEVE PAR 39% DES 356 PERSONNES, ETAIT QUE LE COUT DE LA VIE AUGMENTERAIT ET LE NIVEAU DE VIE BAISSE-RAIT.

51% DES MENAGERES, 48% DE L'ENSEMBLE DES FEMMES ET 32% DES HOMMES DISENT QUE C'ETAIT LA RAISON POUR LAQUELLE ILS ETAIENT CONTRE L'ENTREE DANS LA CEE.

1% SEULEMENT DE L'ECHANTILLON DIT QUE L'ETAT DE MEMBRE DE LA COMMUNAUTE SERAIT UN DESAVANTAGE. POUR LES INTERETS AGRICOLES BRITANNIQUES ET 6% PENSEAIENT QU'IL SERAIT DEFAVORABLE AUX INTERETS DU COMMONWEALTH.

10% PENSEAIENT QUE LA CEE N'AVAIT RIEN A OFFRIR A LA GRANDE-BRETAGNE. 14%, PARMI LESQUELS 19% D'HOMMES PENSEAIENT QU'ENTRER DANS LA COMMUNAUTE SERAIT BENEFIQUE CAR CELA AUGMENTERAIT LES IMPORTATIONS ET LES EXPORTATIONS ET 11% QUE LA CONSEQUENCE SERAIT UNE BAISSSE DES PRIX ET UNE AMELIORATION DU NIVEAU DE VIE. LE SOUTIEN LE PLUS IMPORTANT POUR L'ENTREE DANS LA CEE SE TROUVA PARMI LES GROUPES A REVENU ELEVE. 30% DES GENS APPARTENANT AUX CLASSES SOCIALES A, B ET C, DECLARERENT APPROUVER LES NEGOCIATIONS DE BRUXELLES.

DENIS TAYLOR

(LONDON) TIMES, 4 MARS 1971

A. COERCIVE FORCES1 ATTITUDES, ESPOIRS ET CRAINTES

UNITE EUROPEENNE NECESSAIRE A UNE VIGUEUR ET UN DYNAMISME CONTINU ET CROISSANTS; L'EUROPE VUE COMME UNE FORCE POLITIQUE DE STABILISATION DANS LE MONDE.

UNITE NECESSAIRE POUR DEPENDRE L'HERITAGE CLASSIQUE, L'HISTOIRE CULTURELLE COMMUNE CONTRE L'INTRUSION.

UN MARCHE COMMUN EUROPEEN CONSIDERE COMME ESSENTIEL A LA CROISSANCE ECONOMIQUE.

CEPENDANT, UNE REPONSE POLITIQUE EST NECESSAIRE POUR CONSERVER UN EQUILIBRE CONVENABLE ENTRE UNE ECONOMIE RATIONNELLE ET LES ASPIRATIONS DE SOUVERAINETE POLITIQUE ET D'IDENTITES CULTURELLES DIFFERENTES.

AVERSION POUR LA PREDOMINANCE AMERICAINE.

3 BESOINS ET BUTS COMMUNS

1. COMMUNICATIONS MODERNES: RADIO ET TV, SERVICES DU TELEPHONE EN VOIE D'INTEGRATION; AUTOROUTES ET CHEMIN DE FER DEJA INTERCONNECTES; AEROPORTS INTERNATIONAUX A UTILISER EN COOPERATION.

2. L'EUROPE INDUSTRIALISEE DEPEND ENORMEMENT DE LA MATIERE PREMIERE PROVENANT DES AUTRES PARTIES DU MONDE; COOPERATION ESSENTIELLE POUR ASSURER UN APPROVISIONNEMENT REGULIER, POUR PARER AU CHANTAGE ET A LA PENURIE CAUSES PAR L'AGITATION POLITIQUE DANS LES PAYS FOURNISSEURS, POUR DEVANCER UNE CONCURRENCE NEFASTE.

3. OCCASIONS DE PROSPECTIONS EN MER ET D'EXPLOITATION MINIERE DANS LES EAUX EUROPEENNES.

4. ORDINATEURS POUR EMMAGASINER ET RESTITUER LES INFORMATIONS INACCESSIBLES A LA PLUPART DES PETITS PAYS EUROPEENS A MOINS QU'ILS NE COLLABORENT.

5. POLLUTION, AIR ET EAU, DEJA UN PROBLEME EUROPEEN INTEGRE. NE PEUT ETRE RESOLU QUE PAR UNE ACTION POLITIQUE COORDONNEE.

6. SATELLITES ESSENTIELS A LA METEOROLOGIE ET AUX COMMUNICATIONS, ENVISAGEABLES SEULEMENT A TRAVERS LA COOPERATION EUROPEENNE.

7. INTERET COMMUN DANS UNE POLITIQUE INTERNATIONALE POUR LA PECHE

8. LES GOUVERNEMENTS SOCIALISTES ET LES SYNDICATS DESIRENT ETABLIR DES METHODES INTER-EUROPEENNES, CAPABLE DE CONTRECARRER LA POLITIQUE DES ENTREPRISES AGISSANT HORS DU PAYS.

9. CONTROLE DE LA DROGUE? UN PROBLEME DE PLUS EN PLUS SERIEUX LA CRIMINALITE INTERNATIONALE NE PEUT PAS ETRE RESOLUE PAR LES GOUVERNEMENTS NATIONAUX, NECESSITE DES INSTITUTIONS INTER-EUROPEENNES

10. ENERGIE NUCLEAIRE, PRODUCTION DE PLUTONIUM ET D'URANIUM ENRICHIS, RECUPERATION DES COMBUSTIBLES, ELIMINATION DES DECHETS RADIOACTIFS DE PLUS EN PLUS IMPORTANTS ET EXIGEANT UNE COOPERATION EUROPEENNE.

4 PRINCIPES COMMUNS

1. L'UNION PARLEMENTAIRE, LE SYSTEME PARLEMENTAIRE ACCEPTEES PAR PRESQUE TOUS LES PAYS D'EUROPE OCCIDENTALE.

2. LA MAJORITE DES SYSTEMES JURIDIQUES CONTINENTAUX ET SCANDINAVES DERIVENT DE LA LOI ROMAINE.

3. SYSTEME MONETAIRE DECIMAL UTILISE PARTOUT EN EUROPE.

4. NORME COMMUNE A L'EUROPE EN SCIENCE ET TECHNOLOGIE, TEL LE SYSTEME MKSA (ET SES DERIVES).

5. CONDUITE A DROITE ET PRATIQUEMENT LE MEME CODE DE LA ROUTE POUR TOUS LES PAYS EUROPEENS (EN DEHORS DE LA GRANDE-BRETAGNE).

2 ENGAGEMENTS COMMUNS

LE TRAITE DE ROME (CEE), AELE, OCDE.

COOPERATION ET RECHERCHE ET DEVELOPPEMENT DE LA SCIENCE NUCLEAIRE. (CERN), DE LA TECHNOLOGIE (EURATOM) ET DE L'ESPACE (ESRO, ESO).

QUELQUES ECHANGES SURTOUT BILATERAUX, DE SECURITE SOCIALE.

UNE CERTAINE INTEGRATION DES SOURCES D'ENERGIE HYDRO-ELECTRIQUE.

CERTAINES FORMES INSTITUTIONALISEES D'ECHANGE CULTUREL, SUR UNE BASE PRINCIPALEMENT BILATERALE.

DE NOMBREUSES RENCONTRES AU NIVEAU DES MINISTRES DES AFFAIRES ETRANGERES OU AUTRES LEADERS POLITIQUES AINSI QUE DES DIRIGEANTS D'ENTREPRISES.

UNE MAJORITE DE LEADERS POLITIQUES ET DE JOURNAUX INFLUENTS PARMI LES SEPT PAYS EXTERIEURS ENGAGES DANS LES NEGOCIATIONS POUR L'ENTREE DANS LA CEE. IMPATIENCE CROISSANTE DE COMMENCER.

UNE CERTAINE COOPERATION EUROPEENNE A L'INTERIEUR DE L'O.N.U. ET DE SES INSTITUTIONS.

5 FACTEURS CULTURELS ET ETHNIQUES

CHRISTIANISME REPANDU DANS TOUTE L'EUROPE OCCIDENTALE; CERTAINES AVANCES RECENTES VERS UN EUCUMENISME; VIGUEUR RENOUVELEE DE L'EGLISE CATHOLIQUE.

MARKISME EUROPEEN LIBERE DE LA DOMINATION SOVIETIQUE; MARX ET ENGELS CONSIDERES COMME DES INTELLECTUELS EUROPEENS OCCIDENTAUX.

CENTRES CULTURELS EUROPEENS PAR EXCELLENCE : PARIS, LONDRES, VIENNE, MILAN (TOUS LES ARTS), SALZBOURG (MUSIQUE); BIBLIOTHEQUES EUROPEENNES, MUSEES; MARQUES DE L'HISTOIRE CLASSIQUES EN GRECE ET ITALIE; PARIS ET LONDRES POUR LA MODE ET LE SHOW-BUSINESS.

POPULATION DE RACE ESSENTIELLEMENT HOMOGENE.

UNE HISTOIRE EUROPEENNE COMMUNE; UNE CERTAINE HARMONIE ET SYMPATHIE EXISTENT DEJA ENTRE PLUSIEURS NATIONS; QUELQUES RIVALITES NATIONALES EFFACEES (FRANCE-ALLEMAGNE).

6 DANS LE MONDE DES AFFAIRES

TECHNOLOGIES COMPLIQUEES ET COUTEUSES NECESSITENT DES REFORMES STRUCTURELLES VERS DE PLUS GRANDES UNITES; LA TECHNOLOGIE MODERNE A DEPASSE LE CADRE DE NOMBREUX ETATS EUROPEENS ET PEUT ETRE DE TOUS.

COORDINATION DE LA RECHERCHE ET DU DEVELOPPEMENT PLUS QUE JAMAIS COUTEUSE, DEMANDE UNE COOPERATION.

LES MARCHES DE CONSOMMATION EUROPEENS FOURNISSENT DE NOUVEAUX STIMULANTS AUX AFFAIRES.

UN MARCHE EUROPEEN DES CAPITAUX ET DES INVESTISSEMENTS ESSENTIELS A LA CROISSANCE DES SOCIETES ET AUX ACHETEURS INSTITUTIONNELS D'ACTIONS, REPRESENTANT LES MASSES DE PETITS PORTEURS PLUS INTERESSES DANS LA CROISSANCE DES ACTIFS QUE DANS LA MAXIMISATION DES BENEFICES LOURDEMENT IMPOSES.

UN MARCHE EUROPEEN DE LA MAIN D'OEUVRE IMPORTANT POUR ENRAYER LA PENURIE DE MAIN D'OEUVRE ET LES DEMANDES D'AUGMENTATION DE SALAIRE DANS QUELQUES PAYS, ET LE MANQUE DE MAIN-D'OEUVRE SPECIALISEE DANS D'AUTRES.

UN MARCHE EUROPEEN DES OFFRES D'EMPLOI POUR LES TRAVAILLEURS QUALIFIES, ESSENTIEL POUR GARDER AUX AFFAIRES LEUR CARACTERE COMPETITIF ET ATTEINDRE UN EXCELLENT NIVEAU DANS LA REALISATION.

DIVISION DU TRAVAIL ENTRE LES DIFFERENTS PAYS EUROPEENS EN FONCTION DES RESSOURCES NATURELLES ET DES FACTEURS CLIMATIQUES, JUGEE PROFITABLE ET ESSENTIELLE; LES INDUSTRIES ET AGRICULTURES MARGINALES MAINTENUES EN ACTIVITE PAR DES SUBVENTIONS NATIONALES AU DETRIMENT DE LA CROISSANCE ECONOMIQUE.

DE NOMBREUX BUSINESSMEN PENSENT QUE LES POLITICIENS NATIONAUX ONT SOUVENT L'AIR DE DETOURNER L'INTERET PUBLIC, DANS UNE INCOMPREHENSION DES REALITES ECONOMIQUES; DES PRIORITES NATIONALES PEUVENT ETRE MAL REPARTIES ET NUISIBLES. LA COOPERATION ECONOMIQUE EUROPEENNE EMPECHERAIT DES ASPIRATIONS POLITIQUES TROP AVENTUREUSES.

## B. FORCES DE DISPERSION

7

DICHOTOMIES EUROPEENNES

DIFFERENCES FONDAMENTALES DE LANGUES ET D'AUTRES CONCEPTIONS CULTURELLES.

1. LOI ROMAINE vs. JURISPRUDENCE BRITANNIQUE
  2. CONCEPTIONS DIFFERENTES SUR LA VERITE, LES RELATIONS FAMILIALES, LA MORALE ETC.
  3. CENTRALISME JACOBIN vs. FEDERALISME ALLEMAND
  4. RATIONALISME FRANCAIS vs. PRAGMATISME ANGLAIS
- PROTESTANTS vs. CATHOLIQUES.
- MARXISTES CONTINENTAUX vs. REFORMATEURS SOCIALISTES ANGLAIS ET SCANDINAVES.
- PETITS PAYS vs. GRANDS
- DEMOCRATIES vs REGIMES TOTALITAIRES.
- PAYS NEUTRES vs. ALLIANCE DE L'OTAN
- ROYAUMES vs. REPUBLIQUES

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ALTERNATIVES TENTANTES

1. RENAISSANCE NATIONALE ALLEMANDE, UNIFICATION ET STATUT DE PUISSANCE NUCLEAIRE.
2. COOPERATION BILATERALE AVEC LES ETATS - UNIS ET/OU LE JAPON; EVOLUTION VERS LE LIBRE-ECHANGE A L'ECHELLE MONDIALE.
3. DETENTE ET COOPERATION AVEC L'UNION SOVIETIQUE ENTRAINANT DE GRANDES POSSIBILITES DE COMMERCE.
4. REFORMES SOCIALES ET STRUCTURELLES AVEC DE NOUVELLES PRIORITES EN POLITIQUE INTERIEURE. SOCIALISME OU/ET ETAT-PROVIDENCE PLUTOT QU'ECONOMIES CAPITALISTES. ISOLATIONISME OU COOPERATION AVEC LES PAYS SOCIALISTES. FIDELITE IDEALISTE ENVERS LES PAYS PROGRESSISTES MAIS PAUVRES.

8

OBSTACLES A LA COOPERATION

1. GARANTIES POUR UNE SOUVERAINETE POLITIQUE ET UNE IDENTITE POLITIQUE ET UNE CERTAINE QUETE POUR PLUS. INQUIETUDE CROISSANTE AU SUJET D'UNE INTEGRATION ECONOMIQUE, D'UNE INTRUSION CULTURELLE ET D'UNE DEPENDANCE POLITIQUE, NON CONTROLEES.
2. GALLICANISME; SEPARATISME IRLANDAIS, DE MEME EN BRETAGNE ET EN BELGIQUE.
3. SYSTEMES HAUTEMENT INCOMPATIBLES DE SECURITE SOCIALE AVEC DES NIVEAUX D'AMBITION LARGEMENT DIFFERENTS.
4. POLITIQUES FISCALES INCOMPATIBLES.
5. INQUIETUDE DES PAYS A PROPOS DE LEUR AGRICULTURE ET DE LEUR INDUSTRIE, PROBLEME AGGRAVE PAR LES SUBVENTIONS GOUVERNEMENTALES DONNEES PAR PRIORITE A CERTAINS SECTEURS.
6. VUES DIFFERENTES SUR LES INVESTISSEMENTS ET LES INTERETS OUTRE-MER (EX: NOSTALGIE BRITANNIQUE POUR SON GRAND EMPIRE ET SES ENGAGEMENTS AVEC LE COMMONWEALTH).
7. ATTITUDES DIVERGENTES VIS A VIS DES ANCIENNES COLONIES (EN PARTICULIER ENTRE LA FRANCE ET LA GRANDE-BRETAGNE) ET ATTITUDES DIVERGENTES DE CES COLONIES (PARTICULIEREMENT NOTABLES EN TANT QUE MARCHES POTENTIELS).
8. NATIONALISME, FIERTE NATIONALE COUTUMES LOCALES.
9. BARRIERES LINGUISTIQUES.
10. PARTIS POLITIQUES ET SYNDICATS ORGANISES DANS UN CADRE NATIONAL
11. GENRES DE VIE ET VALEURS INCOMPATIBLES.
12. NIVEAUX DE VIE TRES DIVERS S'ETENDANT DU POST-INDUSTRIEL AU PRE-INDUSTRIEL.
13. DIVERGENCES NOTABLES DES SYSTEMES D'EDUCATION Y COMPRIS DIFFERENCES D'OPINIONS SUR DES OBJECTIFS DE BASE.
14. UNE CERTAINE RETICENCE DEVANT LA MAIN-D'OEUVRE ETRANGERE ET DEVANT L'IMMIGRATION.

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OBJECTIONS

1. TROP TARD - AURAIT DU ETRE FAIT IL Y A DES SIECLES.
2. TROP TOT - METTRA DES SIECLES A SE REALISER.
3. VUE TROP ETROITE - ISOLATIONISME PENINSULAIRE. LE PROGRES SIGNIFIE LIBRE ECHANGE ET UNE FEDERATION MONDIALE D'ETATS SOUVERAINS.
4. TROP REACTIONNAIRE - L'EUROPE VEUT S'UNIR POUR PROTEGER SA RICHESSE VOLEE PAR LA FORCE BRUTALE.
5. TROP CONSERVATEUR - DONNE PLUS DE POUVOIR A LA LIBRE ENTREPRISE; LES BUSINESSMEN ALLEMANDS CONSERVATEURS NOUS EXCLURONT DE LEUR MONDE D'ARGENT; LES PREJUGES RELIGIEUX PRENNENT UN POUVOIR DANGEREUX.
6. TROP RADICAL - COMMENT PROTEGER NOS ENFANTS CONTRE LA PORNOGRAPHIE ET LES MOEURS SEXUELS SCANDINAVES ? LES PARTIS TRAVAILLISTES ANGLAIS ET SCANDINAVE, LES PARTIS COMMUNISTES FRANCAIS ET ITALIEN POURRAIENT PRENDRE UNE POSITION DOMINANTE.
7. TROP DANGEREUX - LES CARACTERISTIQUES NATIONALES EFFACEES, PERTE DE L'HERITAGE ET DES VALEURS CULTURELLES, LES PETITS PAYS VENDUS AUX GRANDES PUISSANCES. POURRAIT DECLANCHER LE RETRAIT AMERICAIN; L'EUROPE EXPOSEE A LA MENACE SOVIETIQUE, A UNE MILITARISATION FORCEE; L'EUROPE ENTRAINEE DANS LE JEU POLITIQUE DES SUPER-PUISSANCES DANS LE MONDE ENTIER.
8. PAS NECESSAIRE - LES RAPPORTS DE LA CEE NE SONT PAS TRES IMPRESSIONNANTS, L'AELE A FAIT A PEU PRES AUSSI BIEN. DE NOMBREUX PAYS INDEPENDANTS ARRIVENT A UN MEILLEUR RESULTAT ; LE MARCHÉ COMMUN N'EST PAS INDISPENSABLE A LA CROISSANCE ECONOMIQUE, cf. LE JAPON .

## ANNEXE

### "L'AUTRE EUROPE"

L'ANNEXE EST UN ADDENDUM : L'AUTRE EUROPE, LE BLOC ORIENTAL SOUS DOMINATION SOVIETIQUE, EST ESQUISSEE BRIEVEMENT EN FAITS ET CHIFFRES, POUR DES SIMPLS RAISONS DE COMPARAISON ECONOMIQUE.

"L'AUTRE EUROPE"

①

EUROPE DE L'ESTACCROISSEMENT DE LA POPULATION 1950-1980

(en millions de personnes et en pourcentages)

PAYS ou REGION	MILLIONS			TAUX D'ACCROISSEMENT ANNUELS MOYENS							
	1950	1965	1980	1950-55	1955-60	1960-65	1965-70	1970-75	1975-80	1950-65	1965-80
BULGARIE .....	7,3	8,3	9,3	0,7	1,0	1,0	1,0	0,8	0,7	0,9	0,8
TCHÉCOSLOVAQUIE ...	12,3	14,2	15,8	1,2	0,9	0,8	0,7	0,8	0,8	0,9	0,7
ALLEMAGNE de l'EST ..	18,4	17,1	17,7	-0,5	-0,8	-0,2	0,2	0,2	0,3	-0,5	0,3
HONGRIE .....	9,3	10,2	10,6	1,0	0,3	0,4	0,2	0,4	0,3	0,6	0,3
POLOGNE .....	24,8	31,4	37,0	1,9	1,7	1,2	0,9	1,1	1,2	1,6	1,1
ROUMANIE .....	16,3	19,0	22,5	1,2	1,2	0,7	1,4	1,0	0,9	1,1	1,1
EUROPE de l'EST ...	88,5	100,2	112,8	1,0	0,8	0,7	0,8	0,8	0,8	0,9	0,8
UNION SOVIETIQUE...	181,1	230,6	268,9	1,6	1,8	1,5	1,1	1,0	1,0	1,6	1,1
EUROPE de l'EST et UNION SOVIETIQUE	269,5	330,8	381,7	1,4	1,5	1,3	1,0	0,9	1,0	1,4	0,9

SOURCE : OCDE, ECONOMIC OUTLOOK, N°8, DECEMBRE 1970, P.182EUROPE DE L'EST:

②

ACCROISSEMENT DE LA POPULATION TOTALE PAR GROUPESD'AGE, 1950-1980

(taux annuels moyens)

PAYS	Période Couverte	Groupe d'âge					Tous âges	15-59
		0-14	15-39	40-59	60 +			
BULGARIE .....	1956-1965	-0,1	0,4	1,5	3,3	0,8	0,8	
	1965-1970	-0,5	1,1	1,3	2,8	1,0	1,2	
	1970-1975	1,1	0,0	1,1	2,1	0,8	0,4	
	1975-1980	0,8	0,6	1,2	0,0	0,7	0,8	
	1965-1980	0,4	0,5	1,2	1,6	0,8	0,8	
TCHÉCOSLOVAQUIE ....	1950-1961	1,6	0,5	0,2	2,4	1,0	0,4	
	1961-1965	-1,2	1,2	0,8	3,6	0,8	1,0	
	1965-1970	-0,7	1,2	-0,1	2,6	0,7	0,7	
	1970-1975	1,0	0,8	-0,1	1,3	0,8	0,5	
	1975-1980	1,2	0,8	1,2	-1,0	0,8	1,0	
	1950-1965	0,9	0,8	0,4	2,7	0,9	0,6	
	1965-1980	0,5	0,9	0,3	1,0	0,7	0,7	
ALLEMAGNE de l'EST .	1950-1960	-1,3	-0,0	-2,4	1,6	-0,7	-1,1	
	1960-1965	2,0	-0,6	-2,7	1,1	-0,1	-1,5	
	1965-1970	-0,0	0,9	-1,4	1,0	0,2	0,0	
	1970-1975	0,2	0,7	0,2	-0,5	0,2	0,5	
	1975-1980	0,1	0,2	3,2	-2,3	0,3	1,4	
	1950-1965	-0,2	-0,2	-2,6	1,4	-0,5	-1,2	
	1965-1980	0,1	0,6	0,6	-0,7	0,3	0,6	
HONGRIE .....	1949-1960	0,9	0,3	0,4	2,3	0,7	0,4	
	1960-1965	-1,5	0,1	1,1	3,2	0,4	0,5	
	1965-1970	-2,4	0,9	0,3	2,5	0,2	0,7	
	1970-1975	-0,5	0,3	0,1	1,6	0,4	0,2	
	1975-1980	1,3	-0,3	1,2	-0,6	0,3	0,3	
	1949-1965	0,1	0,2	0,6	2,5	0,6	0,4	
	1965-1980	-0,1	0,3	0,6	1,2	0,3	0,4	
POLOGNE .....	1950-1960	3,1	0,9	1,0	3,0	1,8	0,9	
	1960-1965	-0,7	1,6	1,4	3,8	1,1	1,5	
	1965-1970	-1,8	1,8	1,6	4,0	0,9	1,7	
	1970-1975	-0,7	1,6	1,7	2,4	1,1	1,6	
	1975-1980	1,8	0,8	1,9	0,6	1,2	1,2	
	1950-1965	1,9	1,1	1,1	3,2	1,5	1,1	
	1965-1980	-0,3	1,4	1,7	2,3	1,1	1,4	
ROUMANIE .....	1956-1965	0,4	0,8	0,7	3,3	1,0	0,8	
	1965-1970	1,3	0,6	1,8	3,3	1,4	1,1	
	1970-1975	0,5	0,5	1,7	2,4	1,0	1,0	
	1975-1980	1,7	-0,4	2,6	-0,2	0,9	0,8	
	1965-1980	1,1	0,3	2,0	1,8	1,1	0,9	
UNION SOVIETIQUE ..	1959-1965	2,5	0,7	1,3	3,8	1,7	0,9	
	1965-1970	-0,6	0,6	3,4	3,3	1,1	1,5	
	1970-1975	-1,2	1,5	1,7	3,0	1,0	1,5	
	1975-1980	-0,3	0,5	3,2	0,9	1,0	1,5	
	1965-1980	-0,8	0,9	2,8	2,4	1,1	1,5	

SOURCE : OCDE, ECONOMIC OUTLOOK, N°8, DECEMBRE 1970, P.186

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EUROPE DE L'EST

QUELQUES CARACTERISTIQUES DE LA PYRAMIDE D'AGE  
DES POPULATIONS MASCULINE ET FEMININE 1950-1980 (Pourcentages)

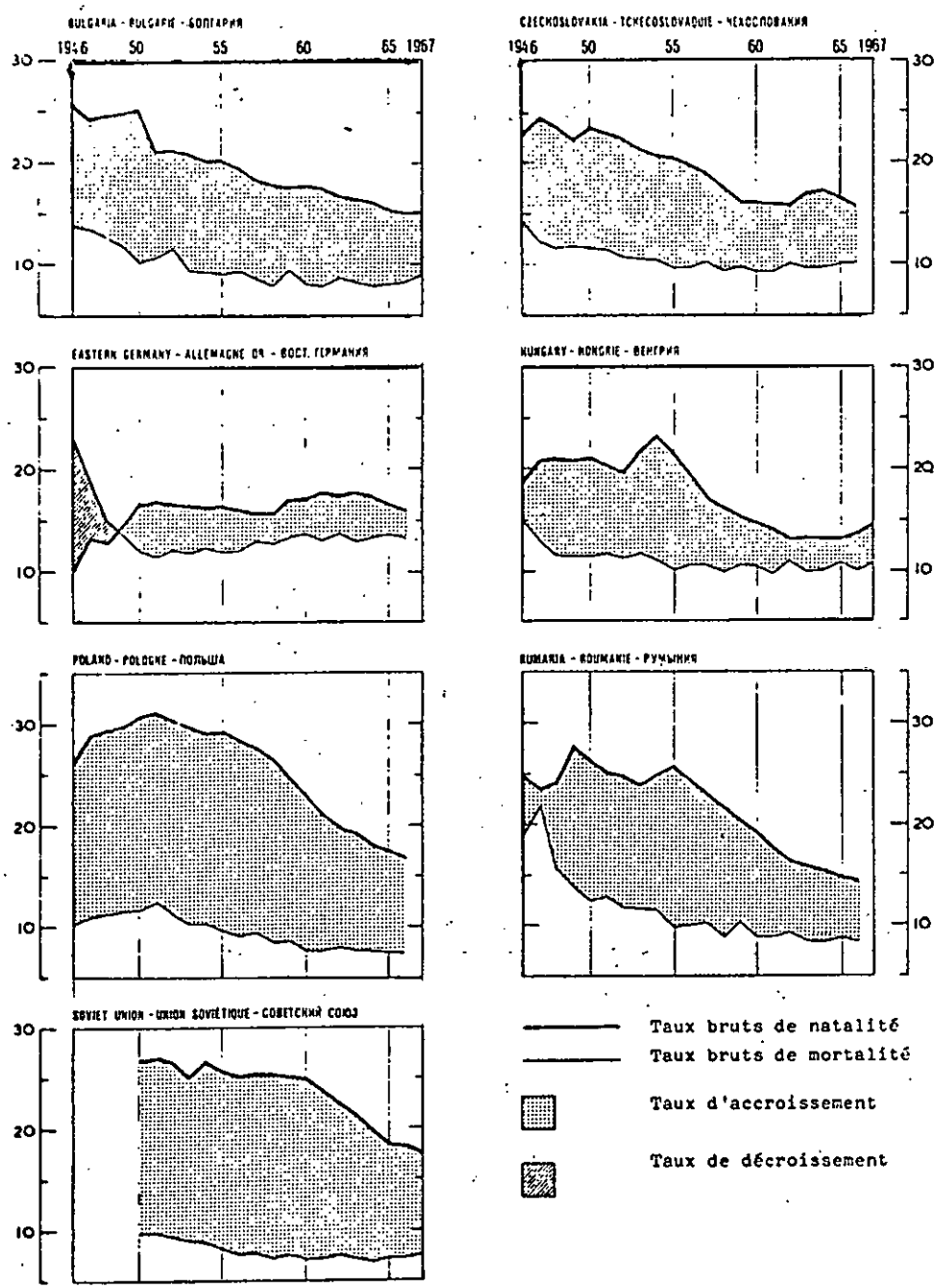
PAYS	ANNEES	Groupe 15-19 en % du total		Groupe 60 + en % du total		Groupe 40-50 en % du groupe 15-19	
		Hommes	Femmes	Hommes	Femmes	Hommes	Femmes
BULGARIE .....	1956	61,7	60,8	9,7	11,7	38,0	37,9
	1965	61,4	60,7	12,3	14,2	39,8	40,2
	1970	62,0	61,3	13,7	15,3	39,9	40,6
	1975	60,7	60,2	14,7	16,2	41,1	42,1
	1980	61,2	60,6	14,2	15,6	41,8	42,9
TCHECOSLOVAQUIE .....	1950	62,9	62,7	10,5	13,0	40,6	42,1
	1961	59,6	58,4	11,8	15,6	39,7	41,1
	1965	60,4	58,7	13,3	17,3	39,1	41,0
	1970	60,6	58,6	14,8	19,0	37,6	39,6
	1975	59,9	57,7	15,2	19,6	36,5	38,5
ALLEMAGNE de L'EST :	1980	60,7	58,5	13,8	18,1	37,0	38,8
	1950	58,2	63,7	15,5	16,7	49,4	49,1
	1960	57,6	58,8	18,1	22,2	39,4	46,3
	1965	54,3	54,7	19,0	23,9	35,0	45,5
	1970	54,8	53,2	19,0	25,5	32,8	42,3
HONGRIE .....	1975	56,8	53,0	17,4	25,6	34,0	40,2
	1980	60,4	55,5	14,4	23,0	38,7	42,6
	1949	63,1	63,9	10,7	12,6	38,2	39,5
	1960	60,8	60,8	12,3	15,2	38,8	40,2
	1965	61,5	60,9	14,1	17,4	39,5	41,9
POLOGNE .....	1970	63,1	62,0	15,9	19,3	38,8	41,2
	1975	63,1	61,4	16,8	20,6	38,6	41,1
	1980	63,1	61,1	15,9	19,9	40,3	43,0
	1950	61,7	62,7	7,3	9,8	34,7	36,4
	1960	56,9	57,1	7,9	11,2	34,4	37,3
ROUMANIE .....	1965	58,5	58,3	9,2	12,6	33,7	37,4
	1970	61,3	60,2	10,9	14,5	33,6	37,2
	1975	63,2	61,4	11,6	15,5	34,2	37,0
	1980	62,9	61,2	11,1	15,0	35,7	38,0
	1956	62,6	62,5	8,6	11,2	35,7	36,8
UNION SOVIETIQUE ..	1965	61,6	61,4	10,9	13,4	34,3	37,3
	1970	60,5	60,3	12,2	14,6	35,9	38,5
	1975	60,6	59,7	12,9	15,7	37,6	39,5
	1980	60,5	59,2	12,0	15,1	41,2	43,1
	1959	59,8	62,4	7,1	11,4	27,8	36,6
	1965	58,2	58,7	7,7	13,3	28,3	37,9
	1970	60,3	59,3	8,7	14,7	32,5	40,3
	1975	63,0	60,2	9,7	16,3	34,1	39,5
	1980	65,1	61,5	9,6	16,3	38,3	41,8

SOURCE : OCDE, ECONOMIC OUTLOOK, N°8, DECEMBRE 1970, P.187

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TAUX D'ACCROISSEMENT NATUREL DE LA POPULATION 1946-1967

(POUR MILLE PERSONNES)

SOURCES : ECONOMIC SURVEY OF EUROPE 1968, P. 183

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PRODUCTION DE DIFFERENTS PRODUITS INDUSTRIELS EN EUROPE DE L'EST

ET UNION SOVIETIQUE 1966/1968 ET PLAN POUR 1969

PRODUITS et PAYS	1966	1967	1968	1969	PRODUITS et PAYS	1966	1967	1968	1969
			Prévu	Effect. Prévu				Prévu	Effect. Prévu
<b>Electricité (millions de Kwh)</b>					<b>Fonte (millions tonnes)</b>				
BULGARIE .....	11,8	13,6	..	15,5	BULGARIE .....	0,90	1,03	..	1,08
TCHÉCOSLOVAQUIE .....	36,5	38,6	..	41,4	TCHÉCOSLOVAQUIE .....	6,27	6,82	..	6,92
ALLEMAGNE DE L'EST .....	56,9	59,7	..	63,2	ALLEMAGNE DE L'EST .....	2,45	2,53	..	2,32
HONGRIE .....	11,9	12,5	..	13,2	HONGRIE .....	1,63	1,66	..	1,64
POLOGNE .....	47,4	51,3	56,4	55,5	POLOGNE .....	5,86	6,58	6,70	6,84
ROUMANIE .....	20,8	24,8	28,1	27,8	ROUMANIE .....	2,20	2,46	..	2,99
UNION SOVIETIQUE .....	545	588	650	638	UNION SOVIETIQUE .....	70,3	74,8	..	78,80
TOTAL .....	730	789	..	855	TOTAL .....	89,3	95,9	..	100,6
<b>Charbon (Millions de tonnes)</b>					<b>Acier brut (Millions tonnes)</b>				
BULGARIE .....	26,5	28,8	..	30,9	BULGARIE .....	0,70	1,23	..	1,46
TCHÉCOSLOVAQUIE .....	100,8	97,6	..	100,4	TCHÉCOSLOVAQUIE .....	9,13	10,00	..	10,55
ALLEMAGNE DE L'EST .....	249,0	242,0	..	246,6	ALLEMAGNE DE L'EST .....	4,08	4,24	..	4,38
HONGRIE .....	30,3	27,0	..	27,2	HONGRIE .....	2,65	2,74	..	2,90
POLOGNE .....	146,5	147,8	155,2	155,5	POLOGNE .....	9,85	10,45	10,74	11,00
ROUMANIE .....	13,5	15,0	17,1	17,0	ROUMANIE .....	3,67	4,08	4,92	4,75
UNION SOVIETIQUE .....	586	595	..	594	UNION SOVIETIQUE .....	96,9	102,2	107	107
TOTAL .....	1153	1153,2	..	1172	TOTAL .....	127,0	134,9	..	142,0
<b>Pétrole (millions de tonnes)</b>					<b>Acier laminé (millions de tonnes)</b>				
BULGARIE .....	0,40	0,50	..	0,48	BULGARIE .....	0,48	0,61	..	1,03
TCHÉCOSLOVAQUIE .....	0,19	0,20	..	0,21	TCHÉCOSLOVAQUIE .....	6,52	7,11	..	7,53
ALLEMAGNE DE L'EST .....	-	-	-	-	ALLEMAGNE DE L'EST .....	2,57	2,59	..	2,91
HONGRIE .....	1,71	1,69	..	1,81	HONGRIE .....	1,74	1,78	..	1,98
POLOGNE .....	0,40	0,45	0,50	0,48	POLOGNE .....	6,58	6,95	7,25	7,33
ROUMANIE .....	12,83	13,21	13,20	13,30	ROUMANIE .....	2,59	2,91	..	3,39
UNION SOVIETIQUE .....	265	288	309	309	UNION SOVIETIQUE .....	76,7	81,7	85	85,20
TOTAL .....	281	304	..	325	TOTAL .....	97,2	103,7	..	109,4
<b>Gaz Naturel (milliards m3)</b>					<b>Engrais Minéraux (milliers tonnes)</b>				
BULGARIE .....	-	-	-	-	BULGARIE .....	369	354	..	409
TCHÉCOSLOVAQUIE .....	-	-	-	-	TCHÉCOSLOVAQUIE .....	512	519	..	526
ALLEMAGNE DE L'EST .....	-	-	-	-	ALLEMAGNE DE L'EST .....	598	641	..	..
HONGRIE .....	1,55	2,04	..	2,69	HONGRIE .....	298	..	..	..
POLOGNE .....	1,38	1,57	2,10	2,56	POLOGNE .....	826	975	1206	1233
ROUMANIE .....	14,08	16,0	17,45	17	ROUMANIE .....	419	537	707	603
UNION SOVIETIQUE .....	145	159	173	171	UNION SOVIETIQUE .....	8400	9400	..	10200
TOTAL .....	162	179	..	193	TOTAL .....	11422	..	..	..

SOURCE : ECONOMIC SURVEY OF EUROPE 1968, P.177

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EUROPE DE L'EST

P.N.B. (\$ milliard 1967)

	1966	1967	1968	1969	1980	1985	2000	Taux d'accroissement présumé %
ALLEMAGNE .....	29,1	30,7	32,2	34,1	54,4	67,8	131	4,5
POLOGNE .....	34,2	36,1	38,3	40,2	64,0	79,7	154	4,5
TCHÉCOSLOVAQUIE .....	24,5	25,9	27,7	29,6	43,1	52,5	94,5	4,0
ROUMANIE .....	17,1	18,0	19,2	20,5	33,9	43,3	90,1	5,0
HONGRIE .....	12,4	13,1	13,7	14,3	..	..	..	..
BULGARIE .....	7,8	8,2	8,7	9,3	..	..	..	..
ALBANIE (Estimation grossière)...	0,9	(1,1)	1,2	1,3	..	..	..	..
TOTAL .....	126,0	133,1	141	149,3	..	..	..	..

NOTE : LES DONNEES POUR 1966-1968 SONT BASEES SUR : U.S. DEPT. D'ETAT, 1&R DIVISION, MEMORANDA DE RECHERCHE DU 21 AOUT 1968 et DU 9 DECEMBRE 1969.

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## COMMERCE EXTERIEUR DE L'URSS PAR PAYS D'ORIGINE

## ET DE DESTINATION

1955, 1960, 1965, 1968-1969

Valeur en millions de roubles F.O.B. (1 rouble = 1,1111 U.S. Dollar)

P A Y S	IMPORTATIONS					EXPORTATIONS				
	1955	1960	1965	1968	1969	1955	1960	1965	1968	1969
TOTAL	2.755	5.066	7.253	8.469	9.294	3.084	5.006	7.357	9.571	10.490
ECON. DE MARCHE DEV.	406	1.043	1.638	2.159	2.480	517	961	1.476	2.147	2.275
ECON. DE MARCHE EN VOIE DEV.	172	545	1.037	1.001	1.169	83	341	1.108	1.877	1.563
ECONOMIE PLANIFIEES	2.161	3.418	4.571	5.285	5.613	2.439	3.634	4.532	5.599	6.132
AMERIQUE DU NORD										
ETATS-UNIS	1	54	58	51	105	21	22	31	39	55
CANADA	2	9	228	114	30	2	5	12	18	11
AMERIQUE LATINE	70	123	406	313	285	22	95	383	582	583
ARGENTINE	25	20	65	26	23	22	13	18	3	6
BRESIL	2	8	30	25	44	-	14	25	12	-
COLOMBIE	-	-	-	3	4	-	-	-	2	2
CUBA	32	93	308	250	209	-	67	338	562	562
MEXIQUE	2	-	-	8	5	-	-	1	2	1
URUGUAY	9	1	3	1	1	-	1	-	1	1
EUROPE : ECON.MARCHE DEV.	391	885	1.095	1.783	2.049	491	865	1.265	1.737	1.887
C.E.E.	112	418	372	817	1.040	147	336	468	682	772
BELGIQUE LUXEMBOURG	14	20	28	70	72	22	26	46	79	75
FRANCE	33	117	103	265	291	54	66	100	124	127
ALLEMAGNE R.F.	21	182	123	218	315	26	107	132	193	206
ITALIE	15	81	92	188	285	16	92	133	209	208
PAYS-BAS	30	19	27	76	77	30	44	58	78	155
A.E.L.E.	138	253	301	488	501	221	309	415	523	602
ROYAUME-UNI	64	97	137	246	216	152	173	262	330	384
AUTRICHE	32	72	60	78	82	12	44	43	55	59
DANEMARK	9	16	28	18	18	7	24	25	21	26
NORVEGE	14	16	17	22	16	16	16	18	20	16
PORTUGAL	-	-	-	-	-	-	-	-	-	-
SUEDE	15	42	48	80	116	26	48	51	80	97
SUISSE	4	10	12	44	54	8	3	16	17	19
AUTRES PAYS D'EUROPE	142	215	421	473	508	124	220	382	532	513
FINLANDE	115	130	217	239	265	96	134	191	220	236
GRECE	2	17	26	22	26	4	23	33	22	26
ISLANDE	9	10	6	9	9	9	10	9	9	8
IRLANDE	-	-	-	-	-	-	-	-	3	1
ESPAGNE	-	11	2	12	3	-	3	18	18	22
YOUgoslavie	16	48	170	195	205	15	50	131	260	220
EUROPE : ECON. PLANIFIEES	1.497	2.516	4.205	5.079	5.410	1.613	2.767	4.097	5.073	5.579
ALBANIE	5	-	-	-	-	14	-	-	-	-
BULGARIE	109	269	554	802	877	115	296	530	854	877
TCHECOSLOVAQUIE	348	587	932	891	1.003	320	568	833	934	999
ALLEMAGNE ORIENTALE	456	836	1.156	1.445	1.466	431	947	1.227	1.356	1.565
HONGRIE	132	223	464	602	647	104	280	491	608	630
POLOGNE	258	348	703	928	1.012	389	442	654	945	1.079
ROUMANIE	189	252	397	411	405	241	235	363	375	429
AFRIQUE : EC.MARCHE EN DEV.	26	158	219	264	360	12	90	296	298	878
AFRIQUE : NORD	16	115	164	200	280	12	74	220	233	313
ALGERIE	-	-	3	25	55	1	2	14	29	52
LIBYE	-	-	-	-	-	-	1	5	6	10
MAROC	2	4	10	17	16	1	5	8	17	33
TUNISIE	-	1	3	5	3	-	3	6	3	4
R.A.U	14	109	147	154	205	10	63	188	178	214

SOURCE : NATIONS-UNIES, Monthly Bulletin Of Statistics, N.Y, JUIN 1970, P.16

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COMMERCE DE L'EUROPE OCCIDENTALE AVEC LES DIFFERENTS PAYS DE L'EUROPE DE L'EST

(Valeur en millions de dollars actuels, variation en pourcentage par rapport à la période correspondante de l'année précédente et balance du commerce)

PAYS D'ORIGINE POUR LES EXPORTATIONS ET DE DESTINATION POUR LES IMPORTATIONS	IMPORTATIONS C.A.P.				EXPORTATIONS P.O.B.				BALANCE DU COMMERCE EXPORTATIONS MOINS IMPORTATIONS (IMPORT. REDUITS DE 10 %)		
	VALEUR EN 1967	VARIATION EN % PAR RAPPORT A LA PERIODE DE L'ANNEE PRECEDENTE			VALEUR EN 1967	VARIATION EN % PAR RAPPORT A LA PERIODE DE L'ANNEE PRECEDENTE			1965	1976	JAN/1968
		1966	1967	JAN/NOV 1968a		1966	1967	JAN/NOV 1968 a			
ALBANIE .....	7	27	21	21	12	7	-	49	6	6	8
BULGARIE .....	200	25	- 7	9	325	54	- 5	- 8	148	145	90
TCHECOSLOVAQUIE .....	533	10	4	10	483	21	-13	16	92	3	2
ALLEMAGNE DE L'EST ..	373	14	-	5	380	12	- 5	- 16	62	44	- 30
HONGRIE .....	373	16	3	3	396	13	14	-	21	60	36
POLOGNE .....	674	9	- 4	4	668	16	13	5	- 40	61	40
ROUMANIE .....	405	19	20	3	607	19	63	2	71	243	210
UNION SOVIETIQUE ....	1 920	12	7	8	1 503	- 1	34	17	-491	-225	- 40
TOTAL EUROPE EST ..	4 485	13	4	6	4 374	13	17	7	-131	337	340

SOURCE : IBID.

a) POUR LE ROYAUME-UNI ET L'IRLANDE, EXPORTATIONS GENERALES ; POUR LA YOUGOSLAVIE, 10 MOIS SEULEMENT.

9

COMMERCE DES DIFFERENTS PAYS D'EUROPE OCCIDENTALE AVEC L'EUROPE DE L'EST

(Valeur en millions de dollars actuels et pourcentages)

PAYS D'ORIGINE POUR LES EXPORTATIONS et de DESTINATION POUR LES IMPORTATIONS	IMPORTATIONS C.P.A.					EXPORTATIONS P.O.B.					BALANCE du COMMERCE EXPORTATIONS MOINS IMPORTATIONS (Importations réduites de 10 %)		
	1967		VARIATION en % sur année précédente			1967		VARIATION en % sur année précédente			1966 1967 Janv. 1968		
	Valeur en millions de dollars	% des im-ports totaux pays	1966	1967	Janv. 1968	Valeur en millions de dollars	% des im-ports totaux pays	1966	1967	Janv. 1968	1966	1967	Janv. 1968
BELGIQUE LUXEMBOURG	136	1,9	12	1	9	155	2,2	23	36	-6	-7	33	12
FRANCE	361	2,9	28	4	3	438	3,8	29	113	30	74	113	215
ALLEMAGNE OCCIDENTALE (a)	666	3,8	10	2	15	883	4,1	18	27	7	110	284	225
ITALIE	686	7,1	17	34	-3	445	5,1	8	25	21	-106	-172	-48
HOLLANDE	159	1,9	-	5	11	180	2,5	11	54	-1	-19	37	21
TOTAL C.E.E	2.008	3,7	14	12	6	2.101	3,7	18	26	13	52	295	425
AUSTRALIE	209	9,1	-2	-6	17	293	16,2	6	13	-	59	105	67
DANEMARK	121	3,9	10	-4	-3	100	4,1	2	2	-14	-15	-9	-21
FINLANDE	326	19,4	10	-1	2	318	20,9	-6	16	-6	-22	25	8
NORVEGE	82	3,0	4	15	-5	49	2,8	-23	1	7	-16	-25	-17
PORTUGAL	11	1,1	13	-14	34	8	1,1	8	16	-19	-5	-2	-7
SUEDE	205	4,4	12	2	13	190	4,2	6	16	20	-17	6	13
SUISSE	90	2,2	19	-6	-	127	3,6	34	13	11	26	46	51
ANGLETERRE (b)	698	3,9	9	3	3	463	3,3	31	13	13	-198	-165	-105
TOTAL A.E.L.E	1.742	4,7	9	1	5	1.548	5,1	10	8	5	-188	-19	-11
GRECE	91	7,6	-2	-10	34d	90	18,1	24	-4	-26d	2	8	-38d
ISLAND	19	11,5	-18	5	-14	17	17,2	12	-	-29	1	-	-3
IRLANDE (b)	26	2,4	-1	61	-1	1	0,2	-67	-16	108	-13	-23	-18
ESPAGNE	62	1,8	-32	32	11	73	5,3	133	28	-3	15	17	6
TURQUIE	91	13,2	46	8	7	87	16,7	12	17	7	-1	5	3
YOUGOSLAVIE	440	26,0	34	-10	10c	453	36,2	-2	1	-9c	1	53	-29c
TOTAL DE L'EUROPE OCC.	734	8,8	20	-4	12	121	16,0	7	4	-9	5	60	-79
EUROPE OCCIDENTALE	4.484	4,5	13	4	6	4.370	4,8	13	17	7	-131	336	335

SOURCE : ECONOMIC SURVEY OF EUROPE 1968, U.N., N.Y., 1969, P.44

- A) - COMMERCE AVEC L'ALLEMAGNE DE L'EST EXCLU.
- B) - RE-EXPORTS EXCLUS
- C) - 10 MOIS SEULEMENT
- D) - PROVISIOIRE