ASIAN EXPECTATIONS OF JAPAN

East Asian expectations of Japan are many. East Asian expectations of Japan with regard to the renaissance of the Japanese economy are few.

Ten years ago, there were high expectations of another economic miracle from Japan. In the second phase, which took a surprisingly long time to set in, no expectation took the place of high expectation. We are today in a third phase: of cautious hope on sustained, ordinary, developed-economy growth levels but low expectations on the return of history.

The third phase of low expectations of a renaissance of the Japanese economy, I believe, is the result of:

- disappointment,
- understanding, and
- misunderstanding of Japan.

The disappointments on Japan’s economic renaissance have been repeated and protracted.

All human achievement, all successful reform, is of course the result of the interplay of three fundamental variables: policy, environment and power. (PEP).

When there is a will there might be a way.

The way might be more easily found if the strategic environment within which commitment, will and policy is not obstructive and is conducive to reform.

Depending on the degree to which the strategic environment within which policy and will has to operate is positive or negative, more or less effective comprehensive power has to exerted.

Most Asian analysts have come to the conclusion that the strategic (preponderantly domestic) environment has been strongly obstructive and powerfully un-conducive to Japanese economic reform. There has been no sense of crisis. There has been too much of a comfortable stagnation.

In the face of this very difficult environment for reform, the political will of the governing structures of Japan necessary for an economic renaissance has not been forthcoming. And the effective comprehensive, soft and hard power brought to bear has been grossly inadequate.

The present low expectation of a Japanese economic renaissance is a misunderstanding because times have changed yet again. There are now grounds for much greater cautious optimism, for higher expectations on a renaissance of the Japanese economy.

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