

TOKYO FIELD TRIP

Dialogue with Cabinet Ministers

History Of Japan's Environmental Policy

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I am speaking here today in place of former Environment Minister Sakahito Ozawa, who unfortunately is unable to attend due to Diet obligations.

I've been involved in pollution measures and climate change for over 20 years as a former official of the Environment Ministry, where I headed the government's Team Minus 6 Percent campaign to lower the country's carbon dioxide emissions.

Japan experienced high economic growth from the late 1950s to early 1970s. People became more affluent, the material symbols of such prosperity being purchases of the "three sacred treasures," namely, the black-and-white TV, washing machine, and refrigerator. Later, as the country grew richer, the color TV, automobile, and air conditioner emerged as the "new sacred treasures."

One negative aspect of this growth was congestion in the cities, to where people flocked from the countryside. The number of traffic accidents rose dramatically, peaking in the early 1970s.

Another negative consequence was envi-

ronmental pollution. From 1955 to 1965, energy consumption tripled, and the industrial structure shifted toward heavy industries. This resulted in air, water, and soil pollution, which became serious health hazards.

People's perceptions of economic growth also changed. In the early 1970s, a majority, for the first time, came to view growth negatively as being a threat to their health.

The Basic Pollution Control Law was enacted in 1967. The business community was opposed to the law, as it feared that the higher costs for pollution countermeasures would hurt their competitiveness. They called for balance between business growth and pollution measures.

If you replace the word "pollution" with "climate change," I think it pretty much sums up the attitude of the business community today.

In 1971, due to strong public demand, the infamous clause in the pollution law calling for "harmony" between growth and the environment was struck out.

China, Brazil, and other countries are now experiencing spectacular growth, and they're

going through the same kind of problems that Japan faced several decades ago. One lesson Japan learned is that compared to the compensation paid to victims of pollution-related diseases and other costs, it would have been much cheaper to implement antipollution measures from the beginning. So pollution is problematic not only from an ethical point of view but economically as well.

The stricter environmental controls led to the emergence of a whole new industry to counter pollution, and this actually pushed up Japan's GDP.

Turning now to climate change, global warming has affected agriculture, as Professor Cassim described at APU with regard to wine. Rice has also been affected, with yields and starch content declining.

Prime Minister Yukio Hatoyama an-

nounced a target of reducing greenhouse gas emissions by 25 percent and said the government hoped to help developing countries reduce their emissions as well. The emphasis now is on promoting new investments and spending in energy-saving equipment and appliances. So we've come full circle, with environmental issues being seen not as a drag on the economy but as a driver of it.

How can we create a society that is not reliant on fossil fuels? We need to work together in East Asia to chart a new course, as energy consumption is likely to rise significantly in the region. The environment can emerge as a keyword for closer regional cooperation. Many innovative approaches are being taken by local communities, such as storing snow to provide cooling during the summer.

Issues in Japan's Foreign Policy

Takeaki Matsumoto
State Secretary For Foreign Affairs



The Democratic Party of Japan came to power last year; this was the first change in government in Japan in over 50 years. Our first foreign minister was Mr. Katsuya Okada. The theme of the foreign policy during the 12 months that he was foreign minister was to

promote greater openness. Diplomatic documents that were declassified overseas were also disclosed in Japan.

Mr. Seiji Maehara took over in September, at which time I was appointed state secretary (deputy to the minister), and we have main-

tained this open policy.

The challenge for Japan is to maintain our national strength in the face of the country's relative decline in economic power. We have concluded comprehensive FTAs and EPAs with a number of countries that provide for much more than just lower tariffs. We're now considering whether or not to participate in the Trans-Pacific Partnership, which would entail great liberalization and affect the agricultural sector.

This is an issue that other countries also face. The important thing is to broaden our links with other countries by opening ourselves up and forging closer partnerships. We have recently concluded an EPA with India and are also negotiating an agreement for cooperation in the nuclear power sector. These negotiations will serve as the basis for the use of Japanese technology in other countries in building infrastructure and upgrading electric power generation, including through the use of nuclear energy.

Of course, we're not limiting our partnerships to the Asia-Pacific area. We're discussing ways to expand cooperation with the EU, Africa, and Latin America as well. The cornerstone of our foreign policy, though, is our alliance with the United States. There are issues we need to work out in our bilateral relationship, but the chemistry between Minister Maehara and Secretary of State Hilary Clinton is very good, and our two countries are working together for a more open world.

We're currently negotiating an FTA with the EU as well. We share basic values with the countries of the region, so they are important not just as economic partners but also as political partners.

As for the Middle East, Israel has announced it is lifting its moratorium on new settlements

in the West Bank, and we have announced our regrets over this decision. In Afghanistan, we've been providing economic assistance, and we hope that this will eventually lead to the strengthening of local institutions.

Needless to say, in contributing to the peace and stability of East Asia, stronger relations with China are of crucial importance. The administration of Naoto Kan is continuing the initiatives launched by Prime Minister Hatoyama to build an East Asian community. We are interested in promoting a mutually beneficial relationship, in spite of the differences we've had over the past month or two over specific issues.

The EU has come a long way, but it has taken many, many years to get this far. Efforts to create a similar community in the East Asian region will have to take this into account, and we'll need to adopt a long-term perspective. Peace, stability, and prosperity that have been the goals of the EU are now being achieved.

I'm sure that no one could have imagined at the start of the EU that the goal of European integration and union would ever be achieved. In East Asia today, many people are skeptical that a community could be created in this region. But skepticism never achieves anything.

What we're aiming for is a functional community. For instance, we can enhance our cooperation for disaster relief and prevention, given the prevalence of natural disasters here. Being prepared is something we can cooperate on, even if our political systems differ. It is important that we start by building trust and confidence.

Even one small step today can lead to 50 or 100 steps in the future that will ultimately lead to closer integration.

Crisis in the Social Security System

Akira Nagatsuma
Former Minister of Health, Labor, And Welfare



Japan is aging faster than any other developed country, and this is creating problems in how we should support our senior citizens. Just 20 years ago, there were five working people supporting one person over the age of 65. Today, the ratio is three to one, and projections show that in 2055 there will be only one worker supporting one elderly person. This would be a dire situation.

Japan's consumption tax rate is the lowest among all the industrial countries. Raising this rate will become a crucial issue in the next general election.

We're now building a new model for social and welfare services in Japan in which the school district serves as the basic unit. Four in five people today die in a hospital in Japan. I understand that the share is only around half in Europe, where many more people die at home. This is partly because it is very difficult to provide treatment for ailing family members at home.

This new model for enhanced nursing and healthcare services would be built on smaller population pools of around 10,000 people to enable community-based care.

A declining birthrate is a problem shared by many industrial countries. One solution that the DPJ administration has introduced

is the child allowance. France is one country that has succeeded in halting the slide in the birthrate thus far, and we're hoping to succeed here in Japan through measures like the child allowance.

Now, it's important to gauge whether such allowances have the desired effect. A survey of newlywed couples showed that on average they hope to have two children, but in many cases, they wind up having just one. Asked why, they generally give one of two responses. One is that they have no money for a second child, and the other is the lack of nursing and day-care facilities. A third reason is that when both spouses have gainful employment, they have no time to raise children.

Surveys have shown that among industrial countries, Japanese males devote the least time to raising children, so policies that would give both male and female workers more time to look after children is another area that should be addressed.

We're therefore actively engaged in dealing with these three areas: mitigating the financial burden with the child allowance, opening the way for the establishment of more day-care centers, and measures to improve the work-life balance.

These challenges must be met in the

midst of a very severe fiscal climate. Revenues must be secured, but raising the consumption tax would mean creating an additional burden on taxpayers.

We have to look at the balance between what people pay to the government and what they receive over their lifetime. During the years of compulsory education, the state pays for the cost of schooling. But when people start to work, they pay into the public coffers in the form of taxes and other payments. When they retire, the amount they pay in taxes declines, and they start receiving more government services and benefits.

The problem is that the amount people pay and what they receive in the form of services is not balanced. On average, a person receives approximately 80 million yen in services over their lifetime. The amount paid, however, is just 40 million. This means the difference must be made up for by government debt. This has made Japan the country with the largest debt as a share of GDP in the world.

This is something we must carefully explain to the people in asking them to make up some of the difference. The next general election is likely to be held in three years, and we must seek the public's approval at that time to correct this imbalance.

For many decades, measures to deal with

these and many other issues have been left in the hands of bureaucrats. This has caused major problems, one of the most notable being lost records of pension payments. The records are incomplete for one in 10 people in Japan. This is a problem that must be addressed through political management and leadership of the bureaucracy.

This is a question of governance. The politicians serving as cabinet ministers could not appoint key officials of their own ministries. Rectifying this situation was a key aim of the change in government, and I think that since the DPJ has come to power, the situation has slowly but surely been improving.

There is the option of reducing the size of government rather than raising taxes, which was one of the key issues raised in the recent midterm election in the United States. There would be no problem if we had a large working, taxpaying population. In the face of a dwindling working population, though, individuals will not be able to bear the burden of supporting the elderly; the state must become more involved, and this naturally will lead to a bigger government.

Today, in Japan, I think the question is no longer big versus small; it's more a matter of ensuring a minimal standard of living for the elderly. And I think most people believe that a slightly bigger government is unavoidable.

