

***WRESTLING WITH JAPANESE TRIBALISM:
EMERGING COLLABORATIVE OPPORTUNITIES FOR
INDIA & JAPAN***

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Abstract

Japanese firms, with their strong technology base and high domestic factor costs, have the potential of teaming with India, with its more basic infrastructure and eight times the population. Japan's poorly-performing excess capital could fuel India's strongly-developing middle class and robust entrepreneurialism. Especially promising are collaborative information technology projects. What stands in the way of a greatly expanded relationship? Much of the blockage stems from Japan's insularism, an impetus here labeled *tribalism*. A hopeful dimension is that this tribalism can be clearly defined as archaic, recognized as detrimental, and then toned-down. Further points for development include an active campaign to encourage diversity in Japan, teaming up to provide alternatives to investment in neighboring China, and agitating for representation on the UN Security Council. India can help initiate all these processes, and can in turn benefit from a Japan reaching out for regional economic partnerships.

Keywords: homogeneity; tribalism; UN Security Council; partnership; immigration; trade; e-Japan strategy
JEL-code: F20; H77; J61; L86; N45; Z13

Introduction

We live in an increasingly interconnected world of immense opportunity. Colonialism and many past political frictions have largely been put aside. Economic development has brought about substantial social transformation, and such change has been particularly dynamic in Asia. However, many great opportunities still remain largely untapped. Japanese firms, with their strong technology base and high domestic costs for raw materials and labour, have the potential to team with India, with its more basic infrastructure and eight times the population. Japan's poorly-performing excess capital can fuel India's strongly-developing middle class and robust entrepreneurialism. What stands in the way of a greatly expanded relationship? In part, competition: both Japan and India have substantial regional influence and considerable potential as major players in a rapidly-developing Asia. Both have been excluded at times by other powers; for example, both Japan and India are relegated to being outside rivals for permanent membership on the United Nations Security Council.

A further problem is that the view from Japan to India, and vice-versa, is figuratively obscured by China. Certainly China cannot be ignored, both as a rival and for its market potential. China has become a magnet for FDI (foreign direct investment) from other regions; the existence of a dynamic China so near is reason to spur both India & Japan to deepen their bilateral relationship.

A further contrast for both India and Japan are the developmental policies of the USA, which has drawn-off much top-level expertise from the region. America offers talented people an attractive package of high compensation, a good lifestyle, international mobility and future flexibility. Could Japan or India compete with what the USA has to offer?

Tribalism?

Japan has failed to realize the benefits that can be derived from diversity. The Japanese enjoy the right to a pluralistic civic society, but from an early age are strongly prodded towards conformity. Individuals grow-up to feel safer if indistinguishable within a herd. The danger of being different is summarized in the Japanese proverb "the nail that sticks up gets pounded down" (出る杭 [釘] は打たれる *deru kui [kugi] wa utareru*), which encourages harmony regardless of right or wrong. In policy terms, this pressure to conform can be useful for stability, for closed-system planning, and for social control; but conformity becomes nonsensical in an internationally open, dynamic system where late adopters receive only crumbs. It is vital to have risk-takers and entrepreneurs investigating and testing new possibilities.

Japan's insularism may be its most severe handicap, an impetus here labeled tribalism. The Encyclopaedia Britannica has these definitions of *tribalism*:

- 1) tribal consciousness and loyalty; especially: exaltation of the tribe above other groups
- 2) strong in-group loyalty

and the following relevant definition of *tribe*:

a group of persons having a common character, occupation, or interest

How much does this describe Japan?

Recently, Britain's *Economist* began an article about Japan by noting that: "The Japanese once put foreigners to death for trespassing on their islands." (2 Sept 2000, p.57) The Japanese policies of national seclusion, 鎖国 *sakoku*, officially lasted for 218 years (from 1635-6 to 1854), but even today Japan arguably remains largely closed and the welcome mat hard to find. This is an ancillary

dimension of tribalism: highly restricted immigration makes Japan a more difficult place for non-Japanese to live, even temporarily. Minority cultures in Japan such as the Ainu and Okinawan peoples have also been severely marginalized. Tribalism has stood in the way of the development of Japan's foreign assets. Due to tribalism, the society is narrower and less diverse than it might otherwise be.

Some insight into how the Japanese see themselves can be gleaned from how the wider outside world is approached. As already noted, strong central policy was largely able to seal-off the nation for more than two centuries. Outside contact both before and after this period of seclusion brought to popular attention a key psychological construct: a root Japanese essence. *Wakon kansai*, (和魂漢才) a phrase said to date to the 9th century, is the process of combining the Japanese spirit with Chinese learning. In the latter half of the 19th century when Japan was forced to end its seclusion, the process of adapting Western technology to a Japanese ethos was termed *wakon yōsai* (和魂洋才). In both cases there is an explicit mental constant, an unchanging 'Japanese undercurrent' that absorbs outside learning and technology.

Many people feel that Japan is changing and internationalizing. We cannot assume these changes are superficial (or that another undifferentiated materialist consumer society is good). In any case, the declarations about Japan that 'change is in the air' have certainly existed for the past 140 years (those in doubt should refer to *The Japan Punch* newspaper of Yokohama 1862-1887). And yes, Japan has changed. But the tribalism has not been shed; it merely asserts itself differently at different times. Masujima (2001) mentions ..."the sort of weakness that I think almost all Japanese find within themselves, even on a pleasure trip abroad." She claims feelings of Japanese inferiority, and notes that "we've never really been a member of the world community - not in the Edo period, not in the Meiji era, and not today." She then takes heart in a developing worldly confidence of some Japanese star athletes. But at least since the 1860s Japan continually has had clever and debonair, internationally sophisticated citizens; as with all nations, such people are a minority. Often Japanese diplomats and businessmen of the Meiji, Taisho and pre-WWII period were highly urbane and socially adept at the very highest levels. The rub, so to speak, is that the process is not at all onward and upward - a clinging morass of nationalism and tribalism entangle many in a manner antithetical to the stellar examples. Pulvers (2001 p.5), claims that "the Japanese people always found it easy to characterise other nationalities for the basic reason that their own view of themselves was as a homogeneous society with nationally shared interests, attitudes and mores." He goes on to assert that "this is gradually ceasing to be the case." It is a debatable point. Cases to

watch include Japanese families who have lived abroad for multi-year periods (Yanagihara 1994). Reacclimatization to Japan often still involves the deliberate purging of those habits and tastes acquired abroad so as to fit in with the domestic majority.

In biological terms, homogeneity is evolutionarily rigid. Lack of variation is threatening, as a monoculture has less overall resistance and lacks the robust elements that can survive a full range of shocks. Historically, Japanese resistance to a more heterogeneous domestic society may stem more from an aversion to unpredictability than a dislike for outsiders. If the existing population is flexible & dutiful, to keep out those who are different may seem an adaptive defense mechanism.

In Japan today, too many people believe that immigrants will take more than they give. Economic and social studies in other nations, however, show that immigrants more than pay their own way (see Lance 2000; Simon 1989, 1995; Ruddock 2001). Goto (2000) came to the opposite conclusion in the case of unskilled workers to Japan, but failed to raise the question as to whether foreigners of another sort (e.g. those other than the unskilled), might not improve Japan.

Xenophobia is firmly rooted and often accepted uncritically in today's Japan. The present policy and general domestic consensus is that Japan be best kept closed to immigrants as much as possible. Yet a more liberal immigration policy could include vocational quotas and individual immigrant screening, and could be suitably adjusted by gradual change and systematic feedback. The gist of today's climate is that Japanese people worry about immigrants in ways far out of proportion to reality. Foreigners have been labeled as criminals and persecuted as scapegoats, while aging or ill foreigners are declared a potential drain on Japanese social services (see esp. Japanese Immigration Bureau 2000, chapter 2:3, "Various problems caused by illegal residents"). Would new immigrants be difficult to control when compared to the existing population? Possibly, but Japan is a robust nation that could weather the challenge of a few bad cases slipping through the screening. Japan has instead chosen to impose a *cordon sanitaire* around the issue of immigration, as if being foreign were a disease. Immigration possibilities exist for foreigners who can prove Japanese ancestry; but this and the scarcity of accepted refugees reinforces the sense that Japanese blood and race are major driving forces behind immigration policy. Many Japanese people cite an 'island mentality' (島国根性 *shima-guni konjô*) to explain their narrow view of the world. It is disingenuous to blame being an island nation for a condition closer to a 'stingy mentality' (さもしい根性 *samoshii konjô*);

Hawaii is geographically far more of an isolated island than Japan, but people there have an aloha spirit of welcoming newcomers.¹

Refugees are an immigrant subset who often require more resources than they provide; Japan has largely avoided taking in such people. According to recent figures in Japan's *Daily Yomiuri* newspaper (Yanagawa 2001), in the eighteen years from 1982 to the end of 2000, Japan granted refugee status to 265 people and accepted 2179 asylum applications. Data at the end of 1999 from the United Nations High Commissioner for Refugees (UNHCR 2000, Table II.1 pp 21-27) has Japan with 4200 resident refugees (temporary & permanent); India had 180,000; Nepal had 127,900; Pakistan had 1,202,000; and China 293,300; Sweden had 159,500; Germany had 975,500; the USA had 513,000 (South Korea was even more extreme than Japan - a total of 10 refugees resided there at end 1999). The worldwide total was 11,675,660 refugees, so Japan was hosting a tiny 0.04%. In other terms, while Japan's economy was more than 1/7 of world GNP (15%), its refugee intake was 1/2780 of the total. (This still says nothing, of course, of those people who would wish to reach refuge but fail).

A further argument for Japan's continued isolation is the language barrier, that Japanese language is complex, and that most Japanese are unable to communicate in English. The low level of English ability (given the many years of mandatory English study in Japan) is truly a national disgrace, but much of the problem stems from misapplication of energies to grammar testing rather than toward communicating. Most people are tormented by language classes at school that are technical & boring; they are surrounded by friends and family who believe Japanese people are poor at English; and they are never challenged to use English for practical purposes. One quick step forward would be to maintain the integrity of foreign TV shows and movies by broadcasting in the original language (with Japanese subtitles rather than dubbing). As for the Japanese language being a barrier to outsiders coming in, it certainly is difficult, but 125 million Japanese learn it successfully; many foreigners willing to work at it become excellent in Japanese.

Foreign residents comprise 1.3% of Japan's population (1.7 million people; more than half of whom are ethnic Koreans born in Japan). The foreign resident figure for Switzerland is 19%. Most nations have far more foreign residents in percentage terms than Japan (9% Germany, 4% UK; Papademetriou & Hamilton 2000, p.5). Foreign labour is 25% of Australia's overall labour force. But the true difference is greater still, as foreigners in many nations often become naturalized

¹ A persistent (but dubious) argument is that Hawaii's loss of national sovereignty rose from the Kingdom's openness

citizens. In Sweden, for example, 10% of citizens were born elsewhere. Statistics on foreign-born population might in some cases be more revealing (the foreign-born population of the United States is 10% of total population and 12% of the labour force), but here Japanese figures are skewed, as the postwar loss of Japan's colonies brought Japanese migrant families back from Formosa, Korea, China and Manchuria who greatly swell the numbers of foreign-born.

Regulated limits on non-Japanese in Japan are sometimes ridiculous. Most professional sports leagues in Japan impose quotas on teams hiring foreign players; Japan's professional volleyball V. League banned foreigners completely in the 1999-2000 season; the Japan Ice Hockey League is moving from allowing one foreign player per team to a total ban from 2002. Top-level leagues in Europe, the USA and South America, in contrast, typically encourage the migration of top world-class performers regardless of nationality. Most fans are interested in seeing the best possible performances. Japanese fans are not given the chance to develop the same appreciation of human endeavor through sport.

Japan has rather made conditions more strict, including expanding the number of immigration officials by 40% over the next five years (presently there are 2500). They also have recently (Feb 2000) instituted a revised Immigration Control and Refugee Recognition Act, where the penalties for overstaying a visa in Japan became far more severe, including a possible three years in prison, a fine of ¥400,000 (about US\$3000), and a five-year ban on reentry to Japan.

A need for private initiative and NGOs

Many Japanese are accustomed to looking for direction from their administrative civil servants. Paternalistic guidance may often be well-considered, but many dimensions of global interaction are by definition beyond the control of any national bureaucracy. Because bureaucrats are not keen to become enmeshed in processes that will throw up problems beyond their control, it is foolish to look to such officials for leadership in these areas. Corporate leaders may be more internationally savvy in their guidance, but corporate perspective may not overlap with the needs and goals of either the local labour force or the state. Much of the dynamism of development is generated by the private sector, with a core motive force being individual initiative. Japan has recently seen a boom in non-governmental organizations, NGO. It is a good sign when people begin to work substantively toward a better future rather than waiting for the public sector to direct them. One challenge is to identify new ideas and opportunities early; this can be accomplished through monitoring technological developments, venture businesses and private sector job creation.

Globalization as a pressure for change

China and the USA could each be secretly celebrating Japanese tribalism, as Japan is thus less competitive. Similarly, neither power has much interest in encouraging India & Japan to forge an improved alliance. With careful planning and vision, however, Japan & India have the potential to start an alliance that other Asian nations might soon be clamoring to join...

The view from Japan to India, and vice-versa, is in figurative terms largely obscured by China. China cannot be ignored, both as a rival and for its market potential. China has become a magnet for FDI (foreign direct investment) from other regions; if anything, the existence of a dynamic China so near should spur both India & Japan to deepen their bilateral relationship.

In our internationally-linked economic system, foreign direct investment is often justified by a rationale invoking global extremes: cheapest labour, biggest market, top technology center, best transshipment point, least-cost raw materials, etc. The largest firms also diversify various investments and operations into more than one market (no doubt appreciating that superlatives tend to migrate over time). For every nation and sub-region, marketing may be needed to highlight the matrix of positive dimensions. India might invoke a phrase such as "Diversifying in Asia? Welcome to India: the democratic, English-speaking alternative." Would that be effective? How might Japan market itself? These are important strategic questions that need to be discussed.

A further contrast for both India and Japan are the developmental policies of the USA, which have drawn-off much top-level expertise from the region. America has benefited for decades from a 'brain drain' from more-rigid societies that offered fewer opportunities to resourceful and ambitious people. Not all immigrants were distinguished thinkers, but all had brains -- and survival demanded that they be resourceful. Over decades, these people helped develop dynamic communities, but few praise the immigrant. Americans celebrate such people not as a group but as individuals. The people themselves are often quiet and self-effacing, but their impact is substantial. Saxenian (1996 & 1999) credits much of the dynamism and growth of Silicon Valley with the population of transplanted immigrants and their networks. These are predominantly engineers from India, Taiwan, and elsewhere. US economic growth has used to its advantage the energies and financing of people from around the world, offering talented people an attractive package of high compensation, a good lifestyle, international mobility and future flexibility. Could Japan or India compete with this?

There are many ways via public policy to foster entrepreneurialism as well. Instead of government seeking to choose winning business formulas, or trying to protect failing entrepreneurs from collapse, energy might be directed toward lowering the barriers to entry, providing advice and otherwise nurturing new initiatives, and also reducing the costs and shame of suffering failure.

Incoming overseas students bring multiple benefits

International students in 2000-2001 comprised 4% of total enrollment at US universities, and top universities often have more than this average: Harvard has 17.5% foreign students, MIT has 22.8%. The total number of foreign students in the USA was 547,867; by top five nations of origin, 59,939 were from China; 54,664 from India; 46,497 from Japan; 45,685 from Korea; 28,566 from Taiwan. Such students and their families in the USA have substantial local impact: contributing to a broader general cultural awareness and adding their knowledge and skills to those of the local community. They also contribute substantially to the economy. International students have an \$11 billion economic impact in the USA (see NAFTA 2001 and Ashwill 2001; calculations exclude multiplier and spillover effects).

There exists the opportunity for both Japan and India to build their international education industry; developing new centres of learning and attracting truly top professors and students. High-technology cities could be developed that attract top expatriate workers from all parts of the world. Certain parts of India and Japan (for example, Okinawa) have a nice climate and far lower costs than New York City, London, Tokyo or the San Francisco Bay area. With Japan's help, India might better develop the local infrastructure in a defined area, perhaps near Bangalore, and make it a world-class, highly attractive center for adventurous scientists or researchers. A problem comes in generating internal dynamism among resident institutions; this is an as-yet-unachieved goal of Japan's Tsukuba and Kansai Science Cities (see Lambert 2000). The Kansai project is notable, however, for seeking starting momentum from among local universities and the private sector (to be supplemented by public spending) rather than relying on government for project leadership.

The rigidities of Japanese tribalism have a hopeful dimension: that much can be clearly defined as archaic, recognized as detrimental, and then toned-down (which is more difficult with nationalism or patriotism). Further points for development include an active campaign to encourage diversity in Japan. India can help initiate this process, and can benefit from a Japan seeking regional economic partnerships.

Progress via the e-Japan strategy and information technology

The "e-Japan strategy" is designed to make Japan the world's most advanced power in IT (information technology) by 2005. The high-powered IT Strategy Headquarters has Japan's Prime Minister and all 17 members of his Cabinet among the 28 members; also included are five electronic industry leaders, a banker, the Chairman of the Regulatory Reform Committee (also from the financial world), a pioneering professor, a technophobe editor, and a regional governor. The possibility of Japan leaving the rest of the world behind is remote. Important subcomponents are designed and developed in many nations. Further, to become number one in the world is a moving target. Technology is advancing while many others nations also are planning and investing so as to take a more dominant position in IT. Increasing competitiveness is coming from Malaysia, Singapore, Sweden and Finland, India, China the United States, and others. In this sense the concept of 'e-Japan' (see IT Strategy Headquarters 2001) has been sadly narcissistic in its first incarnation.

But plans are now in development for Indian technicians to soon support Japanese industry with unprecedented personnel flows. India's information technology industry has been growing spectacularly. The export of Indian software services soared from US\$128 million in 1990-91 to US\$6.2 billion in 2000-01, a forty-eight-fold increase in ten years (Patibandla & Petersen 2002). Overall IT industry revenues for the year 2000-01 were US\$12.2 billion (see NASSCOM for additional data). Such growth has led to better regional infrastructure and many positive externalities / spillover effects. Substantial competitive benefits will continue to accrue to firms that can take advantage of India's competitive edge in the supply of software, IT services, and English-speaking engineers. Indian labor costs are highly competitive across the skills spectrum. Kamal Sharma (2002) has described the huge potential of the IT market for India, both in general and as relates to Japan in such areas as call centers & operator services. Lloyd (2002) estimates the call center market employs 50,000 in Japan, with 10% in Okinawa (who are paid 40% less than mainland workers, and where industry presently receives a 50% subsidy on salaries). Further, the Okinawan prefectural government completely subsidizes the 650Mbps digital connection between Naha and Tokyo, eliminating cost differentials due to distance. Okinawa and India are certainly not alone in wishing to provide software and outsourcing services for the Japanese IT market. Japan-focused IT training institutes have been founded in Bangladesh (with Bijit Ltd., Nikkei Weekly 2002) and developing efforts are underway in China, Korea, and in many ASEAN nations.

A new sense of partnership at the national level holds special hope for both India & Japan. The 10 Dec 2001 *Japan-India Joint Declaration* (see MOFA 2001) specifically cites "unbounded

opportunities" in information technology and "extraordinary strong complementarities between Japan and India." How this will work in practice is still unclear. Japan's \$100 billion information technology market is now preparing to absorb an estimated influx of 30,000 foreign IT professionals within the next two years. The market for outsourced services by Japan's IT industry is expected to substantially expand as well, and according to a recent report in New Delhi's *Economic Times* (Bhattacharya 2001), Indian firms should attract major new business. One immediate result has been to lower the skills-requirement barrier: Japan will recognize those with certain Indian IT qualifications as eligible for working visas where previously a four-year university degree or ten years work experience were required.

For so-called specialty employment, Japan is reportedly considering something similar to the H1B visa offered by the USA. In the US case, this is a non-immigrant status for a maximum of six years, with a legal limit on the number of such visas issued (for fiscal year 2001 limited to 195,000 and scheduled to drop to 65,000 in October 2003). In the year 2000, 115,000 H-1B visas were issued in the US: Indian nationals secured 44%, with Chinese at 10%, followed by workers from Canada, the UK, and the Philippines.

Can Japan attract the number of workers it needs? Will Japan make arrangements for at least some of those workers to settle down permanently in Japan, or must they all be temporary migrants? These are important questions, with far reaching implications: for society, and for those thousands of technical workers and their family dependents.

The main point of hope is in the definition of *e-Japan Strategy* (see IT Strategy Headquarters 2001), noting that this is from the very highest levels of government, in the statement that:

"...we must prepare ourselves for the hardships that will accompany the process of realizing further prosperity. In the absence of a historical event that would trigger an end to a past era, such as the Meiji Restoration and the end of World War II, each Japanese person is urged to promptly carry out a drastic reform of the social structure on his or her own."

This is very bold!

Global exchange

For some in Tokyo, the image of an Asian regional Japanese-speaking yen block has a stupefying appeal that overshadows its being antithetical to the aspirations of the rest of Asia. But such a scenario is both farfetched and undesirable. Japan has been an active & positive force with its

overseas aid programs, and is now the world's largest donor of Official Development Assistance (ODA). Controversy continues to dog Japan, however, for not raising the grant component of its aid and for blunt statements such as by Fisheries Agency official Masayuki Komatsu, that Japan wields ODA as a reward to poorer nations supportive of its policy goals in such international forums as the International Whaling Commission (see Knox 2001; Struck 2001). Being in the top spot brings both attention and criticism.

A major trend in the last few decades has been towards multilateralism; many states have begun pooling resources and lowering their boundaries. The World Trade Organization (WTO) is one example, where both Japan and India have been quite active. But most nations are involved in multilateralism at multiple levels; strong regional examples include ASEAN, NAFTA, and the European Union. Japan has remained largely on the sidelines. WTO rules limit the ability of member states to impede or improve bilateral trading. But Japan along with nations such as India or Australia could develop special bilateral relationships in terms of movement of people or regional security that other nations in the region might soon seek to join.

Service on the UN Security Council

In 1996 Japan and India clashed in competing for election to the United Nation's Security Council. Japan won a two year term (its eighth) over India (seeking its seventh term). Japan and other Asian nations had previously negotiated together to field a consensus candidate (see Global Policy Forum, undated). Though 1996 would have been a South Asian nation's turn, Japan ran for the spot anyway and won. Substantial resources were reportedly expended on the contested 1996 Security Council elections. Sweden and Portugal obtained two-year seats over Australia, with Japan drubbing India on the first ballot, 142 to 40. According to the Global Policy Forum (a United Nations-focused research center) the election brought to bear substantial pressure, lots of favors, lavish entertainment, sponsored trips and liberal cash subsidies.

The Security Council election procedure is somewhat demeaning and probably galling for those nations looking in at the five permanent members (China, France, Russia, UK, USA) who need not run for reelection while also having veto power (via the requirement for great power unanimity). The energies of reform candidates are partly dissolved through bickering and making deals among themselves. Meanwhile, the unelected ('permanent') Security Council members enjoy the continuation of exclusive prerogatives. Japan and India might better agitate for Security Council representation by teaming up. Each complements the other's weaknesses; instead of merely

appearing individually ambitious, as a team they can be seen as successful in bridging substantial differences.

In May 2001 Japan declared their candidacy for the 2004 Security Council election. This was apparently negotiated with Papua New Guinea, which on the same day withdrew its previously declared candidacy and pledged in writing to support Japan's bid (see Japan Economic Newswire 2001). Japan claims to support Security Council reform. Would their goals be met if they were accepted as Permanent Members? We may never know; the present non-elected members maintain the status quo quite contentedly. Encouragement of diversity in Japan could lead to expanded influence and a more justifiable presence on bodies such as the United Nations Security Council. Japanese arguments for maintaining their national homogeneity tend to vilify people of other nations and races. It is difficult to cultivate mutuality in international relations if Japan is to be a chauvinistic tribal society.

Building mutual respect

India is often ignored in Japan; many Japanese think of India, if at all, as that part of the world that gave them curry rice and Buddhism. Japan's Ministry of Foreign Affairs data as of late 1999 counts 9067 Indian nationals resident in Japan and a mere 2050 Japanese nationals resident in India. Yet Japan would be wise to look more carefully at India, and not simply as a source for labor and cost-saving. Taken as a whole India can first appear a morass of frustration, but the region has long given birth to jewels of humanity: Buddha, Ashoka, Tagore & Gandhi are leaders who stand out from the more common matrix. Many other gifted Indians work at crafting a better image for their nation. Both India and Japan are worthwhile and worth redoubled efforts at reform.

In the past, India stepped forward in support of Japanese sovereignty when Japan was weak. India refused to sign the San Francisco Peace Treaty (1951 Treaty of Peace with Japan), arguing that Japan should first regain independence before subsuming itself to US patronage via the US-Japan Security Treaty (which was negotiated while Japan was under occupation; see Kodansha 1993, pp 599, 1307-8). India's subsequent bilateral peace treaty with Japan was "the first treaty Japan signed on terms of equality after regaining its sovereignty" (Kodansha 1993 p. 599).

India's support for Japan seems to have been forgotten. Japan has developed into a substantial economic power since those times fifty-odd years ago. At the United Nations, Japan is often in the company of the nations of Western Europe and North America rather than with other Asian nations.

Japan might wish to better consult with its Asian neighbors, but has yet to be fully able to rise above the legacy of WWII. Yet Japan is a large donor of ODA (Official Development Assistance), and is regularly India's largest aid donor. Relations soured in 1998 with Japan's opposition to Indian & Pakistani nuclear tests, and Japan froze grant & loan aid to both nations from May 1998 to October 2001. Different domestic interests often conflict, and here is a lesson in tradeoffs. Japan withdrew the sanctions in view of a perceived need to strengthen anti-terrorism measures on the Indian subcontinent. But Japan also has a lesson to teach via their experience with nuclear attack. Should Japan stand up more sturdily for what they believe? What possibilities exist for 'a middle way' in support of nuclear non-proliferation?

Indian Prime Minister Atal Bihari Vajpayee's visit to Japan in December 2001 resulted in a joint declaration with Japanese Prime Minister Junichiro Koizumi (MOFA, 10 Dec 2001) reaffirming the desire of Japan and India to deepen and improve mutual ties. Efforts will be made to expand grassroots contacts, and an Indian Cultural Centre will be setup in Tokyo. They are expected to team-up on information technology projects, and in more general ways as well, where together they can create much more than if each were to seek to progress alone. Prof. K.V. Kesavan (2002) has astutely pointed out that a remarkable dimension of the Dec. 2001 declaration was its lack of explicit mention of aid or ODA, thus treating each of the parties with more mutuality & equality than has existed in recent years. The visit set the stage for greatly expanded cooperation; it is now largely up to others with vision, from both the private and public sectors, to take it further along and generate substantive progress.

Policy proposals and conclusion

Japan has an opportunity to break a long-standing regional impasse by developing a special bilateral relationship with India. Other nations could join in later. Many in the region may be worried about Japanese hegemony, but they will also worry about being left out of developing regional initiatives. One example relatively easy to implement is a special bilateral visa system. Japan could also demonstrate a more flexible approach to tribalism by instituting *jus soli* or right of birthplace, where all born in Japan have right of Japanese citizenship. Another way forward is by expanding horizons, to cultivate excitement over new frontiers outside Japan. India is naturally positioned to be part of a Japanese renaissance.

In as much as Japan is a paternalistic state, there are benefits to further encouraging diversity and independence within the population while recognizing that administrative difficulties and social

disturbances may occur at the start. A parent nurtures a child's independence so that self-confidence, responsibility and flexibility develop. The parent must sometimes hang back and let the child learn about the world, even when the process is painful in the short term and somewhat threatening. Does Japan's bureaucracy have the foresight and capacity to provide such 'guidance through restraint?' Can people in Japan be encouraged to be less passive and more entrepreneurial? Forward-looking policies include doing away with many of the legal and social disincentives to entrepreneurialism, and continuing the ongoing improvements in transparency within administration and procurement. India can greatly benefit from an expanded relationship with Japan. This might take the form of Japan reaching out to India, while in Japan new opportunities open for Indian interests. By providing a model of multiculturalism and pluralism, in a matrix where hard work brings great reward, India can team with Japan for mutual gain, regional progress, and a more humanistic world.

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