PRIME MINISTER'S COMMISSION ON JAPAN'S GOALS IN THE 21ST CENTURY

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Prime Minister's Commission
on
Japan's Goals in the 21st Century

Office for the Prime Minister's Commission
on Japan's Goals in the 21st Century
Cabinet Secretariat
1-6-1, Nagata-cho, Chiyoda-ku, Tokyo 100-8914

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On March 26, 1999, Prime Minister Keizo Obuchi announced the establishment of the Prime Minister's Commission on Japan's Goals in the 21st Century, appointing sixteen leading private citizens from diverse fields of expertise as its members listed below in Appendix 1. The mandate of the Commission is to come up with a report to the Prime Minister on the desirable future direction of Japan which the next generation of Japanese can aspire to in the new century, thus encouraging a broader national debate on the subject, and offering its recommendations for mid-term and long-term policy consideration. The Commission will finalize its report toward the beginning of the new millennium.

The Prime Minister in the first meeting of the Commission on March 30, 1999, told the members that Japan needed to reorient its national goals from those that prevailed during the periods of modernization and industrialization wherein Japan tended to put primary emphasis on economic growth in its effort to catch up with the Western industrialized nations. Prime Minister Obuchi expressed his hope that Japan will become a prosperous nation with a strong commitment to human values and dignity. In this first meeting of the members of the Commission, the Prime Minister appointed Dr. Hayao Kawai, Director-General of the International Research Center for Japanese Studies, as the Commission Chairman, and Mr. Tadashi Yamamoto, President of the Japan Center for International Exchange, as its coordinator.

At the second meeting of the Commission held on April 21, 1999, with the participation of the Prime Minister, the Commission decided to create five subcommittees with 35 additional experts drawn from various fields. These subcommittees, which began deliberations in late May, are expected to compile their reports toward the end of this year. These reports will be integrated into the final report of the Commission. The subcommittees with their members are listed below in Appendix 2 along with their respected themes.

Appendix 1

Members of the Prime Minister's Commission on Japan's Goals in the 21st Century

Chairperson:

Hayao Kawai	Director-General, International Research Center for Japanese Studies

Members:

Akira Amano	President, Japan Pediatric Association
Tamotsu Asami	Deputy Managing Director, Chuokoron-Shinsha
Yoichi Funabashi	Chief Diplomatic Correspondent and Columnist, The Asahi Shimbun
Masako Hoshino	Director, Japan NPO Center
Makoto Iokibe	Professor, Kobe University; President, The Japanese Political Science Association
Heita Kawakatsu	Professor, International Research Center for Japanese Studies
Yotaro Kobayashi	Chairman and Co-Chief Executive Officer of Fuji Xerox Co., Ltd.; Chairman, Japan Association of Corporate Executives (Keizai Doyukai)
Akira Kojima	Director and Editorial Page Editor, The Nihon Keizai Shimbun
Akira Miyoshi	Composer; Director-General, Tokyo Metropolitan Festival Hall; Former President, Toho Gakuen School of Music
Chiaki Mukai	Science Astronaut, National Space Development Agency of Japan (NASDA)
Keiko Nakamura	Deputy Director General, JT Biohistory Research Hall
Yuri Okina	Senior Economist, The Japan Research Institute
Takeshi Sasaki	Professor and Dean, Faculty of Law, University of Tokyo
Masakazu Yamazaki	Playwright; Critic; Professor Emeritus, Osaka University
Tadashi Yamamoto	President, Japan Center for International Exchange

Appendix 2

Prime Minister's Commission on Japan's Goals in the 21st Century

Subcommittee
Japan's Place in the World

--New Framework for International Relations
--Japan's National Interest and Redefinition of Japan's International Role
--The Japanese in the Global Community

(* member of the commission)

Chairperson:

*Makoto Iokibe	Professor, Kobe University; President, The Japanese Political Science Association

Members:

Keiko Chino	Editorial Writer, Sankei Shimbun
*Yoichi Funabashi	Chief Diplomatic Correspondent and Columnist, The Asahi Shimbun
Shinichi Kitaoka	Professor, Faculty of Law, University of Tokyo
Ryosei Kokubun	Professor, Faculty of Law and Politics, Keio University
Hiroshi Nakanishi	Associate Professor, Department of Law, Kyoto University
Natsuo Sekikawa	Author; Critic
Yoshihide Soeya	Professor, Faculty of Law and Politics, Keio University
Kurayoshi Takara	Professor of History, College of Law and Letters, University of the Ryukyus
Akihiko Tanaka	Professor, Institute of Oriental Culture, University of Tokyo

Subcommittee
Prosperity and Dynamism

--Corporations and Society/Organizations and Individuals
--New Concept of "Equity"
--Governance of Society (Self Help, Autonomy, and Accountability)

(* member of the commission)

Chairperson:

*Yotaro Kobayashi	Chairman and Co-Chief Executive Officer of Fuji Xerox Co., Ltd.; Chairman, Japan Association of Corporate Executives (Keizai Doyukai)

Members:

Mikio Akiyama	Attorney at Law

Yoshinori Hiroi	Associate Professor, Faculty of Law and Economics, University of Chiba
Mikiko Iwasaki	Associate Professor, Institute of Social Science, University of Tsukuba
Haruo Naito	President and CEO, Eisai Co., Ltd.
*Yuri Okina	Senior Economist, The Japan Research Institute
Ken-ichiro Oohara	President, OHARA MUSEUM OF ART
*Takeshi Sasaki	Professor and Dean, Faculty of Law, University of Tokyo
*Tadashi Yamamoto	President, Japan Center for International Exchange
Taizo Yakushiji	Vice President and Professor, Keio University

Subcommittee
Achieving Contented and Enriching Life

--Life-Time Fulfillment
--Diversity and Freedom of Choice
--Balancing Man, Nature, and Science

(* member of the commission)

Chairperson:

*Keiko Nakamura	Deputy Director General, JT Biohistory Research Hall

Members:

*Masako Hoshino	Director, Japan NPO Center
Takenori Inoki	Professor, Graduate School of Economics, Osaka University
*Akira Kojima	Director and Editorial Page Editor, The Nihon Keizai Shimbun
Taro Maki	Journalist; Reporter, Mainichi Newspaper
Hiroko Minami	President and Professor, College of Nursing Art & Science, Hyogo
Yoichiro Murakami	Professor, International Christian University
Ken Sakamura	Professor, Digital Museum Laboratory, University Museum, University of Tokyo
Naomi Sento	Film Director
Masahiko Shimada	Author

Subcommittee
Beautiful Country and Safe Society

--Bountiful Natural Endowment
--New Civilization and Ecological Sustainability
--System for Safeguarding the Society

(* member of the commission)

Chairperson:

*Heita Kawakatsu	Professor, International Research Center for Japanese Studies

Members:

*Akira Amano	President, Japan Pediatric Association
*Tamotsu Asami	Deputy Managing Director, Chuokoron-Shinsha
Mie Hama	Actress
Masaaki Homma	Vice President; Professor and Director of Economics, Osaka University
Toyo Ito	Architect
Koharu Kisaragi	Playwright; Art Director
Reiko Kuroda	Professor, Graduate School of Arts and Sciences, University of Tokyo
Takanori Matsui	Professor, Graduate School of Frontier Sciences, University of Tokyo
Kazuhiro Ueta	Professor of Environmental Economics and Public Finance, Graduate School of Economics, Kyoto University

Subcommittee
Future of the Japanese

--Developing the World Class Human Resources
--Redefining the Fundamentals of Education
--Toward a Dignified Society

(* member of the commission)

Chairperson:

*Masakazu Yamazaki	Playwright; Critic; Professor Emeritus, Osaka University

Members:

Satoru Ikeuchi	Professor, Graduate School of Science, Nagoya University
Takashi Mikuriya	Professor, National Graduate Institute for Policy Studies
Yuko Miyazaki	Attorney at Law
*Akira Miyoshi	Composer; Director-General, Tokyo Metropolitan Festival Hall
*Chiaki Mukai	Science Astronaut, National Space Development Agency of Japan (NASDA)
Emiko Ochiai	Associate Professor, International Research Center for Japanese Studies
Hatsuhisa Takashima	Executive Controller-General, NHK (Japan Broadcasting Corporation)
Kiyotada Tsutsui	Professor, Graduate School of Letters, Kyoto University

Kiyokazu Washida Professor, Graduate School of Letters, Osaka University

Chapter 1

Overview

I. Realizing Japan's Potential

We Japanese have not engaged in discussion and debate on national aspirations for a long time. Over time, a sense emerged that talking about the goals or image of the nation was somehow embarrassing or old-fashioned. Apathy and ennui, mistrust of politics and the bureaucracy, were prevalent. Criticism of policies emanated from the National Diet, the media, and every other quarter, but few constructive proposals were advanced, partly because the government did not disclose sufficient information to enable people to formulate such proposals. This alienated the public from national involvement and hindered serious discussion of national goals and aspirations.

In presenting our thoughts on Japan's goals in the twenty-first century, we hope to break down this inertia. In this report we will discuss Japan's aspirations, expressing our hopes for the nation and our determination to do what needs to be done. Addressing head-on the issue of Japan's goals in the twenty-first century, we will propose a number of principles and policies.

We share a sense of urgency. We fear that as things stand Japan is heading for decline. That is how harsh the environment both surrounding Japan and within Japan itself has become.

In the 1990s many Japanese had an uneasy sense that something about their nation had undergone a major shift. They feared that the economic bubbles of the late 1980s and then the bursting of the bubbles early in the 1990s had undermined not only the economy but also the political order and society---even the value system and ethical norms at the very core of the nation.

Over a long history in a meager and harsh environment, we cultivated ethical norms extolling social and organizational harmony. Socioeconomic affluence and internationalization, however, made it

difficult to sustain such ethical norms unchanged. And in the 1990s, before a national consensus on the ethical framework appropriate to an affluent society could be reached, Japan experienced a major setback and slid into the age of globalization.

There was also the shock of the January 1995 Great Hanshin-Awaji Earthquake. Government (both central and local) ineptitude at crisis management, inefficiency, and lack of accountability made the public deeply anxious about the government's ability to protect citizens' lives and property. A series of unnerving incidents followed, including the Aum Shinrikyo nerve-gas attack on Tokyo subways in March 1995 and a 14-year-old boy's murder of a younger boy and assaults on several other children (one fatal) in 1997. All this left people with the impression that core attributes of Japanese society on which they had prided themselves---family solidarity, the quality of education (especially primary and lower secondary education), and social stability and safety---were crumbling. It could be said that these episodes revealed a brittleness and inflexibility of Japan's economy and society that had been building up gradually. Perhaps all this represented the price of success.

After World War II Japan made a seemingly miraculous recovery, achieved amazing growth, quickly joined the ranks of economically developed countries, and became a member of the Western camp. Japan achieved and has maintained peace, stability, and prosperity. By and large, the Japanese remember the postwar period as a success story. The political, economic, and social systems built up then were also accepted as components of a successful model. It cannot be denied that they contributed to political and social stability. Nevertheless, this successful postwar model---or, more precisely, unquestioning belief in this model---has now leached Japan's vitality. Many of the vested interests and social conventions that grew up over the postwar period have made Japan's economy and society rigid and stale.

This model was the "catch up and overtake" model, followed not only in the postwar period but ever since the Meiji era (1868E912). Japan must now seek a better model. But the world no longer offers ready-made models. The time when answers could be sought from without has passed. Most societies face the same challenge. The globalization that is expected to envelop the world in the twenty-first century brings with it great benefits but also many problems, posing the same challenge to every country. No doubt countries will respond in diverse ways. The same can be said of the aging of society. Japan will face that challenge sooner than any other country in the world. The whole world is watching to see how Japan will deal with it.

No model of immediate use to Japan exists. While studying cases from around the world, we must find solutions to such problems within Japan. In so doing, it is more important than ever to bring the latent mettle, talent, and potential within Japan into the open. Doing so is the key to Japan's future.

There is one more thing we need to think about. In the world of the twenty-first century individuals will possess incomparably more power than ever before. The Internet gives ordinary citizens easy access to the world. In addition, nonprofit-organization and volunteer activities have expanded people's scope of action. Varied networks are enhancing individual power. "Empowerment" is spreading. Exercising such power to the fullest is critical. At the same time, it should be used to revitalize government and society. It is important that the synergy of networks not only expand private space but also strengthen public space.

The problem is that in Japan today a variety of regulations, barriers, and social conventions thwart talent. Many latent strengths remain untapped. We need to explore this vast frontier. In short, Japan's frontier now lies within Japan.

In exploring the twenty-first century, we must make tapping the latent strengths of Japan and the Japanese our First priority. How can we tap these strengths? How can the power of individuals be better utilized? Here we outline two essential changes. One is to change the methods and systems whereby citizens interact with society. This means defining the relationship between citizens, who entrust government with authority, and government, which is so entrusted, in the context of a new form of governance led by citizens as the chief actors. After World War II Japan established democracy in society, but although the form of society changed, not all its content did so. Notably, the traditional channels and organization of one-way (top-down, or public-sector to private-sector) transmission of decisions and demonstration of power remained embedded through force of habit. This needs to be changed to a contractual relationship between those "below" and those "above," or the private sector and the public sector, a more equal relationship. People must become more aware that government is their agent.

The other essential change is to redefine and rebuild the relationship between private and public space in civil society. This means first and foremost promoting individuality and individual initiatives: unleashing sturdy individuals who are free, self-reliant, and responsible, individuals whose ability to empathize with others makes them inclusive. These tough yet flexible individuals will participate in and expand public forums on their own initiative, creating a dynamic public space. The public space thus cultivated will provide individuals with more diverse choices and opportunities. This will lead to the emergence of individuals and a society endowed with diversity and vigor, individuals and a society that take risks more boldly, address pioneering challenges, and are more creative and imaginative. We should think, too, about developing a system to provide incentives to such individuals and a safety net for those who fail.

Building a new system of governance, empowering the individual, and creating a new public space require the fostering of a spirit of self-reliance and a spirit of tolerance, neither of which has been allowed sufficient latitude for expression in Japanese society so far. A society without a place for tough yet flexible individuals is fragile. The talent, drive, ethical mores, aesthetic sensibility, and wisdom of self-reliant individuals create the framework and dignity of a nation. They shape the future. It is the spirit of self-reliance that enables individuals to release their latent strengths. Society must also have the tolerance and inclusiveness to acknowledge individuals' differing characteristics and talents, enable individuals to develop these, and match the right person to the right place in society as a whole in the best way possible. Otherwise society withers. It is the spirit of tolerance that enables society to tap its latent strengths.

II. Global Trends and Their Implications

As the world enters the twenty-first century, it faces a set of major challenges. Trends that will force changes of a sort not experienced during the twentieth century are now sweeping across every corner of the globe. The power and speed of the currents of change will be incomparably greater than in the century gone by.

The major trends that the world faces in the twenty-first century are (1) globalization, (2) global literacy, (3) the information-technology revolution, (4) advances in science, and (5) falling birthrates and aging populations.

1. Globalization

Globalization has progressed beyond the stage of being a "process." The markets and media of the world have become increasingly integrated, and people, goods, funds, information, and images are moving freely across national borders on a major scale. The fences between countries have become lower, and the effects of developments in one part of the world are immediately being felt elsewhere; the world is indeed becoming an ever smaller place. This trend will accelerate even further in the twenty-first century. As a result, the universality and utility of systems and standards in various fields, including the economy, science, and academic training, will be held up to global yardsticks for questioning and evaluation. Every country will have to review, reevaluate, and adjust its existing systems and practices on the basis of a global perspective. It will be an age of megacompetition in systems and standards. The effects will extend from politics and diplomacy to the economy, society, and everyday life; closed systems that are complete unto themselves within a single country will grow hollow and impoverished.

Globalization will accelerate the process of diversification, both domestically and internationally. It will present people with a variety of options and thereby work to increase vitality, but at the same time it will bring people into direct contact with foreign elements and thereby act as a source of friction and conflict.

Globalization has raised a variety of issues for Japan, such as the need to cope with the speed of developments, to participate in rule making and to empower individuals. Japan has relied on a time-consuming process of reaching consensus through the ringi system (under which a circular stating the proposed decision must be approved in turn by every affected department), rules have not been made explicit, and nonverbal communication has been prized; in this context the locus of responsibility has been blurred, and the ideas and creativity of individuals have not been fully utilized.

These practices will put Japan at a disadvantage in the age to come. Japan needs to base its systems and rules on standards that are explicit and internationally acceptable. It will also be necessary to delineate accountability, make the decision-making process transparent and speedier, place greater value on the wisdom and ideas of the individual, and clarify individual authority and responsibility. We must develop a society that does not allow precedents, regulations, vested interests, and other obstacles to stand in the way of pioneering concepts and activities, a society in which people who fail can have chances to try again.

Some judge globalization to be no more than Americanization or to mean the unilateral imposition of American standards. It is true that the United States currently enjoys an overwhelming advantage in the multiple processes of globalization. But even the United States must confront the spreading backlash and resentment resulting from the widening of income gaps, both domestically and globally, and the rise of anti-American sentiment. If drives against globalization and protectionist moves arise at home and abroad, it will become difficult to reach agreement on international rules. Japan should take careful note of the negative elements of globalization, but at the same time it should make full use of the positive elements. Our country should also participate more actively in the formation of global systems and standards and the making of rules.

2. Global literacy

Globalization also means the advent of an age in which people will not be overly concerned with established systems, customs, and vested interests. They will have broad access to opportunities for

new undertakings not limited by national boundaries.

To accomplish this, however, people must possess the ability to access and converse with the rest of the world, meaning that they can freely and immediately obtain information, understand it, and express their own ideas clearly. The possession or lack of this ability, which we may call "global literacy," will determine whether or not one will enjoy a better life in the world of the twenty-first century. And mastery of global literacy by the people of a country will determine whether that country's power in the international politics of the twenty-first century will wax or wane---and is also likely to determine whether the country rises or falls. Countries whose standard of global literacy is low will not attract superior human resources. Meanwhile, people will flock to those countries whose standard is high; this is a phenomenon that is bound to occur.

The basic components of this new literacy are the mastery of information-technology tools, such as computers and the Internet, and the mastery of English as the international lingua franca. In addition to these basics, communication skills---encompassing the ability to express oneself in two-way exchanges, particularly debates and dialogues involving multiple participants on each side, along with clarity in the exposition of ideas, richness of content, and persuasiveness---will also be important elements.

Today's Japanese are lacking in these basic skills. Their English-language abilities as measured by their TOEFL scores in 1998 were the lowest in Asia. The Japanese themselves are painfully aware of the inadequacy of their communication skills. Though they would like to convey their country's good points and its real situation to the rest of the world, many of them feel unable to do so adequately.

3. The information-technology revolution

The revolution in information technology, or IT, is now exerting such a huge impact on people's lives, social institutions, and international relations that it has been dubbed the "third industrial revolution." The development of the Internet in particular has fundamentally transformed the flow of information, enhanced the convenience of life, and provided a revolutionary means for individuals and organizations to communicate simply, extensively, instantaneously, and cheaply. This has led to rapid progress toward decentralization or dispersal, in the process creating a world in which such traditional determinants as nationality, place of residence, and organizational affiliation are increasingly irrelevant. At the same time there has been movement toward integration driven by the emergence of English as the international lingua franca and the overwhelmingly superior position of those who control information and IT. We also see a trend toward what we might call realignment-the

challenging of established industries by new industrial players, the loss of state control, and the growth of individuals' say, accompanied by a regrouping of winners and losers based on a widening of the gap between the information "haves" and "have-nots." Meanwhile, the construction of multiple networks has broadened the opportunities for women and members of other traditionally disadvantaged groups to participate more fully in society and has provided a path for the sudden opening up of individual options and opportunities for self-realization.

Japan is far behind the United States and other countries in this IT revolution. There is an urgent need to establish the infrastructure that will allow every home, school, and institution to have computers hooked up to the Internet around the clock, providing low-cost, high-speed access to information. Guaranteeing ease of use and low cost is the way to both assure that the economically and socially disadvantaged will gain access to information as quickly as possible and to avoid the widening of an access gap.

Another requirement is the development of new IT, particularly software content and technology for practical use in society. It is also essential, especially in Japan's case, to dramatically strengthen IT training so that the bulk of the population will achieve mastery in this field.

As information flows become radically bigger and faster, the shape of politics, public administration, and even criminal activity also changes greatly. We need new rules to strike the proper balance between the protection of information on the one hand and disclosure and freedom of expression on the other. There is a need to create systems under which neutral, fair actors can share responsibility with the government for the formulation and maintenance of such rules and the management of risk.

4. Advances in science

In the twenty-first century, science and technology can be expected to advance even more rapidly, grow even more mammoth, and produce even greater possibilities for changes affecting the very core of human existence. Along with these advances, civilization will also progress, and people's lives should become richer and more convenient.

At the same time, however, in the century ahead it is likely that even greater attention will be paid to the purposes of scientific and technological development, a question that can be expected to become a major political issue as well.

For example, the new possibilities brought about by developments in the life sciences and biotechnology present humanity with new questions of ethics and values. The science and technology that are supposed to be tools for the accomplishment of human desires may themselves produce such desires; this is liable to produce a situation where people are buffeted about by their desires. If we fail to watch our step with extreme caution, we may see the emergence of medicine that dissects people and trades their body parts or of science and industry that destroys the ecosystem.

The control and safety of megatechnologies like nuclear energy will also pose a major challenge for civilized society. For Japan, which relies on nuclear power for over 40 percent of its energy consumption and which plans to increase this reliance to an even higher level, this is an issue of not just energy security but also of human security and of the security of civilization. Human existence and dignity will be tested to an even greater degree by science and technology.

The science and technology of the twenty-first century must be used not to conquer nature but to support lives that are spiritually as well as materially affluent, accompanied by a sense that human beings themselves are part of nature.

5. Falling birthrates and aging populations

The decline in the number of children being born and the rise in the proportion of elderly in the total population are issues common to many industrialized nations. The aging of populations especially is an inexorable process, acting as a brake on economic growth and pushing up social costs; it threatens to have a major impact on sustained economic development and the distribution of wealth on a global scale. While it is conceivable that policies will be adopted to address the low birthrate, as long as the decline in births continues it will result in a relative rise in the proportion of the elderly and is thus certain to further accelerate the process of population aging.

This pair of demographic trends is progressing faster in Japan than anywhere else. It is calculated that by around 2015 one Japanese in four will be 65 or over, and by around the middle of the century the proportion will be one in three. The eyes of the world are thus on Japan's response to its aging population. The total population is expected to peak at 128 million in the year 2007, after which it is forecast to drop below 100 million in the middle of the twenty-first century and to decline by almost half by the century's end.

The impact of this demographic shift on Japan's society and economy will be substantial. As the percentage of seniors rises and that of young people declines, the country will be confronted by such questions as how far young people's opinions can be reflected in politics, how to reconcile the conflicting interests of different generations concerning costs, and how to maintain social vitality.

To what extent and in what way can our social security system be maintained? What can be done to make older people more self-reliant? At what level can the social safety net be maintained? Should the younger generations alone bear the burden of supporting the elderly? It will not be possible to avoid considering such questions as these. Furthermore, our resources are finite, behind growth sectors lurk declining sectors, and benefits are inevitably accompanied by costs.

Much of the current talk of Japan's decline and other pessimistic views of the country's future are based on the conjecture that declining births and an aging population will sap the vitality of Japanese society. However, our approach should be one of overcoming this situation by drawing out the latent potential of Japanese society to the greatest degree possible. For example, we should systematically promote opportunities for women to be involved in society and the workplace on a major scale. Accepting the entry of non-Japanese will also be an important option.

Aging itself is not negative. It is wrong to think of an aged society as dark, spiritless, and loaded down with baggage. We need to shift to a perspective of building a mature society, one in which everybody can live with fulfillment as befitting his or her stage in life, regardless of such distinctions as generation, gender, and nationality. The aging of the population should be taken as an issue of how to live one of the stages in life.

III. Central Elements of Reforms

Japan must meet the challenge of the upheaval brought about by these major trends. If this is to be done successfully, individual citizens' excellence underpinned by a pioneer spirit must be encouraged and their latent strengths tapped. This calls for various changes. As already mentioned, it is essential first to change the methods and systems whereby citizens interact with society and second to redefine and rebuild the relationship between private and public space in civil society.

1. From governing to governance

In Japanese society so far, opportunities for examining the question of social governance have been limited. This is because the state, the bureaucracy, and organizations have always been given precedence and society as a whole has advanced in lockstep. "Public" has been more or less synonymous with "official," and public affairs have been seen as something to be determined by the authorities. Citizens, too, have accepted this and, in fact, relied on it.

A top-down, or public-sector to private-sector, image of governance exalting the bureaucracy and looking down on citizens has long prevailed in Japan. It has been hard for the Japanese to see governance as implying a kind of contractual relationship between the people, who entrust government with authority, and government, which is so entrusted. Nor have they ever envisioned governance in terms of individuals acting on the basis of self-responsibility and various actors jointly creating a new public space in the context of a pluralistic society led by spontaneous individuals.

Citizens, or individuals, entrust self-realization to various organizations and institutions, but are the systems so entrusted functioning adequately? Are there equal opportunities for participation? Are the rules clear? Are the rights of the entrusters adequately guaranteed? Is self-realization fully achieved? Are those entrusted truly meeting expectations, and how is this to be assessed? Is dialogue and the flow of information between the entrusters and those entrusted a two-way process? Questions like these, which address the essential nature and quality of governance, have seldom been asked, as symbolized by the fact that no apt Japanese word for governance has been devised.

In meeting the various challenges outlined above, Japan needs to build governance in the true (but new to Japan) sense and enable it to mature. This requires new rules and systems between individuals and organizations, whether government, companies, universities, or nongovernmental organizations. Disclosure and sharing of information, presentation of options, transparent and rational decision making, steady implementation of policy decisions, and ex post facto policy assessment and review are needed so that rules can be articulated, policy distortions caused by minority interests prevented, and fair and efficient public services provided. This means, in short, establishing governance built up through joint endeavors, governance based on rules and the principle of responsibility and grounded in two-way consensus formation, rather than governance premised on one-way rule. This new governance is not adequately expressed by the Japanese word traditionally used, tochi. While we do not repudiate everything about the old governance, we suggest calling the new governance kyochi, a word that emphasizes cooperation (kyo) rather than governing, rule, or control (to).

2. Empowerment of the individual and creation of a new public space

If the twentieth century was the century of the organization, the twenty-first century will be the century of the individual. In addition, the Japanese will be fundamentally liberated from the material scarcity that has hung heavy over its history right down to the twentieth century. Individual freedom and empowerment, so far enjoyed by only a handful of people, will be within reach of the great majority. If so, it is all the more important that each and every person firmly establish his or her individuality. If creation is to flourish, diverse individuals must exist. Vying with one another and making rules in the process, they will build society. Whatever image we envision for the future of society and the nation, individuals will and must be the main actors.

The Japanese long made the family, or ie (literally, "house"), the basis of their existence. Perpetuation of the family name, not blood ties, was paramount. Since human beings feel lost unless they belong to something that has continuity, the ie was a useful construct, but as a result individual freedom was curtailed. After World War II the power of liberalism appeared to demolish the ie, but without realizing it the Japanese created "proxy ie." The classic example is the company. There were many other proxy ie as well. Belonging gave people satisfaction, they served the proxy ie faithfully, and belief in its continuity gave them peace of mind. This was a widely accepted pattern. Meanwhile, once one joined a proxy ie its overall harmony became the top priority, again curtailing individual freedom.

This tendency to regard the harmony of the institutions to which one belongs as paramount has had the merit of creating a nation with minimal disparities in wealth and a high degree of safety relative to other developed countries. This system has not functioned effectively, however, as a basis for enabling individuals to give full rein to their abilities and creativity, and has even become a drag.

In the twenty-first century, whose salient feature will be diversity in the context of the trends of globalization and the information-technology revolution, the bedrock imperative is that the Japanese empower themselves as individuals, that they possess a robust individuality. The kind of individual needed is, above all, one who acts freely and with self-responsibility, self-reliantly supporting him- or herself. This tough yet flexible individual takes risks on his or her own responsibility and tackles the challenge of achieving personal goals with a pioneer spirit.

Engaging in free and spontaneous activities, participating in society, and building a more mature system of governance, such individuals will create a new public space. By "public space" we do not mean the traditional top-down public sphere or public interest determined and imposed by the

authorities. We are referring to a new kind of public space created through the combined power of individuals who, regardless of their personal affiliations, consciously engage with one another and with society of their own freewill. It is a public space that permits diverse "others," is considerate of others, and supports others. At the same time, once a consensus has been formed everyone should obey it.

Since this new public space is underpinned by individuals' free and spontaneous ideas and actions, in creating it they will be able to acknowledge one another, gain recognition for personal achievement, and achieve self-realization. In other words, it is when individuals are free and self-reliant that a new public space can be created, and as a new public space is created individuals can expand the sphere of their activities and enhance their independence.

After the Great Hanshin-Awaji Earthquake large numbers of volunteers, especially young people, rushed to the scene. This was a moving phenomenon. The volunteers set aside their customary affiliations to help victims of the quake. This led to the creation of a new public space for the Japanese, and the sense of public space as an area of individual will emerged.

Empowerment of the individual will catalyze the creation of a new public space, and creation of a new public space will give individuals greater choices and opportunities. This interaction will generate a new form of governance (kyochi) that will elicit individuals' latent strengths more fully and expand the frontier of self-realization.

IV. Japan's Twenty-First-Century Frontier

Where, then, is the frontier of twenty-First-century Japan that will be opened up through change? How should we explore this inner frontier? The five subcommittees present a variety of proposals in the following chapters, and we hope that readers will peruse them. Here we will concentrate on new proposals that cut across the themes of the subcommittees.

1. Promoting a pioneer spirit

The individual, and individual excellence underpinned by a pioneer spirit, will be the driving force

of the twenty-first century. The excellence of individuals abounding in ingenuity, challenging the unknown unafraid of risk, and aspiring to accomplish cutting-edge work will be of decisive importance.

To cultivate these qualities, society needs a firmly established ethos and systems that welcome and give full rein to excellence. Unfortunately, Japanese society still tends to frown on displays of individual excellence. This is closely bound up with an ingrained egalitarianism. The Japanese are preoccupied with equal outcomes, and in a vertically segmented, horizontally egalitarian society the nail that sticks out is hammered down. The relentless demand for equal outcomes has led to unequal opportunities.

In twenty-First-century Japan, however, we would like to see people of excellence who have creative ideas assessed more fairly, since it is their enterprising spirit and their activities that will build the future. Meanwhile, it is crucial to see that the efforts of those who take risks and display excellence underpinned by a pioneer spirit are adequately rewarded. We should bid farewell to equal outcomes and introduce a new concept of fairness, what we might call "fair disparity," which appreciates performance and growth potential, accepting differences and disparities in individual abilities and talents as a given. We must create a reservoir of creativity, valuing the entrepreneurial spirit and the spirit of adventure, providing opportunities to self-starters, and cultivating the spirit of risk taking in both individuals and society. It is necessary to create an environment that encourages individuals to set up their own businesses.

Everyone must be guaranteed equal opportunity. At the same time, it is important to create systems that give people a chance to start over. If people believe that one failure means the rest of their life is ruined, they may not have the heart to take up challenges. On the other hand, if the outcome is the same whether or not people take up challenges, they may decide against making the extra effort. Striking the right balance is hard, but it is important to expand opportunities for individuals who have experienced failure to brush up their skills and tackle challenges again through such means as continued study and training.

(1) Transforming education

If we are to emphasize the kind of education that taps the latent strengths of individuals and society and that fosters and encourages excellence, we must break down the homogeneity and uniformity of present-day education. To achieve this, it is essential to reexamine education in the broad sense, that is, the development of human resources. The idea of leaving intact the framework of the present

educational system, created in and after the Meiji era to promote modernization, and simply tinkering around the edges is not good enough.

The state has two broadly defined roles to play in education. One is to require citizens to acquire the knowledge and skills necessary to live as sovereign members of society. The other is to perform the service of helping free individuals acquire the means for self-realization. In short, the two are compulsory education and education as a service. Present-day Japanese education, however, has conflated the two. An inordinate burden is placed on children who cannot keep up with course content, while children who assimilate it easily and want to stretch their minds further are forced to mark time. In the twenty-first century the two kinds of education should be clearly distinguished; compulsory education should be rigorously implemented as the minimum required of citizens, while education as a service should be left to market mechanisms, with the state offering only indirect support.

For example, the primary and lower secondary curricula could be compressed, with three days a week devoted to carefully selected compulsory education; the other two days would be given over to review of compulsory subjects for children who were having trouble keeping up, while children who were achieving well would be allowed to choose freely among scholarship, arts, sports, and other forms of personal cultivation, and specialized vocational education. Using state-issued vouchers, these children could study either at schools or at privately run institutions outside the official school system.

Education is a joint endeavor of the home, the community, and the school. Recently, however, the educational functions of the home and the community have deteriorated markedly. It is necessary to reestablish a shared awareness of the importance of discipline and training in the home. It should be made clear that the primary responsibility for children's education and behavior rests with parents and guardians.

In regard to higher education, in order to cultivate human resources capable of world-class work it is essential that universities and other institutions of higher education improve their international competitiveness. The establishment and administration of institutions should be made as free as possible and a competitive environment, including making educational and research facilities multinational, should be introduced as far as possible. Possible measures include abolition of controls on the establishment of universities, faculties, and so on; assessment of educational and research performance; the use of English as a language of teaching and research; and the active recruitment of foreign faculty members. Medical schools, law schools, and other means of improving educational functions to enhance the specialized skills of doctors, lawyers, and other professionals are also necessary.

In the 1990s the increase in foreign students slowed, and there was even a tendency for numbers to dip below the previous year's. The government's goal of accepting 100,000 foreign students at the beginning of the twenty-first century became unattainable. A great deal has been said about this, and a number of measures have been taken to improve the environment for foreign students, but the basic problems are Japanese higher education's reduced international competitiveness and attractiveness. Unless radical changes are made, Japan's foreign-student policy will not bear fruit.

(2) Enhancing global literacy

The advance of globalization and the information-technology revolution call for a world-class level of excellence. Achieving world-class excellence demands that, in addition to mastering information technology, all Japanese acquire a working knowledge of English---not as simply a foreign language but as the international lingua franca. English in this sense is a prerequisite for obtaining global information, expressing intentions, and sharing values. Of course the Japanese language, our mother tongue, is the basis for perpetuating Japan's culture and traditions, and study of foreign languages other than English should be actively encouraged. Nevertheless, knowledge of English as the international lingua franca equips one with a key skill for knowing and accessing the world.

To achieve this, it is necessary First to set the concrete objective of all citizens acquiring a working knowledge of English by the time they take their place in society as adults. We should think about organizing English classes according to students' actual level of competence rather than their grade in school, improving training and objective assessment of English teachers, greatly increasing the number of foreign teachers of English, and contracting language schools to handle English classes. We should also think about requiring the central government, local governments, and other public institutions to produce their publications, and home pages, in both Japanese and English.

In the long term, it may be possible to make English an official second language, but national debate will be needed. First, though, every effort should be made to equip the population with a working knowledge of English. This is not simply a matter of foreign-language education. It should be regarded as a strategic imperative.

2. Making a strength of diversity

In the twenty-first century, thanks to the information-technology revolution, information and options will increase greatly, individuals will transmit their thoughts freely, new networks will emerge, and there will be sweeping changes in education, work, lifestyle, living space, and the use of time. Meanwhile, the falling birthrate and the aging of society mean that needs will diversify and the shape of the family and intergenerational relations will change. In addition, globalization will lead to increased mobility of people and more foreigners living in Japan, so that contact and interaction with other cultures will deepen. As a result, the shape of the state and of businesses, society, gender roles, daily life, culture, and even the sense of what makes life worth living will change. Meanwhile, spontaneous participation in nonprofit organizations and volunteer activities is sure to expand individuals' scope for self-realization.

There will be a social shift to dispersed networks. Individuals' range of choices will expand dramatically. They will seek self-realization through affiliation with diverse organizations, networks, and activities. Life will become more diverse than ever before.

Japan's present social systems were created on the presumption of homogeneity. In this age of diversification, however, social systems recognizing and actively incorporating individual differences are essential. This means expanding freedom of choice. It means offering a range of social options and ensuring citizens in all their diversity a variety of opportunities for choice.

Valuing diversity means valuing individual freedom. Freedom entails responsibility. Democratic societies' basic principle of a balance between freedom and responsibility will be more consistently implemented. (1) Putting individuals in control of their lives

The lives of the Japanese are divided broadly into three stages: the acquisition of knowledge through education, work and child rearing, and finally old age. To achieve self-realization, however, essentially life should be a single continuum. People should be able to choose the lifestyle that best meets their needs at every life stage, regardless of gender or age. Making this possible requires the formulation of integrated policies that address education, employment, child care, continuing education and training, social security (medical care, care services for the elderly and disabled, pensions), economic revitalization, and so on as a whole. It is natural for people to prefer high-benefit, low-burden policies, but such policies are not sustainable. Therefore the relationship between costs and benefits should be articulated and policy options presented in an easily understood manner so that individuals can plan each life stage as they wish.

The minimum necessary social security must be guaranteed by the state and public institutions. Over

and above that, however, individuals should choose from among diverse options on their own initiative to support a self-reliant way of life. The systems of long-term employment and seniority-based pay and promotion have fallen apart, companies' life spans have shrunk, and the age when employment was synonymous with joining a company is coming to an end. The new requirements are fair assessment of one's skills, the ability to engage in satisfying work, the ability to choose from among a number of employment formats, and the provision of opportunities to develop skills and start over throughout life even if one changes jobs.

The idea of individuals choosing the kinds of pensions that suit their own life plans, paying in for a period so that they can receive benefits later in life, will be important. It will also be necessary to increase options with regard to elderly care services, preventive medicine, and public health services.

Society will never be free of uncertainty, nor will individual anxieties disappear. What is needed is not the eradication of uncertainty and anxiety but the resolve to coexist with uncertainty and anxiety, using them as a springboard to explore new horizons.

(2) Regional autonomy and self-reliance

The relationship between the center and the regions so far has been one in which power is concentrated in the hands of the national government, which parcels out resources "with total fairness" to the regions. National land development and infrastructure improvement projects, while serving as a sort of income guarantee for the regions, have ended up producing regions without individuality and cities without strength. Under the existing system, whereby the center transfers funds to the regions to make up the difference between their income and expenditures, the regions cannot achieve fiscal soundness or self-reliance.

For people to experience the realization of diverse values in the century ahead, it is essential for the regions that are the stages for their lives also to be rich in diversity. What is required is not an approach by which authority is "decentralized" through the devolution of powers from the national government to local governors and mayors, but rather the building of a system under which local residents can themselves determine the shape of their own regional government.

What this means First of all is a leveling of the relationship between the center and the regions. We

need to achieve local autonomy in the true sense of the term, meaning that local residents can themselves decide what sorts of services they desire and how much of a burden they will bear in connection with their region's own issues. Regional governments should be set up on a scale that allows them to exercise self-responsibility and self-reliance, and with respect to regional revenue sources we should go beyond the idea of having the national government transfer control of existing sources of tax revenues to the regions and allow regions themselves to decide on the taxes and local bond issues that they wish to use to cover their expenditures. At the same time, it will be necessary to create rules for the rehabilitation and possible merger of regional governments. The setup for public administration within the regions should secure the maximum possible degree of citizen participation, limit the scope of administrative discretion, and allow prompt implementation of policies.

The role of the national government should be limited to areas where action needs to be carried out from a truly national perspective, such as ensuring that the "national minimum" is provided, and systems should be established that will allow it to implement these policies on its own.

(3) Energizing the nonprofit sector

With the diversification of society's needs in the twenty-first century, there will also be a demand for diversity both in the actors responding to these needs and in their activities. Given the assumption that there are limits on the scope of public-interest activities that can be conducted by national or local governments or by businesses, it will be indispensable to build up public-interest activities based on spontaneous involvement by citizens and to strengthen society's self-help systems. The actors that will support such activities are those of the nonprofit sector.

Here we would like to focus in particular on public-interest corporations (incorporated associations and incorporated foundations) established under the Civil Code and nonprofit organizations, or NPOs, incorporated under the March 1998 Law to Promote Specified Nonprofit Activities (commonly called the NPO Law), because these types of organizations have the objective of realizing the interests of the general public. Under the present system as stipulated in the Civil Code, approval from the competent authorities is required for the establishment of a public-interest corporation, and certification from the competent authorities is required to enable it to have preferential tax treatment provided for the donations that it receives. In other words, the administrative authorities have the discretionary power to decide what is to be treated as the "public interest." It is possible to set up an incorporated nonprofit organization under the NPO Law provided only that it meets the necessary formal requirements, but the law does not provide tax deductibility for donations to such organizations.

In the century ahead we should shift to a system under which the realization of the public interest will reflect the will of the people involved, with society evaluating the results, so that the nonprofit sector can grow through its own efforts.

To achieve this, First of all it is essential to unify the system for establishment of incorporated nonprofit organizations, with registration being sufficient, and to establish a transparent system whereby eligibility for tax deductibility of donations is judged on a uniform basis by a neutral, fair, and democratic third-party institution. This will free the determination of what is the public interest from administrative discretion and will make it necessary for incorporated nonprofit organizations to display accountability and independent efforts to conduct activities suited to winning recognition as being in the public interest. In addition, it will be necessary to open up ways for people to become actively involved in support of the public interest by greatly expanding the scope of tax deductibility for donations and by allowing both individuals and businesses the option of using a portion of their income either to pay taxes or to decide themselves how the money is going to be used by making donations.

(4) Establishing immigration policy

The proportion of non-Japanese in Japan's total resident population has topped 1.2 percent, and a full 65 percent of these are First-generation arrivals, that is, people who have come to Japan for their own purposes. Even so, the ratio of foreigners to the total population is by no means high compared with that in other industrialized nations, and while the government has given some consideration to policies toward foreigners taking up residence as part of its overall immigration policy, Japan has not developed a comprehensively designed set of policies to deal with foreigners covering such matters as legal status, living conditions, human rights, and housing assistance.

To respond positively to globalization and maintain Japan's vitality in the twenty-first century, we cannot avoid the task of creating an environment that will allow foreigners to live normally and comfortably in this country. In short, this means coming up with an immigration policy that will make foreigners want to live and work in Japan. Achieving greater ethnic diversity within Japan has the potential of broadening the scope of the country's intellectual creativity and enhancing its social vitality and international competitiveness.

It would not be desirable, however, simply to throw open the gates and let foreigners move in freely. First of all we should set up a more explicit immigration and permanent residence system so as to encourage foreigners who can be expected to contribute to the development of Japanese society to

move in and possibly take up permanent residence here. We should also consider preferential treatment for foreigners who study or conduct research in Japan---such as allowing them automatically to acquire permanent residence status when they complete their academic work at a Japanese high school, university, or graduate school.

3. Strengthening the underpinnings of good governance

With the progress of globalization, computerization, and diversification, policy issues will become increasingly varied and complex, and it will become more difficult to find the optimal policies to implement. It will also become easier for people's interests to come into conflict, making it hard to form a consensus concerning the public interest. To overcome these difficulties, draw out the latent strengths of individuals, and work together in managing public affairs, we will need rules suited to the times and systems that are open. It will be essential to have a new system of governance.

To achieve rules, open systems, and governance of this sort, we cannot avoid the task of reviewing our present systems of politics, public administration, and justice.

First of all, we need to energize our system of politics. And to do so, we must energize our politicians. We should expect politicians to display conceptual power and power of expression, and also the ability to engage in international dialogue. They should be able to consider a variety of policy options and discern which of them are actually possible; they should then plunge enthusiastically toward implementation. They should also have talent as communicators who can speak movingly in words of their own, along with the ability to communicate fully and build relationships of trust with foreign leaders. Naturally, they must also display the mettle, ethics, and sense of responsibility befitting those involved in the conduct of public affairs. Good governance cannot take root without trust in and efforts by politicians.

It is also important to enliven the electoral process and draw in young people. We need to lower the voting age to increase opportunities for young people's opinions to be reflected in politics; we also need to enhance policy options, improve legislative functioning, increase the transparency of the political process and political parties, and halt the trend toward political apathy among the public.

In the area of public administration, it is essential to carry out fundamental reform of management, the thrust being to establish such fundamental principles as the strict limitation of the roles to be played

by the government, disclosure of information, accountability, transparency in policy decision making and implementation, and ex post facto review of policies. There is also a need to establish systems for regular coordination among various actors, especially in connection with crisis management. And civil servants must punctiliously perform their proper roles within the system of governance.

The functioning of the judicial system in providing arbitration and settlement of disputes must be strengthened. The agenda should include moves to upgrade the functioning of this system both qualitatively and quantitatively, to speed up its handling of cases, and to turn it into a service that is open and readily accessible to the public.

The basic requirements for building good governance apply also to the private sector. For example, accountability must be required of physicians, attorneys, asset managers, and others providing specialized information and services. This is particularly true of the provision of services affecting individuals' lives and property. It will also be essential for society to have systems that allow for proper assessment of these specialists, for example through the strengthening of the principle of third-party review.

In the context of the "formation overload" of the age of globalization, the roles and responsibilities of journalism will be even more important and weightier than before. In addition to its existing functions of educating the public, acting as a watchdog over those in power, and offering criticism of government policy, the world of journalism will be expected to play new roles in such areas as sifting and prioritizing information, protecting human rights, proposing policies, expanding international networks, and transmitting information from Japan to the rest of the world. Journalists should themselves be key actors supporting the system of governance; to this end they should abandon their reliance on closed arrangements like the exclusive press clubs set up to cover particular government departments and should establish their own systems of independent review and mutual criticism.

(1) Diversity and transparency in policy choices

A fundamental requirement for achieving greater diversity of policy options is to strengthen the ability of legislators to propose policies and draft legislation without depending on the bureaucracy. To achieve this it will be necessary to diversify and strengthen the policy-proposing actors that back up this process. This means, for example, beefing up the policy staff working for legislators, enlarging the research organs attached to the National Diet, enhancing the "think tank" functions of political parties, and building up the policy-proposing and policy-research functions of universities, private-sector think tanks, nonprofit organizations, and other bodies, and having these different actors work

together. Since the policy-research capabilities of Japan's universities and nonprofit sector think tanks are puny by comparison with their international counterparts, sweeping measures to strengthen them should be undertaken. Private-sector individuals should be employed as policy drafters and staff members in the Diet, the organs of the cabinet, the bureaucracy, and international institutions, and lively exchanges of personnel should be conducted between the public and private sectors.

It is a positive development that elected politicians have recently been taking more initiative in the processes of formulating and deciding on policies. We should emphasize that this taking of initiative is accompanied by a special degree of accountability. The accountability of politicians for their policy initiatives is of course subject to the appraisal of the voters at election time, but it will also be necessary to establish systems to prevent politicians from serving special interests and to ensure information disclosure by and systematic oversight of political parties. Ensuring transparency is a constant issue for politics as a whole, for political parties, and for individual politicians.

With respect to issues that involve the shifting of burdens to future generations, it is difficult to formulate the optimal policy choices with only the representatives of the current generation. Therefore, in addressing such issues as the management of government debt, it will be necessary to establish a system that will provide for neutral policy planing and legislative actions independent of political interests through a transparent process based on a medium- to long-term perspective, mobilizing experts drawn from a wide range of backgrounds.

(2) Lowering the voting age to 18

It is necessary to find ways to ensure that the people's policy choices are fairly reflected in election results and to halt the trend toward political apathy. The First step toward restoring public trust in the political system is to set up explicit rules in advance to deal with the always contentious issue of reapportionment of the number of Diet seats, so that imbalances will be automatically adjusted according to a regular schedule. As a medium- to long-term issue, it would also be good to start debating the merits of shifting to direct election of the prime minister.

We propose that the voting age be lowered from the present 20 to 18. This is because we believe that the age of 18 is sufficient to be considered the point of reaching adulthood. The voting age is already 18 or lower in 156 countries, or 92 percent of the world's 170 countries. Japan is the only industrialized nation that maintains a voting age of 20. Meanwhile, over 20 percent of high school graduates go on to take jobs, and 18 is the age at which people can join the Self-Defense Forces.

In this age of a falling birthrate and an aging population, the share of elderly voters will greatly exceed that of younger voters. Furthermore, intergenerational conflicts of interest over such matters as pensions will become more intense. We will need to listen more attentively to young people's opinions and make additional efforts to see that these opinions are reflected in politics. Expanding the electorate to include those aged 18 and up will mean welcoming about 3.5 million new young voters into the political process. This will energize not only these young people but older people as well, and will raise the public's sense of involvement in politics. It will naturally be necessary when lowering the voting age to also consider lowering the minimum age of eligibility for election, as well as making the new voting age consistent with relevant statutes, such as the Civil Code and the Juvenile Law.

(3) Strictly limiting the government's role

Making individual responsibility the operating principle and diversifying the range of individual options also means changing the role of government, which will have to be strictly limited. This must be more than a matter of streamlining; the aim must be to improve the efficiency of government and thereby raise the level of services provided to the public. The fundamental principle should be that the government will handle only those areas that the private sector is incapable of handling.

To raise the level of services provided by the government to the public, effectiveness must be achieved in such areas as information disclosure, accountability, and policy review. The central element of the review of government operations should be a fundamental reform of the management of public administration.

The main priority should be examining the extent to which public administration has made efficient use of the budget and other administrative resources to achieve policy objectives; for this purpose it is proposed that a public accounting system revealing the state of government expenditures be established, that budget allocations be made on the basis of policy objectives, and that a system enabling the results of policy evaluation to be flexibly reflected in budget expenditures be introduced.

Even as the role of the government is strictly limited, domestic functions involving the protection of people's lives from disasters, accidents, and environmental degradation will always remain. But we are entering an age when even these functions cannot be performed exclusively by the government. However we may try, we cannot achieve absolute safety. And as we have learned from the experience

of the Great Hanshin-Awaji Earthquake, in a highly developed society like ours it is impossible for the government to provide all the necessary services across the board in an emergency. Naturally, the government must establish the appropriate legislation and necessary procedures for crisis management, but the key to a successful response is adequate advance disclosure of information concerning dangers, a joint crisis-management setup, and a strong cooperative relationship among the national government, local governments, businesses, local communities, civil society organizations, and others with regard to both preparatory measures and postemergency countermeasures.

(4) Promoting rule-based governance

In the twenty-first century, which will be a time of international openness and of making maximum use of the vitality of diverse individuals, it will be important to make rules explicit and to find answers to conflicts of interest. We should no longer rely on the ad hoc reconciliation of interests by the administrative authorities or the operation of closed and opaque rules among private-sector actors. It is essential to make the functioning of the judicial system accessible to the people and easy for them to use, and also acceptable by international standards. With the progress of globalization, the competitiveness of legal services has an important bearing on national vitality.

What we require are judicial functions and services at an incomparably higher level than we have had so far. To deal with the needs of the new century, we should First of all dramatically increase the number of people in the legal professions. Instead of setting a cap on the number of people admitted to the bar, we should relax the regulations, promote competition among lawyers, allow people other than lawyers to undertake activities like the provision of legal consultation, and make it easy for people who have left school and are already working in other professions to obtain legal qualifications. There is also a need to diversify dispute-settlement procedures to make it possible to settle disputes conveniently, quickly, and cheaply. It is also to be hoped that the time it takes to reach formal settlement will be greatly shortened through the introduction of a system of lay judges, including outside experts, and the streamlining of court operations.

It is also important to shift the government's regulatory posture from one of applying detailed regulations in advance to one of setting down clear rules and letting the private sector act freely, with measures taken after the fact if the rules are violated. In order to apply after-the-fact regulatory measures effectively, it will be necessary to strengthen the administrative functions of quasi-judicial organs (such as the Fair Trade Commission and the Securities and Exchange Surveillance Commission) and provide explicit information to allow people to predict what sorts of cases will lead to the imposition of after-the-fact regulation. In addition, systemic safeguards will be needed to make sure that policies adopted through transparent procedures are not subsequently distorted or gutted by people connected to special interests.

4. In pursuit of enlightened national interest

The rapid progress of globalization and of the information-technology revolution in the twenty-first century will cause the earth to become an even smaller place, making the rest of the world feel closer and more familiar. International communication by individuals using the Internet will grow constantly, serving as the basis for new networks that will cover the globe like a fine mesh. The movement of people, goods, and funds will be ceaseless. The ties of international interdependence will become even closer, and the international and domestic spheres will become so seamlessly linked that it will be unclear where one stops and the other begins. Many people will have a direct sense of living in the world even while living in Japan.

Meanwhile, however, the relationships among different international interests will grow more intertwined and complex, making it more difficult to achieve international agreements and reconciliations. As interdependence deepens, it will become that much easier for conflicts to arise. At the same time, ethnic, religious, and other conflicts and the resulting exercise of military force are liable to continue, even if their scale is limited. Such conflicts are far more troublesome to resolve than differences over economic interests, and they undermine the foundations of peace in the depths of people's hearts. There is also a growing danger that societies left behind by the currents of globalization in the century ahead will be the site of backlashes that will emerge in the form of various conflicts.

Under these conditions, Japan's international involvement--its engagement with the rest of the world---will become an even more difficult task than it has been so far. It will not be easy to determine what sort of engagement is in line with Japan's national interest and what is not. It will not be sufficient merely to apply our existing standards; rather, in each case we will have to assess the implications and potential repercussions of engagement with reference to the broad context of the international environment, and make a decision on that basis.

What we can say with certainty is that the age ahead will be one in which the whole range of issues like trade, finance, population growth, poverty, food, and environmental protection will transcend the level of single nations or regions and will demand world-scale attention and responses. It will not be possible to handle such issues with the resources of a single country or at the level of the state.

In such an age, it will not be sufficient for the state and its bureaucratic apparatus alone to handle

international relations; broader involvement of the general public will be required. This should primarily be civilian in nature, and we should fully bring the private sector, both organizations and individuals, into play. This means providing active support for international governance and getting people actively involved in the global "public space"---in other words, in the creation of global public goods.

It will of course continue to be important for the state to play its proper roles, such as conducting diplomatic negotiations and providing for national security. But even in connection with its fulfillment of these roles, the state will require an even greater degree of public support than before. And given the interplay of diverse interests crossing the line between the domestic and the international, the general public will need to develop a deeper awareness of what Japan's own national interest is. We must develop our sense of enlightened national interest, defined and built on a long-term, systematic basis, with reference to the proper shape of our nation-building efforts. This enlightened national interest must be based on the recognition that the pursuit of Japan's interests will resonate with the pursuit of global public interests and that the achievement of global public interests will overlap with the achievement of Japan's interests. To achieve this, we should foster a lively debate about the national interest, backed by a healthy realism. We must not be afraid of debating the merits of policies openly in terms of national interest. We should develop the people's ability to participate in such policy deliberations, make policy proposals, present these policies to the rest of the world, and engage in international dialogue on them.

(1) Global civilian power

In the twenty-first century the use of military might to secure national development and settle disputes will increasingly lose legitimacy. We cannot yet foresee a situation in which individual countries will be exempt from the need to provide for their own security, but the international community will become even less willing to tolerate countries' use of military means to further their own ambitions and development. It will be necessary to focus on human security and the international public interest, pursuing the principle of maintaining and promoting them equitably by civilian, not military, means.

In this vein, Japan has already contributed toward the creation of international public goods, such as stabilization of the global economic system, correction of the gap between rich and poor, environmental preservation, human security, and peacekeeping activities, through civilian rather than military means. Doing so has served Japan's own enlightened national interest. Over the decades since the end of World War II Japan may be said to have gradually traveled a course that has taken it through the stage of being a great economic power without military might to becoming the prototype of a "global civilian power." In the twenty-first century Japan should aim even more consciously to exercise power in this manner, which matches its actual abilities, and it should strive to win

acceptance for its role as a global civilian power within the international community.

Japan should continue its involvement in building a well-functioning international economic order and actively implementing official development assistance. It should also devote augmented efforts to international cooperation and the use of multilateral institutions to preserve values that the present market system cannot readily evaluate, involving areas like culture, the environment, and human rights.

Civilian power refers to the collective strength of the people of the nation, centering on its "soft" intellectual and cultural strengths, including the ability to define issues, articulate hypotheses, transmit information, conduct multilateral discussions, display cultural attractiveness, and deliver messages. In order to tap this power fully, we need to have systems that will get a wide range of people involved in Japan's dealings with the world, deliberating policy, interacting with other countries, and forming domestic public opinion. It is important to strengthen and support the activities of nongovernmental organizations (NGOs), promote a variety of dialogue and policy deliberation through NGO-centered "track two" diplomacy, and raise the interest of the public in international issues. We must also boldly supplement the ranks of the bureaucracy, including senior-level positions, with people from the private sector who have international perspectives and the ability to deliver Japan's message to other countries.

(2) A comprehensive, multilayered security framework

National security will continue to be the most fundamental concern of the state in the twenty-first century. It will require preparedness against potential dangers, efforts to create an environment in which such dangers will not occur, and efforts to restore and maintain peace within the international community.

The core element of Japan's preparedness will be the stability and preservation of the Japan-U.S. alliance. While our country should of course make its own efforts, a shift to a posture of achieving national security on a completely unilateral basis would entail large costs without producing a corresponding increase in our country's security; in fact, it would be liable to destabilize the global security system and to produce needless friction and tension in relations with other countries in the region. The core of Japan's national security policy should continue to be use of the authority and functional strength of the Japan-U.S. alliance as an economic and political foundation to support the stability of the Asia-Pacific region. For this purpose we should move forward with the enactment of necessary legislation and also encourage public debate concerning such matters as the exercise of the

right of collective self-defense.

Regarding efforts to prevent the occurrence of conflicts that directly affect Japan, the central elements should include diplomatic efforts to increase the number of countries with which Japan has friendly relations and to raise the level of international trust, preventive diplomacy aimed at stopping conflicts from occurring, efforts to strengthen the international security order, such as arms control and reduction, multilateral cooperation aimed at confidence building, and active involvement in international organizations. Efforts to achieve economic security are also important. If resource supplies and markets were to be disrupted and the international economic order destroyed, the foundations of the Japanese economy and the livelihoods of the Japanese people would be jeopardized. Another major objective is "human security," involving such concerns as the protection of the global environment, the eradication of poverty and hunger, the protection of human dignity and maintenance of health, and education and development of human resources.

We need to recognize that efforts to restore and maintain the peace of the international community, such as international peacekeeping and peace-building operations, are not just an international contribution but are intrinsically a contribution to Japan. This is because they ultimately help enhance Japan's national security by improving the security environment within which our country operates. Japan should not content itself with a course of unilateral pacifism; it is only natural to respond actively to international peacekeeping and peace-building operations. While maintaining the principle of lending support to legitimate joint security activities, Japan will need to conduct its own deliberations, accompanied by public debate, concerning the appropriateness and nature of its participation.

Security in the twenty-first century will need to be a comprehensive concept, encompassing economic, social, environmental, human-rights, and other elements. And it will need to be pursued cooperatively by the public and private sectors on the multiple levels of individuals, states, regions, and the entire globe.

(3) Neighborly relations (rinko)

The firmest foundation of Japan's foreign relations will continue to be its alliance with the United States and the trilateral cooperative relationship including strong ties with an increasingly integrated Europe. Even with the end of the cold war and of the twentieth century, Japan should maintain these diplomatic assets, which have contributed greatly to its national interest and security; it should in fact reinvest wisely in these assets and draw additional "peace dividends" from them.

In the twenty-first century, however, we should further strengthen cooperative relations within East Asia, a region of great potential for the future and one with which we have geographical proximity and deep historical and cultural ties.

Japan's relations with the Republic of Korea and China in particular are not adequately covered by the term "foreign relations." They are too deep to be described by this term, but even so they cannot be said to be deep enough. We need to develop relationships of greater depth, picking up on elements that diplomatic efforts alone cannot grasp. We would like to refer to this process as rinko, or "neighborly relations."

In order to develop relationships of long-term stability and trust with China and Korea, the ordinary diplomatic efforts that we have conducted to date are not sufficient, and we cannot get by with understanding based on tourism, surface appearances, or fads. We need a national commitment. This is the nature of the "neighborly relations" we are proposing.

To embark on the development of such relations, it is essential for the Japanese to have a full understanding of the histories, traditions, languages, and cultures of the peoples of its neighbor countries. To achieve this, we should increase the amount of school time devoted to the study of Korean and Chinese history and the history of these countries' relations with Japan, particularly in modern times, and dramatically expand our programs of Korean and Chinese language instruction. In addition, we should develop a sense of neighborliness by providing multilingual information displays at major locations throughout Japan that include Korean and Chinese alongside English.

We should also expand the scope of our bilateral and trilateral "track two" diplomacy and multilevel dialogue and exchange with these neighboring countries, including intellectual exchange, cultural exchange, regional exchange, and youth exchange programs.

A vast frontier beckons in the realm of economic cooperation among Japan, China, and Korea. While developing the Asia-Pacific Economic Cooperation (APEC) framework, we should work to achieve additional progress in our relations with these neighbors within the overall context of this APEC framework, moving forward in such areas as the possible creation of a Northeast Asian free trade area, joint energy development, and the construction of a system of monetary coordination. Such efforts should develop eventually into a form that can complement the Association of Southeast Asian Nations (ASEAN), thereby promoting development of a pan-Asian community.

V. Japan's Aspirations, Individual Aspirations

This report attempts to delineate Japan's long-term national objectives and their policy principles as we enter the twenty-first century. This is a grand theme, one normally too sweeping to contemplate. We are happy to have been able to address such a theme, with the turn of the century as catalyst, and to report the results of our deliberations to the people in this fashion.

Some of the report's proposals are principles, while others go as far as presenting concrete policies, and others simply seek to raise issues. All, however, are offered in the hope of stimulating national debate.

A century ago, the Japanese were not as sensitive to the concept of the century as a unit as they are today, since the Western calendar was not yet in everyday use. Even so, many Japanese articulated twentieth-century goals for the nation. The so-called Iwakura mission of 1871E873, which toured Western nations under the leadership of the senior minister Tomomi Iwakura, was one such pioneering endeavor. The mission's report, A True Account of the Tour in America and Europe of the Special Embassy, assessed the relative status of the world's developed countries from the viewpoint of Japan's strategic needs. It reveals the independent-minded stance of learning what there was to be learned and introducing what was worth introducing. The average age of the mission's members was 31. They exemplified a Japan brimming with youthful energy.

Today, the Japanese accept the concept of the millennium, not to mention the century, with little or no resistance. In a sense, we are obliged to. Aside from anything else, the so-called Y2K problem has made us acutely aware of it. As shown by the fact that all countries have had to address the Y2K problem, the world is becoming one.

Present-day Japan is affluent, and its citizens enjoy a high standard of living. In terms of age, Japan is also a mature nation. It is deeply engaged with the world as a major power. Japan is well known in the world and has garnered a measure of respect. Things are very different from a century ago, when almost no one knew where Japan was and even the international community was forced to compete for sheer survival. One after another of our Asian neighbors has achieved takeoff to modernization, and intimations of a regional community can be sensed. Japan's environment is much more clement than it was 100 years ago.

Modern Japan has made some serious mistakes and has experienced some failures. We must never forget this. Still, as we look back over the past century, it is also important to bear in mind the many achievements of Japan and the Japanese. We must be aware of the assets we have to hand on to the twenty-first century.

Freedom and democracy are probably the most important legacies of the postwar period. We believe that the essence of the system of governance and the empowerment of the individual and creation of a new public space discussed in this report will be accepted by many Japanese, will become new common principles, and will become a firmly rooted part of life. We are convinced that in this way we can lay the groundwork for strengthening, augmenting, and enriching the inadequately developed areas of postwar freedom and democracy.

In this introductory chapter we have discussed Japan's situation at this historical turning point and the challenges of globalization and other major world trends in an unsparing tone. But we are not in the least pessimistic over Japan's future. Recently pessimism over the nation's future has spread in Japan. Some have even indulged in self-flagellating proclamations of Japan's decline. But there are no grounds for this kind of pessimism. Rather than being locked into viewing the falling birthrate and aging society in terms of a shrinking working population supporting a swelling elderly population, for example, we should try looking at this phenomenon from a dynamic perspective as something that could happen to any nation and think about ways to divide the risks and burdens appropriately.

We should guard against taking a fixed, fatalistic view of things. What is needed is a "resilient optimism." The main actors are individuals; individuals will change society and the world. From this will emerge a new society and a new Japan. By resolutely tapping the latent strengths of Japan and the Japanese, we will discover a bright outlook as we explore the frontier within Japan. This is altogether feasible.

Our Meiji-era forebears greeted the twentieth century with that kind of resilient optimism. The most impressive aspect of the report of the Iwakura mission is its "can do" approach to Japan's future, its optimism in the best sense. Though the mission's members saw firsthand the breathtaking political, economic, and social disparities between Western countries and Japan, they had the "practical imagination" to believe that Japan could achieve modernization in its own way. We need to bring the same resilient optimism and practical imagination to the twenty-first century.

What we hope for is an expansive field of vision that encompasses the next century--a temporal rather than a spatial Field of vision.

There is no need to rush to accomplish everything in a single generation. Instead, everyone should share the aspiration to persevere for as long as it takes--"our children's generation, their children's generation, or even longer" and be prepared to devote three generations to accomplishing something. Three generations amount to 80 years. It does not matter if not all our aspirations are fulfilled. The important thing is to pursue great aspirations. It does not matter if not all our goals prove attainable. What matters is that we try. These are the aspirations we envision for Japan and every Japanese.

Chapter 2

Prosperity and Dynamism

I. Prosperity through Dynamism

1. From the twentieth to the twenty-first century

In the twentieth century, affluence was effectively set as a monolithic goal. Almost everyone moved in lockstep to achieve it, government measures were directed toward it, and business activities were often focused on it. This social culture underlay the dismantling of traditional society and the emergence of massive state power, the transformation and homogenization of the living environment due to technological development, and the birth of the so-called mass-production, mass-consumption society that characterized the twentieth century. The Japanese people experienced this in a quintessential way in the form of the "miraculous" economic growth of the second half of the century. Social systems, however, never progress in a linear fashion. Aside from anything else, linear progression leads to excess and drives social systems into an impasse.

At the end of the twentieth century, Japanese society appears to be dazed by the economic success of the second half of the century and its negative legacy, to have lost confidence, and to be overcome by bewilderment and anxiety. The organizations that were regarded as the leading lights of affluence now look like its destroyers. Naturally enough, when the happy harmony with social systems falls apart, people embark on their own soulful journeys in search of affluence.

For several years, there have been attempts to establish indicators of affluence, but without success. It is believed that this is not so much because there is a problem with those indicators as because people began to lose interest in the creation of such official indicators. It has become evident that affluence has diverse dimensions, so that it has become impossible to take as a starting point the idea of affluence as something that could be uniformly promoted. Moreover, the very pursuit of diversity of affluence came to be seen as proof of affluence.

This situation in and of itself is not especially praiseworthy as a social paradigm. If, in fact, diversity of affluence means the mass generation of people who withdraw from society and the diminution of human energy, we cannot disregard its social effects. The problem in setting goals for Japan in the twenty-first century is not diversity of affluence itself but the reduced human vitality often seen when there is a diminished sense of social belonging. If, in addition to making it impossible to set a single criterion of affluence and mobilize the populace, pursuit of diverse forms of affluence leads only to a pervasive apathy and sense of powerlessness, it will be extremely hard to delineate an outlook for twenty-First-century Japan.

The relationship between social systems and people always has two aspects, however. On one hand, when old social systems lose their force apathy and a sense of powerlessness result; on the other hand, a new vitality is unearthed and aroused when people are freed from the constraints of old social systems. At present, both are mixed together, and it is crucial to distinguish one from the other. It is not simply a matter of one group manifesting apathy and another demonstrating vitality; both often coexist in the same person. Twenty-First-century Japan must pin its hopes on the manifestation of a new human vitality. Such vitality will not only invigorate economic and industrial endeavors but also impart fresh energy to social relations as a whole, and this will lead to the creation and development of new social systems.

The question is whether we can put in place a framework that will encourage and enable the full and free play of such vitality. Simply refurbishing a time-worn framework will suppress this vitality and lead inexorably to apathy. The First requirement is the social vitality to change what needs to be changed. In the context of the issue of affluence, Japan's challenge at the beginning of the twenty-first century is to achieve diversity of affluence underpinned by human vitality, using to the full extent each region's special attributes and ingenuity--and to prevent hoarding of such human resources, instead making them the catalyst for transmitting to the next generation as fresh a social system as possible. In the process, it will be necessary to review the social rules and reconsider the social values that have prevailed so far. Only by returning thus to basics can we come up with new goals for Japan in the twenty-first century.

2. Diverse relations between organizations and individuals: The question of governance

Japanese society in the second half of the twentieth century has been regarded as egalitarian, but in the light of the realities, it is clear that this view has relied on the unquestioned assumption of a narrowly compartmentalized, segmented structure within which there are horizontally egalitarian structures. The bureaucracy has created a huge matrix of "consideration" and "care" adapted to these

structures. Even business, supposedly the freest area, has not been as exempt as one might think. This is well demonstrated by the employment system. The classic postwar image of employment was lifetime employment (with the attendant expectation of seniority-based promotion) upon graduation from school or university. The egalitarian world thus created was based on a lifetime undertaking between the company and the individual as a totality.

We can see the complex networks of corporate society as organized into industrial associations or corporate groups centered on banks, with a bureaucratic system invested with wide-ranging discretionary and rule-making powers as the guardian of the public realm looming above. To a greater or lesser degree, such organizations as local public bodies and specialist organizations, nonprofit organizations, and universities helped uphold this huge bureaucracy-led system, or were regulated so as to fulfill that role, and doing so was regarded as their raison d'ere.

In actuality, organizations and individuals interacted in diverse ways, but that diversity and the rules governing it were never defined; the system operated on the basis of a national consensus that "all's well that ends well" in the context of a fast-growing economy. However, the self-confidence that underpinned this system has disappeared. Meanwhile, the system's "you scratch my back and I'll scratch yours" nature and its lack of accountability have been exposed. The upshot is a serious crisis of confidence. Educational and other measures for breaking out of this impasse can be put forward. Most crucial, however, is to rethink relations between organizations and individuals and clarify the rules for different relationships. This is no easy task, but it is the only way to avoid the "you scratch my back and I'll scratch yours" syndrome and lack of accountability and make it possible to carry out bold activities with assurance.

Looking at the situation from another angle, we can say that because organizations have diverse roles and aims and, like it or not, we are obliged to interact with a variety of organizations, no particular relationship can be a total commitment. We all have to interact with the state (the central government) in some way. At the same time, we work for a company or some other organization and also relate to local government. Moreover, working for a company naturally involves the pursuit of objectives and agendas that differ from those involved in working for, say, a nonprofit organization. And the role expected of specialists and university faculties is certainly not that of wealth creation in any direct sense. In the twenty-first century, people will be affiliated with a number of different kinds of organizations throughout their lives and will enjoy opportunities to contribute to society in varied ways.

Society is not just a conglomeration of isolated individuals; it is formed by the competitive and cooperative relationships among organizations having diverse roles and objectives. And society as a whole can achieve strength and stability through those organizations properly fulfilling their roles and

aims. Individual organizations' governance and the governance skills of the Japanese as a whole are the sum of those organizations. What we mean by governance is self-governing on the basis of a set of clear-cut rules and the principle of responsibility, not governing that is predicated on authoritarianism, whereby one set of actors naturally rules another set.

In considering this issue, we cannot ignore the historical background. From this viewpoint, today's ubiquitous protestation that public space is not the exclusive preserve of officialdom has a weighty meaning. It is true that alteration of the bureaucratic system is a major issue that cannot be avoided in formulating goals for twenty-First-century Japan and has been vigorously debated for several years in the context of administrative reform and decentralization. The problem, however, cannot be resolved simply by criticizing the present bureaucratic system. Although the excessive influence of officialdom is being condemned, there is still a strong mental climate of dependence on the bureaucracy. Therefore, rather than simply criticize the bureaucracy, we need to engage in constructive debate on who will handle the areas that have been the purview of the bureaucracy so far, and how. When all is said and done, the question of how we perceive the legacy of the bureaucratic system cannot be answered without rigorously examining the people's will and ability to govern themselves.

On the basis of this basic schema, the subcommittee decided to concentrate on three points. The First was to examine the relations between organizations and individuals concretely by elucidating the roles and governance of various kinds of organizations. We defined governance as that which governs the interaction of organizations and institutions on one hand and individuals (or groups thereof) on the other, interaction grounded in the principal-agent relationship. The basic elements of this kind of governance are clear-cut rules, disclosure of information, accountability, ex post facto evaluation, and third-party evaluation. Governance in this sense also includes systems of rule or administration equipped with these basic elements. Corporate governance is the most widely discussed form of organizational or institutional governance, but we also posed the question "Who takes the initiative in public affairs, and in what way?" and studied the issue of social governance after the bureaucracy-led system is demolished.

Second, we examined the issue of the human resources that lead and administer these varied systems of governance and the cultivation of those resources. Public enthusiasm cannot in and of itself resolve problems of governance. Diverse human resources are called for to address different organizations and issues. A variety of specialists, rather than so-called generalists, are required. For example, in that self-governing skills, including rule-management skills, are at issue, the importance of legal professions is bound to rise. In general, reviewing higher education as a means of developing and reeducating human resources in various fields is a major national task, the implication being that it is necessary to free ourselves from the traditional mind-set that sees the role of higher education as limited to providing potential employees (the mind-set focused on entrance examinations).

Third, on the basis of the above discussions, we reconsidered the traditional idea of fairness, because rethinking that concept of fairness, which is premised on a horizontally egalitarian, compartmentalized society, and encouraging social vitality are inextricably linked.

II. Fostering Prosperity and Putting It to Work: Issues of Corporate Governance and Economic Dynamism

1. The corporations and corporate actors of the twenty-first century

In the decades following the end of World War II, Japan achieved astounding economic growth based on policies aimed at catching up with the West; as a result, the Japanese people, in general, came to enjoy a considerable degree of economic affluence. It is fair to say that Japan achieved the status of one of the world's front-runners in terms of economic indicators. The force behind this growth was the lively activity of business corporations. During the 1990s, however, the Japanese economy experienced its worst recession of the postwar period. Not only did numerous businesses, including some major corporations, fail, leading to increased unemployment, but a series of business scandals also emerged. These developments diminished the international community's confidence in the Japanese model of corporate management, and now the search has begun for a new model.

Meanwhile, a pair of powerful external forces have compelled Japan's corporations to modify their activities in a major way. These are the information and financial services revolutions.

The advances in information technology since the 1980s have literally revolutionized the world of business. Within the corporation, the work that formerly occupied middle management and clerical staffers can now be carried out with greater speed and efficiency, and corporate organizational structures and chains of command are being streamlined to reflect these gains. These advances have also opened the way for greater freedom in working arrangements, including telecommuting, and have given rise to a flowering of new types of specialized creative professions; this is a major force for change in existing arrangements for work and compensation. And in terms of corporate strategy, the information revolution has the effect of sweeping away the national boundaries that have previously acted as walls separating markets. As a result, markets have suddenly taken on a global spread, and it has become possible even for small regionally based companies to do business with the world by equipping themselves with the requisite information technology. Furthermore, the information revolution is producing a major change in the concept of the corporation itself. Successful

corporations are emerging in rapid succession from Fields of business that do not require any "bricks and mortar" (physical edifices). And an environment is taking shape in which it is easy for individuals to go into business even without capital provided only that they have specialized expertise and the ability to transmit attractive information. Under these conditions, competition among corporations is coming to involve a constant flow of new entrants, cutting across the traditional lines between industries.

In this way, the impact of the information revolution looks set to bring major changes in the corporate actors, the relationship between the corporation and the individual, and the nature of the corporation itself in the twenty-first century. In this context, the foremost priority for Japanese corporations is to be fully equipped with information technology and the potential to shift their thinking flexibly.

The second major external force for change is the Financial services revolution. Against the backdrop of a chronic surplus of domestic funds, Japan's Financial structure has experienced a transformation in the conditions under which it operates as the result of such developments as interest-rate liberalization, the deregulation of Financial operations, the development of new Financial products accompanying the advances in information technology, the expansion of capital markets, globalization, and the reform of the corporate accounting system from one centered on acquisition costs to one centered on current market values. This radical transformation of the Financial environment is having a major effect on businesses. In the past, Japanese corporations had the advantage of being able to act on the basis of long-range perspectives thanks to the main-bank system, under which they had long-term transactional relationships with their banks, including cross-shareholding and loans, along with the expectation of support in times of business difficulties. As a result of the shift by many major corporations from bank loans to use of the capital markets for fund-raising, however, their relationships with their banks have become weaker than before, and in the period to come the role played by banks as loyal long-term shareholders of their corporate clients is expected to decline substantially. Furthermore, the Japanese form of corporate governance centered on main-bank relationships has the defect of poor transparency. At a time of growing involvement by institutional shareholders and foreign investors, this lack of transparency has made it increasingly difficult for corporations to be evaluated properly, not just globally but within the domestic market as well. Of course, for the small and medium-sized enterprises that make up the vast majority of Japan's corporations, a large portion of funds raised continues to come through the traditional form of Financial intermediation between deposits and loans conducted by banks and other institutions. But the radical shift in the Financial environment is also slowly changing the relationship between these smaller businesses and their banks; the age is shifting to one in which enterprises choose their banks and in which they can diversify their sources of funds. To make it possible for these new developments of the information and Financial services revolutions to bear full fruit throughout Japan, it is necessary to expand and improve the information infrastructure and new routes of Financial intermediation not only in the Tokyo area but also in the various regions.

The style of corporate management and the various related systems that enabled businesses to adapt in the period of rapid growth, during which uniformity and conformism were accepted, no longer match the needs of the new information society, which requires diversity and distinctiveness. This has made it difficult for corporations to find paths for further growth; moreover, it has caused a rapid weakening of their operational foundations as a whole. Meanwhile, the emergence of numerous corporate scandals has resulted in a lowering of confidence in the morals both of the corporations that form the nucleus of private-sector economic activity and of the administrative organs that support them.

Given this context, we suggest that there are two areas in which corporations should change: (1) through reconstruction of the relationship between corporations and the main corporate actors, in other words, the reconstruction of corporate governance systems, and (2) through reconstruction of the relationship between corporations and society, in other words, the reconsideration of corporations' social mission.

Corporate governance refers to the arrangement that governs corporate activity. In the case of joint-stock corporations, shareholders are the owners, but the actual management is entrusted to executives. A system is required that will check whether executives are acting in accord with the interests of the corporation, and thus of its shareholders. As noted above, in Japan's case main banks formed the core of the traditional corporate governance system. In a capitalist economy, corporate executives are expected to meet shareholders' expectations by delivering appropriate profits. In concrete terms, it is the mission of corporations to take advantage of global trends and deliver high-quality services, information, funds, and other products in a timely manner and at the lowest possible prices to consumers and also to open up new Fields of business activity through the development of new technologies. For today's contraction-minded Japanese corporations to recover their dynamism, the business world needs innovators ready to discard the old conformist tendencies and open up new frontiers.

The process of diligent improvement based on competition among innovative corporations serves as the mechanism for development of a healthy capitalist economy, but if this mechanism is to function, there must be entrepreneurs who will undertake new challenges and private-sector investors who will accept the high risks that inevitably accompany new ventures; there must also be a legal system that will allow those who fail to try again. For private-sector investors to accept fair risks in keeping with their expected returns, we need to revise our system of corporate governance, rebuilding the set of institutional frameworks governing the relationship between corporate executives and shareholders, establishing mechanisms for both internal and external oversight over management, and offering appropriate incentives to executives.

Of course, it is not only shareholders whose interests are closely tied to corporate activity. Corporations are supported by a multitude of people, including the customers who purchase the goods and services they provide, the creditors who acquire the bonds that they issue, the employees who choose them as their place of work, the residents of the communities in which they operate, their local and national governments, and the other corporations that sell them products; corporations also bear social responsibilities toward these numerous other stakeholders.

In considering the proper shape of the corporation in the twenty-first century, we are struck by the need both for corporations to carry out their fundamental responsibility of paying out appropriate profits to the shareholders who own them and for them to recover public trust through a wide-ranging reconstruction of their relationships with their employees, their customers, community residents, and others with whom they are involved, both individuals and social and administrative organizations.

2. The relationship between the corporation and the individual

When lifetime employment was considered the norm, corporations had a family-like relationship with the individuals they employed; they dominated their employees, controlled their time, and expected them to commit themselves totally to their jobs. But the corporation of the twenty-first century, when permanence and lifetime employment can no longer be taken for granted, should stop being an entity that dominates individuals. We hope instead that corporations and individuals will build a new set of relations on equal terms with each other, meaning that they determine what they expect from each other and then enter into contracts that clarify their relationship. To build relationships of this sort, it will be necessary to create a social environment in which changing jobs is not a major handicap and people can move freely from one corporation to another, allowing both individuals and corporations to flexibly change their positions. This will bring about a fundamental change of the relationship between the corporation and the individual from one of control and organizational obedience to a contractual sort of relationship befitting individuals as citizens.

In the century ahead, corporations will cease being the all-encompassing entities that they have been for the lives of individuals in Japan; instead, they will return to their proper form as places where independent individuals are employed under contract for certain periods of time. The corporations that respect individuals will be the ones that succeed in hiring mobile, talented people and that will be able to draw out these individuals' capabilities and to display their collective prowess as organizations.

As a result of the information revolution, employment arrangements will become more flexible--

particularly in terms of time commitments--through practices that focus on the tapping of specialized expertise, such as discretionary labor systems and telecommuting, which, while requiring the devotion of certain amounts of time to the job, will allow greater freedom in picking the actual hours of work. This will contribute to the formation of a working environment that is more comfortable for women and older people, who are expected to make up increasingly large shares of the labor force. The diversification of working arrangements will also force corporations to build information networks that take these various arrangements into account, a byproduct of which will be the flattening of corporate structures and the speeding up of decision making. In this way, twenty-First-century corporate activities emphasizing the individual should have positive effects both for the pursuit of profits and for employees' self-realization.

Changes such as these in the relations between the corporation and the individual are bound to cause major changes in labor-management relations and in the role of labor unions. For example, we can expect to see a shift from defined-benefit pensions to defined-contribution pensions based on individual responsibility, the latter being more suited to an age of employment mobility; from a seniority-based pay system that promises future rewards for present efforts to an ability-based system that compensates people in line with their current work; and from an evaluation arrangement that focuses on corporation-specific attributes to one that looks at more universal and marketable forms of know-how and specialized expertise. All these shifts carry with them a potential downside for corporations, inasmuch as they will tend to weaken the individual's sense of belonging to and identity with the corporation.

These trends, along with the diversification of individual values, can be expected to make it increasingly difficult to find roles for Japan's traditional enterprise-by-enterprise labor unions. Unions will need to look for new roles for themselves in the context of the new employment environment; they will likely have to transform themselves into more flexible organizations, aggregations of individuals that speak on behalf of a variety of workers and work to promote harmony between communities and corporate activities, thereby encouraging individuals to join up and finding ways of contributing to society in a manner similar to that of nonprofit organizations.

The economic and social systems of this coming age are not something for which the government can forcibly set the direction. Rather, these systems will take form independently through a process of trial and error by individuals, as consumers and workers, and corporations, as producers and employers. In this sort of society, neither individuals nor corporations will depend on the government. The government will merely set the general rules; responsible, creative individuals and corporations will be the main actors. As a result, it will be possible for individuals to set up entrepreneurial ventures and actively pursue innovations on the basis of their own ambitious dreams. It is important to modify our economic systems and individual mind-sets so as to make Japan a society in which people who boldly undertake challenges but fail can have the chance to try again. The role of the state will not be one of coordinating the competing interests of private-sector corporations and continuing to

impose regulations to protect existing businesses but rather one of deregulating and actively giving businesses room for diversity, thereby moving in the direction of forming a society with great tolerance and flexibility, while at the same time creating a framework that will facilitate individual and corporate behavior considered to be good for society. The role that the government has to play in this context through the tax system is extremely great.

3. New corporate missions

The First mission of a corporation is to act properly in economic terms. Corporations enrich people's lives through the goods and services that they provide, they distribute the profits gained from their activities to those who have invested in them, they provide employment opportunities for individual workers, and through their tax and other payments they contribute to the overall stability of the nation. Through their activities in the pursuit of profits, in other words, through the process of creating wealth and distributing it, corporations invigorate society.

It will also be necessary to achieve a general social recognition of the fact that the activities of private-sector corporations can contribute to the public interest directly through the innovative ideas and approaches that arise in the course of pursuing profits, that is, in the course of creating wealth. For example, the mobile telephone and parcel delivery networks developed from innovative thinking by businesses now form important elements of Japan's social infrastructure. In that respect, for corporations to offer greater convenience to consumers, they should recognize it as their role to actively undertake various operations that are currently being carried out by the public sector. Meanwhile, for society as a whole, there is a need to create an environment in which capital markets favorably evaluate success not just in manufacturing but also in the generation of new approaches and ideas; there also needs to be a greater recognition than before of the contributions to the public interest made by corporate activities. Terms such as pursuit of profits and wealth creation should not be taken as meaning selfishness. The pursuit of profits by corporations not only enriches the corporations themselves but also in various ways the entire society of which they are members; in that sense, the corporate philosophy requires a proper balance between self-interest and altruism.

A further requirement is that corporations fulfill their social responsibility to disclose information about their activities to the market and to users and explain themselves. What is especially needed for the development of Japanese corporations, and thus of the Japanese economy, is transparency in corporate activities. Improved transparency means accounting for one's actions and making responsibilities clear; it relates directly both to corporate governance and to the securing of public trust, and it is an essential requirement for the development of a mature society in which people and businesses take full responsibility for their own actions. Japan's private-sector corporations, which are now actors on the global stage, should be directly involved in the drawing up of rules and active

participants in the formation of global standards and of markets that fit these standards, thereby winning international trust.

A second mission for corporations that have succeeded in creating wealth is to consider how they can put it to work for the sake of society. Particularly in the twenty-first century, when corporations will lead the conduct of economic activity, they will be expected not only to enrich society indirectly by continuing to create wealth and to distribute it appropriately to those involved but also to render some of the fruits of their wealth creation directly to society. This will mean an additional direct burden for corporate shareholders. Because profits belong First to shareholders, it will be necessary to persuade them that making social contributions also benefits the corporation itself. Corporations that actively take on this additional mission of contributing to society and thereby win public respect will find that this enhances customer satisfaction and acts as a plus for their corporate activities. Also, distinctive forms of social contribution that are tied to the corporation's image can serve as a new way of drawing employees together. Corporations should accept that such actions not only allow them to fulfill their social responsibility but, from a long-term perspective, also enhance the satisfaction of the many people with whom they are involved and can thus lead to the further creation of wealth. One form that these activities could take would be support for the activities of local nonprofit organizations and contributions toward cultural programs. It is essential to revise the tax system for donations in order to promote corporate social contributions of this sort. A major issue for us now is to draw on such activities so as to build a twenty-First-century Japanese society in which the market economy and social values operate not in conflict but in concert.

III. Involvement in Public Affairs: Vitality in Support of Social Governance

1. From governing to governance

During the twentieth century, the state (meaning the central government) wielded great power, and democratic politics took place on a national stage, acting as a reinforcing supplement to state power. In the latter part of the century, this tendency changed, and against the backdrop of shifts in the international situation and the development of information technology, the role of the state came under broad reconsideration from the perspective of its interaction with society. What has been most prominent in this context is the review of the relationship between the state and the market, but major changes have also been taking place in the relationship between the state and social actors. The trend away from rule by the state toward self-rule based on cooperation and competition among various organizations is the most important change of the century. This trend represents a major challenge for individuals and organizations. Within Japan, this issue has been discussed in the form of the argument that public space is not the exclusive preserve of officialdom. As criticism of the bureaucracy's

unilateral decision-making posture has increased, laws governing administrative procedures and the disclosure of official information have been enacted, and transparency in government has become a major issue; at the same time, there has been ongoing consideration of moves to limit government authority, typically through deregulation, and to shift power from the center to the regions. As a result of such developments, the system of rule by officialdom, which has been in place in Japan since the Meiji era (1868E912), no longer has its former hold on society.

Although the system of rule by officialdom has been shaken, how far have we progressed toward equipping ourselves with an arrangement to replace it? Corporations are making efforts toward establishing their own organizational foundations through the pursuit of proper corporate governance, but to achieve stability for society we need to develop arrangements for self-rule with a broader scope. We cannot hope for a stable society if the end of rule by officialdom is followed by a situation in which disorderly and violent self-assertion--at worst, outright violence--runs rampant. So as we revise the system of rule by officialdom, we also need to make preparations for proper social governance. In addition, we need to awaken the interest of organizations and of the people who sustain them in participating and being involved in public affairs. The new style of governance means an arrangement that allows the emergence of multidimensional relationships between the state and society. Governance is not to be the exclusive preserve of officialdom but an arrangement in which diverse actors participate responsibly and share responsibility. In English, there are many terms beginning with co- that define the new style of governance, such as co-steering, co-managing, co-producing, co-allocating, and co-guidance. Along with the term common, these key terms refer to the shared, or joint, nature of governance.

Public space is not something to be supported exclusively by the official machinery designed to realize the public interest; people and groups outside officialdom can also take part in supporting it if they have the aspiration, readiness, and capability to do so. Until now in Japan, however, there has been a tendency for officialdom to wield power and for the people to be those over whom power is wielded, with public space being the exclusive preserve of officialdom. The Japanese people long accepted the idea of the authorities as their superiors and thought of themselves as dependent on officialdom. But now we are in an age in which officialdom and the people must cooperate and in a sense vie with each other in the conduct of public affairs. People should not participate because officialdom tells them it is all right to do so; they should enjoy conditions permitting their free participation. In this way, we must abandon the old structure of division between officialdom and the people, clearly establishing the people's ability to be involved in public affairs and building an environment in which they will do so with pride.

2. Actors helping to support social governance

As society becomes more complex and more advanced, and as individuals' specialized talents grow in importance, the weight of groups of professionals, such as physicians, certified public accountants, lawyers, and scientists, increases. Professional groups, each with its own exclusive area of advanced specialized knowledge required by society, tend to be closed and mutually exclusive, but we hope that they will put their specialized knowledge and technology to work in a way that will aid the general public. For this purpose, it will be necessary, among other things, for them to formulate and publish autonomous ethical standards, to disclose information about their services and activities, to introduce systems of appraisal by outsiders, and to correct excessively cozy ties to regulatory agencies.

Though groups and organizations of various types exist, including "public-interest corporations" (incorporated associations, incorporated foundations) established under Article 34 of the Civil Code, nonprofit organizations newly incorporated under the March 1998 Law to Promote Specified Nonprofit Activities, and voluntary groups at the grass-roots level, not all of them can take part in helping to support the public realm. But there is a need to recognize that groups with the aspiration to be involved in public affairs can serve as actors with perspectives and capabilities that officialdom lacks and to actively create the proper conditions for them to do so. Nonprofit organizations have finally begun to be seen as actors that can get involved in the conduct of public affairs, but they still have weak underpinnings in terms of funds and human resources. Regardless of how much dedication and enthusiasm they may have, groups that do not have a certain level of stable funding cannot run their organizations or secure personnel. The donations that sustain the activities of nonprofit organizations should be recognized as part of the cost of public space, alongside the taxes that sustain overall government activities. Donations made voluntarily to sustain the activities of nonprofit organizations are in fact funds for the realization of the public interest, just as much as the taxes collected on a mandatory basis by officialdom. Preferential tax treatment should therefore be enacted for such donations and measures taken to ensure that this treatment is used broadly and fairly. In addition, the present arrangement does not allow public-interest corporations to be established unless the competent authorities grant their approval (Article 34, Civil Code); the idea that it is not permitted to help support the public realm without the permission of officialdom is one that should be changed, and revision of Article 34 of the Civil Code should be considered.

One way for individuals to participate in public affairs is for them to take part as unpaid councilors, trustees, or the like for organizations in their own Fields of interest, such as museums, hospitals, or schools. To deal with the situation of people being interested in participating but being unable to do so, we need to remove the obstacles through steps such as the provision of leave for volunteer activities.

It is also possible for older organizations and groups to shift their focus and help support social governance in this way; it is not an option limited to newer organizations. Labor unions are in the process of feeling their way in this direction, and what now calls for greater attention is the regions

and regional governments. Thanks to the dramatic advances in information technology, information and capitaly about over the Internet and easily cross national boundaries, but along with the intensification of activities in cyberspace and the progress of globalization, the other side of the coin is the increased added value of the places where people actually live as their "space" and "home territory." Not to be swallowed up by the telecommunications technology that ashes across time and space but rather to use it and at the same time to experience the "humanness" of feeling close to nature and of sensing one's life as part of an eternal stream---this is the realization of the new affluence.

Particularly with Japan's declining birthrate and aging population, the importance of local communities is growing. To improve the efficiency and effectiveness of such services as health care, public health, and welfare, it is essential for the user's perspective to be reflected. Nursery schools, kindergartens, elementary schools, and middle schools are educational institutions at the core of the local community. If the necessary social infrastructure (both physical, or "hard," and systemic, or "soft") is established and safety and comfort are secured, knowledge-transmitting people will assemble there, making these places magnets for productive activity.

The aim of decentralization is to reconstruct public space so as to extend it to people's immediate environs. The comprehensive law on the promotion of decentralization that was passed by the 145th session of the National Diet in July 1999 has created a legal framework, but a number of hurdles must still be overcome in order for local administrative bodies to achieve truly autonomous status. Local administrative bodies, too, must be prepared to change. First, they must be allowed to exercise their own responsibility with respect to taxes and spending through the correction of the imbalance between the center and the regions in terms of revenue sources and the establishment of discretionary authority at the regional level. Regional governments, just like the national government, are mechanisms for the achievement of the public purpose, and the establishment of a rational mind-set vis-Evis arrangements for taxing and spending is of decisive importance for the future of the democratic system. A second hurdle is the building of vibrant relationships with residents. In practice, however, as shown by low voter turnouts, the base of local politics is weakening. In this context, it will become increasingly necessary to have cooperative relationships involving local administrative bodies and residents as equal actors in such areas as working together to implement the services required by an aged population.

3. Meeting the conditions for participation

Opportunities must be secured for participation in the activities of the public realm by actors who take pride in and responsibility for helping support this realm. The activities of the public realm can be classified in four dimensions: (1) policy formation, (2) decision making, (3) implementation, and (4) evaluation. Participatory channels must be provided within each of these dimensions. Different

actors will, depending on their nature, have different ideas as to which stage they emphasize for participation, but it is important that they all participate in a way that lets them take advantage of their respective characteristics.

To make participation effective and meaningful, it is essential, above all, to provide the information to enable people to reach decisions. Disclosure means the provision of materials for people to make judgments on the shape of the activities of the public realm; these materials should be shared by the groups and organizations that help support the public realm. It is then ultimately up to the various actors to apply this information in a constructive direction.

The new style of governance is one wherein the state and society have a multidimensional relationship. Diverse actors will participate in the public realm and act therein. It is necessary to encourage participation by making systems open and processes transparent; irresponsible participation, however, is liable to produce systemic paralysis. Being interested in participating and recognizing that participation is accompanied by responsibility are fundamental requirements for the actors who would help support the public realm, but to produce a large crop of such actors, we must have an environment that allows people to take pride in such involvement and that extends a certain level of respect toward this activity.

The key to whether it will be possible for the organizations and actors that will help support this new style of governance to emerge lies in the answers to the questions of (1) whether groups and organizations accustomed to secure positions and other benefits from officialdom will be able to become independent from officialdom and (2) how groups and organizations previously excluded from the officialdom-centered system can participate in and help support the public realm. To what extent will it be possible for people to free themselves from the tendency to equate participation with stubborn insistence on one's own position? "Participation with responsibility" is inseparably linked to the requirement of social accountability among the actors.

What determines the shape of involvement by such actors is the relationship between individuals and organizations--but what ultimately regulates this relationship is the posture of the individual. For example, in a situation where individuals are completely swallowed up by the organization, a tendency toward compartmentalized exclusivism is promoted, and individuals cannot have the pride and responsibility of being involved in public affairs. Remaking the public space and empowering the individual are two sides of the same coin, and to achieve these it is necessary for individuals to be able to choose the degree of their involvement with the groups to which they belong, not to simply entrust themselves to their groups. It will also be necessary for people to belong to more than one group. This will mean differing degrees of involvement depending on the group, and social relationships will thus become multilayered and diversified.

This will sweep away compartmentalized exclusivism and create a society that offers multiple possibilities for free entry and departure. A system will emerge that provides flexibility, allowing members freely to choose their relationships with the groups they belong to and to move among multiple groups, being neither constrained nor isolated. This is the sort of social environment that will serve as the foundation for a new style of social governance.

Social vitality involving participation in public affairs arises out of dedicated and enthusiastic action by people operating not under compulsion but through their own choice. To become involved successfully, they must have knowledge and information to serve as the basis for making judgments, the skills and methods to do the actual work, pride in helping support the public realm, the breadth and depth of vision to take in the entire picture, and a sensitivity that never dulls; to integrate, these people will need both dedication and enthusiasm.

To help support the public realm through responsible participation, people will need to educate and develop themselves considerably. And to give people the knowledge and cultivation to serve as the basis for their choices and judgments, it will be necessary to improve the opportunities for and quality of education nationwide. Education has a major role to play in implanting the concept of public space in society and in developing people who will become involved in public affairs. In addition, it is essential to increase mobility among the Fields of politics, public administration, academe, and business, broadening the range of opportunities for people to put their talents to work, so as to increase the vitality of society as a whole.

What is required for the complex activities of people participating and helping support the public realm is the rule of law. Whereas the traditional concept of rule in Japan, expressed by the term tochi, is premised on vertical social relationships that lean toward administrative decision making and the discretionary exercise of authority, the new concept of governance, for which we have borrowed the English term, is premised on relationships that are more horizontal. To solve problems and come up with answers while working on the premise of horizontal relationships requires more complex procedures and the exercise of ingenuity. What is indispensable in this context is the thorough application of the principle of the rule of law; the legal professions involved in this work can be expected to play an incomparably greater social role than before. It will be necessary to recognize the special role that the legal professions play, not only to enhance the dispute-settlement abilities of the judicial system but also to establish rules for the activities involved in social governance.

IV. The Role of the Central Government and the People: Governance for the

Twenty-First Century

1. Away from dependence

In Japan, the term kokka, or state, is used, broadly speaking, in two senses. The First sense is that of the state as a "big community," which one reaches by starting with the individual and gradually expanding the range of the community until it covers the entire nation. The second sense is that of the state as an apparatus for the achievement of the public purpose; in this sense, it corresponds to the central government. The state in the second sense is no more than a part of the state in the First sense, an apparatus that performs some of the functions therein.

As discussed in the previous section, the central government is no longer in a position to monopolize public space. In that sense, we have reached the end of the age in which the above two senses of the term state can be thoughtlessly conflated, with the central government exercising massive, monopolistic authority. Of course, the central government continues to play an important role in international relations, but domestically the fundamental theme for the period ahead involves the proper relationship between the empowered individual and the central government (between which public space is to be found), along with the question of whether the central government is fully playing its role as an apparatus for the achievement of the public purpose. It is therefore not possible to avoid the task of escaping from the mind-set of excessive dependence on the central government, an attitude analogous to the dependence of children on their parents.

To truly realize a situation in which the central government will function as an apparatus for the achievement of the public purpose, and to heighten the interest of the public in the policy-making process, it will be necessary to achieve a fundamental transformation in attitudes toward taxes in particular. The essential significance of an apparatus for the achievement of the public purpose lies ultimately in how taxes are collected from the public and how they are used; the attitudes of the public concerning the arrangement and use of taxes form the core of the democratic system. To put it another way, taxes exist as a tool for the achievement of the public purpose based on a certain consensus, or as a means of allowing people to directly receive welfare and other services in return; it is ultimately up to the people to decide how taxes are to be collected, how their uses are to be decided, and how to check that they have in fact been used appropriately. In that sense, democratic politics can be seen as a system of collective self-responsibility mediated through taxes. It is therefore necessary both to reform the public mind-set that regards taxes as money that is taken away before one realizes it and, once taken away, is totally beyond one's knowledge, and at the same time to carry out the required reforms in the institutional background that has fostered this sort of public apathy toward taxes. These reforms will include such areas as the withholding and return-filing systems and strengthening of

disclosure and accountability with respect to the process of deciding how to use tax revenues and the subsequent monitoring of their actual use.

Frank debate about the fairness of the tax system is also of extreme importance. For example, we should bring up such contentious issues as the merits of lowering the minimum level of taxable income and making income tax rates less steeply graduated, with a view to spreading the public burden more broadly, and the expansion of tax breaks for donations, with a view to expanding the range of choices for the conduct of public affairs.

2. The roles of the central government

Based on the above understanding of the state as an apparatus for the achievement of the public purpose, we can identify the roles, or functions, of the central government in domestic affairs as falling broadly into three areas.

The First area is that of activities aimed at formulating clear legal rules and assuring strict compliance therewith. As people's needs diversify and the barriers of national borders become lower, it becomes impractical to rely on tacit social consensus; the fundamental settlement of all disputes should be conducted by law. The securing of systems of legislation and justice (including quasi-judicial institutions) adequate to cope with this shift to reliance on the law is an essential element for the maintenance of trust in the central government. We hope that increased policy-making initiatives by elected politicians and reform of the judicial system will produce ample results in connection with this role of the government.

Second is the function of broadly supplementing the workings of the market and achieving fairness. The market is by no means almighty, and because it is fundamentally based on the pursuit of individual interests, its purpose is not directly to achieve the public purpose; for this reason, there is a need for the central government to be involved in various ways. This is precisely the role of the state as an apparatus for the achievement of the public purpose.

Third, the central government has the role of responding promptly to and finding solutions for major disasters, accidents, and other crises threatening public safety. To fully carry out the functions of crisis management will continue to be one of the reasons for the existence of the central government.

The role of the government in supplementing the market is one of taking measures to deal with "market failures," and it includes the provision of public goods (goods and services that benefit the countless many and therefore cannot be provided by the market) and the maintenance of competition through antimonopoly policy. It also includes the implementation of bold measures in support of science and technology, particularly basic research, in Fields that are expected to become the leading industries of the twenty-first century, such as the life sciences.

The market is good at securing efficiency, but there is no guarantee that it will provide fairness (or equality). So the central government has an important role to play in taking various measures to achieve fairness. In practical terms, these measures will consist largely of income redistribution; they will naturally involve the tax system, but in the coming age of falling birthrates and an aging population, particular significance will rest in the systems of social security, including health care, pensions, and welfare. These measures to achieve fairness will also have the significance of providing a safety net that will allow individuals to conduct their own affairs freely, as well as providing a "national minimum" throughout the country. By contrast, regulation of economic activities and direct intervention by the government can be expected to be conducted only on an exceptional basis.

In connection with the second role above, when thinking about the achievement of fairness, a major theme is the consideration of what we consider fair and what the standard for fairness is. The meaning of fairness or equality can be considered in terms of either equality of opportunity or equality of outcomes, and ultimately it involves each individual's sense of values, so this is not something for which we can count on finding a single absolutely "correct" answer. But it is important at least to achieve a situation in which each individual is able to participate in economic and social activities under uniform conditions--to begin the race, so to speak, from the same starting line. So it is important for us to check whether this sort of equality of opportunity is assured in contemporary Japanese society and to implement measures to fully achieve it.

3. Revising the policy-making process: Establishing accountability

Policies cannot exist without a base of fiscal revenues to support them. The central government must take responsibility for the shape of the fiscal system even before deciding on various policies, but the twenty-first century requires First the reform of a variety of existing systems. This covers a broad range, including the setting of rules to control fiscal deficits, the introduction and publication of a balance sheet within the system of public accounting, feedback into budgeting from policy evaluation, the elimination of the negative features of single-year budgeting, and the determination of the proper shape of the fiscal investment and loan program, along with the issue of what to do about the postal savings system that has been this program's major source of funding. These are all matters that have

been delayed under the old bureaucracy-led arrangement, and as we shift to a system of policy making based on leadership by politicians, these are the issues where we need to see results First.

The policy-making process includes two main functions: (1) planning, making proposals, and conducting research and (2) reconciling conflicting interests. The First function involves planning policies to achieve certain public objectives, considering what legislation and budget provisions will be required to implement them, and conducting the research on factual and other matters required as a base for such planning. The second function involves working to turn the proposals into actual systems or programs by carrying out the necessary reconciliation among interested parties and other related actors and building an agreement among them. In Japan, since the end of World War II, the ministries and agencies of the central government have played the main role in carrying out both these functions. Bureaucratic organs have effectively directed the process of drafting most legislative bills (the First function), and they have also reconciled conflicting interests and built consensus (the second function), relying on their everyday contacts with industry associations and their convening of councils of various sorts. This bureaucracy-led approach must be fundamentally revised.

In concrete terms, what is most important is First to strengthen the policy-proposing capabilities of the legislative branch and of the political parties. The legislature and parties will have a key role to play in dealing with policy issues in the period ahead, inasmuch as policy will increasingly concern issues such as social security, which involve choices among values (such as what is to be considered fair). Consequently, it will be necessary to achieve a radical strengthening of the policy planning, drafting, and research functions of the legislature and parties (alongside their functions in reconciling conflicting interests); this means sharply increasing both the quality and the numbers of the policy staff working for legislators, dramatically enlarging the research organs attached to the Diet, enhancing the "think tank" functions of political parties, and otherwise moving forward on various fronts to establish the necessary infrastructure of human resources for policy making. It will also include a large increase in the number of political appointees (serving on the staff of the cabinet or of government ministers) and the introduction of internship systems within these various staffs.

Even if this sort of infrastructure is put in place to support the policy-making initiatives of elected politicians, an important matter will still need to be tackled. We refer to one of the problems of democratic politics, namely, its tendency to focus on immediate considerations and to postpone dealing with long-range policy concerns. A number of specific issues need to be considered: For example, under the arrangement we now have, which involves frequent shuffling of cabinets and ministerial assignments, is it possible to tackle these longer-term matters? What sort of arrangement should we have for this purpose? It will also be necessary to deal with public fears that the shift to policy leadership by politicians will exacerbate the problem of political pork-barreling by adopting measures to prevent this from happening.

Second, it is also necessary in this context to expand the roles of institutions such as universities and private-sector think tanks. Until now, the Japanese academic world has tended to focus on theoretical research and to have little orientation toward policy studies. In the mature society of the period ahead, in which social phenomena and issues to be dealt with will become extraordinarily complex, policy studies at institutions such as universities will be extremely important. We should therefore expand public support for such studies by researchers at universities and elsewhere, and we should also institutionalize a system of constant exchanges of personnel between universities and private-sector think tanks on one hand and government organs (including the above-mentioned staffs of the legislative branch) on the other. This is something that will also tie in with a review of the present career patterns of civil servants, which are predicated on lifetime employment.

Third, while there is a need for fundamental reform of the bureaucracy-led systems of the policy-making process, the central government must also increase the transparency of its activities for the sake of the public as users of government services. It is particularly necessary to achieve greater transparency in the rules and procedures for formulating public policy, including decisions about public works. Furthermore, the strengthening of accountability, through the active provision of relevant information for decision making by the public and through progress with disclosure in general, will continue to be a major issue.

It will be necessary to give careful consideration to the question of how to reflect people's voices in the policy-making process. In Britain, for example, a consultation process exists whereby the government First drafts a "green paper" containing proposed policies for consideration, receives comments from the people at large, and takes these into consideration in putting together its final concrete policy proposals in a "white paper." There is also a need to establish a fair arrangement for evaluation of administrative operations (including external evaluation) as part of the process of establishing accountability.

Public policy is important to reform the policy-making process and should not be monopolized by officialdom. Policy studies are also important as a source of factual knowledge and theoretical grounding for public-interest policy. But public attitudes are a major determinant of the direction of public policy. The general public needs to demonstrate determination to be involved in public affairs. This means First getting involved in politics through voting rather than just criticizing the existing systems. We also hope that the public will display an active attitude with respect to issues such as the introduction of juries and lay judges. Only with broad interest on the part of the general public can we achieve a constructive direction, with a variety of individuals and groups actively making proposals and recommendations concerning the sort of public-policy choices they consider appropriate. Discussions of this sort will also open up new prospects for systemic reforms and visions for the future. A society with participation in public policy by a broad range of actors, accompanied by responsibility, is the ideal on which we should base our thinking concerning the building of a system of governance for the twenty-first century.

V. Conclusion: Development of Specialized Human Resources and a New Concept of Fairness

1. Mobility of human resources and a vigorous society

When we think in terms of richness through vitality, we see that the key is proactive human resources that engage in activities while distancing themselves from past systems. This conjures up quite a different image from the traditional one of people working for the sake of the organization, spending their entire adult life within one organization. The image typical of postwar Japanese society---people progressing from university (or school) to a company as lifetime employees---is indivisible from a single-stream social life premised on social compartmentalization. Actual Japanese society was not that monolithic, but that this was perceived as the model is illustrated vividly by the obsessive interest in entrance examinations to universities (or schools) as the major gateway to company employment. Interest focused on admission to and graduation from a particular university (or school), not the skills and knowledge acquired there. After graduation, the most important virtues were one's sense of belonging and loyalty to an organization. In this compartmentalized, all-embracing system, individuals' specialized skills were seldom questioned, nor was there adequate scope for those in authority to do so.

Various surveys reveal that both sides desire change in this kind of relationship between organizations and individuals. Organizations now want a more fluid and flexible structure, whereas individuals have a strong interest in cultivation and recognition of specialized skills. In addition, the economic environment that enabled a smooth transition from school to company employment is disappearing. This signals that in the twenty-first century there will be a considerable shift from single-stream, compartmentalized relations between organizations and individuals to multistream, cross-sectoral relations. It testifies that it is organizations' skillful utilization of individuals' skills that invigorates society and that the ability to discern individuals' skills is becoming essential, along with individuals' enhancement of their own skills.

It is now generally accepted the world over that the quality of higher education is a major determinant of nations' fortunes. The problem with Japan's higher education is that, contenting itself with functioning chiefly as a provider of potential employees, it has neglected other areas of human-resource development. Society, too, has shown almost no interest in university graduates' skills, focusing solely on vying for the employment material churned out. This phenomenon has been especially noticeable in the humanities and social sciences. Now, however, institutions of higher

education are becoming important as organizations that contribute to the cultivation of specialized human resources, thereby indirectly assisting the social mobility of human resources. There is a great deal of talk about cooperation between industry and academe in Japan, but true cooperation is not simply a matter of joint research in the context of particular projects but means, above all, creating systems that make the social mobility of human resources possible.

Specialized skills are closely linked to taking the lead in governance in specific Fields. This means having the ability to deal soundly with problems in a particular field, armed with knowledge of the relevant rules. Of course, there will be fierce rivalry among those possessing the same specialized skills, which will separate the sheep from the goats. In any case, this will be a world vastly different from the compartmentalized one premised on the single-stream, all-embracing type of organization; it will be a world premised on a marketplace for specialized skills. In addition, it is anticipated that heightened competition and tension among the possessors of various specialized skills will lead to rethinking things that have been left vague. As a result, the limits of the ossified structure of traditional society will become clear, and society as a whole will gradually change.

Energizing society as a whole, however, will call for not only possessors of narrow specialized skills but also human resources with a greater sense of mission, incorporating the perspectives of "building affluence and putting it to work" and "participating in and helping support the public realm." Such human resources will be grounded in a mind-set free of the constraints of compartmentalized structures and equipped with the intellectual and spiritual energy to rethink realities in a cross-sectoral manner. Though such human resources are not readily created, it would behoove us to reflect on the fact that traditional single-stream, compartmentalized organizations have had little success in this regard. At least, there is no doubt that we must put in place an environment nationwide that encourages freewheeling thinking and self-cultivation on the part of people endowed with passion and a sense of mission. Here, too, we need to debate how useful institutions of higher education are. From this viewpoint, reviewing the role of institutions of higher education and striving to use them effectively will be extremely important challenges for twenty-First-century Japan.

2. A new concept of fairness

The twentieth century was the century of democracy and the century in which the principle of respect for human rights was implanted in human history. The next century must build on these achievements. We must continue to address the tasks of achieving a "national minimum" and ensuring and enhancing the social safety net.

Societies in which the principle of respect for human rights is firmly established are dynamic; their people are imbued with initiative and unafraid of challenges. If, however, respect for rights and benefits is just perceived passively, the result is a society preoccupied with maintaining the status quo, and the ultimate outcome could be a society devoid of dynamism and clinging to horizontal egalitarianism, one that finds it hard to accord due recognition to individual excellence. Present-day Japanese society is not necessarily immune to these ills. What is required is a populace that is prepared in all circumstances to link the principle of respect for human rights to respect for a dynamic society and vibrant individuality.

As we will understand if we consider the great challenge of a rapidly aging society, twenty-First-century Japan must meet a number of difficult challenges. Basically, this means that everyone needs to exercise his or her abilities more than ever and raise the energy level of society as a whole. It follows that we must value those who accurately assess challenges that will bring about social vitality and rise to meet these challenges with passion and a sense of mission. There is no doubt that this approach will clash violently with the frameworks of compartmentalization and horizontal egalitarianism nurtured in the twentieth century. Indeed, that marks the great divide between twentieth-century and twenty-First-century Japan.

This background gives rise to the major issue of reconsidering the concept of fairness. Of course, doing so will require tackling the negativity toward cross-sectoral, reforming efforts that springs from the close identification of the concept of fairness with compartmentalized, horizontally egalitarian structures. According due honor and respect to those who meet pioneering challenges that will bring greater vitality to society and who do so with passion and a sense of mission, whether in economic or social areas, befits a new concept of fairness. Those who build affluence and put it to work, those who participate in and help support the public realm, should be accorded social recognition along with those who make worthwhile contributions in the Fields of central government and politics.

Goals for twenty-First-century Japan can become a reality only if people forge a new concept of fairness. That endeavor will power the social structure and generate social vitality. To expect to revitalize society without changing people's thinking at all is to hope for a miracle. To present just one concrete issue for debate, how should people view the present system of official decorations, a public expression of Japanese society's sense of fairness? Is the system functioning in such a way as to generate social vitality? Or is it not, rather, more conspicuous as a remnant of bureaucratic rule, impeding the mobility of human resources and retarding the generational shift? If the latter is the case, we must have the courage and decisiveness to review the way the system ranks people.

Chapter 3

Achieving a Contented and Enriching Life

I. In Search of a Society That Encourages Dreams and Mutual Trust

In considering the future of the nation, two important factors are involved if we are to create a society that focuses not only on the nation as a collective entity but also on individuals who are able to live authentic, satisfying lives. The basic principles are peace of mind and plenitude. Since World War II, Japan has endeavored to create a society in which everyone can live an affluent life grounded in the principles of peace and human rights. As a result, people today have comfortable daily lives, and it is fair to say that they face relatively few serious direct threats to survival, such as hunger, war, or poverty. On the other hand, many people complain of anxieties about the future, both their own and Japan's. On occasion, these anxieties even extend as far as the future of the entire human race.

If, recognizing this, we were to envisage a society of peace of mind and plenitude, it would probably be a society in which people could all have their own dreams and live in mutual trust. We suspect, however, that if we were to ask what is meant by peace of mind or plenitude, we would not get a clear-cut answer. We therefore think it better to seek answers by directing our attention to the reality around us, to the anxieties that make it difficult for us to have dreams or trust one another and to lifestyles that are fraught with cold, unfeeling relationships and a shortage of time.

In addition to hunger, war, and poverty, anxieties include poor law and order, natural disasters, and other factors that threaten our survival. Society should work to alleviate these anxieties across the board. These concerns are, however, a matter of guaranteeing safety rather than peace of mind, and a detailed discussion of the issues involved has been left to other chapters. Here we will simply point out their importance. Other anxieties exist despite our affluent lifestyle and sometimes because of it. Subjective elements, such as our sense of values, are involved to a great extent. Enormous anxiety arises from doubts as to whether society is on the right path, whereas closer to home, we feel anxious about our old age and the problem of nursing care when we are older. Only people with a firmly established individuality and a clear awareness of the sort of lifestyle that they want can find solutions by addressing these problems directly. The best approach is not to rely on the national

government or public institutions to find blanket solutions. Instead, we should face up to our problems directly and solve them through the vitality generated by our will to overcome them.

We human beings are not necessarily happy when we have no anxieties or troubles. We often find happiness in the very fact of overcoming anxieties and troubles through our own efforts. In other words, we should be aware that not all anxieties can be eliminated, and that happiness does not always follow when some external element eliminates anxieties for us. We should not think in terms of simply enjoying the peace of mind and plenitude guaranteed by the government. On the contrary, the government's duty is to make available an array of diverse lifestyles from which people can make independent selections. It should also remove any obstacles that may exist within current systems and, where necessary, create new support systems.

The focus should be on the human side, on the creation of a society in which individuals show tolerance and cooperation and can fulfill a creative role through autonomous action. We should seek peace of mind and plenitude, taking the view that the government's task is to nurture such individuals and establish systems and environments that will support such lifestyles. Our hope is that from this a society of dreams and mutual trust will emerge.

II. The Nature of Anxiety and Measures to Deal with It

Human beings are unique in that they can anticipate the future and act to deal with it in an appropriate manner. This process inevitably generates anxiety, so much so that anxiety can be called a necessary concomitant of human life. We can therefore say that efforts to deal with anxiety created the basis of human culture and social activity. The first products were myths, which gave us cosmology, providing us with peace of mind by enabling us to know our position in the world and confirm our identity. With the passage of time, this led to the creation of such systems as religion and art. Meanwhile, scholarship and technology emerged from our efforts to reduce our ignorance by gaining knowledge about the outside world, to stabilize our lives by drawing on the natural world for the staples of life, and to secure our safety. Eventually, these all developed into the natural sciences, the humanities and social sciences, science and technology, social institutions, and economics.

We can argue that the various systems created in this manner have provided three factors to support peace of mind. First, they have clarified the foundations of our lives and our sense of belonging. Second, they have indicated the sort of society we should aim for and clarified our objectives by demonstrating that we can improve our lifestyles if we make the effort. And third, they have clarified

social values, making it relatively easy to judge between right and wrong.

Naturally, the sense of belonging, objectives, and values mentioned here are not fixed. Social dynamism and progress are generated by a constant search for new concepts based on history and what we learn from experience. The following section looks at the anxieties currently affecting Japanese society from the point of view of the three support factors.

III. Anxieties Arising from Transition

Many people recognize that we stand at a historical turning point. There is a global awareness of change at the beginning of the twenty-first century and the third millennium. From the mid-nineteenth century through the twentieth century, Japan experienced two major social transitions, triggered by the Meiji Restoration of 1868 and defeat in World War II. Today, Japan is seen as going through a third great transition. During the first and second transitions, Japan created a growth society modeled on Europe in the First case and the United States in the second. This time, however, there are no external models for Japan to draw on, so it has to start from basic values and consider what sort of society it wants to create. Moreover, because Japan is well on the way to becoming a mature (postindustrial) society, the measures used to guarantee peace of mind in the growth society that existed until recently are no longer appropriate. If anything, the very changes taking place in the factors that have supported peace of mind to date are a source of anxiety.

1. Guarantees of peace of mind in the twentieth century

Seen from the point of view of the three support factors mentioned above, Japan's efforts can be analyzed as follows.

(1) Reinforcing the sense of belonging to organizations and systems, such as the nation and the company, based on family and regional affiliation

The Japanese nation created during the Meiji era (1868E912) adapted the legal systems, science and technology, and educational systems of the developed countries of Europe to its own needs as it steadily modernized itself under the slogan "A rich nation and a strong military." Its success in

modernizing in a relatively short time arose from the fact that Japanese society had reached a high level of maturity in the Edo period (1600-1868). Moreover, it managed to "Japanize" what it learned from Europe remarkably well, just as it had done earlier when it assimilated Chinese culture. Without going into too much detail about merits and demerits, its subsequent experiences in several wars greatly enhanced national awareness.

The slogan "Promote industry," adopted alongside "A rich nation and a strong military," resulted in the birth of a new type of large-scale production organization. Initially, the government was the prime mover, and the sources of production were public corporations and state-owned enterprises. These were steadily privatized, however, in the process not only providing many jobs and guaranteeing income for living expenses but also becoming the basis of the people's lives. The years following World War II, in particular, saw the creation of what can aptly be called "corporate families." Large corporations established the custom of long-term employment, provided various kinds of welfare facilities, and enabled employees to share recreational activities outside work. Males in the prime of life were the pillars of society. The decision to join a company that would give the head of the household peace of mind became one of the most important steps in life and was supported by the family.

(2) Using science and technology to provide prosperity, safety, and peace of mind

As numerous new technologies appeared, they were initially used for military purposes, but they gradually changed daily life as well. A wide range of chemical products, household appliances, and transportation equipment, such as automobiles, Shinkansen superexpress trains, and jet aircraft, gave the Japanese people safer, richer lifestyles. Advances in medical technology helped them live longer. After World War II, the Japanese sought material affluence modeled on the American lifestyle and went a long way toward achieving it. Japan created world-class technologies and production systems, manufacturing superior materials such as iron and steel and efficiently producing high-quality automobiles and household appliances that offered remarkable new features. Confidence and pride in Japan's production facilities underpinned confidence and pride in Japanese society. In this way, economic growth became a strong guarantor of peace of mind.

(3) Upholding traditional values

Although Japan used Europe and the United States as its models, Japanese society continued to be inspired by the phrase "Japanese spirit, Western learning," and remained acutely conscious that it must not lose its time-honored social values. Good examples of these values were the sense of

oneness with nature, the value placed on personal relationships in the community, the handing down of traditions through the family, and pride in the Japanese language.

2. Anxieties in the twenty-first century

As we enter the twenty-first century, however, the elements that guaranteed peace of mind in the twentieth century have changed markedly. This development has given special cause for anxiety. In particular, there is serious anxiety that things will not go well if Japan simply continues to behave as before. Intuitively, everyone is aware that a growth-based society is no longer sustainable, yet there are no hints as to what its replacement should look like. Japan is now facing an unprecedented situation in which it is no longer able to reform itself on the basis of lessons absorbed from external models. Instead, individuals must all seriously consider what sort of new society they want to build and participate in its creation.

Following are some of the anxieties arising from these changes.

(1) Changes in the shape of the nation, the company, the community, and the family

Advances in communications and transportation technologies have made the world a smaller place. People now feel that they are caught up in a massive stream of events that they cannot possibly handle alone. This trend, combined with a sense that individuals and companies are directly responsible to the entire world for their actions, makes it difficult to grasp the direction in which things are moving.

As symbolized by environmental issues, sustainability has now become more important than expansion based on progress. On the other hand, economic competition is intensifying, and we are confronted with the new issue of whether it is possible to formulate an economic system that combines sustainability with competition.

The concept of women working as full-fledged members of society has become the norm, and relationships between husbands and wives and between parents and children are changing. Things that were once taken for granted are now being questioned, including gender roles, parental responsibility for child rearing, and children's responsibility for looking after their aging parents. People are also questioning the acceptance of a work style in which the company guarantees long-

term employment and seniority-based wages, and in which employees belong to the company for life. In addition, Japan's traditional rural communities have broken down as urbanization has progressed, encouraging young people to migrate to the cities and creating overcrowding on one hand and depopulation on the other.

(2) Changes brought about by rapid progress in science and technology

The rapid evolution of information technology has created a situation in which individuals and the rest of the world can be directly connected through mobile phones, personal computers, and the Internet. Although access to abundant sources of information is desirable, the free flow of all kinds of information is creating confusion. Against this background, numerous problems are arising in connection with essential issues, such as the role of the government and the need to give greater consideration than ever to personal privacy. Moreover, it is necessary to adopt global standards, but the question is where to find them. We have to look for standards that are acceptable in that they do not involve the imposition of the values of one nation or culture on others. This, too, is a difficult problem.

Advances in medicine and medical technology have made it possible to develop new techniques that allow organ transplants, prenatal screening for birth defects, and gene therapy. At the same time, these advances have given rise to the serious problem of what to do when a disease can be diagnosed but not treated. Highly sophisticated medical treatment is costly, and there are many doubts as to how far treatment of this kind is justified. Even with routine medical treatment, technological progress has not necessarily resulted in better-quality medicine. If anything, it has created awkward problems in areas such as reproductive medicine, the excessive use of medications and the emergence of drug-resistant strains of bacteria, the harmful side effects of certain medicines, and malpractice.

In industries generated by science and technology, extreme delicacy and precision in the manufacturing process have resulted in the efficient mass production of high-quality products. Resources are finite, however, and waste materials are polluting the environment. Obviously, when we talk about an affluent lifestyle, we should be aware that there are inherent limits.

Originally, human beings created science and technology for their own use. Yet there is a growing sense of anxiety that the one-dimensional sense of values that glorifies efficiency and progress has enabled science and technology to self-propagate until they are beyond our control. Nuclear power and manipulation of life forms may be considered to fall into this category.

(3) The decline and diversification of traditional values

During the democratization process that followed World War II, Japan was forced to abandon the traditions that had supported it until then. There was even a tendency to think that this was the right thing to do. In themselves, freedom, diversity, and individuality are desirable. Unless society lays down clear standards on which we can base our judgments, however, there is a danger that we will start behaving as though anything goes and will not understand how to behave in specific circumstances.

In recent years, the pursuit of material affluence and the tendency to focus on money have rapidly gained the upper hand, while spiritual matters have been neglected. As a result, there is now a general mood that encourages people to do whatever they please no matter what. It has been pointed out that among children and young people there has been an increase in bullying, suicide, and crime, including prostitution for pocket money among middle and high school girls. These problems are, however, not simply those of the children and young people involved. It is more correct to say that they have lost their ability to make behavioral judgments because society has not provided them with a clear set of values on which to base their actions.

To date, Japan has demonstrated its aptitude for absorbing and using foreign cultures through material things, but it is not yet accustomed to incorporating foreigners into its society. It is now essential to accept that one of the elements of diversification is the creation of a society in which different ethnic groups can coexist.

IV. Utilizing Transition to Create a Society Providing Peace of Mind in the Twenty-First Century

We can see how transition is creating anxiety. Change is a factor in anxiety, but if adroitly used, it should lead to the creation of a desirable future. Introducing new viewpoints (values) and policies should help to build a more dynamic society, creating a Japan where peace of mind and plenitude reign. At the same time, we can envisage a situation in which the people of the world want to share the concepts and methods involved. Individual awareness is important for overcoming anxiety, but two elements are essential to provide support: a change in our sense of values and the transformation of our social system into one that allows individuals to fulfill themselves freely. The interaction

between these two elements should make it possible to create a new "public space" in which autonomous individuals accept the responsibilities of society as a community of autonomous individuals.

1. Establishment of new basic values

(1) From "mechanism" to "lifeism"

The twentieth century was an era in which a mechanistic worldview encouraged the advance of science and technology, enabling humanity to conquer nature and wield its strength unchallenged as it sought to enjoy the benefits of material wealth. At first glance, this appeared to make people happy, but because it triggered numerous wars and destroyed a great deal of nature, we cannot claim that this lifestyle was a truly happy one. We must do something to change the current situation, in which people advocate peace, human rights, and the protection of nature on one hand while actually engaging in unceasing ethnic conflict and wiping out countless animal and plant species on the other. As the basic values for the twenty-first century, we advocate taking up the challenge of creating a society based on a "lifeist" worldview. Human beings are part of nature, just like any other living thing, and the lifeist worldview makes it possible to discover the commonalities that exist not just among all human beings but also among all living creatures. This viewpoint is based on facts revealed by modern science, but because a similar worldview actually prevailed in ancient Japan, it is more a matter of reviving that. In other words, the Japanese possess not only state-of-the-art science and technology but also an inherent sense of oneness with nature that they have inherited from their forebears. Surely there has never been a better time or opportunity for Japan to create a new society and new lifestyles based on these values and, in the process, demonstrate these values' significance to the world.

For example, whenever we speak about science, technology, and industry, we always say that Japan lacks resources. Yet if it is a question of making the most of nature, our archipelago is located in an extremely favorable spot and benefits from a long coastline and abundant water, land, greenery, and sunshine. There are also many able people living here. If we use these resources by skillfully rotating them, there must surely be sciences and technologies that will help us create spiritually affluent lifestyles even without underground resources such as oil. We believe that we need to begin developing such technologies for the future.

(2) Respect for cultural values

The society that emerged after the end of the cold war, in particular, tended to give economic values priority, and virtually everything seemed to be motivated by financial considerations. Now it is necessary to transform our society into one that fully respects cultural and natural values that cannot be evaluated in purely economic terms. As we shall discuss later, it should be possible to work positively to create a society that seeks substitutes for economic values in the workings of the heart and mind, such as respect and appreciation.

A society created from the combination of a mechanistic worldview and econocentric activities is a society of cutthroat competition. Competition is important, of course, but when it becomes ruthless it generates considerable anxiety. It is essential to appreciate values other than economic values in order to allow "comfortable competition" that allows various challenges while preserving individuality.

2. Conversion to social systems that allow individuals to fulfill themselves

It is essential that Japan possess social systems that create individuals who show tolerance and cooperation and can fulfill a creative role through autonomous action. Such systems must also make the most of such individuals and broaden the scope of their activities.

(1) Making the most of the autonomy and spontaneity of diverse individuals

Although Japan advocates respect for diversity and individuality, the fact remains that it still gives priority to uniformity in education. People support diversity and individuality, but most do not know how to exercise it. Initially, education must be reformed in such a way that it enables all individuals to look within themselves and discover their own strengths. Then, individuals should be able to select their own lifestyles autonomously and spontaneously. If they are good at making things, for example, they can decide to enhance their skills in this area. If they want to work with nature, they can select an active life in farming or fishing. Work (including housework, of course) is the basis of our livelihood, and it is necessary to establish an educational system that enables people to regard it as worthwhile. It is also necessary to establish a value system for evaluating different kinds of work, which ultimately ties in with remuneration. Indeed, peace of mind is grounded in work and roles that are personally satisfying and are accorded social recognition. Once the foundations are laid, people will no longer have to follow a life plan that simply involves joining a stable company and spending the rest of their lives there. Instead, they will be able to seek out the kind of work that best enables them to fulfill themselves and live forward-looking lives.

Stable work naturally gives us more latitude, allowing us to turn our attention to matters other than work, including family, the community, people with similar interests, volunteer organizations, and so on. As the scope of life expands, society is revitalized. Once we create a society that enables us to work at something satisfying and value daily life instead of working within a set of values that treats production as all-important, a wide variety of richly individual people will begin to emerge.

(2) Creating a dispersed, cooperative society that dynamically links individuals

Changes in society are being accompanied by changes in elements that were supposed to remain immutable within the traditional sense of values, such as the family and the community. This is the natural result of the uniform set of values prevailing in a society that gave priority to the economy, and if the changes referred to above occur, people's feelings will once again turn toward the family and the community.

If, however, personal relationships are based on ties that are impossible to change, creativity will be stifled. Both the family and the community must allow people to participate of our own volition. That is why networking is so important. Thanks to the rapid development of the Internet and other factors, in recent years networking has created an environment that overcomes geographical constraints and allows people anywhere on earth to interact. This enriches daily life, ensures a certain degree of peace of mind during emergencies, and makes it possible to establish better relationships.

A society in which people are dynamically connected laterally and cooperate in this manner is what we call a "dispersed, cooperative society." In the twentieth century, a unipolar society was considered efficient, but its evils are now becoming apparent. Many people now advocate decentralization and devolution, but we believe it is desirable to establish systems that allow cooperation, not just dispersion.

(3) Establishing lifestyles that make the most of each stage of life

Men in their prime were primarily responsible for underpinning peace of mind in the twentieth century. They headed the household, worked themselves to the bone to drive economic growth, and ran politics, economics, and society. Although the results were impressive, this system not only exposed the individuals concerned to physical and mental overwork but also led to the undervaluation

of women, children, and older people. The system also skewed social values. Boys studied purely to ensure that they could seize the best opportunities for working during their prime. Women were not given the opportunity to be active in society. And older people who had completed their working years came to be treated as a burden on society.

The real meaning of a human life is to live each stage of that life to the fullest. For example, during childhood one should learn the basics of personal relationships. But for children today to get jobs that are rated highly by society when they reach adulthood, they must pass numerous tests that emphasize knowledge. Because this becomes the objective, there is a tendency to forget about developing personal relationships.

It is important to enable people to live to the fullest throughout their lives rather than place too much weight on a particular time of life. This means creating a society that focuses on each stage of a person's life, allowing children to live fulfilled lives as children and older people to live fulfilled lives as older people.

When we focus on life stages, we realize that the sick, the old, and the mentally and physically challenged are experiencing a stage that anyone might. We should not differentiate between the robust and the weak but rather view the latter as simply going through a stage of weakness. The creation of a barrier-free environment thus becomes something that should be a matter of course for all, not just a form of welfare for the weak. This, in turn, engenders the positive view that being in a weak state is a meaningful element of human life.

As for education, we now live in an age when study should be lifelong, not confined to a certain stage of life. In medicine, temporary infections present less of a challenge today than the increase in lifestyle-related diseases associated with aspects of daily life such as diet and exercise, sometimes affecting people throughout life. In regard to work, we believe it is desirable to actively participate in society throughout life. This means working in various capacities as long as we can, not simply getting a job at a certain age and retiring at a certain age. Naturally, there will be cases in which people select retirement for themselves. Looking at these sorts of social changes enables us to rediscover the importance of focusing on life stages and living each one to the fullest.

Because families and communities used to consist of many different people in various stages of life, it was once possible to obtain an overall grasp of human life naturally, and a great deal of wisdom about living was passed down. From now on, peace of mind will increasingly depend on the ability to plan for the longer life spans that we can anticipate as a result of longer life expectancies. As a

result, we believe it will become necessary to encourage active communication among people in different stages of life.

To summarize, the sort of society that will offer peace of mind and plenitude in the twenty-first century is one based on life stages (existence, daily life, and lifelong fulfillment) in which autonomous, spontaneous individuals create dispersed, cooperative networks. The individuals who aim to achieve it must revolutionize their thinking and take action, and policies should be implemented to create the systems needed for its realization.

V. Proposals for a Society That Offers Peace of Mind and Plenitude

So far, we have argued that in the twentieth century society was unipolar and focused on production. For the future, we propose a truly affluent lifestyle that offers peace of mind and plenitude through the creation of a society based on life stages that values existence, daily life, and lifelong fulfillment and a society of dispersed, cooperative networks in which the individual is the primary actor. The individual referred to here is, of course, tolerant and cooperative, and acts autonomously and spontaneously. To create such a society, it is first necessary to build science and technology on the basis of lifeist values and form social systems that apply information so as to allow individuality full play. Moreover, new ideas and systems are necessary for the elements that support the individual: education, work, the family, the community, and social security (medical care, nursing care, and pensions). Figure 1 shows the concepts involved in diagram form. Below we discuss the elements in the figure.

1. Foundations of peace of mind

(1) Education---for anyone, anywhere, at any time

The significance of education in the broadest sense, not just school education, is a theme of importance for the entire commission. We cannot overemphasize the importance of education from the viewpoint of creating a society of autonomous, spontaneous individuals.

We propose the creation of an educational system with the objective of nurturing people who possess

the basic, essential rules for living as human beings, the basic knowledge for living as members of society, and the basic knowledge and skills necessary for work. Our present educational system suffers from a serious problem in that it is not clearly aware of these needs and simply imparts knowledge without any obvious purpose.

First, everyone should be obliged to acquire ample knowledge of the basic, common elements necessary for human beings and members of society. Then, the system should allow greater freedom of choice so that each person can develop the skills best suited to his or her chosen lifestyle. If this is done, it will result in the emergence of autonomous individuals and the creation of a society that offers peace of mind and plenitude.

The basic, essential rules for living as human beings: The basis is how to associate with human beings and with nature. In the past, this was taught without any special consciousness in communities centered on the family. The family played the key role and, starting with the parent-child relationship, children learned the basics of how to associate with brothers and sisters, friends, members of the community, and animals and plants. Because of the increase in the number of working mothers and the falling birthrate, however, it is vital today that the same elements be made the basis of education in day-care centers and kindergartens. There is every reason to expect that children will become comfortable with books, learn to appreciate music, and seek knowledge of their own accord. Forcing discrete bits of knowledge on children before they have learned how to associate with nature is not the essence of education at this stage. If sound basics are instilled at this time, they will be retained for life.

The basic knowledge for living as members of society: The most important basic tools for living as members of society are language and logical thinking. The basis of an autonomous lifestyle is the ability to think, express oneself, and debate logically in one's mother tongue. As the need to be active in the international community increases, there is a growing requirement for people who can determine the most desirable course of action in any given situation by asserting themselves, understanding the other side, and talking things over.

The basic knowledge and skills necessary for work: We believe it is desirable that education be tailored to the individual's abilities, wishes, and preferences, and high school vocational education should be enhanced. The vocational education referred to here is not training in narrowly based skills but includes liberal arts education to give the student greater depth as a human being. Vigilance and the provision of ample opportunities and options with regard to the ethics and general knowledge needed as a working person are also important. Many careers require sophisticated expertise, and universities need to lay down clear rules and curricula for education to meet these requirements.

In addition to these arrangements, education should be open to those who wish to return to studying after they have commenced work. This calls for a system that allows anyone to study anywhere at any time. We believe that continued training and study will become increasingly important for working people and other adults. There is thus a need to prepare training systems that can respond to the needs of people who wish to acquire specialized knowledge or bring it up to date. Clarifying the objectives of learning provides incentives for both teachers and learners. This kind of educational system nurtures autonomous, spontaneous individuals, leading to the creation of a society in which people can make a new start along any of numerous routes at any time, thus providing the foundation for peace of mind. Moreover, when people who have gained a little freedom from child rearing or have retired start studying literature or renew their study of economics, it enriches their lives, enabling them to gain depth as human beings. Naturally, education should not take place only in schools---the family and the community are just as important. Above all, it is crucial that learners have a positive attitude and approach.

(2) Work---in a multistream society

Once noted for its long-term employment, seniority-based pay and promotion, and well-established welfare programs, the Japanese system is now floundering. Corporate management, in general, is under pressure to introduce American-style global standards, and job mobility is increasing rapidly. As a result, workers have lost the peace of mind that they used to derive from belonging to a company. This situation has exposed middle-aged and older male workers, in particular, to considerable anxiety. It is therefore necessary to think in terms of a form of job mobility that will help provide peace of mind. For this to happen, the range of options open to individuals must be broadened to enable them to make independent choices based on various values, including financial and physical working conditions, work objectives, the nature of the work, and the place of work in their overall scheme of life.

It is also important to ensure that pensions and other benefits can be transferred from one job to another and to rigorously enforce the systems and penalties necessary for correcting a labor market in which employers have the advantage. Relief for the unemployed is essential, but instead of depending on makeshift measures such as employment adjustment subsidies, there is a need for forward-looking support for the creation of new employment opportunities.

Of course, the greatest importance must be attached to stable employment as a foundation for peace of mind. It is necessary to strengthen the job-placement function of the labor market so that people can feel assured of a stable supply of work even if they do not stay in the same job permanently. We must

also respect workers' decision to stay in the same workplace accumulating and enhancing knowledge and skills. In other words, we should value independent choice rather than provide a blanket guarantee of institutional stability. We believe that in the future working people and other adults will increasingly need to brush up their skills by undergoing further training and study. For this to happen, they will need to be able to make independent use of an educational system that enables anyone to study anywhere at any time.

As for age limits on employment, the former mandatory retirement age of 55 was set at a time when the average life expectancy was much shorter than it is now, and many companies have raised it to 60. However, we already live in an era where it is not unusual for people to live well beyond the age of 80, and it is quite probable that people can generally work up to the age of 70 or so. The gap between the mandatory retirement age and the average life expectancy will surely give rise to further anxiety concerning employment and pensions. There are, however, limits to the extent to which employment in the same company can be lengthened by extending the mandatory retirement age. In a multistream society, the provision of various types of work according to age is desirable for both employers and employees.

The issue of developing new job opportunities for older people will continue to grow in importance. Older people will always face the challenge posed by the extremely rapid progress of technology. We should not, however, underestimate their skills and experience. There are surely workplaces that can make really good use of them. We can envisage new job opportunities for older people that may not have such high remuneration but that provide a real sense of fulfillment in terms of a significant contribution to society. Nor should we forget participation in nonprofit organizations, time spent on personal interests, and, of course, the highly meaningful task of training one's successors.

Whenever the term job is mentioned, we tend to think in terms of working in a company environment. We must also turn our attention to businesses that individuals manage independently and give them the respect that they deserve, such as agriculture, forestry, and fisheries; self-employment; cottage industries; and venture businesses.

(3) Family and community---giving full rein to diversity while choosing relationships for oneself

Life based on the family unit dates back to the dawn of humanity. Living within a small unit that allows people to maintain close relationships and help one another is one of the foundations of peace of mind. The underlying assumption is that the family consists of a legally married couple and their children living under the same roof, with the father having responsibility for providing income and the

mother taking charge of child care and housework. Unfortunately, this pattern will not necessarily lead to a happy life in the twenty-first century. When we consider factors such as the advances made by women into society and marital freedom, it seems more realistic to take a less rigid view of the concept of the family.

Nevertheless, it is important to ensure that all children are brought up in an environment where they can receive ample love from adults and where everyone has friends who will help them. Individuals who decline to have children because they will take up too much time or cost too much to educate, and a society that demands births for the sake of its own vitality, especially to avoid a labor shortage, have one thing in common: They are looking at children in purely economic terms. Children pass on our culture, realize our dreams, and create the future. A society in which people refuse to have children because they do not believe in the society's future is an empty society indeed.

During the twentieth century, the world's population grew rapidly, so it is only natural that populations will stabilize in developed countries that are going through the transition to postindustrial societies. Consequently, society should place priority on creating conditions in which children are seen as a blessing and formulate policies to that end without placing too much emphasis on numbers. Parents should be able to engage in both child care and social activities so that their children can start life as people with a strong insight into the basics of human relationships. Among other things, both mothers and fathers should be able to concentrate on child care for a certain period before returning to work. Or, in cases where both parents want to work, they should be provided with ample child-care support. In recent years, there have been reports that more children are suffering from anxiety. It is vital to nurture healthy adults for the twenty-first century by enabling children to build firm relationships in the family, the community, and the school.

If existing family and community bonds are emphasized, there is a danger that the family and the community will not be able to fulfill new roles. We should think flexibly and create situations in which people can get by with one another's help, irrespective of the form that may take. Possible alternatives to traditional communities involve cooperative or collective houses, in which several families symbiotically create a new type of community, and virtual communities, whose members build stronger ties of friendship over the Internet than with their geographical neighbors. Society will thus become more experimental in the twenty-first century, and though there may be confusion, it is crucial to take up new challenges without losing sight of the value of human relationships.

Japanese society is characterized by not only homogeneity but also a strong desire for homogeneity. This was an advantage during the twentieth century, when there was a need to learn from the West, to modernize, and to raise living standards. It is also why many Japanese refer to their country as a nation of middle-class people. Now that living and other standards have reached a certain level,

however, diversity is important for generating further vitality and discovering new ways of life. Discrimination based on race, place of origin, age, or gender is inexcusable, and guaranteeing the basic human rights of all people living in Japan is fundamental. The basic, essential rules for living referred to in the discussion of education naturally include this.

In the twenty-first century, because of the impact of the falling birthrate and the aging population, Japan must consider encouraging immigration. Japan has strong exchanges with other countries and has skillfully absorbed goods and information from overseas. It is, however, a different matter when it comes to people. Although many Japanese have traveled or lived overseas, they have little experience when it comes to dealing with people from other countries who settle here, take Japanese citizenship, and become permanent residents of Japan. Their acceptance mechanisms are inadequate, both institutionally and emotionally. There is, however, a global trend toward greater freedom of movement across borders. Many foreigners already live in Japan, and a considerable number have settled here for the long term. It is only natural to recognize such people as full-fledged members of society. In fact, making the most of the strengths of people with different cultural backgrounds could well be a new source of vitality for Japan. Japanese society has always operated on the basis of unwritten rules, but it is now necessary to make it more contractual. The realistic approach is to eliminate the friction arising from cultural differences, in accordance with clearly stated rules.

(4) Social security (medical care, nursing care, and pensions)---ensuring a long, vigorous, and healthy life

The social security system acts as a safety net. In the twenty-first century, we must continue to manage it in a stable manner to provide the basis for the peace of mind that richly individual people need to give full rein to their strengths. Because general demographic trends are almost irreversible, twenty-five years from now Japan will inevitably be a society with an extremely low birthrate and an aging population.

Currently, health and nursing care for oneself or members of one's family, together with income security, are major sources of anxiety among middle-aged and elderly people. Anxiety is also spreading among younger people, who fear not only that it will be impossible to maintain the social security system in the future but also that their own burden will far exceed the benefits that they will eventually receive.

During Japan's rapid-growth era, companies effectively provided employees and their families with most social security. Corporate society is, however, fighting for survival. This development has led to

the sudden collapse of long-term employment and other practices that used to be considered core elements of the so-called Japanese style of management. The system of seniority-based wages and promotions has also been undermined. Meanwhile, the "corporate life span" during which a company was expected to prosper has steadily shortened at the same time as the average life expectancy of the Japanese has lengthened. Japan's population is aging at the fastest rate ever experienced by any country in the world. As a result, pension and employment schemes premised on an average life expectancy of sixty to seventy years are completely out of touch with the needs of a long-lived society, greatly amplifying people's fears for the future. When people feel such strong anxiety about their future, it is difficult to dispel the sense of having reached an impasse that pervades society.

If we neglect appropriate systemic reforms, the vitality of Japanese society will be seriously eroded because the social security system will be shaken to the core by aging and longer life spans on one hand and an extremely low birthrate on the other. Reform of Japan's systems is a matter of the greatest urgency, if only because the above-mentioned demographic shifts are taking place more rapidly than in any other country.

We believe that principles and policies for social security in the twenty-first century should be considered with the above ideas as our basic premise. State and public institutions are responsible for guaranteeing the minimum necessary social security, and we must ensure that the people's trust is firm in that respect. If this trust should break down, social anxiety will become truly serious. On the premise that a social security minimum is guaranteed, we consider it desirable for individuals to be able to select additional social security independently from among diverse options. These options include not only systems directly associated with social security but also employment systems, vocational training systems, and the like. Social security is not something that can be considered in isolation. We emphasize that it is important to ensure a balance with various economic and social systems and practices. This being the case, we believe we should abandon our passive reliance on state and public institutions to provide a uniform peace of mind in the form of social security. Instead, individuals should make their own independent choices from among diverse options, and society should consolidate the systems supporting this.

People should not be treated uniformly either. Physical, mental, and social diversity is increasing even within the same age group. Social security is based on a philosophy of mutual support, whereby the entire community deals with the risks incurred by any member of the community. Thus everyone, even members of the older generation, should be prepared to carry part of the burden on the support side. We must discard any fixed notions of the aging society as one in which a relatively small number of currently active people support the older generation. Instead, we need a system in which the members of the community are prepared to share the risks and burdens that can face anyone.

Medicine: Health is one of the most worrying problems facing an aging society with a falling birthrate. A society in which people live a long time is not necessarily cause for unreserved joy, because longevity accompanied by bad health is unfortunate both for the ailing person and for society as a whole. The question is how far we can close the gap between life expectancy and healthy life expectancy. If the two were the same, there would be no need for nursing care, and it would be possible to curb the burgeoning cost of nursing care and medical treatment and the excessive burden borne by the working population. We must therefore change our thinking, moving away from medicine that simply treats the sick and toward policies and systems of preventive and health-maintenance medicine. In this way, we can extend healthy life expectancy, bringing it closer to actual life expectancy.

In addition, as pointed out below in connection with nursing care and pensions, all the systems and practices involved are closely intertwined with numerous others. Over many years of steady economic growth, all these systems functioned in their own way, giving rise in time to rampant sectionalism. To extend healthy life expectancy in an era of longer life spans, we should try to establish systems that avoid ageist prejudice and enable older people to make a social commitment to work, volunteer activities, and so on for as long as they are healthy. If this can be done, it will enhance their sense of worth, enabling them to enjoy better physical health by maintaining mental health. This scenario, in turn, should help to reduce the cost of medical treatment and nursing care for the aged.

As one means of ensuring preventive and health-maintenance medicine, we propose that consulting teams consisting of doctors, public health nurses, nurses, counselors, pharmacists, and others be established so that people can consult them without hesitation about their daily health worries. We could call these institutions "neighborhood dispensaries." The existence of nearby facilities that allow consultations with easily approachable, trustworthy specialists will surely make it easier for people to manage their own health. For areas that are subject to substantial geographical constraints, we suggest consulting systems that use telephones and the Internet. We believe we should also study mechanisms whereby these teams can use the Internet to acquire necessary specialized knowledge by submitting inquiries online to medical specialists and medical institutions. These neighborhood dispensaries will not only lengthen healthy life expectancy but also ease crowding in hospitals and curb medical costs.

Per capita medical costs for older people are several times higher than those for currently active people. We have already discussed why it is necessary to ensure that systems are operated in a stable manner so that older people who are actually ill can receive medical treatment with peace of mind. The finances of the health insurance systems that underwrite these expenses are reportedly on the verge of collapse, however, so curbing the huge and rapidly expanding costs of medical treatment is an extremely important issue for Japan's low-birthrate, aging society. The existence of such problems as long-term hospitalization, overprescription of medications, and excessive use of medical tests has

been pointed out for many years. But the mechanisms in place to curtail overprescription of medications, for example, are far from adequate, and there is a real danger of moral hazard. Large-scale consumption of pharmaceuticals provides profits not only for the companies that manufacture and distribute them but also for the medical institutions that are the primary users and earn drug-price margins. Meanwhile, the patients who are the end users are scarcely aware of the costs involved. Instead of questioning the ethics and awareness of those involved, however, we urgently need to solve the problems existing within the associated systems and mechanisms. Although it is necessary to ensure stability in the operation of the health insurance system so that older people who are actually ill can receive medical treatment with peace of mind, we believe greater emphasis on preventive medicine for extending healthy life expectancy will also help ensure this stability.

Yet another problem is the strong tendency to treat patients without informing them of what is being done and why, largely because of the high degree of specialization involved and the lopsided power balance between doctor and patient. The information in case records should be disclosed to patients and other relevant parties, and doctors should be made more accountable for their actions. There is also a need for mechanisms to provide objective evaluations of medical institutions. If neighborhood dispensaries are allowed to function as third parties that provide impartial advice, patients will be able to make choices that relate directly to their own lifestyles, such as selecting doctors and treatment methods.

Nursing care: Even if a mature society provides work opportunities for people with the necessary desire and skills, it still faces the important problems of how people who require nursing care can live and of how to share the burden of such nursing care across society. When it comes to establishing a system in which individuals can spend the final days of their lives where they and those closest to them prefer---be it at home, in a nursing home, or in a hospital--without losing their independence, the individuals and those closest to them should always play the leading role. Moreover, this approach should reduce social costs.

Under present conditions, it is impossible for families to provide nursing care on their own. Following the basic principle that society overall should share the burden of risk that everyone will require nursing care at some stage, we should create a framework to ensure that society as a whole shares the burden. We should ensure that the dignity of those who require nursing care is fully preserved at all times. Those who can pay for themselves should be allowed to do so, thus weakening the widely accepted notion that the government graciously bestows such services. At the same time, this approach will establish a framework that allows autonomous choice while preventing excessive supply and demand. It would not be appropriate to adopt a uniform approach to burden sharing. The system must reflect the individual's ability to shoulder the burden, the risks involved, and the level of benefits expected. Disclosing and providing information pertaining to the services offered is important from the point of view of guaranteeing independence of choice for people who require nursing care. It is also desirable in terms of promoting fair competition among the parties providing

such services, enhancing the quality of services, and ensuring that services are tailored to actual needs. Moreover, to guarantee that people who take care of others are suitably valued by society as a whole, it is necessary to ensure that nursing-care services are appropriately compensated.

Pensions: Pensions are a matter of the utmost concern to older people. Nevertheless, the debate concerning reform of the pension system has not been taken very seriously, and there is a danger that the system will be meddled with too much. Systems of this type must be sustained over a long period if they are to convey peace of mind. To establish stable, lasting pension schemes, it is not enough to debate the financial aspects alone. Such schemes must be considered as part of a larger picture that includes the mandatory retirement age system, promotion of employment among older people, medical treatment, nursing care, and other elements of the overall social security system, as well as policies to stimulate the economy in general. There is a need to eliminate the harmful effects of vertically segmented administrative systems that treat the employment, medical treatment, and nursing care systems as "givens" and draw up reform plans based only on the "logic of pensions." For example, if the pensionable age is simply raised without any reference to providing a better employment environment for older people, it will only amplify the anxieties of middle-aged and older people, who are already concerned about their old age, and encourage them to save still more to protect their livelihoods.

Pension systems should be constructed with a clear view of what will happen over the next several decades. Unless this is done, it will be necessary to make frequent changes and corrections to the system, and in the process unnecessarily exacerbate the anxieties that people already feel.

From the point of view of emphasizing life stages, it is important that individuals plan their own lives based on their own choices after they have formulated an overall picture of what they want to do with their lives. For the postindustrial society of the future, preparing a variety of pension options that will make this possible is fundamental. We do not believe it is appropriate to expect younger people to support all aspects of older people's lives. What is required instead is a mechanism to support the concept that people decide, picking from among a wide selection of options, to make contributions during a certain stage of life and receive the benefits at a later stage, that is, during old age.

To ensure that people can choose independently and with reassurance, the system must be structured so that a minimum basic pension can be fixed on the basis of compulsory participation. Ensuring minimum social security in this way will offer people minimum but universal peace of mind about life in old age. Offering a variety of options over and above this will ensure a greater sense of abundance and peace of mind.

The minimum pensions to be paid will depend on the various schemes and social conditions, including the mandatory retirement age and other elements of the employment system. There are also other important determinants, such as the living expenses of older people and libraries, parks, and other elements of social infrastructure that older people can use.

It has been pointed out that Japan's social security system consists of vested interests that emphasize the provision of pensions and medical treatment, whereas it lags in certain areas of social welfare, such as nursing care and child care. In drawing up an integrated policy for social security that takes a comprehensive view of pensions, medical treatment and welfare, we should look for services that people can pay for and that can be administered in a stable manner. When doing so, we must be well aware that the Japanese people will find it hard to bear the burden if we preserve these vested interests and retain existing methods premised simply on redistribution of a larger pie. Indeed, this could make it impossible to administer the system in a stable manner.

When it comes to social security, values and interests vary according to whether one belongs to a particular group, generation, organization, region, and so on, and there is inherent potential for serious clashes of opinion. For this reason, we believe careful studies by experts are required. In addition, the various strata and generations that make up the Japanese people, particularly the younger generation, should participate in a thorough national debate and make their own choices and decisions. In the hope of such an active national debate, we urge politicians and bureaucrats to create an environment that encourages discussion. They should make information available, articulate the relationship between costs and benefits, and present policy options in an easily understood manner.

(5) Cultural and artistic activities---expressing the urge for new paths

Cultural and artistic activities are a fundamental part of life in that they help us highlight the absurdities inherent in any situation that engenders anxiety and overcome anxiety by expressing the urge for new paths. Moreover, no matter what sort of world we live in, it is important that truth, goodness, and beauty exist in our lives. When we are always pressed for time, we gradually lose the ability to appreciate things of beauty. Surely a great many people feel this.

A society that gives priority to economic activities views scholarly, cultural, and artistic activities as something to engage in when people have time and money to spare. In a recession, both the public and the private sectors tend to cut spending in these areas. We strongly advocate expanded tax exemptions on donations by individuals and corporations as a means of supporting scholarship, culture, and the arts. Such exemptions not only encourage donations toward scholarship, culture, and the arts and

support more sophisticated and vigorous activities in these areas but are also significant for two important reasons. First, they demonstrate that society sees such activities as worthwhile, desirable, and worth encouraging. Second, they represent a break from the tendency for the authorities to take the initiative in all such activities, which has prevailed since the Meiji era. Instead, they demonstrate a change in attitudes toward the view that it is desirable for individuals to support culture and the arts as a means of reflecting their independent wishes. There is little doubt that active support for cultural and artistic activities will enhance individual autonomy and help stimulate other social activities.

2. Information, science, and technology as supports for a life-stage society and a society of dispersed, cooperative networks

(1) Information---toward a new community through sharing and communication

Everyone recognizes that the computer- and network-based information society has arrived. The personal computer is the symbol of the information society, and the ability to use it is often a condition for employment, much to the concern of the middle aged and elderly. In light of this situation, we wish to reaffirm that the information society is one in which anyone should be able to access its huge amount of data and apply data as meaningful information. Once we take this view, we can start to look forward in the twenty-first century to the spread of specialized communication machines that are as easy to use as a telephone, requiring no manuals. These machines will serve as terminals that connect all appliances and tools in a network. Once these machines exist, we envisage the advent of an information society that frees people from the problems raised by complicated machines, allowing them to play the leading role. Instead of taking excessive time and trouble to learn how to handle such machines, people will live in an environment in which they can apply abundant sources of information usefully.

It is especially important to develop computer software to support this scenario. Already, there are moves to build computer systems based on open architectures such as Linux. These universal systems use software that is provided free. In return, the software providers earn the respect and gratitude of their many, many users. Likewise, the ability to make contact with many others and the gratitude shown in return are already motivating people to provide useful information over networks. This is an excellent example of how technology can support the formation of people-driven communities. Networks make it possible to create virtual communities that transcend geographic communities, paving the way for the construction of a society of dispersed, cooperative networks.

By extension, if it becomes possible to obtain medical and welfare-related information, if personal

medical data are available from information terminals, and if the aforementioned neighborhood dispensaries are connected, older people will surely feel greater peace of mind. All this will provide a powerful underpinning for a society whose objective is to enable people to live with peace of mind in every life stage.

At the same time, we must not forget that a society that relies on computers so much is exposed to the dangers inherent in occasional breakdowns, malfunctions, and abuse. We would like to think that there would be little abuse in a society founded on systems paid for with the currency of respect and gratitude, but it is essential to ensure that these systems are secure. Furthermore, computers that can process vast amounts of information and transmit it at high speeds are extremely useful tools, but in situations where values are distorted these tools can be misused to control society. To ensure that people holding diverse views can use shared information effectively, members of society must be encouraged to become autonomous through education.

(2) Science and technology---restoring the balance among nature, people, and artifacts

Japan aspires to be a nation based on science and technology. We believe that in the twenty-first century Japan will continue the work begun in the twentieth century and develop science and technology further as it seeks greater comfort in life. As already mentioned, however, there are doubts as to whether science and technology should maintain their present course of development, which aims to support more affluent and convenient lifestyles. This reservation exists because twentieth-century science and technology sought efficiency and have virtually reached their limits in this respect. Environmental problems are serious, and we must remember that resources and energy are finite. It is time we reconsidered existing policies, which aim exclusively at efficiency and quantitative expansion. We need to review the relationship among nature, people, and artifacts, and pursue scientific and technological development that focuses on the most desirable way of life for people as an integral part of nature. Both nature and human beings as part of nature are now protesting at the fraught lives we live. What we need now is lifeist values and a society that values existence, daily life, and lifelong fulfillment.

Our first task is to create a "cyclical society" that makes the most of nature. As our first model, we propose a serious review of agriculture. Although agriculture is fundamentally cyclical, it was industrialized in the search for efficiency. Productivity is important in agriculture, of course, but because we forgot that we were dealing with nature, land fertility diminished, crops lost their diversity, and problems began to arise in the areas of food safety and farmers' health. In Japan, in particular, the decision that it was more economical to import foods led to substantial dependence on external sources for most foods other than rice. As a result, Japan now has the lowest self-sufficiency ratio in the world.

Establishing a cyclical, organic agriculture and becoming self-sufficient in safe, tasty, highly nutritious foods should provide a basis for peace of mind. Moreover, this style of agriculture should help protect the immediate natural environment and preserve the natural resources with which children should come into contact. With this kind of agriculture, it will, of course, be necessary to develop and make active use of advanced technologies, using biotechnology to improve plant and animal strains and computers to manage crops and facilitate operations. It is also important to put farms on a corporate basis and rationalize their management. Attempts to put agriculture on such a footing should help establish a set of values predicated on making society as a whole cyclical, create a methodology for doing so, and provide opportunities for science and technology in general to change.

As our second model, we propose the automobile industry, which in many respects constitutes the foundation on which Japan's industry was built. To make this industry cyclical, it would be necessary to incorporate the principle of recycling right from the assembly stage of the production process so that automobiles could be easily recycled at the end of their useful lives. In fact, this has already started but has not gone far enough from the point of view of lifeist values. We believe it is essential to make everything concerned with automobiles, including the way they are used for transporting people and goods, more energy and resource efficient. We should even reconsider the automobile as a technology for transporting people and goods in a convenient and comfortable manner. In the twenty-first century, it will be necessary to go beyond the automobile and think in terms of a comprehensive system for traffic and transportation that supports a cyclical society.

The development of "life-stage technologies" is also important. These technologies address the entire life span. Medicine, in particular, should be approached from this point of view. When we think in terms of medicine that addresses everything from medical treatment to preventive medicine and health maintenance, it is clearly necessary to build a health-care system that provides peace of mind from the cradle to the grave.

Within life-stage technologies, technologies for systems and institutions, known as social technologies, are also important. Waste and water are good examples. In the case of water, roads should be made absorbent and rainwater should be used in applications that require nonpotable water. Meanwhile, household wastewater should be purified as close as possible to the home and allowed to run off into nearby rivers. Large-scale sewerage systems are a thing of the past.

The essential point is that the purpose of technological development is not to change lifestyles through the application of technology. Rather, lifestyles are the primary factor, and peace of mind lies in

developing technologies for the types of lifestyles that we want. People with a pioneer spirit will spearhead this sort of technological development, and we hope that specialists too will be imbued with this attitude.

VI. Conclusion

We based our discussion of establishing a society in which everyone can have dreams, trust one other, and live with peace of mind and plenitude on how individuals want to live. The individual is the starting point and must be autonomous and spontaneous, that is, a person who always acts of his or her own volition and is tolerant and cooperative in his or her relationships with others.

Such people create a life-stage society that values existence, daily life, and lifelong fulfillment and a society of dispersed, cooperative networks in which the individual is the primary actor.

Peace of mind and plenitude are found in autonomous people not only living full lives but also thinking deeply about how their descendants can live even better lives and taking up the challenges that this mind-set implies.

Chapter 4

A Beautiful Country and a Safe Society

I. Preserving the Environment and Ensuring Safety in an Open Society

Japan is prone to natural disasters, such as earthquakes, volcanic eruptions, landslides, floods, and tsunami. In Japan's unceasing attempts to ensure its safety in the face of these natural threats, it has enlisted the support of science and technology. It is, however, impossible to completely escape natural calamities. Furthermore, human-generated calamities must also be borne in mind. Constant progress in science and technology is spawning new perils and altering the very nature of danger. Anxiety in the face of the unknown is increasing. Society around the world, not just in Japan, is enjoying the fruits of dazzling progress in science and technology. Examples include advances in medical treatment, the growing convenience offered by aircraft and other forms of transportation, and rapidly evolving telecommunications technologies. But this progress also has a dark side, represented by environmental problems, endocrine disruptors, and numerous other factors that threaten our safety. Moreover, the rapid development of information technology, such as the Internet, has opened up the possibility of networking on a global scale but has also introduced unprecedented new hazards, ranging from invasion of privacy to cyberterrorism. We live in an age when we are more vulnerable than ever to threats arising from human activities, not just natural disasters. Clearly, it is time we seriously reconsidered the meaning of affluence in our daily lives.

The diversity of nature is mirrored by the diversity of human society and of the values held by people living in different locations. Globalization, the information revolution, and progress in transportation have triggered a massive increase in the number of people on the move (the mobile population). As a result, the number of foreigners living in Japan will likely continue to increase. In the twenty-first century, many different sets of values will coexist in Japan, transforming it into an open society that respects diversity. The process is almost certain to revitalize Japanese society at the same time.

We must make unprecedented efforts to preserve our beautiful country and our safety, efforts that will include cooperation with people of other nationalities. This is particularly true when new dangers, such as environmental damage, arise from human activity. Unless the government, companies, individuals, and other key actors in society review their roles and develop new relationships, it will be impossible to preserve the environment and our safety while respecting human diversity. In short,

we must reform Japan's traditional vertically segmented society.

To realize a beautiful country and a safe society, we must (1) question anew our idea of the meaning of affluence in our daily lives, (2) create a new relationship between the individual and society in order to preserve the environment and ensure safety, (3) allow regions greater self-determination to enable this new relationship to function in practice, and (4) formulate crisis-management strategies for the new age. For most people, an ideal lifestyle is one that enables them to take natural pride in the fact that the community in which they live is beautiful and safe. Surely everyone on earth desires to build a safe society that boasts a beautiful natural and living environment. The various transportation and telecommunications networks that increasingly link the four corners of the earth are steadily making us more interdependent as the world becomes a smaller place. As a developed country, Japan has a duty to contribute to global society. Creating a beautiful country and a safe society in Japan will not only benefit the communities in which we live but can also contribute to global society through various networks.

II. A Materially Affluent and Spiritually Rich Lifestyle

1. Creating an attractive culture

When asked whence they derive their pride in their country, the Japanese people always commend its natural beauty, its law and order, and its long history and traditions. There is a feeling, however, that many of these elements fell by the wayside as Japan focused single-mindedly on development through economic growth. The Japanese identity is rooted in Japanese culture. When examining the problems of the environment and safety, therefore, it is first necessary to take a new look at Japanese culture from the viewpoint of its relationship with the economy.

As many as 20 years ago, the Masayoshi Ohira administration recognized that the age of striving to catch up with the developed economies was coming to an end and attempted to switch Japan's focus away from economic growth and toward culture. In subsequent years, companies became active in supporting cultural and artistic activities as part of corporate philanthropy. This trend was warmly welcomed by the Japanese people and demonstrated just how far corporate understanding of culture had evolved. Following the bursting of the economic bubble at the beginning of the 1990s, however, the overall scale of this support shrank, although some companies with a strong sense of mission continued with their cultural activities. To ensure that the "age of culture" becomes solidly established, it is necessary to return to the starting point and use our ingenuity to the maximum.

When we use the word culture, we are usually referring to art, entertainment, scholarship, and cultural artifacts such as the tea ceremony, Noh theater, Kabuki, museums, art galleries, concerts, lectures, festivals, and similar activities. Of course, all these fall under the rubric of culture. If we take plants as an analogy, however, this is equivalent to looking only at the flowers and ignoring the leaves, stems, roots, soil, and other elements that support them. Japanese culture is not simply a matter of the activities associated with the "flowers" in our daily lives. It covers the behaviors, daily creature comforts, values, and lifestyles of people born and bred in the ethos of Japan.

Scholars define culture as "lifestyle." Culture defined as lifestyle means "mode of living" and "way of life." Japanese culture really is a generic expression of the way of life of each individual. In other words, the age of culture values the mode of living and way of life of each individual and enhances the quality of each individual's life. As individuals improve their quality of life, they are actually raising the level of culture as well.

We must also not forget that culture is inseparably related to economic activities. Until now, there has been a tendency to think of the economy and culture in separate terms. This is probably because of a bias toward equating economic activities with production activities. But economic activities comprise both production and consumption. Of course, Japan has a splendid culture of making things, but consumption patterns also determine our way of life, mode of living, and lifestyle. Consumption is both economic behavior and cultural behavior. When it comes to taking a new look at our culture, it is important for the government and each individual to pay attention to the quality of consumption.

As we face the twenty-first century, the curtain has lifted on an age of great cultural interchange. Six hundred million people, one-tenth of the world population of 6 billion people, are moving around the world for all sorts of reasons, ranging from work to tourism to overseas study. This mobile population has generated an economy worth one-tenth of the global gross domestic product. Current estimates suggest that by 2010 the mobile population will have reached 1 billion people, demonstrating that global interchange is accelerating. The other side of the coin is that this interchange inevitably triggers friction, confrontation, and even outright conflict in some cases.

Yet in today's global society, interchange is evolving on an infinitely larger scale than confrontation. If we bear this in mind, we realize that we should not only respect the diversity of lifestyles around the world but also accustom ourselves to enjoying it. It is against moral law for the people of one country to force their culture on people who have a different culture. Ideally, interchange among people of different cultures should be based not on exclusion or coercion but on mutual attraction. The basic stance of society in the process of entering an era in which it steadily opens up to the outside is to

develop a culture that attracts people with different cultural backgrounds and shuns exclusion or coercion.

For that to happen, it is most important that the various strata of society feel pride in their way of life. It is important that the Japanese mode of living (lifestyle and natural beauty) impresses visitors of other nationalities and cultures as beautiful and inspires their respect. This will promote interchange and widen the circle of trust. It will also become a guarantee of security through cultural exchange.

To repeat, culture is nothing less than the way of life of each individual. The mode of living that constitutes the totality of these ways of life acquires centripetal force by becoming something beautiful and safe. An appealing culture with the power to attract spreads to other regional communities. As it spreads, it becomes what can be described as a civilization. Surely, the key issue for Japan in the twenty-first century is to make the mode of life enjoyed by the Japanese strikingly attractive. Rather than ushering in an age of culture, this means carving out an outstanding new age of civilization.

2. Rediscovering the value of things

If the economy is interwoven with culture and if economic growth is a means of improving the quality of each individual's life, that is, of enhancing culture, then it is necessary to reflect on the pursuit of economic growth for its own sake. More specifically, we should take an entirely new look at the nature of affluence and wealth. If we regard wealth in purely monetary terms, Japan's GDP ranks second in the world. This is a sign of Japan's remarkable achievements in the twentieth century. Yet material affluence is not necessarily the same as spiritual richness. In reality, the number of people in Japanese society yearning for spiritual richness since the end of the high-growth era has exceeded the number yearning for material affluence. Spiritual impoverishment encourages people to turn to wrongdoing, making society less safe. Likewise, shortages of material goods lead quickly to a hardening of hearts. Poverty is a breeding ground for evil. Thanks to its own efforts, Japan abounds in material goods and has avoided the poverty that afflicts so many countries around the world. The challenge facing the Japanese people today is surely the creation of an equilibrium between material affluence and spiritual richness.

There is a tendency to separate the material and the spiritual. The dichotomy between the two is a feature of modern Western thought. In the Japanese language, however, there are expressions that actually unite the two concepts. For example, monogokoro, combining the characters for "thing" and "mind," describes the time when a child reaches the age of reason. We also speak of the spirit

inhering in land. Japan thus has concepts that do not separate the two. Let us, then, reexamine affluence and wealth, which tend to be tied to economic indices, from the point of view of culture, that is, ways of life and modes of living.

Clearly, material affluence cannot be measured purely in terms of the monetary value of goods that are manufactured and consumed. Townscapes, landscapes, and seascapes cannot be converted into cash. Yet they undoubtedly have value. As a general concept, all material things have a value. Garbage may not have a monetary value in itself, but even it has potential value as recycled materials.

People and things have potential value that cannot be measured in monetary terms. Finding this value and assimilating it into one's mode of life to give it greater substance will provide the momentum to reform society into a cyclical economy that functions in harmony with the environment. So far, Japan has pursued macroeconomic volume based on a socioeconomic system rooted in mass production, mass consumption, and mass disposal rather than an affluent mode of living. In the process, it has accumulated a host of unresolved environmental problems that threaten our mode of living. These include the environmental burden of waste products and pollution of the environment by toxic chemical compounds. Moreover, there are few grounds for optimism even though the will to recycle waste products is there. The infrastructure necessary for recycling---the systems, the way industries are structured, the science and technology---is not yet in place. Currently, measures to reduce waste generation and encourage waste recycling cost a great deal of money. It will take enormous effort and ingenuity to reduce these costs and create a society that generates minimal waste.

Science and art have a vital role to play in discovering the innate values of things and incorporating them into our mode of living. We need to use all our ingenuity to encourage people of all generations living in any given region to make the fullest possible use of their local museums, art galleries, concert halls, and other cultural facilities, thus ensuring that they promote communication and assist in lifelong learning. It is also desirable to establish frameworks facilitating the education of children and young people and use outdoor activities and fieldwork to nurture a deeper understanding of the natural and living environments throughout Japan. Science and art thus have a responsibility to help people develop their capabilities and discover the innate value of things. There is no doubt that scientific inquiry and a love of art enrich our spiritual lives.

III. Creating a Mutually Energizing Society: A New Relationship between the Individual and Public Space

1. The interaction of tough yet flexible people

Preserving the environment and ensuring safety are the most fundamental things that people seek in their daily lives. They are also unattainable unless people cooperate. How can individuals associate themselves with public demands to preserve the environment and ensure safety, and how can society coordinate this cooperation?

No matter how carefully a nation strives to preserve the environment and ensure safety, it will never be able to eliminate the fragility of the national land or dispel concerns about safety in the community. Disasters and accidents are bound to occur. The consequences of disasters, accidents, and environmental deterioration are felt most intensely in the region where they occur. They therefore test the responsiveness not only of the central and local governments but also of the entire local community. As the Great Hanshin-Awaji Earthquake of January 1995 so amply demonstrated, the regional community plays an enormous role in an emergency. The time when the government alone was responsible for preserving the environment and ensuring safety has passed. Leaving these tasks entirely to the government will simply weaken the overall ability to cope. Nonprofit organizations, volunteer groups, and the residents of the regional community, as well as the national government, must cooperate as autonomous entities in tackling problems.

Japan, however, where modernization was government led, also let the government take care of matters of the public interest, such as preserving the national land and ensuring safety. The assumption that the government was in charge of the public interest encouraged indifference among the people. This led to a vertically segmented administrative system and preferential treatment of certain sectors, strengthening dependency on the government and generating moral hazard within the entire system. We must return to the basics, reclaim the self-reliance and self-responsibility that we are losing, and rethink our public roles as individuals.

After World War II, the rapid growth of the Japanese economy was accompanied by massive changes in human relationships within Japanese society. The traditional ties that bound families and local communities broke down. As people sought freedom and increasingly asserted themselves, they became more solitary. The tendency to behave in a self-centered manner strengthened. Because modern Japanese society sought to establish a sense of self based on the concept of individualism, traditional human relationships came to be viewed negatively as constraints and people strove to become strong individuals. The severing of family and community ties led to a growing disregard for customs and traditions. It also eroded people's empathy with others' spiritual pain, weakening the role of traditional social relationships as a safety valve. Indifference to others and to society strengthened the tendency to rely on the government to deal with matters of the public interest, encouraging people to evade responsibility by claiming that any accidents that occurred were the government's

responsibility.

When children are born they are often referred to as a blessing, but it is also understood that they are born with a public role. For people to regain their original public spirit, mutual energizing of the sort that is epitomized by the gentle gaze that passes between parent and child is essential. From the family to society as a whole, we should not exclude those who hold different opinions, as has tended to happen in Japanese society. Instead, we should value relationships based on mutual energies.

From the outset, people possess dignity as individuals. Individuals, however, cannot ensure their safety against natural or human-generated disasters on their own. Cooperation is essential. This is the essence of our nature as social beings and the basis for demonstrating our public spirit. Individuals should not just be self-reliant. They should also be tough yet flexible people who help others become self-reliant too. This means not severing relationships with others and isolating oneself but being committed to other people and things. The tougher a person is, the more he or she can be relied on in an emergency. Awareness of self-responsibility emerges naturally from a lifestyle that involves commitment to other people and to society. People who are both self-reliant and committed to society can be described as tough yet flexible. People have the right to exist and to pursue freedom and happiness provided that the public welfare is also realized in the process. Once individuals realize that the sovereignty of the people is founded on self-responsibility, they will be prepared to involve themselves actively in improving the natural and the living environments, that is, in accepting a public role. This is the key to securing the preservation of the national land and the safety of society.

2. Mutually energizing, transparent systems

What kinds of social frameworks make it easier for individuals to remain self-reliant while committing themselves to preserving the environment and ensuring safety? Regulations that are imposed from above are unsuited to a society that respects human diversity. The government can no longer give directions from on high and force people to obey. Ideally, the government and the people should form a partnership, in the full understanding that perfect safety can never be guaranteed and that the government cannot maintain the environment and safety on its own. A mature society is one in which all sides acknowledge their own and others' strong and weak points and work to complement one another. The decision-making process in regard to policies involving different interests should be made transparent, and once the understanding of all strata of the people has been gained the burden should be distributed in an appropriate manner.

In addition to having their diversity respected and enjoying freedom, individuals will be expected to

show greater self-determination and self-responsibility. Access to information is an absolute prerequisite if self-responsibility is to work. The concept of informed consent should be applied much more widely, not just in medicine, where patients give or withhold their consent to a particular procedure after a doctor has explained it. For example, mechanisms should be established whereby disclosure of safety-level evaluations allows market prices to reflect such factors as building safety.

If initiative is respected and the principle of self-responsibility is shared, the government's role will change. Instead of forcing its decisions on people, it will take on the function of harmonizing various values and interests so that it can formulate cohesive policies. To create a society grounded in the principle of self-responsibility, it is desirable to establish mechanisms that enable individuals to give full rein to their abilities in self-motivated efforts to preserve the environment and ensure safety. Voluntary participation is the basic premise of self-responsibility.

Society thus has no choice but to build public spirit from the diversified opinions of such individuals. There may be cases in which individual freedoms and private rights have to be curbed for the public good, including the preservation of land and the environment and the safety of society. In implementing such curbs, systems must be completely transparent. This requires the creation of a highly public-spirited society that allows various differing opinions to be forged into unified, achievable objectives. To create such a society, mechanisms must be established to allow the disclosure of information and make it easier to build a consensus by juggling people's varying degrees of expectation and tolerance vis-a-vis issues of safety and the environment. The government must not balk at disclosing information, and the policy-making process must not be opaque in any way. Policy makers must be held accountable and should be obliged to guarantee that policies are always transparent. Unless this is done, such evils as favoritism and free riding will arise, damaging the public trust. This is extremely dangerous when it comes to issues that cannot be resolved on the initiative of an individual but absolutely require the government to play a role, such as preservation of the national land and environmental protection. When the government is compelled to act in such situations, both the effectiveness of its policies and its ability to execute them is seriously undermined. There is also a need to change the manner in which regulatory mechanisms are activated. The current system of applying ex ante regulations should be replaced by an ex post facto system of clear rules with punishments for infractions.

IV. Regional Self-Determination: Creating Communities Run by Residents

1. Regions as spaces for living

Regions are spaces for living, or "regional life centers." To achieve a beautiful country and a safe national land, we must fashion a new relationship between the individual and public space in regional development. A region is a unit of global society and is delineated according to such criteria as politics, economics, climate, and lifestyle. It is also an index of how a particular lifestyle has spread. Regional societies in their totality constitute the global society. To date, we have tended to think in macro terms based on economic volumes at the state level, but as we enter the twenty-first century, it is more essential than ever to think in micro terms, turning our attention to affluence at the level of our daily lives. We then need to create new mechanisms that are desirable for regional societies within the context of our daily lives.

There are many different kinds of regions, each with its own distinguishing features. These features are the treasures that create the charm of each region and attract people to it. They generate a sense of values and can be described as distinctive regional assets. The inhabitants of each region have the ability to discover these assets and make the most of them. If a region's riches are discovered by science and built up through art into distinctive regional assets that appeal to the heart, there is no doubt that these riches will take on added significance.

In addition to bequeathing a beautiful environment and valuable resources to subsequent generations, the present generation is obliged to achieve sustainable economic growth. To do so, it is important to ground oneself in the region in which one lives. As spaces for living, regions must provide producers, consumers, administrators, and other actors with incentives to consciously and effectively fulfill their obligations. If people are able to enjoy art and assimilate the fruits of science and technology in their region, the strengths and charms of the region will be enhanced. Cooperative work on improving regions as spaces for living will likely dissipate the dissociation of material affluence and spiritual richness. It will also likely lead to demands for structural reform of institutions to enable the government administration, companies, individuals, and other actors that constitute regions to participate in regional development.

2. Toward regional governance led by local residents

Incorporating their distinctive regional assets into the local mode of life should revitalize regions. It is essential, of course, to ensure that the policy-making process is transparent. It is also important for people to improve their self-governing capabilities by becoming interested in this process and participating in developing the region as a living space.

After World War II, Japan focused on its economy, which became a "distribution-type" economy in

which the government distributed wealth to the people. The most rational way to distribute wealth fairly was to adopt a centralized system. National land development and the building of social infrastructure functioned as forms of income security for the regions. This approach also robbed the regions of their individuality, however, and created cities that varied little in character. Because of the soul searching that followed, the overall trend today is steadily away from centralized, top-down controls and restrictions and toward the creation by local residents of horizontal "network societies" based on regions of varying size. This trend is nullifying the hierarchical relationship that has existed to date between the center and the regions, putting the regions on an equal footing.

The shift from centralization to decentralization has long been discussed. In an age of highly transparent horizontal networks, the unit of decentralization is the region, which constitutes a space that is closely linked with people's lives. In the units of decentralization known as regional societies, the key issue is governance. A region is a space for living, and its inhabitants are the key actors. Signature campaigns, local referendums, and other initiatives give them the power of self-determination. A regionally decentralized system is more suitable than a centralized system if regional governance is to work successfully because regional governance enables local residents to participate more directly.

As mentioned above, the central government is not capable of identifying distinctive regional assets and incorporating them into regional development projects on its own. The cooperation of residents is essential. If anything, residents should decide on the most suitable plans for their region according to its characteristics. This, in turn, should nurture their pride in their region. The role of government administration is to harmonize the various conflicting interests that will almost certainly emerge within the region. For this reason, the focus should shift toward a horizontal, open system in which information is actively disclosed as a means of creating a consensus among those concerned, allowing government administration, residents, nonprofit organizations (NPOs) involved in community development, and companies to participate.

Regional development that respects the independence of residents and makes the most of their diversity will greatly alter the relationship between the central government and the regions. This means a dramatic shift away from the national land planning imposed from above that has prevailed so far, which has encouraged balanced development across the board. Instead, regional communities will be able to maximize their historical and geographical characteristics through their own decisions and efforts.

If this is to happen, nothing is more important than enhancing the self-governing capabilities of regional communities. One indispensable condition is that they wean themselves from their dependence on government subsidies and assume substantial authority over revenue sources. To

enable them to shake off their habitual reliance on subsidies, the central government will have to correct its own tendency to use subsidies as a means of controlling the regions.

Establishing a transparent decision-making system that involves regional residents will make policies more effective. Residents will independently set targets for their own regional communities and be fully aware of the burdens involved in meeting those targets. This and the aspiration to achieve objectives, along with acceptance of the obligations arising in the process of implementation and of ex post facto responsibilities, are fundamental elements of regional governance. Regional communities that intend to fulfill all these conditions will need to seek the opinions of experts and create fair and transparent systems for harmonizing conflicting interests and making decisions based on broadly based knowledge.

In developing comfortable regional life centers, it is essential to understand the multifaceted roles played by beautiful townscapes and landscapes and by nature itself. Architecture and land use are fundamental aspects of living in regions, and formulating policies governing them requires the participation of specialists and systemic changes enabling projects to reflect residents' intentions. To allow the swift implementation of such policies, it will be necessary to establish regulations to prevent opposing minorities or administrative discretion from obstructing implementation. The grounds and rationales for these regulations must be open. In particular, when it comes to land use, building restrictions, road construction, and other matters relating to regional development, one possible approach is for expert consultants to offer various alternatives so that residents can select regulations for themselves. Meanwhile, it is important to allow market mechanisms to function as freely as possible.

Urban renewal is a problem of vital significance as the twenty-first century begins. Crowded city blocks of wooden dwellings present major difficulties from the point of view of disaster prevention. It is important that residents are voluntarily motivated to improve their neighborhoods and lives. They should make the most of expert know-how in such areas as urban planning, civil engineering, and architecture to lay the groundwork for regenerating their neighborhoods as safe and comfortable places that blend parks, green belts, and walkways with residential areas. To do this, the residents need frameworks that encourage lateral policy planning and proposals. Powerful leadership is essential to ensure that the lateral approach works effectively.

When it comes to urban development, interregional cooperation, including that between cities and areas with a great deal of greenery, must also be borne in mind. In the twenty-first century, networks for interregional interchange should not be confined to one's own country but should extend overseas. If we look at the trend toward greater regional exchange, it becomes apparent that it will be important to go beyond national borders to deepen understanding of regions around the world. We should set

our sights on establishing think tanks that can take a comprehensive, interdisciplinary approach to providing specialized knowledge concerning the exchange of information necessary for cooperation between regions at home and abroad. Based on solid information concerning the regions of the world, we should establish a framework for interregional cooperation from a global perspective.

V. Building a Country That Can Withstand Crises

1. Thinking strategically

After World War II, both the public and the private sectors tended to leave the question of security to others and, intentionally or not, were inclined to avoid strategic thinking. Japan was fortunate in being able to enjoy peace and safety, but its fragility became apparent following the Great Hanshin-Awaji Earthquake. The Japanese people's sensitivity to such dangers as natural disasters, accidents, and intentional attacks has clearly been dulled, and their inability to cope with emergencies has frequently been exposed. Safety checks should be carried out strategically on the assumption that a crisis will eventually occur.

For example, it was feared that discussions of safety in areas such as medicine and power plants would show them to be unsafe. As a result, there was a tendency to avoid searching debate on accident-prevention measures. This meant that when accidents actually occurred, the measures in place were woefully inadequate. Because information disclosure was not accepted as the norm and specialized, technical areas were hard to understand, the Japanese were inclined simply to take the authorities at their word after compelling them to declare that this or that was completely safe. We cannot emphasize enough that there is no such thing as perfect safety. Science can minimize the probability of accidents but can never reduce it to zero. No matter how careful people are, they make mistakes and cause accidents. Of course, it is necessary to make preparations, formulating thoroughgoing safety measures in an attempt to prevent disasters and accidents. The primary emphasis, however, should be on measures to minimize damage when a disaster or accident does occur and on backup systems to restore things to normal as quickly as possible.

Safety systems change in response to changes in the social environment. Systems that have been effective so far will not remain so forever. It is time we gave our imaginations full rein where danger is involved. This will enable us to put together preventive measures and engage in strategic thinking that envisages in advance the best approach to minimizing damage and getting things back to normal as soon as possible after a crisis.

2. Learning to use science and information effectively

In addressing the question of safety in the twenty-first century, we cannot ignore the impact of science and information. Progress in science and technology has made life infinitely more convenient. At times, however, the use of science and technology is also fraught with peril. The dangers arising from the evolution of information technology include hacking and unlawful access, invasion of privacy, intimidation and extortion via networks, cyberterrorism, and even the risk of "information wars." We are entering an era in which the development of information technology makes it impracticable to differentiate between maintaining law and order in society and ensuring national security.

We no longer have a choice: We cannot avoid using science and technology, including information technology. When it comes to the safety of waste products and nuclear power, we all obtain benefits in exchange for accepting the inherent dangers. Each of us is therefore in a sense responsible for creating these dangers. The important thing is neither to overaccentuate the positive aspects of science, technology, and information nor to exaggerate their negative aspects. Science and technology may invite danger but can also be expected to play a key role in preventing it. Science and technology are essential components of our daily lives. We must look at both their dark and bright sides. Unless we have a basic understanding of science and technology, we may develop unrealistic expectations of safety on one hand and excessive fears of danger on the other.

When it comes to problems such as the global environment and bioethics, we need to create mechanisms whereby we can familiarize ourselves with the scientific arguments involved, understand their implications calmly and rationally, and share the relevant information. Some people assert that scientific arguments can only be discussed in terms of probability. We need to train people who can talk about specialized scientific knowledge in a manner that is easy for the rest of us to understand. In education, we should no longer simply separate the arts and sciences mechanically. Because advances in medical treatment deeply affect human dignity, for example, it is important to establish branches of learning that combine the humanities and sciences. We should establish networks that transcend specialties and expect scientists to fulfill a wide range of roles in communicating specialized knowledge in terms that are easy to understand, pointing out the ripple effects that science has on society, ethical problems, and the possibility of interdisciplinary cooperation. At the same time, we should create frameworks that encourage individuals to attempt to understand all this of their own accord.

As for the dangers inherent in progress in information technology, in many cases the sheer speed of change makes it impossible to respond. As information networking spreads, security is transformed

from a matter for the state into one that intimately concerns the general populace. On the premise that there is no such thing as perfect safety, we must be able to maintain control even when various kinds of information are available. Although individuals are becoming increasingly autonomous, they will be required to develop cooperative relationships with the state and regions in order to avoid being confounded by information. International cooperation on cyberterrorism will also be necessary.

3. Cooperating to control danger

In emergencies such as the Great Hanshin-Awaji Earthquake, vertical, bottom-up decision-making systems do not function effectively. The decision-making process takes too long and may fail altogether if a single link in the chain of communication breaks and prevents information from being passed upward. It is essential to create a framework whereby bottom-up systems can be supplemented by systems that make it possible to make decisions on the spot, coordinate matters laterally, and issue top-down instructions and orders.

In some cases, a sudden explosive need to help an area stricken by disaster makes it impossible to set priorities immediately or causes governmental functions to deteriorate. The government cannot be expected to provide all necessary services. Companies, regional communities, NPOs, and other actors must establish cooperative relationships that enable them to manage crises when the government is unable to gather information, reach decisions quickly, or provide the necessary services. It is important to establish lateral crisis-management frameworks that involve the police, fire departments, the Self-Defense Forces, and other administrative entities, along with companies that provide supplies and lifeline utilities (water, electricity, and gas), regional communities, NPOs, and volunteer groups. This will enable the parties concerned to formulate and practice crisis-management procedures when things are normal, then join forces and put them into practice during emergencies.

Emergencies test the crisis-management abilities of all concerned. In situations where administrative entities are unable to provide the expected services, the ability of individuals to protect themselves will play an extremely important role in preventing the damage from spreading. For this reason, it will, of course, be necessary to incorporate crisis-management systems into our daily lives and education and to learn as much as possible for ourselves. It is also important to prepare for actual crises by establishing special holidays for large-scale disaster drills. Because dealing with disasters costs huge amounts of money, the funding necessary for handling large-scale disasters should be secured in advance. Rules must also be established for allocating among the parties concerned the cost of restoring private-sector apartment blocks and other communal housing complexes that are damaged by earthquakes and the like. These are just a few examples of what should be done. The important thing is to become familiar with local circumstances and strengthen cooperation among the

government, companies, NPOs, individuals, and other actors with a view to dealing with possible disasters.

VI. Conclusion: Creating New "Soft Power"

We are in transition from the modern era of competition for hegemony to an era of competition based on "culture power." There is also an ongoing shift away from mass production, mass consumption, and mass destruction to recycling and the cyclical use of resources. To put it another way, we are moving away from an era of competition in "hard power" that flaunted the violence and intimidation of the "rich nation and strong military" policy, and toward an era of competition in "soft power," when nations compete to convey their charms and make a good impression. More than anything else, people living in such an era will take pride in their culture---their way of life and mode of living---and look for ways of giving a natural impression that their culture is comfortable, safe, and beautiful. Valuing both people and things is synonymous with building a "prosperous and civilized country"---a nation that is both materially affluent and spiritually rich.

Japan first appeared on the stage of world history when it emerged from isolation and opened up to the world in the transition from the Tokugawa shogunate (1603-1867) to the Meiji Restoration (1868). At that time, Japan struck visiting foreigners as a beautiful country with a safe society. Edo (present-day Tokyo) and other castle towns throughout the country possessed enough greenery to deserve the description "garden towns," rural communities were likened to the Garden of Eden and the "Arcadia of the East," and mountain ranges were even given the name "Japan Alps" after the Alps so greatly admired by Westerners. Japan looked like a picturebook paradise.

Back when Japan was closed to the outside world and had no geographical frontiers, the economy was managed in such a way as to promote the efficient and cyclical use of the country's sparse resources. That pushed productivity per unit of land to the highest level in the world and created a cyclical society in which thoroughgoing recycling and reuse ensured that resources were used with a minimum of waste. This conveyed an image of simple beauty and cleanliness. Japanese agriculture gave the impression of clean and tidy gardens, so much so that it was referred to as "horticulture" to contrast it with the large-scale agriculture of the West. The Japanese were viewed as a civilized people who were courteous and respected discipline. Because the Westerners of the time tended to see themselves as civilized and the rest of the world as barbarians, the use of "civilized" in connection with Japan signified their regard for Japan. Regrettably, the Japanese were unable to make comparisons with foreign countries in those days because they had been isolated for so long. As a result, they were unaware of the beauty of their land, their courtesy and good manners, and the safety of their society.

There is no turning back to the closed world of that time, however. In its deepening relationship with the rest of the world, an open Japan must consider the problems of the environment and safety. The entire global society must endeavor to discover the values intrinsic in the things of daily life. Our task is to elevate our awareness of beautiful natural and living environments into a common perception of a beautiful earth and consciously present to the world an image of harmony with nature and safety in society.

Regional societies are not intrinsically closed. At the micro level, they consist of the family. At the macro level, they extend across the world. The cycling of goods and networking among people encompass the globe. Although Japan's geographical situation as an island nation tends to be associated with a negative image of insularity, history shows that the ocean was Japan's link to the rest of the world. It is important to be aware of the relationship between the small systems known as regions and the huge system known as the earth, and to recognize that making regional life safe and beautiful can contribute to the welfare of global society.

Chapter 5

Future of the Japanese

I. Introduction

Thinking about the future of society and the state is synonymous with thinking about people who are now growing up and those yet to be born. Formulating goals for Japan in the twenty-first century means, ultimately, formulating systems for education in the broad sense, systems for developing cultivated and vibrant human resources. At the turn of the century, knowledge and information are becoming more universal and sophisticated, cultural interaction is advancing, and the industrial structure is about to be transformed. What Japan needs now is human resources that can deal with these changes and lead the nation in the coming age.

The changing industrial structure, in particular, calls for urgent attention. World-class human resources that can create new technologies and produce new emotional values are essential for Japan. Moreover, at a time when the world's population is about to swell to 6 billion, developed countries have to help not only their own future citizens but also everyone within the confines of "spaceship Earth." This requires cultivating talented pioneers who will tackle the unknown with creativity and drive, intelligence, and imagination.

To nurture such pioneers and to put citizens' lives on a sound and stable basis, society as a whole must be imbued with sagacious shared cognitive skills. In addition, if Japan is to be loved and respected by the people of the world, its citizens must not only contribute to civilization by means of knowledge and technology but also demonstrate a societywide commitment to cultural improvement and an attractive, dignified way of life.

Because of an increasingly vigorous free market, the world today is characterized by major transnational changes. As we have seen in recent years, sometimes the market limits traditional nation-states' ability to govern and unduly disrupts society. Nevertheless, because the globalization of

the free market is an inexorable historical trend and also brings immeasurable benefits to humankind, states are obliged to cooperate with the market and live with it while correcting it as necessary.

The market is a massive and distinctive evaluation system; in the course of myriad transactions, both goods and people are selected or rejected by means of what is in effect secret votes by a faceless mass. Unlike the evaluation systems of the state and other social institutions, the market's arbiters are anonymous, and the conflict among differing opinions during the evaluation process is invisible; only the results are visible, emerging as if they were natural phenomena. The market sometimes clashes with the state, confronting the state with an evaluation system that differs from the state's and evaluating the state itself.

The market excels in that it makes the most rational choices in its evaluations, including evaluations of people, at any given time. It benefits people in that it breaks down customs perpetuated by inertia, closed groups based on favoritism, and such groups' evaluations. It has the invaluable merit of universal fairness, transcending the bounds of regions and conventional communities.

On the other hand, because commercial transactions always take place within the context of the present, the market has the drawback of being unable to transcend historical time. It is immediately obvious that the market cannot provide social justice transcending time; it cannot, for example, redistribute wealth by redressing inequalities in inheritance. Nor is it effective in preserving resources or the environment---the distribution of wealth to future generations. Similarly, it lacks the capability to evaluate people's latent intellectual and emotional qualities or long-term potential. And because the market's evaluations depend on secret votes by a faceless mass, it cannot discern specialized skills not immediately evident to the mass and cannot identify talent that will merit praise in future.

For the market to function effectively and soundly, humanity needs the state and other social institutions, nonmarket systems, and systems of human relations to compensate for the market's limitations. It need not always be the state that directly carries out human evaluation and development. Private schools, businesses, professional groups, nonprofit organizations, and journalism through its critical function can all contribute to education. For the foreseeable future, however, it will remain the state that is invested with the legal binding power to ensure the stability of social institutions. Only the state can be expected to rival the market, supporting the foundations of the educational system and assisting and regulating the activities of private-sector institutions. In contemplating the best form of education, we must accept as axiomatic that it will be determined by the tension between the two great civilizational factors of the market and the state.

II. The Two Aspects of Education

The premise of education is human growth, and all value judgments regarding individuals are made with their future in mind. Education also includes the transmission of values from generation to generation, knowledge, aesthetics, and a sense of ethics, and its legitimacy and efficacy should be confirmed over the long term.

Meanwhile, our ideals and cultural values live and breathe by changing over the course of history. If civilizational and cultural values are confined within communities excessively defined by inertia and convention, they lack the necessary innovative power. Civilizational and cultural values have two aspects: the cohesiveness to resist temporal change and the fluidity to be stimulated by the flux of time. In thinking about education, we need to formulate policies that skillfully use both aspects. In other words, both state-administered and market-dictated education must be used simultaneously.

In this context, the state's function in regard to education in the broad sense, that is, the development of human resources, has two qualitatively different aspects. First, we must bear in mind that to the state education is a function of governance. Precisely because the state is charged with unifying the people, mediating their interests, and maintaining social calm, it has the right to require of its citizens a certain degree of shared knowledge, or cognitive skill. A state with people that do not possess a common language and script cannot pave the way for public participation in democratic governance. It cannot guarantee fair benefits to citizens who lack a certain minimum standard of numeracy or protect them from fraud and other crimes. It cannot provide law and order free of violence and oppression to citizens who cannot think rationally. In view of all this, one aspect of education is invested with authority similar to that accorded to the police and the courts, and has the function of augmenting the state. The long-established term compulsory education implies that citizens have an obligation to the state to acquire a certain level of cognitive skills, just as they are obliged to pay taxes and respect the law.

At the same time, however, for individual citizens education is a means to self-realization, an instrument for pursuing diverse ways of life rather than social unity and order. The state's role in this second aspect of education is limited to supporting free individuals; education in this sense is one of the many services provided by a modern state. The state does not and cannot have any right of compulsion in regard to this aspect of education. If, however, the modern state encourages individualism in the good sense, indirect assistance to facilitate diverse forms of self-realization can be regarded as one of the functions of the state. If, moreover, a variety of able individuals achieve self-realization thanks to well-developed services, it is self-evident that this benefits the state and the people. Supporting people of pioneering talent and making fiscal outlays for this purpose should be

counted among the state's functions because they serve the national interest.

Of course, when it comes to specific educational content, there is no way of gauging mechanically how much is a function of governance (the state's requirement of shared cognitive skills) and how much is a service aimed at diverse forms of self-realization. Moreover, these two domains alter as civilization advances; policies that were once necessary inevitably become superfluous over time. For example, at one stage of civilization it was considered necessary to teach children to wash their hands as a matter of social defense---in other words, as a matter of governing. Meanwhile, at a stage of civilization in which society has diverse educational functions, such as journalism, it may be possible to remove from the curriculum a great deal of knowledge once conveyed through compulsory education. Precisely because the content of education fluctuates, the state must always carefully define the border between education as a function of governance and education as a service. And the state should be aware that compulsory education, aimed at ensuring a certain minimum shared understanding, is essentially a function of governance and implement it rigorously and vigorously. At the same time, government should entrust the driving force of education as a service to the market, scrupulously maintaining an attitude of providing only indirect support.

III. Japanese Education Today and Its Challenges

Looking back over the history of Japanese education, we can say that education as a function of governance has been a brilliant success; we can see its history as a process of building on success by cramming in more and more content. Today, far too much education as a service has been incorporated into education as a function of governance, so that the border between compulsory education and education as a service is almost indiscernible. With the modernization push of the Meiji era (1868-1912), Japan concentrated on improving educational policy in a way seen nowhere else. From the start, the government set up public schools throughout the nation, standardized teaching qualifications, systematized the curriculum and even textbooks, and strove for homogeneity. The government invested huge funds in education, and school education carried the beacon of civilization to the most remote hamlet. The Japanese, too, were extremely keen to see their children educated and willingly accepted this as their obligation. A century of educational success provided high-quality, homogeneous human resources for Japan's modernization, especially its industrialization. A high literacy rate, widespread basic scientific knowledge and numeracy, and the national traits of fastidiousness and precision all attest to the triumph of Japan's modern education.

Now that we have reached the end of the twentieth century, however, the great success of public education has spawned a number of problems, as many have pointed out. The most conspicuous problem is that Japan finds it harder than other developed countries to develop the pioneering human

resources needed to underpin the shift from an industrial to a postindustrial society. Possessing pioneering abilities goes beyond merely winning out in competition and achieving social success. The correct exercise of competitive ability calls for a sense of adventure that does not fear the unknown, curiosity for its own sake rather than preoccupation with immediate utility, and willingness to take responsibility for the risks that may arise.

These sterling qualities, however, do not thrive in an overly homogenized, systematized educational environment. True mental resilience will not emerge unless not only educational techniques and methodology but also the individuality of those on the teaching end, the social climate of student-teacher interaction, and other conditions are diversified. Seen in this light, Japanese education has provided such an exhaustive array of educational conditions that the healthy tension that should exist between educator and educated has been lost. Students lack the stimulation of selecting their own educational environment, teachers, and schools, and teachers cannot experience the excitement of interacting with students of their own choosing.

Of course, homogeneity is necessary in education as a function of governance, as is a minimum degree of systemization. If, however, the two kinds of education are conflated, so that education as a service is required of students and education that should be a function of governance appears to be a service, neither can fulfill its original function. Governance necessitates strong authority, whereas services require entrepreneurial zeal. When the two are conflated, there is a tendency for schools to be deprived of the requisite authority and market competition to be excluded from services. This is the irony of success. The self-directed motivation and will to teach on one hand and learn on the other have deteriorated in schools today. The conflation of governance and services has imposed an inordinate burden on children who cannot keep up with course content, whereas children who achieve well and want to stretch their minds further are forced to mark time.

The enhancement of Japan's school education has been achieved at the expense of social education and cultural administration in the broad sense. Statistics testify to the meagerness of Japan's cultural administration budget---in other words, its support for education as a service outside the official school system---relative to other countries'. There is little state support for people who seek self-realization by continuing study or engaging in the arts or sports of their own volition after finishing formal schooling.

This has clearly diminished the attractiveness of Japanese society in the eyes of foreigners, but that is not the only problem. In Japan, the individual's life is divided broadly into the phase in which one is supposed to improve oneself through cultivation and that in which one simply consumes the skills one has acquired in work. Children and adults are different, and it is natural that they are treated differently in various aspects of life. But in terms of self-realization, life must be a continuum. A

society made up of children who diligently absorb culture as a duty and adults who are robbed of the chance to satisfy cultural interests perforce appears impoverished.

Another frightening thing, and another baleful effect of the conflation of governance and services, is that children are losing the sense of reverence for education as a citizen's duty. Unless the view that compulsory education is not a service but an obligation, just like the obligation to pay taxes, is revived, teachers will not regain self-confidence. It is no wonder that the kind of class disruptions that have caused such concern recently should occur. Distinguishing sharply between the two kinds of education, which have been so carelessly conflated, by means of tireless vigilance and effort and formulating policies making people fully aware of the difference are matters of the utmost urgency.

IV. A Reform Proposal

To stimulate the efforts suggested above, we suggest one specific direction to pursue at the outset of the twenty-first century, with a deadline of 2010 or so. It is something educators have talked about repeatedly: thoroughly culling and refining the compulsory education curriculum, fundamentally rethinking the minimum learning essential to live as a sound member of society---in short, what curriculum should be compulsory. Of course, it is hard to decide this mechanically, but if the difficulty of the enterprise is used as an excuse for neglecting study of the curriculum and simply leaving it to experts in various fields of learning, teachers, and textbook editors, it is clear from past experience that the curriculum will only become still more overloaded.

Here we would like to set a goal that may appear extreme at first sight in order to encourage specialists to address the selection of what is truly important in their own fields. We propose that over a ten-year study period, including the necessary interim measures, the present compulsory education curriculum be compressed into three-fifths its present size, the aim being a three-day week for compulsory education. Of course, there are no grounds based on formal logic for a three-day school week or a curriculum compressed into three-fifths of its present size. But then, who can say what grounds there are for the present five-day school week or what grounds there were for reducing the former six-day school week to Five days? What we are proposing is that more than half the week---in other words, more than half the period of childhood---be left to the free choice and self-responsibility of students and parents. Another aim of this reform is to reawaken strong enthusiasm for teaching among educators as they wrestle with the difficult challenge of selecting the truly essential curriculum with the aim of boiling it down to three-fifths of its present size.

With a three-day school week, students will naturally have two more days at their disposal. We would like to see them free to use the extra time voluntarily for aims that are judged to be socially healthy. But because a reduced curriculum will represent the absolute minimum knowledge and skills that every citizen is obliged to master, it will be necessary to provide separate assistance for students who cannot do so in the time allotted. To achieve this goal, supplementary classes based on the public school system should be established. Schoolteachers can conduct them in school on their two free days, or in some cases can even open their own preparatory schools. Because this kind of instruction will be an extension of compulsory education, the state will bear 100 percent of the costs.

Meanwhile, students who are able to fully assimilate the curriculum in the three days can use the remaining two days for higher-level, more specialized studies, for the arts, sports, and other forms of cultivation, or for basic vocational education, depending on their interests. This area will be entrusted to established private-sector educational institutions or educational groupings developed in the future. Traditional schools can even make their own classrooms available for such education. Because this kind of education will represent government administration as a service from the point of view of the state, an appropriate degree of fiscal support will be provided.

We look forward to debate in various sectors of society over ways and means. One idea is to issue students "education vouchers." Of course, a new system presents various problems, and careful thought would have to be given to ways of preventing abuse of vouchers. There are a great many issues that need to be sorted out, such as prohibition of the resale of vouchers and accreditation of private-sector educational institutions and instructors. But if we get hung up on such problems at this stage and use them as an excuse for wriggling out of even attempting reform, we will not be able to accomplish anything.

In one sense, the system proposed above injects market principles into education, but in another sense it encourages state support for cultural activities, which have been left to the market so far. Theaters, concert halls, museums, art museums, libraries, and lifelong learning courses, as well as scouting, community-development campaigns, and so on, will be able to contribute to education with more generous state support while still being exposed to market forces. As for schoolteachers, although the basic part of their work will be publicly guaranteed, they will also be allowed to jump into the free education market if they have the will and the drive.

State expenditure on education will probably rise as a result; how much will be determined in a study of the details of the new system. A variety of ideas are possible. One is to freeze schoolteachers' remuneration at present levels, even though the curriculum and class time will be reduced by two-fifths, and pay them extra for teaching supplementary classes. Another is to reduce basic pay and have teachers secure a higher income through supplementary classes or classes conducted outside school.

Because our proposal is intended purely to stir up educational circles and promote serious debate, we will not go into further detail.

V. Conclusion

Post-compulsory education, including high school, should be even further liberalized and diversified and should be left to competition. Ultimately, universities and graduate schools should individualize themselves in keeping with their own ideals and academic culture and declare clearly the kinds of graduates they want to turn out. High school education should aim at becoming more multistream, in line with society's diversifying goals. If society can pave the way in this manner, children and their parents should be left to make their own free yet tense choices. This diversification will add vitality to both young people and the larger society that nurtures them. It will also generate people of grace and dignity who have a lifelong love of culture, are full of the spirit of adventure, and are awake to the concept of self-responsibility.

No doubt reducing the time devoted to compulsory education will change children's sense of group affiliation. Allowing students to choose where to learn does not mean sanctioning a sloppy laissez faire approach. Unlike in the past, students will more actively choose the study groupings they join, and by affiliating themselves with diverse groupings---schools, private-sector educational institutions outside the official school system, citizen groups, and so on---they will be able to cultivate a sense of voluntary participation and belonging. Meanwhile, it is expected that by getting to know people of different backgrounds and ages from themselves, young people will gain greater mental fulfillment.

Furthermore, because internationalization and cultural diversification will be expected of Japan in the future, to anticipate and promote those developments the carefully selected compulsory-education curriculum proposed should be as ethnically and culturally neutral as possible. Of course, this in no way conflicts with patriotism based on the state's justice and humanism. The importance of a state that strictly upholds the law and systems, guarantees social order and security, and corrects for globalized markets as appropriate is self-evident, and teaching students to love their country falls within the scope of compulsory education. Rather than expect didactic classroom instruction alone to inculcate patriotism, however, it should be taught to the next generation of young people primarily through the example of Japan's actual behavior.

Essentially, society as a whole is involved in education, which is an endless process of self-improvement addressing society. Learning should be everyone's lifelong task and should be provided

by all social institutions. Our reform proposal is intended not simply to pare the volume of systematized school education but, with this as a stimulus, to invigorate the educational functions of society as a whole.

We hope that diversification of children's educational institutions will catalyze increased dialogue regarding choices between children and parents, young people and older people. We hope that competing educational institutions will work harder to demonstrate to society the delights of learning and the significance of their course content. Artists, scientists, and people of religion should be more keenly aware of their functions as educators and make greater efforts to address society. The participation of journalism is especially desirable. It should wield more effective power both as an educator in its own right and as a critic of education. Broadcast media, in particular, in view of their powerful influence and the privileged status society has granted them, must contribute more to education.

Finally, generally speaking, deregulation and liberalization of systems put a greater burden of self-responsibility on various specialists. Individual educators, educational institutions, and journalists should be more strongly aware of the specialized intellectual nature of the professions they represent and set up institutions for restrained mutual criticism. If liberalizing systems means introducing the market mechanism, the next thing required is the introduction of nonmarket assessment of the market. In a society ruled solely by program ratings, copies of publications sold, numbers of students admitted to educational institutions, and so on, neither education nor culture develops. To maintain society's intellectual caliber and its grace and dignity, enhancement of the prestige of and confidence in specialists and state efforts to assist this will become ever more essential. This will determine the success or failure of Japan as a free-market society and as a nation of "affluence and virtue."

Chapter 6

Japan's Place in the World

I. Introduction

In the 1990s, when the international order was in flux following the end of the cold war, the Japanese experienced a number of international crises: the Persian Gulf War, the North Korean nuclear and missile crises, controversy over U.S. military bases in Okinawa, Chinese saber rattling in the Strait of Taiwan, and so forth. All this made many Japanese realize that they could no longer get by with the attitude that had prevailed throughout the post-world War II period: Because the United States, the United Nations, or some other external force would uphold the international order, it would be best for Japan, having transgressed in the past, to refrain from international involvement.

Even if there could be no doubt that a new response was necessary, what kind of foreign policy guidance was required? Considerable oscillation in perceptions of the direction of Japanese foreign policy was seen. On one hand, in the first half of the 1990s, during U.S. President Bill Clintons first term, the United States stepped up pressure on Japan in the context of bilateral economic friction. With summit talks threatening to break down, Japanese bureaucrats and business leaders, weary of the difficulties posed by relations with the United States, were tempted to seek solace in Asia, Japan's cultural home---that is, to jettison America for Asia. On the other hand, in view of Chinese and North Korean missile tests, clearly it would not be easy to find refuge in Asia. There was a growing body of opinion that Japan should overcome its postwar taboo and consider ways and means of defending the homeland against crises in neighboring countries. Thus, resurgent nationalism was seen as another current.

This does not mean that the crises of the 1990s heightened the Japanese peoples security-related fears, prompting them to adopt a more proactive stance toward international issues. Public concern was focused overwhelmingly on the protracted recession. People felt a deep sense of loss, and for most people the priority was to shore up the immediate domestic environment rather than look outward. At a time of fiscal stringency, sentiment for holding down externally related spending, whether the defense budget or the Official Development Assistance (ODA) budget, far outweighed

that for increasing outlays. All in all, an inward-looking mood prevailed.

Given these circumstances, we believe that Japan should adopt the following basic viewpoints as it enters the twenty-first century. First, for a country such as Japan, for which survival and prosperity depend on international peace and a free international economic order, losing its enthusiasm for international involvement and becoming inward looking is all but suicidal. Japan must rebuild itself while knowing the world, associating with the world, and engaging with the world. This is not an age that permits isolationism. We must not lapse into a cramped mentality. In this age of globalization, we need to resurrect the method that worked for early modern Japan---new domestic construction resulting from knowledge of the outside world.

Second, it is immature to think of diplomacy in rigid either/or terms. It is especially inappropriate when, as in the post-cold war period, the bipolar order has disappeared and diversity and flux are the salient features of the world situation. The post-cold war norm for countries is multifaceted partnerships. The answer is not America or Asia, let alone from America to Asia. The meaningful answer is to build creative relationships with Asia while continuing to use the Japan-U.S. relationship as an invaluable asset. Regional cooperation and integration are advancing in various parts of the world, but historically Japan has been unable to build mature, mutually beneficial relations with its neighbors. We believe that neighborly relations (rinko) will be a major challenge in the new century.

Third, external relations today are not only multifaceted but also multilayered. In addition to the sum total of bilateral relationships, there are frameworks of multilateral regional cooperation, as well as various global systems. In this time of multilayered international systems, pluralistic national interests can be satisfied only by skillfully distinguishing among and using various levels rather than singling out and concentrating on a particular level. Security, too, is a multilayered issue. It makes sense for Japan to overcome the constraints of the postwar period and address security issues itself---not because the Japanese are goaded by nationalism but because the special circumstances of the postwar and cold war periods are no longer relevant, making the effort to deal with ones own security the natural thing to do. It is a fallacy to think that this means belittling or hollowing out the Japan-U.S. alliance. Even in the post-cold war period, the power of the United States has played a signal role in defusing major security crises. Nor must we forget the need to uphold and strengthen the U.N.-led international security system consisting of various treaties and other instruments. In short, security calls for initiatives on three levels: self-help efforts, alliances and friendships, and the international system. We should not concentrate on one level to the exclusion of the others but rather take a balanced approach, including the self-help efforts that have so far been especially inadequate. Twenty-first-century Japan will, we believe, require security-related efforts based on healthy international cooperation.

Strengthening security-related efforts does not mean that Japan will give primary importance to the military. The overwhelming weight will continue to be on the civilian sector, with the emphasis on the economy. This sector is Japan's forte and the one in which it can best contribute to the international community. A Japan that plays a global role will be a staunchly civilian power.

Strengthening systems of international cooperation and building a more prosperous and peaceful international community are the basis of Japan's existence and welfare. It is hard to see this in terms of specific Japanese national interests, but it constitutes the broad foundation for the national interest. We advocate contributing to the formation of what we call enlightened national interest.

II. The Legacy of the Twentieth Century: Freedom, Democracy, and the Japan-U.S. Alliance

In addressing Japan's goals for the twenty-first century, we should First assess the legacy of the twentieth century because the future does not spring from nothing but grows out of the past and the present. To say that we can freely build the future, ignoring the constraints of the past and the present, is disingenuous and is liable to lead us to deceive both ourselves and others. Acknowledging the past for what it was and confirming what we actually were is the starting point for everything.

Of course, being constrained by the past and being ruled by the past are not identical. What we were in the past and what we are now are not identical. Our present identity is the product of our evaluation and distillation of our historical experience. The past that we affirm is the identity that we continue to confirm, whereas the past that we condemn is the identity that we try to slough off. The weight of historical continuity is great, but at the same time it is true in every age that it is people who shape history; their perceptions and will constitute important historical factors.

The big problem with Japanese history is that both its splendid achievements and its infamous episodes have unfolded without adequate public awareness. In determining our course in the twenty-first century, we would like to begin by reviewing the path the nation has taken so far and identifying the assets that should be preserved, the liabilities that should be discarded, the things that should be revived and utilized, and the flaws that need to be fixed. Of course, we cannot go into a deep discussion of history here, but we would like to briefly survey the assets and liabilities of Japan's early modern (prewar) and postwar history.

1. Early modern (prewar) Japan

(1) Assets

On the positive side of the history of prewar Japan was successful modernization. This was a great achievement in terms of world history. Nineteenth-century Western civilization, having gone through the Industrial Revolution, became extremely powerful, and the Western powers seemed well on their way to dominating the entire globe as the world's only major players. In the nineteenth century, Western civilization was synonymous with the world. Emerging from the ranks of non-Western countries, Japan dedicated itself to modernization in the latter half of the century. By the early twentieth century, Japan had become an industrialized power and triumphed in the Russo-Japanese War (1904-1905). This was proof that with sufficient application any nation could acquire the affluence and strength that had been regarded as the monopoly of Western civilization. Although learning a great deal from Chinese civilization since ancient times, Japan had used the sea that buffered it from the Asian continent to protect its independence and created a distinctive Japanese culture. Its prior experience of contact with a powerful civilization was one important reason the Far Eastern country of Japan succeeded in modernizing. This experience facilitated Japan's diligent study of the secrets of the power of Western civilization and its use of the knowledge gained to assimilate this external civilization.

(2) Liabilities

What, then, was the negative side of prewar Japan's history? It was imperial Japan's inability to control its power through political wisdom despite having successfully modernized. Honest and multifaceted study of the events leading up to World War II by historians both within and outside Japan continues to be necessary. Nevertheless, it cannot be denied that while proclaiming the causes of Asian liberation from Western rule and the Greater East Asia Co-Prosperity Sphere, Japan forced its self-serving goals and order on surrounding countries, pursued aggrandizement of the Japanese empire at huge cost to other countries, and brought war and calamity to the Asia-Pacific region. This was a gross and lamentable folly of early modern Japanese history.

Viewed in terms of todays sensibilities, imperial Japan's attempt to expand at the cost of surrounding peoples can never be sanctioned and is hard even to understand. Nevertheless, it remains a universal truth now as in the past that there is a danger of inviting such a tendency whenever the logic of naked power politics is applied to international crises. Moreover, it has never been easy for Japan to redefine the national interest from a broad viewpoint on the basis of changes in the international

environment. Unlike U.S. society, which has a system of attempting to redefine the national interest every time there is a presidential election, Japanese society has a marked predilection for stability and continuity. Even when the environment changes, there is a tendency to work even harder to apply methods that were successful in the past. Ineptitude in formulating national strategy, together with a political culture that favored vested interests and demands for internal harmony over rational decision making, helped embroil Japan in a self-destructive war. Indeed, these problems are not necessarily a thing of the past for Japanese politics.

2. Postwar Japan

(1) Assets

Peaceful development (rebirth as an economic state): One of postwar Japan's praiseworthy aspects is the way it put war behind it and beat swords into plowshares, pursuing the path of peaceful development and succeeding in recreating itself as an economic state. Japan's postwar pacifism has often been seen as something imposed by the victor, but that is only part of the truth. When, during the Korean War, the United States pressed Japan to rearm swiftly, the government of Prime Minister Shigeru Yoshida did not succumb; backed by the people's widespread desire for peace, the government chose instead to make economic reconstruction the first priority. In subsequent years, this choice was supported by the will of both the elites and the general populace. In the 1960s, Japan achieved rapid growth, eventually becoming one of the three poles of the world's developed economic sphere.

Freedom, democracy, and the Japan-U.S. alliance: Clearly, what supported postwar Japan's development as an economic state more than anything else was the free international economic order. In the prewar period, Japan first developed light industry and then heavy industry while struggling with a dearth of resources and markets. In the postwar period, the boon of the free trade system built under U.S. leadership enabled Japan to soar.

Democracy in Japan advanced in fits and starts in the prewar period, was given a decisive direction by Occupation reforms, and subsequently became firmly established. Workers rights led to annual pay rises. That, together with land reforms and subsequent income maintenance policies directed to the agricultural sector, brought about a general rise in living standards. This development had the effect of increasing domestic purchasing power, and the expansion of domestic markets, along with a high savings rate, technology transfers, and a high level of education, allowed rapid domestic demand-led growth in the 1960s and enhanced the international competitiveness of Japanese goods.

What guaranteed postwar Japan's security, enabled it to participate in the free international economic order and prosper, and supported the development of democracy was the friendly relationship with the United States, the core of which was the Japan-U.S. alliance. There had been a fruitful alliance with Britain and a cooperative relationship with the United States allowing freedom and pluralism and supporting the international order before World War II as well, but the postwar Japan-U.S. relationship was deeper and more comprehensive, extending to security, economic matters, politics, and culture. It went further than underpinning Japan's security during the cold war and enabling the historically rare achievement of the reversion of Okinawa. It also linked Japan to the international economic order and led to the vision of global partnership.

In general, the Japan-U.S. alliance has deterred both countries from going too far or not far enough and has steered them toward cooperative and stable behavior. For example, dealing with the crisis on the Korean Peninsula in the 1990s made the functions of the alliance clearer and strengthened the tripartite framework including South Korea. The crisis can be said to have shown the promise of using the alliance as the key to preserving regional stability rather than as a belligerent and expansionist force. It is possible that the alliance will fulfill a stabilizing function in the Asia-Pacific region in the face of the various upheavals that may accompany rapid changes in the future, and supporting this view are Japan's not inconsiderable contributions to the international community.

(2) Liabilities

A diminished sense of international responsibility and decisiveness: Postwar Japan also has had some unfortunate traits. Its emphasis on the economy yielded great fruit, but reliance on the United States to uphold Japan's security and the international order became an ingrained habit during the cold war, diminishing both Japan's sense of responsibility regarding its international role and its ability to make decisions for itself. The weaknesses inherent in the way Japan allowed precedent to guide policy rather than form its own big picture of the nations direction were exposed during the crises of the 1990s. Precisely because of postwar Japan's economic success, vested interests grew and became entrenched. Since the end of the cold war, the environment has changed dramatically, requiring changes in both Japan's society and its politics and diplomacy. Redefining the national interest on the basis of overall national strategy is considered necessary.

Relations with Asia: Another problem is that relations between Japan and other Asian countries, particularly neighboring countries, have not attained sufficient depth. Toward the end of the 1970s, Japan began contributing to East Asia's economic development through trade, direct investment, ODA, and so forth. The development of a plus-sum pattern of growth for both Japan and other Asian

countries rather than Japan's past initiatives---first repudiation of Asia in favor of the West, then the zero-sum pattern of self-aggrandizement at Asia's expense---is praiseworthy. Nevertheless, more than half a century since the end of World War II, exchange with China, South Korea, and other neighboring countries cannot be said to be deep enough, nor have regional cooperation frameworks been adequately institutionalized.

(3) Assets and challenges for the twenty-first century

In conclusion, the twenty-first-century challenges for Japan are on one hand to uphold its twentieth-century assets: freedom, democracy, and the Japan-U.S. alliance. On the other hand, it must also expand still-inadequate cooperation with Asia, enhance the sense of responsibility toward the international community, rediscover the ability to make its own decisions, and take part in building international systems.

III. Twenty-First-Century Challenges

1. Enlightened national interest

(1) A proposal for enlightened national interest

A countrys needs in international forums are generally termed its national interest. Prewar Japan was ruined by neglecting to redefine its national interest even when the international environment changed dramatically, clinging instead to policies that had been successful in the past. To avoid the danger of rushing ahead blindly, it is important to have an accurate awareness of what one wants and act in the knowledge of its international political implications. Given the massive changes in the international environment since the end of the cold war, Japan must not shirk the task of redefining its national interest.

External policies that do not benefit the people are unsustainable domestically. Meanwhile, the unilateral pursuit of a countrys own national interest is unsustainable internationally. What is important is pursuit of an enlightened national interest. This strategy means taking a long-term, indirect approach to satisfying a country's own needs by increasing the number of friendly countries

and improving the international environment on the basis of "mutuality," which also respects other countries interests. It is a way of benefiting both ones own country and other countries by contributing to the international public good through maintaining and strengthening the international economic system and the international order and helping developing countries grow, as opposed to the rigid pursuit of national interest that forces both one's own country and others constantly to make zero-sum, either/or choices. Unless it endorses a view of the national interest that incorporates international interests in a relaxed manner, twenty-first-century Japan cannot have an expansive diplomatic horizon.

States are too small to handle such global problems as the world environment and too big to handle the special and immediate problems of regions and individuals. With globalization, the borderless economy is advancing; transnational flows of people, money, and goods are accelerating. Meanwhile, various nonstate actors have emerged both at home and abroad and are engaging in meaningful activities. Todays government, which bases its legitimacy on the principles of freedom and democracy, needs to value civil society---nongovernmental organizations (NGOs), nonprofit organizations, and other civil organizations both at home and abroad---support its growth, and aim to become trimmer by delegating public business to responsible civil organizations as far as possible while building cooperative relationships with them.

Who, though, bears the ultimate responsibility for social governance as a whole? The government, elected by the people and monopolizing powers of enforcement and taxation, cannot escape that responsibility. Although gaining the participation and cooperation of many civil organizations and drawing on their wisdom and experience in the quest for cooperative, pluralistic governance, the government must not abandon its responsibility to coordinate and integrate them. Otherwise, society and the people will simply pursue their own interests and risk drifting with no one at the helm. The national interest is the public interest as a totality, or the expression of this when seen from above---a necessary perspective if a society is not to lose sight of overall rationality in the tangle of discrete interests.

(2) A national interest open to the people

We wish to emphasize that an enlightened national interest is a national interest open to the people. For one thing, seen broadly and in terms of actual content, an enlightened national interest means policies to fulfill national needs. For another thing, it means that when the national interest is defined there is feedback from the public, information and perceptions are shared with the public, and the public participates in various ways in policy decisions. It is not in the peoples interest to have almost no idea where they are headed.

For example, one of the governments most important duties is to deal with large-scale disasters and crimes that citizens cannot handle on their own and with threats from external enemies. In times of crisis, the government, because of its overriding imperative of upholding national security, must direct all its forces to respond resolutely even if this means suspending normal rules. Crisis management inevitably entails a concentration of powers because of the gravity of the situation and the need for swift action. Even so, the understanding and cooperation of citizens are essential, and in the end disclosing information and perceptions to citizens enables society as a whole to respond effectively. In the case of the Great Hanshin-Awaji Earthquake of January 1995, which caused such great damage, more citizens could have made themselves safer through their own efforts if information on the possibility of a major earthquake and measures for dealing with such an eventuality had been provided in advance. Crisis management also means enforcement of traffic controls and other measures. If such enforcement is to be effective, in addition to making public legal decisions, clearly apprising local residents of the situation and seeking private-sector cooperation is an effective way of tapping the great latent strength of the people. The activities of the million-plus volunteers after the Great Hanshin-Awaji Earthquake suggest the potential of this new horizon. Along with an open debate regarding the enactment of legislation covering emergencies, there is an urgent need to put in place an effective crisis management system that includes the mobilization of expert groups.

It is not uncommon for the national interest to conflict with partial interests (special interests of industries and groups, local interests, individual interests, and so on). As the Constitution of Japan demonstrates, personal rights may be restricted for the sake of the public welfare. When necessary, the state exacts a certain price to further the public interest. When the price affects an interest group with great political power, such as an industry, it becomes exorbitant, and few if any will endure it in silence. To consider carefully what benefits are fair in the light of overall rationality, political leadership that is open to the public and gains the participation of public intellectuals who have a sense of responsibility toward public issues and a broad perspective is essential.

The rape of a schoolgirl in Okinawa by U.S. servicemen in September 1995 brought into sharp relief the conflict between the national interest and the local interest regarding maintenance of the Japan-U.S. security arrangements. The Japan-U.S. Security Treaty is the most important instrument guaranteeing the security of Japan as a whole, which is why U.S. military bases in Okinawa are essential. At the same time, this concentration of bases imposes a heavy burden on Okinawa in terms of residents' safety and environment. Okinawa demonstrates Japan's cultural diversity better than any other region. It shares Japan's history while maintaining a distinctive character, and tens of thousands of its people were killed when it became a battleground at the end of World War II. In addition to the tragedy of having been the only scene of battle on Japanese soil, after the war Okinawa was severed from the rest of the nation, remaining under U.S. military rule after the end of the Occupation and becoming an island of military bases. After Okinawa's reversion to Japan in 1972, it became home to three-fourths of the U.S. bases in Japan as bases on the main islands were consolidated. The Japanese

people must not be ignorant of Okinawas special status in supporting the security of Japan and of the Asia-Pacific region, bearing the heavy burden of bases on top of its historical suffering. It is natural to make concerted efforts to promote Okinawa's long-term development as well as strive to consolidate bases there. In a democratic world, not losing sight of regional fairness helps build domestic and international credibility.

2. Neighborly relations (rinko): Cooperation with Asian neighbors

(1) A proposal for neighborly relations

As regional integration and cooperation proceed in Europe and elsewhere, Northeast Asia is the last region to remain locked in the icy grip of the cold war. That is not the region's only problem. It has been seamed by underground fault lines, not only the fault line of the cold war that once divided the world into Eastern and Western blocs but also the North-South fault line separating rich and poor. There have also been numerous fault lines of geography and history that have made it difficult to reconcile the past and the future.

Nevertheless, focusing on the regions common interests, working together to energize a spirit of cooperation, and alleviating the region's deep fissures and conflicts are essential for the regions development in the new century and are also in Japan's national interest. Constructive relations with neighboring countries---countries with which Japan has a long history of exchange and a more recent history of colonial rule and invasion, countries that are important trading partners and with which Japan enjoys large mutual flows of people---will be a valuable spiritual and tangible foundation for the Japanese people in the twenty-first century. As market economies take hold in Asia and various countries achieve economic growth, democracy will gradually come to be more widely shared while cultural diversity is maintained. Japan should articulate this direction and actively promote the dramatic expansion and strengthening of relations with neighboring countries (rinko).

Fortunately, conditions are changing fast. The industrialization of one East Asian country after another in the last quarter-century has cultivated a certain shared experience among many East Asian countries and between Japan and other Asian countries. A long-term trend of shifting from authoritarian regimes to democratization has been observed in many countries, albeit with time lags and setbacks. The repercussions of the East Asian economic crisis have not altered this trend. At a time when Japan is building its own credibility in Asia---partly because the Japanese government provided aid despite Japan's own fiscal crisis and partly because many Japanese companies operating in East Asia stood firm, sharing the pain rather than pulling out---it would be highly

significant to put neighborly relations on a firm footing.

(2) Overcoming obstacles and promoting popular exchange

What obstacles need to be overcome in building relations between Japan and neighboring countries that are suited to the twenty-first century? One obstacle is conflicts that arise because of geographical proximity, that is, territorial problems. Territory is a core element of a state, and every country must take a firm attitude with regard to territory. At the same time, it is inappropriate to lose sight of common interests because of territorial concerns. The parties concerned need to take a calm approach so that territorial problems do not hinder the healthy growth of bilateral or regional multilateral relations. We hope that Japan will make clear its stance that peaceful resolution of territorial problems is the only option and will strive to make this basic policy the shared perception of East Asian countries, which have a number of territorial problems. Although considering conflict resolution with the participation of third parties in the long term, for the time being calm wisdom is important.

Another obstacle that needs to be overcome is differences in ideology and perception. It is natural for countries with different cultures and histories to have divergent views of the state and the world. This diversity should be welcomed. It is necessary, however, to keep ideological conflict to a manageable level so as not to jeopardize the coexistence of the people of different countries who should promote neighborly relations, while identifying common regional interests through dialogue and mutual understanding.

Differing perceptions of history have long been a political problem for Japan, especially vis-a-vis China and South Korea. It is essential to promote steady, dispassionate scholarly research as a basis for common understanding. We hope that accumulated intellectual exchange centered on researchers will show the way to a common future.

Ideological differences cannot be overcome by government-level efforts alone; broad-based exchange on the social level plays a large part in diminishing such differences by bringing about changes in attitudes. Fortunately, relations between the governments of Japan and South Korea are growing closer, including joint work on a free trade agreement. It is important to make efforts to translate the Japan–South Korea partnership based on trust between government leaders to the popular level in both countries, taking advantage of the cohosting of the 2002 World Cup soccer tournament and other opportunities. Setting up shuttle flights so that movement between the two countries becomes almost as routine as domestic travel, as well as encouraging and expanding opportunities for learning one

another's languages, can lead to even more constructive relations between Japanese and Koreans.

The main determinants of East Asias long-term future are China and the evolution of Japan-China relations. The greatest concern for surrounding countries, including Japan, is whether China will sustain stable growth on the basis of its "reform and open door" policies and turn toward democratization. While assisting China's own efforts in this regard, it is desirable to cultivate a climate in which China can adopt a policy of resolving the all-important Taiwan problem strictly by peaceful means. There is a tendency to emphasize the competitive aspects of Japan and China, as two great East Asian powers of different types, but formation of a new framework for cooperation is in the national interest of both. If the two nations are hostile, East Asia will enter a political ice age and Asia as a whole may be adversely affected. But if they expand cooperation based on a broad perspective despite their problems, East Asia can become a vibrant region. China for its part appreciates the role of Japanese diplomacy in improving Chinas international relations after the June 1989 Tiananmen Square incident and, more recently, in a climate of worsening China-U.S. relations, as well as Japan's economic assistance. In addition to government-to-government relations, study of each other's languages and exchange on a popular level-between companies, students, local governments, nongovernmental organizations, and so forth---should be promoted.

(3) Frameworks for East Asian multilateral cooperation

Although friendly bilateral relations are the foundation of cooperation among East Asian countries, the formation of overarching regional frameworks is desirable. In some cases, consultation over knotty bilateral problems is facilitated by the presence of a third party. There are also many problems, such as cross-border pollution, that are impossible, in principle, to deal with on a bilateral basis. Generally speaking, cooperation is the guiding principle of multilateral conferences, and participating countries are under natural pressure to cooperate as far as possible. As has been observed in Europe and in the Association of Southeast Asian Nations (ASEAN), the more regional cooperation advances, the more aware countries become of the merits of being at peace with one another and the more they realize how much greater an international influence and role they have together than any of them could have had separately. It is important to combine such multilateral relationships with bilateral relationships.

Northeast Asian security cooperation: The actors surrounding the Democratic Peoples Republic of Korea include the United States, the only military superpower, and the regional powers Japan, China, South Korea, and Russia. All hope for a transition to a peaceful arrangement for North Korea. A stable framework is beginning to appear in the region, thanks to the dramatic improvement in relations between Japan and South Korea since the autumn of 1998 and the agreement of Japan, South Korea, and the United States to adopt a comprehensive policy toward North Korea after it launched a missile

that overflew Japan in August of that year. North Korea likes to negotiate bilaterally and is reluctant to participate in international talks involving the two Koreas plus Japan, China, Russia, and the United States. But if North Korea's relations with Japan, South Korea, and the United States advance, guarantees among the powers around North Korea will become necessary, and there could be a conference on Northeast Asian security. Such a conference would focus the attention of the countries in the region on confidence building and cooperation, transcending the cold war framework. To establish regional security, Russia is important as well as Japan, China, South Korea, and the United States. Although Russia continues to suffer political instability because of the difficulties associated with its transition to a new political system and a market economy, it remains a major power. From the viewpoint of long-term Japan-Russia relations, the formation of substantive ties between Russia's Far East and Japan, centered on economic exchange, are essential, and Japan-Russia cooperation in building a regional order is also desirable.

ASEAN+3: Summit meetings of the 10 members of ASEAN plus Japan, China, and South Korea (ASEAN+3) are, in effect, East Asian summits. Some years ago, Malaysian Prime Minister Mahathir bin Mohammed's initiative of an East Asian Economic Caucus that would exclude Western nations was frustrated by U.S. opposition. Now, however, a grouping with the same members has emerged as an expansion of an open ASEAN. It is important to nurture this grouping as a regional cooperation framework that is not anti-American, anti-Western, or anti-globalist. There are many problems in the region that can be resolved through regional cooperation. Various fissures have hindered such cooperation, but it is strange that there is still no regional cooperation framework as we approach the twenty-first century. The proposal of an Asian Monetary Fund at the time of the East Asian economic crisis was aborted due to Chinese and U.S. opposition, but it is an idea worth revisiting in due course. At that time, it would be advisable to consider inviting the United States and the European Union to take part.

The possibility of a free trade agreement (FTA) in the region is also looking more promising. In view of East Asia's diversity, it will not be easy to achieve the ultimate goal of a comprehensive FTA, but the very process of trying will be significant in that it will strengthen a sense of community. In addition, environmental problems on the Pacific coast of East Asia as it continues to grow economically have become grave, and earthquakes and other natural disasters frequently assault the region. Cooperation regarding civil issues such as the environment and natural disasters is an effective means of adding momentum to regional cooperation. Plans that are in the region's common interest, including programs of human-resource development and exchange already proposed by Japan, can also be incorporated gradually. If basic agreement among Japan, China, and the United States can be gained, this framework has the potential to develop into a multilateral arrangement concerned with the public interest of East Asia as a whole.

APEC: The main concern of the Asia-Pacific Economic Cooperation forum is trade liberalization in the Asia-Pacific region, but, given the diversity of APECs members and the constraint of loose

voluntary cooperation, it has recently stalled. Of course, the significance of Asia-Pacific leaders meeting once a year is not negligible. For example, if China-U.S. relations have deteriorated because of some incident, the two countries' leaders can pave the way to improved relations by rubbing shoulders in this multilateral forum. The broad-based grouping of APEC functions as a "big tent" accommodating and ameliorating the regions varied fissures-East-West, North-South, geography and history---and is a valuable framework of post-cold war regional cooperation. The challenge is to take advantage of this forum, the broadest regional framework on earth, to identify specific common interests going beyond trade liberalization.

It is also essential to supplement APEC with other regional frameworks closer to home. The Japan-U.S. alliance already functions as the key support of regional stability. The Japan-South Korea-U.S., Japan-China-south Korea, and Japan-China-U.S. trilateral frameworks, as well as comprehensive East Asian councils such as ASEAN+3, all have a raison d'ere and should be developed together, in a multilayered manner. Japan might also consider a grouping with Australia and New Zealand.

We have seen that regional cooperation has the potential to change the international political picture little by little. In regard to East Asia, it would not be at all surprising if there were major changes on the Korean Peninsula in the next ten years, and it is hard to predict the process by which China will move toward democratization. These are issues weighty enough to affect the destiny of the region and the entire world. Coping with major upheavals calls for great wisdom and cooperation. If we advance history by building frameworks for cooperation, resolving problems through dialogue rather than reaching for the sword whenever we want something or have a difference of opinion, before long Japan will have friends and companions in the neighborhood and the possibility of building a regional community will emerge. This is the kind of twenty-first century we can realize.

3. Civilian power

The term civil has a number of meanings. The Constitution of Japan uses the term civilian in the sense of "nonmilitary." In this sense, "civilian power" means a nonmilitary state, or a state where civilians are in control. Although it is not possible for a state to exist with absolutely no military elements, a country that does not give primacy to military affairs but conducts itself primarily through civilian activities, based on the principle of civilian control, is a civilian power. Then there is terminology such as civil society, where the emphasis is on citizens as opposed to officialdom. A country that does not operate under authoritarianism, taking the government (officialdom) to be superior to the citizenry, but rather has private-sector groups and a civil society that are fully developed and that gives full respect to its citizenry can also be called a civilian power. Civil can also refer to civilized attitudes and manners. The twentieth century was an age in which the process of internationalization moved forward rapidly, even while cultural diversity was maintained, and in which the global

sharing of values, standards, and rules progressed; the twenty-first century will likely bring further progress in these directions. A civilized, civilian power in the coming age will be a society that is open to the world, sharing the values of respect for human beings, freedom, and democracy.

The Japan of the post-World War II period has been a civilian power almost exclusively in the sense of being a nonmilitary country focused on economic affairs. But we propose that the Japan of the period ahead play a constructive role in the international community as a civilian power in a way that encompasses all three senses given above. We will discuss three principal functions for this civilian power: (1) engagement in security affairs; (2) involvement in global systems, particularly the international economic order; and (3) cooperation with developing countries (ODA).

(1) Japan's changing shape as a civilian power

Postwar Japan maintained its status as a civilian power in the sense that it gave primacy to the nonmilitary sector. During the postwar period, there were strong opinions within Japan against both the Self-Defense Forces (SDF) and the Japan-U.S. Security Treaty; the dominant mood was one of remorse over having repeatedly conducted wars of aggression in the name of self-defense. The pacifism of this period totally rejected military activities of any sort without distinguishing among wars of aggression, wars of self-defense, and wars for the sake of international security; the argument was that military activities of any sort were liable to lead to a revival of militarism.

It is not possible, however, for people to build their lives on nonmilitarism, a negative value. The reality of postwar pacifism was provided by the countrys "economism," that is, its single-minded concentration on economic affairs. In line with postwar Japan's choice to rebuild itself as a trading nation, it acceded to the General Agreement on Tariffs and Trade (GATT) in 1955, and in the 1960s it joined the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) as one of the "three pillars" of the free world. Participation in the international economic summits among the United States, Europe, and Japan that were inaugurated in 1975 was the embodiment of Japan's global role as a country that had redeveloped as an economic state in the postwar period. Being a civilian power meant, in terms of actual content, being an economic state.

In the 1970s and 1980s, Japan realized that it must be an "all-round player" rather than just a great economic power, and it began to look for ways to play a political role. It announced concepts such as the Fukuda Doctrine (made public by Prime Minister Takeo Fukuda in 1977), seeking to play a role in maintaining regional stability in Asia through economic means. During the administration of Prime Minister Masayoshi Ohira (1978-1980), the "Pacific Basin Cooperation Concept" was advanced; this

led to the establishment of the Pacific Economic Cooperation Council early in the 1980s, followed by the launching of APEC in 1989. And Prime Minister Yasuhiro Nakasone (1982E987), in a departure from the usual mold of Japan's postwar leaders, adopted a vigorous stance of actively discussing global security issues at the annual Group of Seven (G7) summit meetings.

In the latter part of the 1980s, as Japan reached its peak as an economic state, the Japanese began to feel the need for a "total Japan" that would not be restricted to the economic realm, and in addition to the upgrading of existing programs of ODA and cultural exchange, concepts were formulated for contribution to world peace, including the dispatch of personnel to conflict zones. Because of the subsequent upheaval on the domestic political scene, moves toward concrete implementation of this sort of contribution to peace were interrupted, but the deficiency of Japan's contribution on the occasion of the 1990 crisis in the Persian Gulf became a major issue and, finally, in 1992 the International Peace Cooperation Law was enacted, enabling Japan to participate in a U.N. peacekeeping operation for the first time in Cambodia.

In 1993, when the U.N. Transitional Authority in Cambodia (UNTAC) succeeded in restoring peace and normal government to Cambodia, domestic public opinion in Japan showed signs of having abandoned the postwar brand of pacifism. The overwhelming majority of the Japanese continued to support pacifism and the philosophy of international accord, and the rejection of wars of aggression held its place as a self-evident concept among the Japanese people. At the same time, however, following the success of the operation in Cambodia, the public ceased to oppose the participation of the SDF in activities for international security under U.N. auspices. In other words, the view that emerged was one of saying no to wars of aggression and mindless nationalism but saying yes to security activities grounded in a healthy spirit of international accord. The Japanese public had reached the point of distinguishing among wars of aggression, wars of self-defense, and wars for the sake of international security.

(2) Security for a civilian power

Japan's security preparedness: It is reasonable to consider Japan's security in the twenty-first century on the basis of the course of the developments outlined above.

Both wars of aggression and extreme nationalism were sad facts of the twentieth century. The Japan of the twenty-first century will not use military force as a means of settling national disputes. The Japanese will not use military force even to recapture territory that they believe is rightly theirs. Japan will not seek to accomplish anything by force, but, at the same time, there is no guarantee that

the world of the twenty-first century will offer an environment so favorable that it will be possible to forget about external security. It will be necessary for Japan to exert itself both to prepare for eventualities and to improve the overall international environment through steps including regional confidence-building measures.

The ultimate form of preparing for eventualities is self-help. Although the response will depend on the nature of the eventuality, the more serious the situation, the more crucial it will be to respond jointly on the basis of international accord, even while preserving the spirit of self-help. We must therefore not allow ourselves to be driven by a sense of crisis into betting excessively on the efficacy of self-help. If Japan, the worlds second largest economic power, were to try to build a totally independent security system, it would require a far larger amount of military spending than at present, and it would only be able to provide a far lower level of security than at present; furthermore, it would cause a major shock to Japan's Asian neighbors. Being part of an international security arrangement is a wise approach in terms of both cost performance and international confidence. In this sense, it is highly appropriate to stress the Japan-U.S. alliance and to review Japan's role within that framework.

The central element of our response in preparing for eventualities is to maintain the effectiveness of the Japan-U.S. alliance. It is necessary above all to secure conditions for the smooth operation of this alliance; moves to enact legislation to implement the new bilateral defense cooperation guidelines, appropriate responses to the issues of U.S. military bases in Japan, the continuation of host-nation support, and similar issues should be addressed in this context. Unless Japan and the United States progress in developing a shared vision through livelier policy and strategy dialogues between policy makers, experts, and others involved on both sides, it will not be possible to maintain the desired flexibility and vitality in the alliance. There is a virtually limitless need for broad exchanges such as the "track two" contacts involving participation by government officials in a private capacity in nongovernmental bilateral conferences. An important issue is for Japan to enhance its function as a manager of the overall bilateral relationship, playing the role of a partner that is able to offer constructive advice to the United States as a trusted counselor. Furthermore, the Japan-U.S. alliance can exist only as the result of rational choices by both the Japanese and the American people and therefore it is vital to monitor whether both peoples understand that the alliance is in the common interest of their own countries and of the Asia-Pacific region.

Involvement in international security activities: The world of the twenty-first century cannot necessarily expect a firm order centering on the United States. The world is too broad, too diverse, and too volatile to allow a Pax Americana to extend to every corner of the globe. Though it may be counterproductive for major countries to engage in full-fledged warfare, ethnic conflicts and civil wars continue to occur in various spots around the world; furthermore, these conflicts and wars arise out of geographical and historical confrontations and economic poverty, and they are not easy to settle. If we take a broad view of the world of the twenty-first century, we are likely to see it as a

place of splendid order, with the unipolar domination of the United States standing out like a tall spire. But a closer look will reveal that liquefaction has eroded the base on which this order is built. Of particular concern is the fact that during the 1990s the United States tended to incline away from strong support for the international "public purpose" and toward action based on simplistic self-interest. The United States best quality is the recuperative power it derives from the rich diversity of its society. We hope that it will move toward overcoming the arrogance arising from its unrivaled position following the end of the cold war; it will be important to provide impetus for such a move.

How should Japan engage itself with respect to the numerous low-intensity conflicts that ßare up on a regional basis? Japan's principal role is in the civilian sector as a civilian power, but that does not absolve our country of responsibility for international security affairs. The events of the crisis in the Persian Gulf made it clear that Japan's national interest is gravely affected when it does not participate in joint undertakings for international security. Over the long course of the twenty-first century, the legitimacy of continued Japanese nonengagement in such undertakings will be steadily eroded.

As a matter of principle, Japan's involvement in military activities for international security must be affirmed. The Japanese people cannot say no to wars waged by members of the United Nations in the name of the international community to halt and punish countries or others conducting aggression, such wars being part of the basic framework of the U.N. Charter. Japan must naturally exercise the utmost caution in dealing with such questions as whether a particular war that the United Nations approves and organizes is just, whether it is appropriate for Japan to participate in it, and if so, in what capacity, particularly with respect to the dispatch of units to take part in the exercise of force. Practical wisdom demands that we address these issues prudently. Our country will have to gradually build up a set of policy guidelines and principles concerning involvement in military activities for international security, considering such factors as the legitimacy of the purpose, the appropriateness of the means and procedures, and the cost-benefit balance. If Japan takes itself to be a member of an international community that treasures order and justice, then surely the Japanese of the twenty-first century cannot seek to irresponsibly run away from joint international actions for security when the international community is protecting people from aggression and large-scale crimes against humanity. Consequently, we need a national debate within Japan concerning security matters, including the present constitution and the issue of collective self-defense.

From the perspective of emphasizing international security, the Japan of the twenty-first century should actively favor U.N. peacekeeping operations. The problem is that Japan places excessive restraints on its own peacekeeping units with respect, for example, to their assignments and their use of weapons, thereby hindering their activities and exposing them to danger. Our country should lift its freeze on participation in peacekeeping operations proper (involvement in activities going beyond logistical support); it should consider the concrete circumstances and define Japan's own mission in those cases where it participates, and it should decide on the activities and equipment of the units it

dispatches in keeping with this mission. Respect for human life is, of course, the fundamental principle, but it is hardly tenable for Japan alone not to recognize the value of taking action accompanied by risks in order to build and maintain peace.

In addition, the government should strengthen Japan's infrastructure of research institutions, promote full-fledged studies of the various regions of the world on a constant basis, and thereby develop an arrangement under which Japan will be able to provide accumulated knowledge and human resources in response to multifaceted policy needs. Working-level government officials should formulate research plans together with researchers at think tanks with regard to the entire series of activities including preventive diplomacy, peace-building policies, peacekeeping operations, and reconstruction.

Involvement in construction of an international security system: Japan's national interest strongly demands that it support the reconstruction of the global security system as a whole, in addition to contributing to peace in specific cases. The spread of nuclear weapons to India and Pakistan has shaken the framework of the Nuclear Non-Proliferation Treaty (NPT), and the refusal by the U.S. Senate to ratify the Comprehensive Nuclear Test Ban Treaty has cast a dark shadow on the international security setup with respect to nuclear armaments. The Japanese government has already set up the Tokyo Forum for Nuclear Non-Proliferation and Disarmament to offer a place for international deliberations on future responses; in addition, we suggest that the government would do well to take a joint initiative for the common global interest together with Australia, Canada, Germany, the Scandinavian nations, and others that have ample technology and capacity to equip themselves with nuclear arms but deliberately refrain from doing so. For example, the NPT regime does not even have a standing secretariat to support it, and the Conference on Disarmament in Geneva cannot act unless it has the unanimous agreement of all 66 participating countries. Given the gravity of the issues involved, the existing international systems are all too fragile and need to be reformed and strengthened. Japan and the other nonnuclear civilian powers should look for ways to play a responsible role both in their own interest and in that of the entire international community by bringing pressure to bear both on countries tempted to acquire nuclear weapons and on the nuclear powers, pushing the former to observe nonproliferation and the latter to pursue nuclear arms reduction.

In the period ahead, even greater energy should be devoted to global issues relating to human security, such as the environment, antipersonnel mines, drugs, earthquakes, refugees, population, food, medical care, and AIDS, and these areas should become established as a sphere of international activity by Japan. Also, it will be necessary for the United Nations to undertake reforms so that it can fulfill its responsibility for the future of humankind in response to these multilevel needs involving international security. Japan must be one of the countries playing a central role. We should not trivialize the issue of permanent membership for Japan in the U.N. Security Council into the question of whether membership would require Japan to make military contributions; Japan should become a

permanent member and play a constructive role in rebuilding the international security system as a representative of the nonnuclear civilian powers.

A civilian power, as described above, flatly rejects military force as a way of seeking its own development or settling its disputes with others, but it is not oblivious to the safety of the international community. If we consider our enlightened national interest, it is evident that international security is indispensable for Japan's own security. For this reason, it is only natural for Japan to consider international security a matter of concern to itself, to sympathize with others, and to actively involve itself in international deliberations concerning joint responses. With respect to security against military threats, there are three levels of response that must be applied in combination: (1) self-help (the countrys own defense capabilities), (2) support and cooperation from allies and friends, and (3) efforts to create a peaceful overall international environment through the strengthening of systems of international accord. As a civilian power, Japan is characterized by its considerable emphasis on the indirect approach represented by the global efforts of the third level.

(3) Reorganization of the international economic order

Response to globalization: A key point of discussion in the twenty-first century will be to examine the merits and demerits of globalization, which is being propelled by the information technology (IT) revolution and has been labeled the biggest tidal wave of change since the Industrial Revolution. This revolution has accelerated transactions and lowered costs across a broad range of commercial activity, allowing the United States to recover its economic vitality and establish an international lead for itself. The whole picture of the impact of these developments on the international system has not yet come into clear view, but one thing that is certain is that societies that introduce and master the new information technology will take the lead in economically centered international activities, whereas those that do not will decline.

Meanwhile, it has become clear from the East Asian financial crisis and related events that regulation of international finance is necessary, and it has also become clear that measures must be taken to correct the widening gap between "haves" and "have-nots" produced by the advance of neoliberalism. There is an urgent need to control the wave of globalization so that it does not run in a direction that will be destructive to human society. What we need is control, not reaction. We must not repeat the folly of the Luddite backlash against the Industrial Revolution. Powerful new technologies produce change in old systems, but they can be used to benefit people and society. Once a new technology has been produced, it cannot be eliminated; the meaningful response is to put it to work for the public good. The United States is said to hold a share of about 60 percent of the Internet, which is at the center of the current IT revolution, and the developed countries as a whole are said to have a share of more than 90 percent. The development of the Internet is thus working to accentuate the wealth gap

between the United States and other countries and between the developed and the developing worlds. The proper response is not to try to destroy this new technology but to use it as a tool for building a fairer international system by putting it to work for the developing countries in pursuit of such objectives as intellectual exchange, the spread of education, and economic development. Furthermore, to enable the creation of a new age, we need the youthfulness of spirit to constantly keep an eye out for the possibilities of actively using such new technology to deal with new issues, such as global environmental problems.

Rebuilding of the international financial system: For Japan, as an economic state, the most important field of activity is the international economic system centering on the G7 (now G8) summits, the IMF, the World Trade Organization (WTO), and the OECD. Japan has been involved in the operation of these institutions for many years, but the question for the period ahead is whether it will be able to exercise leadership and contribute to the rebuilding of the system. The fact that the basic framework of the IMF, the international monetary system established in the wake of World War II, has survived to this day is something to marvel at. Over the course of its existence, the actual shape of the international economy and international finance has changed dramatically, as have financial technology and the number of countries participating. It is clear that the system should be reformed to match the conditions of the twenty-first century, but the parties are still groping for the proper content of the reform, and the political will to make changes has been fitful, though it heightened around the time of the financial crises in East Asia and in Brazil. Japan, having itself experienced the East Asian crisis, is conscious of the need for change, but it lacks the intellectual capacity to propose ideas confidently on behalf of regional and global common interests.

If the IMF can be likened to a major hospital caring for the world as a whole, then we should consider supplementing it with the establishment of an Asian Monetary Fund to serve as a "family physician" to provide care at a more intimate level. We have reached the stage at which we should take a multilevel approach in the field of finance as well, responding both globally and locally. Also, to increase international use of the yen, we need to improve domestic money markets to facilitate investment and fund-raising in yen by non-Japanese, review the tax system, eliminate regulations on the issuance of yen bonds, and stabilize the yen's exchange rate. At the same time as we work to internationalize the yen by making the Japanese market attractive to the rest of the world, we should revise the arrangements among the major currencies and reduce the risk of exchange-rate fluctuations; doing so will also serve the fundamental interests of the newly emerging market economies in Asia and elsewhere.

Development of the international trade system: The multilateral trade system centered on the WTO is steadily gaining the adherence of a wide range of countries, and it is also broadening and deepening its spheres of activity. The maintenance and development of the free trade system is of fundamental importance to the livelihoods of the Japanese people. For this reason, it will continue to be necessary for Japan to contribute to the development and maintenance of this order, but if we seek to achieve

further development, we are bound to come up against issues involving conflicting interests among the developed countries, differences of position and philosophy within societies, and fields in which there are major North-South divergences. Furthermore, the 135-member WTO makes its decisions on a one-country/one-vote basis, and as the 1999 Seattle conference revealed, achieving a global consensus will likely be even more difficult in the period ahead. In this context, while keeping up efforts to secure mutual concessions aimed at reaching agreement, it will also be necessary to aim for the construction of a multilevel international trade system, moving forward with alliances and integration at the regional level through free trade agreements and the like, and making skillful use of these arrangements as a supplement to the global system.

(4) Contributing to progress in developing countries: Active implementation of ODA

The importance of ODA: One important task that Japan, as a civilian power, can accomplish on its own in support of the international community is the maintenance and reform of its own program of ODA. A feature of Japan's ODA program is that it consists of both grants and loans, the former being used to transfer technologies that Japan itself acquired during its modernization process to developing countries and to deal with humanitarian needs, and the latter being used to provide funding to help countries build up their economic infrastructure and enlarge the scale of their national economies. Another feature is that this program has been carried out not in response to strategic cold war imperatives but as a means of serving Japan's enlightened national interest, in the hope that the development of the aid-counterpart countries will further invigorate the international economy and at the same time promote friendly bilateral ties.

Today, Japan's ODA program faces challenges both domestically and internationally. Within Japan, there are increasing calls for reductions in the program because of the economic recession and the government's financial difficulties; in the business world, the view is gaining strength that the program should be operated in line with Japan's own interests by cutting the ratio of "untied" aid, which is currently high by international standards, and which has been making it difficult for Japanese corporations to win orders.

What we must not forget, however, is that the ODA program contributing to other countries' development is the most useful part of Japan's foreign relations activities. Criticism of the program includes claims of waste in some areas, of environmental destruction, and of failure to assist the masses. Such cases do in fact exist. But, overall, this program is the most helpful and the most appreciated of all Japan's external activities. To abandon or belittle the ODA program would be a fatal error for Japan, a country that should make itself an essential presence in the international community as a civilian power, having rejected the option of relying on military might. We must not allow unbalanced reporting and arguments to distract us from the high evaluation of Japan's ODA by

developing countries and the fact that it is actually serving useful purposes. Also, some people within Japan have formed the notion that the country is spending an immense amount on this program, given that Japan's ODA is No. 1 in the world. But as a share of gross domestic product, Japan's ODA actually ranks among the three lowest of the 21 major aid donors in the OECD's Development Assistance Committee. As a civilian power seeking to implement a policy of "sunshine" as opposed to a "north wind" approach, Japan is not, in our view, devoting excessive resources to ODA. The central issue should not be whether to boost or cut the ODA budget but rather how to carry out meaningful activities in an effective manner.

The need to maintain a comprehensive menu: The main thrust within the international aid community is now toward "soft" aid, including systemic reform and human resource development, rather than the provision of physical structures, and toward aid on a participatory basis through NGOs; the emphasis is on the eradication of poverty and improvement of maternal and child health from a humanitarian and idealistic perspective. Japan's ODA program is in the process of changing in line with this new thrust, and moves in this direction should be continued. These ideals, however, are in no small degree a product of self-absorbed thinking on the side of the developed countries rather than something derived from an unassuming search for the actual needs of the developing countries. We need to avoid falling into self-satisfaction as donors. It is all well and good to set forth a splendid target for reduction of the poverty rate, but it is completely impossible to achieve such a target solely through humanitarian aid, such as food and medical care, and "social software" assistance. The metaphor of the fish and fishing is apposite---that you can give Fish to hungry people, but unless you teach them how to Fish for themselves, they will never be able to provide for their own needs. The problem is that the current fad in international discussions about aid is to jump from humanitarian assistance to cope with emergencies all the way to long-term human resource development, neglecting the intermediate stage of assistance for concrete economy-building measures (learning how to fish).

In the context of an international economic system that one-sidedly emphasizes free market principles and that therefore inevitably produces a large stratum of impoverished people as losers in the competition, it is unreasonable to expect to reduce the poverty rate solely through a combination of humanitarian aid and "soft" aid. If we truly wish to reduce poverty, reform of the international economic system is essential, and if we wish to consider poverty reduction through the provision of aid, then we would do better to stress the Japanese model. The only approach that can be effective is the one that Japan has taken, namely, to support the poorest of the poor through humanitarian aid and grants and then, once a country has achieved a certain capacity for self-help, to build up the infrastructure for economic development with the addition of concessional lending, thereby encouraging foreign investment and setting the stage for the developing countrys national economy to emerge and take off.

The biggest strength of Japan's ODA program is that it offers a broad menu of aid options. At present, only Japan possesses the means of offering comprehensive support to supplement developing

countries' self-help efforts, providing a mix of various aid instruments to match each country's stage of development and individual conditions. This is a precious means of contributing to the international community, something that Japan must treasure as an international public good.

IV. Domestic Infrastructure for the Twenty-First Century

To summarize the discussion so far, our goals for Japan in the twenty-first century are to perpetuate freedom, democracy, and the Japan-U.S. alliance as the legacy of the twentieth century and fulfill global responsibilities as a civilian power on the basis of enlightened national interest on one hand and to fill in the missing piece of neighborly relations with Asia on the other. What kinds of domestic resources and infrastructure does this call for?

1. Strengthening "word politics"

(1) The need to strengthen word politics

Prewar Japan was oriented toward power politics and was prepared to exercise military force as a last resort. In the postwar period, Japan shifted to "money politics," devoting all its energy to building up its economic power. Today, however, "word politics," which uses language as a weapon, is rapidly gaining importance in international relations. Decisions at multilateral conferences, for example, cannot be coerced by the threat of military power or bought by economic power. Neither can be ignored as a background factor, but eloquence and persuasiveness backed by legitimacy, taking many countries needs into account, are what change the current of the proceedings. Joseph Stalins famous statement "The Pope! How many divisions has he got?" epitomizes Realpolitik. Today, however, people with superior powers of expression are worth several divisions in terms of national power.

Todays Japan has only modest military power, its economic strength slid in the 1990s, and it has never been known for rhetorical power, having traditionally followed the adage "Silence is golden." In Shakespeare's Julius Caesar, Antonys eloquent speech to the citizens of Rome overturns the power that Brutus had seized by the sword and changes the course of history. Unlike the West, which has had a tradition of political rhetoric since ancient Greece and Rome, Japan has no strong tradition of word politics. Surely there are few other countries whose cabinet-level politicians have a hard time answering questions in parliament or delivering speeches without memos by bureaucrats. In most

cases, Asian as well as Western politicians have confidence and competence as their nations elite and can articulate national policy in their own words. Unless politicians are internationally competitive in word power, they will have a hard time managing the international relations of word politics.

Word power includes the ability to acquire information, map out ideas, and deliver proposals based on information and ideas, as well as the ability to debate and influence decisions, and possibly even the ability to mobilize people and organizations to implement decisions. How can these skills be cultivated?

(2) The importance of information disclosure

It is important to turn out individuals equipped with such skills in politics and every other field. This requires a social culture that likes acquiring information and values eloquence. If there is an authoritarian social structure in which officials monopolize and conceal information, dealing with major problems without explaining themselves, the international competitiveness of word politics can only deteriorate. Disclosure of information is proof of the legitimacy of those who have public responsibility and are accountable to the public, and is essential for gaining public understanding and support and heightening public awareness, and thus should be used to prevent the nation from foundering in the face of international word politics. Rather than the kind of politics that always struggles to explain away problems after the fact, "expressive diplomacy"---foreseeing likely problems, taking the initiative in identifying problems, willingly disclosing information, and disseminating one's views and seeing that they are understood---is the wise means of protecting the national interest in an open age.

(3) Mobilization of the combined power of the public and the private sectors

If information disclosure piques public interest in policy and raises the level of policy debate, the government will then be able to use this. Because the decision-making authority of the bureaucratic apparatus, a mammoth policy think tank and almost the only one in Japan, is compartmentalized, there is no mechanism for making and discussing integrated policy. Moreover, an age in which problems have become more complex and events move fast requires constantly identifying overall rationality and reconstructing the policy order accordingly. At long last, efforts are being made to strengthen the prime minister's powers, but unless able people are put in place such efforts will come to naught. Diplomacy in the age of word politics obliges the government to cast its net wide, gathering in not only politicians and bureaucrats but also people in the private sector with superior powers of planning and expression and using them as aides, secretaries, and speechwriters.

If word power is to be improved, each government administration should have its own hand-picked team of people from the public and the private sectors redefine the national interest and formulate a diplomatic strategy. Debate within such teams will act as a seedbed for domestic persuasiveness and internationally competitive word power and will catalyze policy reform. In addition, speeches by government leaders should not simply regurgitate the positions and wishes of various sectors of the bureaucratic apparatus but, while based on these positions and wishes, should be framed in such a way that they will be appealing and persuasive both at home and abroad. And when an important problem arises or a serious incident occurs, it should be a matter of course to put together an investigatory commission including private-sector experts to analyze the problem or incident and make policy proposals instead of simply waiting for the relevant government agency to make its report. Such activities will enable a diplomacy that is accessible to the public and will improve word-politics skills.

2. Accumulating international knowledge and developing human resources

Every country that values international relations, not only global powers, strives to enhance its diplomatic institutions and specialists. Seen from this perspective, Japan has to be considered as a country that takes international relations lightly. It has strikingly few diplomatic personnel relative to other developed countries. It has no embassy in some countries; in many other countries, the embassy is too poorly resourced to fulfill its functions adequately. Human resources and institutions are the core of information-gathering and diplomatic power, and it is essential to resolutely strengthen both.

Another thing that needs to be stressed is that the time when it was enough for foreign affairs officials to possess international knowledge and have the ability to make foreign policy proposals has passed. Domestic politics and diplomacy are more and more closely linked, and the boundaries between the two are becoming progressively blurred. In the future, international affairs, diplomacy, and international exchange will be important areas of study for all civil servants. And not just bureaucrats; unless human resources are more widely and deeply cultivated in Japanese society as a whole, Japan will have a hard time in the world of the twenty-first century.

The reason Japan was able to play a useful role in the Cambodian peace process is that, in addition to the zeal of those in the appropriate bureau of the Ministry of Foreign Affairs in Tokyo, the ministry had experts well versed in conditions on the ground and equipped with valuable networks of contacts. And with regard to Iran, former U.S. President George Bush publicly thanked the Japanese government for providing consistently high-quality information on local conditions to allies. If Japan had no experts who could truly understand world events, explain them, and make reliable projections,

Japanese diplomacy would be reduced to a process of groping in the dark.

The following measures are needed if Japan is to build up international knowledge and develop human resources in both the public and the private sectors.

(1) Establishing and expanding think tanks focused on world and area studies

Whether Japan has top-rate experts on every region of the world is of decisive importance for the national interest. To become a society that possesses such human resources, it is necessary to establish or expand research institutions covering every region. It does not matter whether they are staffed by bureaucrats, scholars, company employees, or people from NGOs. Human resources who can discuss policy grounded in solid knowledge of a region are a national strategic necessity. ODA funds should be allocated to train area specialists.

Human resources are needed in various other specialized fields, too. Research institutions with experts on such aspects of global human security as the environment, population, food, refugees, terrorism, and antipersonnel mines need to be upgraded. We need successors to Sadako Ogata, U.N. high commissioner for refugees. Moreover, we must cultivate human resources who can serve in international institutions in such fields as the international economy and security, engage in debate with experts from other countries, and in due course contribute to rebuilding those institutions. It is necessary to cultivate numerous think tanks and research groups capable of presenting policy alternatives to the government and bureaucracy.

(2) Internationalizing universities

Institutions of higher education are the breeding ground of specialists in international issues. The standard of research and education in Japanese universities is inadequate when compared with that found in the West. Universities must open teaching positions to diverse people from both Japan and abroad and cultivate international competitiveness, offering attractive research and educational programs. To increase the numbers of both foreign students in Japan and Japanese students overseas, the international mobility of students needs to be enhanced; the scholarship system should be expanded and a system of transferring credits between Japanese and foreign universities promoted. Fellowships providing researchers with opportunities for overseas study and exchange should also be reinforced to expand the pool of human resources engaged in international intellectual exchange. It

would be highly significant, for example, to set up world-class institutions of higher education in Japan, such as an APEC University.

(3) Enhancing civil society

In Lessons of the Past: The Use and Misuse of History in American Foreign Policy, Ernest R. May writes that, aside from extraordinary times like the Vietnam War years, foreign policy opinion leaders in the United States constitute 5 percent of the population at most. Leaving aside the question of whether a country where a mere 5 percent of citizens concern themselves with foreign policy can be called a truly democratic society, this still amounts to some 12 million people, an indication of the size of America's pool of people concerned with foreign policy. Japan having about half the population of the United States, 5 percent would be roughly 6 million people, but we suspect that the actual number is far lower.

In the future, Japan needs its own domestic infrastructure for addressing international issues instead of leaving this sort of thing to the United States. We need forums for discussing foreign policy issues throughout the nation. There are already private-sector organizations of this kind, such as Japan-America societies and U.N. associations here and there, but the scale is all too modest when compared with the World Affairs Councils of America (WACA) founded in the United States during World War I, which now has a network of about 100 local WACAs under the National Council of World Affairs Organizations and 370,000 members nationwide benefiting some 24 million people a year.

The role of the media is especially important. The standard of media world leaders, such as the BBC and CNN in television and the New York Times, the Economist, and Foreign Affairs in print media, reveal that those societies---not only government but also civil society---consider international awareness important. Along with ratings and circulation figures, quality counts. Making the media fulfill their full function has great significance for the eyes and ears of the people in the long term.

Internationally, there are a huge number of nonprofit organizations that discuss foreign policy and lead public opinion, as well as other private-sector organizations involved with international issues. Even in Japan, which had a late start, the number is steadily growing. Intergovernmental (track one) international conferences continue to increase, but the increase in nongovernmental (track two) conferences is even more dramatic. According to one survey, track-two conferences outnumber track-one conferences five to one. Not only is diplomacy not the monopoly of government, but, statistically at least, track-two diplomacy is bigger. Diplomacy that does not link up and cooperate with civil

society will fight a lonely battle, deprived of the support of public opinion.

3. Toward global literacy

It will not be easy to ride the waves of the information technology revolution and globalization. The only way to cope will be to expand domestic use of the Internet and of English as the international lingua franca. People should be familiarized with both on a mass level in childhood.

Lest there be any misunderstanding, we stress that Japanese is a wonderful language. We should nurture culture and cultivation, sensibility and thinking power, by treasuring Japanese and acquiring good Japanese language skills. But to argue that this means rejecting foreign languages reflects mistaken, zero-sum thinking. It is a fundamental fallacy to believe that cherishing the Japanese language precludes studying other languages or that caring for Japanese culture requires rejecting foreign cultures. If we treasure the Japanese language and culture, we should actively assimilate other languages and cultures, enriching Japanese culture through contact with other cultures and showing other countries the attraction of Japanese culture by introducing it in an appropriate fashion in their languages.

English has become the international lingua franca, a process accelerated by the Internet and globalization. So long as English is effectively the language of international discourse, there is no alternative to familiarizing ourselves with it within Japan. Even if we stop short of making it an official second language, we should give it the status of a second working language and use it routinely alongside Japanese. Publications and announcements of the National Diet and government organs should be published in English as well as Japanese as a matter of course. Transmitting them to the world via the Internet will be done in English. A society that can respond to such needs is one that has developed diversity, increasing the number of foreign students in Japan and Japanese students overseas, systematically facilitating permanent residence or naturalization of foreigners who have studied in Japan, and actively welcoming large numbers of able foreigners. To avoid being left out of the current of international activities and lamenting that the rest of the world is bypassing Japan, we must internationalize and diversify Japanese society while making it creative and vibrant despite a falling birthrate and an aging population. Surely, doing so is in the long-term national interest of twenty-first-century Japan.

V. Conclusion

In prewar Japan, the foreign policy of Kijuro Shidehara (1872-1951), exemplified by international accord, was vilified by nationalistic domestic public opinion as being wishy-washy and subservient to the United States---to which the elder statesman Kinmochi Saionji (1849-1940) retorted that the governments foreign policy was safe as long as it was being criticized in this way. In fact, we know all too well what happened when the government bowed to xenophobic public opinion in the 1930s and adopted a hard-line, autarkic foreign policy. Revolutionary foreign policy aimed at overturning the status quo tends to invite self-destruction, inflaming nationalistic sentiment while plunging the world into war. That is why it is said that there should be no abrupt change in diplomacy.

This report advocates reducing the number of adversarial countries and increasing the number of friendly countries, a line that is true to the fundamental principle of diplomacy, and emphasizes freedom and democracy as the guiding values of specific foreign policies. This stance is nothing unusual but reflects principles that are widely shared, especially by developed countries. Its concrete manifestation is a foreign policy centered on the Japan-U.S. alliance and emphasizing the Japan-Europe-U.S. trilateral framework. In this sense, there will be no abrupt changes, and international accord will be the keynote.

The challenge for Japanese diplomacy in the twenty-first century is, while sharing a sense of values and of order, not simply to follow in the footsteps of other countries but to speak and act on the basis of our own information and judgment. This means providing counsel to our superpower ally and more assertively supporting the stability and prosperity of the Asia-Pacific region. Although retaining the Japan-U.S. alliance as an irreplaceable linchpin rather than repudiating or diminishing it, Japan will build new ties with Asia. Within the global system, this part of the world has both the big but drafty tent of APEC and the stout pillar of the Japan-U.S. alliance. This report recommends adding frameworks for East Asian multilateral cooperation and for neighborly relations among Japan, China, and South Korea. In the world of diplomacy, this may be perceived as quite a radical change, but it is constructive rather than destructive change. A multilevel system of cooperation will be the defining feature of post-cold war and twenty-first-century international relations. Such is the world in which Japan will live. Cooperation is the great aspiration of twenty-first-century Japan.

This aspiration is not limited to Asia. Japan will act as a global civilian power espousing an enlightened national interest. For the sake of world peace and the world order, Japan will take part in international security activities. And it will, we hope, work to make the international economic order both effective and fair. Japan will help ensure that developing countries do not lapse into despair but maintain hope and actually achieve growth. We would like to see Japan do its utmost to see that globalization does not concentrate wealth in the hands of a few countries while driving many others to ruin and to promote diversity and fairness in the international community.

How harsh will the world of the twenty-first century really be? Precisely because the twentieth century was a period of war and revolution, we hope the twenty-first century will be a time in which we can enjoy cultural development in peace. But we cannot be optimistic about the prospects. The falling birthrate and the aging society will continue to be seen as a considerable problem in Japan, but the population explosion will be a graver problem for the world as a whole. Population growth will continue to outstrip the capacity of the earth's food stocks, resources, and environment. If a critical point approaches, international politics may plunge into a structural crisis. If this is linked to a globally skewed distribution of wealth driving many countries to ruin as the pernicious result of globalization, the twenty-first century will be every bit as unruly as the twentieth century.

If the history of the twenty-first century leads to such a hostile and savage international environment, this report may be judged to have been naively optimistic in its emphasis on cooperation. But humanity no longer has the freedom to repeat the history of the 1930s, which culminated in World War II. If it did have that freedom, it would only be the freedom to self-destruct. Provided that humanity does not lose the power of reason, it will have to opt for survival through cooperation in the face of the threat of mutual destruction. This report has taken a constructive tone not because we do not see difficulties and crises for the world in the twenty-first century but because we firmly believe that, the graver the difficulties and crises, the more crucial the will and effort to surmount them will be. Credulous optimism leads to inactivity. Fatalistic pessimism, meanwhile, means simply looking on while the world sinks into the mire. To make our way through the twenty-first century, we need to look at the difficulties head-on, identify the challenges, and meet them with a "resilient optimism."

Toshimichi Okubo (1830-1878), who toured Western nations as part of the Iwakura mission of 1871-1873, while tensely aware of the international politics of imperialism, discerned that the central challenge for Japan in dealing with this was to avoid war as far as possible and resolutely push through modernizing reforms. He drew up a hundred-year plan giving priority to domestic politics precisely because he was fully aware of the world situation. As Japan launches itself into the pluralistic, fluid world of the twenty-first century, we suggest that we need once again the youthful vigor to set about the task of domestic reconstruction based on knowledge of the world.