

Chemical technology will revitalize the Japanese economy

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The unprecedented financial crises which started in the US caused a steep fall in share prices and credit contraction worldwide. The world is now experiencing once-in-a-century aggravation in the real economy. As Japan's economy largely depends on exports, the decline in foreign demand has brought about a drastic fall in production and employment in Japan. A rising yen further exacerbated the downtrend in business, especially for global businesses such as auto makers and electronics manufacturers. Although the US triggered the current simultaneous slowdown of the world economy, the economic outlook for 2009 predicts that the fall in the actual rate of growth is bigger in Japan than in the US or the euro area. The decline in Japan's stock market prices is also larger than in those countries.

Regarding share prices, only Japan's shares started to slide in July, 2007, while the other major countries' shares showed an underlying upward trend. We should remember that two months before that, in May, 2007, the Social Insurance Agency's failure to secure the pension records for as many as 50 million entries came to light. The issue whipped up public anger, which reversed the standings between the governing and opposition parties as a result of the Upper House election. Since then, many other acts of misconduct and scandals have surfaced: falsification of pension records and the embezzlement of premiums by public officials, the leakage of military secrets, frequent change of leadership, the poor behavior of some ministers on the international scene, etc. Without doubt, clumsiness in politics and public administration stands in the way of Japan's growth and contributes to tumbling share prices and ever-worsening business conditions. Along with the US Newsweek magazine's ridiculing of Japan as a banana republic in a recent article, there have been frequent criticisms of Japan's politics by the international society. A banana republic is a pejorative term for a small country that is politically unstable.

A rapid population decrease and a diminishing work force due to a declining birthrate and an aging population are also issues of growing concern in Japan. As the social security system that provides pensions to support the elderly and other benefits is tampered with, Japanese citizens are worrying about their future. They naturally consume less, and save more. With many couples

choosing not to have a child, the population shrinks, domestic demand decreases, and production activities decrease. This very vicious circle will accelerate the decline of the nation. Cash benefits, road-toll cuts, and other economic stimulus measures may achieve some positive results, but more importantly, the government should recognize that removing uncertainties about the future, specifying measures to generate hope for the future, and regaining the confidence of the people are the most effective measures to stimulate the economy.

It is true that Japan has boosted its competitiveness by overcoming various past crises: two oil crises, the sharp appreciation of the yen, the collapse of the bubble economy, and others. Although Japan still displays uncertainties in various areas, it hasn't lost its position as one of the world's leading economic giants. This is because the Japanese are competent and they have a history and traditions forged by their ancestors. Japanese people should once again learn to appreciate the manners, politeness, industriousness, and organizational strength they once possessed. It is a time for Japan to grasp opportunities to act as a world leader, making the best of this economic crisis.

Japan, with few natural resources, has grown as a trading nation. Through the natural resources and energy imported from foreign countries, it has been making high-value added products through its innovative technologies. The source of Japan's global competitiveness is manufacturing, and its innovative technology will continue to be a means of survival for Japan. Accordingly, it is essential to stimulate demand focusing on the development of our industrial structure. Japan currently owns world-class and high-profile technologies such as solar energy generation, fuel cell technology for household use, the effective use of biomass and other environment/energy related technologies. Internationally, resource/energy consuming products and processes will no longer be viable in the future. Chemistry also plays a significant role in the development of products and processes satisfying both environmental needs and economic growth.

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