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欧州大使昼食会でのスピーチ

The Japanese want it, and they can do it.
Address to the EU Ambassadors' Luncheon, February 8, 2008
By Taro Aso

Excellencies, thank you for inviting me. Let me say a few words on the economy, and I will then address Japan's foreign policy. I know that you are keen on my initiative: the Arc of Freedom and Prosperity. It has not gone away anywhere. It is still there, and I will tell you why I say so. But now, first about the economy.

Nikkei has fallen sharply over the last several months. When Mr. Abe took office, Nikkei Stock Index was fifteen thousand five fifty-seven. When he left, Nikkei was sixteen thousand four thirty-six. The Abe administration lifted the index by eight seventy-eight. But the index is now down by three thousand, or 20%. This is exactly what I said would happen. I said, before the July elections, Nikkei would go down if the LDP loses. Why did I say so? I thought Japan would end up standing still, making no decision on tough economic issues. I was right, but I don't think I can be proud of my foresight. Because it is proof that economic policies are not working well.

First of all, political leaders must pay much more serious attention to the market. A deep, rich, transparent financial market is among the most important assets Japan has. There, investors have lost their assets by 20-30%. Still, there are some who don't trust equity. That's a backward thinking. We must act now in order for the investors to gain profits from their investment.

The question we should ask is this. Is Japan's economy no longer competitive? The answer is no. It is even more competitive than ever before. You may remember that corporate Japan has been more profitable than any time before.

I will tell you an episode. My home town, Chikuho, in Fukuoka, Kyushu, used to be the biggest coal-mine district in Japan. As Managing Director of a mining company, I had to cut the workforce. I was like Carlos Gohn when I was young in my early thirties. From Chikuho tens of thousands have left, and we now have no coal mine operating.

What I did instead was to invite a high-tech college. My idea was, if you build a good college, jobs will come, too. They actually came. Toyota is now among the biggest employers, and Fukuoka the second biggest car-making prefecture.

I can tell you. There is one thing that's in fashion in Chikuho. That is, to get married. More and more young men and women are getting married, starting to have families. Why? Because the car-making industry is doing all right, and hiring three to four hundred each year. Lots of temporary workers have turned permanent. They have become positive about their future. Only when you are positive about the future, will you have your family. And that's what's happening in my own district.

No economics textbook has succeeded in describing Japanese economy. You have the lowest interest rate in the history of humankind. Cash is abundant. People are rich. Still, they don't see investment opportunities here in Japan. Something is lacking here.

But the episode of Chikuho tells you one thing. Young men and women are hungry for future vision. With or without the problem of the US sub-prime loan, they want to be positive on tomorrow. Now, more than

anytime before, it is the vision that matters, the dream that counts.

Also important is to increase the share the labour gets from the economy. Ten years ago, the labour's share of national income was 73.4%. Now it has fallen to the mid sixties. It is time for Japanese companies to pay more to the labour and to boost consumption, the real engine of the economy.

In any event, we could change the tax system in order for the companies to do the accelerated depreciation. We could charge home buyers no tax for a certain period. We could shelve for a moment the tight regulation for construction. The government can do a number of things without spending a penny of new money.

In the end, we could build a government that is small but strong and compassionate. The SSCG, Small but Strong and Compassionate Government is what we ought to have.

Now, thanks for waiting. I will speak on the Arc of Freedom and Prosperity.

It aimed at shooting a couple of birds with one stone. I say this, not because I was trained as a skeet shooter but because it really meant it. Let's look first, at how the policy evolved.

In the Arabian Sea, the Japanese Maritime Self-Defence met NATO navies. In Iraq, the Japanese Ground Self-Defence Force worked with the armies from the UK and Holland, two core members of NATO. For the first time ever, the east and the west discovered one another as real partners. On the NATO side, there was a growing interest in involving non-NATO democracies. The time was ripe for them to reach out to Japan.

We didn't hesitate to seize the moment. Mr. Yasuhisa Shiozaki, then Senior Vice Minister for Foreign Affairs, went to the North Atlantic Council. Mr. Shotaro Yachi, then Vice Minister, did the same. And then my own visit and Prime Minister Abe's visit to the

Council took place. If you get closer to NATO, you can seek two goals. Number one, you can send an important signal to the Russians. Number two, you will become closer to Washington DC via Europe and the Atlantic, not only over the Pacific and the state of California.

In the end, Japan is bigger than China, India, and Russia combined. The Russians must see and feel the presence of Japan everywhere. Only then could they take Japan far more seriously. Indeed, it worked. They were ill-prepared for Japan teaming up with NATO. They were even more amazed to see Japan rapidly establishing a foothold in the former COMECON area. While I was Foreign Minister, Japan did a number of things to strengthen ties with the Visegrad Four nations, the Czech Republic, Hungary, Poland and Slovakia, the GUAM nations, Georgia, Ukraine, Azerbaijan and Moldova, the Baltic nations, and Central Asian countries.

I found in each of those nations their views toward Japan are very much positive. That's the asset we should take advantage of.

Anyhow, I think for the first time after World War Two, the Russians found Japan a global player. You can also see clearly now the symbolic value our service in the Indian Ocean and Arabian Sea has had.

Now, for Japan, the fact remains that the US is the only alliance partner. Here, you need to be very careful not to take anything for granted. It is almost like an aged couple. You have seen, haven't you, a couple having dinner together in a restaurant, with no word spoken, each looking idly at odd directions. Washington and Tokyo must not become like that. The NATO connection actually gave us a fresh, new bond to invest into the alliance relationship.

So, you have killed two birds, if you like, with one stone so far.

That much is about the European front of the Arc initiative. We asked the Diet and the

Ministry of Finance to give us no new money to do the Arc initiative. It was probably one of the most cost-effective diplomatic assaults that Japan has ever conducted.

Turn then to Asia, I will be brief. The CLV, or CLMV region is what counts most. Cambodia, Laos, Myanmar and Vietnam are the late comers. With the exception of Myanmar, they are working hard to attain peace and happiness through economic prosperity and democracy. All those have to strike a good balance in their relations with China. They all want to become good members in the ASEAN. And it is no accident that many of those look at Japan for encouragement and assistance.

We are doing exactly that, namely to help and encourage the Mekong Delta nations. In Cambodia, for example, they had to write the Civil Code. To help them do that, Japan has sent legal experts, all women, to the country.

You may also recall that Australia and India have become ever closer to Japan in a number of strategic ways.

By now, I am certain that you see the outer crescent emerging along the rim of the Eurasian continent. That's the Arc of Freedom and Prosperity. That is the arc of prosperity, because Japan can help grow their economies. That is the arc of freedom, because only when people, goods, and money flow freely, can the world and Japan be better off. And it is Japan that has come the longest way in the non-Western world to achieve freedom. People in the arc area are aware that the road for democracy is bumpy. They know that Japan has taken that bumpy road and assume that Japan can provide them with a lesson or two.

For those of you who still scratch your heads wondering where the Arc has gone, I should say only the following. I know you have heard of it less frequently than before. I will say, however, that the house needs no rhetoric any more. Because we are continuing to build

blocks to make it ever stronger. With the Baltic nations, with the V4 countries, and with Turkey, GUAM and Central Asian nations, Japan will have closer and more enduring contacts.

India will remain the largest recipient of Japan's ODA. The CLV will also get more advice, more investment, and more encouragement from Japan. So in conclusion, we are going to continue to invest further into the Arc.

You know that I have been citing a number of times the BBC World Service Poll. In that poll the respondents in 27 countries are asked to rate 12 countries -- Britain, Canada, China, France, India, Iran, Israel, Japan, North Korea, Russia, the USA, Venezuela -- and the European Union, as having a positive or negative influence. In 2006, Japan was the second most positive in the ranking, the first being European Union. In 2007, Japan was also second only to Canada.

I use the data often as I want my fellow Japanese people to gain more confidence in what they can do to the rest of the world. As Foreign Minister, I found the trust they have towards the Japanese was much greater than I thought. It is only the Japanese, in my view, who don't know it.

That is why I must continue to tell my fellow Japanese citizens that YOU can do it. You can make the world a better place. You can make the world less dependent on carbon. You can make the world rich in culture. You can tell those people in developing nations that if they work hard, it will pay off.

As in the economy, we are short of almost nothing except for only one thing. That's vision, encouragement, confidence in themselves, and in their future. I for one would like to continue to send the same message to the Japanese. Yes, you can do it, is my message.

Thank you very much.
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