

MANY people still wonder at the phenomenal, and for some, frightening, economic rise of Japan and how it came to dominate the world. Their detractors often attack them for unfair trading practices by undercutting competition, and then simply dumping products onto the local market. Others argue that it is better products, and better value for money, that took Japan to the top. However, it is the '90s that will prove to be the final battle ground. Having dominated the consumer durable field for decades, by producing cheaper and superior products ranging from toasters to cars, the quest for Japan now is for information on a cheaper, faster rate, and who can provide the information that matters? For many the answer lies in one word: *Zaibatsu*.

The evidence of *Zaibatsu* is not immediately obvious, until one is presented with the curious fact that Japanese companies never, or very rarely, compete with each other. This is so because they are all, or almost all, owned and run by a dozen holding companies. These companies are the *Zaibatsu*. But close cooperation has not always meant that they haven't had their fair share of differences, and to say that such disagreements have been costly is an understatement. For example, industry leaders were sharply divided amongst themselves as to which VCR format was to be used, VHS or Betamax. Ultimately it was VHS that won the market, even though most considered Betamax a better product. This dispute cost Sony millions. The lesson did not go unheeded and as a result, today Japanese companies are working hand in hand with each other to prevent any similar fiasco in respect of future products such as the Digital Video Disc. Whatever their differences, in the long run, the *Zaibatsu* has prevailed.

Zaibatsu can be single-handedly held responsible for the rise and, partially, fall of the Japanese economy. The word *Zaibatsu* means "Wealth Clique", an accurate phrase to describe the elite of Japanese

The Japanese Call it Zaibatsu

by Nameer Rahman

The word Zaibatsu means "Wealth Clique", an accurate phrase to describe the elite of Japanese business and industry. The concept and practice of Zaibatsu has existed for at least a century. It finds its roots in the Meiji restoration of Japan, when Japan surged forward to industrialise itself and compete with the western nations which had forced it to open up

business and industry. The concept and practice of *Zaibatsu* has existed for at least a century. It finds its roots in the Meiji restoration of Japan, when Japan surged forward to industrialise itself and compete with the western nations which had forced it to open up. At the time, a few commercial houses like Mitsui and Sumitomo owned the bulk of the capital, but remained confined to banking, trading and credit, and investing in land. Japan, with an eye to set up and expand its military capabilities, saw the necessity to build up heavy industries. The government took upon itself to subsidise capital-intensive heavy industries.

The end of the second world war saw radical changes in the structure of Japanese companies and its economy implemented by the allied forces, the Americans in particular. The break up of the *Zaibatsu* was one of their main goals, because the dissolution of the *Zaibatsu* would "destroy Japan's military power both psychologically and institutionally". It would promote democracy, and at the same time destroy, through rural land reform, any base of political strength the communists might have. From the late-'40s to the early-'50s a series of "democratising policies" were implemented to reduce the powers of the *Zaibatsu* and to eventually eliminate it. The first step was the break up of the holding companies, the core of the *Zaibatsu* in particular, and selling their stock to the public. Consequent policies such as the Anti Monopoly Law (1947) and Elimination of Excessive Concentration of Economic Power Law (1947) heavily influenced the post-war industry and

economy in Japan. From then on, to the end of the Korean war, the economy saw intense competition amongst all the companies in all industries, which produced good market mechanisms and was a powerful factor of economic growth. However, with the end of the Korean war, the *Zaibatsu* returned with force.

The reason why the *Zaibatsu* returned, was because the American programme of decentralisation in Japan had not continued for long, and had fallen short of its goals. By the end of 1949, half of Asia had converted to communism and the cold war was just starting. The collapse of the Kominantang in China and a three-year war in Korea had forced the Americans to change their stand on Japan. The emphasis had, as a result changed, from one of "punishment and reform to economic rehabilitation preparing the ground for an American-Japanese alliance" to allow for active American participation in the Asia Pacific theatre.

With any heavy industry or powerful conglomerate comes a certain amount of involvement with the government. In Japan, this was no exception and the industry-government relationship was in fact stronger than anywhere else in the world. The business community supported and cooperated with the (conservative) LDP government on major policy decisions while the government designed policies to ensure continuing economic growth. It was necessary that the "triumvirate" of conservative politicians, business leaders and bureaucracy work together throughout the drafting and implementation of these poli-

cies. The priorities were state regulated, as were the allocation of resources while managerial control was out of the government's hands. In an effort to increase the strength of their economy, the government in cooperation with the *Zaibatsu* set up a structure and framework that not only denied entry of foreign goods to the Japanese market, but allowed domestic industries to grow in strength and to compete intentionally.

However, it may be mentioned that till the '70s, the Japanese were not known for their originality, but for their ability to copy. It was only later that they became renowned for their resourcefulness in improving on the products of others. A striking example is the manner in which they have overtaken the Swiss in watch-making. Japanese originality came in the '80s, with such revolutionary products as the Walkman, the hand held game, and the Atari game system which was the forerunner of the Nintendo. All these were ground-breaking inventions in the field of electronics and entertainment.

The Japanese invested and experimented heavily with automation and robotics, which allowed them to produce cheaper goods at a faster rate. They aggressively did away with old and sick industries and trained and retrained their labour force using government resources and funding. Such measures not only enabled them to race to the top of the industrial world, but also to survive and recover from the economic chaos of the '70s a lot better than others.

However, by the '80s the rampant growth was beginning

to slow down. In the late-'80s growth was down to five per cent, low in terms of what Japan had experienced earlier. The recession of '90-'91 was devastating on the Japanese economy. Growth went down to zero per cent and the recession lasted for five years, during which period the Japanese economy suffered heavily. There were fears, and still are, that their economy could collapse. The banking system had debts of 500 billion dollars. The *Zaibatsu* also incurred incredible losses from the spending spree of the '80s when various Japanese companies invested heavily in areas like property and entertainment, the highlight being the purchase of the Rockefeller Center by Mitsubishi, when property prices plummeted. Mitsubishi suffered a two-billion-dollar loss from its Rockefeller purchase alone. Japan's style of hybrid bureaucracy and industry also proved in part to be its undoing. One example is High Definition TV. Despite protests from industry leaders, its bureaucracy ordered companies to go ahead with analog-based products including TVs and telephones, while ignoring digital-based technology.

The result was when the Americans pioneered digital technology and made the crucial breakthrough in simplifying digital data transfer, the upcoming Japanese analog-based product, like their much hyped High Definition TV became redundant overnight. Japan had a very real threat of losing its entire electronic market to new US digital-based products and the Americans had gained a valuable lead in an industry where success is often measured in weeks rather than years.

The *Zaibatsu* have adapted well in light of their setbacks from the late-'80s and early-'90s. Large companies like Matsushita, Toshiba and Sony have reorganised and streamlined management and reduced their

bureaucracy. For example, project evaluation now takes six months instead of three years. Having fought and won the battle for consumer electronics, Japanese companies are set to fight the battle for consumer digital products, which is predicted to be a lot more difficult and will bring them up against computer and digital giants like IBM and Compaq. Given that information and entertainment technologies are merging, those who can provide both, will be the winners.

Currently, one might find that Japan is in lead, considering their vast skill and expertise in consumer electronics and miniaturisation. Amongst the upcoming Japanese products are: Flat Panel Displays, the next generation of TVs that hang from the wall, also called Plasma Display Panels, Digital Cameras, Cameras the size of credit cards that can store and download pictures into your computer, Digital Video Disks, disks that can hold up to 14 times the information on a normal CD ROM.

Whereas Japanese companies may be superior in entertainment hardware, they have much to learn in communications and networking, on which the Americans have a strong hold. Another weak point is the fact that the Japanese are not strong in writing software, with the notable exception in video game programming. However, Japan is now set to catch up. Management has been persuaded to put increased emphasis on programming. Sony is working on the next generation multimedia PC to challenge American dominance in the field. Toshiba has already brought out the Toshiba Infinia which combines a PC with TV, while Sharp's Colour Zaurus has been hailed "as a milestone in the history of handheld computers."

As the war to dominate the future of information and entertainment continues, it has become obvious that Japan's major corporations have undergone massive change. This change is obvious in the way they do their business, the products they produce, even the corporate structure. Change is vital for survival as is adaptability. But one thing is for sure, the *Zaibatsu* no matter what form they take, are here to stay.

There Must be Solutions to Problems

An Interview with VC, Rajshahi University by Tareq Chowdhury

PROFESSOR Abdul Khaleque, Vice Chancellor of Rajshahi University has said that the crises prevailing on Rajshahi University campus could only be solved if the opposing groups were made to arrive at a consensus on the disputed issues, including the newly-introduced admission system. He was talking to The Daily Star at his office on May 26 morning.

"I have just come, give me time, every thing will be okay," he said and expressed his firm determination to reduce the occurrence of session jam prevailing from the time of his predecessors.

While speaking about the dispute on newly-introduced admission system of first year honours classes, Professor Khaleque opined that the point of admission system should be discussed and decided in the academic forums. "Why will Islamic Chattra Shibir (ICS) or students raise questions on it?" he said, adding: "I personally cannot do anything about it as the new system has been referred by different academic bodies."

However, I am hopeful about the solution of the problem though Shibir has vehemently said they will not accept any change in the former admission system.

When asked about mass removal of teachers of opposing groups from some offices and filling up the same by his favourite people, Professor Khaleque said that all removal had been made as per the demands of Rajshahi University Teachers Association (RUTA). "I have to give importance to the demands of RUTA - former Vice Chancellor Professor M

Eusuff Ali and RMP Commissioner M Aminul Haque were removed on its demand," he said.

To justify the presence of police on the campus he said that the arrangement had been made for security of the teachers, students and officials of the university. Terming the arrangement a temporary measure he said that police would be withdrawn as soon as possible.

He refused to recognise the newly-formed RUTA saying that the new RUTA was not formed as per rule and only a handful of teachers belong to it. It will not get the recognition from Federation of Bangladesh University Teachers' Association (FBUTA), he added.

Professor Khaleque said that he had already met the local elite, leaders of the Left Democratic Front (LDF) and local public representatives, discussed about the ways and means on how to resolve the problems. "I also want to meet BNP and Jamaat leaders," he said.

"The situation is now under control", he claimed and said that the officials and other employees were coming to office regularly and all administrative functions were being conducted well. "The classes and examinations are closed for summer vacation," he said. Prof Khaleque also expressed his firm conviction that the university will run smoothly from June 1 after the summer vacation scheduled to end on June 10.

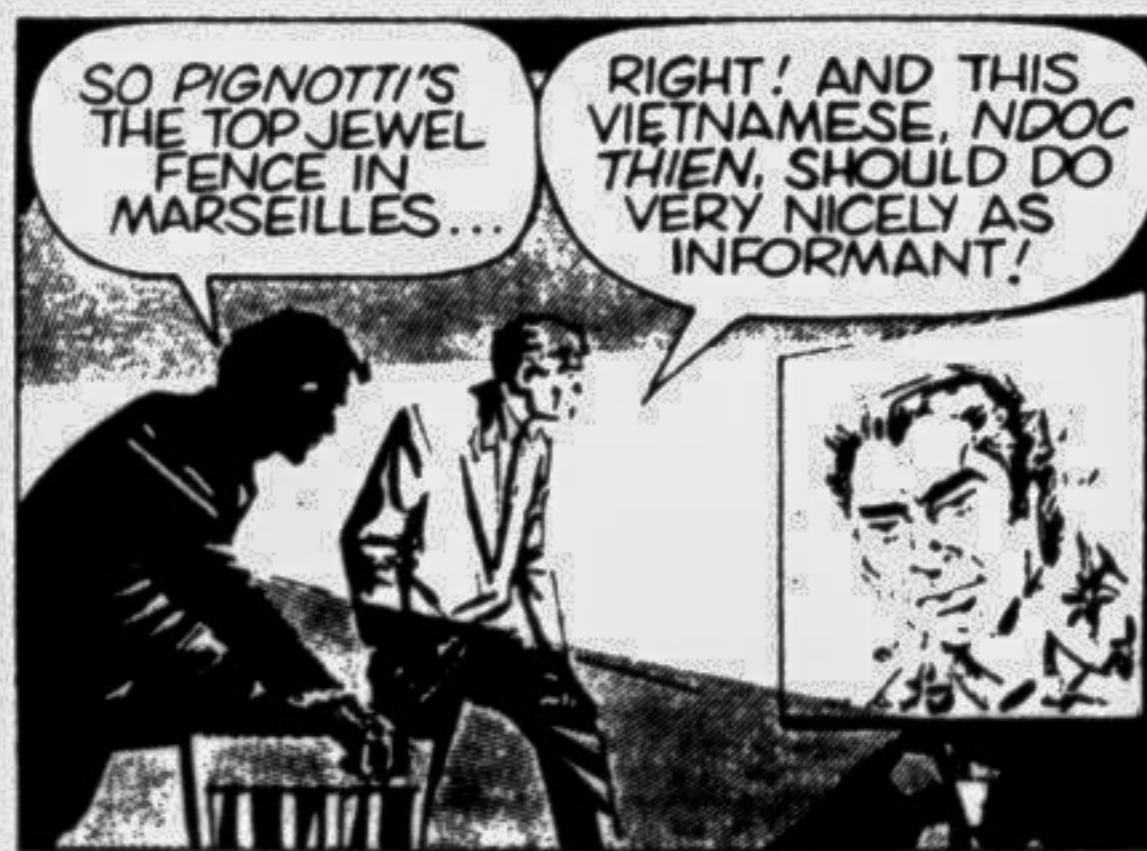
The VC sought operation from all quarters including teachers, students, guardians as well as journalists to ensure a congenial academic atmosphere on the campus.

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by Jim Davis



PROTECTION OF ENDANGERED ASIAN ELEPHANT Bill Introduced in US House of Representatives

Helen Pettigrew writes from Washington

TWO members of the US House of Representatives have introduced a bill designed to protect the Asian elephant from extinction by financially supporting projects to conserve their dwindling numbers.

The Asian elephant, an endangered species, is threatened by poaching, capture for domestication, loss of habitat and human elephant-conflict, according to Representatives Neil Abercrombie and Jim Saxton speaking at a June 4 news conference.

"Because of incremental habitat loss and degradation, Asian elephant populations are highly fragmented. Drastic fragmentation has increased chances of extinction to each fragmented population," said Saxton. "Our hope is that this bill will reverse this trend."

The Asian Elephant and Conservation Act of 1997 is designed to further the protection

of Asian elephants by supporting conservation programmes of countries where it is native and of the secretariats of the Convention on International Trade in Endangered Species, a treaty which establishes controls on the international trade of threatened plants and animals.

The bill would provide financial assistance to these programmes at \$5 million per year over the next five years. According to Abercrombie, "This legislation can make the difference in whether the Asian elephant is saved."

The most serious threat to the elephant is the loss of habitat from the clearing of tropical forests for agriculture and development, said Dr Raman Sukumar, author and chairman of the World Conservation Union's Asian Elephant Specialist Group. "Elephant-human conflict is increasing in many regions. Crops are trampled and

some cases, elephants are the orly known agents of dispersal. Plants germinate in elephant dung at twice the rate found in ordinary forest soil. Through their trappings elephants create openings... Those patches in turn host a special array of animals from insects to Asian rhinos."

Sukumar said the elephant also has a key role in Asian culture. "Just as we cannot imagine an India without the Himalayas, the Ganges or the Taj Mahal, I cannot imagine an India without the elephant. I am sure that many from my neighboring Asian countries would feel the same about the elephant," he said.

Also at the conference but not making a verbal statement was Asia, a 26 year old female Asian elephant from the Ringling Brothers traveling circus.

HELEN PETTIGREW is a USA Staff Writer

Metropolitan

Over 86pc people in city & 3 hill dists say CHT problems can be solved thru' ongoing dialogue

Over 86 per cent people in the capital and three hill districts expressed their opinion that the problems in the Chittagong Hill Tracts (CHT) could be solved through the on-going peace dialogue between the government and representatives of Parbatyia Chattagram Janasanghati Samity (PCJSS), according to an opinion poll conducted by the Centre for Development Communication (CEDEC), a non-government voluntary organisation, reports BSS.

The polls, released yesterday, was conducted by two groups of students of Mass Communication and Journalism Department of Dhaka University under the supervision of CEDEC director M Rahmat Ali. Some 79.96 per cent respondents said the non-co-operation of BNP in the ongoing peace talks might have an adverse impact on the peace talks.

Nearly 75 per cent respondents of the polls, conducted on 2010 population in the capital and hill districts, expressed their opinion that a section of opposition political parties wanted to use the CHT issue to create a plot for launching anti-government movement. Fifteen groups including teachers, politicians, journalists, housewives, hilly people, officers of CHT councils, engineers, physicians, students, cultural and NGO activists, took part in the opinion poll.

the participation of Bengali settlers to find out a solution to the CHT problem. Some of the participants in the conference demanded use of muscle power for solving the CHT problem.

Nearly 95 per cent respondents said such a meeting with the unilateral participation of the Bengali settlers would not help in solving the issue and 74 per cent said the holding of such a conference with sole participation of the settlers would create confusion in the peace process.

Over 63.64 per cent participants answered negatively regarding the withdrawal of military camps from CHT. Some 4.92 per cent respondents commented that the military camp could be withdrawn in phases with the gradual improvement of the situation. However, they said army garrison has to be in CHT like other regions of the country.

Nearly 90 per cent participants of the polls said the co-existence of hilly people and Bengali speaking people who settled ages before is the manifestation of greater national unity. Many commented that whimsical decisions of the past government had damaged the thousand years tradition of co-existence of Bengali speaking people in CHT.



The Jatiyatobadi Krishak Dal brought out a procession in the city yesterday protesting the price-hike of fertilisers. — Star photo

Sheba apologises to its subscribers

Subscribers of Sheba Telecom in the southern part of Bangladesh have been suffering for last two days in making calls to different parts inside and outside the country, says a press release.

This problem as occurred in few BTTC exchanges (both analog and digital) is expected to be resolved shortly through sincere and ceaseless effort from BTTC engineers who are working day and night.

Sheba Telecom apologises to its subscribers for the inconvenience which is beyond Sheba's capacity.

Govt accused of pursuing subservient foreign policy

BNP leader Moudud Ahmed yesterday accused the Awami League government of pursuing subservient economic and foreign policies, posing a threat to national independence and sovereignty, reports UNB.

The government is taking important decisions without holding any discussion in parliament and informing the people," he said addressing a seminar at the Jatiya Press Club.

The seminar, "State Security of Bangladesh: Concerns for Present and Next Centuries," was organised by the Centre for Research and Analysis (CFRA).

BIP hails BISTEC

The Bangladesh Institute of Peace (BIP) has hailed the launching of BISTEC, a trading bloc comprising Bangladesh, India, Sri Lanka and Thailand. The BIP said that the formation of this forum would manifest the dynamism of Bangladesh's foreign policy under the leadership of Prime Minister Sheikh Hasina, says a press release.

The BIP feels that since the government currently attaches importance to economic diplomacy the creation of BISTEC will further advance this objective. The Institute believes that this new bloc will integrate South Asia's economies with the thriving economies of South East Asia. It was observed in a meeting presided over by Abul Kasem Chowdhury, chairman of the institute.

More donations to PM's Relief Fund

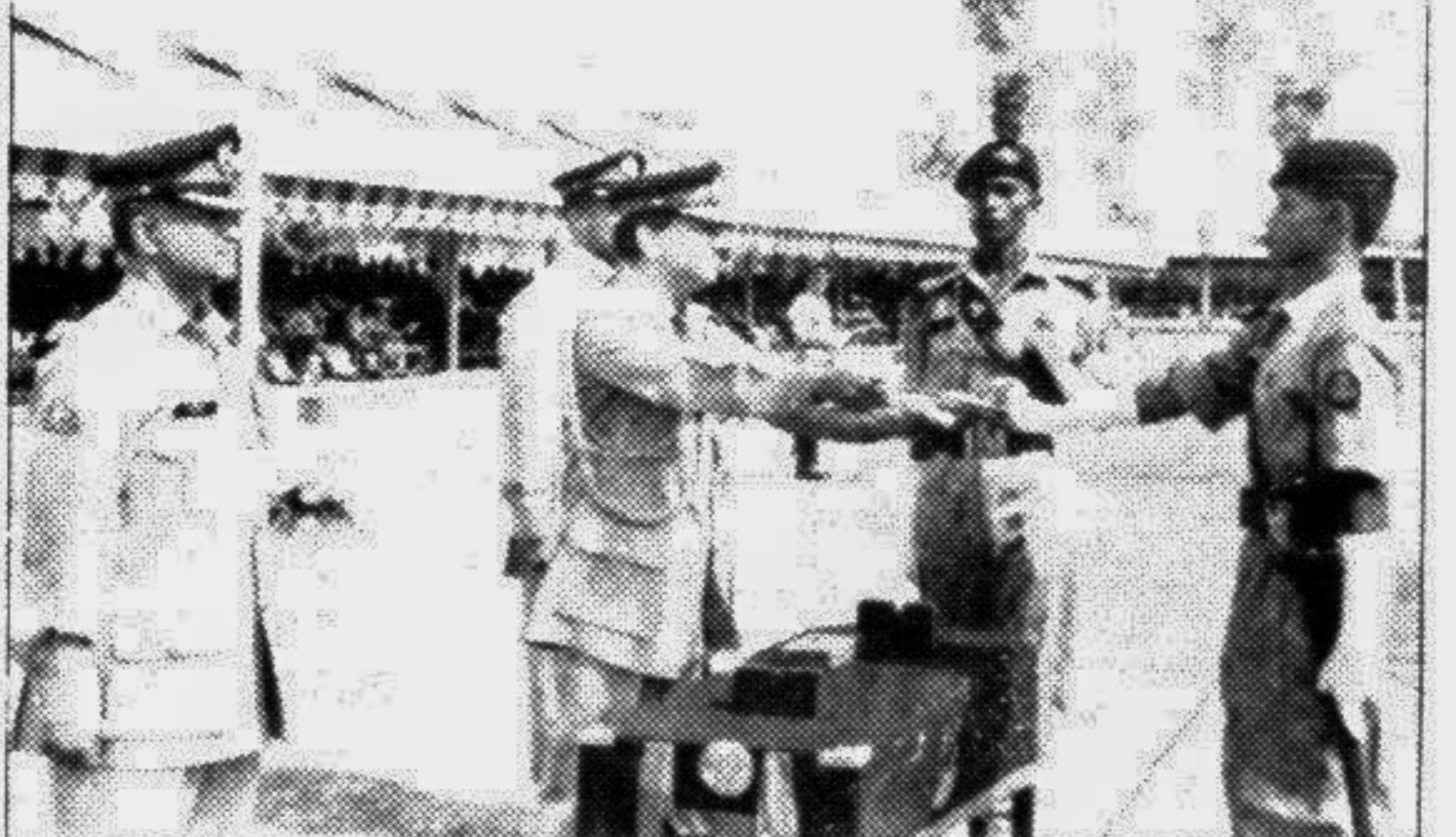
Different organisations and individuals yesterday donated Taka 19,79,255 towards the Prime Minister's Relief Fund for the cyclone-ravaged people of the coastal areas of the country, reports BSS.

Prime Minister Sheikh Hasina received the donations in cheques and cash at her Tejgaon office yesterday evening. The donors include officers and employees of Khulna Division - Taka 3,36,328, M A Haque Howladar, Chairman, Dhaka Stock Exchange - Taka 10 lakh, officers and employees of Relief and Disaster Management Ministry - Taka 1,70,000, officers and employees of Planning Ministry and Department under it - Taka 2,93,980, officers and employees of Rangpur Deputy Commissioner's office - Taka 50,000, Golam Kabir Chowdhury, Managing Director of Shyamoli Garments Limited - Taka 50,000 and Sammillita Sangskritik Jote - Taka 20,000.

Envoy of ROK calls on Ershad

South Korean Ambassador in Dhaka Tac Kyu Han made a courtesy call on Jatiya Party Chairman H M Ershad at his office yesterday, reports UNB.

Mutual interest including more Korean investment in Bangladesh under the privatisation programme of the government. The Korean envoy said his country's industrialists are interested in labour-intensive industries like textiles, garments, leather and electrical goods. He said many industries in the EPZs were set up by the Korean industrialists and many more were in the offing. Meanwhile, Charge d'Affaires of Hungary in Bangladesh I B Buday made a farewell call on Ershad at his office.



Chief of Army Staff Lieutenant General Mohammad Mahbubur Rahman handing over the 'Sword of Honour' to the best all-round cadet BSUO Md Khairuzzaman Molla at the President's Parade held at the Bangladesh Military Academy, Bhatiari in Chittagong yesterday. — ISPR photo

President's parade held at BMA

CHITTAGONG, June 11: The President's Parade marking the commissioning of the Gentlemen Cadets of the 36th BMA Long Course and the 15th SSC Special Course was held at the Bangladesh Military Academy (BMA) parade ground at Bhatiari here this morning yesterday, says an ISPR press release.

Chief of Army Staff Lieutenant General Mohammad Mahbubur Rahman reviewed the smartly turned-out parade and took salute at the impressive march past. Battalion Senior Under Officer Md. Khairuzzaman Molla was adjudged the best all-round cadet and was awarded the coveted Sword of Honour. He also received the Osmani Gold Medal for overall best academic performance. Company Senior Under Officer Mohammad Monowar Hossain was given the Chief of Army Staff's Gold Medal for best performance in the military subjects.

Faezul inaugurates madrasa hall

State Minister for Jute and Textiles, K Faezul Haq yesterday cued upon the madrasa students to properly utilise their education and knowledge for the nation building purpose, reports BSS.

Inaugurating the newly constructed Mujibur Rahman Hall, of Jamia Arabia Darul Ulum Madrasa at Deobhog, Narayanganj the state minister said the contribution of Islamic education to our national and private life cannot be overemphasised in this world of strife and conflict.

The hall room was constructed at a cost of Taka 15 lakh for the students and teachers of the madrasa with the financial assistance of the local donors. The madrasa covers an area of four acres of land and has 700 students.