

JAPAN

Tokyo's downturn to slowdown Asian productivity

MONZURUL HUQ writes from Tokyo

In Japan these days a slumping economy and a record high 5.5 percent jobless rate is boosting fears of worse yet to come. Everywhere in small towns and big cities salaried workers have been hit by downsizing of countries struggling industrial sector, and rural farming community has foundered in the wave of cheap imports from China and some other countries. Many of those who are still somehow managing to survive amid severe economic condition, simply do not have the idea when their turn is to come.

In a casual conversation last week with a friend running a small family-owned factory, this alarming trend became even more evident when she mentioned how disturbed her whole family recently was about the prospect of bankruptcy.

"Only a few years ago everything seemed to be as beautiful as a warm and sunny day. May be we were too overwhelmed by nature's treacherous move and couldn't see the clouds at a distance that now have completely overshadowed the sky, and with that our hopes too" this was the only comment she made

about the state of country's economy before moving over to another subject less disturbing.

Japanese do not talk loud about miseries people are compelled to face as a result of country's rapid economic downturn. But the result is still obviously visible, both from the outside and as reflected in the media. A deflationary trend is helping more those who are having a sizable amount of disposable income. As a result, there were no shortages of purchasers for new-year lucky bags in stores and supermarkets.

To attract buyers in this gloomy economic situation, prices are falling everywhere in Japan. A downward spiral in price index for stocks and real estate is creating extra burden on already troubled balance sheets of Japanese banks. In country's most of the large cities land prices last year fell 5.5 to 9.7 percent.

Moreover, a rapid decline of the value of Japanese yen is raising fears that overseas investor will instigate a sell-Japan scenario, where a hurried disposal of Japanese stocks and bonds might further complicate the process of recovery for the ailing economy. Just within a

few days into the new-year, the Japanese currency weakened to below 133 yen to the dollar, which have not been seen since October 1998.

Japan's economic downturn is sure to have its impact on rest of Asia as the country is not only the leading economy of the continent but also is the most important trading partner for most Asian nations. How far that impact is going to effect the process of recovery of East and Southeast Asian nations is yet to be assessed, but nevertheless many Asian countries are visibly worried about the gloomy outcome and the feeling was duly reflected in their discussions with the Japanese Prime Minister Junichiro Koizumi during Mr. Koizumi's recent trip to five ASEAN nations.

A Tokyo based regional intergovernmental body, the Asian Productivity Organization (APO) has launched one of its important publication "APO Asia-Pacific Productivity Data and Analysis 2001" amid such gloomy economic situation of the host nation. A press conference was held earlier this week to announce the launching of the publication, which APO hopes would benefit national

polycymakers, corporate executives, labor leaders and researchers in Asia and the Pacific.

The publication, which is the first of its kind, includes productivity related data for ten years running up to the year 1999 of 16 of the 18 member states of the organizations. Related Data for Hong Kong and Singapore could not be incorporated due to some unavoidable reasons.

In his introductory remark at the press conference, outlining the focus of the study the APO Secretary General Takashi Tajima mentioned that the data incorporated in the publication would be useful not only for inter-country comparative studies, but also for tracking progress a country makes in specific areas of interest from among the 42 productivity indicators included in the study.

This important documentary publication is divided into two parts where a country analysis for each of the 16 represented nations is followed by statistical data on productivity indicators. The country analysis for Bangladesh, prepared by the Senior Research Officer of country's National Productivity Organization, reflects the official position of the

government related to productivity and focuses on issues vital for improving productivity in our industrial and service sectors.

As a publication detailing raw statistical figures, "APO Asia-Pacific Productivity Data & Analysis," doesn't look at the economic difficulties being faced by a number of APO member states. A brief look at an individual country's statistical figures, however, can give a clear idea about the situation the country is being faced with. Japan's GDP growth rate, for example, started to show a declining trend from 1998 when a negative growth of 2.5 percent was recorded. Japan's GDP per capita also had shown a rapid decline in the same year to \$29,909 from a 1995 all time peak of \$40,912.

Bangladesh, on the other hand, marked a negative productivity growth rate of 2.05 percent in 1997, despite the overall economy showing a healthy 5.23 percent growth.

The publication contains data on a wide range of productivity indicators that are grouped under six categories, namely domestic, economy, internationalization, infrastructure, science and technology, management, and people. It

also contains corresponding data for four benchmark countries to provide a basis for comparison. The benchmark countries included in the publication are Australia, Germany, the United Kingdom and the United States. As in the case of some other statistical publications of intergovernmental organizations compiled on the basis of information supplied by the member states, the APO publication is also not immune from its shortcomings. Firstly, a statistical publication coming out at the beginning of 2002 was supposed to be a bit more updated on information it contains. At the time the book is to reach its target audience, much of the statistical figures are sure to be considered a bit outdated, as information for the latest year included in the publication is for that of 1999. Much have happened in economic field in a number of APO member states in subsequent years that are considered to be of utmost importance. Moreover, in case of some countries, a number of basic vital information on certain issues is just marked as not available for

subsequent years. For example, ratio of total expenditure on research and development to GDP for Pakistan is all together missing and that of the Philippines is not mentioned from 1993 onward. A more dubious absence is probably the 1999 figure for mobile phone users in Japan, which simply mentions not available.

Despite such drawbacks, the publication is sure to be considered an important landmark in the field of comparative analysis of the position of APO member states on different aspects of productivity, and a wide range of people, including researchers and policymakers would definitely find it helpful.

The impact of Japan's economic slowdown on the productivity of APO member states has not been an issue for the publication in general. Nevertheless, the topic did arise at the press conference for the launching of the APO publication and the Chief Expert of the APO Productivity Data and Analysis Project, Dr. David Owyong of the

National University of Singapore, did brief the attending journalists on the subject. According to Dr. Owyong, Japan's key trading partners in the region would be compelled to face negative impact on their respective GDP growth rates, which would slowdown the growth of their productivity too.

Moreover, the falling value of Japanese yen might further complicate the situation of APO members, as their export to Japan would become more expensive. But all countries are not going to feel the effect equally, as technologically advanced East and Southeast Asian APO members are to become the worst sufferers. Japan's economic downturn, in general, would definitely slowdown the process of recovery of countries affected badly by 1997 financial crisis, and a troubled economy is not a place where high productivity can be expected.

THE PHILIPPINES

Murder in Manila

The slaying of actress Nida Blanca shocked the Philippines. The subsequent investigation, with its tale of police incompetence and cast of amateur detectives, has been no less stunning, reports **James Hookway** from Manila

ACANDLE FLICKERS as Angela Faustino's plywood front door creaks open. Her friend and neighbour, Grace Manalang, steps into the darkness to join what has become a nightly ritual. Each night since Philippine movie star Nida Blanca was stabbed to death on November 7, these two fans have met to pray, cry and swap clues on tracking down her killer.

Hushing a gaggle of children playing in the corner, Faustino and Manalang make unlikely sleuths as they kneel together and light a second candle on the linoleum floor. They whisper as they bow their heads before a fading photo of Blanca. "We can't let this crime be forgotten. Nida was everything to us when we were growing up. It hurts that she's gone, especially the terrible way she was killed," Faustino says.

For many Filipinos, Blanca's

murder defined the end of an era as surely as the recent passing of Beatle George Harrison did for baby boomers in the West. At her funeral, 20,000 people swarmed the cemetery. Former president and movie actor Joseph Estrada was let out of jail to attend her wake and scores of celebrities shuffled past the open coffin. The war in Afghanistan all but vanished from the front pages of the newspapers; even President Gloria Macapagal-Arroyo publicly mourned Blanca's death, describing her as her favourite actress.

But if Blanca's murder was a tragedy, the investigation quickly turned into a farce. A specially established police unit, Task Force Marsha (named after one of Blanca's most celebrated characters), was humiliated after its case dramatically collapsed. A later probe by agents from the National Bureau of Investigation has been hobbled by unrelenting media coverage. It's

little wonder that for fans like Faustino, who can remember more peaceful times, Blanca's murder is final confirmation that law and order in the Philippines are spinning out of control.

Little wonder, either, that they decided to take matters into their own hands. Blanca, after all, meant a lot to them. Born Dorothy Jones in 1936, she personified a rebellious streak that Philippine women identified with. Over her long career, she played tough-talking bus drivers, struggling mothers and, most famously, a wealthy woman who spurned her family to marry her impoverished lover.

After the simple ceremony in Faustino's modest home, the real business begins. Cellular phones beep long into the night as text messages, or "texts," stream in, spreading rumours-and perhaps clues-about the killer's identity. Blanca's family encouraged a

growing number of cellular vigilantes by publicizing a number on which they could forward information. The response was so great that investigators were quickly overwhelmed.

"We had to disconnect the line," says Ricardo Diaz, a senior NBI agent. "We just don't have the manpower to follow up every text. Besides, some of these people have spent too much time watching The X-Files. They have a dream about Nida Blanca and then they think they can solve the crime. It's always a conspiracy involving 'the big people'."

Conspiracy theorists or not, no one could fault the army of amateur detectives for their determination. Some take notes and photos at the dark car park where the queen of Philippine cinema was killed. Others were staking out her residence in Manila's plush White Plains subdivision until security guards barred access to the public. "Every night, there would be thousands of people, although many were there just to gawk at the celebrities going to the house," says Felipe Yu of the local home-owners' association.

And, the amateurs haven't been particularly outshone by the police, whose bungling has only served to resurrect allegations that they make cosmetic arrests to satisfy the public's passion for justice. Under intense media scrutiny, Task Force Marsha arrested Philip Medel, a former security guard in Angola and a long-standing police informer. Flanked by senior government officials and the chief of police in a televised news conference, Medel confessed to killing Blanca. The twist was that he claimed he had been paid to do it by Blanca's American husband, a former B-movie actor called Rod Lauren Strunk. The police thought the case was in the bag. The press enthusiastically tore into Strunk, a self-confessed former drug user and born-again Christian.

Several days later, the police were back in the spotlight-for all the wrong reasons. At a preliminary hearing at the Department of Justice on November 23, Medel went berserk, throwing out his arms in a crucifixion pose before fainting. "The police tortured me," he screamed, showing off cuts and bruises on his wrists from what he said were handcuffs. Medel also denied killing Blanca, and claimed he had never met Strunk.

In a year in which the police have been pummelled for an epidemic of kidnappings and a wave of petty crime, the collapse of the case was the last straw. While Blanca fans were stirred to launch a text-messaging campaign, an editorial in the nation's biggest paper, the Philippine Daily Inquirer, captured the broader mood:

"Task Force Marsha's inept handling of the most sensational crime of the year deepens public suspicion that the crime situation is out of control-not so much because criminal gangs are more efficient, but because police officials are more concerned about appearing to solve a crime than actually solving it." President Arroyo did her best to defend the police, hinting that they had been under intense media pressure to come up with the goods. "They had to feed the beast," she told reporters. It was too late. Soon after, the case was transferred to the

NBI, equivalent to the U.S. Federal Bureau of Investigation. Now Ricardo Diaz is learning all about media pressure. Although the straight-talking attorney is head of the NBI's Interpol unit, he has been assigned to the Blanca probe. Half of his agents, who are supposed to be tracking down connections to the Al Qaeda terror network, have also been put on the hunt for Blanca's murderer. Besides fielding theories from the fans, Diaz has to deal with hordes of reporters. "We've got to keep them happy," he says. And then there are the psychics. These are a different breed to Blanca's fans, whom Diaz says are making a genuine effort to help. The Philippines is full of soothsayers and tarot readers, and they are never more visible than during a major criminal investigation. In December, psychics presented themselves to NBI agents four or five times a day to offer predictably decisive breakthroughs in the investigation. On a recent Tuesday, one would-be witness turned up with an astrological plan. "It was very detailed, says one agent. "It showed how the relevant stars were aligned the day Nida died."

Even some psychics think it's all gone too far. Paloma, a renowned astrologer who has been involved in a number of criminal investigations, worries that the police rely too heavily on amateur seers whose main goal is publicity. "These psychics want to say they contributed, but this only muddles the investigation," she says, adding that wild predictions are also undermining her efforts to encourage greater professionalism among psychics.

Diaz has little time for the paranormal. During the 1990s he investigated the notorious massacre of the prominent Vizconde family. Time and again, the police said they were close to solving the case before it evaporated into thin air. Eventually, the probe was handed over to the NBI. But it got off to a shaky start. "At one point we faced a blank wall, and somebody suggested to my boss that we use a psychic," Diaz recalls. With few other options, the team drove out to a remote village that was home to a famed mystic.

When the agents arrived, they were greeted by a gaunt old woman and a hut filled with her followers. Every afternoon at 3 o'clock, she claimed, she was taken over by the spirit of the infant Jesus, and could answer any question put to her.

Soon the appointed hour came around: "Then she started speaking in this high-pitched squeaky voice, saying she could answer our questions," Diaz recalls. "Fine, we said. So we asked how the Vizconde family was killed. She said they were shot. But everybody knew they had been stabbed. It was all over the newspapers. We got out of there fast."

Now, Diaz is using this outbreak of psychics to toughen up his agents as they face what may well be a long and difficult investigation. "They all know that if they are lazy, they're stuck talking to the crazy psychics for the day," he says.

This piece appeared in the current issue of the Far Eastern Economic Review.