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ASSESSMENT OF JAPAN

The following communication has been addressed to the Secretary-General of the United Nations by the Permanent Representative of Japan to the United Nations and is submitted to the Committee on Contributions for consideration:

"The Permanent Representative of Japan to the United Nations presents his compliments to the Secretary-General of the United Nations and with reference to the latter's note FI 313/1(1) dated 19 May 1958, has the honour to submit, under the instructions of the Government of Japan, the estimates of the national income of Japan and other relevant data, 1/ to be taken into account by the Committee on Contributions in the formation of its recommendations to the General Assembly on the scale of assessments.

15 July 1958"

1/ See Annex.

ANNEX

ESTIMATES OF THE NATIONAL INCOME OF JAPAN
 AND OTHER RELEVANT DATA

1. National Income

Japan's national income estimates for the last three years are indicated in the following table:

| Year | National income (In Billion Yen) | Population (In 1,000) | Per Capita Income (In Yen) |
|------|-------------------------------------|--------------------------|-------------------------------|
| 1955 | 6,482.7 | 88,992 | 72,846 |
| 1956 | 7,330.9 | 89,975 | 81,477 |
| 1957 | 8,251.6 | 90,825 | 90,857 |

Source: Figures from
 Economic Planning
 Agency

The net rates of growth of national income based on the above-mentioned figures as converted in net value and computed against the preceding year are shown below:

| <u>Year</u> | <u>National Income</u> | <u>Per Capita Nat'l Income</u> |
|-------------|------------------------|--------------------------------|
| 1955 | 100 | 100 |
| 1956 | 110.0 | 108.9 |
| 1957 | 109.1 | 108.2 |
| 1958 | (103) | (103) (Forecast) |

Source: Figures from
 Economic Planning
 Agency

In general terms almost every nation has shown gradual growth in its national income since the war, and Japan is not an exception in this sense. But in the case of Japan, which shows considerable increase in its growth rates as shown above, what the rates really signify should be taken into account in comparing the rates of Japan with those of other countries. In Japan the real income index (index number of income in constant price) reached barely to the pre-war level of 1938 in 1954 and finally attained the pre-war level in 1955, while the

/...

United States and Canada arrived at their pre-war level of 1938 in 1946; West Germany and Italy in 1950; and the Netherlands in 1948 as shown in the following table:

| <u>Per Capita Real Income Index</u> | | | | | | | | | |
|-------------------------------------|--------------|------|------|------|------|-------|------------------|-------|------------------|
| 1938 = 100 | | | | | | | | | |
| | 1938 | 1946 | 1948 | 1950 | 1953 | 1954 | 1955 | 1956 | 1957 |
| Japan | 104 (100) | 50 | 60 | 78 | 100 | 103 | 109.2 (105.8) | 118.5 | 128.3 (123.4) |
| U.S. | 59 (100) | 86 | 87 | 91 | 100 | 97 | 102.1 (173.1) | 103.2 | 102.3 (173.4) |
| W. Germany | 86 (100) | | 72 | 86 | 100 | 103 | 108 (125.6) | | |
| Italy | 89 (100) | | 78 | 86 | 100 | 104 | 111 (124.7) | | |
| Netherlands | 85 (100) | 70 | 87 | 94 | 100 | 106 | 113 (132.9) | | |
| Denmark | 86 (100) | 86 | 87 | 96 | 100 | 102 | 101 (117.4) | | |
| Canada | 56 (100) | 87 | 87 | 92 | 100 | 94 | 100 (178.6) | | |
| U.K. | | | | | 100 | 103.9 | 107 | 108.4 | |

Source: Yearbook of
 National Accounts
 Statistics 1956, U.N.

Although the national income index of Japan for 1955 came to the pre-war level of 1938, it is 105.8 per cent of the 1938 level and the rates of increase of the index in Japan is the lowest as against those of other countries as shown in the following table:

| | 1938 | 1955 | 1957 |
|-------------|------|-------|-------|
| Japan | 100 | 105.8 | 123.4 |
| U.S. | " | 173.1 | 173.4 |
| W. Germany | " | 125.6 | |
| Italy | " | 124.7 | |
| Netherlands | " | 132.9 | |
| Denmark | " | 117.4 | |
| Canada | " | 178.6 | |

Source: Figures based on
 Yearbook of National
 Accounts Statistics
 1956, U.N. /...

The main reason why Japan shows such considerable growth rates in its national income in recent years is that it has been in the process of its economic recovery since the war ended. Consequently it cannot be anticipated that such growth rates of Japan will continue in the future. The growth rates for the current year are projected lately as 3 per cent by the Economic Planning Agency.

It cannot also be overlooked that a country like Japan being over-populated and having about 500,000 unemployed and 7 million potentially unemployed population as estimated cannot absorb its ever-increasing labour population (annual increase of labour population is estimated at 1.5 million) to a satisfactory extent, unless it continues to keep higher economic growth rates than those of other countries.

Since Japan relies for its economy largely on foreign trade, it naturally looks for expansion of its foreign trade so as to continue to keep its high level of economic growth. But, owing to the effects of the economic recession, the world trade has been tending to decline in recent years, and it may be difficult to expect such trade expansion as it has enjoyed so far.

2. Ability to Secure Foreign Currency

The international balance of payments of Japan in recent years reveals continual unbalance and a wide range of fluctuation in its current accounts. Its merchandise accounts have always been in adverse balance; however, the positive balance accruing from the United States military expenditure and surplus properties has covered the above deficits. While a major portion of income other than the merchandise accounts is the income from the so-called special procurements, it shows a rapid decline in its value and such a tendency will likely be accelerated hereafter. At any rate it may well be concluded that Japan's international balance of payments is considered unstable as she depends so much on the income from the special procurements as mentioned above. (See the following table.)

International Balance of Payments
 (In Million Dollars)

| | Current Transactions | Merchandise Transactions | US Military Expenditure and Surplus Properties |
|------|-------------------------|-----------------------------|---|
| 1952 | +224.7 | -412.6 | +787.7 |
| 1953 | -205.1 | -791.8 | +803.2 |
| 1954 | - 50.9 | -429.2 | +602.3 |
| 1955 | +226.5 | - 54.4 | +505.1 |
| 1956 | - 33.7 | -131.0 | +498.0 |
| 1957 | -614.8 | -397.6 | +449.3 |

Source: International
 Balance of Payments
 - Bank of Japan

Other factors apt to increase Japan's international payments are the reparations and the redemption of external loans as shown in the following:

| | Reparation (\$ million) | Redemption of Loans (\$ million) |
|----------------|-------------------------|----------------------------------|
| 1955(Cal. yr.) | -21.7 | |
| 1956(") | -19.8 | |
| 1957(") | -75.9 | |

Source: International
 Balance of Payments
 - Bank of Japan

| | | |
|----------------|------------------|----------------|
| 1958(Fis. yr.) | -71.0 (Estimate) | -38 (Estimate) |
| 1959(") | -70 " | -32 " |
| 1960(") | -67 " | -31 " |

Source: Foreign Ministry
