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CONTRIBUTORS

- Takeshi Motooka.....Professor of Agricultural Economics, Director, The Center for
Australian Studies, Otemon-Gakuin University, Osaka
- Yoshihiro Tōyama.....Professor of Economic Policy, Otemon-Gakuin University, Osaka
- Jukichi Taniguchi.....Professor of International Economics, Otemon-Gakuin University,
Osaka
- Masao Yamanaka.....Associate Professor of Management, Otemon-Gakuin University,
Osaka
- Akihiro Kinda.....Associate Professor of Geography, Otemon-Gakuin University, Osaka
- Tadashi Uda.....Professor of Economic History, Otemon-Gakuin University, Osaka

Introduction to Economic Relations between Japan and Australia

Takeshi Motooka

The Center for Australian Studies was established in 1966 under the initiative of the President Toshitake Amano taking into the importance to Japan of Australia and its surrounding areas into deep consideration. Under the first director was Professor Saburo Yamaguchi. One researcher was sent every year to Australia to study one month there. Following Professor Yamaguchi, Professor Jukichi Taniguchi took the post of Director who has started the publication of this Bulletin in 1976. I was asked to be the 3rd Director in 1978 and has been working hard for the establishment of cooperative research among our staff and received fortunately some research grant from the Ministry of Education since 1979. We have already started student exchange program with Griffith University in Queensland in 1980 and are going to start cooperative research program on the development of Western Australia with the University of Western Australia in 1981.

The importance of study on Australia is quite different from that of Southeast Asia for which I had been engaging between 1960 and 1978 at Kyoto University. The most important point of the differences is that social factors are very important in Southeast Asia in contrast to Australia where economical factor is extremely dominant. It seems to me that research on Australia is much easier than that of Southeast Asia.

Australia is extremely important to Japan as the supplier of resources and Japan is the most important country as the export market for Australia.

As the methods of Australian Studies, the following points are important.

1. The main emphasis of research should be put on economic relations.
2. Studies through books, references and other publications are important and much more feasible comparing to the studies in developing countries.
3. Exchange of students and professors is very effective to both countries.
4. To send staff to Australia for the purpose of study for one year is very desirable.
5. Short period study of one month is still to be encouraged.
6. Cooperation of research between Japanese and Australian universities will be much appreciated.

The problems of research which we are now facing are indeed mainly economical. However, social and political structure of Australia should be studied in order to clarify the economic problems.

The Development and Problems of Mutual Economic Policy between Japan and Australia

Yoshihiro Tōyama

The economic relationship between Japan and Australia, based on the theory of comparative costs, has made remarkable progress since the end of the Second World War, especially after the second half of the 1960's. Now it has become a beneficial complementary relationship. The influence of one country's economy on the other's has been great and now both economies can no longer be separated.

In these circumstances, the relationship becomes a very delicate one. One country's economic policy has a great effect on the other's economy as well as on its own, and thus economic frictions often arise between the two countries. So it is very important for both countries to avoid potential economic frictions as much as possible and cooperate closely with each other.

Based on this premise, this thesis makes a review of the development and the change in Japan's and Australia's economic policy, and aims at investigating a method securing a long-term and stable interdependent relationship.

The following is the contents of this thesis by which the reader will be able to understand the order and method of analysis used.

- I Introduction
- II Closer Economic Relationships between Japan and Australia
 - 1 Progress of the Commercial Negotiation between the Two Countries
 - 2 The Actual Condition of Interdependence
 - 3 The Two Countries' Mutual Importance
- III Australia's Economic Policy towards Japan
 - 1 Trade Policy
 - 2 Resource and Foreign Capital Policy
 - 3 Protective Policy for the Domestic Manufacturing Sector
- IV Japan's Economic Policy towards Australia
 - 1 Trade Policy
 - 2 Investment Policy
 - 3 Protective Policy for the Domestic Agricultural Sector
- V Trade Frictions and their Lessons
 - 1 Cut-back in Iron Ore
 - 2 Trouble in Beef Trade
 - 3 Trouble in Sugar Trade
- VI Some Problems for a Cooperative Relationship between Japan and Australia

Changing Patterns of the Mutual Complementarity and Interdependence of the Trade between Australia and Japan in the Post-War Decades

Jukichi Taniguchi

Land and labour, of which Adam Smith reiterated as natural and primary factors of production, are endowed in extreme asymmetrical pattern between Australia and Japan. Australia is relatively and absolutely abundant in a huge arable land, while scarce in labour force. Japan is abundant in crowded labour force, while scarce in arable land. No such extreme contrast in primary factor endowment can be found all over the world.

Australia and Japan combined by international production are assured of being able to obtain the largest production gain, by dint of their unequally bestowed structure of factor endowment.

Late Professor Fredrick Benham in England came first in noticing this rare mutual complementarity and made use of this case to exemplify the modern theory of international trade. In his young days, he stayed in Australia as a lecturer in economics at the University of Sydney and left some works on Australian economy.

He returned to England about 1930. In 1938, just on the eve of the World War, he wrote his masterwork, "Economics". In this book, he explained the above mentioned mutual complementarity between Australia and Japan.

Basing on the factor proportion theory of international trade, he argued that "restrictions imposed by other countries on Japanese exports tend, in addition to reducing the general gain of international specialization, to reduce wages in Japan. True humanitarians, distressed at the low standard of living in Japan, would be doing a great disservice to Japanese workers by urging other countries to refuse their products on the ground that Japanese labour was sweated. They would best help the Japanese workers by urging that Japanese goods should be admitted freely... The flow of Japanese goods into Australia and other countries where labour is relatively scarce will tend to raise the price of land there relatively to the price of labour".

Unfortunately against his invaluable advice, boycotts of Japanese goods prevailed throughout the world culminating to the outbreak of the War. If his book had been read and understood thoroughly by many Australians and English, antagonistic prejudice against Japan might have been ameliorated to a large extent.

Soon after the War, the Australia-Japan trade was resumed following the sound

routes of the mutual complementarity of pre-war days. Japan's main exports were textiles, produced with relatively large proportion of unskilled labour comparing to land. Australian chief exports were crude products requiring high proportion of land relatively to labour.

During 1946-1955, the 1st stage after the War, pattern of trade was Pax Britannica, exchanging light manufactures for raw materials and foodstuffs. Mutual complementarity between land and labour was solid. But the interdependence between two countries was heavily vulnerable for the following reasons.

Economically, payment deficits and successive recessions interrupted frequently the upheaval of trade. Politically, Japan's international position was fragile as an independent state. Technically, exported yarns and imported wool are different stuff, so they could not be tied. Yet the growth rate of Australia-Japan trade had no rival but E. E. C. trade.

In the 2nd stage of hypergrowth, the main mutual complementarity was characterized by medium technologie, that was yesterday's technologie of U. S. and E. E. C. and imitated by Japanese industries. Main Japanese exports consisted of metal manufactures and main Australian exports were mines and fuels. Both products are common in stuff, so technical interdependence was much higher than in the 1st stage.

Economically, the phenomenal growth of Japan retained its incessant increase in imports. Politically, Japan was now appraised as one of the most influential, peaceful nations. By virtue of these favourable conditions, the Australia-Japan trade increased by leaps and bounds, but the growth rate of export from Australia was always higher than that of Japan, recording incessant import surplus of Japan.

The 3rd stage of 1970s is characterized by two serious breakdowns and their adjustment process. The mutual complementarity was characterized by some Pax Americana. R.&D. intensive goods are increasing in both countries. Japan's direct investment to Australia is also incremental. Mutual interdependence is promising, if both the intra-industry and intra-firm trade are to be increased.

The Present Conditions of Mining Developments in Western Australia

Masao Yamanaka

This article examines the present conditions of mining developments in Western Australia.

Western Australian exports to Japan had been mainly made up of wool and agricultural products until early 1960s, but mineral resources such as iron ore and nonferrous metals have been occupying a substantial proportion of the exports since late 1960s. Natural gas and uranium as oil-substitute energy resources are expected to be developed and exported to Japan in mid-late 1980s, and Japanese capital participation and technological co-operation to the down-stream process industries are also expected. The co-operative economic relation between Japan and Western Australia will, wide the range and deepen the intensity.

The pattern of economic co-operation between the two countries will be classified to three categories: capital, technological, and sales co-operation, provided that the co-operation of Western Australia to Japan is to provide stable supply of resources. These types of Japanese co-operation have been performed at each level of government, industries, and companies or through joint organizations. The total system of economic co-operation between Japan and Western Australia is, therefore, inevitably complicated.

Metal price is very sensitive to world political, economic, and social situations. It is therefore indispensable to make efforts to stabilize these conditions at global, regional as well as two countries concerned level. In order to make these efforts effective it is also necessary to promote mutual understanding through academic and cultural interchange between both countries.

There are many advantages to promoting co-operation between the two countries: supplementary character of industries and trade structure of both countries, existence of abundant and high-grade resources in Western Australia, short distance between them resulting relatively low cost of transportation, stable political situations in Australia, and so on. There are, however, many disadvantages: needs of huge infrastructure investment which might amount up to 50 % of total cost of goods in the case of inland development projects, notorious unrest of labor relations, difficulties to get skilled labor force, and so on.

The pursuit of effective economic co-operation between Japan and Western Australia needs overall considerations of the total system of co-operation, the environmental system, and various factors of advantages and disadvantages, in comparison with alternative development projects in other states and countries.

A Note on the Rural Landscape of South Australia

Akihiro Kinda

A) This note is written as an introduction for the study of rural landscape of Australia. The southeast part of South Australia is very convenient for this purpose. Because we can find many types of agricultural and pastoral landscapes in this region. I would like to put many papers about rural landscapes in order. I am mainly interested in processes of development, grid patterns, distribution of houses and rural land utilization. In this paper, the southeastern part of South Australia means the extent of 8 sheets of 1 : 250,000 topographic maps, namely Orroroo, Burra, Adelaide, Barker, Olary, Chowilla, Renmark and Pinnaroo. The greater part of this paper depends on readings of these topographic maps.

B) We can read various sizes of grid patterns as fig. 5 in above mentioned maps. These distributions of grid patterns are deeply connected with the processes of development shown as expanding processes of proclaimed hundreds (fig. 3 drawn after M. Williams) and spreading processes of surveyed townships (fig. 4 drawn after M. Williams). The size of grid patterns in the earlier settled regions is smaller than the later. There are 26, 54, 80 and 134 acres sections at around Adelaide, 80 acres ones (as shown fig. 6) in and around Rofly Ranges surveyed in the 1840s, between 320 and 640 acres ones (as shown fig. 7) typically at the west side of Rofly Ranges surveyed in the 1860s and the 1870s over 640 acres ones (as shown fig. 8) at the Murray Mallee surveyed after 1885.

In many cases, different size of sections are found in one hundred as shown in fig.9.

We can find more smaller sections in many government townships (as shown fig. 7, 8) and another type of strip fields as fig. 10.

C) The distribution of buildings except built up areas is shown in fig. 11 (source is above mentioned topographic maps). This distribution map does not exactly show the rural farm house, but shows nearly real patterns. The distribution of ruined buildings as shown fig. 12 is mainly the result of the decrease of rural population at marginal land. The process of decrease and the spread of Marginal Lands Perpetual Leases are shown as fig. 13 and 14 after M. Williams.

D) Some explanations about typical type of rural land utilization are given in chapter 4. Fig. 15 shows typical region where vineyards widely extend, and fig. 16 canals irrigating these vineyards. Fig. 19 shows one of extensive pastoral regions for mainly sheep for wool. Fig. 20 shows relatively intensive pastoral region for dairy cattle and beef cattle.

Kunio Yanagida : His thoughts on Australia

Tadashi Uda

I have been interested in the way how the modern Japanese people have become acquainted with Australia. In this article, I would like to consider this problem from the standpoint of Kunio Yanagida (1875-1953), who established a new field between human and social sciences, that is to say, "Japanese folklore" (Nihon Minzoku-gaku), and extensively influenced the human and social studies in Japan.

Yanagida had been a government-official and he had worked for the promotion of Japanese agriculture and her rural society. In doing his work, Yanagida came to be anxious about the middle-class peasants' situations since he found that these people, who had been supporting national culture, were suffering drastic changes in Japanese rapid modernization. He wanted the modern Japanese to preserve their identities. In other words, he wanted them to have a new appreciation of their native culture. For that purpose, he sought for a scientific method in ethnology of Western countries. After retiring from public life, he began to devote himself to establish Japanese folklore with a scholar's viewpoint.

On the other hand, Yanagida came to be interested in international politics when he engaged in practical tasks of diplomacy at the League of Nations. At that time, severe economic fluctuations gave Japanese rural society economically difficult situations, which caused much outflow abroad of rural people who could not keep their lives in their native country and wanted a job in foreign countries. However, international situations became serious and difficult for those people to have a chance to emigrate. At that time, as one of the editorial members of the Asahi, Yanagida often made remarks on international labour problems.

After examining index of his complete works (35 volumes in all), I find that Yanagida had two kinds of approach to Australia. One was the way to study the Australian natives, Aborigines, as a research object of ethnology, and the other was the way to study the policy of white Australianism, which refused the Japanese immigrants to come to her virgin soil.

Ethnology is the science developed to serve for the control of modern colonies. White Australianism also includes the problems of modern colonialism. Essentially, these two items are interrelated. It was natural for Yanagida to have these two items as an approach to study Australia.

Revisit to Australia

Takeshi Motooka

Before taking the post of the Director of the Center for Australian Studies, I took quite comprehensive trip around Papua New Guinea, Australia and New Zealand in 1978 which was reported in No. 5 of this Bulletin.

After taking the post of the Director, I did revisit Australia about a month between July and August of 1979. The main purposes of my trip were to negotiate with Griffith University on students exchange program and to discuss the possibility of cooperative research program with the University of Western Australia on Japanese and Australian joint projects for the development of Western Australia. In addition to two purposes, I was anxious to visit other areas which I had missed to see in my last trip.

Firstly I flew from Osaka to Brisbane via Narita and Sydney in 20 hours. The negotiation with Griffith University was successful and two students from the University have already arrived at our University at the end of November of 1980.

Following to Brisbane, I did visit University of New Castle and spent two days to visit outskirts of Sydney.

Then I went to Canberra where Mr. Eric Saxon did fully take care of me to visit governmental departments and Australian National University in order to collect research materials.

Just passing Melbourne only by the airport, I spent four days at Hobart, Tasmania which is really beautiful and attractive island. I never forget the historic scene of old prisoners colony of Port Arthur.

Flying to Perth by changing plane at Melbourne, I participated in six days of excursion trip of Pilbara area and surveyed really Australian topography and iron ore mining. After coming back to Perth again I visited the governmental agencies of the State of Western Australia, Universities of Western Australia and Mardock. I could get agreement of joint study program by Professor Appleyard of University of Western Australia.

From Perth to Osaka I stayed one night in Singapore to change plane, and returned back Kyoto next day on schedule.