Economic activity is very pervasive and demands permanent efforts to create the right environment for it to be most effective. The cultural sphere is part of this environment and can therefore not escape from becoming an object of these efforts. Economic activity based on free market principles is particularly effective in permeating culture in the widest sense to benefit from it while also being able to help it prosper. It should therefore not be a surprise that Japan’s economic expansion is having an impact on the culture of those countries where it is most active. Some of this impact is incidental and not planned, particularly on the level of low culture and mass consumer culture because of the contrast between Japan’s advanced economic level and that of other countries, notably in Asia. Increasingly, however, culture is perceived by political and economic leaders in Japan as a means to create an environment abroad conducive to Japanese economic activities and to become generally more accepted. In this chapter we will focus on the one hand on Europe and North America, where Japan’s cultural power is being manifested in the dissemination of highbrow culture, notably the arts, and information and lobbying, and on the other hand on Asia where Japan’s mass consumer culture with all the trappings of low-brow culture has become very pervasive, supported by Japanese investment and supplemented by official cultural diplomacy focusing on Japanese language teaching. Particular attention will be given to the historical and cultural factors influencing Japan’s relationship with Asia.

Japan may seem an unlikely candidate for a cultural power. After all, culture is one of the very few areas where Japan suffers from a trade deficit if one considers solely cultural exchange in terms of translated books and exported films. In 1990 more than 3000 translations of English books were published in Japan. In contrast only 82 Japanese books were translated and published in the United States in that year. More than 100 feature-length American movies are released in Japan every year. Of Japan’s 25 top-grossing films in 1991, 21 were American. The takeover by Sony and Matsushita of American film studios during the boom economy resulted in a commercial failure although they provide both electronics consumer companies with software where they are still weak. While Matsushita had to
sell 80 per cent of its share in MCA at a great loss, Sony wrote red figures for its acquisition of Columbia Pictures (now renamed Sony Pictures). In 1991 Japan's national TV station NHK attempted the creation of a worldwide news network to rival the American Cable News Network. But its planned Global News Network in English language, to be based in New York with editorial responsibility delegated to different regional centres, failed to raise the necessary funds and partners.

Moreover, Japan has not the same cultural emanation as the other major Western countries have, and Japan’s language and geographic remoteness only aggravate these natural disadvantages. We will see in this chapter, however, that these cultural trade imbalances and natural disadvantages are becoming more relative and are less effective in hampering the development of Japan's cultural power in Asia than they are outside of that region.

CULTURAL DIPLOMACY

Shaping cultural relations through cultural diplomacy and the dissemination of information is an important means for governments and business to influence the perceptions of other people. It is obvious that a country with the economic power of Japan can muster considerable resources for these purposes if and when it decides to do so.

Cultural diplomacy is the government-led shaping of cultural relations. It adds credibility and legitimacy to bilateral relations which are otherwise mostly in the hands of professionals such as politicians and government officials. Cultural diplomacy is intimately related to economic power in the sense that it can underpin cultural emanation as well as economic expansion. The Japanese government started to pay more attention to cultural aspects of diplomacy in the 1960s and 1970s when Japan’s economic expansion and success led to a rising level of conflict with many partners. Cultural diplomacy therefore came to be considered as a means of damage limitation and not so much as the means to spread a way of life as in the case of the US or the particular concept of civilization like France does. In 1972 the Japanese government established the Japan Foundation. The original endowment of ¥5 billion (and ¥6.1 billion from Keidanren) grew to ¥104.2 billion as of 1995. In addition, the Japan Foundation receives annual government subsidies which include funds from the ODA budget. The economic link is also expressed by the fact that business groups provide funds which amounted in FY 1990 to ¥5.2 billion (FY 1989 ¥3.9 billion) in addition to the other income from the government. In contrast