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# The Arc Of The Pacific: 1958-2000

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*Presented before the Delta Chapter of Beta Alpha Psi  
at the Washington Athletic Club, Seattle—May 1958*

THOSE in this room should be deeply interested in and deeply concerned with the areas bordering the Pacific Ocean—especially with what the future may hold in store. Many of you can look forward to seeing the twenty-first century. Let us look at this Arc of the Pacific.

## I

What of our own Pacific Coast?

Conservative organizations have estimated the changes in population between 1958 and 1975 will be:

	<u>1958</u>	<u>1975</u>
Washington and Idaho.....	3,044,300	4,137,000
Oregon .....	1,820,000	2,700,000
California .....	15,456,000	25,838,000
Nevada .....	288,800	465,800
	<u>20,609,100</u>	<u>33,140,800</u>

It is also estimated that the exceptional rate of growth on the Pacific Coast will continue until the year 2000. Therefore, if we project the population we would have in the year 2000:

Washington and Idaho.....	6,000,000
Oregon .....	4,200,000
California .....	48,000,000
Nevada .....	850,000
	<u>59,050,000</u>

This growth will be largely a result of the greatly increased industrial and commercial activity on the Pacific Coast. Manufacturing will be more diversified and the development will be on a solid economic foundation.

In Washington and Oregon there will also be the impact on industry of the introduction of natural gas, of the abundance of fresh water, and of low-cost power.

What of the other areas in the eastern part of the Pacific Arc?

Canada's prospective development would take a volume by itself. Its population has doubled since the war and its 16,000,000 inhabitants now will increase to at least 75 million by the year 2000. With its oil and gas reserves, with the incredible mineral wealth of the Canadian shield, including uranium, with an intelligent, educated, industrious people, Canada's position as a nation by the year 2000 will be second to none in influence and importance.

Alaska will have statehood and growth but its growth will not be phenomenal.

Hawaii will also have statehood, with new industries, great tourist attraction, and increased importance as a halfway station to the Orient.

## II

What of the East Asian picture?

In May 1947 I addressed a meeting in Seattle of the Regional Committee of the Far East America Council of Commerce and Industry on the outlook for trade with the Far East. I then realized that it was a perilous task to appraise the outlook for American trade in the Orient. China had not gone communist. India was just coming into being as a separate country and had not yet realized its independence. There was no Pakistan. In Indonesia the first stumbling steps toward self-government had been taken. Indo-China was still a French colony. Destruction and dislocation due to the war were widespread. Japan was under strict military control.

However, even then there was a rising tide of nationalism. The basic problems of trade were the same.

Our exports to India in 1946 were \$181 million. Export trade with China was about \$300 million annually. Our exports to the Philippines were also about \$300 million. Japan was an unknown quantity, having just emerged from the war. Our exports to Indonesia were \$73 million. I then urged very strongly that American business watch the Far East with care and be alert to the advancement of business interests.

Now, only eleven years later, China is a communist area beyond the bamboo curtain, with no foreign trade except with the Soviet block. India has forged ahead to a vital position in Asia. Indonesia has become a very troublous area and Indo-China has gone through a war that disrupted it and separated it from France. The Philippines have rehabilitated themselves and Japan is once more a great power.

Our exports to India of \$181,000,000 in 1946 were \$433,700,000 in 1957. Where we exported \$300,000,000 to the Philippines it is now \$627,200,000. From zero the exports to Japan have grown to

\$1,200,000,000. Indonesia, then \$73,000,000, was in 1957 \$140,100,000 in spite of problems.

Thus the total results were far greater than we expected, our exports to the Far East rising from \$1.5 billion in 1947 to \$3 billion in 1957.

### III

What of the future?

It would appear simple to project the growth of trade into the future on a mathematical basis, but this would be deceptive. In 1946 we had a very large trade with China and practically none with Japan, a position now completely reversed. In 1957 we had an extensive trade with Indonesia, but what it will be even next year is somewhat problematical.

We shall first have to forecast what the political and broad economic situation will be in the Asian world before we can attempt to assess trade.

We must first consider Japan, for it is unquestionably the most important country on the western part of the Pacific Arc. Because of Japan's importance in this Pacific Arc some brief background information on it is desirable. It has an area of 146,690 square miles—about equal to California—and a population of approximately 90 million. The present birthrate is low (18.4 per 1000 as compared with 25.2 in the U. S. and 34.2 in Thailand and the Philippines). It is estimated that the population will reach 100 million in 1971 and 107 million in 1990, when it may stabilize itself.

We must recognize Japan's enormous achievement in the twentieth century of converting itself from an isolated, self-sufficient, basically agricultural economy into a first-rate, international, industrial, and trading economy. Leadership of extraordinary capacity contributed to this, as did the industrious character of the Japanese people.

Japan's basic problem of supporting a large and rapidly growing population on a small territory is not unlike that of Great Britain. The large population, as in Great Britain, has provided a pool of skilled industrial managers and a hard-working and efficient labor force which have helped to develop Japan into one of the world's leading industrial nations. Since one-third of the food requirements and the bulk of raw materials must be imported, foreign trade is obviously vital to the economy.

Fish is Japan's principal source of protein food. Per capita consumption of fish in Japan is 65 pounds a year compared with 12 pounds

in the United States. Prior to the war Japan was one of the world's foremost fishing nations. With the rebuilding of the fishing fleet, the annual marine catch of 50 million tons is slightly above prewar level. The importance of fish in the Japanese diet will lead them to develop the use of plankton as food, and with their ingenuity may well solve the protein problem of their growing population in this way.

The Japanese are a people hungry for knowledge and of high literacy. There are now one million television sets in Japan. In proportion to the population, Japan's newspapers have circulations bigger than those of the United States and not much less than those of Great Britain. In terms of national income they now rank with Europe's poor peasant countries, Greece and Portugal. Their national income is four times larger than India's although only one-quarter that of the British and French.

The reparations question has been settled with agreements to pay in capital goods and services over a period of years the following:

Burma .....	\$250,000,000
Thailand .....	41,666,000
Philippines .....	550,000,000
Indonesia .....	225,000,000
Viet Nam .....	50,000,000

Statistical evidence of Japan's economic progress is impressive. During the thirteen years following the end of hostilities, much war-time damage has been repaired. Total production of goods and services is 75 per cent above prewar peak. Industrial production has doubled in a decade. A thrifty people who save more than one-fifth of their income, the Japanese have been able to provide large amounts of capital for industrial expansion and modernization.

Hydroelectric power sources are ample, only 2 per cent of the houses being without electricity—the lowest percentage in the world.

Industry is diversified, although textiles amount to about 40 per cent of total industrial export.

The prewar position in chemical fibres has been re-established.

Japan has recovered her prewar position in iron and steel production. In 1953 there were produced 7,662,000 tons.

She ranks first in shipbuilding in the world today. Construction in 1947 was 2,424,433 tons.

Japan has developed over the century a very complete and efficient financial system.

The government of Japan has always played an active part in fostering the economic development of the country.

Foreign trade in 1955 was comprised of articles of the following classes:

Exports:	
Textiles .....	37%
Metals and metal products.....	20%
Machinery .....	12%
Foodstuffs .....	7%
Chemicals .....	5%
Non-metallic products .....	4%
Ceramics .....	3%
	<hr/>
	88%
Imports:	
Foodstuffs .....	26%
Textile raw materials.....	25%
Fuels .....	11%
Metallic minerals .....	7%
Non-metallic minerals .....	4%
Other raw materials.....	14%
Machinery .....	6%
	<hr/>
	93%

Since the last war Japan has made great strides in rebuilding her industry and her economy, but she is still perhaps ten years behind in modernization of plant. However, she has managerial skill, a capable force of hard-working people, competent scientists, and a government intent on re-establishing her economy. We have current problems in Japanese commercial relations. The Japanese would like but do not expect trade. They do look for fair tariffs and quotas from us. The problem of immigration will arise. It is perhaps more psychological than practical, for the use of Japanese in gardening and farming on the West Coast will be much lessened with mechanized farms. If our quotas were the same for all foreigners, I do not think there would be any objection. Foreigners can be absorbed—take for example the number of Puerto Ricans in New York as against the total number of Chinese and Japanese in United States.

#### IV

What of the future for Japan?

The Japanese in 1980, even as now, will be a literate, hard-working, thrifty people—competent in management. By 1980 the memory of defeat will have gone from her youth. The restoration of industry and trade will bring a return of self-confidence, of

nationalism and, possibly once more, of a desire to dominate Eastern Asia economically and financially. By the year 2000 these characteristics it seems likely will be even more pronounced.

Her population growth will cause her worries but increased industrialization and new food sources such as fish and plankton farming may take care of her additional people. By 1970 her reparation bills will have been paid, her industrial plant may well be as modern as any in the world, and her merchant marine may be completely restored to a leading position. These factors plus an accumulation of capital due to her thrift will enable her to compete strongly in world markets and perhaps to dominate Asian markets. She may develop her position with Africa; drawing her textile raw materials and her minerals from there and her oil from the Middle East, she would be a much less important customer for the United States. All of this could well happen even by 1980.

By that time trade will be re-established with the mainland of China—and Hong Kong will have lost its importance. Korea will probably still be divided and impotent. The Philippines with their almost tropical climate will have grown, but relatively slowly. Viet Nam, Laos, and Cambodia will still be unimportant. Thailand the changeless will continue to be unchanged. The Malay States will hardly have attained stability. For years beyond 1958 Indonesia will probably become more and more unsettled politically and economically and may not be moving forward even in 1970. So it is not until you come to India that you have another Asian nation to compare with Japan. With a population four times that of Japan and with an agricultural rather than an industrial base, India will not progress as rapidly economically as Japan. However, India has shown capacity for sound growth—industrially, commercially, financially, and politically. Her leadership has been of an unusually high calibre, and if the next difficult ten years can be safely, productively, and progressively passed, India will be of tremendous influence in the Asian world for some stability and, indeed, of similar influence world-wide.

## V

Against this background of change it is as difficult now as it was in 1946 to forecast our trade possibilities in the Orient. Broadly, we know from economic history that the higher the standards of living the greater the trade, and we can be sure that standards will be much higher in the Orient. Also, the United States is and will be the greatest source of investment capital, and with lessened tensions and in-

creased stability in many of the Asian countries, the climate for American investment both direct and indirect will improve and our capital will flow out to help develop these countries.

Of course by 1980 there will be great changes in the world at large. Assuming no world conflict—and I, for one, do not think there will be—there should come a working understanding with the Soviet Union; air travel will be swift and common; working hours should be shorter and more leisure time will be available for all; there will be no remaining “colonial areas”; chemical research will have produced many new products and many aids to health; areas now difficult of habitation because of disease may be available, education will be more world-wide, racial tensions eased, world travel more common, new sources of raw materials developed, and new forms of power in use.

But human nature will be unchanged, and if this projected world is to be enjoyed, it is important that we now put emphasis on education, including the study—by adults as well as by those in schools—of languages, geography, and world cultures. It is even more important to stress things of the spirit—including tolerance and understanding.

Many of you will be accountants, private or public. Mechanical devices, electronic computers, electronic memories and records will make accounting more effective and more efficient. There will be less and less pencil-pushing and more and more brain work in connection with controls and the ways and means of recording transactions, and more intelligence required in formulating and carrying out principles of accounting and ways and means of clearly reporting facts for management and for public purposes.

Accounting has grown with industrial activity and complexity and will continue to do so. The profession of accounting will be of infinitely more importance and the stature of the accountant much greater. It will indeed be your world!