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James A. Baker, III

AMERICA IN ASIA:
 EMERGING ARCHITECTURE FOR
 A PACIFIC COMMUNITY

In Asia as in Europe we are in the midst of the first transformation of the international system this century that is not the direct result of global conflagration. This rare moment presents us with new possibilities for reshaping international relationships in Asia to meet the challenges of the post-Cold War world.

President Bush's trip to East Asia marks a point in time when disparate historical lines are intersecting: the commemoration of the fiftieth anniversary of the attack on Pearl Harbor; the end of the U.S.-Soviet confrontation; and the prospect of laying to rest the Vietnam War era. The end of 1991 should see the closing off of several tragic, defining episodes of the American experience in Asia and open a new chapter of U.S. engagement in the region as we approach the 21st century.

I have presented elsewhere the administration's ideas about the new post-Cold War architecture of the Euro-Atlantic community.¹ But America's destiny lies no less across the Pacific than the Atlantic. We have fought three major wars over the past half-century in the Asia-Pacific theater. U.S. economic involvement and defense commitments in the region have been—and remain—defining realities. We also have large and growing interests in the human and material development of the region, as well as in its security. Our success in forging a new international system will require sustained engagement in this diverse and dynamic part of the world, just as it does in Europe and the Americas.

The global trends that are reshaping Europe and the Soviet Union have also been at work in the Asia-Pacific region: the

¹See James A. Baker, III, "A New Europe, A New Atlanticism: Architecture for a New Era," speech to the Berlin Press Club, Dec. 12, 1989; and "The Euro-Atlantic Architecture: From West to East," speech to the Aspen Institute, Berlin, Germany, June 18, 1991.

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bankruptcy of communism as an economic and political system; a movement toward democracy and market-oriented economics; global economic integration of markets for trade, capital and information; and the emerging recognition that transnational challenges in such areas as narcotics, the environment and migration are important components of a comprehensive approach to security. At the same time the dark countertrends that President Bush pointed to in his September 1991 speech to the U.N. General Assembly are also evident in Asia: the reemergence of ethnic rivalries, nationalist aspirations and territorial or political disputes which were suppressed during the Cold War years.

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These global factors for change are playing themselves out in Asia amid the region's particular historical, cultural and political circumstances. In contrast to central and eastern Europe and the U.S.S.R., where change has been driven by the failure of a system of political economy, much of the ferment in Asia is a product of the region's unique and dramatic economic success. Barely twenty years ago East Asia was engulfed in war and great-power confrontation, burdened with poverty and challenged by insurgent communist movements. Our trade with the region in the early 1970s was less than that with Latin America.

But the subsequent two decades brought unrivaled progress. Throughout the 1980s East Asia led the world in the innovations of a new economic age. Japan emerged as an economic superpower. New industrial economies of South Korea, Taiwan, Hong Kong and Singapore achieved rapid high-technology growth. China opened economically. And the Philippines, Korea and Taiwan each took strides toward democracy. As a result the combined economies of East Asia are now roughly equal in size to that of the United States.

International political developments have also contributed to a more positive environment. These include the Sino-Soviet rapprochement, the opening of Soviet relations with the Republic of Korea, the admission to the United Nations of both Korean states, the birth of a democratic Mongolia and a political resolution of the Cambodia conflict based on a U.N. settlement plan. The latter, if realized, will bring a new era of peace to Indochina.

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For all the region's progress, however, some legacies of the past could impede a promising future. The heavily armed standoff on the Korean peninsula is still one of the world's most dangerous flashpoints, a confrontation now intensified by the ominous threat of nuclear proliferation. In Burma the tyranny of a brutal military dictatorship endures, despite the clear expression of popular will in the elections of 1990 for civilian democratic government. China, along with the other residual communist regimes in Asia, continues to resist democratic political reform. And despite President Gorbachev's historic visit to Tokyo last April, the dispute over Japan's Northern Territories remains an impediment to a major improvement in Soviet-Japanese relations.

These Asian realities—the elements of a promising future and the difficult remnants of times past—now shape the challenges before us. The successes of our policies and those of our friends in the region mean that many of our partners have also become robust economic competitors. Allies such as Japan, South Korea and Australia have become important political and economic players in the emerging international system.

Given the challenges and opportunities we now face in Asia, a viable architecture for a stable and prosperous Pacific community needs to be founded on three pillars. First, we need a framework for economic integration that will support an open global trading system in order to sustain the region's economic dynamism and avoid regional economic fragmentation. Second, we must foster the trend toward democratization so as to deepen the shared values that will reinforce a sense of community, enhance economic vitality and minimize prospects for dictatorial adventures. Third, we need to define a renewed defense structure for the Asia-Pacific theater that reflects the region's diverse security concerns and mitigates intra-regional fears and suspicions—a prerequisite for maintaining the stability required for continuing economic and political progress.

III

In formulating American policy toward the Asia-Pacific region, we should recognize our historical and continuing interests. Since 1784, when the merchant ship *Empress of China* sailed for Canton from New York, the United States has consistently pursued an open door approach to the Asia-Pacific region. Our interest has resided in maintaining com-

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mercial access and preventing the rise of any single hegemonic power or coalition hostile to the United States and its allies and friends. In today's world a shared focus and the development of an active partnership among the nations of the Pacific Rim are essential to the success of the emerging global system.

The Asia-Pacific region is now America's largest trading partner. America's trans-Pacific commerce is now more than \$300 billion in annual two-way trade—nearly one-third larger than that across the Atlantic. The United States exports more to Thailand than to the Soviet Union, more to Indonesia than to central and eastern Europe and more to Singapore than to Spain or Italy. Moreover, U.S. firms have invested more than \$61 billion in the region, with over \$95 billion of Asian investments in the United States.

Our closest bond to Asia is the growing number of Asian-Americans, some seven million strong, who are America's fastest growing group of immigrants. There are more Laotians today in the United States than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These people, along with hundreds of thousands of other Asian-Americans—Chinese, Japanese, Vietnamese, Cambodians, Koreans, Thai and Samoans among them—enrich our society, strengthen our engagement with the region and give us a growing mutuality of interests in an emerging Asia-Pacific community.

What has fostered stability and secured economic dynamism in East Asia for the past four decades is a loose network of bilateral alliances with the United States at its core. Our military presence, our commitment, our reassurance has constituted the balancing wheel of an informal, yet highly effective, security structure that emerged after World War II and endured throughout the Cold War years.

To visualize the architecture of U.S. engagement in the region, imagine a fan spread wide, with its base in North America and radiating west across the Pacific. The central support is the U.S.-Japan alliance, the key connection for the security structure and the new Pacific partnership we are seeking. To the north, one spoke represents our alliance with the Republic of Korea. To the south, others extend to our treaty allies—the Association of Southeast Asian (ASEAN) countries of the Philippines and Thailand. Further south a spoke extends to Australia—an important, staunch economic, political and security partner. Connecting these spokes is the fabric

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of shared economic interests now given form by the Asia-Pacific Economic Cooperation (APEC) process. Within this construct, new political and economic relationships offer additional support for a system of cooperative action by groups of Pacific nations to address both residual problems and emerging challenges.

This system has been successful precisely because its flexibility has respected the vast geographic expanse, political and cultural diversity, as well as the geopolitical realities of East Asia and the Pacific. Unlike Europe there has been no single threat commonly perceived throughout the region. Instead, there is a multiplicity of security concerns that differ from country to country and within the subregions of this vast area.

Today the overlay of U.S.-Soviet competition has been removed from Asia, so the enduring diversity of regional interests and security concerns stand out with even greater clarity. What was a secondary aspect of our Cold War-era security presence is becoming the primary rationale for our defense engagement in the region: to provide geopolitical balance, to be an honest broker, to reassure against uncertainty.

Our forward-deployed military presence and bilateral defense ties to Japan, South Korea, the allies within ASEAN and Australia are widely accepted as the foundation of Asia's security structure. Yet in the post-Cold War world, the enhanced capabilities of our allies and friends—and new security challenges—require adjustments in our force structure, defense activities and in the means of sustaining regional stability.

Asian security increasingly is derived from a flexible, ad hoc set of political and defense interactions. Multilateral approaches to security are slowly emerging. As we have seen in the Cambodian peace process, the combined efforts of the ASEAN countries, Japan, Australia and the U.N. Security Council's Permanent Five have tailor-made a conflict-resolution process. A semiofficial forum on the contested islands of the South China Sea, hosted recently by Indonesia, also reflects such an ad hoc, multilateral approach. Guaranteeing stability on the Korean peninsula may increasingly assume a multilateral form—a solution suited to the character of the problem. At this stage of a new era we should be attentive to the possibilities for such multilateral action without locking our-

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selves in to an overly structured approach. In the Asia-Pacific community, form should follow function.

IV

While Asian security concerns have a diverse, decentralized character, burgeoning intra- and trans-Pacific trade and investment provide areas of broad common interest. Commerce offers the most natural approach to fostering greater regional cohesion. This is why the United States and 11 other Pacific basin economies came together two years ago to initiate the APEC process. We see APEC as an important mechanism for sustaining market-oriented growth, for advancing global and regional trade liberalization and for meeting the new challenges of interdependence. The APEC agenda is expansive. It includes, for example, assessment of regional needs in telecommunications, human resource development, energy, trade and investment, marine resources and tourism, among others.

APEC is as much the hallmark of American engagement in the region as are U.S. security ties. Indeed, one could draw a 21st-century Pacific analogy from a nineteenth-century experience: the development of the American continent. As the pattern of expansion and influence in the American West was determined by the location of telegraph lines and railroads, so the infrastructural links we are building across the Pacific in areas such as telecommunications and transportation will shape the economic and political character of the region and our ties to it.

With the anticipated addition to APEC's membership of China, Hong Kong and Taiwan at November's third ministerial meeting in Seoul, APEC's potential as a major trans-Pacific forum is becoming a reality. The efforts of APEC's ten working groups are laying a solid foundation of economic cooperation on a broad range of issues.² APEC is ready to emerge as a key forum that can forge the greater sense of Asia-Pacific community needed to meet the challenges of the post-Cold War world.

Let me also leave no doubt about what APEC is not: it is not a regional economic bloc. To the contrary, it is a product

²APEC's ten working groups are: trade promotion, expansion of investment and technology transfers, human resource development, regional energy cooperation, marine resource conservation, telecommunications, transportation, data, tourism and fisheries. In addition APEC has begun regional trade liberalization discussions.

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of—and catalyst for—economic integration and trade liberalization. These developments will not cut off the Asia-Pacific community from the rest of the globe. In fact, by stressing the gains that have been made from open multilateral policies, and by enhancing economic efficiency, APEC should help the Pacific region contribute to a more open trading system. APEC's outlook is inclusive, not exclusive. APEC's members include a number of the great trading nations and offer excellent investment opportunities. The intent of the APEC participants is to overcome barriers and inefficiencies within the region while working for a more open global system.

Similarly, the emerging North American Free Trade Area will support both APEC and the global, multilateral systems for trade and financial flows. Unlike a customs union, NAFTA will not establish common barriers to those outside. Rather it will lower barriers among its participants—a governmental response to the accelerating economic integration already taking place among neighbors. Heightened integration and efficiency will increase the productivity of the U.S., Mexican and Canadian economies. Growth will bring expanding markets for Asian traders and investors, thus strengthening, not weakening, trans-Pacific economic links. Indeed, I believe Mexico views the NAFTA as a vehicle for better integrating its formerly autarkic economy into the global system; more efficient patterns of trade and investment with the United States and Canada will strengthen Mexico's ties with a competitive world economy, not weaken them. This view is supported by Mexico's recent membership in the Pacific Economic Cooperation Council (PECC) and its interest in participating in both APEC and the Organization for Economic Cooperation and Development.

Of course the logic of regional integration is more widely applicable. Indeed, Thailand's proposal for an ASEAN free trade area is a welcome initiative that could strengthen ASEAN and, by stimulating ASEAN growth, also reinforce U.S.-ASEAN economic relations.

The economic future of the United States depends on strong ties with all the regions of the world. As a nation generating some 24 percent of the world's GNP, we cannot operate effectively or efficiently through any other strategy. This is why the United States has demonstrated an unwavering commitment to advancing the General Agreement on Tariffs and Trade (GATT) through the Uruguay Round. It is also why

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we are seeking to complement that effort through a network of initiatives designed to reduce market barriers and support a more open, competitive and growth-oriented system. The NAFTA, the Enterprise for the Americas Initiative, the U.S.-European Community declaration, our trade enhancement initiative for the emerging central and east European democracies, our agreements with ASEAN and APEC each reflect our customized attempts to reach out to all major markets, not to exclude any of them.

Each initiative is tailored to meet special circumstances and to maintain momentum for liberalization by pressing forward simultaneously on a large number of fronts. Our logic is that gains from increasing trade and investment are not calculated according to any zero-sum formula—instead, greater competition leads to efficiencies and growth that benefit the system as a whole. This is a logic that will profit the dynamic economies of Asia, especially if they join with us to reduce barriers that threaten political support for a liberalized global trading system.

The natural partner of market-oriented economics is political pluralism. The public accountability that is the hallmark of democratic political systems is also the best check against tyranny and aggression. As the history of the past two centuries demonstrates, democratic nations rarely engage in armed conflict against each other. Not long ago some argued that democratic politics were unsuited to Asian cultures and traditions. Yet the political developments of the past decade in the Philippines, South Korea and Taiwan demonstrate that economic growth naturally tends to promote democratization.

Perhaps most remarkably, the powerful appeal of the democratic ideal is evident in Mongolia's rejection of its Leninist past and its turn to political pluralism and economic reform. Once the oldest communist government in Asia, Mongolia is the first Asian communist state to purposefully undertake the challenge of a democratic transition.

In sharp contrast, the democratic ideal has been brutally thwarted in Burma. The socialist military regime, by suppressing the results of its own 1990 election, has betrayed the people in their quest for representative government. This denial of the expressed will of the Burmese people will leave Burma mired in isolation and stagnation until the military leadership reverses its repressive policies and transfers authority to the elected civilian leaders of the country. The awarding

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of this year's Nobel Peace Prize to Aung San Suu Kyi will give the Burmese people hope that the world is not ignoring their plight.

China, Vietnam and Laos have embarked on a course of market-oriented economic reform while retaining a Leninist monopoly of political power. But economic reform can be sustained only when it is accompanied by political reform. The tragic violence at Tiananmen Square in 1989 was a reflection of the social and political pressures generated by a decade of rapid economic expansion unaccompanied by concurrent political transformation.

Democratic reform in China and Vietnam, as well as in North Korea, would have a major impact on the character of international relations in Asia. As generational change unfolds in all three of what might be called "Confucian-Leninist" societies, the interplay between economic expansion and the striving for political reform can only become more pronounced.

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Our ability to help realize the economic and security architecture of the Asia-Pacific community we envisage will rest in no small measure on the successful management of a number of critical relationships with our allies, friends and regional groups. Our ties with Japan, South Korea, ASEAN and Australia are the stabilizing and strengthening spokes in the fan.

U.S.-Japan Relations

The keystone of our engagement in East Asia and the Pacific is our relationship with Japan. Nothing is more basic to the prosperity and security of the region, and indeed to the effectiveness of the post-Cold War system, than a harmonious and productive U.S.-Japan relationship.

But U.S.-Japan relations have changed profoundly over the past decade. Our dealings have become more equal, and their form and substance must now be adjusted to reflect this reality if we are to address the sources of tension. I see four basic, interrelated elements as necessary to accomplish this adjustment.

First, the foundation of our relationship—the U.S.-Japan security alliance—must be strengthened. We have been pleased with our growing security cooperation with Japan. Japan is continuing to progress toward fulfilling our agreed-

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upon division of defense roles and missions. Japan's ability to secure its air and sea lanes out to 1,000 miles from its shores, the growing interoperability and joint training of our forces—along with generous host nation support, which will increase to 73 percent of the non-salary costs for our forward-deployed forces—are a major contribution to the stability of the region. One area which requires greater cooperation, however, is the goal of a more balanced two-way flow of defense-related technology, as codified by our 1983 Memorandum of Understanding.

Second, we must work to reduce the economic tensions in our increasingly interdependent relationship. The \$140 billion in annual two-way trade, the investment and the burgeoning network of private sector linkages between the world's two largest and most technologically advanced economies underscore the importance of this aspect of our relations.

A solid, balanced economic foundation, with open markets on both sides, is needed if we are to sustain and advance our partnership—one now of truly global dimensions. This requires greater market-opening efforts by Japan, a more competitive U.S. economy and an intensification of the detailed economic dialogue we have begun in the Structural Impediments Initiative. Removing the impediments to external adjustment and building more balanced economic ties—thus creating fair opportunities for traders and investors—are essential to the new harmony we seek.

The SII talks could assume a particularly important role in this process of economic adjustment. Two nations, recognizing the extensive interconnection of their respective economies, have agreed to analyze and pursue microeconomic adjustments in order to harmonize an economic relationship vital to each other and to global economic growth. This makes the SII a microeconomic complement to the Group of Seven leading industrialized nations (G-7), which is designed to improve the coordination of macroeconomic policies among highly interdependent economies.

For its part, the United States is enhancing its competitiveness, as is evident in an 87 percent increase in its exports to Japan since 1987. This export expansion reflects, in part, Japan's removal of structural barriers to market access for goods, services and investment. But many aspects of the Japanese economy are still constricted by exclusionary business practices, to the detriment of new players in the market-

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place—both foreign and Japanese—and of the Japanese consumer. And at home we still have much work to do—from further reducing the cost of capital to American business to encouraging more aggressive marketing of U.S. products abroad—if we are to carry out our part of the six equation.

Third, we must fulfill the promise of the global partnership called for by the president at the Palm Springs summit last year. As democracies and market-oriented economies that together generate nearly 40 percent of the world's GNP, the United States and Japan have the potential to marshal unrivaled resources in support of a better future—if our foreign policies are effectively coordinated. On issues from the Uruguay Round to reform in central and eastern Europe, from preserving the environment to Third World debt relief, we must engage together globally.

For the international system to work, leading powers must lead. This is the lesson we learned from our own reluctance to play an active role in world affairs in the period between the two world wars. This is why today we seek to build a global partnership with Japan—with Tokyo assuming a greater leadership role in a system from which it derives significant benefits. Our broadly convergent interests have already led us to pursue similar policies on many issues. We are committed to developing better consultative mechanisms in order to give greater synergy to our foreign policies.

Finally, we must deepen our understanding of each other's culture. Japanese youth must be introduced to more about American life and values. Fast-food, rock and rap music and Hollywood style are one image we project in the modern world, but America has much else to offer. Similarly, more Americans must gain knowledge of, and appreciation for, Japan's rich history and traditions—in particular, they should learn the Japanese language. The recently created Abe Fund offers one important opportunity to expand a host of exchanges and interactions—intellectual, scientific, cultural and people-to-people—needed to deepen our mutual appreciation and ability to work together.

U.S.-Korean Relations

Another pillar of our engagement in the Pacific is our alliance with the Republic of Korea. South Korea's economic and political achievements rival those of Japan. Economically the R.O.K. has converted itself from a poor agricultural society

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devastated by the war into the world's thirteenth largest economy. Its industry is now on the cutting edge of high-tech growth. Within a generation South Korea's per-capita income has trebled. And its success in building democratic institutions and the accomplishments of *Nordpolitik* in forging new international relationships underscore the significance of our firm support for the R.O.K. over the past four decades.

South Korea's dynamism helps us meet the challenge of transforming what has been primarily a military alliance into a more equal political, defense and economic partnership. This is the logic of the U.S. force restructuring now under way, of Seoul's increased support of our defense presence there, of our economic dialogue and enhanced political consultations.

South Korea's success is all the more remarkable as it has been achieved in the face of unrelenting military and political confrontation with North Korea. Indeed the very real danger of nuclear proliferation on the Korean peninsula is now the number one threat to stability in the Asia-Pacific community.

North Korea's repeated failure to meet its international obligations under the Nuclear Nonproliferation Treaty—requiring it to implement full-scope International Atomic Energy Agency safeguards inspection of its nuclear facilities—has raised serious questions about its intentions. Widespread suspicions about a nuclear weapons program cannot enhance North Korea's security. President Bush's recent initiative in withdrawing worldwide U.S. tactical nuclear weapons renders Pyongyang's preconditions for fulfilling its NPT obligations more specious than ever.

Yet, as important as the NPT regime is, we have seen in the case of Iraq that even IAEA safeguards cannot ensure that a maverick regime will not seek to acquire a nuclear weapons capability. The only firm assurance against nuclear proliferation in Korea is a credible agreement by both Seoul and Pyongyang to abstain from the production or acquisition of any weapons-grade nuclear material on the Korean peninsula.

The key to reducing tensions on the peninsula—and ultimately to the reunification of Korea—is an active North-South dialogue. The Koreans themselves must traverse the road to peace and reunification. President Roh Tae Woo's initiatives to advance the free flow of trade, people and communications between North and South are important steps in this direction. For real progress to occur, a climate of trust and confidence must be established. The recent admission of both Koreas to

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the United Nations and the ongoing prime ministerial talks are hopeful signs that the last glacier of the Cold War in Asia is at last beginning to melt. For our part, we are prepared to enhance our dealings with Pyongyang as the Democratic People's Republic meets its responsibilities as a global citizen.

There is potential for European-style confidence-building measures and, ultimately, Conventional-Forces-in-Europe-type arms reduction on the Korean peninsula. As in Europe, large and heavily armed ground forces confront each other across a clearly demarcated demilitarized zone. Korea is a place in East Asia where arms control initiatives seem particularly timely.

The process of reconciliation and, eventually, reunification on the Korean peninsula need to be based on Korean initiatives; yet the four major powers—the United States, Soviet Union, China and Japan—have important interests that intersect there. As the North-South dialogue progresses, we will explore the possibilities for a ~~forum~~ *formula* for the two Koreas and the four major powers in Northeast Asia that will support the dialogue, help in the easing of tensions, facilitate discussion of common security concerns and possibly guarantee outcomes negotiated between the two Koreas.

U.S.-Southeast Asian Relations

Our relations with the countries of the Association of Southeast Asian Nations are at the core of our engagement in this dynamic subregion. Over the last fifteen years, we have built an impressive structure of economic, political and security cooperation with our ASEAN colleagues. Indeed, just fifteen years ago many feared that countries such as Thailand, Malaysia and Indonesia would become "dominoes" in a communist assault on Southeast Asia. Today the talented, industrious people and market-oriented economies of the ASEAN states are setting global standards for development.

ASEAN today is America's fifth largest trading partner, rivaling U.S. commerce with Germany; and America is ASEAN's largest export market. ASEAN was a leader in launching the Uruguay Round of the GATT, and we look to ASEAN for support in successfully completing the current negotiations. We have worked hard to keep ASEAN at the core of our efforts at regional economic integration, and we will continue to do so.

In the political realm a decade of cooperative efforts with ASEAN has led to the successful conclusion of a comprehensive

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agreement to end the conflict in Cambodia. In the wake of the Paris Conference we look to the building—under U.N. auspices—of a just and durable peace in Cambodia. This should make possible a new era in Southeast Asia, including the integration of Cambodia, Vietnam and Laos into the mainstream of the region.

The culmination of the Cambodian peace process—free and fair elections, the installation of a legitimate government in Phnom Penh, along with substantial resolution of our POW/MIA concerns—will finally provide a durable basis for the United States to normalize relations with Vietnam, Cambodia and Laos.

Two of ASEAN's members, the Philippines and Thailand, are also bilateral treaty allies. Today there is much uncertainty about the future of our military presence in the Philippines. I want to emphasize two points in this regard: our overriding concern is to sustain good relations with a democratic and economically resurgent Philippines. And second, regardless of the future of our military presence at Subic Bay, our security engagement in Southeast Asia will remain undiminished, even if realized through other arrangements.

We are exploring ways to enhance defense cooperation with our friends throughout the subregion in order to sustain an adequate security presence on a more diversified basis. The base-access agreement reached earlier this year with Singapore is a reflection of our commitment to sustaining a defense capability in Southeast Asia—as well as of the region's widespread desire for an active U.S. security presence.

U.S. Australian Relations

Australia is the southernmost spoke in the fan I described earlier, serving as the southern anchor for our links across the Pacific. Moreover, Australia is a bridge between Southeast Asia and the South Pacific island states. Canberra's activism in both global and regional affairs—from efforts to rid the world of chemical weapons to elimination of agricultural subsidies via the Cairns group in the GATT—demonstrates its importance as an ally. In its contributions to the Cambodian peace process, and in its role of honest broker and catalyst for development in the South Pacific, Australia plays a vital part in regional affairs.

In addition, Canberra has been an important bridge to New Zealand, as we have sought to encourage policy changes in Wellington that will make possible a reactivation of the ANZUS

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alliance. President Bush's nuclear disarmament initiative has created a favorable context that we hope will elicit a positive response from New Zealand.

China

The tragic violence at Tiananmen Square in the summer of 1989 shattered the bipartisan consensus in the United States—carefully constructed over two decades by five administrations—for engagement with China. Rebuilding that consensus is in our national interest, but it is proving to be a daunting task.

Looking back over more than 150 years of American contacts with China—since the time of the first missionaries and traders—our views of China have oscillated between extremes of fascination and confrontation. Indeed the influence of the missionary experience in China—evident in the work of novelists, scholars and diplomats—has shaped our romantic perception of this land and its people. We have admired China's exotic culture and its hard-working and long-suffering people.

When the Chinese seemed to adopt our principles—either religious or secular—we enthusiastically welcomed them into the fold. But when periodic upheavals led to disappointment and frequently bloodshed, Americans felt the anger of rejection—of a conversion that failed.

Even in recent years, no foreign event seemed to capture the American public's interest and excitement more than the effort in the 1980s to reform China's Soviet-style economy and to open up the country to the modern world. And then, overnight, our hopes for a new, democratic China turned to revulsion at the sight of tanks crushing unarmed students. The subsequent advance of political reform in the Soviet Union has made China's setback all the more poignant.

We cannot forget those who were halted by a backlash of fear, but we will not help the eventual success of their cause by again turning our backs on China. The pendulum of U.S. relations with China must stop its sharp swings. China is home for almost a quarter of mankind. We cannot simply wish away their problems.

That is why President Bush has pursued a policy of engagement toward the People's Republic. We can eventually solve our problems with China only if we maintain the ability to make our case to the Chinese. Our agenda is open for all, Chinese and American, to see. We want to protect human

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rights and advance liberty. We want to counter the threat of nuclear and missile proliferation. We want free and fair trade that benefits both countries and the region.

Our ideals and values must be an essential part of our engagement with China. We will fight against political repression and religious persecution. Yet political liberty is not easily or long separated from economic freedom. As President Bush pointed out at Yale University in June, no nation has yet discovered a way to import the world's goods and services while stopping foreign ideas at the border. It is in our interest that the next generation in China be engaged by the Information Age, not isolated from global trends shaping the future.

That is why we believe it is important to maintain China's most-favored-nation trading status. MFN has been a critical catalyst in the growth of our bilateral ties and in the overall expansion of China's foreign trade during the 1980s to more than \$100 billion annually. MFN has also facilitated development of a large market-oriented sector—in Guangdong province it now exceeds the state sector. This engagement has led to the integration of China's coastal provinces with Hong Kong, Taiwan and the global economy.

Of course, if China is to become fully drawn into the world economic system it must further deregulate its economy, adopt the transparency needed to enter the GATT and protect foreign intellectual property rights. Resolving these issues—and additional ones on our bilateral economic agenda, such as market access and the export of prison-labor products—can only be pursued through a policy of active engagement.

Finally, China's international role spans a growing range of global and regional issues affecting our interests: from concerns about missile and nuclear proliferation, to cooperation in the gulf crisis, to resolving regional conflicts. This underscores the need for sustained engagement with China on issues of common concern. Our recent experiences in working with Beijing on the Cambodian peace process and in reducing tensions on the Korean peninsula suggest that our engagement can produce results.

In sum we need to recognize that China is in a time of transition. An anachronistic regime has alienated us by lashing out, by seeking to repress an irrepressible spirit. A return to hostile confrontation will not help the people of China nor serve our national interests. The only sensible course is to move ahead with our agenda, secure improvements where

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possible and create the context for managing the change that will come some day.

The U.S.S.R. in Asia

Any discussions of the future of the Asia-Pacific region would be incomplete without mention of the Soviet Union and Russia, which have interests in Asia as well as in Europe. Increasingly we see the Russian Republic taking a more active role in the Asia-Pacific region. And despite the turmoil in the U.S.S.R, Moscow has been playing an increasingly positive role in the region. Soviet cooperation on Cambodia and in the Persian Gulf, as well as the normalization of relations with South Korea, illustrate the potential for new forms of cooperation on Asian issues between Washington and Moscow.

Yet Soviet forces in the Far East still remain large, and market reforms that are the prerequisite for participation in the Asian economic miracle have yet to be implemented in the Soviet Union. No nation that spends 20 percent or more of its GNP on the military can expect to compete economically in the dynamic Asian region.

We welcome the growing interest in forging new economic ties between Soviet Asia and the nations of the Pacific Rim. The opening of Vladivostok, the establishment of a free trade zone at Nakhodka and resolution of the Northern Territories issue are important steps that can pave the way for greater participation in the Asia-Pacific community. As Soviet market reforms take shape, the potential for economic exchange with the market-oriented economies of the Pacific Rim will undoubtedly grow. In this regard I am pleased to welcome Soviet membership in the semi-official Pacific Economic Cooperation Council.

VI

President Bush's trip to East Asia and the Pacific highlights our hopes for the future of this promising region. Sustaining American engagement in East Asia and the Pacific is vital to U.S. interests—not just in the region, but to the international system we are trying to forge. Our defense commitments remain at the core of the Asia-Pacific security structure, but they will evolve to reflect new circumstances and partnerships based on the enhanced capabilities of our allies and friends. Supporting democratic trends and helping to shape a frame-

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work for economic integration are key policy goals which will enhance the sense of Asian-Pacific community.

Yet we cannot fully enter the future while still burdened by legacies of the Cold War era, particularly the military confrontation on the Korean peninsula and the dispute over the Northern Territories. Moving from the Korean armistice to a stable peace and advancing Soviet-Japanese bilateral ties to make possible a peace treaty would be major steps in transcending those legacies. Only when true peace comes to Cambodia, when all the states of Indochina have normal relations with the rest of the world, when Korea is unified on terms acceptable to all Koreans and when the Northern Territories are returned to Japan can we finally turn a new page in the history of the Asia-Pacific region.

For the next millennium to be one of the Pacific, a strong sense of community must emerge based on shared prosperity and common values. The agenda and architecture I have discussed here hold the promise of building that sense of community. By accommodating Asia's diversity in security, uniting around shared principles and interests, and forging the economic ties that bind the region, our vision can be realized and a new trans-Pacific partnership achieved.

THE UNITED STATES AND ASIA: FUTURE PROSPECTS

The Japanese attack on Pearl Harbor ushered in a new era of U.S. involvement in Asia. In the past lay hearty merchant-voyagers, missionaries and assorted diplomats. Only in the Philippines, however, had Americans become deeply involved in an Asian society, and even there colonial governance was in the hands of a relative few. For the average American, Asia signified exotica—a distant region wholly foreign and to many, slightly ominous.

In the years since 1941, however, massive American military involvement was to be followed by diverse efforts at political tutelage, extensive cultural exchange and a level of economic and financial intercourse that was eventually to make the Pacific-Asian region more critical to the American economy than Europe.

Millions of Americans acquired a personal knowledge of certain parts of Asia. In addition a growing Asian population in the United States has begun to influence American society in a variety of ways as the century draws to a close. Thus, just as victory in war extended the United States further into the Pacific, so that victory bound America to Asia in ways that could not possibly have been foreseen on that fateful day of December 7, 1941.

II

To understand where the United States stands today and what future prospects exist for U.S. relations with Asia, one must first comprehend the enormous changes that are taking place throughout this vast region.

First, note the geopolitical transformation. At the close of World War II the Eurasian heartland was strong, its peripheries weak. Although deeply wounded by that war, the Soviet Union had the strength and will to build a buffer-state system to the West and, in alliance with the newly victorious commu-

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nists in China, to project communist power to the edges of the Asian mainland. Western Europe and the peripheral regions of Asia, including Japan, on the other hand, were weak, either crippled by the war or emerging from lengthy colonialism. Only substantial American military and economic assistance provided the key peripheral societies with an opportunity for renewal.

Today the situation is precisely reversed. The Eurasian heartland is in the throes of crisis, with the Soviet Union in the process of dismemberment and China—especially interior China—facing a host of complex problems that affect its cohesion and power. For the present at least, China has only a limited capacity for external involvements. The other Leninist states remaining on the Asian continent are in similar or worse condition. But the Eurasian peripheries are generally strong, with western Europe demonstrating a new dynamism and the market economies of East Asia led by Japan providing models for the developing world. The implications of this great transformation of power and authority in Eurasia for American attitudes and policy have yet to be fully grasped.

Second, to an unprecedented extent, economics has taken command of international relations. This was not always true. At the close of the Second World War, politics was generally paramount, especially in Asia, with revolutionary leaders seeking to build or rebuild nations by mobilizing their people through ideological appeals. They gave lip service to development, but their priorities were political. Today, however, even Leninist states are forced to concentrate on economic reform in an effort to compete with others.

Leaders everywhere are coming to the realization that the economic health of their society is critical not only to internal stability but to external influence. Moreover the rapid growth of economic interdependence has linked domestic and foreign policy together more closely than at any time in history. A nation's domestic policies, in both the economic and political realms, directly impact other countries, and hence are a matter of legitimate concern to a much greater extent than in the past. This is the basic rationale for the U.S.-Japanese Structural Impediments Initiative (sii), in which each side proposes internal changes to make economic relations more harmonious.

Issues of interdependence are becoming increasingly complex. Throughout Asia, for example, natural economic terri-

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ties (NETS) are being formed, often cutting across political lines. Sometimes they are the result of governmental promotion; sometimes they evolve largely because of private sector initiatives; often a combination is involved. In any case, they are becoming significant in both political and economic terms. One NET encompasses the Guangdong province of southern China, Hong Kong and Taiwan; another that is emerging includes China's Shantung province and South Korea. It is likely that within a few years a Sakhalin-Kuriles-northern Japan NET will emerge, and in the Sea of Japan closer ties are forming between the Siberian ports of Vladivostok and Nakhodka and regions such as Niigata in west Japan. In Southeast Asia discussions are under way toward establishing a NET to include Singapore, Johore (Malaysia) and Batam island (Indonesia). The relationship between NETS and the political entities called nation-states, along with the massive financial transactions that flow across borders daily and the more formal large-scale economic regions now being formed, forces one to evaluate the growing limitations upon national sovereignty and its implications for an international order as this decade advances.

Naturally the ascendancy of economics has colored domestic politics in Asian countries as elsewhere. If one defines ideology as a universally applicable theory—a set of cosmic ideas and values that provide a comprehensive guide to thought and action—it has declined in the face of the pragmatic impulses stemming from economic primacy. This has posed an acute problem for all political systems. Asia's remaining socialist leaders are downplaying—or completely jettisoning—Marxism-Leninism in favor of resorting to nationalist appeals in an effort to bolster faith in a system in trouble. Considering the original Marxist appeal to the brotherhood of the global proletariat, it is a supreme irony that the remaining Leninists now concentrate on nationalist appeals while economics is driving the democratic societies—sometimes reluctantly—to internationalism.

But in politically open Asian societies, as in the Western democracies, enduring political values are also in jeopardy. Can liberalism encompass responsibilities as well as rights? Can it preserve both the community and individual interests in an age when materialism and hedonism seem to reign supreme? In any case, whatever its political form, a government today must depend upon performance, not faith, to sustain its

legitimacy. Despite efforts at intensive indoctrination in certain socialist societies, increasingly the average citizen is asking the government, "What have you done for me?" often adding the word "lately."

Political leaders, and not just old Marxists, have turned to the nationalist appeal as a substitute of sorts for a more comprehensive ideological faith. Imbedded in Asian nationalism are certain traditional feelings that can be revitalized, including antforeign sentiments. When the contemporary conservative Chinese leaders warn citizens against foreign forces that would subvert Chinese socialism by infiltrating the society using the technique of "peaceful evolution," they hope to strike a responsive chord among a people that have periodically struck out against those external forces that earlier penetrated China in one form or another. When North Korean leaders speak of socialism under *juche* (self-reliance), with "iron-clad unity around one leader, one party, one nation," they are making a traditional appeal to people that have lived in a country once known as "the hermit kingdom."

Nationalism, however, is also a natural reaction in democratic societies when external economic forces seem to represent the new threat. In an incredibly short space of time, societies coming from different traditions, at different stages of development and pursuing different economic strategies have been thrust together economically. Friction is inevitable, and with only rudimentary instruments of economic conflict-resolution, a political response based on themes such as a "foreign threat" or "foreign pressure" may find a receptive audience. Recent public opinion polls in South Korea, for example, show that the principal reason for the growth of anti-Americanism there comes not from the political left, but from those in agriculture and business who believe that the United States applies undue pressure to obtain a swifter movement away from Seoul's neo-mercantilist policies.

Despite its resurgence, however, nationalism faces strongly competitive forces. On the one hand, there are growing pressures from below due to the rise of problems connected with the advanced stages of industrialization and the renewed vitality of ethnic and religious cleavages; on the other hand, pressures from above are steadily mounting in the form of internationalist imperatives due to economic interdependence and security needs. The complex interaction among localism,

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nationalism and internationalism will be one of the great dramas of the coming decades.

Among the separatist forces, ethnicity and religion are formidable agents, especially in southern Asia. Populations in northeast Asia, Japan, the two Koreas, Mongolia and Taiwan are remarkably homogeneous. Even China has a minority population of only some eight percent, although the minorities occupy more than half of this massive nation's land area, primarily in the sparsely populated border regions. Beijing is understandably nervous about the rising nationalist sentiments in the central Asian republics that were a part of the old Soviet Union and the substitution of Genghis Khan for Lenin as a national hero in Mongolia. Despite their best (and worst) efforts, the Chinese will never be able to homogenize the Tibetans, Mongols, Kazhaks and Uighurs that inhabit their land, and thus ethnicity will remain a permanent factor in Chinese politics, but given the disparity of numbers, not one that is regime-threatening.

Southeast Asia has long lived with ethnic diversity, and it remains a vital force in the politics of the region, providing linkage between domestic and foreign policies. The major division is that between Malay and Chinese, although Indian and aboriginal elements exist along with numerous ethnic subdivisions. While the Chinese represent a small proportion of the population (except in Singapore and Malaysia), they play a major role in finance, commerce and industry. Hence recurrent tensions have an economic as well as a social base. In South Asia, meanwhile, religion is an enduring source of conflict, primarily with regard to Hindu-Islamic divisions, but also within Hinduism itself.

Meanwhile political institutions throughout Asia are generally weak, and the premium upon leadership remains high. The old political structure in many societies has been destroyed or badly damaged, but broadly acceptable new institutions are not yet in place. Three basic political systems now coexist: Leninism, authoritarian-pluralism and parliamentary democracy. The authoritarian-pluralist system is one characterized by restrictive politics, with choice and freedom constrained, but with a civil society existing apart from the state in some degree, manifested in the capacity of religious, educational and familial institutions to operate with a degree of autonomy. The economy, moreover, is one where the market plays a crucial role although with extensive state involvement.

At this point the political spectrum in Asia appears to be widening. The surviving socialist states are fighting desperately to batten down the political hatches even as they experiment with more open economic policies. Political tightening is being pursued in the name of stability, a term that is endlessly invoked in China, North Korea and Vietnam. Events in eastern Europe and the old Soviet Union are being held up to the citizenry as negative lessons. The breakdown of order, it is asserted, will seriously retard economic development and hence the opportunity for a better life. Thus while they search desperately for the proper combination of economic policies to reform socialism, the key leaders of these societies attempt to keep Leninist politics more or less intact.

In the Asian Leninist states, remnants of the first generation revolutionaries still cling to power, in contrast to Eastern Europe and the Soviet Union prior to the recent revolutions, where the revolutionary flame had been supplanted by routine bureaucracy and greyness. In this atmosphere leaders came to realize that they presided over essentially backward societies, and the necessity of reform began to gain recognition within the elite. Their response was to attempt reform not revolution, their appeal to "make socialism work better." At a certain point, however, the elite lost control of the process. To be sure, it was vitally important that their populations had always lived within the orbit of Western culture and were increasingly influenced by the dynamic developments in western Europe. These factors suggest the need for caution in projecting political developments in Europe automatically to Asia.

If the immediate situation is characterized by a stretching of the political spectrum, there are good reasons to believe that in the not distant future, that spectrum will narrow. On the one side, the few remaining traditional monarchies will either be reformed or disappear. On the other side, Leninism in its traditional form is doomed, with the only issue being that of timing of demise and means of exit. An open economy and a closed polity cannot long coexist. As the socialist states turn outward, seeking capital, technology and markets from the dynamic economies around them, as NETS involving a portion of their state evolve, and as political power is assumed by younger generations—who are more technocratically inclined, better educated and have a greater knowledge of the world—the old political order cannot possibly be sustained.

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Development bears with it three forces that have powerful political implications: diversity, inclusiveness and porousness. The developmental process, especially in its early stages, generally accentuates class and regional differences, thereby rendering highly centralized controls increasingly inefficient and politically unacceptable. As education spreads and livelihood improves, moreover, demands emerge for more genuine inclusiveness in the political process, especially from a growing middle class.

Finally, economic policies and the communications-information revolution combine to remove the instrument of isolation from the hands of the state, once an excellent technique for preserving mass faith. The society becomes more porous, thus susceptible to a variety of external influences; witness the emergence of a cosmopolitan culture among a growing number of youth in Shanghai, Beijing and Ho Chi Minh City. Note also the increased access to outside information from radio, television, tourists and visiting relatives. Even in remote North Korea, information about the external world, however partial and distorted, is filtering in to the populace. This can only increase with the new economic measures now under way. With information comes the ability to make comparisons, which leads to demands that cannot be met by exhortations to keep the faith.

Thus, on balance, development in Asia as elsewhere serves the cause of political pluralism. In assessing this fact, however, one must avoid two errors. No political process is completely linear; there will be zigzags and zags, retrenchments and retreats as well as advances. Further, neither the world at large nor Asia in particular are destined to have a total convergence of political systems. Differences of tradition, scale, geographic position and stage of development preclude identity, now or in the foreseeable future. It is possible—indeed probable—that most if not all of the remaining Leninist states of Asia will evolve toward some form of authoritarian-pluralism rather than liberal democracy in the near term. In fact that was the trend in China in the mid-1980s, after economic reform had been under way for a few years.

Nonetheless if the political extremes are eliminated, a narrower spectrum will permit much more meaningful dialogue across ideological-political boundaries and, together with the ever more complex economic network connecting societies, reduce the risks of military conflict.

Security issues and the security structure are also rapidly changing in the Pacific-Asian region. Here as in Europe the Cold War no longer serves to delineate the lines and define the critical issues. For the indefinite future Russia will be weak—not necessarily in terms of its military arsenal (although that will continue to be reduced) but in terms of its capacity (or will) to use its military resources outside the boundaries of the old Soviet Union, and perhaps even within those boundaries. Moreover, under current conditions, the United States and Russia have a growing community of interests, both with respect to the global scene and with regard to the regional order in Asia. China is fully preoccupied with its domestic problems. Japan, an economic superpower, is only beginning to apply that power for political purposes and is content at present with a purely defensive military strategy.

In sum the risk of a major power conflict in Asia is at its lowest point in this century. Violence will be domestic or subregional, allowing others to determine whether or not they choose to intervene directly or indirectly. The implications of these developments for the United States are far-reaching.

Given present trends it is not surprising that a process of Asianization is expanding ever more rapidly—a growing network of ties among and between Asian states at every level. At the same time alliances of the earlier type are disappearing or undergoing significant alterations. The exclusiveness of past ties and the dominant pattern of patron-client relations is giving way to a trend toward partnerships, with greater flexibility and independence on the part of both parties in the relationship. And in current bilateral relations, whether they be those of alignment or otherwise, a combination of cooperation and competition prevails, with some element of tension. Hence continuous negotiations are necessary at the bilateral level; in addition, it is important to place such relations in a broader multilateral context.

For the foreseeable future it will be necessary for the major Pacific-Asian states to operate simultaneously at the bilateral, regional and global levels, in both the economic and political-security fields. The inevitable contradictions involved in this situation will have to be managed with as much skill as possible—a challenge especially for the United States, given its important global position at present and its past proclivity for unilateralism.

III

It is against this background that the future alternatives for U.S. policy in Asia should be explored. First, however, there is merit in examining America's post-1945 Asian policies to see if there are lessons to be learned from the past.

One lesson stands out graphically: do not mislead your opponent. The two wars that the United States fought in Asia in the past forty years—Korea and Vietnam—were both products of communist miscalculation in some measure, and for this America bears considerable responsibility. The signals sent to the Korean communists and their Soviet and Chinese mentors were that South Korea was outside the perimeter of American security commitments. The communists had little reason to believe that the United States would intervene on South Korea's behalf. Thus, tragedy ensued.

In Vietnam also, Hanoi could scarcely have imagined that a massive American commitment would ultimately be made, given the initial responses of the Eisenhower administration to signs that the North did not intend to abide by the terms of the 1954 Geneva agreement. To be sure, one can and in some instances should keep strategic options open, but to allow the aggressor to believe that it can move with impunity can have deadly consequences. It is not altogether clear that the United States had learned that lesson by the time of the gulf crisis. The Iraq conflict proved once again that if war comes, Americans support most strongly those wars in which U.S. troops are used with full force, win an overwhelming military victory, and leave as quickly as possible.

A second, more complex lesson is that, henceforth, the United States must subordinate unilateralism to bilateral and multilateral approaches, whether the issue is strategic or political. Nothing is more difficult for Americans. The Gulf War illustrated these new complexities. When the gulf crisis began, it was imperative for the United States to work through the United Nations, and most specifically with the permanent members of the Security Council. Indeed it was this necessity that precluded a march to Baghdad. Moreover, while the United States is largely disengaged militarily as a major occupying force, it is still politically involved in the region, having inherited the twin burdens of dealing with Saddam Hussein and of seeking to construct a broader Arab-Israeli peace.

Whatever the outcome, the effort to combine American leadership and international consensus is a result of realizing that a new era is at hand. No country including the United States has the capacity or desire to create a new global order single-handedly. The costs of going it alone—political as well as economic—are now too formidable despite the difficulties of reaching multilateral agreements. Often in the past the United States has sallied forth on behalf of the American way. It has become increasingly clear, however, that such values as human rights can be most successfully defended abroad when it is not just an American cause, but an international one.

In this connection, moreover, another lesson should be considered seriously. It is proper to champion democracy and seek to support it abroad, since with all of its defects democracy allows people the greatest opportunities, material and cultural. Yet it should also be recognized that within most if not all nondemocratic societies diverse political forces exist, some seeking to forestall change, others seeking to accelerate it. The concept that one promotes democracy—or greater political openness—by limiting contacts with such societies to a minimum is naïve. The proper question to ask is how can a process of change be most effectively accelerated in a given authoritarian state? The answer may vary but rarely if ever will it be to impose isolation to the maximum possible extent.

Perhaps the most powerful political lesson is the close correlation between the American citizens' level of economic and political satisfaction at home, and their willingness to support an active international role. When there are strong domestic concerns, it is nearly impossible to muster public enthusiasm for a foreign aid program, apart from short-range humanitarian measures. If crime and drugs are rampant in one's own neighborhood, concern about security centers on the home front. There has been a growing gap in opinion polls between American decision-makers and average citizens on the willingness to make security and economic commitments to others. Even the former group is now shaken by diverse manifestations of social disorder, the decline in primary and secondary educational standards, the rising fiscal deficit, the low savings rate, the poor investment record in civilian research and development and the resulting loss of competitiveness. The lesson is clear: either these problems will be tackled with a seriousness not yet in sight, or the commitment to

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To put this matter differently, when one asks from whence comes the threat, the proper answer is that in major part the threat is within our own society. It is here that the battle for internal cohesion, international competitiveness and, hence, genuine strength and influence will be won or lost.

Yet there is another threat: the inability of leaders and citizens to devise and activate a range of institutions above the nation-state level that can effectively handle the multitude of economic, political and strategic issues that confront the world today.

How the United States and other key countries balance the conflicting demands of their localities, their nation, their region and their world will determine how well they cope with the greatest revolutionary age in the history of mankind. Living with complexity is difficult and there are no simple answers. It is precisely because of this fact that leadership remains supremely important even in advanced industrial states where political institutions are relatively strong. The central task of leaders today, irrespective of the particular qualities that diverse societies demand, is to simplify intricate problems for their citizens without undue distortion, fathoming correctly and in time the implications of the oncoming tides of global change for their nation. Despite the difficulties in keeping up with events, leaders cannot afford to be merely reactive; the premium is to understand the basic meaning of the massive transformations that the world faces, and pursue innovative policies to move into the future at the optimal time. Herein lies the supreme test of the leader—but beyond this, the test of the citizenry at large.

IV

What lies ahead for the United States in Asia? In an age like this it would be foolish to posit a certain outcome for many of the issues that confront America. It is only possible to sketch a broad road map, allowing for detours and impasses, starting with the supremely important issue of economic relations. The United States cannot restrict itself to a single level of economic interaction with other nations. At the bilateral level the United States will be involved in continuous negotiations with its key trading partners, notably Japan, South Korea, Taiwan, the Association of Southeast Asian Nations (ASEAN) and China.

using a variety of mechanisms to advance dialogue from the SII to the trade action discussions. Efforts will be focused on resolving disputes before they reach the highly emotional political level. As in the case of U.S.-Japanese economic relations, however, the issues will go beyond tariff and sector-specific issues to a discussion of general administrative and structural barriers to an open trading and investment system. Inevitably this will reach into highly sensitive areas, evoking the charge of interference in a country's internal affairs. But that is the price to be paid for interdependence.

Another aspect to the new economic order is emerging. The United States will find restraints on imports increasingly controversial because of the damage caused to other parts of its own economic system and the risks of retaliation. Increasingly industry-specific protectionism will be challenged by American companies hurt by such action even as it is supported by those companies assisted. Increasingly restraints will have to be justified less on traditional grounds of security or unfairness and more on the grounds that it is a temporary measure to enable an industry to become competitive. But the premium will be upon the efforts for, and the logic of, competitiveness.

Unquestionably the level of frustration in important sectors of American society will remain high, and many U.S. grievances are justified. The major differences relating to the timing of development and economic strategies between the United States and its key Asian trading partners will not suddenly disappear. Thus the temptation to move to more comprehensive protectionist measures will continue to be strong, especially if economic regionalism in Europe and Asia proves to be exclusivist. Indeed, in political terms, the present system of restraints and retaliatory measures serves as a shield against more extensive protectionism.

The capacity of the United States to play a key role in preserving and developing more open global markets hinges upon action on the home front. Macroeconomic policies require extensive revision. The massive investment in military research and development can and must be redirected to commercial purposes. The private sector must engage in rapid technological innovations and restructuring. In the past Japan borrowed much from America, including earlier methods of quality control; it is now appropriate that America borrow some (not all) techniques from Japan and others.

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Meanwhile it will be critical to encase bilateral economic relations in a regional and global context. In the first instance, this requires that Washington try to develop the Asia-Pacific Economic Cooperation forum into something more than a debating and discussion society. APEC is the one organization that should eventually encompass all Pacific-Asian societies and take the lead in inaugurating policies, combining assistance for latecomers with a more open system of economic intercourse across national boundaries.

Subregional groups will undoubtedly emerge, formally or otherwise. The nonwhite East Asian Economic Group proposed by Malaysian Prime Minister Mahathir harkens back to the old Greater East Asia Co-Prosperity Sphere, and it is out of step with the times. Any group that seeks to represent East Asia alone, omitting Australia, New Zealand, Canada, Mexico and above all, the United States, not only adds fuel to protectionist fires in the United States, but fails to take into account the degree to which the American economy, and particularly that of western America, is becoming integrated into Asia. It may be meaningful to have quasi-formal North Pacific, South Pacific and ASEAN groups (joined eventually by Indochina) as stepping-stones to APEC, but not in competition with it.

In any case for the United States the critical challenge will be to operate regionally on two fronts, North America and Pacific-Asia, to facilitate maximum openness and cooperation. For the time being these fronts are moving at a different pace, but that could change. Already extensive Asian investment is taking place in Canada and Mexico as well as in the United States. Proposals to extend the North American Free Trade Area to the more advanced portions of Asia are now being heard, even before the NAFTA has come into being. Whatever the barriers, the process of economic integration is irreversible, and future policies must be planned and executed with this fact in mind.

Finally, it is of great importance to make the General Agreement on Tariffs and Trade work. Otherwise regional trade blocs are likely to be inevitable, and that could produce the type of economic damage America has not known since the 1930s.

On the political front one worrisome fact emerges. For the first time in the twentieth century, U.S. relations with Japan and China are troubled simultaneously, albeit for largely different reasons. Previously America had good relations with one while it confronted the other. To be sure the U.S.-Japan relationship is fundamentally sound and supremely important. In both societies, however, public opinion has been moving in a negative direction. Especially in the United States, negative sentiment toward Japan has risen rapidly, principally due to a perception that Japan pursues self-interested, selfish policies without regard to the interests of others. And in Japan resentment has been growing against what is perceived to be slander and unfair policies on the part of the United States to compensate for shortcomings in American industry and society.

In the years ahead a new foundation for U.S.-Japan relations must be laid. The time when the Soviet threat served to underwrite the relationship, whatever the immediate storms, is ending. Such a foundation will require resolute domestic actions on the part of both countries. If interdependence is to be made viable, greater economic compatibility must be achieved; objections by either party that this would require impermissible cultural changes or economic measures unpopular with the electorate cannot be accepted. Cultures do change, and never more rapidly than in this era. It is the responsibility of leaders to make their electorate understand why certain measures are imperative.

Beyond this, however, the U.S.-Japan relationship must be broadened to encompass new or expanded fields: cooperation in the monumental environmental tasks that lie ahead; joint research in such fields as biotechnology and space; cooperation in advancing programs relating to peacekeeping in concert with the larger international community; interaction in dealing with regions of tension, particularly in East Asia; and much more broadly gauged cultural relations that bring the younger generations into sustained contact with each other.

Japan is no longer a follower in many lines of basic research; it is a pioneer. The challenge is to seize upon this fact and to build a new relationship based upon it. This can best be accomplished in the fields that are on the horizon, the areas

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that will determine how well we live in the 21st century. The two countries that together make up nearly 40 percent of the global gross national product can lead together in these endeavors, and in leading, reduce the friction that has dogged our bilateral relations in the recent decades.

What of China? Economic issues between Washington and Beijing are rising and Chinese sales of strategic weapons to sensitive areas are of great concern, but political issues remain central. It is appropriate to continue to criticize the violations of human rights occurring in this society, and to point out that China is involved in a tremendous waste of much needed manpower by treating its intellectuals in a shoddy fashion, both in material and political terms. In the United States alone some 50,000 Chinese students and intellectuals reside, unwilling to go home—not merely because of political uncertainties, but because only rarely do they get the type of respect and remuneration that they feel they deserve, verbal assurances of their importance to the contrary.

At the same time Americans should also recognize that China is in a transitional phase, with leadership changes—and quite possibly policy changes—lying ahead. The two principal objectives of the moment, economic diversification and political tightening, are basically incompatible, and the tension between them can only grow with time. Meanwhile, decentralization is an irreversible process, made more complex by the growth of the NETs previously described.

Thus the United States must not treat China as a monolithic society, frozen in its current posture indefinitely. It is entirely appropriate for Washington to act in a pluralistic fashion, with private activities and official policies pursuing different emphases, and with maximum contact maintained at different levels.

No doubt some Chinese leaders will continue to accuse the United States of being the leader in the effort to subvert Chinese socialism by "peaceful evolution." But in fact the external sources of stimulation for China's people are numerous, many of them coming from the market economies and open societies of East Asia. One important influence is Taiwan, which combines a dynamic economy that now reaches deeply into coastal China as well as Southeast Asia with an unfolding democracy—fragile and facing problems but still indicating to the Chinese people that there are Chinese alternatives to Leninism.

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China is a society that will undergo many travails in its long march toward development. Weaknesses and strengths in all areas, including the military realm, are likely to be interwoven. The greatest probabilities for the decade ahead are for some form of authoritarian-pluralism on the home front and a continued effort to create a loose buffer system by building upon the recent improvements in its relations with Russia and the East Asian states. Although it can no longer play the pivotal role in a U.S.-China-Soviet triangle, China intends to be a regional power. American policy must take its cues from those facts.

At some point it is likely that the United States will establish diplomatic relations with Vietnam and North Korea (Cambodia represents a special case where recognition of a consolidated government will come soon if present trends hold). Both of these governments cling to hard-line political policies at present while they wrestle with adverse international trends and serious economic problems at home. Prediction in each case is hazardous.

Vietnam is the more porous, with economic changes already under way. The legitimacy of the present government is low, the differences between north and south are pronounced, and a generational change in political leadership is at hand. Hanoi is almost desperate for Washington to lift its embargo, hopefully followed by recognition. Hence Vietnam is en route to meeting most American conditions. Meanwhile diverse pressures have mounted within the United States for a change of policy. Those who expect great economic returns are likely to be disappointed; except for a very few fields such as off-shore oil and tourism, Vietnam is not an investor's bonanza.

The North Korean situation is even more cloudy. The political system is essentially Stalinist, with extensive nationalist trimmings. There are scant indications of any serious challenges to the regime, at least from the grass-roots level. A transition in governance is under way from Kim Il Sung to his son, but the father's charisma cannot be transferred. After his father is gone, Kim Jong Il must depend upon performance to earn his own legitimacy. Without major economic changes, substantial improvements are impossible—hence the current quest for normalized relations with Japan, the expansion of barter trade with the South and other signs that Pyongyang may seek to take a leaf from Beijing's book.

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Projections for North Korea's future range from a political collapse, which could have serious repercussions for the South's stability, to a military regime controlled by technocrats operating within an authoritarian-pluralist structure. The variables are too numerous to make a firm prediction. It can only be asserted with some confidence that the status quo cannot hold much longer.

In this situation it behooves the United States to raise the level of official dialogue with North Korea, allow the expansion of private scholarly and cultural contacts, and work toward military as well as political measures that will reduce tension. These activities should and will be undertaken while America's basic commitments to the Republic of Korea are maintained and extensive consultation is carried out. America's stake in peace and development on the Korean peninsula remains high and demands a flexibility and innovation in American policies that has not yet appeared.

As this century draws to a close, the profound changes in the nature of alliances and the character of interstate relations will continue. The old, exclusive patron-client relations of the past are fading away. Those alliances that continue will be at once more conditional and permit greater independence of action for both parties. In most cases, moreover, they will be encased in various multilateral agreements and arrangements.

Much speculation surrounds key bilateral relations. The likelihood, however, is that no relationship between two major Pacific-Asian nations will be threatening to others in the foreseeable future. Sino-Russian relations will be normal, but scarcely intimate, with severe limits due to geography, economics and politics. Both sides need a reduction of tension; hence, both will seek "normalcy" and expand economic and cultural contacts. Fundamentally, however, Russia will look west, and China will look east.

Relations between Russia and Japan will gradually shift from confrontation to accommodation as the Russian military threat recedes, but the economic foundation of this relationship will remain limited for the foreseeable future due to conditions in Russia, despite Japanese cooperation with other industrial nations in helping the Russians chart a new economic course. Moreover cultural as well as political ties can only be slowly advanced. Mutual suspicions will die hard, as in the case of Korean-Japanese relations.

Sino-Japanese relations will have a strong economic footing, but the thesis advanced by some observers that the intimate relationship sought by various Japanese and Chinese throughout the twentieth century is now in the offing is fanciful. The political and economic systems of these two nations are at great variance, and will remain so despite a process of continuous change in China. Moreover their cultures are radically different, notwithstanding their shared Confucian heritage. Both are destined to eye each other warily, given their mutual interest in playing a significant regional role. Here, as elsewhere, a strong quotient of competition will coexist with cooperation.

Given the likely power relationships in East Asia, U.S. policy can proceed with minimal concern about new hostile coalitions; Washington can fit its policies to the specific needs of each situation, building above the bilateral level whenever possible.

Meanwhile the situation in the Asian subcontinent is undergoing profound changes. On the one hand the Russian factor in Indian foreign policy has been substantially reduced by ongoing events. The Soviet-Indian alignment has ceased to have meaning. At the same time new political forces are emerging that, while weak and uncertain, appear dedicated to abandoning India's neo-mercantilist, quasi-socialist policies and casting their lot with market economics. On the other hand the U.S. need to protect Pakistan against Russian power has essentially disappeared, and with the Afghanistan civil war in a holding pattern, the threat of large-scale violence in this region has significantly diminished.

Under these circumstances the time has come for a fundamental reappraisal of American policies toward India. Such a reassessment will happen, assuming present trends are not disrupted. For the first time in history there is a genuine prospect of a constructive American-Indian relationship, but one that does not ignore American interests in other South Asian states and the vital issue of nuclear proliferation.

The process of Asianization will accelerate, but a continued U.S. presence in the region will be desired by virtually all Asian governments. To be sure, the current leaders of the People's Republic of China are telling both Russia and Japan that there must be closer cooperation to block a hegemonic America—ironically at the same time as certain prominent Americans are suggesting to Beijing that the United States and China must

work together to prevent Japan from emerging as a dominant power. Most states seek some kind of card to play in efforts to bolster their position vis-à-vis others. But it is indicative of the times that even the North Koreans whisper into American ears that since the Russians are talking to the South about military relations, it might be wise for the United States to improve its relations with the North.

In truth it is widely recognized that for the near term the United States is necessary to play the role of buffer, balancer and stabilizer in a Pacific-Asia rife with unresolved bilateral and multilateral problems. The real issue is whether the American people can be persuaded that such is their mission in the post-Cold War era. Fundamentally this is related to the degree of cooperation and burden-sharing in every field that can be expected from America's Pacific-Asian neighbors, the instruments and institutions that can be utilized to bring about greater equity and responsibility on the part of medium and small as well as large states and, above all, a more successful resolution of America's domestic problems.

VI

In no area have bolder global measures been announced by the U.S. government than in the security realm. With the Russian response indicating a willingness to advance still further, the United States appears to be on the threshold of startling breakthroughs in the critical field of strategic weaponry—breakthroughs that could change the entire history of the 21st century.

As yet, however, new ideas relating to American security policies in Asia have not been forthcoming from Washington. On the contrary, the present line is that the United States should pursue the same course, except at the reduced level necessitated by budgetary cuts. America has managed to look as if it were being driven out of Subic Bay against its will, and deplored the Philippine Senate vote as a tragedy for the Filipinos. Perhaps such a view has some merit, but it is an example of old thinking in a new era. It should have been realized long ago that by remaining as a large military presence in a nation where the United States had once been the colonial power, Americans were certain to make themselves the focus of domestic politics, thereby perpetuating old attitudes and policies deleterious to both American and Filipino interests.

At the end of this century the United States will have departed from most if not all fixed bases on foreign soil. The emphasis will be upon staging areas and bases kept in readiness by those states aligned with the United States strategically, with a small number of American technicians in residence in some places. The premium will be upon lift capacity and rapid deployment, keeping in mind the contingencies most likely to occur. Moreover, with its primary military forces mobile, the reliance will be upon air and sea power; there is virtually no chance that large American ground forces will be sent into combat in Asia again.

This new strategy will be put in place for both political and economic reasons. The political costs of foreign bases are not limited to the Philippines. Those costs will rise in South Korea and even in Japan as the perception of the end of the Cold War sinks in fully. Moreover the American people will rightly expect Asian states to bear the primary responsibility for their own defense, even in those cases where such defense is critical to an overall regional balance of power and, thus, to American national interests. The premises of the Guam Declaration of 1969 will come into play ever more prominently.

Does this mean that the United States will cease to be a meaningful part of an Asian-Pacific security structure? Not if Washington makes timely adjustments suitable to the situation at home and abroad. The argument currently being advanced to Asians and Americans, however, that the United States must maintain its present strategic policies in East Asia because of the Middle East security requirements has only the barest chance of being accepted by either constituency. Future security policies must take into account a new world: the extraordinary changes in the global and regional environment, the greatly altered nature of real and perceived threats, the revolution in military technology and the need for revised American priorities. Security policies must take on a stronger multilateral component, with issues like nuclear proliferation and strategic weapons sales placed on the international agenda. At the same time America must make progress through unilateral and bilateral actions in adjusting its vast arsenals to these new realities, exercising that degree of caution dictated by the uncertainties surrounding the old Soviet Union.

Experience dictates that the United States must conceive of security structures suited to specific situations, whereby con-

centric arcs are constructed, arcs rather than circles so that contacts can flow among levels when necessary. In the case of the Korean peninsula, for example, the first arc is naturally composed of North and South Korea, the parties immediately concerned; beyond them, the four major states long involved with the Korean problem; as an outer arc, international bodies, both economic and political, that may provide services.

A similar structure was used in making progress in Cambodia: the first arc being the four Khmer factions; the second composed of China and Vietnam, states whose concurrence with any formula was critical; beyond them, the ASEAN members and the United Nations and in this case, more specifically, the five permanent members.

VII

The future of Asia and of American relations with Asia are promising. The risks of a major power conflict are small. Most subregional tensions have eased and, with very few exceptions, the costs of armed struggle, even between smaller states, are such as to make that option highly undesirable to the leaders concerned. Meanwhile the new priorities are on economic development. Hence pragmatism is ascendant, ideology at a lower premium.

Nationalism, to be sure, is a force with which to reckon. It takes many forms, including that of xenophobia, as fearful elites seek to bind their people to existing political dogma. It is also a prominent factor in nations afraid of external economic inroads, including the United States. But the broad course is toward greater economic contacts of all types across ideological-political boundaries, and a growth in political inclusiveness and openness, various problems notwithstanding. Meanwhile the leaps taking place in science and technology make possible a pace of development impossible to envisage only a few decades ago—if the proper policies are instituted.

America's future policies in Asia must be based on these realities. There is a middle path between withdrawal and the status quo, and the United States must take it. To withdraw precipitously under current circumstances would be irresponsible and would seriously damage U.S. national interests. America cannot withdraw since it is a part of the Pacific-Asian region in every sense. To hew to the old policies, however, is impossible in light of the tremendous changes under way. Despite the natural attention recently given to Europe and the

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U.S.S.R., it is time for America to cease merely reacting and to start innovating in its policies in Asia, a region that constitutes half the globe and may well determine the fate of the United States in the 21st century.

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Richard Holbrooke

JAPAN AND THE UNITED STATES: ENDING THE UNEQUAL PARTNERSHIP

Anniversaries sometimes impose their own almost arbitrary logic on events. Nowhere has this been more apparent than in the massive attention being paid in the United States to the fiftieth anniversary of the Japanese attack on Pearl Harbor. The television programs, articles and ceremonies—with the president himself presiding over one of them—have caused alarm among many Japanese, who fear that memories of that infamous day and the world war that followed will fuel anti-Japanese sentiment.

The anniversary itself will quickly pass. But serious strains between Japan and the United States will remain long after December 7, 1991, and they are likely to increase. What has been called America's most important single foreign relationship, one central to regional peace and global prosperity, has lately turned unhealthy and even nasty. While far from a breaking point, the U.S.-Japanese relationship is increasingly filled with friction, resentment and mutual recrimination.

For two decades nearly every study of this bilateral relationship has concluded that, as the two greatest economic powers in the world, Japan and the United States have a special responsibility to work together to address the planet's most pressing problems, with each nation taking the lead in specified areas. In pursuit of this goal President George Bush and former Prime Minister Toshiki Kaifu talked frequently of a "global partnership" to deal with the world's problems, and the two governments have created numerous task forces and commissions to address these issues.

The effort to reduce some of the specific difficulties has made progress. The trade deficit between the two nations is decreasing. American exports to Japan have doubled in the last five years—in fact, American exports to Japan are almost as large as those to the United Kingdom, Germany and France

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combined. And Japan has already taken major steps toward accepting its responsibility to do more to help the rest of the world. Over the last three years, for example, the Japanese have been the biggest donor of aid to the Third World, supplying an impressive 22 percent of all funds flowing to developing countries in 1989 (although they have been criticized for making loans instead of grants, and imposing stiffer repayment terms than other nations).

Nonetheless there is a general sense among many outside observers that the overall relationship is drifting slowly downward—its tone increasingly acrimonious and its original post-war rationale now largely irrelevant. Both sides have entered a period filled with false expectations and misunderstandings. Even as the interdependence between the two nations increases, each society is showing greater impatience and less sympathy for the other. The leaders of both nations continue to employ old rhetoric to explain what binds the two nations together. Yet to continue such outdated rhetoric in the face of the dramatic changes sweeping the world is to ignore the effect those changes are having on U.S.-Japanese relations.

In the fiftieth year after Pearl Harbor, two unexpected events have accelerated the pace at which U.S.-Japanese relations and Japan's role in the world are changing. One is the end of the Cold War, the other the aftermath of the Gulf War. The time has come to factor both old history and these new realities into the equation and see what they mean for the future.

II

American displeasure with Japan has been well documented, and now for the first time the Japanese are beginning openly to show their own frustration and anger with the United States. Most Americans feel they have a right to make special demands of Japan because of history. And, indeed, history will judge America's postwar policies toward Japan as perhaps the most remarkable and far-sighted ever conducted by a victorious nation toward a defeated foe. For their part, Japanese acknowledge the generosity of America's postwar policies, but they generally feel that the United States no longer has the right to make seemingly endless demands based on obligations from that past. While Americans often say that the Japanese are ungrateful or that they still owe the United States something, Japanese are more likely to say that Amer-

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icans should stop blaming Japan for America's own failures. For years Japanese made such observations only in private, but their irritation and self-confidence have now increased to the extent that their complaints can finally be heard in the United States.

Attention has long been focused primarily on the American trade imbalance with Japan and charges that Japan plays by unfair rules in trade and business. But is this the fundamental factor? If identical trade problems existed with Germany or Britain, for example, would they create such animosity? Would the purchase of Rockefeller Center or Columbia Pictures by a Dutch or Italian company have generated the continuing public attention triggered by Japanese purchase of these two American trophies? Does a manufacturing plant in Tennessee owned by a European company attract the same attention as one owned by a Japanese company? Do the difficulties Americans have dealing with the regulations of European nations provoke the same anger as difficulties with Japan? In all cases the answer is clearly no.

What, then, lies at the heart of the American obsession with Japan? In a certain sense it is a reflection of America's fear that it may have lost its own way. Japan seems to be better at the very things on which Americans once prided themselves: quality products, hard work, sacrifice, strong family structure, a sense of national unity and patriotism. In another sense, there may still be an underlying racism, not always conscious, in the attitudes of some Americans toward Japanese. Finally, there is resentment that Japan is not sufficiently grateful to the United States for its generosity and protection since World War II. Perhaps fifty years is not such a long time after all.

Postwar U.S.-Japanese relations were never immune to friction or misunderstandings. In the first forty years after World War II, there indeed were many difficult problems, but each was surmounted through the efforts of public officials on both sides of the Pacific committed to preserving good relations. Leaders in Washington and Tokyo recognized that close ties between the United States and Japan were of immense importance not only to both nations but to global peace, stability and growth.

Mike Mansfield, the former American ambassador who presided over the last decade of this productive era, was not the only person to believe that the relationship with Japan was "the most important bilateral relationship the United States

has." His view was shared by a large number of foreign policy experts and even reflected in public opinion polls, which showed that the American public increasingly understood the importance of Japan. In 1982, for example, Japan was perceived by Americans as more "important to U.S. interests" than any other country, and these results continued in subsequent surveys. But importance did not equate automatically with affection. The same series of polls showed a drop in Japan's score (on a scale of 1 to 100) from 61 in 1986 to 52 in 1990, in response to a question that tested the "feelings" of Americans toward a number of countries. (No other country, except China in the aftermath of Tiananmen Square, showed any comparable decline.) Seventy-one percent of those polled believed Japan was guilty of unfair trade practices, compared to 40 percent who said the same for the European Community. And most revealing, when asked if Japan's economic power constituted a "critical threat" to the vital interests of the United States, 60 percent of those questioned said yes—a number far higher than that for any other "possible threat" to the United States mentioned by the poll's respondents.¹

In the late 1970s, a period aptly described by the late Prime Minister Masayoshi Ohiro as one of unparalleled "productive partnership," I believed that greater communication and interaction between the two nations would increase understanding and that greater understanding, in turn, would strengthen the relationship. I now believe this theory was wrong. Greater communication did in fact take place at almost every level of society; businessmen, scholars and students on both sides of the Pacific established close counterpart relations to an unprecedented degree. Americans became familiar for the first time with many elements of Japan's impressive culture and society, from *sashimi* to *ikebana*. But this hugely increased interaction did not bring with it a greater sense of common destiny, shared values and closer friendship. Even many Americans who admired Japan's postwar achievements came to fear that the United States could never compete with Japan on a level playing field because of what *Business Week*, in a recent scathing cover story, called Japan's "collusive network"

¹Polls conducted by the Gallup Organization at four-year intervals for the Chicago Council on Foreign Relations, 1974–91. I am indebted to William Watts of Potomac Associates for his invaluable assistance in locating and analyzing polling data concerning U.S.-Japanese relations.

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of "politicians, bureaucrats, big business, and sometimes even gangsters."² As former Secretary of Commerce Peter G. Peterson wrote recently: "There is a strong streak of genuine admiration—indeed envy—for Japan's hard work, managerial and product achievements. . . . Yet, on the other hand, there is a growing fear of Japan and a suspicion that these better products have arrived in our markets on the backs of a closed market and an unfair business system in Japan."³

By the late 1980s many Americans harbored a fear that, despite the high quality of its products, Japan was in some insidious manner destroying or threatening the American way of life. This new alarmism in the United States was matched by a growing public candor in Japan about its frustrations with the United States. For the first time Japanese gave public voice to their feelings that the United States treated Japan unfairly.

Shintaro Ishihara received international attention (even that ultimate tribute, a *Playboy* interview) after writing *The Japan That Can Say No*, a powerful nationalistic tract stating, among other things, that "racial prejudice was behind the trade friction between our two countries," and constituted "the root cause of Japan-bashing."⁴ Ishihara did not mention the deep roots of racism in his own country, a problem that Japanese rarely admit exists. Some Japanese tried to minimize Ishihara's impact in the United States by suggesting that his was a lonely voice. But in the introduction to the American edition of Ishihara's book, Japan expert Ezra Vogel observed that, although "Japan's political leaders are more pragmatic and more cautious than Ishihara," his book should be read "as a reflection of deep currents of popular Japanese thinking about the United States."⁵

Ishihara's outspoken views were sometimes echoed, more discreetly, by senior Japanese officials charged with maintaining good relations with the United States. "Why, of all countries in the world, is Japan [America's] favorite target?" asks Ryohei Murata, Japanese ambassador to the United States. Because, he says, "the average American feels that Japanese

²*Business Week*, Aug. 26, 1991, page 34.

³Peter G. Peterson, "The 1990s: Decade of Reckoning or a Decade of a New Partnership?" A Paper for the Commission on U.S.-Japan Relations for the Twenty First Century, March 7, 1991, pp. 6-7.

⁴Ishihara, *The Japan That Can Say No*, (English language edition) New York: Simon & Schuster, 1991.

⁵*Ibid.*, page 9.

are somehow 'different' from Americans." At the same time, Murata notes that Japan has begun to "view both reasonable and unreasonable requests as U.S. pressure and reacts defensively and antagonistically."⁶

III

For decades one could divide U.S.-Japanese relations into "high" policy and "low" policy. The former concerned political and strategic issues relating to regional stability and the containment of Soviet adventurism in the Pacific. Low policy, by contrast, consisted of a broad range of bilateral issues primarily related to trade and business practices on which the two nations were in constant contact and increasing conflict.

While not entirely passive on high policy issues, Japan generally followed policies designed to keep Washington content. Tokyo kept a certain distance from the United States in the 1960s, in part because of the widespread opposition within Japan to American policy in Vietnam (some Japanese leaders even stated at the time that their nation pursued a policy of "equidistance" between the United States and the Soviet Union). But once the war was over and both nations had opened relations with mainland China, an era of unprecedented cooperation began. Washington realized that, in the aftermath of the disaster in Vietnam, close ties with Japan were essential for America's strategic and political interests. (This was true despite the attention paid by the American public and certain senior officials to the new and exciting relationship with China during the 1970s.) The cooperation between the United States and Japan during the late 1970s and most of the 1980s was an important ingredient in the reversal of the perception that America was retreating from the Pacific after Vietnam. The strategic relationship became increasingly close, including considerable, if unpublicized, cooperation between the defense forces of the two nations in such areas as joint naval operations.

Low policy involved the interaction of the internal politics of the two nations and thus was usually more complicated than high policy. While high policy problems were generally re-

⁶See Hiroshi Kitamura, Ryohei Murata and Hisahiko Okazaki, *Between Friends: Japanese Diplomats Look at Japan-U.S. Relations*, New York: Weatherhill, 1985, pp. 111-118.

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solved by a handful of professional diplomats, low policy issues were usually the bailiwick of trade-oriented departments and agencies that were responsive to domestic pressures.

Both sides knew that no matter how serious trade differences were, they could not be allowed to jeopardize the strategic relationship. Throughout the last generation both governments successfully managed to keep tensions over low policy from destroying cooperation on high policy. If a trade negotiation appeared to be headed for collapse, the leaders of both nations would often step in (usually through trusted intermediaries) to make a deal that could be justified on grounds that the only beneficiary from any crisis in Japanese-American relations would be the Soviet Union. This potent Cold War argument won the political or bureaucratic debate every time, although it annoyed many who thought it was invoked excessively and without proof.

This ritual at times resembled kabuki theater, but it was crucial in resolving many tense trade problems, from Japanese automobile exports to American access to the Japanese telecommunications market. But by the mid-1980s, it was clear that this case-by-case approach to trade problems had run its course. The much-heralded Structural Impediments Initiative of 1989-90 was the result: an effort to create a broader system that would solve the commercial problems between the two nations through a structural approach. Both governments considered it a breakthrough. On both sides of the Pacific, however, there was serious public criticism of SII, and it fueled the developing anger between the two nations, especially among ordinary people. Karel van Wolferen articulated the view of many hostile and skeptical Western observers when he called SII a fraud and "the most recent instance of American wishful thinking."⁷ On the Japanese side, Ishihara again said what others felt but rarely voiced in public: SII, he wrote, was "further evidence of an unequal relationship" in which the United States "presented Japan with more than two hundred items for discussion, including some farfetched suggestions that utterly ignored distinctive features of Japanese society, especially certain cultural aspects," while Japan offered a few "limited" proposals that were ignored by the Americans.⁸

⁷Karel van Wolferen, "The Japan Problem Revisited," *Foreign Affairs*, Fall 1990, p. 45.

⁸Ishihara, *op. cit.*, pp. 120, 128-9.

IV

American military involvement in East Asia and the Pacific has a far longer and deeper history than it does in Europe. American military forces have been in Japan and the western Pacific continuously since the end of World War II. They have been present in the Philippines since the beginning of the century and operated intermittently in China over many decades prior to 1949. Thus any discussion, however speculative, of the possibility of the departure of American troops from the western Pacific may cause concern, even fear, among some people, both in Asia and the United States, who have come to assume that there will always be American military forces in East Asia.

For the present, of course, the United States still has important obligations in East Asia. Northeast Asia, a perennial cockpit of great power rivalry and conflict, is today more peaceful and stable with American troops in Japan and South Korea than at any time since the beginning of the century, and those troops should not leave Japan or South Korea as long as North Korea remains a threat to peace and as long as Japan's Northern Islands, seized by the Soviet Union at the end of World War II, remain in Soviet hands. Their presence is an important factor encouraging a peaceful outcome to both problems.

But in the long run, the removal of permanent American military facilities and troops from East Asia is probably inevitable, as recent events in the Philippines suggest; when the reasons for their deployment disappear, force withdrawal could be healthy for both Asians and Americans alike, provided it is handled correctly. When the new post-Cold War Pacific emerges, the American Seventh Fleet, with access to ports of call in the western Pacific, should be sufficient to defend U.S. national security interests and make the necessary contribution to regional stability.

In the United States the commitment to defend Japan's home islands has been widely supported since 1950 when Mao Zedong's takeover of China and the outbreak of the Korean War alerted Americans to the communist threat in Asia. In Japan the security ties and the American troop presence had often come under heavy pressure, especially in 1960 when student demonstrators snake-danced through the streets of Tokyo and forced the cancellation of a planned trip to Japan

by President Eisenhower. As late as 1981, Tokyo, fearful of serious domestic repercussions, still resisted the use of the word "alliance" in any official statement describing its relationship with the United States.⁹ In recent years this problem subsided, and the once-controversial word is now used routinely. A strong U.S.-Japan relationship came to be recognized as the key to stability in the entire Pacific region—a bulwark against Soviet adventurism, a symbol of the American commitment to the security of the region and one of America's greatest policy successes since the end of World War II.

The continuity of this commitment was made strikingly clear last September, when the huge American aircraft carrier *Independence*, with 5,300 personnel, steamed into its new homeport 25 miles south of Tokyo (replacing the aged *Midway*), as though the world had not changed in twenty years. Objecting to the deployment, Congresswoman Patricia Schroeder (D-Colo.) foreshadowed a debate. "Why do we have to spend all these dollars," she asked, "to defend a rich country that is an economic competitor?" But in this case the answer was readily available: since Japan absorbs most of the "in-country" costs for the large American base at Yokusuka, where 18,000 American military personnel and dependents are stationed, it is cheaper to homeport the *Independence* in Japan than in the United States. Responding to constant American pressure since 1975, Japan now contributes over \$3 billion a year to support the American military presence in Japan, far more than any other American ally has ever contributed to the costs of stationing American troops on its soil.

Even as communism collapsed in eastern Europe, the residue of the Cold War that remained in East Asia prevented comparable progress. Yet the disintegration of communism inside the Soviet Union in August 1991 greatly increased the possibility of eradicating such legacies. Both Russian Republic President Boris Yeltsin and spokesmen for the "former Soviet Union" hinted last September that the question of the Northern Islands could soon be resolved on terms that would satisfy Tokyo. North Korea remains a Cold War anachronism and a danger to regional stability, but it is now almost completely

⁹A storm of protest arose when the word "alliance" first appeared in a joint statement during Prime Minister Zenko Suzuki's May 1981 visit to the United States. See John K. Emmerson and Harrison M. Holland, *The Eagle and the Rising Sun: America and Japan in the Twentieth Century*, Reading, Mass.: Addison-Wesley, 1988, p. 180.

isolated. It seems increasingly unlikely that when Kim Il Sung, the world's longest-lasting dictator, finally passes from the scene, his shadowy son will be able to maintain absolute power. The admission of both Koreas to the United Nations last September—delayed for decades and to the end opposed by North Korea—was surely an omen that sooner or later this last bastion of Stalinism would crumble. And further to the south another protracted tragedy, the Cambodian problem, moved closer to resolution, however imperfect, under U.N. auspices.

Thus it is finally possible to envision East Asia in the approaching future free from the Cold War environment that dominated the region and helped shape the U.S.-Japanese relationship for forty years. But what will then remain of the old strategic relationship? What will be the rationale, if any, for the continued presence of American troops in Japan and, for that matter, in South Korea?

By decade's end, if not sooner, there may be no American troops in Japan or, in fact, anywhere on foreign soil in the western Pacific or East Asia (with the exception of American deployments on Guam and some other small Pacific islands that have a special relationship to the United States). The departure of American troops from Japan—where they have successively symbolized wartime victory, the Occupation and the American commitment to defend their homeland—would affect deeply the psychology of the relationship, removing a sense of dependency and obligation that has existed since 1945. The common strategic objective of keeping the Soviet Union at bay, which helped contain trade disputes, would no longer exist. At the same time, ironically, major irritants caused by the troops and exploited by politicians for a generation would no longer exist either: Japanese could no longer complain about American behavior or special privileges on the bases, and American politicians would no longer be able to demand trade concessions in return for Japan's "free ride" on defense. Both the positive and negative aspects of the American troop presence would disappear—and the relationship between the two nations would change, gradually but profoundly.

v

Nothing could have been less helpful to U.S.-Japanese relations than Operation Desert Storm. Most Japanese did not see their vital interests threatened by Saddam Hussein's take-

over of Kuwait and were sharply divided about the wisdom of supporting the coalition. But listening to prescient warnings from Ambassador Michael Armacost that its actions would have a profound effect on future relations with the United States, the Japanese government contributed an impressive \$13 billion to the gulf effort, far more than any other nation outside the gulf. Had Japan not given such a vast sum, the American reaction undoubtedly would have been worse, but it was bad enough: Americans felt that Japan's support of the coalition was slow, grudging and inadequate, especially since three-fourths of Japan's oil comes from the Middle East. Japan's political style requires that major changes in its foreign policy be worked out through a methodical, consensus-building ritual that Westerners often find frustrating and confusing. The rapid American timetable for assembling the Desert Shield coalition did not fit that process. American public support for Japan dropped during and after the war and has yet to recover.

The Gulf War gave further impetus to Japan's quiet re-evaluation of its foreign policy. Most Japanese felt that their vast monetary contribution was not appreciated by the United States. For Japan one of the main lessons was that it should not allow itself to be placed in a position where the United States could drag it into a foreign policy adventure without adequate prior consultation.

Quiet evidence that Japan intends to accelerate the process, already under way, of developing its own foreign policy came in the fall of 1991. Predictably it received little notice in the United States. When the U.N. General Assembly convened, Tokyo made a concerted effort to gain a seat on the Security Council because, according to foreign ministry spokesmen, it felt that it needed to have a stronger voice in international affairs.¹⁰ In Tokyo the government devised a new plan to deal with future crises, which would allow up to 2,000 troops from Japan's Self Defense Forces to participate in a future U.N. peacekeeping force—after any fighting had stopped and only if the government approved the specific mission. More specifically Japan put the word out that it would be willing to send

¹⁰Despite pro forma American support, Japan's long-standing hope for a permanent Security Council seat, which it surely deserves, seems doomed unless there is broad-ranging reform of the Security Council and the creation of a class of permanent members without veto power.

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troops to Cambodia as part of a U.N. force—a small step for international peacekeeping, perhaps, but a giant step for Japan, which has not sent troops abroad, under any flag, since 1945.

More incremental steps of this sort from Japanese foreign ministry officials, once regarded as custodians of a passive foreign policy, can be expected. They will certainly create apprehension in some nations that fear Japan's ambitions or cannot forgive the past. China, for one, has already indicated concern. But Japan's eventual involvement in such activities outside its home borders, once unthinkable, is now inevitable. (Already Malaysia has proposed a regional economic bloc that would exclude all non-Asian nations and be dominated by Japan; while Tokyo will probably keep its distance—under American pressure—the proposal itself marks another milestone in Japan's new regional acceptability.) One probable consequence of such activity will be a further gradual distancing of Japan's foreign policy from that of the United States—even were the United States to dominate the United Nations again in a crisis, as it did during the summer of 1990.

VI

Accepting a more assertive and independent Japan will prove difficult for many Americans, who have come to regard Japan as a junior partner on most important foreign policy issues. This attitude was most evident during the 1970s and 1980s, when the United States embarked on a particularly shortsighted effort to get the Japanese to increase their own defense spending.¹¹ Behind this effort lay the fact that, because Japan spent less than one percent of its GNP on defense compared to over five percent for the United States, Japan was able to devote more of its resources to nonmilitary spending, creating resentment in the United States over the "free ride" Japan was getting from the American security umbrella. From Congress and four successive administrations came pressure on Tokyo to break through the one percent barrier and take up more of the burden of defending the northeast Pacific against the Soviet Far Eastern fleet, which had, in fact, peaked

¹¹The first manifestation of this policy came much earlier, when, during a visit to Japan in 1953, Vice President Nixon urged the Japanese to begin rearming. This bewildered his hosts, who were comfortable with the famous Article 9 of the constitution renouncing war as an instrument of national policy and prohibiting the development of all offensive weapons.

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in strength by the mid-1980s.¹² This effort was a particular favorite of members of Congress looking for ways to reduce America's own defense expenditures or criticize Japan. Little thought was given to the long-term consequences: its potentially destabilizing effect on Japan's East Asian neighbors, whose memories of World War II were more vivid and stronger than those in the United States; and the possibility that Japanese military capability might, over time, lead to a more aggressive foreign policy from Tokyo that might even eventually be at odds with America's.

Washington was on sounder ground when it embarked on several policies designed to encourage Japan to make a larger contribution to the international financial institutions and foreign assistance agencies. These policies were not only correct; they should have been pursued earlier and more vigorously, in lieu of efforts to increase the defense budget. At least a decade ago, before it was too late, Washington should have offered Tokyo a "grand bargain"—that it would continue to provide the security umbrella for Japan and not ask Tokyo to increase its defense budget, in exchange for a quantum leap by Japan in foreign assistance levels, support of international financial institutions and contributions to such international problems as refugees, famine relief and environmental disasters. A provocative version of this idea was contained in Peterson's proposal for a new relationship in which "Japan would be senior partner on economic issues and the United States the senior partner on political and military ones," with both countries committing themselves to substantial transformation of their own societies: "Japan becoming more open; the United States putting its economic house in order."¹³

When it was timely, such an arrangement was discussed neither with the Congress, whose approval would have been essential and difficult to obtain, nor the Japanese government. Today, regrettably, the time for such a division of responsibility between the United States and Japan has faded: with the passing of the threat from Moscow, Japanese seniority on economic issues, with American primacy in political and security issues, would not be a particularly good bargain for the United States.

¹²From 1977–81 I participated in these efforts. The policy was misguided and carried out with far too much enthusiasm.

¹³Peterson, *op. cit.*, pp. 8 and 12.

VII

Despite their vast cultural and stylistic differences, Japan and the United States are linked by an extraordinary series of events stretching back to the arrival of Commodore Perry's black ships in Tokyo Bay in 1853.¹⁴ The two nations were destined to a stormy and often unpredictable relationship, with the exception of the U.S.-Israeli relationship probably the most unusual American bilateral tie in the world. But until now it has always been an association between two unequal partners, one clearly inferior to the other. In that form it has run its course and no longer serves the interests of either nation.

What does this mean for the future? Are U.S.-Japanese relations doomed to deteriorate still further? Or are they essentially cyclical in nature, destined to improve if Japan's economy slows down and America catches up? Is this, perhaps, less of a crisis than meets the eye? Will the relationship simply go on much as it has been before, enduring out of mutual need and ever-deepening economic interdependence, despite chronic complaining that resembles the bickering of an unhappily married couple for whom divorce is nonetheless impossible?

There are no easy answers, yet on these questions much will depend. The extraordinary size, scope and importance of the relationship will not only continue; it should increase—but not on the old basis. Clearly Americans and Japanese alike should seek to accelerate the day when Japan is completely freed from the dependency relationship that has existed in one form or another since 1945. So long as the United States expects constant repayment for past generosity and for its open markets, a relationship based on dependency, resentment and false expectations will continue. The best basis for post-Cold War relations with Japan is a mature relationship of equals. The two most powerful economies in the world, while competitors, must learn to interact with each other in a manner that sets aside ideas of junior and senior partnerships. Natural concepts in the early postwar and Cold War eras, such notions

¹⁴The Russians arrived at Nagasaki only six weeks after Perry reached Tokyo Bay. Later Perry made a remarkable forecast: "Eastward and southward will [our] great rival in the future aggrandizement stretch forth her power, and thus the Saxon and the Cossack will meet. Will it be in friendship? I fear not! The antagonistic exponents of freedom and absolutism must thus meet at last."

defied realities of domestic politics in both countries and were made obsolescent by events in the communist world and by the Gulf War.

The current mood is one of unfulfilled hopes and disappointments. High rhetoric about a special "global partnership" only adds to false expectations and increases the sense, on each side, that the other has failed to live up to its obligations. In the days of the Occupation and the Cold War, the relationship worked to the mutual benefit of both nations. But what the United States did for Japan during the Cold War it did out of a belief that it was also in the American national interest, that it was essential for strategic reasons. The extraordinary generosity of the United States in giving Japan, and other nations, access to the vast American market without full reciprocity has to come to an end, not as an act of neo-protectionism, but as a simple political and economic fact reflecting the recent changes in the world, the limitations on American resources and the tremendous economic competition America faces from abroad.

The United States gains nothing by dwelling on alleged Japanese ingratitude. One cannot hold an entire people hostage to repayment of a debt without eventually provoking resentment that outweighs any obligations imposed by the past. It is time to accept Japan as a full member of the world's leadership, not just in the economic arena but across the board. This likely will be more difficult for Europeans than for Americans, given their far greater lack of understanding and communication with Japan.

Japan gains nothing by showing open or thinly veiled contempt for America's internal problems and inefficiency. Every indicator shows that Japan has earned the right to participate in international affairs as an equal of any other nation on earth. But Japan would be well advised to proceed cautiously in the brave new era that lies ahead. The future may not be as bright as the last twenty years for Japan, as other parts of the world catch up. Furthermore as the twentieth century nears its end, Japan is undergoing some important internal changes of its own, including the rapid growth in the number of its elderly and the increasing demand for leisure time among its youth that could significantly reduce its comparative advantages in international commerce.

Japanese are always quick to remind the rest of the world how resource-poor and vulnerable they are. This vulnerability

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may tempt Japan to seek primacy or domination in areas that contain vital natural resources or important trading partnerships. This would be a natural policy to follow, especially if it is true, as many experts have concluded, that Japanese have great difficulty dealing with other people or nations as equals. According to this widely accepted theory, the Japanese either accept inferior status or seek superiority in all relationships, and true equality is virtually impossible.¹⁵ It would be a tragedy if Japan were to attempt, in a nonmilitary form, to control certain resources or regions of the world. It may be true that the United States once had such dominance in many parts of the world, notably Latin America, but those days are over, not only for the United States but for every other nation. In the modern world, any nation that seeks to dominate any region of the world through either political or economic pressure risks massive economic retaliation from other major trading nations. Shooting wars may be out of the question between the major powers, but trade wars, stimulated by powerful domestic interests, are still possible—and both the United States and Japan run risks in this regard. This is why even Americans with impeccable pro-Japan credentials, who often have been embarrassed by statements by their own countrymen, feel a shiver of concern as they listen to some of the recent rhetoric coming from Tokyo.

Economic and political necessity makes it imperative that discourse between the two nations not reach the breaking point. In this regard, the selection of Kiichi Miyazawa, the senior Japanese political figure most at ease in dealing with Americans, as prime minister is welcome news. Miyazawa has broader knowledge of the United States than any other senior politician and is well-liked by his many American friends. Although it is reasonable to assume that he will continue to develop a more independent Japanese foreign policy, Miyazawa can be counted on to use his substantial diplomatic and personal skills to contain tensions with Washington. But Washington must be careful not to expect from Miyazawa special favors; he has long been suspect in Japan precisely because of his ease and fluency with Americans, and he will have to protect himself from any charges that he is subservient to the United States.

As the Japanese gradually embark on a more assertive

¹⁵This theory is best laid out in Chie Nakane's *Japanese Society* (English language version), Rutland, Vermont: C.E. Tuttle, 1984.

foreign policy, they must remember two unpleasant and rarely voiced truths: they remain generally unpopular overseas, and the United States is still Japan's best friend, and perhaps at times its only friend.

If the comparative economic strength of the two nations continues to move in Japan's direction, and Japan continues to diversify its overseas markets and sources of supply, Japan's relative importance to the United States may increase as Washington's relative importance to Tokyo decreases.¹⁶ Nonetheless the United States will remain the most important nation in the world to Japan, and Japan will remain among the most important nations to the United States, if not always the most important.

Perhaps it is time for a statute of limitations on invoking the past in the current debate: while no one should have to repeat history because they have forgotten it, there is also a risk of being trapped by half-accurate myths presented as history. This has happened in many other parts of the world (Ireland, Cyprus and Lebanon leap to mind), always with unfortunate results. Let us hope that it does not happen between the United States and Japan.

Each side will have to change certain attitudes deeply engraved into their national subconscious in the half century since December 7, 1941. The United States will need to accept a Japan that carries out an independent foreign policy and no longer automatically follows the American lead on international issues. Japan will need to recognize the necessity of true equality of market access between the two nations and avoid the temptation to seek complete domination of the East Asian region. Japan will also have to learn how to treat other nations as equals. Both nations will need to move beyond a period of history that was immensely successful, helped preserve the peace and brought prosperity to a region covering one-third of the globe—but a period that is rapidly coming to an end.

¹⁶Last year for the first time Japan's exports to East Asia were greater than those to the United States.

JAPAN AND THE NEW WORLD ORDER

A crisis almost always reveals the reality, and the Persian Gulf crisis revealed the real Japan. In the moment of truth, an economic superpower found itself merely an automatic teller machine—one that needed a kick before dispensing the cash. The notion that economic power inevitably translates into geopolitical influence turned out to be a materialist illusion. At least many Japanese now seem to subscribe to that view.

In Japan the crisis over the gulf was a manifestation of the failure of Japanese leadership. In 1989 Japan's ruling Liberal Democratic Party (LDP) lost control of the Diet's upper house, the House of Councillors. Thus when the gulf crisis erupted, Japan was governed by its politically weakest leadership of the postwar era, and it had great difficulty in forming a coalition with the opposition—the Democratic Socialist Party and the Komeito—to support its response. The public was polarized. Japan had not witnessed such a divergence of views on an issue of this magnitude for thirty years past. Slow and cumbersome decision-making was the result, which only benefited Japan's powerful bureaucracies and served the status quo. In the end the government proved totally unfit to respond quickly in a crisis.

Japan nevertheless managed to be part of the international coalition effort by making a \$13 billion contribution. But it could not make even the most modest contribution of manpower, falling short of Korea's dispatch of 150 medics and the Philippines' 190 doctors and nurses. Certainly many Japanese are pleased that the national consensus finally solidified against sending troops abroad. Many feel that Japan did what it could and that the Japanese themselves, as well as foreigners, should not expect too much of Japan. Moreover the \$13 billion, made possible only by a tax increase, was not negligible.

Yoichi Funabashi is a diplomatic correspondent and columnist for the Tokyo daily *Asahi Shimbun*. This article was adapted from the forthcoming *Japan's International Agenda*, sponsored by the Japan Center for International Exchange.

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It was more than Japan's annual foreign aid program, its Official Development Assistance (ODA), which ranks first in the world.

The Gulf War was a unique phenomenon. The war itself crystallized and magnified issues that Japan should have addressed long ago. For Japan the crisis was, in a way, a day of reckoning. It broke out precisely when the gap was most pronounced between Japan's underdeveloped political capacity and its seemingly uncontrollable economic expansion. The outcome was shocking, rudely awakening Japan to its inability to cope with a crisis affecting its vital interests. The lesson was that the international environment in the 1990s will no longer allow Japan to follow the same one-dimensional economic strategy it has single-mindedly pursued for the past forty years.

II

In the postwar era Japan's image of itself as a small, strategically naked and economically fragile island nation gradually changed as it became a respected member of the world community. Japan's inclusion in 1975 as a founding member of the Group of Seven (G-7) leading industrialized nations helped transform the Japanese public's perception of its own country. A decade later Japan's self-image as an economic power was supplanted by the image of Japan as an economic superpower, as Japan suddenly found itself the world's largest creditor nation. And now with the end of the Cold War and the advent of a more polycentric world, the perception of Japan as a global power should become even more widespread.

Ironically, as Japan's international power has advanced, the underpinnings of its political and economic systems have been called into question. Japan's rapidly aging population, unique lifelong employment system, homogeneous social fabric, "plutocratic collusion" among leading industries, speculative "bubbles and bursts" in financial markets, and complacency have all been pinpointed as vulnerabilities or signs of decline. But it is still too early to deliver such a verdict. Japan has a proven capacity to adapt to new international environments, as happened with the Meiji Restoration and the post-World War II reconstruction.

Japan's strategic premises are nonetheless basically conditioned by a historical sense of vulnerability and are the legacies

of traumatic defeat and a determination to be reborn. These legacies are many, yet the following stand out: adaptation and "catch-up," concentration on economic gains, following the lead of the United States and absence of regional strategy.

Throughout its modern history Japan has felt isolated in world affairs. This heightened sense of Japan as "latecomer" or "odd man out" on the world scene contributed to its familiar foreign policy behavior: inward-looking exceptionalism (ultra-nationalism in prewar days and "one country pacifism" in the postwar era) coupled with desperate efforts to catch up to those ahead of it (rectification of unequal treaties in the Meiji period and "GNP-ism" after World War II).

Confined by this mindset, Japan has seldom tried to present itself as a rule-maker in the world community. The rules were already there. Japan simply tried to adapt to them and, if possible, excel at playing the game. When faced with difficulty, however, it tended simply to ignore or reject those rules altogether. But the world order is a given, and Japan a reactor par excellence. In the words of one Japanese political scientist, "The world is nothing but a 'framework' or the setting which can change only mysteriously."¹

Prime Minister Takeo Fukuda's (1976-78) "equidistance diplomacy" in large part reflected this psychological block against defining Japanese priorities in foreign policy. Japan's apparent obsession with its status in the world also testifies to its lack of will in defining its own self-image and world role. Postwar "economism" or "GNP-ism" was a strategy used to eschew political involvement. Prime Minister Zenko Suzuki's (1980-82) characterization of Japan as the "10 percent nation" (*ichiwari kokka*)—a nation occupying 10 percent of world GNP—and his call for Japan to make a greater international contribution also revealed how the nation perceives its status and even the world itself in quantitative terms, while conspicuously avoiding a qualitative definition.

Recently Japan's former vice minister for foreign affairs, Takakazu Kuriyama, has argued for a new Japanese diplomatic posture with the phrase "foreign policy of a major power with an unassuming posture." But this thrust for a new foreign policy posture is still expressed by attitudinal concepts rather than strategic ones. Shintaro Ishihara's much publicized book,

¹Kyogoku Jun'ichi, *Gendai minishusei to seijigaku*, Tokyo: Iwanami Shoten, 1969, p. 170.

The Japan That Can Say No, merely worsened the situation for, as the book's title indicated, it was a rejection, not a projection, of a national psyche.

Today Japan's increased weight and stake in the world has in turn increased the world's stake and interest in Japanese strategy and policy. But the gap between Japan's foreign policy projection and the expectations placed on Japan by other countries has widened to a precarious abyss. The call for Japan to bear a full share of the burden to sustain the world system has intensified. For Japan the essential question is now this: For what purpose should Japan assume a larger share of the burden? Japan must now define its objectives and world role more clearly than at any time in the past forty years. It can no longer merely respond to the international environment and measure itself quantitatively. Such a task will severely challenge Japan's long-standing strategic premises and policy foundations. But Japan is now a key pillar of the global order itself, no longer merely an actor within it, and Japanese policy must reflect that change.

III

The Japanese people almost unanimously supported the nation's postwar mercantilist strategy and enthusiastically compelled it for four decades. Japan's postwar determination, symbolized by the "Peace Constitution," was so overwhelming that nearly all the nation's energy and resources were mobilized exclusively for economic reconstruction and expansion. Military and security issues were constantly placed on the back burner, and certain other noneconomic policy goals, such as international peacekeeping and human rights, were never vigorously pursued.

But this postwar strategy of economic expansion became increasingly untenable by the mid-1980s. First, the scale of the Japanese economy and its overseas penetration caused political repercussions that forced Japan to respond politically as well. The voluntary restrictions on automobile exports to the United States throughout the 1980s was one such example. Second, Japan's creditor status compelled it to endorse many international programs with strategic implications—Latin American debt relief, east European recovery, Middle East peacekeeping—changing the nature of its economic diplomacy. At the same time, louder criticism of Japan's "checkbook diplomacy" was also likely to be heard. Finally, Japan increas-

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ingly acquired and developed militarily relevant technology, transforming the nation's strategic significance. Japan's long-standing nonmilitary strategy was based on its status as "have-not" in terms of indigenous military resources. But that premise has been shaken. Japan now clearly belongs to the club of "haves" possessing a key military resource: technology.

Japan's postwar economic miracle required U.S. protection. The U.S.-Japanese alliance provided both national security and an economic market for Japanese products. For many Japanese the lesson became clear: Japan prospered while following the lead of the world's most liberal economic power. A strategy of following was thus born, came to be cherished and eventually developed into a kind of axiom.

That strategy changed somewhat under Prime Minister Yasuhiro Nakasone (1982-87), when Japan began to seek a higher profile and broader role in world politics. Nakasone's commitment to the Western alliance, based on the assumption that global security was "indivisible," reflected Japan's search for a leadership role. His "high yen" strategy helped lay the groundwork for the G-7's 1985 "Plaza accord" and inaugurated Japan's new role as a world banker. At the G-7's Venice summit in 1987 Nakasone changed policy to provide for fiscal expansion and paved the way for Japan's new task as an "absorber" country, a market power. Yet the Japanese leadership's habit of viewing the world through the prism of U.S.-Japanese relations still limited the scope of its foreign policy.

Overdependence on its bilateral relationship with the United States undermined Japan's creative diplomacy by closing off avenues to other foreign policy initiatives. Accustomed to the deep-rooted hierarchical relationships in Japanese society, Japanese leaders found it difficult to execute an effective foreign policy based on equality. The leadership developed a psychology of dependency—a tendency to view America as a big brother—and failed to assert a distinctively Japanese foreign policy, in effect inviting foreign pressure, or *gaiatsu*. This new word, coined solely to denote this phenomenon, indicates the degree to which foreign pressure has affected Japanese political culture.

Gaiatsu, however, causes problems. Foreign pressure does not help generate healthy policy debates or create a sound political milieu for Japan to promote foreign policy initiatives. It shifts the focus of debate away from what Japan should do in its own best interests and toward what other countries want

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it to do. For this reason it often arouses nationalistic sentiments and infuses issues with emotion. It also provides a "cover" for certain Japanese to pursue their own policy agendas (e.g., sending Self-Defense Forces abroad) under the guise of policy coordination, particularly with the United States. *Gaiatsu* politics thus undermines U.S.-Japanese relations, because it tends to perpetuate a patron-protégé relationship and a love-hate cycle between the two nations.

Japan's postwar strategy was also affected by the bankruptcy of the Greater East Asian Co-Prosperity Sphere. Its failure created profound political and psychological inhibitions for Japan. Whenever Japan tried to assert itself and assume a regional leadership role, Asian leaders recalled its culpability in the Second World War and repeatedly warned of its "new ambition" and aspiration toward becoming a "military giant" once again. Japan was handicapped by the lack of an institutional economic and military framework for cooperation in the Asian-Pacific region, such as NATO and the EC in Europe, which helped West Germany overcome the constraints on its regional policies. The Japanese government's attempt to send Self-Defense Forces abroad during the Gulf War was one such example. It was met with suspicion and opposition from other Asian nations that feared possible consequences of Japanese power projection.

Since regionalism was so tainted, Japan became one of the few countries in the modern world with truly global interests.² Regionalism was seen as both bad politics and bad economics. It implied political domination by an ambitious hegemon as well as by an economic bloc that would destroy the free-trading system. Unlike its prewar concentration on Asian markets, Japan was encouraged to devote itself to engaging the U.S.-led global economic framework. It thus diversified its export markets but came to develop a special link to the United States. While Japan still heavily concentrated its ODA on Asian neighbors, who received more than 60 percent of all aid, it never developed a comprehensive regional policy.

Renewed interest in a regional strategy has emerged in recent years. Global economic developments have forced Japan to entertain "new thinking" about the Asian-Pacific economic framework. An aggressive bilateral U.S. trade policy has

²Robert A. Scalapino, "Perspectives on Modern Japanese Foreign Policy," *The Foreign Policy of Modern Japan*, University of California Press, 1977, p. 399.

strained the multilateral trading system that Japan has taken for granted and within which Japan has prospered. European Community integration, the U.S.-Canadian Free Trade Agreement and now the prospect of a North American Free Trade Agreement that also includes Mexico have caused Japan to reconsider its previous regional restraint. European integration, for example, can be viewed as a classic "challenge-response" case. EC integration was in part driven by the challenge from the dynamic economies of Japan and its Asian-Pacific neighbors. But European integration has in turn challenged Japan. A unified Germany as the nucleus of the EC, coupled with the specter of eastern Europe as the new frontier of an even more colossal Europe, have only served to sharpen that sense of challenge.

World political developments also lead Japan to take stock of its regional strategy. The sudden recession of the shared perception of a Soviet threat—the glue of the U.S.-Japanese mutual security mechanism—the prospect of U.S. military disengagement and the need to incorporate the People's Republic of China and the Soviet Union as responsible regional players add momentum in Japan toward broader Asian-Pacific cooperation. In the multipolar world after the Cold War an effective regional framework could provide each country with a sort of safety net. But questions arise: How viable is Asian-Pacific regionalism, politically and economically? Can Japan assume a leadership role there? And, more generally, what is Japan's role in the already existent system?

Some influential business leaders, such as Yotaro Kobayashi, argue for Japan's "re-Asianization." It is only natural, Kobayashi proposes, that Japan should find its "home" in Asia, in the same way that Mikhail Gorbachev has said Russia should find its in Europe. Kobayashi has suggested that Japan explore the possibility of playing a role as regional "co-chairman" with China.³ Although he stresses the importance of U.S. participation in Asian regionalism, other political and business leaders urge stronger Asian ties regardless of the United States. These voices could fan the embers of anti-Western, and particularly anti-American, feeling among Japanese. Japan's historical modernization process has been pendulous, vacillating first toward the West, then back to the more familiar East.

³Yotaro Kobayashi, "Japan's Need for Re-Asianization," *Foresight*, April 1991.

And today Japan's soul-searching for the proper self-image and regional and global roles is still haunted by its past swings.

IV

Japan's international agenda for the 1990s must respond to a variety of new issues and challenges. Japan must establish a new image of itself in the world, one that expresses its cherished values and self-enlightened interests. This need not be a radical process, but rather a conscious effort on the part of the nation to develop itself incrementally. Japan's unorthodox power portfolio ("economic giant" and "military dwarf") should not be viewed as an unstable and transitional phenomenon; its deep-rooted pacifism should not be treated as mere escapism, although its more eccentric elements have sometimes been referred to as "Kamikaze pacifists." On the contrary this very portfolio presents Japan with the opportunity to define its own power and role in the radically changing world ahead. Emergence of a more internationalist and actively engaged Japanese pacifism could play a constructive role in making Japan a global civilian power.

For the first time in its modern history, Japan in the 1990s will be substantially free of security threats from the north, whether explicit or implicit, ideological or military. Although the post-Cold War world will surely see its share of small-scale regional conflicts, and even wars, the Asian-Pacific area may have a better chance to maintain peace than in the turbulent days of the 1940s (the Pacific War), the 1950s (the Korean War) or the 1960s (the Vietnam War).

The widespread perception that the Gulf War actually underscored the supremacy of military power should not alter Japan's strategy of acting as a global civilian power. Japan should still search for various avenues to enhance its political power through economic strength, not military might. Such a strategy could again stimulate the perception of the changing nature of power in the world and the recognition and acceptance of Japan as a new power. Global interdependence and a higher priority for economic statecraft benefit Japan. They better suit its pacifistic strategy and enhance the levers available to the nation through financial and economic resources. Japan should take full advantage of such global developments to pursue a broader set of policy goals aimed at promoting a world order more compatible to Japan's own self-image and interests.

Japan should therefore pursue two sometimes contradictory strategies: active engagement for world peace and military self-restraint. Its one-dimensional economic strategy must be replaced by a more multifaceted, values-oriented policy. It is time for the world's banker to design and contribute to an international order based on something more than mere economic growth. Japan should give higher priority to four values as foreign policy goals: to act as a model for, and lend assistance to, poorer countries in their own efforts for economic and democratic development; international peacekeeping; promotion of human rights; and environmental protection.

In particular a human rights policy has been problematic for Japan. For various reasons Japan has been reluctant to place human rights on its foreign policy agenda. Japan's foreign-policy makers have not usually come under heavy pressure from the nation's grass-roots movements. The dependence of Japan's economy on a conservative and feudalistic Saudi Arabia, as well as Japan's sensitive relationships with China and the Republic of Korea, force it to think twice before speaking out on human rights. Moreover Japan's sense of guilt after World War II, especially toward China and Korea, puts a psychological brake on criticizing human rights violations and exerting diplomatic pressure. A vigorous human rights policy is regarded as the luxury of countries such as the United States and France, who were able to claim a kind of moral superiority because of their victory in the war.

Such constraints will not easily disappear. But Japan has begun exploring ways to set certain political conditions on its economic aid policy. Tokyo has now placed four criteria—level of military expenditure; potential for atomic, biological and chemical weapons; arms trade and democratization—on future aid to developing countries. Although the effectiveness of this new approach remains to be seen, it clearly reflects the stronger yearnings of the Japanese public.

An extremely delicate case concerns Japan's relationship with China, as demonstrated by Japan's tortured diplomacy following the Tiananmen Square incident. Although Japan should be mindful of its strategic relationship with China, it must still effectively convey Japan's aspirations for human rights to Chinese authorities as well as the Chinese people. Otherwise the Sino-Japanese relationship may come to be viewed at home as well as abroad as a collusion between apparatchiks of both ruling parties and the single-minded

pursuit of Japanese economic interests. Such an appearance would not only undermine the value of the Sino-Japanese relationship but also hinder any broader attempts by Japan to pursue a more vigorous policy on human rights.

Protection of human rights will also be more crucial to peacekeeping efforts among nations in the 1990s as the world faces more ethnic and nationalistic conflicts. Ensuring that the rights of minorities are respected and internationally monitored is the most effective way to reduce the likelihood of conflict. But Japan also has minority groups, although relatively small. Japan's human rights diplomacy first and foremost should be directed at its own minorities, particularly its 600,000-strong Korean community, in order to enhance their political and economic status.

Japan's expression of values in foreign policy must be matched by more strenuous efforts to make its own political system more democratic, and its economic structure more open and liberal, so that Japan may serve as an example to developing nations and make its institutions and practices more compatible with like-minded democracies.

V

As part of a new foreign policy Japan also needs to initiate a fuller global partnership with the United States. The U.S.-Japanese "global partnership"—a new look designed at the spring 1990 meeting between President George Bush and Prime Minister Toshiki Kaifu—proved to be a non-starter only several months later. Yet the concept should not be abandoned. Rather it must be further defined and developed as Japanese foreign policy matures.

Japan should not believe, however, that this means equal standing with the United States. The United States will be the sole superpower in the 1990s. Its superior military resources and logistics will probably make it the only country in the world capable of being a kind of "lender of last resort" in providing a security blanket in military crises. The relationship between the two countries can best be characterized as mutually supportive. Yet it is not necessary or desirable that Japan try to gain equal footing in sharing leadership. Japan's relationship with the United States, as well as its world role, is better defined as "supportive leadership." Its leadership role should not be primary, but auxiliary, to U.S. global posture and commitment.

The Gulf War may have marked the return of an American unipolar system, but it also demonstrated the need for the United States to exert its leadership as part of a coalition. The Gulf War was but one example of the types of threats the world will confront in the future. Even a confident United States will not always be able to cope with a diversity of threats alone. The United States will be, at least for the foreseeable future, subject to financial limitations. It will also have to pay more attention to a wider range of issues that now qualify as security matters—its economy, the environment, human rights and drugs. These issues will pose problems for the traditional pattern of U.S. hegemonic leadership, because they require collective leadership and policy coordination. Finally, as Washington gradually disengages militarily from Europe and the Asian-Pacific region, it will likely face isolationist sentiments at home or, at least, milder domestic pressures to turn inward.

Japan's supportive leadership, therefore, should not be viewed as simply following the United States, neither should it be regarded as financial underwriting for U.S. military actions. It should instead be seen as providing collective goods indispensable in an age of collective leadership. Japan's major task will be to stimulate U.S. interest in the open global trading system. It must also manage the dollar so that the United States will be able to overcome its twin deficits while maintaining non-inflationary economic growth. Japan has an "absorber" function as well, principally regarding neighboring Asian-Pacific countries, in reducing the U.S. external trade imbalance and lessening the U.S. burden.

The U.S.-Japanese security alliance should continue to be the underpinning of a dynamic bilateral relationship and an anchor of future Asian-Pacific security. Japan's alliance with the United States is the third alliance Japan has forged in its modern history. But unlike the Anglo-Japanese alliance in the early part of the century and the Axis alliance with Germany and Italy prior to World War II, the U.S.-Japanese alliance is not a mere invention of realpolitik. It is a far more pervasive engagement and a symbol of friendship and stability between two societies. It can continue to function as such and help stabilize the Asian-Pacific framework.

At the same time Japan's excessive reliance on its bilateral relationship with the United States should be balanced by strengthening its multilateral (the United Nations, GATT), trilateral (G-7, OECD) and regional diplomacies (APEC). As more

constraints are placed on U.S. leadership and as the need for policy coordination grows, both the United States and Japan will need to search for wider options and alternatives to their previous relationship. Japan's contribution to this task is the essence of supportive leadership.

VI

Japan must not delude itself that its identity can be developed in purely regional terms, its economy sustained in an Asian bloc and its political ambitions fulfilled in Asian-Pacific integration alone. Yet Japan must have a regional strategy. Such a strategy must not be confined to Asia, particularly East Asia, but widened to the Asian-Pacific rim, which includes the United States. Its objective must be to keep the region open, peaceful and democratic. Regionalism for this purpose can be called "Pacific globalism."

In the coming years Japan's strategy of Pacific globalism should consist of three pillars:

- to promote regional economic growth and development as well as the liberalization and multilateralization of trade and investment in the region;
- to enhance regional peacekeeping and peace-building mechanisms and measures by stimulating U.S. commitment and engagement; and
- to incorporate the region's rapidly changing socialist countries—the Soviet Union, China, Vietnam and North Korea—as responsible players.

As for regional economic liberalization, Japan can sustain and reinvigorate U.S. global trading interests and posture by infusing Pacific globalism into the aging globalism set in place by the Atlantic Charter. Japan could accomplish this by promoting stronger interest in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and in the Asian-Pacific Economic Cooperation (APEC). In doing so Japan can play a constructive role in deterring European and North American regionalism from becoming exclusivist and create a more favorable milieu for Soviet and Chinese regional integration. Such a policy would also help mitigate inward-looking, nationalistic thrusts in Asian countries and calls for their own restrictive regional grouping. A U.S. presence and contribution is essential to the formation of any Asian-Pacific arrangement, and Japan should thus resist Malaysian Prime

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Minister Mahathir's call for an East Asian Economic Grouping, because of its exclusivity.

While APEC is currently an embryonic organization, it could gradually be transformed into a policy coordinating body. Future annual meetings could be held at the head-of-state level and timed to precede the G-7's annual summits. Japan, with the United States and Canada, could then represent APEC's interests at these summits. When APEC matures it may even be worthwhile exploring the possibility that its chief attend G-7 summits, in a fashion similar to EC representation.

One way Japan could enhance APEC is by liberalizing its own trade and economic systems and maintaining vigorous domestic demand. A part of this effort should be to engage in a multilateral Structural Impediments Initiative with the United States and western Europe, preferably within the framework of the Organization for Economic Cooperation and Development. Japanese leadership for more open economic systems must first be rooted in its own market liberalization. SII talks target politically sensitive sectors of the Japanese economy, such as banking, securities, distribution, transportation and construction industries, which have more or less remained untouched by the liberalization processes of the past three decades. SII implementation will help lay the groundwork for harmonization of Japan's economic and social system by gradually breaking up the collusion of vested interests. By setting an example in transforming its own noncompetitive structures, Japan could urge other trading partners to do the same.

Japan could also set in motion a new process of coordination between the micro and macroeconomic policies of nations within the G-7. Moreover it should cooperate with the United States and western Europe to manage a more stable currency relationship among the dollar, yen and European Currency Unit. It will be crucial for all three parties to intensify their efforts to promote future cooperation not only for economic reasons, but for political and strategic reasons as well.

In the realm of security Japan is likely to continue to be constrained from playing a leading role even in the 1990s. U.S. leadership will still be required to stabilize the region, and U.S. bilateral alliances with certain nations, particularly Japan and Australia, will remain necessary to anchor the regional security framework. Japan's role will be as a support. But that role should be pursued in the name of broader regional security, rather than Japan's security alone.

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David Kellogg
Publishing Director

While the United States and a reinvigorated United Nations are indispensable to fostering a better security climate, Asian-Pacific countries themselves must discuss security matters more directly with one another. The problem for Japan's regional security may lie with Japan itself. Japan's reluctance to face up to its past colonization of Korea, invasion of China, domination over Southeast Asia and guilt for war crimes—and its feeble effort to educate its people about this history—generate deep suspicion and mistrust all over Asia. This reluctance also creates complacent and self-indulgent views of Japan's history among Japanese themselves. Japan's new nationalistic thrusts, though still amorphous, may gather momentum and run a dangerous course if not soon checked and redressed. This perception that Japan has not come to terms with its own past puts a fundamental obstacle before its pursuit of an effective regional policy.

Japan must also pursue an effective peace structure for Northeast Asia. Such a structure, however, should not copy the Conference on Security and Cooperation in Europe. Asia's security environment and political configuration are too different from Europe's. In Asia, particularly in Northeast Asia, it is more realistic to build multilayer security regimes. Confidence-building measures should be introduced on the Korean Peninsula under the auspices of an Asian "two plus four": North and South Korea along with the United States, the Soviet Union, China and Japan.

It is also advisable that concerned parties—the United States, Canada, the Soviet Union, Japan, China and the Koreans—begin to undertake a reduction of military capabilities in the region. Northern territory areas could eventually be demilitarized and a free economic zone introduced that incorporates Soviet maritime provinces and a free port at Vladivostok. The U.S. naval nuclear presence could be reduced, proportionate to a reduction of the Soviet land and nuclear arsenals and Soviet logistical capabilities. The United States-Japan Security Treaty, however, should be maintained as an anchor of regional stability.

With regard to China, Japan and the United States should encourage China, as a regional power, to participate in Asian-Pacific economic expansion. But both the United States and Japan should beware of emerging political forces in China, such as a "new authoritarian school," that may urge Japan to join in opposing the "human rights imperialism of the United

States." Japan also has a deep-rooted cultural and psychological affinity toward China that may take political shape, spurred by mounting frustration over "Japan-bashing" in the United States. But Japan should refrain from trying to establish an exclusive "special relationship" with Beijing.

Finally, Japan's relationship with the Soviet Union (or the Russian republic) may be normalizing. This is due to a possible settlement of the still unresolved Northern Territories issue. If such a settlement finally comes to pass, economic development in Siberia and the Soviet Far East could gain momentum with an infusion of Japanese capital and technology. Yet it is more advisable for Japan to explore ways to multilateralize development of the region.

VII

Japan's own political constraints affect its pursuit of a dynamic foreign policy. It took the gulf crisis to bring many of these shortcomings into stark relief. Tokyo lacked initiative and policy innovation, global institutions through which it could effectively pursue its policies, the acceptance of its leadership by its neighbors, and recognition of the contribution it could make to responsibility-sharing stemming from its unique power portfolio.

Japan must thus examine its own political and decision-making structures to try to overcome these constraints. Japanese societal and behavioral patterns and attitudes clash with the need for sometimes quick and dynamic formulation and implementation of foreign policy. The structural weaknesses of its leadership—highly personalized political allegiances among factions and parties, and the predominance of pork-barrel politics—characterize Japanese political culture and limit the projection of its foreign policy. These shortcomings may also be destabilizing factors in world financial markets. The inability of Japan's leadership to cope with the unrealistically high prices of land and stocks, for instance, has already caused a dangerous bubble—and burst—in Japanese financial markets, putting a grave strain on Japan's macroeconomic policies.

Japan's consumers, particularly its urban dwellers, increasingly find a gap between Japan's economic wealth and the quality of their standard of living, which sharpens their political awareness. But in addressing this gap Japan's bureaucrats and politicians have become a part of the problem rather

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than problem-solvers. The bureaucracy and its symbiotic "policy tribes" in the ruling LDP have formed "iron triangles" with protected industries to resist fundamental economic and social reforms.

The immobility of Japan's decision-making process is well exemplified by ubiquitous *gaiatsu* politics, which helps maintain the existing political order by blaming foreigners (often Washington) for uncomfortable accommodations. Future foreign policy success is thus essentially a function of overcoming the immobility of the Japanese system. This immobility is the product of institutional and cultural factors that include a bottom-to-top, consensus-oriented decision-making process, the supremacy of "domesticists" over the internationalists, and the need for domestic political institutions to achieve parity in burden-sharing.

Japan cannot ultimately develop an effective international role without a significant measure of domestic political change. Japan still has only one political party capable of ruling. The opposition does not have the psychology and policy positions required of a governing party. The quasi-coalition among the LDP, Democratic Socialist Party and Komeito in the gulf crisis was a telling example of political immaturity. A viable two or multiparty system is yet to evolve.

Yet the initiative for change must come from politicians, not from bureaucrats. The politicians must press for long-overdue political and electoral reform in order to assure better representation of the "silent majority" of its big-city constituents—a huge bloc of voters with a keener sense of Japan's enlightened self-interests. The politicians must start lively and constructive debates to enhance the development of meaningful policy proposals not dependent on the bureaucracy. They may have a better chance to do so in the coming years, now that the ideological overtones of the security issue—so characteristic of Diet debates in the Cold War era—are fading.

Japan will see a generational change in the leadership of all its major political parties in the next decade. More internationally minded, confident and self-assertive leaders will appear among the top echelons. At the same time new political forces—women, the elderly, consumer and environmental groups as well as local governments—will increasingly gain momentum. Some of these political forces will push Japan toward a more active foreign policy—for example, strong overtures toward the Pacific Soviet Union by certain prefec-

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tures on the Sea of Japan, pressures to open agricultural markets from Japanese consumer groups. But others may counter with emphasis on domestic issues involving "quality of life."

Japan may have to wait for this new generation of leaders, political parties and social forces in order to persuade its public that "quality of life" is increasingly linked to the stability and welfare of global security and economic systems—systems to which its voice and commitment contribute. But the national debate already appears to be starting. The painful lessons of the gulf crisis have helped to stimulate public interest and demands for the political reforms necessary for Japan to realize fully its new international role. A world power, after all, is a power with a commitment to others. Japan's path to power—as a global civilian power—must start with the commitment to reform from within and, increasingly, that seems destined to be the will of the public.