

Japan—and the Way The World Is Going

**Interview with
Masataka Kosaka,
specialist in
international politics
by Kazuyoshi Suzuki**

Chairman of the Prime Minister's Peace Problem Research Council and a Kyoto University professor, Masataka Kosaka is a leading proponent of Japan's diplomatic "new realism." Yet he does not think Japan has an immediate role to play in global peace-keeping efforts, at least for the rest of this century. In this broad survey of the world scene, he remains basically optimistic even as he recognizes the breakdown of the postwar bipolar East-West structure and suggests that lenders may have to agree to a moratorium on principal repayment from the developing countries.

Question: *There is a growing sense of crisis amidst the international disorder which prevails today. And the fact that the United States and the Soviet Union are losing their authority seems to make this crisis distinctly different from anything we have experienced in the past.*

KOSAKA: There are two reasons for the present world situation. First, the United States and the Soviet Union have lost their long-held positions of leadership. Thirty years ago the two

superpowers together accounted for nearly two-thirds of world GNP. Today this has dropped to only one-third. The United States' share of world GNP alone has dropped from 40% to slightly over 20%.

The second reason is that the gradual transformation of the mass democracies into welfare states has put intolerable strains on their fiscal systems. Politicians are kept so busy looking after the everyday demands of their constituents that they have neither the time nor the energy to tend to world issues. The world is just not being managed well. The United States is preoccupied with domestic concerns to the detriment of world issues.

Q: *Is there any way to cure the world's political and economic ills, including the developing nations' cumulative debt and the high unemployment in Europe?*

KOSAKA: While I am somewhat concerned about the worsening relations between the United States and the Soviet Union, I am not all that worried. Both countries tend to use bellicose language, but they are unlikely to act their fantasies out. The Soviet Union has leadership problems and has reached the point where it needs to pause and get its act together. They have spread themselves too thin and maneuvered themselves into a corner, and their rhetoric is shriller because of these difficulties. And of course, the United States has problems of its own. I believe that time will mitigate the East-West antagonism. The North-South issue is much more serious. The developing countries' cumulative debts have soared to US\$700 billion, and there is no end in sight.

Prof. Masataka Kosaka



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On the debt problem, the general attitude is that we are at an impasse. One international specialist has likened the demand that the developing nations repay all of their debts with the effort to extract reparations from Germany after World War I. While it is logically correct to insist on repayment, what cannot be done cannot be done. It is all the developing nations can do to simply keep up their interest payments, to forestall default and the financial chaos which would ensue. Everyone agrees that the problem is serious, but it is not impossible to muddle through.

However, there are some healthy trends in the developing countries, i.e. the recognition of the need for self-help. This trend first became evident with the Nixon administration's "selective intervention" and emphasis on self-help. On Africa, for example, it is now recognized that Africa's problems cannot be solved with aid alone, and that the African nations must help themselves. It has been proved in Asia. Being good at agriculture, the Asian countries could do much to help themselves by following policies designed to promote agriculture.

Q: *Ever since the London summit in June, the West has been calling for an East-West dialogue. Is the Soviet Union likely to agree to talks by the end of this year or the beginning of next?*

KOSAKA: I think we are going to have to wait a bit longer. For one thing, Chernenko's position is shaky, and there has been no significant change in the Soviet leadership. It is not so much a question of any particular leader as it is of their whole power structure. Everybody was so old: Brezhnev, Kosygin, Podgorny, Suslov... They were nearly all the same age, and they ruled for nearly 40 years without grooming any younger leaders to take their place until Gorbachev and his contemporaries—who are already in their fifties.

Objectively, it would be nice to get the Soviets back to the negotiating table, but it will not be easy after the collapse of the INF talks. The U.S. as well as the Soviet Union has been responsible for the deterioration of the relations of the two. Every foreign policy needs some hard-liners to be effective, but you are in trouble when the President starts leading the chorus. I really think Reagan's stridency has made it more difficult for the Russians to talk with him. The tension in East-West relations is not likely to ease for some time.

Q: *With the North-South problem and the rise of protectionism, the entire global system of mutual dependency is being called into question. Prime Minister Nakasone is pressing for a new round of multilateral trade talks. Do you think it will be possible to build a new international economic order?*

KOSAKA: The problem of the developing nations' cumulative debt will probably have to be dealt with by some kind of gradual compromise. As for economic relations among the industrialized nations, there is the problem of protectionism, but I do not think that a new round of talks would necessarily be helpful. The foremost issue is stabilizing the international currency system. Some people have suggested a return to fixed rates, but that would be very difficult now. The United States economy has been an anomaly since the Reagan administration came to power. It is



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not logical for a country with those current account deficits to have a strong dollar. Despite its policies, the American economy is growing.

I do not know how real this boom is. Cutting back without decreasing government expenditures is a classical policy. The United States is trying to revitalize its economy with borrowed money. That is not necessarily a bad thing to do. There is new growth in the American economy, and this is more than just economic improvement. So I guess the policy has proved successful. It is an artificially sustained improvement, though, and I wonder how they expect to return to normal. The current world situation would dishearten anyone. That is why I am so intrigued with America's unique approach to the problem.

Q: *Up until now Japan has been able to sell its manufactures and strengthen its economy under United States protection. There is growing pressure these days, however, for Japan to make an international contribution commensurate with its economic might. How should Japan respond?*

KOSAKA: Over the intermediate term, it is very clear what Japan should do. It should expand domestic demand. Greater domestic demand within Japan will stimulate the economies of Japan's trading partners. The Asian countries are doing well, and this puts Japan in a very advantageous position. Before we worry about what foreign policy strategy to adopt, we should think about how to internationalize the Japanese economy.

Q: *Even this year's white paper on trade stressed the need to expand domestic demand.*

KOSAKA: That is the right thing to do. Until we stimulate domestic demand, anything Japan says about making an international contribution will only be empty words. The government has to get on with administrative reform, but the policy pace is too slow. It is now time to move onto the next problem.

Of the United States' trade deficit, 40% is with Japan. Maybe not this year, but next year or the year after, problems will inevitably crop up again. Specific trade issues may be resolved, but in the end too many things will be selling too well, and the basic structure of Japan's economic policy will be called into question. Japan-U.S. trade friction could be rekindled if we fail to respond to these concerns. The Americans are going to see their

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whole deficit in terms of trade with Japan.

Q: *Japan has been a major beneficiary of the IMF and GATT policies, and there is grumbling in Europe that Japan has the most to gain from a new round of trade talks.*

KOSAKA: If Japan wants the new round of talks to succeed, it has to establish a record of increasing imports by stimulating domestic demand. It will not have any credibility otherwise.

Q: *Much is expected of Japan as we assume a greater role in the international scene. Japan has tended to be inner directed, however. Will Japan be able to effectively reorient itself to look outward?*

KOSAKA: That is another reason why I think Japan must expand domestic demand. We need to have more foreign people and products in Japan. Then we will be able to communicate despite the vagueness and ambiguity in our speech. Japanese heed criticism among themselves, but we need to become more sensitive to the impact our actions have on the rest of the world. Too many Japanese have a geocentric theory about their country: assuming that the whole world rotates around Japan. We have to change that attitude.

Q: *There are some people who think that Japan should do more to maintain peace in the war-ravaged areas of the world.*

KOSAKA: It is too soon for that. Japan should take its time, and not worry about a political role in assuring world peace until the end of this century. Postwar Japan has relinquished that kind of role, and picking up the mantle again will not be easy. Japan would be ill-advised to rush into something like this. We should give this much more thought. Of course, the need to think it out carefully should not mean infinite postponement of any role whatsoever, but a balance has to be struck.

Q: *In your book When Civilization Collapses, you suggest that Japan will come to the same end as Venice, which prospered in the Middle Ages and was also a coastal trading nation. There seems to be an undercurrent of pessimism in the book.*

KOSAKA: There is. The world's civilization has advanced too far. Mass democracy and the welfare state are historically the last stages of any civilization.

Q: *With such a pessimistic outlook, what kind of future do you see for a trading nation such as Japan?*

KOSAKA: This will clearly be a major concern for Japan through the end of the next century. Japan has developed and prospered under the Pax Americana. If the system continues as it has thus far, Japan can get away with paying very little for its security and with assuming very little significant political responsibility.

The basic contradiction in international relations as viewed over the long term has been the world's military bipolarity when the United States and the Soviet Union together account for only one-third of the world's economic power. It is not possible for the United States and the Soviet Union to maintain their monopoly on international political power without corresponding economic power. The Soviets are already feeling the strain of continued military build-up, and so is the United States, even though it has shown less concern with the economic consequences.

Multipolarization of international relations could become a reality by the end of this century. Of course, the basic structure of world politics is not likely to change suddenly, but it certainly cannot continue as it is for much longer. One portent of this is a statement made by Senator Hart in his bid for the Democratic nomination. He said that it was foolish for an American fleet to be stationed in the Persian Gulf to protect oil supplies to Europe and Japan—that that was Europe's job.

As international relations diversify, Japan's role is certain to be debated.

Q: *There has been considerable debate domestically concerning Japan's international position, and much attention is being paid to the dynamic potential for development in the Asia-Pacific region. In his speech to the International Institute for Strategic Studies in London in June, Prime Minister Nakasone urged that Japan, the United States, and Europe work together for Pacific development. Is the Pacific concept a valid strategy for Japan's survival?*

KOSAKA: I think it is only natural that Japan should orient itself toward the Pacific. Agriculture is strong in this region, and the prospects are good for Asia and the rest of the Pacific region. I speak of “orienting” itself because this is not yet the time for specific strategies. The Asia-Pacific region is too heterogeneous, and it includes too many countries of uncertain political status. What will happen to Hong Kong and Taiwan? Korea is fairly stable, but it remains a nation divided.

Also, the United States, the Soviet Union, and China all have interests in this region. We have a microcosm of the whole world, and this is why we cannot propose specific strategies yet. Still, I think the very lack of specifics will make it possible to form loose ties of solidarity. I do not know exactly what form these ties will take, but it is certain to happen. This is a very Japanese approach.

Q: *As it becomes more international, Japan will have to strengthen its position in the world. There are bound to be numerous perception gaps in the process. The problem appears to be cultural; we do not want to resort to simplistic nationalism, so we need to reconsider what Japan and the Japanese people are and should be.*

KOSAKA: There are several ways we could resolve this dilemma. One is to remember that there is not such a great difference between Japan and the rest of the world. Japan only needs to make sure that its actions conform to international standards. For example, I do not think the relationship between management and labor in Japan is really unique. Paternalism exists in every nation to some degree. We have much more in common with the rest of the world than we realize, and we should search out these similarities rather than emphasize the differences.

A second approach is to encourage more foreigners to come to Japan. We should welcome them into our schools and our corporations. As we live and work together, it will become evident that we are much alike. The government should also make more of an effort to teach Japanese to foreigners. People need to know the language to know the country. Considering our major international status, there are not nearly enough foreigners in Japan. ●