Japan's Role in Forging The New World Order

The Japan Economic Foundation sponsored a panel discussion on the theme of "Japan's Role in Forging the New World Order" on July 17 this year to commemorate its 10th anniversary. The following is a summary of the keynote speech and the opinions expressed by the three panelists.

By Takeshi Sasaki

While it may still be too early to assess the full significance of the Gulf War, it is clear that this was, at the very least, a harbinger of the new world order that is emerging in the wake of the Cold War's collapse. It was, for example, the first time in memory that the United States and the Soviet Union had managed to maintain very effective friendly relations while using United Nations mechanisms to deal with armed conflict in the Third World. In that sense, the Gulf War should be recognized as one example of how the world might work in the post-Cold War era. Yet it would be wrong to see this as the whole story. What are some of the other indicators?

The annual economic summit meetings are one. These meetings have taken on a decidedly different coloration now that the Cold War is over. In seeking to understand this change, it is imperative that we recognize that the world has undergone a major power shift with the socialist regime's self-destruction. And as a result, East-West relations have become akin to North-South relations, such that the summit member countries are now charged with defining the global issues and their responses to them—giving them a concentration of influence and responsibility undreamed of when the summit meetings were started in 1975. Yet there are still a number of issues to be resolved before the summit countries will be able to use their very considerable influence to attain stable prosperity for the world economy.

Just as the end of the Cold War and the dissipation of sharp ideological conflict means a further political liberalization everywhere, this same political liberalization can also pave the way for grim ethnic rivalries, as demonstrated all too sadly in Yugoslavia and the Soviet Union. Thus it is not enough to simply advocate greater political democracy, and there is a need to evolve new structures that can contain conflict and animosity at peaceably manageable levels. Indeed, the competition has already begun to create new structures to achieve these agreed objectives, and this will likely form the core of the new world order.

Market economies pose similar problems. While the socialist economies are being urged to replace their central planning with market mechanisms, markets themselves differ depending on the context and are not simple templates that can ensure an ordered flow of goods and resources. As a result, the reforming socialist economies are faced with the question of what type of market mechanisms to adopt and how to achieve reconciliation with other types of markets. Here, too, we need political efforts to sustain the consensus in favor of market-oriented economies.

At the same time, the summit meetings are opportunities to discuss crisis-avoidance methodology. While the United Nations is a universal organization designed to deal with international issues, it is the governments of the member states that decide how best to employ United Nations resources, and when the problems are truly global, much of the discussion has to be among the summit countries as the main sources of initiative and follow-through. As such, it is up to the summit meetings to clarify the Soviet situation, the Uruguay Round and other global issues and to define the main points of consideration, and the summit meetings now have the legitimacy needed to discuss how best to deal with these issues.

Yet there are naturally differences

The symposium in session—keynote speaker Takeshi Sasaki and the three panelists.

among the summit countries even on a question such as the Soviet situation, where they find it difficult to agree on whether or not to assist the Soviet Union and, if so, how much of what kinds of assistance to give. Not only are there differences among the summit countries, these differences are frequently region-based because the problems themselves are greater than national yet less than global, being issues that involve regional interests and security and demanding regional solutions.

This sense of regional identity is most highly developed in Europe, which has moved to create the European Community (EC), the Conference on Security and Cooperation in Europe (CSCE) and a host of other regional organizations. Significantly, it is the countries of Europe, and not the United States or the United Nations, that have taken the lead in efforts to achieve a cease-fire and peaceful solution in Yugoslavia. Elsewhere, the United States and Canada have concluded a Free Trade Agreement and moves are afoot to expand this to include Mexico in a truly regional grouping. Likewise in Asia, where Malaysian Prime Minister Mahathir has proposed the creation of an East Asian Economic Group and there are increasing initiatives for regional networking over the medium term.

In all of these regions, the people involved explain the drive for regional groupings as an acceptance of the fact that the harmonization of global economic activity under GATT takes too long, and as an effort to achieve harmonization in more concentrated and more effective regional formats. While some people have pointed to the danger that such regional initiatives may lead to the creation of economic blocs, their proponents say they are steps on the way to creating free and non-discriminatory frameworks.

Similarly, the bilateral Structural Impediments Initiative (SII) consultations between Japan and the United States were illustrative of the way faster progress can sometimes be made by restricting the number of participants, and this may thus be seen as a variation of the regional-grouping theme of creating uniform rules for free trade.

The question of how to reconcile a country's democratic structures with the international economy is one of the most difficult issues facing the world today. Looking just at Japanese politics, for example, it is estimated that about 70% of the points of contention have their origins in Japan's international relations. Thus it is not completely irrational for countries to want to establish some kind of buffer between themselves and the broader international community so that they can maintain their domestic democratic institutions in the face of this onslaught of international issues.

Given the different regional characteristics, there are some areas where regional networking comes easy and others where it is much more difficult. South Asia and the Middle East are two examples of regions where cooperation will come hard. In such regions, it may well be necessary for the United Nations or some other international organization to oversee relations and ensure stability, but even here we have evidence of how the end of the Cold War has allowed regional diversity to surface.

What does this mean for the United Nations? While one of its missions is that of conflict avoidance and conflict resolution in areas where regional cooperation is difficult or in designated Third World regions, it also has a crucial role to play in more general and more global issues such as the refugee crisis and environmental issues. Nonetheless, it must be realized that the United Nations is, by its very nature, limited in the initiatives that it can take and the success that it can achieve.

What are the implications for Japan? While Japan has achieved astonishing economic growth and become a leader in the global partnership, it is very likely that Japan, like Germany, will find its military options continue to be considerably constrained in the future. Accordingly, Japan will have to cooperate more vigorously with the other world powers in settling international conflicts and to do everything it can to deter the use of military force for political or economic ends. Although this is very different from the classic picture of a nation interacting with the international community, this is the shape of Japan's international relations in the years ahead.

And by inference, this means that the most important issue for Japan may well be that of avoiding the pitfall of political isolationism. Such political isolationism is illustrated by those who claim that the Japan-U.S. relationship has soured and that Japan should thus abrogate its close relations with the United States and go its own way. Yet this desire to strike out on an independent path simply out of dissatisfaction with the present and no vision of a better future seems an emotional, if not neurotic, response that is sharply at variance with Japan's desire to become a civilian power.

What are the issues confronting Japan today and what should it do? One area is in its relations with the other countries of Asia. Needless to say, this is an area where the Security Treaty with the United States is very important to Japan's position as a civilian power. Japan-U.S. trade problems are more than bilateral, also affecting the other Asian countries that have strong trade and economic relations with the United States and injecting a note of instability into these relations. The vital question thus becomes one of whether or not Japan can develop the ability to think of its relations with the United States in terms of the Asian framework and regional ramifications.

Rising from the ashes of war to the world's second-largest economy, Japan has done very well economically over the last 45 years. Yet the conditions that underlay this success are beginning to change, and it may well be that the same international business climate that was so conducive to Japan's growth in the past will become a hobble in the future. It is thus imperative that Japan be able to adapt to these new conditions, to streamline the administrative and other structural bottlenecks, and to venture out into the world with a new sense of purpose. Defining Japan's purposes and how they can be achieved are the immediate issues. Achieving them is longer-term.

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