

# Defining the Global Partnership

By Akira Kojima

Little more than a year since the dramatic collapse of the Berlin Wall, the international community is moving rapidly toward the formation of a new world order. Not surprisingly, there are also major changes taking place in the Japan-U.S. relationship. The debate over whether or not Japan and the United States are "equal partners" now seems like ancient history. Rather, the end of the Cold War has given rise to a questioning within the United States over whether Japan is an ally or an enemy, as well as to intense study of what the two countries should do and how they can cooperate as global partners in creating and maintaining the new world order.

It was in this context that the Seventh JEF-Aspen U.S.-Japan Council meeting was held at the Wye Plantation in scenic Maryland to discuss the two partners' changing relationship and roles, the areas where cooperation can have the most impact, and other issues crucial to the bilateral and world future.

Among those attending from the American side were Kent Calder of Princeton University, William Eberle of Manchester Associates, Richard Gardner of Columbia University, David McLaughlin of the Aspen Institute, Clyde Prestowitz of the Economic Strategy Institute, Helmut Sonnenfeldt of the Brookings Institution and Paula Stern of the Stern Group; while the Japanese side was represented by the likes of Shoichi Akazawa of the Japan Economic Foundation, Michiya Matsukawa of Nikko Securities, Seizaburo Sato of the University of Tokyo, Hideo Sugiura of Honda Motors, Taizo Yakushiji of Saitama University and two members of the House of Representatives—Koji Omi and Takashi Tawara.

In striking contrast to the Sixth U.S.-Japan Council meeting one year earlier, the atmosphere was congenial throughout. The 1989 meeting predated the fall of the Berlin Wall and the Malta Summit by about two months, and Japan and the United States were caught up in the

throes of the Structural Impediments Initiative (SII) talks. At the time, the U.S. trade deficit with Japan did not show much sign of decline and the revisionists were in full cry with their hypothesis that Japan's was an alien culture demanding heavy-handed treatment. As a result, the discussions took on a somewhat acrimonious tone.

Yet the atmosphere was noticeably different this fall as the participants focused not on the divisions and discord but on the potential for acting in concert and cooperation. This new mood was also evident in the themes discussed—including (i) analysis of the international situation, including the situation in the Middle East in the wake of Iraq's invasion of Kuwait, and the possible modalities of Japan-U.S. cooperation and (ii) joint Japan-United States efforts to resolve global environmental problems.

## SII talks

In discussing bilateral issues there was, of course, discussion of the need for economic and industrial reforms on both sides, but the fact that the SII talks had just recently been concluded led to a cooling of tempers and a willingness to wait and see how the two final reports are implemented.

As one of the American participants noted, the SII talks were not indicative of the perilous state of Japan-U.S. relations but were evidence that the two countries have become even closer and their ties sounder as their interdependent relationship has evolved. In fact, this person went on to point out, it would not be surprising to see similar SII talks with the EC if relations with Europe progress to the same level of intimacy.

Yasusuke Murakami, a professor at the International Research Center for Japanese Studies in Kyoto, has recently written a provocative paper entitled "Flawed Vision: A Dissenting View of the SII." In this paper, Murakami says, "The SII was

of great historical moment. Here we had the sight of two sovereign countries commenting on each other's social and economic institutions and even arguing for changes. This is, I suspect, unprecedented in human history. This was not at all like the old colonial relations in which the suzerain imposed its will on neighboring countries in a display of cultural imperialism, and it is impossible to understand the SII talks in the framework of ancient regime in which the industrialized West used cultural splendence to impose its will on others. Rather, the SII talks represent the emergence of an entirely new type of relationship.

"The old system in which cultural and other aspects of sovereignty were seen as absolutes is seeing its legitimacy eroded, and in its place there is emerging a new awareness that vital rifts develop between countries that attempt to reconcile their economies through free-market competition while preserving their cultural distinctiveness. People are gradually realizing the need to coordinate their social institutions and cultural expectations as well. As this realization permeates, all nations will recognize the need to hold their own SII talks, if not in the remaining years of this century then at least in the next century."

I could not agree more. As Columbia University's Gerald Curtis remarked when I talked with him in Tokyo shortly after the SII final reports were issued, the most amazing thing about the SII talks was that neither side fell prey to panic or hysteria even though they were discussing issues that came very close to being infringements on their sovereignty.

Although some of the bureaucrats and politicians who were the negotiating principals from the Japanese side did appear to react somewhat emotionally at times, the general public seems to have instinctively sensed the new era that Murakami wrote of. Most people's reaction was that, while they were sorry to hear the United States saying these things, most of the is-

sues on the table were issues demanding reform even in the absence of outside pressure. The situation was the same in the United States, as most of the media reports reacted dispassionately and noted that there was much to be said for the suggestions that Japan was making.

## Revising revisionism

Japan and the United States are today highly interdependent—and becoming even more interdependent with every passing day. It is only natural that an interdependent structure should also be a mutually interventionist structure. In fact, it might be argued that some loss of sovereignty is the price countries pay for close interdependence.

While there are some people such as Prestowitz who argue that the bilateral relationship is today characterized by a dangerous U.S. economic and industrial dependence on Japan, it seems clear that the world is moving in the direction of greater interdependence and that the shift from confrontation to cooperation can result in a plus-sum game for all the players.

The revisionists argue that such interdependent cooperation is impossible because:

- 1) Japan's is an alien culture.
- 2) This alienness is the major cause of the many problems arising between Japan and other nations.
- 3) Yet having achieved apparent success with this alien system, Japan is unlikely to abandon its alien ways.
- 4) Thus traditional U.S. policy toward Japan premised on the belief that Japan will gradually become less alien and that there will be a convergence is basically flawed.
- 5) Accordingly, it is imperative that the U.S. formulate new policies toward Japan and domestic policies based on the realization that Japan will never change its ways.

If this chain of argument were correct, it would seem reasonable to argue for "containing" Japan. In fact, however, such is not the case. The first premise is correct to the degree that every country and every culture is distinctive and



One of the sessions at the Seventh JEF-Aspen U.S.-Japan Council meeting held at the Wye Plantation, Maryland last fall.

"alien." Yet there is no factual substantiation for making the great leap to the revisionists' second and third points, and hence there is no reason to concede points four and five. Japan has been changing at an accelerating rate over the last few years.

## The changing relationship

For a number of reasons, the change of subject from purely bilateral concerns to the bilateral relationship within the world system (with special attention paid to global environmental issues and the situation in the Gulf) marked a sea change in the tenor of the discussion.

The first reason for this is that the global environment, drugs and terrorism are all transnational issues defying resolution by any one country, no matter how great a superpower it may be. All of these issues demand consultation and cooperation.

Second, concepts of security have changed with the end of the Cold War. As the Soviet-American relationship has moved from conflict to acting in concert, it has become increasingly unlikely that Soviet missiles will rain down to pierce the industrial West's defenses. Increasingly, acid rain is being seen as the real threat from the skies, and drug abuse as the fifth column undermining our soci-

eties. As a result, there has been greater discussion of the greening of national security and the need to see everyday life as a national security concern. More attention is being paid to humanitarian and democratic values. While there are many constraints on what Japan can do by way of military cooperation, it should be able to be a bold partner taking joint initiatives in these new fields.

Third is the fact of relative erosion of American dominance and the rise of Japan as an economic and technological power. As Joseph Nye, Jr., a professor at Harvard University, has written in *Bound to Lead*, the United States may no longer be the superpower it once was, but it is still clearly number one in terms of its composite of military might, economic strength, the legitimacy of its diplomatic ideals, natural resources, technical prowess and more. Yet even Nye acknowledges that the range of issues that the United States can resolve unaided is shrinking rapidly and there is an increasing need for international cooperation and joint management in more and more areas.

With these three aspects fundamentally altering the framework of bilateral cooperation, the relationship between Japan and the United States has to be one of global partnership. In the session on

the global environment, for example, participants from both sides stressed the possibilities for cooperation as global partners.

While the United States is the world's largest net debtor country, its debts are qualitatively different from the developing countries' in that the vast bulk of its debts are denominated in freely convertible, hard-currency U.S. dollars. The United States is the first country in the world to go deep into debt denominated in its own currency, and this has been possible only because the dollar remains the key international currency. Yet economic crisis in the country issuing the key international currency is at the same time an economic crisis for the world monetary system.

By contrast, Japan has been the world's largest net creditor since late 1985, and its overseas lending outstanding has gone up sharply every year since then. The bulk of this lending is dollar-denominated. Thus Japan and the United States are both in the dollar's boat. Compounding this, the Japanese and American GNPs combined account for about 40% of world GNP. As a result, the imbalance between Japan and the United States is also a serious imbalance in the world economy.

Thus it is that such issues as cross-investment (capital flow) between Japan and the United States, the yen/dollar exchange rate, and economic or industrial policy are no longer purely bilateral issues. Instead, reflecting the globalization of the Japan-U.S. relationship, they are global issues affecting all countries everywhere.

## New world order

Following the Seventh JEF-Aspen U.S.-Japan Council meeting, some participants traveled to Washington to discuss the issues involved with officials at the Department of Defense, the Department of Commerce and elsewhere inside the Beltway.

Even before talking about the situation in the Gulf, Pentagon officials outlined what they see as two conflicting trends thrown into sharper perspective by the end of the Cold War. One is the trend to

integration as nations cooperate in the quest for higher standards of living, and the other is the trend to separation as societies splinter into ethnic and religious enclaves. Integration is epitomized by German unification, the EC's Project 1992 and the U.S.-Canada Free Trade Agreement; while separatism is evident in the moves of some Soviet republics for independence and regional conflicts such as Iraq's August 2 invasion of Kuwait.

Countries need to find new ways to respond to both of these trends. Integration implies greater interdependence, mutual intervention, mutual loss of sovereignty and mutual surveillance. As such, the very idea of integration grates on those wedded to old standards of national sovereignty. It is thus imperative that all nations find new ways to manage their interlocked relationships. Although the United States has gone through periods of interventionism and isolationism since World War I, it has never been truly interdependent with another nation and has no real feel for what interdependence means. Instead, there is a strong feeling that the United States should be dependent on none. Consequently, awareness of this new interdependence must underlie the structuring of U.S. cooperation with other countries.

The response to separatism will be even more difficult. When the enemy was a superpower such as the Soviet Union, nuclear weapons functioned as effective deterrence. Yet nuclear weapons are useless in a desert war. Thus the importance of United Nations Security Council resolutions calling for economic sanctions and of a concerted response by the international community. Military might alone cannot stem the drift to regional separatism. Rather, the question is what other options are available and how all countries concerned can cooperate in their exercise. The Gulf crisis poses new issues demanding new responses from the global community.

Given this, it is understandable why there should be heightened expectations that Japan will use its economic strength to buttress international structures. Nevertheless, Japan has made a conscious effort since World War II not to use its



Participants in the JEF-Aspen meeting chat during a break in the proceedings.

economic might for geopolitical ends. Although Japan both acknowledges and echoes the call that it exercise leadership commensurate with its economic standing, the Japanese decision-making process is not set up to make the hard decisions that such leadership requires. This is a major source of American frustration with Japan.

The fumbling American response to the demands of interdependence and the fumbling Japanese response to the demands of leadership are both caused by and symptomatic of the need to create a new international order reflecting the new international realities. It is a time of mutual frustration with Japanese and American responses—responses further complicated by the fact that the international community has yet to define this new international order's architecture.

The JEF-Aspen U.S.-Japan Council meeting was an excellent opportunity for opinion leaders from the two countries to examine the issues and to discuss how the two countries can respond cooperatively in meeting these two new trends. Answers are unlikely to be found overnight. There will have to be far more discussion and integration. There will have to be more nongovernmental conferences and exchanges such as the one at Wye Plantation. There will have to be more give and take from both sides on a continuing, daily basis. Yet if these issues can be met, the earth can be a better, safer place for the world's children. ■

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