

Facing the 21st Century

The following is an edited version of a speech delivered by Amaya Naohiro at the 12th Japan Study Program for International Executives (JASPIE) held in Tokyo from March 17 to April 8, 1993. JASPIE is a seminar organized by the Japan Economic Foundation.

I have been requested to speak on Japan's role in the 21st century. But, to be honest, I do not know what will happen next year, let alone next century.

President Clinton has advocated change, and like it or not, those of us who are alive today were born to live through an era of great change. In 1991, the world was full of optimism. Former President Bush's popularity ratings soared to over 90% with the double victory of the Gulf War and the Cold War; the economic boom in Japan was in the full swing; euphoria swept western European countries as the road toward a single European market moved closer to reality.

Two years have passed since then and it now seems that pessimism is the prevailing international sentiment with the major concern being the economic recession. In Japan the bubble economy has burst. Unemployment is high in Western Europe, the currency union is uncertain, and a dark cloud hangs over the creation of a single European market. Bosnia-Herzegovina is in a mire and Russia is on the verge of collapse.

But, in the United States a light has begun to shine on the economic horizon and Clinton's new administration has begun with an encouraging prospect. However, the new administration has many problems to tackle and the operation Clinton has just started and whether the economic upturn is strong enough or can be sustained is still in question. The unemployment rate is high, as is the divorce rate, drug addiction and crime. Francis Fukushima theorized that with the end of the Cold War came the end of history. However, reality shows that history is far from over.

Why is the world continuing to change, becoming more unstable and unpredictable? In my view there are, among others, four main reasons.

The first is a shifting of values. During the Cold War era, values were very sim-

ple, coherent and consistent. In the Western world, liberalism, capitalism, and democracy were paramount, while in the East communism prevailed. But now the world is becoming more and more uncertain of its values, traditions, and culture and we have seen this uncertainty turn to bloodshed.

During the Cold War, a value structure was crystallized, whereas now it has become amorphous. As a result, the influence of each government domestically is challenged and becoming fragile. In the international arena, one of the superpowers has disappeared and the other has become weak in terms of leadership. Thus, the new world order, despite much expectation, has yet to come. Instead, what prevails is a "new world disorder."

Confusion in economic theories and policies is another contributing factor. In the 1980s, so-called conservative liberalism—Thatcherism, Reaganomics, and Nakasonomics—triumphed. The economies of Britain, the U.S. and Japan were on the rise and the Cold War proceeded in favor of the West. But a devil was hiding behind the curtain of good luck. The devil was the bubble economy which has burst and these countries are in serious trouble.

Historically speaking, now is the time for the Keynesian school to come center stage. However, for various reasons, the Keynesian school has lost its past glory, conservative liberalism has retreated and no new heroes have appeared on the scene. Look at the simultaneous recessions in Europe, the U.S., and Japan, the crisis of the General Agreement on Tariffs and Trade's Uruguay Round, North-South tensions, world population problems, destruction of the environment, etc. It is ironic that, because of the fall of communism, capitalism is being tested of its real ability to cut these tangled knots. It appears that no one, neither Clinton, Major, Mitterrand, Kohl nor Miyazawa,



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has the strength nor power of an Alexander the Great.

Thirdly, economic, political, and social ethics are crumbling and the U.S., Japan, and Europe are not immune from this worldwide epidemic. We have witnessed the bursting of the bubble economy and political scandals throughout the Western world, caused among other things by the degeneration of ethics in capitalist society. What are the economic and political ethics essential for keeping contemporary society in order? How can we rebuild it? The making of automobiles and microchips is far easier than rebuilding ethical standards.

The fourth prime mover behind the current disorder stems from the instability and disintegration of nation states. Since the French Revolution, nation states have played a major role in the making of world history. Today, that power and authority are on the decline. At the same time, efforts to restructure nations are under way all over the world. I recognize two major forces which are driving this restructuring: on the one hand the force to integrate nation states and, on the other, the force to differentiate them.

When we think about prospects for the next century, we have to analyze carefully each of the four causes mentioned above. However, as time is limited, I want to concentrate on the last one, the restructuring of nations, and provide more thoughts on the question.

Integration vs. differentiation

The force to integrate nation states was demonstrated when European countries joined to form the European Community (EC). This same force is now working to strengthen the community. You may wonder why people are not satisfied with existing nation states and are endeavoring to integrate them into a transnational organization like the EC. Homo economicus is a rational being. Reason favors universality. Therefore, a rational economic man wants to play on the most level and broadest possible field observing the rules of rationalism. He does not want to play irrational games where the slope varies from country to country. It is this speck of reason that sustains the activities of international organizations such as GATT, the International Monetary Fund, and summit meetings of the seven developed countries.

Man has been searching for a unified, peaceful world and it is technology which has encouraged this pursuit. Thanks to remarkable technological advances in transportation and communication our globe is rapidly becoming smaller both in terms of time and space. Just to take one example, in 1903 the Wright brothers for the first time in history, although for only

16 minutes and 60 meters, proved that man could fly. In 1926, when I was just 1-year-old, Colonel Lindbergh crossed the Atlantic. This solo flight took about 33 hours and 30 minutes. Today, how many people are flying over the Pacific or the Atlantic every day and night? To fly from New York to Paris by Concord now only takes six hours. What has made this possible is the progress of technology which no one anticipated. The more technology advances, the smaller the world will become.

Now you are in Japan. I was born in Fukui, a very small city near Kyoto. When I was a child there were few foreigners in this country and in my city, the number was even smaller. If a foreigner was spotted walking on the street, children would follow and watch with curiosity. Today, you won't be followed by kids on the street.

With the world shrinking due to the advancement of technology, man's reason seeks a more systematic world order, particularly in the realm of the economy. In this way the force to integrate nation states will gain more strength over time. But the force to destroy nation states is also very active in today's world. The tremors caused by this force are violently rocking many countries as can be seen in the Balkan states, the former Soviet Republics, Middle Eastern countries, India, and even Canada.

It is important to remember that man is also an emotional animal and that, as such, man is conscious about his identity. The human groups that assert their identity take such varied forms as family, clan, tribe or race. A nation state endeavors to integrate a number of races or tribes into the framework of a nation, each with varying degrees of success. For instance, Japan is a nation with a high degree of integration. A good example of a

nation with a low level of integration is the former Socialist Federal Republic of Yugoslavia where various ethnic groups, which once formed a multi-national state, claim different identities and resort to violence to secure more land and power of their own. The former Yugoslavia demonstrates an example of a nation state disintegrated into the most barbaric form of ethnic conflict. Regrettably, if you look at the current world situation, you can easily see that Yugoslavia is not an exception. In fact, there is a strong possibility that a second Yugoslavia will appear on the international stage, perhaps on a larger scale.

Usually the force to differentiate a nation state has the effect of disintegrating an existing nation like Yugoslavia. However, the force to differentiate a nation state sometimes emerges as a force to preserve existing nation states against the force to integrate them. Various forms of anti-universalism, such as isolationism, protectionism, or nationalism are also manifestations of this differentiating force.

In the world of the 20th century, the antagonism between capitalism and communism was the major force which shaped history, and the loser was the East. According to Hegelian terminology, this is a dialectic. In the world of the 21st century, however, I think that the confrontation between the force to integrate nation states and the force to differentiate them will be an important element that will move history. However, there will be no complete victory or defeat. The reason is that man is not a one-hundred percent rational nor a one-hundred percent emotional being. The key question is how the two forces will move history while maintaining a precarious balance.

U.S. and Japan as integrators

In elaborating on this question I would like to take up two unique countries, the U.S. and Japan, very different countries but destined to play an important role in cooperation with each other. As I mentioned before, the 21st century will be a century of historic confrontation between integrating and differentiating forces, and judging from their basic national interest, I think that both Japan and the U.S. will



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play a role in history as integrators.

Let me explain why. When we look at the U.S. we see a great variety of peoples, a situation which is almost unimaginable for Japanese. The country has endeavored to form a nation called the United States by integrating these people with the force of a highly universal political ideal, common interest, common language, and a national flag. In this process of integration, the U.S. has sometimes impulsively attempted to differentiate itself by means of isolationism, protectionism, or racism, but these attempts have merely been temporary and partial aberrations. The U.S. is genetically programmed for the pursuance of global order based on a rational and universal ideal. Thus, Americans may be called innate integrators.

By contrast, the Japanese are a race which has been formed while living on the Japanese archipelago for millennia. The U.S. is an artificially-built country, whereas Japan is a country by birth. No one knows when and how the country Japan came into being. All through their history, the Japanese have strengthened their identity with a common language and a unique culture. For several centuries, until Commodore Perry's arrival, Japan closed itself in isolationism. During this period no foreign army tried to invade Japan. In addition, Japan was a self-sufficient country as long as its population remained under 30 million and the GNP below \$100 per capita, which was the situation during the Tokugawa period. The best way for the Japanese to enjoy life was to isolate themselves as anti-integrators and seclusionists. And it was quite feasible.

However, with Perry's arrival the Japanese were forced to discard their traditional isolationism, some aspects of which Perry noted in his *The Japanese Isolationism*. He opened the Pandora's box and Japan opened its ports. After World War II, Japan chose the cult of economic development under U.S. guidance and remained a beneficiary of Pax-Americana. This choice has brought enormous success to Japan. Today, its population stands at 120 million and its per capita GNP at \$25,000. In order to sustain this economic level, it is absolutely necessary to secure a level field that is as free and open as possible in an integrated world.

In a nutshell, Japan has converted itself from an anti-integrator to an integrator in

a short period of time. Though different in historical processes and geographic conditions, undoubtedly Japan and the U.S. share and will continue to share ideals and interests as integrators. The two countries should promote and strengthen the free economic system in the developed capitalist camp, needless to say, including the European countries. At the same time, the two countries should endeavor to enlarge the system to include the countries of the South as well as the former Eastern European countries. In the meantime, the two countries should remember that traditional anti-integrators and differentiators are still very powerful, and that those who have been converted to the ideals of integration are in the minority in those countries, especially in the South and in Russia as we see it now.

In an effort to expand the free economic system to these countries, Western universalism should never be pressed on them mechanically without regard to tradition and culture. Any such attempt will be doomed to failure for the same reason that the proposed 500-day reform plan failed in Russia in the recent past. Generally speaking, Americans tend to have excessive praise in American ideals and in the American way. They are inclined to regard unconditionally what is American as what is universal. If they push forward this tendency they might find themselves in another Vietnam.

Interestingly, where America is strong Japan has shortcomings and where America is weak Japan has advantages. Objectively speaking, the free trade system is a lifeline for Japan. Regrettably, however, it is questionable whether the Japanese understand this, which shows that the Japanese have a spiritual structure that compounds traditional anti-integrators and converted integrators.

However, in the process of forming this spiritual structure, the Japanese have suffered from conflicts between reason and emotion, between civilization and culture, between the Occident and the Orient, and between universality and ethnicity. These conflicts, I think, will continue to be the main theme for the Japanese in the next century. They will have to pass judgement and give their assessment on how to balance these conflicting ideas.

I find it quite amusing to compare the U.S. and Japan to two well-known characters who set out on a world tour of inte-

gration—Don Quixote and Sancho Panza. Though they are very different in personality, Miguel de Cervantes would not have been able to write a story about them if it were not for their ability to get along. Likewise, it appears that a world tour of integration in the 21st century will not be meaningful without cooperation between the U.S. and Japan.

When we look into the 21st century, we find a multitude of problems in addition to those of integration and differentiation of nation states. These include population explosion, supply and demand of energy, food shortages, deterioration of the environment, the increase in the number of refugees, and the hazardous spread of weapons, terrorism, drugs and AIDS. Any one of these problems is too weighty even for a superpower such as the U.S. to deal with single-handedly, let alone Japan or any single European country. There is no effective way to handle these problems other than through cooperation by the countries concerned, especially Japan, the U.S. and the European countries. This cooperation is absolutely essential for our survival. We are obliged to hang together in this way. Unless we do so, each country will hang separately. Therefore, the problem is not whether we can hang together or not but how we hang together.

The most realistic and rational approach to trilateral cooperation for the U.S. is to restructure its economy and regain leadership on the international stage. Fortunately, the Clinton administration has been squarely tackling this difficult task and has taken a courageous political step toward its solution. This step is perfectly welcomed by Japan. At the same time, we also earnestly wish that Europe will continue to overcome the many obstacles on its way to a unified Europe. Its success will certainly be an important step on the way to a single world in terms of economy, science and technology. While hoping that American and European efforts will bear fruit, Japan should also make the best efforts to put its own house in order to be able to offer the best possible cooperation to other countries.

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