

# **THE VOICE OF ASIA**

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**TWO LEADERS DISCUSS  
THE COMING  
CENTURY**

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**MAHATHIR MOHAMAD  
SHINTARO ISHIHARA**

Translated by Frank Baldwin

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**Editor's note**

This book was originally published in October 1994. Since then, Malaysian and Japanese politics have undergone changes large and small. After publication, Mahathir Mohamad's party won recent elections with an overwhelming eighty-four percent of the vote. In Japan, Ishihara resigned his post, and shifts in party alliances promise to bring new changes. While subsequent events may effect the opinions in this book, since *The Voice of Asia* serves not only as a dialogue between two leaders but as a document of its time and since many of the discussions here are situation-specific, terms and tense have been left unaltered.

# ASIA



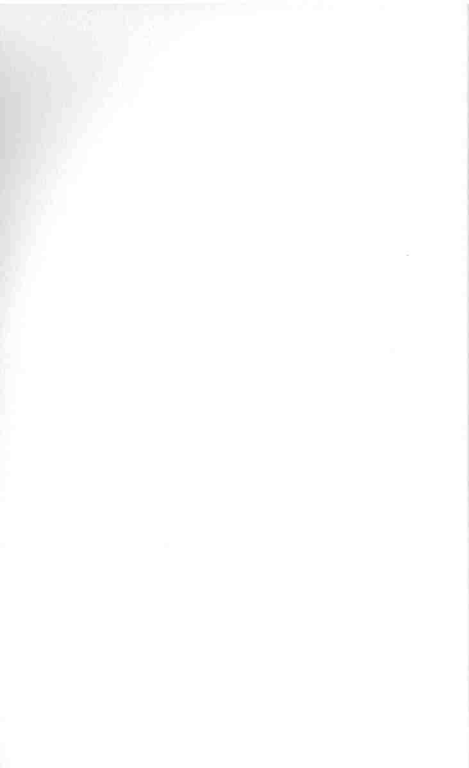




PART

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I



# THE PACIFIC AGE

## *Asia's History Shaped by Asian Hands*

Over the last several hundred years, the West—initially Europe and later the North Atlantic community—has been the dominant center of the world. The fate of Asia, it is fair to say, hung on the decisions and actions of this central hegemony. We existed on the periphery, so much so that East Asia was called, and even called itself, the “Far East.”

Today, however, the Asia-Pacific economic community, led by East Asia, is undergoing a radical transformation. In 1988, it grew by 9.4 percent at a time when the world average was 4.1 percent. Asian growth slowed to 5.4 percent

in 1989, but it still outpaced world growth, which stood at 3.2 percent. Since then, East Asia has continued its steady growth despite the end of the Cold War and other structural factors that contributed to the worldwide recession. Observers predict that by the year 2000, the combined gross national product (GNP) of Asia, including Japan, will exceed that of the United States and Europe. If the 1980s was the decade of the newly industrialized economies (NIEs), the 1990s is the beginning of the age of Asia. Economists and business leaders tell us that the Asia-Pacific region will replace the West as the hub of economic growth in the coming century. Japan, South Korea, and the countries of the Association of Southeast Asian Nations (ASEAN)—Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand—are growing faster than any other region.

The eastern and southeastern peripheries of Asia enjoy growing prosperity, and the prospect of the socialist economies in the north and west joining their ranks is brighter now than ever before. The failure of Soviet-style economic planning is now acknowledged. With few exceptions, the communists have abandoned it in favor of some form of market economy. Of course, while policies can be changed overnight, lack of experience in managing a free-market system will delay economic progress. Nevertheless, these countries are likely to make a fairly substantial contribution to Asian growth in the years ahead.

Asia is far from a seamless market. The continent has

enormous political, social, economic, and ethnic diversity, and this will not change no matter how rapidly or successfully its economies transform themselves. Despite this diversity, however, the countries of the region fundamentally complement each other's efforts to achieve growth, creating an atmosphere of cooperative inclusion rather than cynical exclusion. Economic development will make Asia a market in its own right.

Asians have good reasons to be proud. In the space of fifty years—a mere blink of the eye—Japan has risen from the ashes of war to become the world's second-strongest economy, after the United States. In addition, four NIEs—South Korea, Hong Kong, Singapore, and Taiwan—have also achieved outstanding success. Malaysia and Thailand are recording some of the fastest growth rates in the world, and Indonesia is not far behind. As recently as a decade ago, these achievements were hardly dreamed of.

One may reasonably regard the economic emergence of Asia as historically inevitable and even assume that Asia will become the new center of the world economy in the coming century, but Asians should not drift passively on the currents of historical change. Japanese and other East Asians know that the economic formulas that worked in the 1980s will not assure their place in the 1990s and beyond. Although they have raised their technological capabilities and efficiency, rising labor costs mean that labor-intensive, low-technology production is no longer compatible with their current stages of development.

Instead of complaining, imposing unjustifiable sanctions against other economic spheres, or seeking to protect outmoded production processes, they are rapidly moving production offshore and finding other innovative ways to remain globally competitive. Asia's manufacturing base has begun to shift from the north—Japan and the Republic of Korea—to the south, particularly Southeast Asia, where there are pools of educated yet relatively low-cost labor, a trend that has accelerated the industrialization of the latter. The wheels of development are turning smoothly for Asia as a whole, though this rapid growth must be kept in a realistic perspective.

We may not become the center of the world, but we should at least be the center of our own part of it. We must commit ourselves to ensuring that the history of East Asia will be made in East Asia, for East Asia, and by East Asians.

### *Japan's Role*

The fact that my approach to politics and life in general focuses on the present and the future rather than the past no doubt has a lot to do with the era in which I was raised. Malaysia's past includes British colonial rule, Japanese occupation during World War II, and the postwar return of colonialism before independence was achieved.

Born in 1925, I witnessed these three great transformations in my country firsthand. After graduating from the medical school of the University of Malaya in Singapore in

1953, I practiced medicine. In 1964, I was elected to the Malaysian House of Representatives (House of Commons). Defeated in 1969, I was again elected in 1974 and was appointed minister for education in 1974 and deputy prime minister in 1976. In 1981 I became prime minister.

My personal involvement with Japan and the Japanese people goes back to World War II. Needless to say, the Japanese occupation of Malaysia was not a pleasant experience. Many people I know were beaten, forced to carry large stones above their heads, or similarly punished for such trifling matters as not bowing to a Japanese soldier. On the other hand, I know that Japanese troops also paid a fair price for provisions at our markets and did nothing improper. As a stall-holder working at a weekly market, I was never once mistreated by Japanese soldiers. As I will explain in more detail later, there is no denying that the Japanese occupation ultimately led to Malay gaining its independence from British colonial rule.

In any case, I believe it is important in international relations to avoid dwelling on the past and to concentrate on building strong relationships for the future. Malaysia's prosperity today owes much to Japanese investment, which created jobs and helped develop our capital market. These ties are mutually beneficial: Malaysia has in turn become a lucrative market for Japanese goods and services.

Relations between Japan and Malaysia have for the most part been very good. We bear no grudges about the past.



Despite the oft-heard criticism that Japanese companies are reluctant to transfer technology, in fact a considerable amount has been transferred to Malaysia, particularly in certain areas. I believe the pace will pick up as time goes on. It may not be cutting-edge technology, but rather that which can no longer be used profitably in Japan, such as manufacturing systems that rising domestic costs have forced Japanese corporations to relocate abroad.

For our part, Malaysia is ready and able to absorb whatever technology is made available to us. We have reached the stage where our labor costs have risen slightly above those of our neighbors, but our productivity is very high and we have the advantages of a very stable political situation and a quality work force. There is a symbiotic relationship here—both sides benefit from Japanese investment. Japan should continue to nurture similar relationships across Southeast Asia, and its impact on Asian development will increase.

### *Vision 2020*

The role of government in development is very important. Many countries resemble Malaysia in basic features: former colony, rich in natural resources, and not too densely populated. But success depends on whether they have good government, a well-organized administration that sets clear goals. The Malaysian government has an explicit target which we call Vision 2020: to be counted among the world's developed countries by that year. This will only be

possible if the people are focused on the goal. Conversely, a country that does not know precisely where it is going is unlikely to achieve much.

Consider Malaysia's current trade situation. The rise in our exports of manufactured products is a relatively recent phenomenon. In 1967, ten years after we gained independence, the manufacturing sector made up less than 12 percent of gross domestic product (GDP) and contributed very little to exports. By 1989, however, the manufacturing sector accounted for more than 25 percent of GDP. That year it achieved 12 percent growth, compared with 8.5 percent registered by the whole economy, and its export earnings were in excess of RM36 billion (US\$13.6 billion), or 54 percent of total overseas sales, including those of petroleum.

Today, Malaysia is the leading exporter of semiconductors and latex-dipped goods such as gloves and catheters. It ranks second in room air-conditioners and is likely within the next two or three years to become one of the major exporters of television sets and videocassette recorders. Malaysia's heavy industry seems set to enjoy rapid growth in high technology, as exemplified by the success of our first national car, the Proton Saga, which is produced under a joint venture with Mitsubishi Motors Corp. Many companies from the leading industrialized nations have moved into Malaysia, identifying it as both a springboard to the growing markets of the Asia-Pacific region and a more profitable base for sales to Europe and North America.

In formulating Vision 2020, we had to define what we meant by "developed country." Does the term refer simply to a per capita income of at least US\$16,000, or does it also imply stability and solid cultural values? All these factors have to be considered, but it is clear that wealth alone does not constitute development. No country is really developed, for instance, if it has money but no technology. Saudi Arabia is a case in point. Oil has made it very wealthy, but it cannot be called a developed nation on that basis alone. Nor is a country developed, in our sense of the word, if it has money and technology but lacks firm moral values. Many Western societies, for example, are morally decadent. There is diminishing respect for the institutions of the family and marriage, and some even permit same-gender marriages. To us, that is not development. You must maintain cultural and moral values. We do not want to be just a rich country.

# A NEW INTERNATIONAL ORDER

## *The End of Empires*

We are at a historic juncture. As Prime Minister Mahathir has noted, East Asia's rapid economic growth portends the future. The collapse of communism and the ebbing of the West mark the end of European modernism, long the dynamic force of global change. The Asian century is at hand.

Currency values mirror the retreat of Europe and the United States. Once worth ¥360, the American dollar has fallen below ¥100. A few years ago one ruble was worth ¥500; now it has crashed to 10 sen, 1-5000th of its former value. The value of the franc and the mark have slipped 50 percent against the yen since 1990-91; in the past year the

British pound has slid from ¥250 to the ¥150 level.

It was Lenin who said that European prosperity was based on exploiting the cheap labor and abundant resources of the colonies. When that rapacious plunder became impossible, the sun began to set on Europe. Oswald Spengler's *The Decline of the West* prophesied what is now unfolding before our eyes: The West is reaping what it sowed. In the new era, East Asia, once so wantonly colonized and plundered, will sustain global prosperity.

Other regions that suffered the colonial yoke have been far less successful. Why has only East Asia achieved rapid economic growth? How should we perceive this age? What does the future hold for us?

The classic exploitation Lenin described continued in a different guise during the Cold War. Amidst the confrontation between the U.S.- and Soviet-led camps, the colonies gained their independence and became "developing countries." But the advanced industrial nations, typified by the two superpowers, went on robbing the Third World. East Asia's imminent prominence in the world economy is an irony of history.

Two vast empires have collapsed. The East and West blocs—groupings of diverse nations, peoples, and value systems held together by the sinews of military might—are gone. In their stead, we have self-determination, a revival of the nation-state.

The words “nation” and “national” are derived from the Latin *natio*, meaning birth, race, or people. In the heyday of the Roman Empire the sons of local elites were educated at the University of Bologna. Fluency in Latin, the *lingua franca*, enabled students to discuss academic subjects and share their intellectual pursuits. Not surprisingly, in other realms of activity outside the classroom there was far less mutual understanding.

Students at the University of Bologna organized associations, called *natio*, of people from the same hometown or region. They were like the prefectural associations formed in Tokyo to offer people from the provinces a home away from home, a place where they could relax and fraternize with their own kind. In the *natio* at Bologna, students could speak their native tongue with friends. At its zenith, the Roman Empire stretched from the Persian Gulf to Britain. Youth from far-flung domains cherished being part of that great imperium, yet the transcendent affinity of birthplace and shared assumptions about life brought them together in *natio*.

Let us assume that a prototypical community consists of an ethnic group with a common culture and one religion. Through the gradual catalyst of friendly ties, many such units may coexist and prosper. So far so good. But when these communities are forced into an empire by a hegemon, there is bound to be trouble. That is the moral of the rise and fall of the Roman Empire and others. Humankind was a slow learner, however, and this lesson did not sink in

until two thousand years after Roman authority had crumbled away.

In the thirteenth century the Mongol Empire of Genghis Khan dominated the Eurasian land mass, including part of western Europe. The Ottoman Empire established by Turkish tribes controlled areas on three continents. Several Chinese dynasties extended the Middle Kingdom's sway across East Asia. The House of Habsburg ruled much of Europe for centuries, Otto von Bismarck fashioned the German Empire in the late nineteenth century, and the British Empire lasted until the 1930s. My own country was called the Empire of Great Japan from 1889, and our "empire" fought with the West for hegemony in Asia. After World War II the two imperial superpowers vied for supremacy.

The tsars created the old Russian empire, imposing their will on an array of ethnic groups. Despite outward changes, the Soviet Union perpetuated that control by force until mortally weakened by the cost of the arms race with the United States. Although America is an unchallenged military colossus, decades of enormous Pentagon budgets have sapped its economic vitality and confidence. Whether the country can still be the world's policeman, intervening in distant trouble spots, is doubtful. The day of imperial powers whose military might was the ultimate instrument in geopolitics is finally drawing to a close. In this new environment nation-states can try to develop themselves according to their own cultural criteria.

National self-determination has a beautiful ring to it. But in some places—the disintegration of the Soviet Union and the wretched civil war in former Yugoslavia are prime examples—the removal of an overarching authority that imposed order regardless of nationality or religion has opened the door to chaos. Trouble lies ahead for China, too, the world's last imperial nation. Under the rubric of Maoism, Beijing drove out the Dalai Lama and extended its hegemony over Tibet. But when Deng Xiaoping is gone, China will fragment, perhaps regrouping into a loose federation.

The demise of European modernism will revive other overshadowed value systems, triggering an intense rivalry between the old certitudes of the West and resurgent norms. The dispute over democracy is a case in point. Is a political system that guarantees individuals the freedom to engage in all kinds of activities really the best? It strikes me that it is no longer axiomatic that Anglo-Saxon democracy is the ultimate form of governance. Our increasingly inter-related world needs new paradigms of “freedom” and “democracy.”

In Europe and North America, individualism is highly prized and the citizen can reject, even denounce, Christianity. Islamic societies, on the other hand, do not allow their citizens a similar freedom toward the faith of Allah, and the state punishes blasphemy. Actions that Westerners decry as barbaric and autocratic Muslims see as proper and righteous. Westerners thus look askance at the integration



of a monolithic Islamic world transcending national boundaries and tribal allegiances.

East Asia's rapid economic growth is partly attributable to timing—the end of the Cold War—but Asians had the ability, honed over the millennia in a unique cultural setting, to seize the opportunity. Other regions freed from the hegemon's grip have been hamstrung by a misguided ethnocentrism and slipped backward into turmoil. Asia is ready as the curtain rises on a new era.

A major historical transition entails realignments. The European Union (EU) and the East Asia Economic Caucus (EAEC) are part of this dynamic restructuring. Japan, too, must be ready. Momentous decisions lie ahead.

### *A Tripolar World*

Despite the outbreak of many local conflicts since the end of the Cold War, most observers agree that three economic zones are emerging: Europe, North America, and East Asia. In the formative stage, these groupings should be determined by geographical proximity, should not be artificially pulled together, and should promote cooperative ties. No nation should use its military, political, or economic power to coerce the others. This is the current pattern in East Asia, and I'm sure it will continue.

We must be wary of Europe and North America, however. As the Europeans have changed the European Economic

Community to the European Community and now fashion the European Union, there are signs they are creating a closed economic bloc. They apparently hope the EU will also attain political clout that can be brought to bear on other regions.

That the EU can achieve much more integration is extremely doubtful. If the dream is to revive a European empire, forget it. A close look at what is called "Europe" reveals a cultural and historical diversity that will frustrate total integration. I am very skeptical that the countries of Europe, offshoots of different linguistic trees and each with its own national character, and with individualism woven into their fabric, can adopt a cross-national structure and operate political and economic organizations that require the sublimation of national objectives for common goals.

The EU is already in serious trouble and will fail, I believe. The attempt to create a single currency illustrates the problem. Paris wants a strong franc, but Bonn balks at depreciating the mark. Even if Germany allowed its currency to drop on foreign exchange markets, then France would try to drive the franc down, too. That would upset the balance with other EU currencies and exacerbate the rivalries.

In recent months the EU has occasionally supported Asia's position in trade tiffs with the United States. If Asia can use the EU card against Washington, all the better, but the

Europeans are probably just playing Asia off against North America.

Although the United States has sponsored the North American Free Trade Agreement (NAFTA) with Canada and Mexico, it is trying to prevent Asian nations from forming the EAEC. The Clinton administration is eager to cast the net of the Asia-Pacific Economic Cooperation (APEC) forum and NAFTA over Asia. Anybody can see that this is a self-serving approach.

From the start, APEC was a fuzzy concept. Granted, jumbo jets have speeded up air travel, but the Pacific Ocean is still a vast body of water and it is far-fetched to contend that all nations on the Pacific Rim have a great deal in common. Successive U.S. administrations have accused Asian governments, including Japan's, of not playing by Western trade rules. Asians are fed up with the blustering and threats of American trade negotiators. Assuming these differences could be surmounted, it is still incredible to think that you can build a complex economic community around the fact that members have a shoreline on the Pacific.

The United States put enormous pressure on Japan not to join the EAEC. In November 1991, U.S. Secretary of State James A. Baker III, speaking at a private dinner party in Tokyo attended by senior Japanese political leaders, savagely attacked Prime Minister Mahathir's proposal, even ridiculing him for wearing traditional Malaysian clothing.

Senior officials at the U.S. Embassy in Tokyo told me they were embarrassed at Baker's outburst.

In any case, NAFTA has the distinct odor of regional protectionism. Mexico gets special treatment that is unfairly denied to non-member East Asian countries. By dangling the prospect of membership in NAFTA before Singapore, Taiwan, and the Republic of Korea, Clinton's economic advisers are trying to create the impression that Asia, too, will benefit from the agreement, although Japan would be excluded, of course. Washington's strategy obviously is to divide and rule.

Europe and the United States plainly hope, through the EU and NAFTA, respectively, to reassert their leadership of the global economy. Rejecting the Western brand of power politics—forcing concessions out of trading partners—East Asia seeks a shared prosperity through a flexible association. East Asia would not try to intimidate Europe or North America. But the United States is taking advantage of Asian tolerance and gradualism to block formation of a regional group here.

Europeans and Americans are still dreaming of past glory. Some Asians say the West will wake up soon and we should be discreet and patient. My feeling is that we need to plan ahead lest their fantasy become our nightmare.

I see the three great trading regions as economically interdependent, but culturally independent or self-sufficient.

Intraregional disputes can be handled by the member nations without outside interference. The tripartition will share a common goal of global prosperity.

Asia's total GNP now rivals that of North America and Europe. Some uninformed observers say that Asia is dependent on Western markets and cannot stand on its own feet. The opposite is closer to the truth: Europe and the United States cannot do without Asia's products. They are not altruistically importing vast amounts of goods in order to help poor Asians.

In Asia's dynamic growth we see a portent of the global economy in the twenty-first century. As I noted before, and some Europeans acknowledge, the EU will not succeed. The American economy has regained some momentum lately, but given the enormous social ills there—drug abuse, crime, illiteracy, and poor basic skills—the long-term outlook for the United States is grim. After all, the economy is just a function of society. With so many institutions weakened and dysfunctional, there is no room for optimism. Although the United States is still a military superpower, the new reality of international politics is that armed might is no longer effective.

The new international order is being built on economic performance, which is why East Asia will almost certainly be the locomotive pulling the global economy. Of the earth's total population of 5.3 billion, 3.1 billion are in Asia, compared with 500 million in Europe. In land area, too,

Asia has the advantage with 28 million square kilometers to Europe's 5 million square kilometers. I'm not saying that bigger is always better, only that Asia has vast potential.

Historian Arnold J. Toynbee, in *Civilization on Trial*, warned of this latent capacity, noting that Asia's impact on Western life might be more profound than that of Communist Russia. The tide may soon turn in Asia's favor, he said. Nearly a half century ago the British writer Robert Payne wrote in *The Revolt of Asia* that this region was stirring. Except for a few strife-ridden places like Cambodia, all the Asian countries have the political and social infrastructure to sustain prosperity. During the Cold War Japan was part of the Western camp, an anomalous position wholly attributable to the polarized East-West confrontation over communism. Geographically and spiritually, Japan belongs to Asia.

### *Japan Comes Home*

The end of the East-West ideological conflict has finally enabled Japan to start to disengage from the West. Given the historical forces at work, our sojourn was unavoidable, but now we must free ourselves from delusions fostered by the Cold War. We can begin with self-awareness. Under the Japan-U.S. mutual security treaty the Self-Defense Forces are a battalion on call to the Pentagon. Japan is not the fifty-first state, however. Japanese are Asian, related to this region by blood and culture, and Japan is an Asian country. Again cognizant of the East, many Japanese sense

the vitality of this region. Our interests lie more with Asia than with America.

Consider Japan's exports, which in 1993 rose to a record \$360 billion. Sales to the ASEAN members, to the NIEs like Taiwan, Singapore, Hong Kong, and South Korea, and to China made up 36 percent of the total. Shipments within Asia outpaced sales to the United States (29 percent), or to the European Union (15 percent). Japan is buying from Asia, too: In 1992 more than 30 percent of our imports came from this region.

"If America sneezes, Japan catches cold," the pundits used to say in describing this country's dependence on U.S. markets. In 1993 our trade surplus with the United States rose 14.3 percent over the previous year, reaching \$50.8 billion. But the trade balance with Southeast Asia in 1993 was even more in our favor, \$56.9 billion, a 30.5 percent year-on-year increase. While America was sniffing with recession, Japan robustly exported to this region.

Japan has come home to Asia, and our neighbors have gradually encouraged Tokyo to play a more active role, politically as well as economically. Although criticism continues that Tokyo's foreign policy is too attuned to U.S. priorities, trade flows—the movement of goods and services—have changed.

Increased Asian direct investment in Japan is a sign of economic solidarity. In 1993, overall foreign investment in

Japan fell 25 percent from a year earlier, totalling \$3.08 billion. North American and European investment dropped 24 percent and 39 percent, respectively. Yet Asian companies invested \$460 million in Japan, 4.4 times more than in the previous year. Businesses in Singapore and Taiwan put significantly more capital into Japan, and Chinese firms raised their stake, too. While some of the new investment was by subsidiaries of European and U.S. corporations, economic growth in this region is fueling the trend. Another sign of the times was the buyout of Laox, the Japanese audio equipment maker, by the South Korean giant, Samsung Electronics Co.

The prolonged business slump has reduced Japan's direct investment overseas since 1990. In 1992, for example, the total was \$34.1 billion, down 18 percent from the preceding year. Nevertheless, investment in Asia that year rose, reaching \$6.4 billion. Direct investment in North America peaked in 1989 at \$33.9 billion; it had fallen to less than half that amount in 1992. The new thrust is clear.

Among the other compelling reasons for close ties with our geographical neighbors is the intense friction with Western trading partners now that Japan has become an economic superpower second only to the United States. Washington has reacted to Japan's large surplus in bilateral trade with threats and sanctions, and with moves detrimental to our currency such as the 1985 Plaza Accord, which devalued the dollar against the yen, and recent actions by the U.S. Treasury to drive up the yen's value. Ironically, this



strategy accelerated the very East Asian economic growth that has provoked so much apprehension in the West.

Through increased offshore manufacturing and direct investment, Japan has stimulated Asian development. Malaysia is a good example. Twenty percent to 25 percent of its overall trade is with Japan. Malaysians have been buying capital goods like heavy machinery and plants and equipment, and selling us rubber, lumber, oil, and natural gas. For several years now Japanese have bought more consumer electronic products made in Malaysia. We still have a trade surplus with Malaysia, but our official import figures for May 1994, for instance, show that almost 70 percent of videocassette recorders and more than 40 percent of color television sets came from Malaysia. Imports of VCRs were up 55 percent over the same month in 1993, for a total of 140,000 units. Of that number, 94,000 were from Malaysia, 4.4 times more than a year earlier (the increase from South Korea was 38.3 percent [23,000] and from Thailand, 7.3 percent [17,000]). The year-on-year increase in color television sets was 64.7 percent to 440,000 units, of which 190,000 were from Malaysia, more than a 400 percent rise.

Interdependence is the keystone of Japan's economic presence in Asia, which is now clearly our largest trading partner. This transformation was spurred by the rapid appreciation of the yen after the Plaza Accord and the chorus of outrage in the United States and Europe at Japan's trade surplus. Hurt by the yen's strengthening against the

U.S. dollar, which threatened to price their wares out of foreign markets, Japanese companies had to slash costs by moving more production facilities to Southeast Asia. We shipped plants and equipment to Asia, and then bought the output of those factories, thus recycling yen throughout the region. In the twinkling of an eye, the pattern of production and consumption in Japan encompassed East Asia.

Prepared by decades of steady economic growth and investment in physical infrastructure and human resources, East Asia seized the opportunity. No matter how Washington tries to thwart the EAEC, Japanese offshore manufacturing is a fact of life. The Greater East Asia Co-Prosperity Sphere of World War II, backed as it was by the Imperial Army and Navy, had to be unwelcome. But now, though imperceptible to the untrained observer, Japan is building strong positive ties with East Asia.

Japan is in a curious position. By virtue of its status as an advanced industrial nation, it is in the Western club, one of the G-7, and yet it is also of the East. Despite this strange overlap, Japan has only been considered part of the West since World War II.

Some intellectual lightweights say Japan can serve as an "honest broker" between East and West. On the contrary, we should leave no doubt about where we stand and who we are. Japan has returned to the East and we identify first and foremost with Asia. Of course, we cannot ignore our ties with the United States; the bilateral relationship is vital

to both parties. Nevertheless, the time is approaching when the East should be our top foreign policy priority. To ignore the course of history and cling to the West would soon leave us excluded from East and West.

PART

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II



# ASIA ON THE MOVE

## *The Threatened West*

Confidence in Asia's growth prospects is no reason for complacency or illusions. Some of the talk about Asia's economic success is motivated by less than good intentions. Fearing that one day they will have to face Asian countries as competitors, some Western nations are doing their utmost to keep us at bay. They constantly wag accusing fingers in Asia's direction, claiming that it has benefited from unacceptable practices, such as the denial of human rights and workers' rights, undemocratic government, and disregard for the environment.

I'll give some examples of this hostility. Malaysia needs

foreign capital and to get it we must make investors aware of our domestic stability, skilled work force, and national goals. Every now and then, in what can arguably be called deliberate distortion, the Western media runs absurd reports that Malaysia is on the brink of collapse over ethnic strife.

Unfair attacks have even been made on specific Malaysian products. A few years ago, palm oil became the target of powerful U.S. groups envious of our success in producing a wholesome oil at competitive prices. This lobby launched a smear campaign against palm oil, branding it a poison. Discriminatory legislation was introduced at both the federal and state levels. When we tried to defend ourselves, we were called before the International Trade Commission, a U.S. federal agency, and accused of making unsubstantiated claims. Those who charged that palm oil was harmful to health were not subjected to similar action by any U.S. agency, even though they lacked proof to support their allegations. Meanwhile, continued pressure forced palm oil users to abandon the ingredient and label their products as free of tropical oils, thus insinuating that palm oil is dangerous. Although it accounted for only 3 percent of all the edible oil consumed in the United States, palm oil was blamed for virtually all the heart disease there.

This was obviously deliberate disinformation. Prospective foreign investors hearing such reports again and again lose interest in Malaysia and go elsewhere. People will believe a lie if they hear it often enough, and that was precisely the

psychological manipulation this smear campaign sought. Trade with the United States is very important to Malaysia, constituting as much as 18 percent of our total trade, and we do not use unfair tactics.

The United States should take a long look at itself before complaining about trade imbalances. It cannot afford shorter working hours, high wages, and all the other luxuries. Americans must accept that the prosperity they once enjoyed is a thing of the past, that you may live lavishly when you are rich, but must be frugal when you are not. Of course, the United States is still a comparatively wealthy nation. Its high wages and immense purchasing power make it an alluring market. But therein lies a dilemma: unable to produce goods at competitive prices because of high wages, it has to buy from outside.

To the Eurocentric world of the past, the "Far East" conjured up romantic images of exotic Cathay, dragons, tea, opium, exquisite silk, and strange peoples with strange customs. In reality, of course, it was the target of European exploitation. Today, East Asia is of concern not to Europe's romantics, of which there are not many left, but to its worried politicians and businessmen. In fact, Europe's uneasiness and America's coercive tactics suggest that Asia now presents a more serious threat to the West than even militaristic Japan did earlier this century.

The West does not seem to want a pacific but economically progressive East Asia as much as it did a pacific and pros-



perous postwar Germany and Italy. Whereas the recovery and economic growth of these two European partners of the defeated Axis were encouraged, a similar pattern in Japan and in the “little Japans” of Asia appear to be less welcome. In fact, the West has clearly tried to stifle the growth of East Asian states with various impediments.

Difficult as it is to imagine the world economy without Japan, let's suppose the Japanese economy completely collapsed. The West would once again take the lead in industry and prices would be set more arbitrarily. Whether this is even possible now, and, if it were, how it would affect global prosperity, are debatable, but that would be missing the point. Our challenge is to help the West realize that it ought to learn from Japan's success rather than ponder reckless schemes to undermine it.

### *The EAEC*

It is fair to say that as soon as Asian countries began to be serious competitors Western Europe moved to consolidate itself against the threat. Fearing they would lose their sway over the newly independent states they no longer dominated, the Europeans joined together to form a huge economic bloc, now the EU.

Despite Europe's anti-protectionist rhetoric, forming such a bloc was protectionist. Before, Asia could deal separately with European countries that were vying with each other; now we have to cope with a single, gigantic entity. Asian

countries need to get together, too, not to form a regional union or economic community, but to discuss ways to maintain free trade throughout the world. That is why I proposed the East Asian Economic Caucus, not as a trade bloc, but as a consultative forum to identify common problems. Then when we negotiate with the Europeans and Americans, because of Asia's size, they will have to listen to us.

Let me explain why the name of the proposed forum was changed from East Asian Economic Group to East Asian Economic Caucus. We initially chose the term "group" because we thought people would not mistake it for a trading bloc. After further consideration, however, we realized that "group" still carried that connotation. Indonesia suggested "caucus," which is simply a meeting to discuss things. Since it captured our original intention, we readily agreed to this change.

With proposals for a single currency and the establishment of the European Parliament, Europe is becoming almost like one nation-state. This is not what we have in mind for Asia. The EAEC would leave each member totally free to pursue its own trade policy and enter into its own agreements. The difference is that we would do so with a more or less common position, especially on worldwide trade issues. The EAEC can hardly be called a trade bloc.

It will, however, lend weight to the views of individual Asian countries. Suppose, for example, Malaysia goes alone

to Brussels to lodge a complaint against European protectionism. Our voice would simply be too small. Nobody would listen. But if the whole of East Asia tells Europe that it must open up its markets, Europeans will know that access to the huge Asian market obliges them not to be protectionist. That was the reasoning behind the EAEC proposal.

The world needs free trade but the West no longer champions it. This new set of circumstances was also a major factor that prompted Malaysia to advocate the EAEC. We believed the EAEC would generate intraregional solidarity in support of the Uruguay Round of multilateral trade talks and the kind of open global trading system we have had since Bretton Woods. It is no exaggeration to say that what we have become today we owe to this system and that our future depends on it.

Another reason for the EAEC is derived from our experience in ASEAN. It is no accident that ASEAN has become a group of very progressive nations. We have learned from each other how to develop our economies. If one of us takes a wrong turn, the others do not follow; if one makes a successful move, the others copy it. Parts of East Asia are still not doing so well—the Indochinese states and Myanmar. An East Asian caucus will help them catch up with the rest of the region. Once that happens, we will have a crescent of prosperity extending from Japan, South Korea, and China right through Southeast Asia.

A prosperous nation is more stable and less prone to military adventures. Poor countries invariably look with envy at their neighbors and, if they feel they are strong enough, want to conquer them. But a rich country wants stability so it can trade and accumulate more wealth. We think the EAEC will prevent domination of world trade by any one bloc, enhance East Asian prosperity, and contribute to regional stability and peace.

### *Western Protectionism*

At the same time that the West demands that Asian countries open their markets and stresses the undesirability of economic blocs, it has strengthened its own blocs. We have had more than twenty years of creeping protectionism. President Bill Clinton himself stated that while the developing countries have been reducing their trade barriers, twenty of the twenty-four countries in the Organization for Economic Cooperation and Development (OECD) have been raising theirs. Voluntary export restraints are now negotiated virtually as a matter of course, trade sanctions against friendly countries are openly talked about, and politicians shamelessly ask other nations to buy so much of this or that product ... or else. Even respected economists advocate managed trade as legitimate. Increasingly, issues like health, the environment, and human rights are being added to international trade agendas. Western leaders talk of open regionalism while manning the barricades to keep others out.

With the conclusion of the General Agreement on Tariffs and Trade (GATT) negotiations there is now pressure to impose upon the developing countries "social clauses" that appear to reflect humanitarian concerns in the developed West but will certainly reduce or destroy the developing countries' competitiveness. Obviously, if they cannot compete, industrialization will lose momentum and there will be massive unemployment. For us in East Asia, this is a matter of economic life and death, yet we are mere bystanders, watching as others cynically quarrel over trifles. Given that these decisions will determine our future, shouldn't we empower ourselves to fight for our national and regional interests and for the good of the entire world?

### *Japan and the EAEC*

A Japan always looking over its shoulder at the United States will never be able to make its own decision on the EAEC. Of course, the EAEC initiative must be considered from many perspectives. Nonetheless, Japan should not always be thinking, "What will the United States say?" You cannot judge what is in front of you if you are constantly looking backwards.

The United States created NAFTA and it wants to use APEC to hold back the East Asian countries. American support for NAFTA but not for the EAEC is quite illogical. If Washington favors one, then it ought to be in favor of both. You cannot justify NAFTA and APEC and reject

the EAEC. That is hypocrisy. It is like saying, "I can do what I like, but you may do only what I let you."

The West need not be so worried. A prosperous Asia will act as a locomotive and pull other regions toward prosperity. China has a trade surplus with the United States today, but if it continues to develop, the whole of Asia, with Japan leading the way and South Korea not far behind, is bound to become a massive market for non-Asian companies, including American. To hinder Asia's development makes no sense.

In Malaysia we have serious reservations about APEC. From the outset, we were opposed to its formation unless it was merely an informal body with no secretariat or formal meetings and it concentrated on projects that could help the relatively poor countries of the region. Over the years, however, APEC has grown into quite a solid group, so much so that the United States speaks of using it to counter the European Union.

We do not believe, for instance, that formal meetings of heads of government should be convened without proper planning. Hence, I declined an invitation to the APEC summit in Seattle in 1993, which was attended by the leaders of most APEC governments, including then-Prime Minister Morihiro Hosokawa of Japan. My first thought was that such a gathering was premature. Second, I objected to the fact that the summit was proposed by President Clinton alone, and in a very casual fashion. He simply

tossed out the idea during his July 1993 visit to Japan. A meeting of APEC leaders must be discussed by senior officials from all the countries concerned to determine whether it is a good idea. Accepted procedure would involve a series of high-level meetings, followed by ministerial-level discussions, and, once the agenda and other matters have been decided, the summit itself.

No such steps were taken in preparation for the Seattle meeting, and from what I understand the drafts of the statements issued at the summit were prepared by the United States and not by the other APEC countries. In other words, the heads of APEC governments went to an island off Seattle without their advisers and had to discuss these and other documents they had not seen before. National leaders are quite well informed about some of the points covered in such statements, but certainly not about all. They must consult with their aides. If these position papers had been prepared jointly by all APEC members prior to the summit, it would have been a relatively simple matter for the leaders to agree upon them. But a document suddenly thrust upon a person is very difficult to digest and judge properly. Decisions made under such circumstances could commit countries to something they might regret later on. On the brighter side, it was agreed at Seattle to hold the next summit in Indonesia. This was truly an APEC decision, made not by President Suharto or President Clinton but by all members, and I will be happy to attend.

Japan is the only East Asian country among the powerful Group of Seven industrialized democracies. Recognizing that the decisions taken by the G-7 can affect the economic well-being of the region, Japanese prime ministers have made it a practice to get the views of East Asian governments before attending G-7 meetings. This consideration is much appreciated. However, since these views are gathered separately and without consultation among the nations concerned, East Asia invariably presents conflicting opinions, and Japan cannot be an effective spokesperson for the region. How much more effective and representative Tokyo would be if the East Asian countries met prior to the G-7 conferences and reached a consensus on the most important common problems.



# ASIA IS WATCHING

## *Foes of Free Trade*

America and Europe are not going to stand idly by as Asia surges to economic preeminence. As I mentioned earlier, the EU and NAFTA are both desperate bids to turn Asia's economic expansion to Western advantage.

Prime Minister Mahathir is absolutely right when he says Asia has a generosity of spirit that welcomes anybody. We are not exclusionist, unlike the West, which resorts to tough political measures. European and U.S. companies that make a real effort to enter Asian markets will not be turned away, and the efficient ones will do well, I think. But Western executives who have the old mentality of

threatening retaliation by their governments or who belittle local conditions and customs as "backward" are in for trouble.

Admittedly, Japan has to open its markets wider, but Europeans are very hypocritical about access, shrilly demanding greater liberalization while blandly ignoring their own constraints. The EU has removed trade barriers among members but is shaping up as an economic bloc closed to outsiders, just like NAFTA.

Italy and France, for example, abolished quotas on Japanese automobiles at the end of 1992, but they continued to restrict auto imports through "monitoring." After lengthy negotiations with Japan, the European Commission, the EU's executive arm, was ready to decide on an upward revision of the number of vehicles subject to monitoring. But the European automobile manufacturers association opposed any change and also asked for limits on the number of cars produced at Japanese-owned plants in Europe. With millions of people out of work, I doubt the EU can act in concert. Last October, the EU levied anti-dumping tariffs on TV sets from South Korea, Malaysia, and Singapore, only to discover that the penalties also applied to European subsidiaries in Southeast Asia! One might say their industrial policy is inconsistent.

Diplomatic initiatives designed to gain economic advantage unfairly change the rules of industrial competition, because powerful countries can often force one-sided

"agreements" on weaker ones. In fact, that may be the U.S. strategy. Washington ruthlessly brandishes its military power, threatening intervention in one country and sanctions against another. Many Americans have exposed and condemned their government's aggressive actions. But once the deed is done, the consequences endure.

Alan Friedman, an award-winning American journalist with the *Financial Times*, investigated the devious wheeling and dealing that led to the Gulf War in his 1993 book *Spider's Web*. Friedman described the massive arms sales, conducted in secrecy and with little concern about what the purchasers might do with their arsenals.

The U.S. arms industry makes billions of dollars from weapons sales abroad; many prominent politicians are involved, openly or behind the scenes. The Gulf War was a direct consequence of the attempt by the Reagan administration, led by Vice President George Bush and James A. Baker III, who was Reagan's chief of staff and treasury secretary, to counter Iran's Ayatollah Ruhollah Khomeini by arming Saddam Hussein to the teeth. The stakes are high in the international arms bazaar: Friedman's life has been threatened because of his revelations.

When the Iran-Iraq conflict ended in August 1988, the Reagan administration cajoled Japan into giving an enormous amount of official development assistance (ODA) to Baghdad. About 65 percent of the foreign aid Hussein scrounged up came from the Japanese taxpayer. Then Iraq

invaded Kuwait in August 1990, and the U.S.-led multinational force defeated Hussein's army in February 1991. Forbidden by law from sending troops into a combat situation overseas, Japan contributed no soldiers to the operation. Some Americans denounced this country, saying we were not a true ally. Yet we paid half the cost of the war! And nearly all the sophisticated weapons technology and components used in the conflict were developed in Japan, judging from a Pentagon report.

If the United States can get away with this—peddling arms throughout the Middle East, intervening militarily to protect its supply of oil, and arm-twisting Japan to foot the bill—then the white race still rules the world.

Europe and America have treated Asia the same way in the past, and in fact they still do, but dominating nations that do not understand the humiliation Asians feel are doomed. "Pride goeth before a fall," says the proverb. You can see the signs in the unraveling of Washington's Asian policy.

The Clinton administration champions greater access to Asian markets so U.S. corporations can ring up more sales and profits. The objective is commercial advantage, yet the State Department has raised an extraneous question of insufficient democracy, citing alleged violations of human rights or restrictions on unions. Secretary of State Warren Christopher ignores America's problems like crime, drugs, and racial discrimination and insists on reforms in Asia,

using "democracy" as a ploy in trade negotiations. What a monstrous fraud! Libya, which has been called a terrorist base, and even Iraq have been granted most-favored nation status. But China was told that MFN hinged on improvements in the human rights situation. When Beijing refused, claiming special circumstances, American diplomats, ever mindful of the huge potential market for U.S. goods, quietly dropped the issue.

Foolish interference in Asian legal processes has often backfired, showing America's absurd pretensions. Senior U.S. officials wanted South Korea to abolish a national security law, a bit of meddling that the Koreans furiously rejected. In a celebrated 1994 incident, President Bill Clinton ignored Singapore's laws and sought lenient treatment for Michael Fay, the teen-age delinquent convicted of spray-painting parked cars and road signs.

U.S. Trade Representative Mickey Kantor is still insisting that the Japanese government accept numerical targets for sales of certain American products in Japan, an approach totally at variance with Washington's professed commitment to free trade. Prime Minister Mahathir called the U.S. position insolent, and in February 1994 the former West German Minister of Economics Dr. Otto Graf Lambsdorff said numerical targets went against the spirit of the GATT. Perhaps stung by these comments, the USTR adopted new terminology: "objective criteria." Confusion reigned for a while until it became clear that objective criteria meant exactly the same thing as numeri-

cal targets. Managed trade and mandatory sanctions under the so-called Super 301 provision of the 1988 Trade and Competitive Act are coercive. By the time it finally sinks in in Washington that the bullying approach will not work, the world trading system may be in ruins.

Asia must carefully watch whether NAFTA and the EU will practice what they preach on trade in the twenty-first century.

Global commerce—the spread of trade and reduction of tariffs—is an outgrowth of Western modernism. Yet in the nineteenth century free trade meant European merchants were free to sell things to the “natives.” If the local people balked at opening ports or signing treaties of commerce, gunships and marines backed up the demand. Threats and force were integral to gaining market access. What Asians mean by freedom is very different from the way Europeans and Americans use the concept.

Western governments adroitly profess trade liberalization while manipulating protective tariffs to their advantage. Asians have learned the techniques and try to balance open markets and tariffs. The key question is the overall thrust of a country's economic policy—toward liberalization or protection.

The United States constantly censures Japan for its trade surplus. No matter how much we increase imports and comply with Washington's market-opening demands and

rules, the surplus will not go away. The U.S. population is twice as large as Japan's, with per capita GDP about the same in both countries. Roughly speaking, every Japanese would have to buy twice the amount of U.S. goods that Americans get from us, an impossibility. Or Americans would have to cut in half their purchases of Japanese goods. The Clinton administration in theory might be able to induce that result by throwing up trade barriers and shutting out Japanese companies, but it is also impossible in practice.

Protectionism would hurt the United States more than Japan. While sales of consumer goods like automobiles are still important, the bulk of exports from Japan are synthetic materials and capital goods for American manufacturers. Many U.S. firms depend on parts suppliers in Osaka and Nagoya. Inexpensive automobiles like Chrysler's Neon and Ford's Taurus, which are touted as competitive with Japanese models, are made with industrial robots and other production machinery bought in Japan. In fact, they were sold under turn-key contracts that included training of American engineers.

Much of the equipment and parts used by manufacturers overseas are made only in Japan, one reason so many countries have trade deficits with Tokyo. Our position is similar to that of the oil-rich states of the Middle East—a near monopoly on a vital commodity. Japanese companies with offshore plants train local employees, providing the host nation with valuable know-how about synthetic

materials. Asia will soon be the leading producer of these materials.

Japan must redouble its efforts to buy more from the rest of the world. But as long as we stay on the cutting edge of technology and remain an innovator/producer of synthetic materials, we will have a favorable trade balance.

There is nothing evil about a surplus. We admire a company that makes a profit or a household that ends the month with a bit left over. A country is in basically the same situation, except that money is the lifeblood of the international economy and if too much accumulates in one country, the effect is like that of an embolism in the human body. Japan is recycling the surplus by providing huge amounts of official development assistance and direct investment overseas. More than 10 million tourists go abroad yearly and their shopping sprees are the stuff retailers dream of. (In 1992, Japan had a \$22.7 billion deficit in tourism.) Only Japan has the surplus capital to lend large amounts at low interest rates. The International Monetary Fund (IMF) has praised our performance.

According to economist Lester C. Thurow of the Massachusetts Institute of Technology, the country with the largest market has always written the rules of trade. That has certainly been the case with the United States. Market size is a function of purchasing power, and excessive attention to Japan's surplus obscures its enormous purchasing power. We are, for example, the No. 1 importer of agricultural



products. As Asia continues to develop, its purchasing power will increase. With 60 percent of the world's population, this region will soon be writing the trade rules, including setting the key currency.

Increasing protectionism in the United States, exemplified by the sanctions that the Clinton administration is threatening Japan with, may seriously disrupt the worldwide trading system. Despite that risk, Asia must firmly say "No" to U.S. unilateralism. We can do it. This region is already economically strong enough, not to mention our future potential, to stand up to Uncle Sam.

In trade talks between Tokyo and Washington, U.S. negotiators always bring up Super 301 and allude to dire consequences for Japanese industry. Do they have the guts to impose sanctions? Japan would be hurt, of course, but the real losers would be the United States and the rest of the world. Capitol Hill politicians babbling about Super 301 are like the drunken samurai who swaggered around Edo waving their swords at unarmed townsfolk and yelling, "Out of my way or I'll cut you down." If the Americans unsheathe the sanctions sword, they'll cut off their own foot.

Some U.S. officials are starting to appreciate the enormous vitality of Asia and understand that the old policies will no longer work. On May 5, 1994, the *Washington Post* reported that Assistant Secretary of State Winston Lord had "warned in a letter to Secretary of State Warren Christo-

pher that U.S.-Asian relations are being infected by a 'malaise' of disputes over human rights, trade and other concerns." The article went on:

In the document, Lord listed several examples of a downward drift, all symptoms of the eclectic range of administration interests: the tug of war with China over human rights, trade disputes with Japan, arms proliferation battles with China and Thailand, endangered species disagreements with Taiwan, conflicts over workers with Malaysia and Indonesia and the controversy over Singapore's plan to flog an American teenager convicted of vandalism.

The newspaper quoted Lord:

A series of American measures, threatened or employed, risk corroding our positive image in the region, giving ammunition to those charging we are an international nanny, if not bully. Without proper course adjustments, we could subvert our influence and interests.

The letter apparently inspired a policy review. Subsequently, the Clinton administration eased its criticism of China's human rights record, made a conciliatory statement to Malaysia about the EAEC, temporarily relaxed the pressure on Japan, and shifted from confrontation to negotiation in the dispute with North Korea over Pyongyang's suspected nuclear weapons program.

It is too early to tell whether these moves signal basic

changes. Hawkish critics have denounced this moderation as a weak, confused foreign policy. Perhaps it will take a cataclysmic event to shake the great majority of Americans out of their hubris and self-righteousness—something on the magnitude of the collapse of the dollar as the world's key currency.

A shattered U.S. economy would have unwelcome consequences for Asians. But if Washington insists that East Asia, including Japan, become more like America—the countries in the region must each react according to their lights. Americans have to understand that Asia is different from the West, has ancient traditions, especially compared with the United States, which did not even exist three centuries ago, and is enormously diverse.

To put it provocatively, we may have to form an Asian united front against Americanization. A vocal group of journalists and academics in the United States, dubbed the "revisionists," vilify Asia for having norms that were not made in the U.S.A. Japan's business practices and customs, for example, are dismissed as different and therefore wrong. We have to turn that argument against them by saying: "That's right. We're different. Why should Asians be the same as you?" It will take an Asian crusade to change Western attitudes into acceptance of cultural pluralism.

Although Washington knows full well that the EAEC is a consultative body, it has dissuaded Japan from joining.

The truth is that U.S. policy makers and politicians are wary of an Asian tit for tat.

### *Speaking Out*

Prime Minister Mahathir's decision not to attend the APEC conference in Seattle was a bold move consistent with his earlier statements. I doubt my own government is capable of such independence. Clinton proposed the Seattle meeting in July 1993 while in Tokyo for the G-7 conference of the leading industrial democracies. Premier Miyazawa Kiichi hastily agreed, yet another instance of going along with U.S. foreign policy. The Asian participants were roped into Clinton's spectacle. Afterward it was clear that the meeting accomplished nothing.

How many times have I been told that "Japan is too deferential to Washington"? There are complex reasons why Japanese politicians are afraid to speak out against U.S. policies. One is this country's defeat in World War II, an unprecedented humiliation that scarred the national psyche. A second is that our leaders are still under the spell of the 1947 Constitution, which was foisted on us—from its pacifist principles to the awkward-sounding rhetoric—by the U.S. Occupation.

I touched on another factor in *The Japan That Can Say No*—the lingering effect of Prime Minister Kakuei Tanaka's (1972–74) downfall in the Lockheed bribery affair. That event made all Japanese leaders aware that

behind the scenes Washington still had a powerful hold on Tokyo politics.

Tanaka and his close associates were not the only ones involved. Another prominent politician, Yasuhiro Nakasone, premier from 1982 to 1987, was also implicated. Ordinarily his name would have surfaced as the case unfolded, and that would have been the end of his career. But people in Washington thought he would come in handy later and his name never hit the headlines. The coverup was common knowledge in Japanese political circles.

Tanaka resigned in late 1974 over corrupt political funding, which, in fact, I had attacked. But he was not destroyed until Takeo Miki became premier (1974–76) and the Lockheed case broke in 1976. That was a plot by the U.S. government to stop Tanaka, a political genius, from staging a comeback.

In a bid to free Japan from U.S. control of its energy supplies, Tanaka had started negotiations with Canada and South Africa to purchase uranium for our nuclear power program. I thought at the time he was taking a great risk. Displeased at the prospect of Japan moving out from under its wing and operating independently, Washington crushed Tanaka. The Lockheed charges came after he had cleared the way for a return to the premiership by winning reelection in 1976 with the highest vote total in his Niigata district. Then the U.S. government accused Tanaka of accepting a ¥500 million (\$1.2 million) bribe from the

Lockheed Corporation, based on information released by the Securities & Exchange Commission. It was a filthy tactic.

Japanese prosecutors jumped on the bandwagon, arresting Tanaka on suspicion of violating the Foreign Exchange Law. Ordinarily such an offense would not warrant incarceration, but Tanaka was held in a detention center. His trial and appeals of his conviction dragged on for years, but he was finished in politics.

The official version of the SEC's initial involvement is about as credible as the Warren Commission's account of the assassination of President John F. Kennedy. Documents addressed to another agency elsewhere in Washington were supposedly misdelivered to the powerful SEC. Now if it had been Tokyo and a package intended for Room 1000 in the Old Marunouchi Building ended up in Room 1000 of the New Marunouchi Building across the street, one could say, well mistakes happen. But an entirely different part of the government? Many things inconceivable in other capitals occur in Washington.

In the mid-1970s, lots of prominent people in Europe were accused of influence peddling or taking bribes to win civilian and military aircraft procurement contracts. In the Netherlands, for example, Prince Bernhard, the consort of Queen Juliana, allegedly had accepted a payoff from Lockheed in the early 1960s. The charges abroad blew over quickly; a firestorm broke out only in Japan.

The upshot of Lockheed was that Japanese politicians realized that if they rubbed Washington the wrong way, very strange developments would follow. Ever since they have been afraid to cross the United States. Perhaps that explains why I am about the only one who will say anything when Washington comes up with another hare-brained scheme. My outspokenness probably led a U.S. newspaper to call me a "Japanese devil incarnate in Western clothing." Flattered by the nickname, I sometimes introduce myself that way in the United States. I should imitate Prime Minister Mahathir's look and occasionally wear a traditional man's kimono. In any case, Nakasone was caught up in Lockheed, and Washington protected him. He was America's ace in the hole in making Japan toe the line in foreign affairs.

Since last year, however, there have been tumultuous changes in Japanese politics. A coalition of seven former opposition parties ended the Liberal Democratic Party's thirty-eight-year hold on office in August 1993. Then this July, in a move I had predicted, the LDP, still the largest conservative force, and the Social Democratic Party of Japan, the major reformist group, formed a coalition government. This realignment ended the bitter ideological struggle—capitalism versus socialism, responsible internationalism versus unilateral pacifism—that has plagued domestic politics since World War II. If we use this opportunity wisely, it may be possible to shake off U.S. domination and have a truly national debate on Japan's future as an independent nation. We cannot miss this chance.

Is Japan's meek compliance really in U.S. interests? I think a case can be made that Japan bears some responsibility for Clinton's mistaken Asian policy. We should have helped Americans understand that constant hectoring, including vitriolic attacks on leaders, and pontificating about "justice" do not work in Asia. But we did not do that.

The rest of Asia wants Japan to speak out, I believe, and call a spade a spade. As the most powerful country in this part of the world, we have to be a role model in talking to Washington.

At the moment, our neighbors doubt that Japan, the only non-Western member of G-7, really represents this region. Japanese are Asian, but can they articulate the aspirations of the rest of us? Will Japanese ignore their Asian roots in favor of national uniqueness, remaining neither of the West nor with the East?

Japan may soon become a permanent member of the United Nations Security Council. The question is asked whether we will exercise the veto in the interests of Asia. My reply is unequivocal: We are part of Asia and must identify with this region. At the risk of oversimplification, it is impossible to communicate with Americans as well as we do with Asians. Color is one reason. I appreciate Prime Minister Mahathir's rejoinder to a haughty Australian prime minister that a Caucasian could not fathom the feelings of Orientals, although, of course Asians are sometimes baffled by Europeans and Americans. Rational dialogue is



the answer. For too long it has been a monologue, with Westerners telling us: "Shut up and listen. You're wrong. This is the correct way."

### *Stop Bilateral Trade Negotiations*

Japan must look beyond its immediate economic interests to regional well-being and stop bilateral trade negotiations with Washington like the Structural Impediments Initiative (SII). Otherwise, the one-on-one talks with us may become a bad precedent, and the Americans will use the same tactics to force unfair "agreements" on other Asian countries, too.

Billed as a structural approach to bilateral trade relations, the SII talks were actually a venue for Americans to ram demands down our throat. President Bush proposed SII in May 1989, and the negotiations commenced two months later. Five sessions were held and a final report was issued in July 1990. Their side presented more than two hundred detailed requests; our side asked for a few things like a reduction in the U.S. budget deficit and longer-term business thinking.

Several items on their wish list were hilarious. To get Japanese to spend and consume more, for example, banks were to operate automatic cash dispensing machines around the clock. U.S. officials did not even know if it would be safe for Japanese to make withdrawals at odd hours. While the USTR was urging us to go on a spending

spree, the International Monetary Fund lauded our propensity to save as beneficial to the world economy. Keep putting yen away, it said.

Bilateral trade imbalance is a business problem: one country buys more from another country than it sells to it. But Americans blamed their red ink on Japan's "bad" political economy and called for sweeping changes, even in our customs and culture.

The same month that Bush put forward SII, the USTR cited Japan as an unfair trading nation under Super 301. America's strategy was clear: Force the other party to negotiate under the gun—the threat of punitive tariffs. As usual, the Japanese government was flustered and wishy-washy, though some of our negotiators were furious at the brutish U.S. methods. Instead of denouncing Washington in private, however, our spokesmen have to state Japan's position on the record.

SII had virtually no effect on the bilateral trade imbalance. If Americans complain that Japan did not implement the reforms discussed in SII, we should tell them: "You're passing the buck. Get your own house in order." Near the end of his term, Bush admitted that the United States was to blame for 80 percent of its deficit.

Ignoring this history, President Bill Clinton is threatening to use Super 301 against Japan. If the United States really wants to go that route again, okay. Let them do as they

please. Sanctions clearly violate GATT; all the European countries see them as protectionist. The Americans know they are being unfair, but if they are determined to do this, so be it. We cannot stop them, but the reprisals will boomerang. In a bilateral setting, the aggrieved country unsheathes its sword—Super 301—and then cannot back down. Adrenaline surging, it attacks fiercely and wildly.

Economic integration with the rest of Asia is moving much faster than the experts predicted. If Japan caves in to Washington in a bilateral setting, the fallout harms companies in Kuala Lumpur, Manila, and Taipei. American protectionism will wash across the Pacific Rim, first slowing growth here and then perhaps weakening the global economy. If we continue to be a yes man to the United States, our Asian friends may catch pneumonia.

PART

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III



# WESTERN MODERNISM VS. EASTERN THOUGHT

## *Asian Glory*

In discussing the future or comparing East and West, it is important to keep in mind Asia's long history. In Europe's Dark Ages, Asian civilization was quite advanced, and industrialized, too. Paper and gunpowder were first produced by the Chinese, and the Mongolians invented stirrups, allowing horsemen to ride with their hands free. In many respects, the wave of civilization spread to the West from wellsprings in the East.

With the industrial revolution of the eighteenth century, the West caught up and surpassed us. However, the momentum came primarily from the imperatives of

colonialism. The nations of Western Europe, made powerful through industrial development, built empires and gained even greater wealth. Colonies in Asia and Africa were sources of raw materials for European industry, whose manufacturing products were sold to the same colonial markets. Of course, there was no free market system, only captive markets. Europe "surpassed" Asia through plunder and exploitation.

Things have changed considerably since then. Having adapted Western industrialization to its own needs, Asia has now caught up. Fortunately, the countries of Asia have not totally succumbed to Western culture along the way; they have retained much of their own distinctive traditions. This will, in the long run, save us from the decay befalling the West today, which has its roots, I believe, in the decline of Western culture itself.

If Asia can master the industrial skills of the West and yet retain its cultural values, it will be in a position once again to create a civilization greater than any in human history. No matter how the West might try to revive itself or subjugate us, it would never again dominate Asia. Of course, we have no ambitions whatsoever to bring the West under Asian dominion. In keeping with the fundamental principles of Eastern philosophy, we seek only to promote coexistence and co-prosperity.

Asian cultures exhibit considerable tolerance and flexibility. Once we have overcome convention, orthodoxy, or

other barriers to progress, we can adopt new approaches very quickly. This adaptability has facilitated steady, stable development.

These qualities are also characteristic of the people of Malaysia, an Islamic nation. We have long shown great tolerance and flexibility in accepting other cultures. The popular view of the Islamic faith as prone to exclusivism and self-righteousness could not be more mistaken. Unfortunately, like most great religions, fundamentally tolerant teachings are inevitably interpreted differently in certain places, times, and historical circumstances. Some interpreters of Islam have made it appear to be dogmatically opposed to other religions and intolerant of people of other faiths. But Islam and Christianity both have gone through intolerant phases. During the Spanish Inquisition, for example, Christianity burned people at the stake for even the slightest deviation from orthodoxy.

### *Convert or Die: Christianity's Ultimatum*

When the Muslims ruled Spain, Muslims, Christians, and Jews lived in peaceful coexistence. But when Ferdinand reconquered Spain from the Muslims, all that changed. Muslims were given three alternatives: leave the country, convert to Christianity, or be put to death. All over medieval Europe, Christians were so intolerant of heathens that simply being Muslim was often reason enough to be killed. In Spain, eight centuries of Muslim rule and coexistence with Christians and Jews were



followed by the complete disappearance of Muslims.

In the time of Mohammed, Jews were tolerated in Muslim-ruled Medina, and in many countries Christians and Muslims lived peacefully together. Expelled from Spain by Ferdinand, many Jews settled in Morocco, an Islamic country that today has a Jewish population of around 1 million, which shows that Muslims are tolerant.

All religions are subject to divergent interpretations, and among Muslims, too, regrettably there are fanatics. But the religion should not be judged by the behavior of one group. In Malaysia we believe that the true path of Islam is to live together in peace with people of all creeds. We take it as a fundamental duty of a Muslim-led government to treat non-Muslims fairly.

There is a great similarity between Malaysians and Japanese in our attitudes toward other religions. It is even fair to say that tolerance is a typically Asian quality. Indeed, it is the core of the Eastern way of thinking, so unlike the Western predisposition to impose, by force if necessary, one's own point of view on others.

### *Racial Prejudice*

Modern Europe eclipsed Asia, in terms of industrial strength, and the booty of imperialism gave it great economic and political power. Europeans felt they were a superior people with a superior culture and had a duty to

civilize the world, which meant, first of all, converting people to Christianity. They reasoned that Europe's own prosperity stemmed from Christianity and that by spreading the faith they would be raising the general level of culture elsewhere, though this seems like flimsy logic to us now. They sent missionaries to the countries of the Pacific, for example, to convert people to Christianity and civilize them. Of course this was ridiculous because we had an advanced civilization centuries before Europe. Europeans never felt they had to convert to Eastern religions when they enjoyed the fruits of Eastern civilization, yet they had this notion that Christianity was indispensable to progress.

Even today Westerners generally cannot rid themselves of this sense of superiority. They still consider their values and political and economic systems better than any others. It would not be so bad if it stopped at that; it seems, however, that they will not be satisfied until they have forced other countries to adopt their ways as well. Everyone must be democratic, but only according to the Western concept of democracy; no one can violate human rights, again according to their self-righteous interpretation of human rights. Westerners cannot seem to understand diversity, or that even in their own civilization values differed over time.

The West once used child labor to bolster industrial growth, treated women as second-class citizens, and destroyed the environment. The fog of old London was in fact a year-round smog fed by factory smoke. I could go

on and on, but the point is that though the West has hardly been a paragon of democracy and justice, it feels it must criticize others. This groundless sense of superiority prevents the West from seeing the rationality in Eastern values.

What is at the root of this sense of superiority? Some may say it is intolerant Christianity, but I don't think the fault lies there. Indeed, superiority over others is not compatible with the teachings of Christianity. Rather, it comes from the perception that white people are better than colored people. It is a racial and cultural phenomenon, not a matter of religion.

However, religion is often a useful pretext behind which to hide one's true intentions. Throughout history people have forced others to convert to a particular faith in the name of spiritual emancipation when in fact they sought only to dominate them. Moreover, conflicts in which religion is irrelevant are often blamed on religious differences. This is true of all faiths, including Muslims. Some of my fellow Muslims use religion as an excuse, but the real issues at stake have nothing to do with Islam.

In any case, the Western sense of superiority reflects the racial prejudice that underlies white society. If you point this out, Westerners, particularly Americans, deny it vehemently, but this reaction itself proves that the attitude persists. Of course, though comparatively less, there is racial prejudice and discrimination in Asia, too, but it has

never taken the form of racism based on the color of a person's skin.

The West has a long history of aggressive wars fought in an ongoing campaign to Westernize the world; no Asian country has ever invaded another country to "Easternize" it. The notion that a country must Westernize in order to industrialize is ludicrous. Asian modernization occurred as an inevitable stage in our own history, not because we were Europeanized or Americanized. For Westerners to think we cannot make progress unless we become like them is absurd. The West would do well to learn from the success of East Asia and to some extent "Easternize." It should accept our values, not the other way around.

But Asians must be critical of themselves, as well. We allowed ourselves to be overtaken by the West; we failed to maintain and develop the achievements of our forebears. To a certain degree our own success softened us. Now, Asia is awakening to a new era, and there is no reason we cannot regain our former glory. If we preserve our distinctive values and cultures as we master modern technology, I am convinced Asia will again be great.

*"Fairness" and "Justice"*

The United States uses its economic clout to force others to comply with what it wants. The Americans are very fond of saying there must be a "level playing field," meaning fair conditions for competition. If that is so, then Malaysia, Japan, and everyone else is entitled to a Super 301 clause. But even if we had such a law, conditions would still not be fair because there are giants on one side of the field and midgets on the other. The midgets cannot win against the giants. The question is less about the state of the playing field than about who is in the game. Every country could have a Super 301 clause, but America's would be far more powerful. If the United States did something we considered wrong, realistically speaking we still couldn't afford to retaliate.

For example, in the name of fairness and freedom, the United States wants its banks to have national status in Malaysia—to be able to open branches anywhere in the country and conduct all kinds of business. But consider the issue from another point of view. Malaysian banks are tiny and would have no impact whatsoever on the U.S. market. An agreement based on such a simplistic notion of equity would be anything but fair. Equal opportunity can only be achieved when the parties are of equal strength.

The Super 301 clause is a thoroughly unfair weapon. In trade it is impossible to balance the books every single time. To end the trade imbalance with Tokyo the United States must produce things that Japan needs. It's quite unreason-

able to expect to sell cars to Japan simply because American consumers like Japanese autos. Americans buy them because they are good. If Detroit's cars are not good enough, people elsewhere won't buy them. That's the way business works.

"Justice" is often thrown up as a smoke screen by the West. In the Gulf War, it was clearly a pretext for the Western powers, led by the United States, to use their massive might to ensure a supply of oil. Rationalizing their actions with the same old logic of power politics that only violence—in the form of military force—can bring victory, they invaded Iraq in the name of justice.

The United Nations' intention was to liberate Kuwait, but the United States went beyond that in trying to bring down Saddam Hussein and hurt innocent people in Iraq. The big powers always tend to dominate the United Nations. It is not a fully democratic organization. I believe its major policies should be determined by the General Assembly. That would prevent certain members of the Security Council from exploiting their position to implement what are basically their national policies.

The greatest factor contributing to the downfall of Western modernism is the arrogance with which powerful Western nations force smaller, weaker nations to bow to their will. While this high-handed approach may bring short-term gains, in the long run no one follows an unjust leader. The Western powers may have begun to realize

this. I hope so. Our task is to counter any unfair Western moves.

### *Western Hedonism*

The West has its cultural traditions, and I do not wish to suggest that Eastern logic and culture are always correct or appropriate. Nevertheless, I would be remiss if I failed to point out what I perceive as the West's moral degeneration.

Although predominantly Christian, in recent times Western societies have witnessed an almost complete separation of religion from secular life and the gradual replacement of religious with hedonistic values. Materialism, sensual gratification, and selfishness are rife. The community has given way to the individual and his desires. The inevitable consequence has been the breakdown of established institutions and diminished respect for marriage, family values, elders, and important customs, conventions, and traditions. These have been replaced by a new set of values based largely on the rejection of all that relates to spiritual faith and communal life. Hence, Western societies are riddled with single-parent families, which foster incest, with homosexuality, with cohabitation, with unrestrained avarice, with disrespect for others and, of course, with rejection of religious teachings and values. The people living in such milieux have nothing to hold on to. They are as uprooted and directionless as flotsam adrift in the ocean. Even their pleasure-seeking has begun to bore them, leaving them totally empty or addicted to the thrills of drugs

and other vices. Surely these are the signs of an impending collapse.

Leaving aside the two extremes of ultraleftist rejection of all religious belief and ultrarightist religious fanaticism, societies may be divided into three types. First, there are the predominantly Christian Western societies, where religion is confined to private life and has no place in political, economic, or social pursuits. In this group, the state is secular and "God is dead." Advanced economically, these countries have failed miserably to uphold truth, justice, and other virtues. Their moral foundations crumbling, Westerners are suffering all kinds of psychological and physical decay, their lives filled with stress and the fear of terrible new diseases engendered and propagated by their hedonistic lifestyles.

Second, there are the East Asian societies, which have also achieved tremendous economic success and preserved their values, traditions, and religions. Although they don't adhere strictly to religious teachings, they have not rejected or secularized religion. They have a flexible approach.

Finally, there are the Muslim societies. Firm believers in Islam, they are confused by the emergence of numerous sects and creeds, some of which plainly deviate from the true teachings of Islam. Given their failings, these societies cannot offer humanity a good model to follow. Nevertheless, they have their merits. There is obviously no need for the kind of women's liberation movement that is



contributing to the corruption of the Western world, but it must be remembered that Islam has granted various rights to women. Unfortunately, in the past Islamic society has excluded women from intellectual pursuits and public life because men believed women were a distraction. This attitude persists in some Islamic countries today, but things are rapidly changing. It is only a matter of time before these countries display the truly Islamic virtues of moderation and flexibility.

### *Democracy, East and West*

In the West democracy means different things to different people, but in Asia it means that citizens are entitled to free and fair elections, that they can choose their own government. Once a government has been elected, we believe it should be allowed to govern and to formulate and implement policies. As even a cursory glance at East Asia reveals, we believe that strong, stable governments prepared to make decisions which, though often unpopular, are nevertheless in the best interests of the nation, are a prerequisite for economic development. They take the long-term view in planning and are not preoccupied with surviving the next election. When citizens understand that their right to choose also involves limits and responsibilities, democracy doesn't deteriorate into an excess of freedom or, in extreme cases, virtual anarchy. These are the dangers of democracy gone wrong, and in our view it is precisely the sad direction in which the West is heading.

When devotion to a pedantic notion of democracy results in economic stagnation, high unemployment, the denial of the right to work and work hard, the protection of neo-fascists, or the empowering of a vocal minority of political activists over the silent majority of ordinary citizens, then it is time to ask whether the ideal is being perverted. Democratic fanatics are no better than religious fanatics; neither can see the woods for the trees. In any case, to Asians democracy does not confer a license for citizens to go wild. Democracy misconstrued benefits neither the state nor the people.

In recent years, China, the republics of the former Soviet Union, the nations of Indochina, and the ex-communist countries of Eastern Europe have all embraced the free-market system, and some have tried democratic forms of government. However, the mere adoption of these economic and political systems is no guarantee of success. If it were, then all the Western democracies would be eternally prosperous, and that is clearly not the case.

The former Soviet Union and Eastern Europe face an unprecedented economic crisis. Production is 30 percent lower today than it was three years ago. No other economy or group of economies has ever come close to such a catastrophic collapse, not even during the Great Depression. These countries were wrongly led to believe that democracy plus a market economy equals peace and prosperity.

Nothing can function in isolation. Everything reacts to its surroundings. What one entity does will affect others. This principle holds true for economic development. There is a link, for instance, between development and government. A country rich in gold, diamonds, and important resources will remain poor if it has an incompetent government. Russia has actually become poorer because of the free-market. Again, everything is interlinked. A successful free-market system requires entrepreneurship, capital, markets, and know-how.

Seventy years of communist rule have extinguished the entrepreneurial spirit in Russia. The people have never known free enterprise or a free market. Moreover, there is no capital or management expertise. How can you run a capitalist system without these essential elements?

The countries doing well now are those not-so-liberal democracies with governments that play a major role in the economy. Successful development requires political stability, long-range vision, and consistency. These are among the key elements in the success stories of Singapore—begun by Prime Minister Lee Kuan Yew and continued by Prime Minister Goh Chok Tong—and of Indonesia, where President Suharto has been at the helm for almost thirty years. China and Vietnam look set to achieve considerable growth thanks to the combination of a less-than-liberal democracy and the government's role in the economy. It would be tragic if, in their fervor to proselytize, the advocates of Western-style democracy inflicted political

and economic disaster upon these converts. Democracy and a free market are not cure-alls.

### *Community and Family*

I argued above that hedonism is behind the degeneration of Western culture. What principles should Asians follow to avoid falling into the same trap? We must strive for what I call open regionalism while also preserving our own distinctive cultures. Our goal is to foster peace and mutual prosperity through cooperation based on friendship and community feeling. Open regionalism cannot be created on fleeting enthusiasm or cynical opportunism. Haste may be necessary from time to time, but we need the extraordinary stamina of the long-distance runner, for the journey toward a Pacific community will be a long one.

In recent years Australia has emphasized its ties with East Asia, seeking in various ways to associate more closely with the region. However appropriate geographically it may be to include Australia as part of Asia, we have never regarded Australians as fellow Asians, and they have always considered themselves basically European. Consequently, I tell the Australians this: You can't simply decide to be Asian. You must have an Asian culture. This means, for a start, changing your attitude and improving your manners. Asians don't go around telling others what to do. But don't think that a change of heart will be enough. When Europe was rich, you were European; now that Asia is rich you want to be Asian. You can't change sides just like that.

My point is that regional unity takes time. Anything that can be attained quickly should be regarded with suspicion.

In considering these questions, we must ask ourselves what provides stability and security for the individual. I believe that a lifestyle rooted in family and friends is the key. I have had occasion to discuss the family at length with Westerners. Many say two men living together is a family, two women living together is a family, an unmarried woman and her child are a family. To Asians those are not families. A family exists when a man and a woman are joined in marriage and have children. The Western redefinition of the family is totally unacceptable.

According to the Western way of thinking, individual freedom takes precedence except as restricted by law. You cannot legislate the empathy and affection that binds family and close friends. In the years ahead the Asian tradition of stressing these bonds will provide us with guidelines for increasingly complex information societies. The fundamentals of Eastern thought—avoiding unnecessary conflict, eschewing coercive tactics, living within one's means—will sustain us.

# THE GREAT TRADITION

## *West Meets East*

On my trips to Southeast Asia since the mid-1980s I have noticed many signs of the spread of Japanese popular culture. Much of the music you hear is distinctively Japanese or Asian. The songs have the eight-count beat of American rock, but a different feeling. These days teenagers in Kuala Lumpur and Bangkok collect photographs of Japanese actresses, just as movie fans in Japan after World War II were crazy about Hollywood's sex symbols.

The year-long public television drama "Oshin," a story about a young woman who personified the traditional feminine virtues of selfless service and dedication, was

broadcast in China and watched by 200 million people. The program was also very popular in Singapore, Indonesia, and Vietnam. "Asians can identify with the poverty and other hardships she endured," said Hashida Sugako, who wrote the series. "Viewers think, 'If we work hard, too, our country can be as modern and prosperous as Japan.'"

According to press reports, the comic book character Doraemon, a robot with catlike features, has a tremendous following in Southeast Asia, South Korea, and China through pirate editions though the series has not been officially marketed there. A Vietnamese edition sold out in minutes, but an effort to publish an English translation in the United States reportedly failed because Doraemon was not an invincible figure like Superman.

Our pop culture strikes a sympathetic chord across Asia. No hard sell is necessary; the audience is receptive. Underlying the empathy for Oshin, for instance, is an Asian work ethic very different from that of the West. Most Europeans and Americans would prefer a life of leisure, while Asians thrive on work. Westerners simultaneously hate and envy the idle rich. Not Asians. We feel sorry for a well-off man who has no calling. People say, "What a shame he hasn't got something worthwhile to do."

Western workers feel they are selling their souls to the company to put bread on the table, whereas Asians perceive doing their job as an act of gratitude to the gods and

Buddha for the blessings of life. To us honest toil is a sacred obligation, but tell that to a European and he would think, "That's absurd." I suspect the average American cannot imagine this kind of gratefulness. In short, basic modes of thought—the outlook that shapes the individual and society—in the East are dissimilar to those in the West. That Westerners should criticize our ways simply because they are not theirs is outrageous.

For more than a century Japanese have been assiduously absorbing the fruits of Western civilization, so single-mindedly, in fact, that we forgot we were Asians. We were avid students and did well in many fields, succeeding spectacularly in some, but at heart we remained very much Asian. Given the short period of time involved, that is not surprising.

Shoichi Watanabe, who teaches linguistics at Sophia University, has written in *Confused Japan* that people resent those who are a little better off than themselves, but when the disparity is overwhelming, envy gives way to admiration. That was certainly true of Japanese attitudes toward the West. Inspired by its modernity and material affluence, we ended Tokugawa feudalism and created a centralized nation-state, switched from traditional garb to suits and dresses, and began eating beef. We tried to be like Westerners.

At a much earlier time Europeans were fascinated by Oriental civilization. Such crosscurrents of cultural borrowing



advance the flow of history. Elsewhere I have written about how, when Genghis Khan extended the Mongol Empire to eastern Europe in the thirteenth century, Caucasians adopted Mongol-style haircuts and shaved eyebrows, and even their bandy-legged gait. Prime Minister Mahathir mentioned that the Chinese invented paper and gunpowder, and they also made the prototypes of the cannons the Mongols used in their invasion of Europe. Silk, sugar, china, and cotton cloth all came from Asia, to list only a few of our contributions. A century before Vasco da Gama sailed around the Cape of Good Hope in 1497 on his voyage of discovery to India, the Chinese already had three-masted "junks" over four hundred feet in length that held five hundred people.

Europeans began using the word "civilization" as an antonym of barbarism in the eighteenth century. Enlightenment thinkers adopted the word from the Sinocentric view of a Middle Kingdom surrounded by "barbarians." Eighteenth-century dictionary compilers in England considered "civilization" a foreign loanword.

In 1793, the Ch'ing Emperor Ch'ien Lung sent a famous condescending edict to King George III of England.

You, O King, are so inclined toward our civilization that you have sent a special envoy across the seas to bring to our Court your memorial of congratulations on the occasion of my birthday and to present your native products as an expression of your thoughtful-

ness. On perusing your memorial, so simply worded and sincerely conceived, I am impressed by your genuine respectfulness and friendliness and greatly pleased.

As to the request made in your memorial, O King, to send one of your nationals to stay at the Celestial Court to take care of your country's trade with China, this is not in harmony with the state system of our dynasty and will definitely not be permitted....

As a matter of fact, the virtue and prestige of the Celestial Dynasty having spread far and wide, the kings of the myriad nations come by land and sea with all sorts of precious things. Consequently there is nothing we lack, as your principal envoy and others have themselves observed. We have never set much store on strange or ingenious objects, nor do we need any more of your country's manufactures....

The edict shows how advanced the Orient was in comparison with Europe. Through the eighteenth century, Asia was the center of civilization.

Japan borrowed extensively from China until early in the seventeenth century. Then the Tokugawa shoguns, in a series of exclusionary edicts, sealed the country off from nearly all foreign contact. During this period of tranquil national isolation, Japan was completely self-sufficient. We could make an adequate quantity of those Chinese goods so beloved by Europeans. When Commodore Matthew

C. Perry sailed into Uraga Bay in 1853 with his four-ship squadron and demanded that a port be opened to trade, *bakufu* officials blithely assured him that Japan already had everything it needed. Today we laugh at that, but it was an honest reply.

In Europe, the insatiable demand for Asian products, combined with an inability to produce them domestically, triggered trade deficits, draining coffers of gold and silver. Britain's trade imbalance was so bad in 1720 that the government banned the use of calico, a cotton fabric made in India. Cotton textiles were not mass-produced in Britain until the nineteenth century, after the invention of spinning and weaving machinery.

The British continued to drink such huge amounts of Chinese tea that finally, to reverse the silver drain, they started selling opium to China. The Opium War (1839–42) was the first modern trade dispute. Europe had already undergone the Industrial Revolution and this clash along the Chinese coast whetted its appetite for world hegemony.

But the high tide of history is returning to Asia. Eclipsed for two centuries, the region has overtaken the West economically and is on the verge of surpassing it as a civilization. Just as Asians have been inspired by Western modernism, Europe and North America will again look east for wisdom. There is nothing shameful about embracing a higher culture; in fact, that longing itself unleashes new energy for progress.

### *Christianity and Racism*

Asians believe that a great universalistic civilization will spread naturally to other lands. The fundamental difference between us and Westerners is that they used military and political power to force their culture, dressed up as “modernization,” on areas and countries that rejected it. You must be flagrantly self-righteous—have no doubts about the superiority of your ways—to try to civilize foreigners. The driving force behind Western expansionism was monotheistic Christianity.

The Asian ethos, on the other hand, is magnanimous acceptance of diversity and religious tolerance. Even the Mongols, who ruthlessly wiped out whole cities, permitted many faiths to flourish in their empire, including Zoroastrianism, the Russian Orthodox Church, Buddhism, and Islam. Churches, mosques, and temples of all kinds dotted the Mongol capital.

Today, Malaysia’s religious pluralism is a model of Asian forbearance, accommodating Muslims, Christians, Hindus, Buddhists, and followers of other creeds. Four holy days have been designated national holidays: the Buddha’s birthday (May 6), Mohammed’s birthday (August 30), the Hindu festival of lights (November 30), and Christmas (December 25). This degree of civic ecumenism is beyond the Western mindset.

You see this tolerance all over Asia. For example, Hinduism was the major religion on the Indonesian archipelago

until it was supplanted by Islam, but it still survives there on Bali, which is also host to Islam and Christianity. The island has a fascinating mélange of deities and rituals. You do not find this live-and-let-live attitude toward other faiths in Europe or the Middle East. The former Yugoslavia is a classic example of Western bigotry run amok. Religion ought to comfort human beings, but in Bosnia-Herzegovina doctrinal disputes inspire rape, torture, and atrocities. Westerners should understand that what they hold to be good, just, and true is not necessarily any of those in a different culture. Even reality is a relative concept.

I am convinced the Asian era will be a time of peaceful coexistence. We are no threat to Europe or North America. We will not do what the West did to us. Unlike the colonial overlords who tried to convert indigenous peoples to Christianity, regardless of how powerful Asia becomes, we will never force our beliefs on others. It is not our way.

I agree with Prime Minister Mahathir that the problem is not religion per se but what is sometimes done in its name. However, I must take exception to his comment that Caucasian attitudes of superiority to non-whites "is a racial and cultural phenomenon, not a matter of religion."

Racism is one of Christianity's sins because monotheism has encouraged discrimination. If Buddhism had spread across Europe, I doubt Caucasians would harbor such racist sentiments. As far as I know, Christianity never tried

to liberate the colonial peoples who were being cruelly mistreated. Nor have I heard Europeans or Americans acknowledge that the way they ruled Malaya or the Philippines violated their religious principles. On the contrary, Westerners endlessly brag that the conversion of Africans and Asians to Christianity was a great blessing, a mark of progress. The link between the propagation of Christianity and colonialism deserves further study.

The behavior of the American missionaries who flocked to Micronesia, a trust territory under the United Nations after World War II and administered by the United States, says a lot about Christian intolerance. During the quarter century of Japan's rule under a League of Nations mandate, we built Shinto shrines like the Nanyo Jinja but did not interfere with local beliefs. By contrast, the Christian missionaries suppressed them as "primitive." The islanders traditionally held a harvest festival each autumn, for example, to give thanks for nature's bounty. Protestant ministers forbade singing and dancing and told the people to bring the offerings they used to make to local deities to the churches instead. After a prayer service, the missionaries took the food home and ate it. Gradually, the old songs were replaced by hymns, and the folk dances, a supposedly pagan depravity, were banned.

The American pastors dismissed native healing methods, which used herbal medicine and had been passed down from one generation to the next, as crude and dangerous. In lieu of these time-tested cures, the missionaries

distributed aspirin. This kind of intrusive onslaught virtually destroyed Micronesian culture in a few decades.

In recent years, tribal elders have tried to revive their heritage, but the men and women who had preserved the oral tradition—the words and music of the chants and the hand and foot movements of the folk dances—had all died and with them expired part of the islands' past. Several embittered leaders, speaking to me in the Japanese they had learned so many decades ago, asked by what right the Christians had done this to Micronesia.

One of them, the paramount chief on Truk island, played professional baseball in Japan under the name of Susumu Aizawa. The former pitcher for the Takahashi Unions decried U.S. influence:

Before the Americans came we planted seeds and things sprouted up. Crops grew everywhere on Truk. U.S. officials gave us handouts and 'aid,' and they showed our children how to play the guitar and sing rock-and-roll, rather than teaching them job skills. Now the younger generation is lazy, and we even import lettuce!

Christianity was not always exclusive and judgmental. When Jesus Christ went into the wilderness his message was "love," even of strangers and enemies. He preached an all-embracing acceptance of others. But later in Europe his teachings were transformed, especially by the Germanic tribes. Love became "good" and people were characterized

as good or evil. Then “justice,” a form of self-righteousness, provided the ultimate standard of goodness, and Christianity’s self-appointed mission became to propagate “justice” worldwide. In this transition, the Church sanctified the absolute authority of Christ the savior and rejected all other faiths.

Christianity as we know it today was codified by Europeans who initially regarded the colored races as objects of pity, but mercy gave way to contempt, subjugation, and slaughter. The gentle Jesus of Galilee would not recognize the faith that claims to revere him. At the root of European and American racism, I am convinced, is their worship of a monotheistic God the Creator who disparages other deities and regards people who have not been “saved” as damned.

Religion is a human construct, a kind of ideology. Perhaps it was because of doctrinal changes over time, but whatever the cause, Caucasians who believe that under the banner of Christianity you can do anything—force people to discard their culture or kill them—subscribe to a very flawed theology.

In the early seventeenth century the shoguns persecuted Christians, expelling and executing foreign missionaries. This oppression was not racially motivated, however. Tokugawa leaders felt threatened by Christian insistence that God’s law took precedence over secular authority. In Prime Minister Mahathir’s parlance, it was a cultural



confrontation. No one should suggest from that episode that Japan was less civilized than Europe.

Jesus was a person of color, a fact that discomforts Caucasians when it is brought to their attention. Ensnared by their own prejudice, they cannot conceal their ambivalent feelings. I was invited to the premiere of the Japanese production of "Jesus Christ Superstar," directed by Keita Asari. In the final scene when Jesus was nailed to the cross and raised aloft, many of the foreign guests around me noticeably stirred or even gasped aloud. An acquaintance explained that the Westerners had suddenly realized that Jesus was not white and Pilate, the Roman governor who ordered his execution, was. Asari unknowingly had touched a raw nerve.

Shoichi Watanabe has described how in Europe Christianity combined the beliefs of the cave-dwelling desert people with those of Germanic peoples in the great forests. Living in cramped quarters, cave communities saw the world in black-and-white terms—a struggle between angels and devils—and developed an eschatological doctrine of salvation. The forest tribes, looking upward to the skies, were inspired to go forth and fill the vastness. Watanabe writes that this amalgamation gave religious sanction to European expansionism.

Stripped of its generosity and tolerance, Christian "love" became as compelling as the Roman god Cupid shooting an arrow into Medea. Europeans assumed a moral right to

force their values on "wogs." Anyone who declined the honor was considered hopelessly benighted.

In the name of spreading the faith, Europeans seized parts of Africa, settled the North American continent, and moved into the periphery of Asian civilization. The flowering of European modernism saw the Spanish, Portuguese, British, French, and Dutch turn Asian lands, once the center of civilization, into colonies. The conquerors were accompanied by priests and ministers who brought the word to the subject peoples; Christianity was the handmaiden of aggression.

### *U.S. "Human Rights" Diplomacy*

The hauteur of the British in China is well known. One distinguished English gentleman on his strolls used to strike any Chinese within reach with his walking stick. Insisting that beating stimulated the coolies to better themselves, this sadist called his stick a "culture cane." On a visit to Beijing in 1991, U.K. Prime Minister John Major aped American leaders and raised the issue of human rights. Jiang Zemin, secretary general of the Chinese Communist Party, told the "culture cane" story, and reminded his guest that there used to be a sign at the entrance to the International Concession in Shanghai, "No dogs or Chinese allowed." Nonplused, Major changed the subject.

Many Westerners act as if human rights is their moral ace in the hole, until their abysmal record in Asia is cited, and

then their position collapses like a house of cards. Pointing out their hypocrisy does not deter the Americans, however. They blunder on, badgering Asian governments about supposed abuses, anti-union policies, and assorted undemocratic practices.

Look what glorification of the individual's rights has done to Western societies. People are free to revile God, to reject freedom, even to repeat the same crime—drug abuse—if they are prepared to take the punishment. Strict regulation of personal conduct according to some religious code is not the answer, but we do need new, universal paradigms of “freedom” and “justice.” The Anglo-Saxon models are not valid for the rest of the world.

Some time ago I had a chance to meet senior officials from the health ministries of Thailand and the Philippines, both of whom were women. Although they deplored so-called prostitution tourism, the groups of Japanese men who travel to Bangkok or Manila for sex, they said at least the men were after normal sex. Thousands of European and American degenerates buy pubescent children from poor families in Southeast Asia ostensibly to adopt them, the officials said, but they viciously abuse the youngsters and abandon them. The women showed me graphic evidence of the permanent physical and psychological damage the victims had suffered. An Interpol officer had told me a similar story of depraved Westerners preying on poor Asians.

Every country has its degenerates, of course. The question is how to deal with them. Some societies countenance deviant acts that are not proscribed by law. In Saudi Arabia, when perversion comes to light, the authorities condemn it as contrary to Allah's will and execute the offender in a gruesome public ceremony which I have witnessed. Permissiveness versus strictness. It makes you think.

Some hand-wringing Japanese intellectuals echo Americans and call Japanese democracy "immature." Uncritical acceptance of foreign standards and denigration of our ways is a vestige of the wholesale copying of the West early in the Meiji period (1868–1912). These pathetic self-haters seem to have forgotten that Japan is Japan and always will be. Why should it be like the United States or France? These educated fools are entitled to believe America is the city on a hill for Asia, but they ought to be a bit more objective.

To most Asians, the United States is a grotesquerie of drive-by shootings and drug overdoses. Every month in New York City alone 150 to 200 people are shot to death. Nationwide, a woman is raped every 30 or 40 seconds and the use of crack cocaine has reached epidemic proportions. There are 250,000 AIDS patients, homosexuals by the thousands demonstrate in the streets, and homophobes rove the cities. Is this really the ideal society?

When I hear Americans pontificate about human rights in Asia, I want to say, "Give your own citizens real rights

before you lecture us." I wonder what the comeback would be. It is almost comical how high-handed Washington officials, oblivious to the mess on their doorstep, recite a laundry list of allegations and threaten sanctions if other countries do not "improve."

I mentioned earlier the hysterical American reaction to the Michael Fay incident. Singapore's gutsy stand delighted me and outraged many Westerners. Europeans used to punish nonwhites by whipping, but roles were reversed in the Fay case, history's amusing way of coming full cycle.

Singapore is a strict law-and-order place. Discard a cigarette butt or spit on the street and you are liable to a \$500 fine. Japanese travelers there are very careful (they relax and revert to type in Bangkok). In September 1994, a Dutch drug smuggler was executed in Singapore, despite a personal plea by Queen Beatrix. Cigarette butts or heroin, the principle is the same: obey the laws of the land, or face the consequences. Admittedly, Singapore is a lot stricter in many respects than the rest of East Asia, but that is the Singaporean character. They have created a sparkling city-state, and outsiders should not presume to tell them how to run it.

Many Japanese commentators said the Fay case had finally awakened the West to the fact that a different logic prevails in other societies. A century ago if a Western juvenile delinquent had been held in an African or Asian jail, his government would probably have sent gunships to

bombard the infidels and rescue him. Times have changed. The Fay incident showed the contrast between effective Asian norms and the West's slide into disorder and lawlessness.

Lee Kuan Yew, the former prime minister of Singapore, rebuts Western critics by pointing out that excessive emphasis on individual rights in the West sacrifices social order. Can there be personal freedom amidst chaos? he asks. I sometimes disagree with Lee, particularly his frequent warnings of a Japanese military threat, which perhaps the Pentagon has been whispering in his ear. Japan today poses no danger to East Asia, and Lee's statements are harmful. Yet I see eye to eye with him on the Fay case, which involves cultural integrity.

Lee has also made a very interesting observation, in a recent interview in *Foreign Affairs*, about American pretensions on human rights:

America has a vicious drug problem. How does it solve it? It goes around the world helping other anti-narcotic agencies, to try and stop the suppliers. It pays for helicopters, defoliating agents and so on. And when it is provoked, it captures the president of Panama and brings him to trial in Florida. Singapore does not have that option. We can't go to Burma and capture warlords there. What we can do is to pass a law which says that any customs officer or policeman who sees anybody in Singapore behaving suspiciously,

leading him to suspect the person is under the influence of drugs, can require that man to have his urine tested. If the sample is found to contain drugs, the man immediately goes for treatment. In America if you did that it would be an invasion of the individual's rights and you would be sued.

Americans are dying by the thousands because handguns are so readily available. These shooting victims have been denied the precious right to life itself. Yet the campaign to pass gun-control laws is stymied by the National Rifle Association, representing hunters and gun enthusiasts, which insists that citizens have a right to bear arms.

The richest country in the world has reverted to the lawlessness of the Wild West, where the settlers had to protect themselves. A basic civil prerogative—security from assault and murder—has been lost. Other rights are important, of course, but carried beyond a certain limit they undermine social order. Asians believe you cannot give individuals too much leeway. Malaysians joke that the sun never sets on the British Empire because the streets of England are so dangerous that even God is afraid to go out at night.

Except for China, where the crime rate is high, Asia is far safer than the West. In Japan, which has the lowest incidence of crime in this region, about 150 people are arrested annually for drug-related offenses. Even in relatively law-abiding Germany, for example, about 100,000 people are

arrested yearly on substance-abuse charges. The German ministry of posts and telecommunications reportedly spends about 100 million marks every year to repair vandalized telephones. The *Economist* magazine recently lauded Japanese honesty, noting that in 1991, 4.1 million persons turned in objects or money they had found in public places, compared with only 2.9 million reports of lost possessions. Many people thought their missing item would not turn up or that it was not worth the trouble to file a report, yet the finders felt an obligation to take it to a police box.

Leaving aside the question of whether low crime figures attest to Asia's superiority, Tokyo, Kuala Lumpur, and Singapore are much safer than metropolitan areas in the United States or Europe.

Every year the U.S. State Department prepares a report on human rights around the world that describes "violations" and grades governments. The International Labor Organization (ILO) objects to restrictions on union activity in Southeast Asia, and the U.S. government says sanctions will be applied if the agency's recommendations are ignored. Although Washington is obviously the guiding force behind the ILO, Asia is fed up with this annual exercise in insolent finger-pointing and sanction mongering.

The United States has a double standard on human rights. In 1992, when Peru's President Alberto Fujimori declared martial law, suspended parts of the constitution, and



dissolved the National Assembly, the Bush administration blasted him. But President Boris Yeltsin does the same kind of thing and Washington is silent. The reaction depends on whether the political leader is Caucasian or not. Fujimori's tough steps clearly worked; the economy picked up and the International Monetary Fund provided additional credit. If Clinton's foreign policy team has had second thoughts about the attack on Fujimori, I missed them.

The former American diplomat George Kennan had some sound advice for his fellow citizens. American influence abroad, he wrote, was

primarily a question of what we urge upon ourselves. It is a question of the spirit and purpose of American national life itself. Any message we may try to bring to others will be effective only if it is in accord with what we are to ourselves, and if this is something sufficiently impressive to compel the respect and confidence of a world which, despite all its material difficulties, is still more ready to recognize and respect spiritual distinction than material opulence.

For half a century the United States has championed democracy and human rights. These watchwords rallied the Free World, but the crisis in American society suggests that the old shibboleths must be rethought root and branch. Acting as if it were the cynosure of liberty, Washington foists its values on other countries regardless of their particular conditions. Does not this disregard of national

sovereignty violate the international community's rights? Unless Americans come to grips with their own problems, Washington's pronouncements will increasingly fall on deaf ears.

We do not harangue Europe and America about the superiority of Oriental civilization or contend that it alone explains our startling economic growth. Japan has benefited greatly from Western science, jurisprudence, and so forth, and nobody would minimize that. In earlier periods of intensive borrowing from China we used to say, "Japanese spirit, Chinese learning," which meant that the new artifacts or institutions were grafted onto an immutable core of Japanese culture. This is true of Western influence as well. We may wear Brooks Brothers shirts and eat *foie gras*, but we remain Asian and that will never change. By the same token, no matter how enamored Europeans or Americans become of the Orient, there is a limit to what they can absorb. That is the way it should be. They can copy Japanese management techniques, but there is more to running a corporation than just-in-time delivery of parts.

Asians know we can have the baby of affluence without the bath water of Western values. Cultural convergence sounds fine, but the attempt to force it provokes a backlash and needless conflict. Encounters between different traditions are fraught with uneasiness on both sides, although that sense of wonder has often inspired amazing breakthroughs. In any case, Western arrogance no longer plays in Asia.

*Magnanimity and Stoicism*

In Saudi Arabia the punishment for stealing a cigarette is to cut off the thief's hand. "Isn't that too cruel?" I asked a senior official. "No," he replied, and his rationale was intriguing:

Stealing is a human vice. As long as some people have less than others, weak-willed individuals will pilfer instead of working. The Koran says you shall not steal. The issue is not how much was stolen but that a rule of the Koran was broken, and the offender must be swiftly punished. The goal is to dissuade the evildoer from repeating the misdeed. Most people who have a hand cut off will regret their crime and not do it again.

In Japan, Europe, and the United States, a petty offense brings a month or two in jail, while a more serious crime results in a longer term or even life imprisonment. That kind of confinement seems very cruel to me. It's much more effective to chop off criminals' hands than to lock them up in cells for years.

Crime and punishment have a profound dimension, I thought, at a loss for words. Our assumption that Muslim justice is inhuman may be a misperception. According to their ethical system, incarceration for a long period of time is heartless, while to us it seems less cruel than disfigurement. No one can say for sure which approach is right. The conversation reminded me that judging others on the

basis of your own values or demonizing the unfamiliar can be enlightened bigotry.

Culturally speaking, it does seem to be true that East is East and West is West. That is no reason to dislike each other; let us just acknowledge reality. Japanese, for example, should turn the tables on self-righteous American critics by simply agreeing with them that our economy and society are different from theirs. *Vive la difference!*

A dichotomy between East and West, or at least what sharply distinguishes East Asia from Europe and America, is the priority accorded to group harmony versus individual fulfillment. "Harmony," or *wa* in Japanese, is sometimes misunderstood as favoring the collectivity over its members. The essence of *wa* is individual peace of mind; it does not mean sacrificing the self for the organization. Encompassing both the individual and his or her group, this conception of harmony is inspired by family values.

The family is the spiritual foundation of Asia. Some Westerners retort that this was also true in the good old days in Europe but individualism weakened the family and that is already happening in Asia, too. The skeptics even call Asian familism cultural backwardness. It sounds to me like an admission that they lost their core value, part of the Protestant ethic, in the course of modernization.

Family values are still paramount to most Asians. It is not that we are less individualistic or egotistical than Western-

ers, just that we assume a priori there must be an equilibrium between the individual and the larger society. We live in a social context. If Western societies are like an edifice made of bricks, each component separate and distinguishable, Asian societies are like nearly seamless concrete structures. We see ourselves as indivisible parts of the whole.

This Asian perspective is also manifested in the work ethic. The factory and office are an extension of the family: the employee is a loyal and valued member of the company. Labor-management relations are not class struggle with workers pitted against capitalists. Executives and workers need each other; both can prosper through cooperation. Just as a son or daughter realizes when they have to forgo a personal pleasure or goal for the good of the family, a company's staff, from the boardroom to the assembly line, know that compromise accomplishes more than confrontation. That sense of the common welfare also connects citizens to the nation and has fueled East Asia's economic growth.

Individualism fosters the negative attitudes toward work in the West that I mentioned earlier. In Asia, working contributes to personal fulfillment; we feel we are contributing to society. This positive commitment to the community is one of the region's great assets. Westerners like to say that their collaborative undertakings produced modern affluence. One example would be the organizational skills and collective effort it took to rule the colonies. But usually when a group of Westerners meet on an equal footing,

each person pushes his or her own point of view or pet scheme. Asian cooperation is more sincere, honest, and highly motivated. Teamwork is spontaneous and second nature to us.

Asians see a natural, inescapable correlation between their own conduct and the general well-being: "If I don't do my share and act responsibly, it will hurt society. If the society collapses, I won't survive, either." Many Westerners mistake this consciousness of an organic relationship between the individual and the community as weakness. They say we are more concerned about the collectivity than ourselves because of an undeveloped sense of self that cannot stand alone or be independent.

Everything starts with harmony, a social norm that dictates respect for the community, family values, amity with others—neighbors and co-workers—and calls for prosperity to be achieved through egalitarian principles. This idea of congruity also enables Asians to balance magnanimity and stoicism.

Asian flexibility functions regardless of personal preference. Much of Western civilization may be off-putting, for example, but we quickly recognize good features, study them, and overlook minor imperfections. Our attitude is, "This is worthwhile, so let's adopt it," and we deal with any problems that develop later.

You can see this same approach in international politics.

Consider the case of Myanmar, where opposition leader Aung San Suu Kyi has been under house arrest for years. Western governments have severely criticized Yangon's military leaders for violating human rights and democracy and restricted economic aid pending changes, including her release.

Thai Foreign Minister Prasong Soonsiri tried a different tack at the ASEAN Regional Forum held in Bangkok on July 25, 1994. As the official host, he called for change through dialogue and cooperation, and invited Myanmar Foreign Minister Ohn Gyaw to the conference as a special guest. U.S. Deputy Secretary of State Strobe Talbott objected to Ohn's presence and refused to talk to him. Ohn thanked his ASEAN "brothers" for the invitation and was appreciative of a meeting with Japan's Foreign Minister Yohei Kono. And Myanmar softened its position, agreeing to hold discussions with U.N. representatives. I am not suggesting that the fable about the wind and the sun is an infallible guide in diplomacy, but the long history of the Orient shows that more problems are solved by inclusion than exclusion.

Largeness of spirit can degenerate into license if not curbed by discipline, and an ingrained stoicism enables Asians to set limits. It tells us how much of something is enough, in other words, when to be satisfied. Confucianism, Asian Muslim sects, and Buddhism all commend drawing the line as a virtue.

Prime Minister Mahathir was fasting when I visited Kuala Lumpur in 1993, and I participated to the extent of not drinking water for one day. That a national leader would discipline himself that way was impressive, I thought, a textbook example of Asian stoicism. Denial pays physical and spiritual dividends; one feels cleansed and rejuvenated afterwards. Socializing with American acquaintances is very pleasant, but I have never had a similar kind of purifying experience.

Another area of dissimilarity between East and West is in attitudes toward death, especially the ongoing bond with the soul of the departed that most Asians take very seriously. Conscious of the connection between generations, we esteem our ancestors as the progenitors of ourselves and our children. Unlike Westerners, we visit the graves of relatives and friends at least once or twice a year to pay our respects.

Many Europeans and Americans see the appeal of reincarnation, the notion that the soul reappears after death in another and different bodily form, because it is so hard to accept the idea that this life is all there is to existence. But Christianity counters transmigration with the promise of eternal life in heaven and rejects the notion of the soul returning to earth as crude superstition.

An American friend of mine, Stewart L. Monroe, was a terrific sailor and a one-time champion in the lightning class of sailboat racing. In the early days of the sport in



Japan after World War II, Stewart was very helpful to boating aficionados. Fond of Japan, he married a Japanese woman and they had children. Unfortunately, he had a stroke and died suddenly. His wife went to the United States and apparently remarried, and I lost touch with her. Some years ago I was in Cambridge, Massachusetts, to give a talk at Harvard University. I had heard that Stewart was buried in the cemetery of a church in Marblehead, which is not far from Boston, and decided to look for it. A Japanese sailing buddy accompanied me, a man whom Stewart had been fond of in the old days. A young man then, my pal is now a go-getting manager at a huge advertising agency.

The church turned out to be quite small with only a few markers. In a corner, overgrown with weeds, we found Stewart Monroe's grave and cleaned it off. My friend placed a teacup from his favorite sushi shop on the flat stone, took out a small bottle of sake, a drink that Stewart had loved, and poured some into the cup. We both drank toasts to our American mentor. Moved by my companion's thoughtfulness in bringing those items from Tokyo, I recited a Buddhist sutra there in the shadow of the Christian church.

Stewart's former wife and his children will never visit the grave, I suppose. Perhaps they live a long distance away. I am not trying to make this sound as if we were good samaritans, but looking at that untended marker I felt so sorry for him and wondered if his soul was at peace. That is not sloppy Asian sentimentality. If I thought my wife

and children would never visit my grave, I would wonder what family values are, what the point is of creating a household.

In my youth I read *Camille* by Alexandre Dumas (the younger) and I have never forgotten the scene where the decayed skeleton of Marguerite Gautier, the beautiful Parisian courtesan, was dug up. I really hated the novel, which affected me very differently than the opera. The idea of treating a dead person as a thing was disgusting. I remember thinking that Westerners feel no connection to a loved one after the person dies. To them the dead are like trash, something to get rid of, while we believe the deceased has become a god or buddha whose soul returns during *obon*, the festival of the dead. We light candles and votive lanterns to help our ancestors' souls find their way home and then back to the other world again. It is a beautiful, meaningful custom. Of course, Westerners have their own understanding of life and death, and it is often as inexplicable to Asians as ours is to them.



PART

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IV



## REGIONAL CHALLENGES

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### *U.S. Military Presence*

Malaysia has always maintained a very different stance from that of some of our ASEAN neighbors in asserting that there is no necessity for a U.S. military presence in our region. The United States assumes that we are afraid of Japan, of China. But we feel there is no threat, for the simple reason that all the countries of East Asia realize that you don't have to conquer others to become prosperous.

In the past, there was some rationale for aggression to acquire raw materials. Today, however, you can buy them and develop your country. Military conquest makes you responsible for administering and supporting a poor

country. It is far more intelligent and profitable to purchase what you need.

Before the Pacific War, the United States stopped the flow of raw materials to Japan in order to prevent Japanese expansion, thereby giving Japan a reason to resort to military action. But such a situation is unthinkable today. Tokyo can buy whatever it wants from wherever it wants, and no one is inclined to try to stop it. Indeed, every country in East Asia knows that military conquest is not in its national interest. Vietnam, for instance, conquered Cambodia but eventually had to abandon the misadventure. Conquest is out of fashion.

It seems to me that Washington's insistence on a possible Japanese threat as justification for its military presence in Asia is primarily a strategy to further its own interests. We don't think we are in any danger, at least at the moment. Even if we did, we certainly could not leave the security of East Asia to the United States. Can we be sure that it will provide security if we do need it? Since the Gulf War the Americans have claimed the right to intervene anywhere there is violation of human rights, yet Bosnians are being killed right before their eyes and they say they cannot do anything. Quite prepared to confront Iraq, they have completely changed their tune in the case of Bosnia.

There is ample reason to doubt that the United States would come to our aid were we under attack. It seems to me that the Americans offer help only when they feel

themselves threatened. If China invaded us, Americans would say, "Why should we fight and die for Malaysia's sake?" In short, a U.S. military presence here is no guarantee of security. The best security for East Asia would be to maintain good relations through such forums as the EAEC. We can discuss and deal with problems at the negotiating table.

Everyone would agree that peace and stability are essential prerequisites for the coming Pacific era. Without them, all our basic assumptions would have to be taken back to the drawing board. Fortunately, the conditions for peace and stability are being built or strengthened throughout virtually the entire region. I do not underestimate the potential danger on the Korean Peninsula; nevertheless, I am very confident that China will not break up, that Japan will not suddenly lose its senses, and that there will not be a violent conflict in the region. No country would foolishly jeopardize its economic growth by getting involved in hostilities.

Military confrontation can never create a true peace based on amity and cooperation. It only reinforces distrust, the vicious circle of hatred, suspicion, and antagonism. There are many alternatives to confrontation, opportunities to cooperate with those with whom one disagrees, or at worst agree to disagree without being disagreeable. This is the path of cooperative security, of trying to get along, of trying to understand and accommodate one another so as to build the bonds of friendship.



It is a paradox of peacemaking that it is best done in peacetime. It is too late once the clouds of conflict have begun to gather. To shape the emerging Pacific age we must work closely and diligently together for a peace worthy of the name of the ocean that washes all our shores.

### *War Compensation*

War always involves extreme cruelty. People commit atrocities that in normal circumstances are unthinkable. This violence is not confined to any one race or country. German history is marred by inhumanity and the British killed countless Indians during their colonial rule, even putting them across the mouths of cannons and shooting through them. These things happen in war, and the Pacific War was no exception. The Japanese committed atrocities. Human nature is such that the person who is nice to you today may be the very one who brutalizes you tomorrow. To give another example, Malaysians are quite familiar with the Yugoslavs. They do business with our country and we were on very friendly terms. Yet recent events show that they are capable of incredible brutality. This potential lies in all races.

In the Pacific War the Japanese proved that the West was not invincible. Previously Asians had thought the West could never be beaten, but Japan showed us that the West could be defeated. That convinced us that we, too, could do what Japan did—not fight a war, of course, but develop our country. Despite the wartime atrocities, Japan has been

a source of inspiration and confidence.

We believe it is wrong, furthermore, to dwell on the past. Present relationships are what count; there is no point in quibbling over what happened long ago. Malaysia is concerned with whether a bilateral relationship is smooth and mutually beneficial. We expect Japan to help us and believe we must also, within our limited means, help Japan. Indeed, that is the basis of our foreign policy, though naturally there are times when our ties with any given country may be troubled.

### *U.N. Security Council*

World War II has been over for a long time and it's wrong to continue to base international organizations, and thereby the future of the global community, on it. There have been many wars, many victors, many losers. There is no reason why that conflict should be singled out. Who won or who lost World War II doesn't matter now. What is important is the present, and the world economy is very different from in 1945. Global security must be restructured in accordance with contemporary circumstances.

The question of Japan and Germany becoming permanent members of the U.N. Security Council has received considerable attention in recent years. More to the point, it is time to ask whether the United Nations reflects the views of the international community at large, and to reform it if it doesn't. Actually, I believe there should be no permanent

members of the Security Council and no members should have veto power. To give the views of large, influential countries somewhat more weight in the global decision-making process it is not entirely unreasonable, but it is unacceptable for an elite group to have so much more power than the rest of the U.N. member states. Correcting this inequity should be the first item of any agenda to make the United Nations more democratic.

That said, it is also true that countries like Japan and Germany with global influence ought to be on the Security Council. The argument that Japan and Germany must not be permitted to send their forces abroad simply because they lost World War II is ridiculous. Britain, Russia, and China have all lost wars. Why is it that these defeats are relegated to history and only World War II still counts? It is wrong to contend that Japan must never send troops abroad because it once tried to conquer Asia. If a peacekeeping force is required somewhere, all countries—East and West, World War II victors and losers alike—should be eligible to participate. Militarism in the past doesn't disqualify a nation from peacekeeping today.

### *China, Japan, India*

Although in no position to make predictions about the possible breakup of China, I am quite sure that the regime has every intention of preserving the present political system in order to maintain national unity. The Soviet Union adopted democracy, fragmented, and collapsed. Having

witnessed that, China is bound to continue to reject that kind of democratization, which is Beijing's right. I think we will see China, a nation of 1.2 billion very hardworking people, develop remarkably in the coming years. All Beijing needs to do is organize that human potential properly and enact laws to facilitate trade and growth. Assuming it does so, China will become an economic giant with considerable influence on all of Asia, including Japan. Not that Beijing will deliberately seek to exert leadership, but a wealthier China would, for instance, buy more of Malaysia's exports, contributing to our economic growth. Even now, there is considerable Malaysian investment in China.

Japan will remain superior to China in technology and skills, engendering a kind of complementarity and balance between the two countries. However, I also believe a mutual sense of threat will grow, with Tokyo fearing that Beijing's burgeoning economic strength will lead to greater military power as well. In many respects, this apprehension is perfectly understandable. China is already spending a significant amount of its GNP on defense, though I suspect the figure is not particularly large in real terms, and in the coming years it will almost certainly increase its arms budget, fueling fears of military ambitions.

In my view, however, China will continue to seek peace because it offers so much more than war. War would impoverish the Chinese again, and they couldn't be certain of winning. Rather than gamble foolishly with their futures, China and Japan can be expected to maintain a

peaceful equilibrium, and they will be the twin engines driving Asian development.

No discussion of the prospects for Asia can overlook the changes taking place in India. In the past, India was very socialistic and its leaders felt that with such a large population they could develop the economy in isolation from the rest of the world. They have discovered that approach does not work. Although there is bound to be resistance from the people who have benefited from the old closed-market system, eventually India will open up.

Indians are an open people, and they want to import luxury items unavailable from domestic sources. They are also tremendously able at business, and many have been educated in the West. Yet because those who study abroad find few opportunities in India to apply their new skills and know-how, they often remain in the United States or go to Europe. If India opens up the economy, the combination of world-class expertise, a huge population, low labor costs, and an industrious work force will make it an economic giant in the twenty-first century.

However, I do not see India becoming a counterweight to China. The opening-up process will take somewhat longer in India than China because the former does not have an authoritarian government. China can do an about-face in policy almost overnight. Indian decision making is much more cumbersome. They have to reach a consensus, and the opposition, which is quite strong, must accept the need

for change. Even so, the transformation is well under way. Satellite television news and other international coverage keep Indians informed of what is happening in the outside world. Information will foster consumer demand and promote the shift to a more open economy.

### *Saving the Global Environment*

The priorities of the developed and developing worlds differ significantly. Obviously reluctant to shed its profligate lifestyle, the wealthy North is concerned with maintaining control over natural resources, particularly those found only in the South, such as tropical rain forests. The South, mired in poverty, urgently needs economic growth, which can be achieved only in a supportive international economic system. Such a system requires vision and meaningful commitment from the North to the democratization of the global decision making.

If the Earth is to be regarded as a single environmental entity, as a nation is considered a single entity, then the wealth of the rich must be redistributed equitably among the poor. This is not the poor begging from the rich. It is simple fairness and justice, the same principles that underlie income and corporate taxes. A major cause of environmental degradation is said to be excessive population in some developing countries, and the low rates of population growth in the developed world are worthy of emulation. Prosperity tends to reduce birth rates, but the industrialized countries often argue that the poor countries must

curb development to reduce pollution. Only 25 percent of the global population, the developed world enjoys 85 percent of the world's wealth and produces 90 percent of its waste. If the rich countries curbed their consumption by only 25 percent, worldwide pollution would drop by 22.5 percent. On the other hand, if the 75 percent of people in poor countries somehow stopped consuming altogether, there would only be a 10 percent improvement in pollution. My point is that it is what the rich do that counts, not what the poor do, however much they do it. That is why it is imperative that the rich countries change their ways. But they insist upon the consumers' right to determine their own lifestyles, and reject reasonable controls on the emission of carbon dioxide and other greenhouse gases, because limits are costly and would retard their economic growth. Yet they expect poor countries to adopt them.

### *Economic Refugees*

The growing disparity in wealth between countries due to the deepening worldwide economic crisis has created millions of economic refugees, and they will become an ever-greater problem. As countries grow more prosperous, they draw a lot of economic refugees. Malaysia, for instance, has over a million migrants from Indonesia, the Philippines, Thailand, Bangladesh, Myanmar, India, Pakistan, and even parts of Africa. These states have a shortage of jobs, and we have a shortage of labor.

Western Europe is frightened of an influx of poor Russians

and eastern Europeans. Germany has spent a huge amount of money on former East Germany to dissuade Germans there from moving to the prosperous west. No country will be made up of a pure ethnic group. The population of most Western nations will be of mixed origins. Arabs will migrate northward and greater numbers of Indians, Pakistanis, Sri Lankans, and Africans will move to Europe. Even Japan will have to deal with more economic refugees. The root of the problem is simple: People migrate because their countries are poor. It is in the North's own interest to help the South develop and stem the refugee flow.

### *Technology Transfer*

The steady transfer of technology from Japan is producing significant results throughout Asia. Japanese companies have already built a number of chemical plants in Malaysia, and we can absorb more. We do not have the population density of Japan, and many isolated areas are available for industrial use. I must stress, however, that the plants should replace ones that are no longer cost-effective in Japan. Otherwise, we will end up duplicating production there, glutting the market. Malaysia is quite capable of matching Japan's success in semiconductors and epoxy resin, assuming, as I said, that we fill a market gap left by discontinued plants in Japan. We warmly welcome investment in this area, on the understanding that it entails environmental impact studies and rigorous safety precautions.



*Japan as Teacher*

Malaysia has always emphasized education as a means of upward social mobility. Under British colonial rule, education had little to do with occupational skills. Students learned history and literature, for instance, primarily to be able to discuss history and literature. Academic pursuits were not applicable to society in pragmatic terms.

Today, however, the educational system is directed toward the needs of the country. As those needs change, we change education. At present the emphasis is on management. One university is devoted entirely to that field and almost all the others also offer management courses. We need more engineers and technicians as we industrialize, so we are paying more attention to engineering and technical studies and less to the humanities and fine arts.

We hope Japan will contribute more to the education of Malaysians by increasing the number of places for overseas students at universities and training institutions in Japan. Of course, we do not expect Japan to pay for our students' education, but the availability of places is very important to us. Of the 70,000 Malaysians studying abroad, Britain and the United States each account for some 20,000. Only around 2,000 (including trainees) are in Japan. This is a very small number. Japan should have more.

It makes sense to learn from successful people. In the past, we looked to the West because it was more successful than the East. After World War II, we saw Japan's phenomenal

progress and concluded it has the formula for rapid development.

Japan's swift rise prompted Western criticism of very close collaboration between the public and private sectors—"Japan, Inc." In our view, this is a good idea, so we came up with a similar concept of "Malaysia, Inc.," whereby the public and private sectors work together to develop the country. I often tell the bureaucrats: "Your pay comes ultimately from the private sector. If it does not make profits, we cannot collect enough taxes to pay your salaries. So when you help the private sector, you are helping yourself." They accept this approach, and the private sector has prospered from collaboration rather than confrontation with officialdom.

The strategies, organization, and managerial methods of Japanese companies are still exemplary. Their step-by-step approach is time consuming and may be a problem when a decision has to be made quickly. Nevertheless, we would do well to study and emulate Japanese planning and operations.

One problem with American corporations is the idea that the managers—in the past it was the owners—are more important than anyone else. This has a number of negative consequences. Executives give themselves very high salaries. To keep their shareholders happy, they declare big dividends. As a result, there is little money left for research and development, business expansion, or reinvestment,

and American companies are losing their technological edge. Japanese companies, on the other hand, unfortunately, don't care much whether their shareholders get dividends, but they don't overvalue management. The important thing is the company. The company must grow, so profits are reinvested to expand operations or used for research. This is the forte of Japanese firms.

With Japan in the midst of a protracted recession, even some Japanese argue that their style of management has reached its limit. Yet I believe this is only a passing phase and that Japan will soon discover what went wrong and take corrective measures to get the economy up and running again.

A medical doctor before I became a politician, I think medical training comes in very handy when you try to diagnose and treat the body politic. It makes you very methodical. With a patient, you follow a logical process: ask him his symptoms, conduct an examination, follow up with laboratory tests, and add it all together to reach a conclusion. Training in this process is quite useful in many areas of life. It is the same analytical process by which Sir Arthur Conan Doyle, who was also a doctor, had Sherlock Holmes discover criminals.

As a politician-doctor, my prognosis is that East Asia, with Japan leading the way, will continue to drive the world economy and play an increasingly important global role in the coming century.

# CO-PROSPERITY IN THE 21ST CENTURY

## *Western Wars, Asian Paradigms*

Few would disagree with Prime Minister Mahathir's statement that an economically well-off country is less likely to indulge in military adventurism. The resort to force so typical of American foreign policy is outdated.

Until a few centuries ago nation-states sought to be self-sufficient economic units. As I mentioned earlier, that was true of China from long ago, and Japan had achieved full self-sufficiency early in the seventeenth century. Less successful in attaining economic independence, the fledgling nation-states of Europe sought more human and material resources through expansion against their neighbors.

Territorial aggrandizement became an instrument of economic policy.

Western civilization was built on war. In *On the Law of War and Peace* the Dutch jurist Hugo Grotius (1583–1645) wrote that under certain circumstances wars were just, a rationalization that spurred aggression. In a contemporary echo, many Americans claimed that the rescue of oil-rich Kuwait was “a battle for justice.”

Economic historian Kawakatsu Heita of Waseda University dates from the seventeenth century the conception of belligerency as a legitimate aspect of national sovereignty and of international relations as a state of war. At the time Grotius was writing, Japan did not see East Asia in military terms. The Tokugawa shogunate implemented an early form of arms limitation, severely restricting the number of samurai and kinds of weapons. The shoguns based their claim to legitimacy not on power but on the Confucian precept of virtue, says Kawakatsu.

Foolish ideas like “just war” and “right of belligerency” were not part of Asian civilization. Scholars at Harvard University, in *East Asia: The Great Tradition* and other works, attribute the development of East Asia to generally peaceful conditions, compared with Europe and elsewhere, and to the warm, damp climate of the temperate monsoon zone, which supported very productive agriculture.

War is a quarrel between nation-states, a selfish clash of

interests that has nothing to do with justice. However future historians apportion responsibility for the Pacific War, the steppingstones to it are clear. Determined to avoid colonization, Japan rapidly modernized in the nineteenth century and became a militarily powerful nation. Victories in the Sino-Japanese War (1894–95) and the Russo-Japanese War (1904–05) brought membership in the imperialist club and a desire for its own colonies. Lo and behold, just wars had entered the Japanese consciousness.

The hostile coalition of the United States, Great Britain, China, and the Netherlands may have provoked Japan by cutting off our access to natural resources, especially petroleum. Yet long before December 7, 1941, the Imperial Army had projected its power onto the continent. Given China's dearth of natural resources, particularly compared with Southeast Asia, the army's strategy was an amazing blunder.

The 1947 Constitution, foisted on Japan by the U.S. Occupation, renounces "war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes." This is in the famous renunciation-of-war clause, Article 9. In Western geopolitical thinking, which equates war-making with national vitality and survival, Japan is now like one of those famous eunuchs at the Chinese court—harmless and impotent. Victorious America's motive was obvious: emasculate the enemy so as never to have to tangle with Japan on the battlefield again. The fact that we have abided by Article 9 to this day shows that

Japanese had never really embraced the European equation of war with nationhood. I am not talking about the inherent right of a country to protect itself; the Self-Defense Forces do not constitute war potential.

The spread of European modernism led to two world wars, making the twentieth century the bloodiest ever. Thankfully, this era of mass slaughter is finally drawing to a close. We need new paradigms and ways of thinking about how countries can relate to each other. That is easier said than done. In a multicultural world the spread of ideas can be a zero-sum game where one set of beliefs triumphs at the expense of others, yet we cannot passively drift with the flow of history, either. We should start our search by agreeing to abandon the old paradigms.

We must renounce the European-style international relations that have turned warfare into a sacred endeavor, thus ridding the world of a sovereignty infused with belligerency. Ironically, Japan's Constitution has pointed the way, and with the end of the Cold War we can break the mold of Western violence that has wreaked such misery on humankind. The sheer stupidity of the old approach is evidenced by nuclear arsenals—built at enormous cost and unusable.

Asia's alternative to military power could be a flexible, encompassing virtue. Each country can set a national goal of conducting foreign policy with decency and benevolence. Other states would emulate admirable qualities on

their own initiative. This norm would not rule out enough defensive military strength to ensure survival, or the use of force in U.N. operations, but a nation's spiritual unity must stem from ethical standards. Moral guidelines elevate the human spirit and inhibit aggressive behavior.

Normative concepts will vary somewhat by cultural sphere, so we need a nonjudgmental, rational approach—in other words, a flexible “revisionism.” The English term “revisionism” came into vogue in Japan as a loanword several years ago when some American journalists and scholars began bashing this country. Dubbed “revisionists,” they called into question every aspect of the bilateral relationship, from the mutual security treaty to market access for Florida oranges and Washington apples. Their scathing attacks on our business practices and values seemed motivated by ill will and gave revisionism a negative connotation. However, for two parties to identify what they really agree on—their common interests—both sides must honestly reassess their assumptions and positions and make the requisite modifications.

What better lesson could we learn from the bloodshed of this violent century than a gentle paradigm of international relations: Each cultural sphere cultivating its particular norm of virtue and harmony, and interacting peacefully with the others. The task for the United States is to free itself from bad habits and belatedly accept the same norm it imposed on Japan by relinquishing the “threat or use of force as a means of settling international disputes.” A gentler



America could make a valuable contribution to world peace and stability.

A modernism that incorporates the right of belligerency in national sovereignty is already bankrupt. "Might makes right" no longer works in international relations. Countries that flex their muscles and cow opponents are disliked and condemned by the family of nations. Rejection of force will inspire a new civility in world affairs.

### *The New Asian Co-Prosperity Sphere*

The Pacific War, a struggle for hegemony in Asia that pitted Japan against the United States and Europe, engulfed the region and millions of people suffered. I have not forgotten those events and I willingly admit that Japan made many mistakes. Still, people who are mired in the past cannot move forward. Bringing up the war in the context of economic cooperation is just an exercise in expiation for Japan and a form of special pleading by Asian governments.

On visits to Southeast Asia in 1994, Prime Minister Tomiichi Murayama and speaker of the Lower House Takako Doi both apologized for the war, repeating a familiar ritual of senior Japanese politicians in recent years. Shoichi Watanabe, writing in the *Sankei Shimbun* of September 7, 1994, said they had confused guilt with grief, and he cited the case of Judge Motoi Kusaka.

Kusaka was a jurist in occupied Malaya and presided over the trials of Chinese guerrillas. The British garrison surrendered in February 1942 and the Malay Peninsula was under Japanese military administration. Kusaka convicted several hundred overseas Chinese of guerrilla activities and they were executed, and he ordered many suspects held in custody, where they remained throughout the war. When Japan was defeated and British forces retook Malaya, it was Kusaka's turn in the dock. Although many Japanese seem to think he was put to death as a war criminal, in fact, Judge Kusaka's actions were legal under the Hague conventions and he was exonerated.

Irregular military forces are not entitled to prisoner-of-war status under the laws of land warfare. The Chinese executed by the Imperial Army were either guerrillas or persons mistakenly identified as such. Guerrillas conceal their weapons, mingle with civilians, and catch the enemy off guard. When regular soldiers see a local person acting suspiciously, they often shoot first and ask questions afterward, lest they themselves be killed. Because many innocent people die in these situations, partisans are not protected by the rules of war. Some of the Chinese fatalities in the so-called Nanjing Massacre were probably irregular forces. A vengeful United States, it should also be noted, in retaliation for the attack on Pearl Harbor provided weapons to Filipino guerrillas to kill Japanese troops, a clear violation of international law.

What were Murayama and Doi specifically apologizing

for? Perhaps they were trying to appease the anti-Japanese media, but vague, simplistic words dishonor our soldiers slain by guerrillas. Although genuine grief and honest reflection are proper, formulaic statements of remorse serve only to make Japanese feel guiltier and Southeast Asians more aggrieved. Diplomacy by apology opens old wounds and is a far cry from comity. Instead of dwelling on the past, we need forward-looking, constructive approaches. Now that Asians are working together to create a new economic co-prosperity sphere, it is far more useful to address what Japan's role should be and how we can accomplish it.

I use the word "co-prosperity" advisedly. Some people will associate it with the Greater East Asia Co-Prosperity Sphere, the wartime term used to rationalize aggression, or the propaganda slogan "eight corners of the world under one roof." I do not want to get bogged down in a sterile debate, accused of being an unreconstructed ultranationalist and so forth. What counts today is GNP, not the number of ballistic missiles a country has in hardened shelters. If our Asian neighbors who were colonized by Japan or suffered terrible losses in the war are troubled by "co-prosperity," I will have to explain, many times perhaps, what I mean by it. Any insuation of Japanese jingoism from the United States, supposedly our alliance partner, would stem from the Pentagon's hidden agenda. Americans are spreading mischief here and there in Asia about a Japanese military threat. "If U.S. forces leave, the Japanese will be on your doorstep again," they say.

Many Japanese believe we should follow Washington's lead and reap the advantages of bilateral trade, but that is a very bad deal for Japan. We could not go along with it even if we wanted to: Other Asians would hate us and sooner or later the Americans would desert us.

The paramount reality of the mid-1990s—the retreat of the West and the increasing dynamism of Asia—presages a period of unprecedented prosperity for this region. By pouring as much investment and technology as possible into the region, Japanese can atone for the Pacific War and give substance to the Pan-Asian idealism of the 1930s. We would not be the board of directors for Asia, Inc., but pull our weight in solidarity with our Asian colleagues.

### *China, the Koreas, India*

There are potential impediments to Asia-wide prosperity and elements of instability that Europeans and Americans may exploit to disrupt regional unity.

My assessment of China differs from that of Prime Minister Mahathir. The overseas Chinese community in Malaysia dominates his nation's economy, but China will not attain the same hold on the region. The Beijing government cannot control its vast state, almost twice the size of Europe with a population of 1.2 billion. Even if China's economy continues to grow at about 10 percent annually, sooner or later the widening gap between coastal provinces and inland regions and between urban areas and the

countryside will unleash unstoppable social and centripetal forces. Driven by the new information technology, the profit motive, and consumer demands, a market economy is a juggernaut that will probably reshape the political map.

China used to be called the land of the "Five Peoples," referring to the majority Han, the Mongols, Manchus, Tibetans, and Hui, but actually there are fifty-six nationalities the Han and fifty-five minority groups. Communism held this diverse population together and, unlike in Russia, the political system has not broken down under the impact of economic reform. If the Beijing leadership in 1989 had bowed to the demands of the student activists in the pro-democracy protests, China would have been thrown into chaos. (Nevertheless, the United States and other Western countries castigated the Chinese government for the Tiananmen Square crackdown.) The system still functions, but not for much longer, I think. The last of the great imperial states is already riven by economic fault lines.

The enormous disparities in industrialization and wealth will have political consequences. Beijing can put down an armed uprising, for example, but it will not be able to reign in capitalist impulses. Economic competition among ethnic groups—demands for a larger share of the pie—will soon lead to calls for cultural and religious autonomy, followed by regional economic independence.

In the strife-torn China of yesteryear other countries

played on separatist strains, intervening with troops, selling weapons to warlords, installing puppet regimes, and grabbing concessions and territory. That will not happen today. Wisely heading off a civil war (or wars), the Chinese will soon shift to a federation.

Beijing may control the armed forces, but it could not, for example, send troops into Canton and take over on the pretext that the province was not following central directives. The Cantonese would never stand for it. Earlier this century warlords fielded private armies and ruled vast areas, but the emerging federation will be based on economic strength. The transition may take several decades and foreign companies with investments or subsidiaries in China may find it very painful, but eventually the Chinese federation in some form will be a part of the Asian economic sphere.

It is very difficult to assess North Korea's nuclear program, particularly allegations that it is making weapons-grade plutonium, without reliable intelligence. The Russian government is well informed, because of decades of close contacts between Moscow and Pyongyang, and recently compiled interviews with members of two teams of nuclear experts who formerly assisted the North. The Yeltsin administration has given this data to the U.S. government, which should have shared it with Japan but has not. According to one source, the North Koreans wanted help in building an intercontinental ballistic missile. The Russians turned them down flat.

The Clinton administration may well be exaggerating the danger from Pyongyang's nuclear research and its refusal to comply with the Nuclear Nonproliferation Treaty in order to frighten Japan into going along with sanctions or other actions against the North. Bearing in mind the complex issue of Korean unification, we should not act hastily by, for example, imposing sanctions on the North, but should seek a long-term solution. With Kim Il-sung gone, the North Koreans cannot remain isolated and immune to the momentous changes sweeping East Asia. In coordination with South Korea and other countries, we should negotiate arrangements that bring Pyongyang into the Asian economic sphere. The Kim Young-sam administration in Seoul knows from West Germany's experience in absorbing the East that unification will be an expensive, difficult process. Any policy toward Pyongyang must take Seoul's position into account.

Although North Korea may not be quite the economic mess that Russia is, it clearly is in dire straits. Pyongyang no longer gets oil and arms from the Soviet Union at 30 percent below international prices. North Korea will have to open the door a crack and set up special economic zones as the Chinese did, and once that happens free-market forces will push the door open wider.

Vietnam is turning the corner on economic development. With the scars of war finally healed, Hanoi has opened diplomatic ties with the United States and is preparing for formal admission to ASEAN. A proud people who single-

handedly defeated the French, Americans, and Chinese, the Vietnamese have an 80 percent literacy rate and should, when their national energies are channeled into development, make rapid strides. Vietnam's strategic location and long coastline make it a splendid buffer zone between China and Southeast Asia.

Japan's relations with India suffered from New Delhi's closeness to the former Soviet Union during the Cold War. I am afraid I associate India with poverty and bitter religious strife, yet there are reportedly 40 million Indians with purchasing power equivalent to an annual income of \$600,000. They are far better off than even wealthy Japanese. U.S. capital investment in India is twice the amount for China, another indicator of future growth.

Everything considered, Asia's problems are the minor aches and pains of a powerful Olympian ready to compete for the gold medal, while the West's troubles are those of the out-of-shape has-been staggering to the sidelines.

### *Development Aid: A Japanese Model*

The pattern of economic growth in East Asia differs sharply from that of the West, and we should neither let Westerners interfere nor copy their model. Japan's transformation from a small agricultural country into an industrial giant is the regional prototype.

In factories across Asia, employees start the day by singing



the company song and reciting its motto, and supervisors follow management methods honed in Tokyo and Osaka. From symbolic acts of loyalty to macroeconomic factors like cooperation between government and business, East Asians have borrowed chapter and verse from Japan's success story and written their own versions.

We have not been telling Seoul or Taipei, "This worked for us, so you should do it, too." Other countries have studied Japan's industrialization and adopted what they considered useful. Some Japanese believe this reticent hands-off approach is correct—no one can accuse us of heavy-handed interference. But our cautious approach to foreign aid may give the impression that we begrudge the money. To be the catalyst in moving Asia to the next level of dynamic expansion, we need a comprehensive commitment entailing not only capital but people and technology. Many Asians want us to exert leadership, take initiatives. We could single out one country, Malaysia for example, as a model of Japanese-assisted development. Kuala Lumpur would set the priorities and we would work closely with the public and private sectors on joint projects.

European economists criticize Japanese companies with offshore manufacturing operations for exploiting cheap Asian labor. That is probably what French and British firms did in their colonies, but it is not what we are doing. No Japanese firm could build a plant in a country where it is not welcome, nor would it want to. Although there is great concern in Japan that shifting production facilities to

Southeast Asia may "hollow out" domestic industry, the Euro-American strategy of driving up the yen's value to make our products less competitive leaves managements no choice. Now Europeans are carping about how Japanese successfully coped with this challenge. Engineers and technology go with every factory, so the investment is a solid contribution to the host nation.

Meaningful technology transfer requires trained personnel on the receiving end. I have personal knowledge of a case where official development aid was squandered because U.S. administrators failed to train the local people. Japan donated a fully equipped plant to Truk in Micronesia. A Japanese engineer in charge of setting it up sadly told me: "Within a year after we leave, the machinery will be ruined. The next time you come here, nothing will run." He was right. On my subsequent visit the plant was closed down.

Prime Minister Mahathir and other Asians understand that education is crucial to building a skilled work force. The schools of Asia are serious, orderly places, and the students do not whine about long memorization assignments. Asian boys and girls have a different attitude about academic work than teenagers in Los Angeles or Liverpool.

In addition to more scholarships for foreign students Japan should send more teachers, engineers, and technicians overseas, and put as much technology as possible into the public domain because sharing knowledge benefits

humankind. U.S. policy on intellectual property is shortsighted, in my view. In the Uruguay Round of multilateral trade negotiations, Washington took a hard line on "protecting" patents and copyrights. By demanding exorbitant royalties on the commercial applications of intellectual property, American firms are picking the pockets of the developing countries. The prevalent philosophy in U.S. boardrooms is, "Sell the idea and let somebody else make the product," a strategy certain to accelerate deindustrialization.

Japanese companies should be generous with technology, passing it on in training programs for local staff. Rather than try to squeeze every last penny out of South Korea or China for an industrial technique, we ought to concentrate on the new frontiers.

A falloff in Japanese manufacturers' ability to bring an idea from the laboratory to the assembly line and on to the market would signal our industrial decline and end our economic leadership of Asia. Technology advances from one breakthrough to another, each new understanding a bridge to the next. Industry must remain strong in both research and development and high-tech production methods; half of Japan's exports are in capital goods and synthetic materials like ceramics, liquid crystals, and epoxy resin. Tie-ups with corporations around Asia that use Japanese-style management methods have already resulted in advanced technology that European and American firms would love to get their hands on. By the middle of the

twenty-first century Asia will be a cornucopia of discoveries.

Japan should have a permanent seat on the U.N. Security Council, with the veto, to convey the views of Asia and the Third World on global problems. First, however, we have to make clear exactly where we stand. Some craven politicians and diplomats contend that openly aligning ourselves with Asia will offend the West and ruin our chances, and they want to downplay our Asianness. But if we are ambivalent, this region will ask why Tokyo wants the seat and how it will use the leverage.

More Japanese ought to be serving in international organizations. There are some high-profile individuals like Yasushi Akashi, who is currently the U.N. secretary general's special representative in Bosnia and carried out a similar assignment in Cambodia, and Sadako Ogata, the U.N. High Commissioner for Refugees, but overall you find few Japanese. Nearly all the international civil servants are from Europe, the United States, and former British colonies like Pakistan or India. Getting more Japanese into such positions would enhance our prestige. The lifetime employment system in Japan deters many talented people from stints with the United Nations and other bodies; there must be attractive career opportunities for them when they return home. Human-wave tactics are not advisable, of course. Recruiting should be based on realistic priorities and national objectives.

Japan can make a valuable contribution to protecting the

environment. We have extensive experience and far better technology than the United States, Britain, and other leading industrial countries. The activities of the Japan Land Development Company, in cooperation with the Malaysian Forestry Research Institute and the Japan International Cooperation Agency, to revive the Malaysian rain forest point the way to similar efforts elsewhere. Japanese firms are involved in projects to reverse desertification and lead the world in desalination plants and equipment.

Preserving the global environment requires a shift from mass production and mass consumption, but industrializing nations tend to postpone expensive anti-pollution measures. Many leaders like Prime Minister Mahathir want the advanced countries to reduce their own economic growth before asking the developing world to make sacrifices. Once plagued with foul air, mercury poisoning, and a host of other environmental problems, Japan has aggressively dealt with industrial effluence and offers pollution control and equipment technology as aid. In June 1992, at the U.N. Earth Summit in Rio de Janeiro, Japan pledged to provide more than \$7 billion in environmental aid by March 1997, a commitment that dwarfed those of other advanced countries. U.S. President George Bush, whose country is the leading source of greenhouse gases, vetoed a specific timetable for their reduction and refused to sign the biodiversity treaty.

In 1970, the U.S. government, under the Clean Air Act, began to set exhaust nitrogen oxide emission limits. Japan-

ese car makers were the first to meet the regulations; the Big Three are still only about halfway there. In fact, some U.S. auto executives call the standards in Japan a trade barrier and want them relaxed! Our companies knew that strict emission controls in Japan alone would have little impact on global warming, but they went ahead anyway despite the expense.

A famous Japanese business leader once held a garden party in honor of HRH Prince Philip, Duke of Edinburgh, who was visiting Tokyo. Then president of an international society to protect birds, the Prince made a few remarks, including words to this effect: "Tokyo's air is filthy, part of the worldwide deterioration in air quality. As one bird lover to another, I appeal to you to help save our feathered friends by cleaning up the air. I hope Japan will join this cause."

Later, I approached Prince Philip and made my own little speech:

You are apparently unaware that no country is doing more to stop air pollution than Japan. London is much worse than Tokyo. So are Paris, Rome, and other European capitals. We have already met the auto emission goals set in the United States. Cars here run clean. The current American standard is only 50 percent of Japan's, and yours is less than half of that, a quarter of ours. Birds may be gasping for breath in London but here the crows, pigeons, and sparrows are flitting around enjoying themselves.

Tokyo's sky is not that pristine, but it is rude to ignore your own country's shortcomings and tell Japan, which is doing so much, to get involved. Except for Scandinavia, our pollution controls are the best of any major industrial country. If the United States and Britain will not protect the planet, then we should work hand in hand with our Asian neighbors to make this region second to none in concern for the environment.

### *Strong Yen, Weak Dollar*

Greater interdependence with the rest of Asia has boosted Japan's economy, yet the yen does not have the credibility in the region one would expect. This skepticism flies in the face of economic realities. As the yen continues to soar heavenward and the dollar falls to new lows against it, comments like "Someday \$1 will buy ¥2" seem less fanciful. Asia is at risk because so much of our trade is denominated in dollars. For many years I have been warning that the best safeguard against calamity would be an economic sphere with the yen as the key currency, and Japanese monetary officials have finally gotten up the courage to broach this with their Asian counterparts.

Foreign aid is one place we have leverage. About 90 percent of Japan's official development assistance is untied, a result of criticism that strings attached to grants and loans were an export-promotion scheme that benefited Japanese business. We should retie ODA and insist it be spent on Japanese goods or services. This would shield recipients

from exchange-rate fluctuations and also halt abuses caused by awarding aid, at Washington's behest, to countries like Iraq. Saddam Hussein bought poison gas to massacre the Kurds and Scud missiles from the former Soviet Union with our taxes. Committed to a peaceful world, Japan does not make poison gas or missiles; Saddam would have had to ask us for something worthwhile.

When the Plaza Accord was signed in September 1985, \$1 was worth about ¥240. By February 1987, the rate was \$1 to ¥150, and the dollar slipped to ¥120 in September 1992, to ¥100 in August 1993, and to ¥98 in July 1994. Serious discussion of a yen sphere started in the late 1980s and nearly everyone assumed that as the yen appreciated and Japan's economy expanded, yen-denominated transactions would gradually increase. That did not happen. According to an IMF report in December 1987, Asia as a whole (excluding Japan) had 30 percent of its foreign reserves in yen. The figure declined to 17 percent in 1989 and was just over 20 percent in 1990. By contrast, the ratio in dollars had slipped to 41 percent in 1989 but later rose to more than 50 percent. The yen had strengthened enormously against the dollar but not found additional favor as a reserve currency in this region, the IMF said. The report concluded that for various reasons the United States was considered more reliable than Japan.

Just under 40 percent of Japan's exports are yen-denominated and the figure for imports is a mere 20 percent. About 85 percent of U.S. imports and exports are dollar-



denominated, while more than half of Germany's overall trade is conducted in marks, with the figure for exports 80 percent. Japan is heavily dependent on dollar-based transactions: 45 percent of exports and 57 of imports are paid for in the U.S. currency.

With Japan conducting most of its own trade in dollars, no wonder the rest of the region does, too, and has shied away from large yen reserves. Our dependence on the dollar largely explains why the yen has failed to garner respect as an international currency.

There is little we can do about most exports. Purchasers of Japanese products who prefer to pay in dollars must be accommodated. Americans will want to deal in their own currency, naturally. But we should be able to set the price of synthetic materials in yen. Most of Germany's exports are priced in marks, and the oil-exporting countries ask Japan and their other customers to settle accounts in dollars. We can designate a currency of choice on some products.

What is stopping Japan from insisting on payment in yen for capital goods? The business community and government are still overly impressed with the dollar because it was stable and credible for so long, and they are afraid to cross Washington. Of course, there are other reasons: the greenback has been the benchmark currency, other countries depend on it, and many central banks are holding billions of dollars.

Japanese policy makers have also been less than enthusiastic about the yen becoming a global medium of exchange from fear that an increase in yen-denominated assets and bonds overseas would trigger wild fluctuations in exchange markets. That is a valid concern, but as the volume of transactions quoted in yen swells, other countries will have a stake in cooling speculation. Deregulation of financial markets would make it easier for exporters in Los Angeles and bankers in Singapore to use yen. Some bureaucrats object on the grounds that loosening controls will render financial policy less effective, yet I am convinced that dependence on the dollar is far riskier. The collapse of the dollar will almost certainly have a terrible impact in Asia, where currencies have appreciated against it. Such dollar-denominated assets as New York real estate, for example, are worth far less now than a few years ago.

It has been axiomatic that only the leading economic and military power's currency could bankroll the international monetary system. A devil's advocate might argue that if Japan wants the yen to be the key currency, it will have to put together another Japanese Empire. The yen weakens when war clouds gather, he would add, so there will have to be an arms buildup to show that Japan cannot be pushed around and yen holdings are safe. This whole line of thought is outdated, however, because military power is not that important anymore.

A yen bloc will not emerge overnight. In a year or two the dollar will depreciate even more, confidence in it will tumble, and the rest of Asia will start switching over to the

yen. Japan should welcome this development, the momentum for which has been building for decades. In 1970, 0.9 percent of our exports and 0.3 percent of our imports were yen-denominated, compared with 40 percent and 20 percent, respectively, now.

I disagree completely with those who say the yen's appreciation is a punishment for years of trade imbalance with the United States. The dollar has fallen because of American economic weakness. To mention only one observer who could see this coming, Harry E. Figgie, Jr., a member of the Grace Commission during the Reagan administration, wrote two years ago, in *Bankruptcy 1995*, that the U.S. economy was headed for disaster. Serious problems surfaced in 1971 when the U.S. government delinked the dollar from gold, the famous "Nixon shock." After the floating exchange-rate system was adopted in 1973, the value of the greenback steadily declined against the yen. Americans had no sense of crisis since nearly all their trade was transacted in dollars. A company sold a \$1 item to a customer in Mexico City and got \$1 for it, and imports worked the same way. How the dollar ranked against other currencies was irrelevant. Tens of billions of dollars flowed to Japan annually because of the U.S. trade deficit, and the U.S. Treasury might have been in trouble if institutional investors in Japan had not come to its rescue, buying enormous amounts of U.S. Treasury bonds and other financial instruments. This debt was in dollars and unaffected by exchange rates. As long as the dollar was the key currency, the U.S. Mint could print as many as the

country needed to buy things abroad. The Treasury could keep the printing presses running and pay off its notes the same way. Why should the Americans have worried?

They had fun while the party lasted, but it is over now. The U.S. trade and budget deficits are so enormous that runaway inflation is a distinct possibility if the money supply is increased. Figgie's predictions have been on the mark. An exchange rate of \$1 = ¥1 is no longer a laughing matter. Who thought in 1971 when the dollar was worth ¥360 that today it would be at ¥100?

Asia may wake up some morning and find that all those billions of dollars in central banks and private hands are worthless. There is no time to lose in incorporating yen-denominated payments into the global trading system. Japan must, in coordination with our Asian trading partners, replace the dollar with the yen as the international currency.

### *Japan's Roots*

Some Japanese say that maintaining the trust of the United States is more important than close ties with Asia and that casting aspersions on the U.S. economy and currency—the kind of things I have been saying—harms relations. Many Japanese believe that deferring to Washington in foreign policy, euphemistically called a partnership, is in our national interests. Yet several influential Americans have whispered sweet speciousness into Prime Minister Mahathir's

ear. "You can't trust Japan," they say. "If you create an EAEC, Tokyo will dominate East Asia." Another of their favorite lines is, "If U.S. armed forces withdraw from Asia, Japan again will become an aggressive military power." This duplicity shows America's contempt for a Japan that can't say no.

We are an Asian people, ethnically and culturally. Japan is not a unique, homogeneous country, as some argue. That is obvious from a glance at the faces in a crowded room. My father's features, for example, were typical of Southwest Asia. One sultry summer day about seven or eight years after he passed away, I was walking through Hibiya in central Tokyo and noticed an elderly Indian man in traditional garb and carrying a rattan cane coming my way. His face bore a striking resemblance to my father's. I stopped and stared at him, overcome with emotion. Alarmed by my intensity, the Indian gentleman averted his glance and hurried off. "Some of my roots are definitely in India," I thought. On the other side of the family, my mother had the kind of good looks associated with a classic Chinese beauty. I suppose my own face is a blend of Indian and Chinese features.

Japanese are a heterogeneous people, shaped millennia ago by immigrants from Mongolia, the Korean Peninsula, Southeast Asia, and the South Pacific. The earliest Japanese were the Ainu, who still survive as a distinct ethnic group. I sometimes mistake Malaysians for Japanese, until

they speak in English. As this century draws to a close, we should come home to Asia, our heritage and our future.

From the temples of Kyoto to the Confucian veneration of family and learning, Japanese belong to Asia. Much of the time that identity goes unremarked; we instinctively respond like other Asians. Mindful of our ancestry, we should deepen our ties with this region. We can accomplish far more with other Asians than in a "partnership" with Americans.

There is a tide in the affairs of men, Shakespeare said, and this is the moment of homecoming for Japan: The empires have faded away, replaced by political and cultural self-determination. Asia is resuming its central place on the stage of history. Unless Japanese understand that, we shall have no role in the unfolding drama.