

“Japan’s Role in the Coming Decade”
Keynote Address by H.E. Anand Panyarachun
Former Prime Minister of Thailand
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President Tatsuo Hatta,
Distinguished Guests,
Ladies and Gentlemen,

Before I begin, let me say that, like my fellow countrymen, I have great respect and admiration for Japan and its people. However, I cannot claim to have a profound understanding of Japan. All the same, I do believe that the future of Japan and the future of Asia and the world are inextricably linked. It is a bit like the way a man feels about a beautiful woman. One tries to understand her, knowing deep down that one never will, but also knowing that one’s future happiness depends on her. So I hope you will forgive me if my views are a little simplistic, for my ardour is genuine.

Over the past decade, many thoughtful people have pondered what role Japan should play on the global stage in light of the post-Cold War realities.

In six decades, Japan has picked itself up from the ashes of war to become the world’s second largest economy. It has become a powerhouse of innovation. Its automobiles and consumer products have conquered hearts and minds and pocketbooks around the world. Its companies are some of the world’s most admired. Japan is also a global cultural power. Japanese cultural exports – video games, manga, anime – are now part of the daily lives of young people the world over.

It is not only Japan that has changed. The world has become immensely more complex since the unipolarity of the immediate post-Cold War years. The United States’ air of omnipotence, once seemingly indisputable, has been deflated, with the costly misadventure in Iraq and subprime crisis likely to preoccupy it for years to come. China and India have awoken from their slumber and are poised to change the world’s power equation in the coming decades. Russia has gone from superpower to nearly failed state and back again to newly self-assured major power unafraid to assert

itself in international politics. Southeast Asia is consolidating itself and stepping up the pace of its integration, with plans for an ASEAN Economic Community by 2020.

Of course, it would be foolhardy to predict what these developments portend for the next decade. But if current trends continue, a major power realignment looks likely. At least for the next few years, the United States will have to focus on regaining its economic health and restoring its credibility abroad. China and India, barring any upsets, are likely to continue their growth trajectory and emerge at the top tier of the world's largest economies. South Korea will likely build further on its economic and technological accomplishments.

Amidst all this, Japan may find itself in the unaccustomed position of having to work more closely with its partners and potential competitors in Asia and less closely with its traditional main ally, the United States. As the much vaunted Asian Century becomes reality, a more proactive and independent role for Japan, a Japan that works in close partnership with its Asian neighbours, will be crucial. The idea of Japan as the lead flying goose may have to be retired, as the other geese will have caught up. In the always-on, interconnected world of the coming decade, Japan may need to change its metaphor and think of itself as a key node in a partnership network.

To play this role, Japan needs to articulate a clear vision and hone its political effectiveness.

So far, Japan has not shared with the world a clear vision of its future political and economic direction. The world, but in particular Asia, does not know how Japan will position itself in the emerging world order. Will Japan continue to be the US's "unsinkable aircraft carrier" in East Asia, or will it seek greater policy autonomy?

Japan's defense budget is now one of the five largest in the world (at more than \$41 billion in fiscal year 2006). Japan is also expanding its security role, partly at the urging of the United States. But its domestic politics – its lack of a strong, coherent political leadership – seems to have held Japan back from formulating the vision it needs. With a growing military capability but without a clearly articulated vision and strategy, memories of the Second World War will persist, as will regional concerns over Japan's intentions.

This is all the more reason for Japan to enhance its political effectiveness. Since the Second World War, Japan's impact on international politics has been almost negligible. Japan has maintained a consistently low political profile, more befitting of a third-world country than an economic heavyweight.

The resulting perception is that Japan has not demonstrated a willingness or ability to raise Asia's profile in international forums, whether political or economic, preferring the comfort and safety of America's shadow. The attitude and mindset underlying this passivity must change if Japan is to take its rightful place as a positive political force in Asian and world affairs.

With Asia rising, it makes sense to engage more effectively within the region. To forge closer interactive relations with its Asian partners, Japan should take advantage of the groundwork that is already in place. Japan already has a significant economic presence in its partner countries. It needs to make use of this presence to leverage its political standing in the region.

To achieve this, I believe Japan will have to confront and address a number of issues. Failure to come to grips with these issues would continue to hold Japan back from its true potential.

The first issue I see is one that some may attribute to culture, but which can also be thought of as communication style. One reason the Japanese mind is so mysterious to outsiders is that communications are so stylized, so carefully controlled to ensure politeness and harmony. Japan, it seems, is a consensus society that goes to great – some might say extreme – lengths to avoid public argument and confrontation. But in today's international relations, these things are often part of dialogue, the process by which the world is finding its way forward. To engage in dialogue, a willingness to argue and to put one's face on the line is important.

This kind of reticence, of course, is not particular to Japan. It can also be seen in some other Asian societies, including my own, that value social hierarchy and political correctness over substance. We tend to fill our meetings with ceremonial readings of prepared texts rather than use the occasion for spontaneous exchanges of views that get to the heart of the matter.

But Japan is no ordinary country. Japan is Asia's and indeed the world's leading economic power. If it is to play a leadership role in regional and global affairs, Japan must be more direct – in a subtle way, of course. And it must be more willing to risk disagreement in pursuit of truthful, positive answers. Many countries look up to Japan as a model of democracy and free markets. It would only be natural for Japan to also set the standard for international dialogue and cooperation.

This communication style leads us to the second issue: the lingering contentiousness of World War II history between Japan and its neighbours. After 60 years, it seems, Japan is still unable to come to terms with some aspects of the Second World War. This is understandable, as these are aspects I am sure Japan would rather forget. What is rather surprising is that despite repeated apologies from Japanese leaders, there is a lingering perception that Japan prefers to remember history selectively and differently from the rest of Asia. This perception is not helped by the certification of revisionist history textbooks, nor by some past prime ministers' visits to Yasukuni Shrine.

Germany, by way of contrast, has managed to move on. Not only did it accept the Holocaust, it has also shown its remorse through concrete measures, paying over 60 billion US dollars in reparations to Israel and victims of the Third Reich for decades after the war ended. The current generation of Germans may not know much about the darker aspects of German history and thus may not feel much guilt. But at least those Germans who bore witness to history have come to terms with that history.

Japan needs to come to terms with its history as well, if it is to move on. To convince others of its sincerity, Japan might consider communicating in a more direct and consistent manner. I am greatly encouraged that Prime Minister Fukuda has shown his sensitivity to international opinion early on by declaring that he would not visit Yasukuni Shrine. If Japan could take more concrete gestures to show that it takes the historical grievances of its neighbours seriously, I have no doubt that the past can be buried and all countries in the region can move forward together.

The third issue Japan needs to confront is its continuing dependence on the US security umbrella. Japan is closely – some might say too closely – identified with US foreign policy. The litmus test of Japan's policy independence is not so much whether Japan can undertake proactive policies on its own. In areas such as official

development assistance or ODA, Japan has certainly been quite proactive. Rather, the test is whether Japan can pursue policies that put the interests of Asia first and foremost, even in the face of US opposition.

Perhaps the best known test case is the proposal by Japan in 1997 to set up of an Asian Monetary Fund. Even before the details of such a fund had been worked out, Washington shot down the idea and it had to be quickly withdrawn. Only much later, when it became amply clear that the AMF would not replace the IMF, did Washington's position soften.

If such a thing can happen on foreign economic policy, one would expect at least the same on political and security matters. I realize that in Japan, there is unease about this continuing sense of *amae* or dependence on the United States. The changing nature of security threats and the US preoccupation with terrorism and the Middle East call into question whether and how long the US nuclear umbrella will continue to effectively protect Japan. At the same time, the nuclear threat in Northeast Asia seems to be under control. The rapprochement process on the Korean peninsula and the discreet diplomatic role played by China should allay Japan's traditional concern over Pyongyang's perceived aggressiveness.

Without reducing this dependence on its big brother, it would be difficult for Japan to develop meaningful political relationships with other countries. As long as Japan is perceived to be such an integral part of the US security framework, nurturing the security dimension of such relationships would be a challenge.

I am not saying that Japan should decouple itself from the US security umbrella. Britain, Germany, France and the EU all depend to a considerable extent on the nuclear protection provided by the US through NATO. Yet these countries are still able to assert themselves in international forums more or less independently of the US. Japanese industry is brilliant at coming up with innovative products. The Japanese leadership is no doubt similarly capable of charting an independent foreign policy strategy that is in step with the changing landscape of Asia and the world.

These are the three main impediments I see to Japan's playing a more significant role in the coming decade. To overcome them, Japan should be more assertive, show leadership, take the initiative, and be more innovative.

The changes need not occur overnight. Even rising Asian giants China and India will not catch up with Japan any time soon. But Japan will have to begin adjusting its attitudes, ambitions and mindset before too long, as the reconfiguration in global power is already underway.

The country that figures most heavily in this reconfiguration, of course, is China. China has enjoyed meteoric growth for over two decades and five straight years of double-digit growth. This year, it is in position to replace Germany as the world's third largest economy. Most observers believe it is a matter of time before China becomes the number one economy not only of Asia, but of the world.

This is all the more reason for Japan to come to terms with history and work closely with China, rather than compete as rivals. This would also reduce the tendency of some smaller Asian countries to "play the China card" in their relationship with Japan. Differences in political ideology will always be there, of course, but China appears to be maturing into a responsible and pragmatic international player. So a Japan-China partnership as the main pillar of Asian stability should not be too far-fetched.

I was impressed with the good start Prime Minister Fukuda made right at the beginning of his administration by visiting the US and China. I was also pleased to note that the outcome of the visit showed Japan's willingness to play a leadership role in environmental protection and combating climate change. This kind of high-level professional diplomacy should by all means be kept up.

To ensure that the partnership with China is well-balanced, ASEAN, with its 540 million people, and India should also be included in the picture. Together, the four power centers should form an Asian strategic rectangle that continues to engage closely with the West and other regional powers, including Russia and Australia. Twenty years down the road, this strategic rectangle comprising East Asia and India should be a core group, in much the same way that the UK, Germany and France are in the EU. As long as Japan is seen by others as too close to the US or Australia, it would have a hard time being recognized as a strategic power in its own right. Japan as part of an Asian partnership would find its leverage enhanced considerably.

As I noted earlier, much of the groundwork for this is already in place. Japan now needs to strengthen its partnership role in the region. There are several instruments through which Japan can do this. The Asian Development Bank still has much room for Japan to show its leadership, particularly with regard to the newer member countries of ASEAN. ASEAN+3 is a well-established forum where Japan can discuss any regional initiative it may wish to propose. Thailand also has mechanisms in place to assist the Mekong countries and would, I am sure, welcome Japan as a development partner to provide assistance to third countries.

Outside the region, Japan is uniquely positioned to help raise the profile of Asia in such forums as the G8. As the only G8 member from Asia, Japan can champion expanding the participation of China and India in the grouping, along with Brazil, Mexico, and South Africa. At present, these five major developing countries engage the G8 in what is called the G8+5. But this engagement is for a mere two hours over lunch, after the G8 has met for two days. Two hours may be enough time for country statements, but if we agree that what we need more of is dialogue, then the +5 component of the G8 should be augmented. Japan's role here can make a real difference.

Ladies and Gentlemen,

Prognostication is always an uncertain business. Even the best minds did not predict world-changing events such as the collapse of the Soviet Union or 9/11. So I would suggest that my crystal ball gazing into the coming decade be taken with the grain of salt it deserves. However, I believe the changes I have outlined can only do Japan and Asia good, not to mention the global distribution of power. The world is too complex and uncertain to leave it in the hands of superpowers, no matter how powerful. As the unfolding information era shows us, the future will be shaped by ever expanding networks of partnership. As part of the same network, let us draw upon one another's strengths and manage the coming decade together.

I look forward to hearing your views.

Thank you.