ELEVENTH EUROPEAN-JAPANESE CONFERENCE (HAKONE XI)
Credito Industriale Sardo
NIRA
Cagliari, 5-7/IV/1989

1. "Agenda"
2. "List of participants"
3. "Regional development in Europe: external aspects"/ Roberto Aliboni
4. "The new Soviet Union: a view from Japan"/ Masashi Nishihara
5. "The new Soviet Union: a view from Western Europe"/ Gerald Segal
6. "America as a difficult partner for Europe"/ Gebhard Schweigler
7. "European-Japanese relations: achievements, shortcomings, and prospects"/ Masahide Shibusawa

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ELEVENTH EUROPEAN-JAPANESE CONFERENCE (HAKONE XI)

April 5 - 7, 1989
Hotel Mediterraneo, Cagliari, Sardinia.

Agenda

Wednesday, April 5:

13.30 Informal luncheon

15.00 - 16.00 Opening of the Conference
Introduction to the Hakone Conference
Tadashi Yamamoto
Hanns Maull

16.00 - 18.00 Session I: Problems of Regional Development in Western Europe and Japan

The regions in national development:
The Japanese experience Tadashi Yamamoto

1992 European Regional Policy for the South:
Roberto Aliboni

19.30 Departure for Maracalagonis

20.15 Tipical Sardinian Dinner (informal)

Thursday, April 6:

9.00 - 12.00 Session II: New Soviet Policies and their Challenges for the West

The new Soviet Union: a view from Japan
Masashi Nishihara

The new Soviet Union: a view from Europe
Gerald Segal

12.30 Informal luncheon

14.30 - 17.30 Session III: The Bush Administration: New Opportunities or Old Problems for the Alliance?

America as a difficult partner for Japan
Sadako Ogata

America as a difficult partner for Europe
Gebhard Schweigler

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18.30 Reception at the Regional Parliement of Sardinia, invited by the President Prof. Emanuele Sanna (formal)

21.00 - 22.00 Informal Gathering
Brainstorming session on the Future Hakone Conference introduced by Tadashi Yamamoto

Friday, April 7:

9.00 - 12.00 Session IV: Europen-Japanese Relations: Achievements, Shortcomings, Prospects

View from Japan — Masahide Shibusawa
View from Europe — Pierre Jacquet

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ELEVENTH EUROPEAN-JAPANESE CONFERENCE (HAKONE XI)

LIST OF PARTICIPANTS

Roberto Aliboni	Director of Research Istituto Affari Internazionali (Italy)
Salvatore Carruba	Il Sole - 24 ore (Italy)
Robert F. Cooper	Head of Policy Planning Dept. Foreign and Commonwealth Office (U.K.)
Friso Endt	Netherlands correspondent, Newsweek Editor, Friso Endt Business Report (The Netherlands)
Leopoldo Ferri	Head of Asia Desk Italian Ministry of Foreign Affairs (Italy)
Shojiro Imanishi	Director, International Cooperation Dept., National Institut of Research Advancement (Japan)
Pierre Jacquet	Deputy Director Institut Français des Relations Internationales (France)
Guido Lenzi	Diplomatic Advisory to the Minister of Defense (Italy)
Sebastian Mallaby	The Economist (U.K.)
Hanns Maull	Professor of Political Science Catholic University of Eischstaett (West Germany)
Cesare Merlini	President Istituto Affari Internazionali (Italy)
Charles Morrison	**Senior Research Associate, Japan Center for Internationa Exchange (Japan)**

Mesashi Nishihara	**Professor of International Relations National Defense Academy (Japan)**
Simon Nuttall	European Commission (Belgium)
Sadako Ogata	Director, Institute of International Relations, Sophia University (Japan)
Paolo Savona	President Credito Industriale Sardo (Italy)
Hans-Dieter Scheel	Head of East Asia Desk German Ministry of Foreign Affairs (West Germany)
Gebhard Schweigler	Head of North America Dept. Stiftung Wissenschaft und Politik (West Germany)
Gerald Segal	The Royal Institute of International Affairs (U.K.)
Masahide Shibusawa	Director East West Seminar (Japan)
Ichiro Uchida	Special Assistant to Amb. Hanabusa, Consulate General of Japan, New York (Japan)
Taizo Yakushiji	Professor of Political Science Saitama University (Japan)
Tadashi Yamamoto	President Japan Center for International Exchange (Japan)
Ippei Yamazawa	Professor of Economics, Hitotsubashi University, Visiting Professor, Sheffield University (Tentative) (Japan)

istituto affari internazionali
88, viale mazzini • 00195 roma
tel. (06) 315892 - 354456 • telefax (06) 319806

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ELEVENTH EUROPEAN-JAPANESE CONFERENCE

Cagliari (Italy), April 5-7, 1989

Regional Development in Europe: External Aspects
outline of Mr. Roberto Aliboni's presentation

1. Structure of EC's regional policies
- historical background: from colonial empires to regional preferential agreements in Africa, the Carribbean, the Pacific and the Mediterranean areas;
- the association agreements in the Mediterranean: trade preferences; financial aid; institutions; oil; textiles; the association agreements and the overall EC's trade policy toward LDCs;
- aid and other financial relations: bilateralism vs. multilateralism.

2. Some highlights on Mediterranean economic development
- EC's export-import and the Mediterranean share;
- North-South imbalances in the region; vertical vs. horizontal integration;
- industrial development and manufacturing export.

3. Prospects for the EC's regional Mediterranean policy
- Mediterranean developing countries are now striving to maintain their preferential access to the expanding EC market in competition with other LDCs; will they succeed?
- the consequences of the EC's enlargement to Greece, Portugal and Spain: more difficult access for agricultural products; poor prospects for Mediterranean LDCs' investment; new applications to the EC;
- The single European market in 1992.

4. Political factors
discouraging developments in the EC's regional policy:
- the place of the Mediterranean in the ongoing European debate on security;
- the debate on the "European common house" and its impact on EC's identity;
- the intra-G7 debate on international trade and protectionism, the role of the Single European Market in that debate and the marginality of the Mediterranean;

encouraging:
- the relationship between security and development in the Mediterranean for the EC;
- the impact of new threats from the South (and the Mediterranean) on Atlantic and European security;

- risking the singularization of Southern Europe within the Alliance (NATO's incompetence for "out-of-area" operations; poor European institutionalization of its competence for being present in the "out-of-area"; difficult bilateral relations between the Southern European countries and the USA);

conclusion:

- Southern European interest in developing Mediterranean regional policies is linked to their ability to help strengthening European integration in monetary (giving the Mediterranean countries a strong currency option) as well as in the security field (including the Mediterranean dimension into the upcoming European security comprehensive concept).

Importations CEE 1986

Importations inter-zonales CEE	58 %
Monde arabe (1)	4 %
USA	7 %
Japon	4 %
Europe de l'Est	3 %
E F T A	10 %
Autres pays	14 %
Total	796 milliards d' Ecus

(1) A l'exception de Bahrein, Yémen du Sud, R D Yémen, Somalie et Djibouti

Source: Eurostat external statistics.

Exportations CEE en 1986.

Exportations intrazonales CEE	57 %
E F T A	11 %
U S A	9 %
Monde arabe	5 %
Europe de l'Est	3 %
Japon	1 %
Autres pays	14 %
Total	807 milliards d' Ecus

Répartition géographique des exportations arabes - marchandises
1980-1985

	1985	1984	1983	1982	1981	1980
millions de $ américains						
Total pays arabes	7711	8661	8481	11316	14237	11747
Total mondial	111147	125734	133705	162758	217593	235604
en %						
Total des exportations vers :						
- Pays arabes	6,93	6,89	6,34	6,95	6,54	5,01
- Pays industr.	63,23	60,09	59,89	60,45	66,57	68,83
CEE	35,40	30,69	33,10	35,69	37,01	37,90
U.S.A.	5,20	7,68	5,87	6,16	12,31	14,73
Japon	22,63	21,72	20,92	18,60	17,25	16,20
Total mondial	100,00	100,00	100,00	100,00	100,00	100,00
Pays industr.	63,23	60,09	58,89	60,45	66,57	69,83
Pays socialistes	1,08	1,02	1,18	0,70	0,66	0,52
Pays en dévelop.	21,93	24,48	25,02	24,25	20,91	20,20
Autres	6,83	7,52	7,57	7,65	5,32	5,44

Source : Fonds Monétaire International et Rapport Economique Arabe 1987, p. 415.

SELECTED MEDITERRANEAN COUNTRIES: INDUSTRIAL GROWTH INDICATORS

COUNTRIES	VALUE ADDED IN MANUFACTURING (1985/1970)	MANUFACTURED EXPORTS (1986/1965)	MANUFACTURING AVERAGE ANNUAL GROWTH RATE (1980-86)
Morocco	4	46	1.1
Tunisia	9	43	6,5
Algeria	10	7	(5.2)
Egypt	n.a.	5	(6.3)
Jordan	16	60	4,9
Turkey	7	396	8.0
S.Korea	14	308	9.8
Brazil	6	68	1.2
LDCs	5	27	5,9

Source: World Bank, World Development Report 1988

Hakone XI, Sardinia

April 5-7, 1989

The New Soviet Union: A View from Japan

by Masashi Nishihara

The Soviet Union in a Crisis?

Most observers agree that the Soviet Union today faces a critical future in economic, political and even military respects. Perestroika is not working , and in fact it is making the daily economic life worse. Glasnost is, on the other hand, working too well and putting the Communist Party on the defensive, as the recent free elections for the members of the Congress of Deputies have demonstrated. Disasters at Chernobyl and Armenia have proved the paucity of the Central Government's national emergency programs. Moreover nationality problems have surfaced in Armenia and the Baltic republics along with reformist trends in sensitive East European countries such as Hungary and Poland. Such moves undermine the basis of the Warsaw Pact Organinization itself.

Significant achievements made by Gorbachev so far are limited to the field of East-West relations. The U.S.-Soviet agreement on the elimination of INF missiles has stimulated a general rapproachment between the Soviet Union and the West. Some leaders in the West have declared that the Cold War is over. Gorbachev has made a series of unilateral arms reduction proposals including the reduction of some half a million soldiers as well as several mutual reductions of troops and arms. The Soviet troop withdrawal from Afghanistan completed in February has set a pace for the

easing of other regional conflicts around the world.

Few Soviet Changes for Japan

The dynamic changes, either positive or negative, taking place in the Soviet Union's domestic and foreign policies, as often symbolized by Perestroika, glasnost and " new thinking ", have caused varying reactions outside the country.

It is difficult to generalize the Japanese reactions to Gorbachev's dynamic leadership. But the general public find him as a more acceptable Soviet Leader than any of the others in the Kremlin's recent past. Yet there is no popular enthusiasm about him. There is no word equivalent to "Gorby" for example, as he was so nicknamed in Western Europe and the U.S. The mass media generally welcomes his reformist attempts, but while admiring his intentions usually make cautious remarks about their outcome. Some liberal papers such as Asahi Shinbun thus have often urged the Japanese government to respond positively to Gorbachev's peace initiatives. The government, is quite cautious about the Soviet leader's reformist programs and sometimes even about his intentions. Many critics in Japan point to the dangerous future the Soviet Union is facing in terms of its economic reform, political democratization and even the morale of the military. They often question how long Gorbachev can remain in office.

As far as Japan is concerned, there is little change in its assessment of the Soviet military threats. In 1988 the Soviet Pacific Fleet decreased a number of ships/days in the Pacific but instead added a few sophisticated warships in the Sea of Okhotsk and increased a number of test for sea-launched ballistic missiles. Gorbachev in 1986 announced the plan to withdraw some of the Soviet troops from Mongolia and has done so since

then. Early this year he also announced to reduce some 200,000 troops from Asia which would be quite significant considering the total size of Soviet soldiers east of Ural being 56 army divisions or about 516,000 men. He would not however be taking any out from the Maritime Province areas facing the Sea of Japan. Instead, he has deployed Mig-29s in North Korea that year in addition to the Mig-23s already deployed.

Gorbachev's oft-quoted speeches made in Vladivostok in 1986 and Krasnoyarsk in 1988 refer to several proposals to reduce arms in Asia and the Pacific. But most of them are unfair to the U.S. and its allies, since the results of such proposed arm freezes or reduction consequently weaken the U.S. position more than that of the Soviet Union. To set a zone free of U.S. naval power in the Western Pacific in exchange of a similar zone for the Soviet navy in the Eastern Pacific would weaken U.S. protection of Japan and South Korea. To close the U. S. bases in the Philippines in exchange for the abandonment of Soviet counterparts in Vietnam would simply not represent a balanced deal. The Soviet positions based in Vladivostok and the Sea of Okhotsk would become relatively stronger as a result.

Japanese-Soviet Relations Today

Despite the " new thinking " which is supposed to have gone into the Soviet foreign policy, Moscow has not changed its position on the disputed territorial islands which Japan has claimed since 1952. The territorial issue has been a major bottleneck for Japanese-Soviet relations. In the last few years, Soviet scholars affiliated with the Institutes of the Academy of Social Sciences have shown some flexibility in the treatment of the subject. The Soviet television also broadcasted without censorship the Japanese ambassador's and former Prime Minister Nakasone's appeals on the issue. Shvardnadze further agreed in Tokyo in December 1988 to set up for

the first time a working group to discuss on Peace Treaty and territorial disputes. These are new developments, but when the working group met in March this year, the Japanese side was disappointed by the Soviet's usual inflexible arguments.

High level communications between the two countries have been incredibly poor. Only three Japanese prime ministers (Hatoyama in 1956, Tanaka in 1973 and Nakasone in 1985) have visited Moscow in the entire postwar period, and none of the Soviet party secretaries or prime ministers have ever come to Tokyo. Only under the Gorbachev regime, there has been some sign of improved dialogue. Since Shevardnadze was appointed as foreign minister, he has already come to Tokyo twice (January 1986 and December 1988). This is a welcome development.

Japan has lost much of its interest in the Siberian oil resources since late 1970s when its industrial structure evolved to be an energy-saving one. The natural resources in which Japan has been interested are also in remote areas in Siberia, and the poor infrastructure has served as negative incentives for large-scale Japanese investments. Gorbachev has now proposed to set up special economic zones in the Maritime Province to attract joint ventures with Japanese capital and technology. However there has been little interest expressed from Japanese business community.

The Japanese business community often complains the quality and standard of Soviet goods which in their view do not meet the Japanese market standards. This has caused trade imbalance in favor of Japan. The two-way trade volume was $4,915 million in 1987 and increased to $5,901 million in 1988. Japanese-Chinese trade by contrast was $15.6 billion in 1987. Even so, Japan is the third largest trading partner for the Soviet Union after West Germany and Finland.

New Soviet Foreign Policy Initiatives in Asia

The Soviets in the meantime have also been "activating binational relations" with other Asian countries, as Gorbachev remarked in his Vladivostok speech in 1986. In particular, for Moscow, normalizing relations with China must have been a top foreign policy agenda. A forthcoming summit scheduled in Beijing in May will be a significant one, influencing the subsequent security environment in the region. Improved Sino-Soviet relations will affect the situation in the Korean and Indochinese peninsulas, two geostrategically important spots in the region.

Yet just how they will affect those situations is highly uncertain. Under joint Sino-Soviet persuasion, North Korea may be subdued to a less inflexible position in their dialogue with the South, thus enhancing the level of stability of the peninsula. But one can also speculate that Pyongyang can even resist, as shown by its boycott of the Seoul Olympics. Moscow and Beijing may agree on the general formula for the political settlement of Cambodia, difficult as it may be. Yet the local forces particularly the Pol Pot forces may defy it.

A deeper Sino-Soviet reconciliation may further strengthen the respective positions of the two governments in Asia, increasing their diplomatic maneuverability. But at the same time the Communist powers will be competitive in expanding their respective influences in the region. This mixing prospect has already affected the foreign conducts of several countries in the region, which also want to expand their room for diplomatic maneuverability. Indonesia has recently decided to normalize relations with China. South Korea has increased trade with Vietnam. The United States may establish diplomatic relations with Vietnam. The Bush administration may play a more active diplomatic role in counterbalancing

the power of China and the Soviet Union.

Thus the goepolitical situation in Asia and the Pacific region is quite different from Europe. In Europe the demarcation of the two forces, represented by NATO and WPO is rather clear. Even so, it is difficult to calculate the balance of forces. Complicated is the situation in Asia and the Pacific where there is no clear demarcation of the opposing forces. To which camp does China belong ? The Helsinki Accord-type of a Pacific Conference which Gorbachev proposed seems so unfeasible.

Should We Help Gorbachev?

Gorbachev's Soviet Union is certainly a new Soviet Union. To the extent that he is trying to introduce democratic political and economic reform, he is a leader acceptable to the West. If one assumes that his arms reduction proposals are truly aiming at the genuine peaceful coexistence with the West, he is even more acceptable. But there is no assurance that once the Soviet economy becomes more viable, Moscow once again might not try to pose a military threat. Moreover how long he is able to stay in power is also uncertain. Every Soviet leader except Lenin has been discredited by his successors. After Gorbachev leaves his office, there may be de-Gorbachevization.

Should we help Gorbachev? This is a question often raised in the West. However one should first define what " helping Gorbachev " really means. Does it mean that the U.S. for instance, should withdraw military support from the Mujahideens in Afghanistan so that the Soviet-supported Najibulla regime can remain in power? Does it mean that the West should provide a large-scale economic aid to Moscow in a hope that an economically viable Soviet nation would be a peaceful one? Does it mean that the West stops economic and political support of " the democratic trends " in East

European countries so that Gorbachev will find it easy to manipulate these countries? Does it mean that the West should encourage Gorbachev's political reform programs, even to the exent that the Communist Party might be weakened with the party secretary's power being undermined?

By supporting Gorbachev's efforts in Afghanistan and East Europe, the West actually may be undermining its own position. The West should press Gorbachev harder than in the past to make clear what he will do to guarantee the result of his peace initiatives. Reducing half a million soldiers would be fine, but the remaining forces which will still be over 4 million, can continue to pose a threat to the West. Eliminating all nuclear weapons sounds fine, but with the loss of a nuclear threshold a denuclearized world can be more susceptible to large-scale conflicts. Conventional weapons alone may not function as an effective deterrent.

The Western support of Gorbachev may actually work against him, since such outside support can only make him even more unpopular among his conservative opponents. Even if the West extends financial and technical aid, the Soviets are not likely to digest it effectively in the foreseable future.

This should not mean, however, that the West can sit idly doing nothing. The West should take advantage of the glasnost and try to have their views on number of issues, such as human rights, East-West relations and arms control, reach broader echelons of the Soviet society. Economic contacts can be encouraged but only with the guarantee that Moscow would use such benefits for the welfare of the people and not for the promotion of their military advantage. To help build infrastructure such as roads, railways and ports, should still be handled with caution. So should be the technology transfer to the Soviet Union.

The members of the West should coordinate their policies toward

Moscow. Japan needs a stable NATO-WPO relationship and viable U.S.-European security relations. West Europe needs stable Japanese-U.S security relations in order to balance Soviet power in Asia and the new Soviet-Chinese relations. Japanese-European understanding of the security sitations in Europe and Asia are crucial in maintaining a viable U.S. presence in these regions. But it is easier said than done, since there are elements of competition amongst them.

Such competition may become keener in the areas of trade and technology transfer with the Soviet Union. Most of the concerned Japanese business firms seem to think that they cannot get much benefit out of business deals with the Soviet Union and that they should not promote them until satisfactory settlement of the territorial issues has been achieved. They also seem to fear that they may lose good business opportunities in high technology related fields and lose out to the American and European competitors.

The need for coordination and the reality of competition are at the core of the challenge that the West is currently facing. Only with stronger policy initiatives at the top can the West promote their own mutual interests.

The New Soviet Union: A View from Western Europe

(5)

by Gerald Segal

There can be little doubt that the reforms in the Soviet Union have caught the attention of the West Europeans. But political attention is notoriously fickle, especially when there is so much else competing for our concern. Thus any assessment of "the West European perspective" not only needs to assess the variations in national perspectives, but place the interest with events in the Soviet Union in the context of a more broadly changing international balance of power. What follows is some thoughts on the way in which Soviet reforms affect West European interests around the globe.

Reforming the Soviet Union

There can be little doubt that most West Europeans are pleased to see the Soviet Union finally reforming itself. While there are frequent comments about the pace of reform, their is virtual unanimity that, as Mrs Thatcher put it, "we wish him well". The immensity of the task is acknowledged, and the debate really only begins when the question is asked what the West should do to show that it sincerely wishes Gorbachev well.

In terms of political reform, those of a more enthusiastic persuasion led the campaign to agree to an international human rights conference in Moscow. The idea was to support Gorbachev against those who argue that the

oriented path of reform. When cynics pointed to the failure of the Soviet reformers to provide any evidence that economic reforms could produce the kinds of goods that would satisfy popular demand, the supporters suggested this was always going to be a difficult and protracted task. The lack of any alternative program to that of Gorbachev was adduced as a reason why the reforms would survive despite the criticism from the sidelines.

The more cautious observers noted the criticism was coming from the playing field rather than just the sidelines. Gorbachev in 1989 could no longer be treated with the kindness that was offered in 1985. Of course reforms were essential and difficult, but they should have begun to show some results by now. A massive reform could sustain itself on hope, and denigration of opposition ideas, for only a short period before it had to show it had at least some answers. The longer the economic reforms took to materialise, the more it would look like the problems were structural and therefore likely to be solved by revolution rather than reform. Needless to say, this cautious view suggested that no reasonable amount of Western aid would help the Soviet reforms. In fact, massive aid that masked the need for root and branch change by the Soviet Union itself, would only damage the long term cause of reform. Aid in the form of management training and education about the global economy would be far more useful than one-off injections of high technology or concessional trade terms. After all, this was a Soviet reform program and it would stand or fall on its success at home.

Thus the broad West European perspective on the Soviet reform was reactive, but predictable. There was little unanimity and responses varied according to country and issue. Except on such issues as the human rights conference where a coherent West European attitude was required, it was easier to watch the evolution of reform in the Soviet Union without having to put money where one's words were.

The New European Security

It seems that nearly every international affairs research institute in Europe has a project on the new European security. the key components of the new security are 1)new ideas from the Soviet Union, 2)greater diversity in eastern Europe, 3)the Single European Act, and 4)concern about American leadership. Thus the view of the Soviet role in European security is severely complicated by the related issues.

There is one view that suggests little change in European security is likely. It argues that we have lived with concern with American leadership since the inception of NATO and while Europeans like to gripe, they gripe about both strong and weak American leaders. The argument is also extended that we have heard various schemes for European ccoperation, but they have all foundered on the rocks of entrenched nationalism. East European diversity is seen as much over-stated and not likely to touch the fundamental issues such as allowing economic or military integration with the West. Soviet military reforms are seen as serious,

but not nearly serious enough. They are certainly not seen as deserving a unilateral Western cut, because the whole point was that the Soviet advantage needed to be reduced. The general response from this school of thought was to sit tight and wait for real change.

The second school emphasises the strengthening of the European pillars. With the two superpowers seen as willing to grant their allies greater room for manoeuvre, the real challenge is how the respective parts of Europe will evolve. The Single European Act in the EC is seen as a vigorous West European desire to create greater coherence and independence in their own sphere. Although it is clearly an economic program, it has implications for military security. It will provide a definition for European security and give it greater reality than any previous idea of West European cooperation has ever had. For example, with mergers in EC defence firms there will be even more far-reaching cooperation in the defence sector. Economics will help set the perception of military security.

The extent to which the East Europeans benefit from the 1992 process in the EC depends on the extent of true diversity offered by the Soviet Union. But little more than bilateral relations are forseen as likely to develop. At a time of East European fragmentation and West European unity, there will be little but ad hoc relations.

A third school puts more emphasis on changing Soviet calculations of security and suggests there is something to be taken seriously in the talk of a "single European home".

If the Soviet Union is serious about major cuts in its armed forces and a defensive military doctrine, then it will be impossible to sustain a Western perception of a Soviet threat. As a result, boundaries across Europe will fall, the United States will no longer be needed as an ally and more "natural" relationships, for example between the Germanies, could be created. Yet this vision has few serious supporters in Western Europe. Although some may retain parts of this dream, it has so far had little impact on mainstream perceptions of the Soviet Union.

The International System

Reforms in the Soviet Union's foreign policy have reached the distant parts where its military instrument used to reach. To the extent that West Europeans worry about such distant events, the new picture of a more careful and peaceful Soviet Union is seen as positive. Yet the West Europeans have selective vision, and they sometimes are slow to see new realities.

Among the new realities that the Europeans were quick to seize was the view that both superpowers were in decline. There was more than a twinge of European gloating after having suffered for years with superpower sneering about the decline of once-great European civilisations. The humbling of superpowers, from Lebanon to Afghanistan, makes the West Europeans look less weak. It was the West Europeans that helped bear a major part of the burden in the Gulf naval patrols. In any case, as the Soviet Union

retreats from military enegagements around the world, there is less need for the Europeans to rely on the United States for long-distance military operations.

The Europeans are also acutely aware of the trend towards global interdependence, especially in economic terms. They take pride in the Single European Act as having set a new agenda for the global economy and forcing the United States and Japan to take the EC more seriously. Of course, when such issues are confined to economic security, the Soviet Union barely features on anyone's agenda. Even with the wildest hopes for successful reform, the Soviet Union is decades away from playing anything but a marginal part in the global economy.

But for West Europeans that are increasingly keen to think in the trilateral terms of the global economy, they have been remarkably myopic about the Soviet Union's own version of trilateralism. In the Soviet Union's perspective, the Asian pole is more Chinese than Japanese, and the issues are more military than economic. It still is true to say that the West Europeans, like the Americans, have not realised that China has probably been a primary target of Soviet foreign policy reform. The majority of the troop cuts announced by Gorbachev in December will be made in Asia. Although only a quarter of all Soviet forces are deployed in the Far Eastern Theatre, 40% of the Gorbachev cuts will come from that area. The normalisation of Sino-Soviet relations is the single greatest improvement in the Soviet strategic position since the consolidation of power

Of course, Sino-Soviet detente has made possible the massive Soviet troop cuts, some of which will also benefit the Europeans. In fact, much of Sino-Soviet detente is in the interest of the West Europeans, especially if it leads to American troop cuts in Japan and Korea rather than NATO. West Europeans have learned to assess economic security in global terms, but they are still a bit slow in seeing military security in similar terms.

New Directions

Reforms in the Soviet Union are clearly seen as one of the major positive changes in the European security environment since the previous era of detente 20 years ago. But it is the very fact that the previous experience went sour that many Europeans are more cautious this time. It often seems to West Europeans that they are caught between the Americans who are more anxious to radically shift their view of the Soviet Union, and the Japanese who seem to be immune to Gorbamania.

Of course, one major difference from the previous experience with detente is that Soviet reforms in foreign policy are driven by domestic needs. Therefore the outcome is more unpredictable, although it is undoubtedly more important. The West European position is also different from the 1970s, if only because it is in a relatively more confident mood. The West Europeans see a still uncertain United States and feel increasingly confident about their common West European future. Above all, the West Europeans

see a Soviet adversary that might be in danger of losing its title as a superpower. With an ideology out for a major tune-up, an economy patently unable to affect anyone except its immediate neighbours, and a military capability being withdrawn to safe bastions nearer home, should we still be calling the Soviet Union a superpower?

Gebhard Schweigler
Stiftung Wissenschaft und Politik
Ebenhausen
W. Germany

America As a Difficult Partner for Europe

Prepared for
HAKONE XI
Cagliari, Italy
April 5-7, 1989

America has always been a difficult partner for Europe. After all, it was the colonies of a European power that declared their independence on July 4, 1776, and announced their intention, as the United States of America, "to assume among the powers of the earth the separate and equal station to which the laws of nature and of nature's God entitle them." And it was against an aristocratic and decadent Europe that the authors of the declaration of independence set the American creed: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness." That creed - never quite credible until the Civil War settled the issue of slavery - proved attractive enough to millions of unhappy Europeans who left their countries to seek life, liberty and the pursuit of happiness in the "land of opportunities", that "shining city on the hill", "the last best hope of mankind". The validity of the American creed was confirmed by the solidity of the American form of government, which - to quote the Declaration of Independence once more - was "organized in such form as to them shall seem most likely to effect their safety and happiness."

In sharing the American creed, and thus becoming not only American nationals but also American nationalists, the Americans firmly came to believe in American exceptionalism: that they and their country was better than the rest of the world. As transplanted Europeans, they retained many of their ethnic customs and identities and thus maintained strong ties of many kinds to Europe. As Americans, they were convinced of American superiority. Psychologically, as well as politically and economically, this set of beliefs formed the underpinnings for a special kind of relationship with Europe.

Europe, in turn, always proved to be a difficult partner for the United States, simply because it was not one, but many countries which seemed forever to be at war with each other. At times, the United States could make good use of European discord. Without

French help, the colonists would likely not have been able to defeat the British forces (including German soldiers from Hesse) during the war of independence and subsequent conflicts; the United States would also not have been in a position to enlarge its territory by picking up further European colonies in the New World (the purchase of "Louisiana" from Napoleon, who had previously acquired it from defeated Spain, being a prime example). At other times, it seemed prudent, in George Washington's words, to stay out of "entangling alliances" in order to protect American self-development.

Eventually, the United States was forced to realize that if it wanted to assume its separate and equal station among the world's powers, it had to entangle itself in world affairs. Not only was it necessary to protect its growing commercial interests around the world. It also felt that it had to "make the world safe for democracy", partly in order to fulfill its missionary function and prove its exceptional status, but partly also because it had learned that without friendly democracies on its side, the world was unsafe even for the United States. That lesson was most strongly taught in Europe, but also reinforced at Pearl Harbor in the Pacific. Twice in this century the United States had to intervene in European wars (that eventually became world wars). Twice the main culprit was Germany, seeking to exercise control over all of Europe. Thus a new "special relationship" developed. Relations with Great Britain were special because it was, after all, the mother country with which the greatest degree of affinity was retained. Relations with France were special, because France had helped the U.S. against Great Britain in difficult times. Now relations with Germany became special because Germany had proved to be not only the main troublemaker in Europe but also, under Hitler, a true empire of evil. It had to be defeated, controlled, and reformed.

After the defeat of Hitler's Germany (and Imperial Japan), a new world was created, with the United States "present at the creation". The distinguishing feature of this new world was the permanent American presence in Europe, which in turn was made possible by the development of a new weapon of terrible mass destruction. Its initial near monopoly of nuclear weapons gave the United States the confidence that it was powerful enough to remain in Europe (and Asia); once the Soviet Union had acquired nuclear weapons, the United States realized that it could not afford to leave Europe without dangerously enhancing the spread of Soviet power. Stalin's Soviet Union, war-time ally in the defeat of Germany and Japan, became the new "evil empire" that suppressed not only the rights of its own citizens but also those of its Eastern European satellites. Giving in to Soviet designs would have meant not only a denial of the American creed, but also the development of a potentially dangerous adversary. "Rolling back" Soviet influence and power was impossible because of Soviet conventional and nuclear strength.

Containing Soviet power proved to be the only feasible policy (certainly in terms of domestic American politics). It was predicated on the assumption that a contained Soviet Union would eventually come to suffer from its own weaknesses and then begin to reform itself internally. In the meantime, East and West were engaged in a Cold War.

The containment of the Soviet Union required European help, the Cold War, European allies. Western Europe, but especially its center of power, Germany, had to be denied to Soviet influence. The United States therefore actively participated in rebuilding a Europe ravaged from the war; the Western part of Germany occupied by the Western allies was realistically, but also magnanimously included in that process. Marshall-Plan aid proved to be decisive in launching Europe on the road to recovery. The United States at the same time encouraged the Europeans to cooperate more closely with each other not only in order to reap the economic benefits of a larger market, but also - and more important - to overcome their enmities of long standing and thus to have Europe finally at peace.

To guarantee peace in Europe, particularly vis-à-vis the Soviet threat, Western Europe and the United States formed the Western alliance. NATO was based on an American promise to extend its protective umbrella to Western Europe, while the Western European countries promised to support the U.S. in its Cold War with the Soviet Union, by remaining democratically governed and market-economy oriented countries and by refusing to provide aid and comfort to the Soviet Union. It was never an easy alliance. France, for one, did not believe that in the face of growing nuclear parity between the United States and the Soviet Union American nuclear guarantees regarding the extension of nuclear deterrence to Western Europe was credible any longer. It therefore decided to follow the British lead and build up a nuclear deterrence force of its own; unlike Great Britain, however, it also insisted on leaving NATO's military structures. An economically and politically resurgent Western Europe also felt that its traditional relations with Russia should not exclusively be held hostage to America's Cold War efforts. How to deal with the Soviet Union and Eastern Europe thus became a continuous source of conflicts within the alliance, a conflict only mildly resolved with the passage of the "Harmel Report" in 1967 that called for credible military efforts alongside political attempts at a relaxation of tensions in Europe.

The Federal Republic of Germany, founded in 1949 on the basis of the three Western zones of occupation and admitted to NATO in 1955, played a special role in the alliance. NATO's explicit purpose was not only to contain the Soviet Union, but also to control Germany. German membership in NATO, which, in turn, was based on the

Federal Republic's gaining sovereignty and rearming itself, was agreed to by France only after permanent American, British, and French troop stationing in West Germany had been assured. The Federal Republic also had to renounce any desires to acquire access to nuclear weapons of its own (as well as to chemical and biological weapons). Finally, the Western powers retained all rights pertaining to Germany as a whole and to Berlin. West Germany, in other words, gained sovereignty by agreeing to some severe limitations of its sovereignty.

The establishment of the Federal Republic, its rearmament and especially its membership in NATO was quite controversial at home, giving rise to the argument that it meant the permanent division of Germany. In order to counter those arguments, the Western powers pledged their support of the goal of German reunification (albeit only if a reunified Germany were politically set up like the Federal Republic and a member of a united Europe); that pledge was reiterated in the "Harmel Report". West Germany thus became an alliance member that did not accept a status quo which for most other members of the alliance probably constituted a rather satisfactory state of affairs. Consequently developments in West Germany were always viewed with a good deal of concern and suspicion, not only by European members of NATO, but also in the United States. "Whither Germany?" is a question that is still being asked today - a question often at the heart of European-American difficulties.

The Western alliance - founded exactly forty years ago - proved to be a great success, and not only because it survived for that many years and managed to keep the peace in Europe. Under its umbrella, Europe recovered politically from the Second World War. NATO eventually did become an alliance of democratic countries, after dictatorial regimes along its southern rim (in Portugal, Spain, Greece, and Turkey) finally faltered under the pressure of internal dissent and external dissatisfaction.

The success of democracy was probably most welcome in the Federal Republic of Germany, also founded exactly forty years ago. The restrictions on its sovereignty apparently did not interfere with that success. On the contrary, many of these restrictions have by now become a constituent part of the West German democracy, as the West Germans have internalized, as it were, all restraints on the exercise of military power. They have, in the words of one German observer, turned into "tame Germans", no longer obsessed with power. To some outside observers, particularly in the United States, they have become too tame, because unwilling to share more of the burden of the alliance (in out-of-treaty area contingencies, for instance).

Despite the apparent success of democracy in West Germany, doubts about its solidity are frequently expressed, in France as much as in the United States. Because of Germany's past, the Federal Republic, like Caesar's wife, must be above reproach. When it is not, it finds itself under considerable pressure to mend its ways, for instance, to stop selling technologies to Libya that might be used in the construction of a plant for chemical weapons (which, as one American observer complained, could lead to an "Auschwitz in the sands"). The West Germans, who have developed a stronger sense of self-confidence and self-assertiveness over the years, resent such comparisons, but cannot yet escape their consequences.

The solidity of West Germany's democracy is often gauged by American observers in terms of anti-Americanism. As the creation of the United States, as it were, and given Germanys's past, the Federal Republic ought to accept America as its role-model - accept the Americans' claim to the superiority of their ways. If it does not - so the fear - this might mean a rejection of democracy and thus a return to the potentially harmful ways of Germany's past. But which country and and which people gladly accept another country or another people as a role-model? And does criticism of the self-proclaimed role-model amount to its rejection? Finally, is opposition to a particular administration and its policies an indication of anti-Americanism? Americanism, properly defined, is the belief in American exceptionalism. To doubt that claim is not necessarily to be anti-democratic. In that sense, the West Germans are neither anti-democratic nor anti-American. By now, doubts about their attachment to democratic - Western - values are hardly appropriate, recent electoral developments notwithstanding (in a way, the emergence of the Greens on the left and radical parties on the right signal a process of political normalization in the Federal Republic, where radical parties are democratically tolerated rather than suppressed).

The Western alliance has not only proved politically successful, but also economically. In the process, Europe has become a major competitor of the United States - and thus anti-American in yet another, more harmless meaning of the term. Europe's (and Asia's) recovery from the ravages of the war, its successful reply to the "American challenge" of the 1960's, its overcoming of the "Eurosclerotic" syndroms of the 1970's and early 1980's - all have contributed to diminishing the importance of the United States in the world economy. As a result, the American power to shape international economic regimes has declined accordingly. This loss of power was not always accepted willingly or even, at times, graciously. America, determined not to yield that power too readily and to protect itself against the European (and Asian) challenges of the 1980s and 1990s, has indeed become a difficult partner in the economic sphere.

It has, however, remained a partner. Europe (and West Germany in particular) has profited handsomely from the Americans' shopping spree that really took off under President Reagan and led to the massive dual budget and trade deficits. Europeans now find themselves in the not always comfortable (or credible) position of exhorting the U.S. to curtail its budget deficit on the one side, while, on the other side, pressing the U.S. to keep its market open and the dollar at a tolerable level. European-American economic relations will remain difficult in years to come, not least because of the economic successes of the Western alliance that led to enormous increases in intra-alliance trade.

Whether European-American "trade wars" can be prevented depends as much on the Europeans and their designs for 1992 and after as on the United States. Certainly a "Fortress Europe" would tempt the U.S. either to build up a "Fortress America" of its own or, more likely, to lay siege to the European fortress. Fortunately, the Bush Administration appears relatively well equipped to deal with these problems. The President himself, unlike his predecessor, is a man with wide experience both in the world of business and in international affairs. His Secretary of State, James Baker, learned the international business primarily from the economic point of view and seems determined to keep international economic relations on an even keel. The administration as a whole is marked by a main-stream, pragmatic approach to international affairs that promises to avoid serious conflicts. This does not mean that the Bush Administration will not seek to pursue policies designed to press American advantages (the Special Trade Representative, among others, has said as much). It does mean, however, that an American temptation to conflict-laden unilateralism will be tempered by a pragmatic view of the importance of European-American relations.

Conflicts in the area of economic relations have always been dampened by the primacy of security concerns. Many observers now fear that at a time when security issues appear to be waning and the cohesion of the alliance seems no longer to be of overriding importance, economic conflicts among the allies may worsen. If that were to be the case, the success of the alliance in a third area - fighting the Cold War and containing the Soviet Union - would endanger the alliance's achievements in the political and economic spheres. Whether such a development will in fact occur remains to be seen; after all, good political and economic sense will continue to argue for close cooperation among democratic and market-oriented countries, for whom competition (under fair rules, however) is a natural condition of life and not an aberration. The first question, however, is whether security issues have already abated or will lose in importance within the forseeable future.

Two separate, though obviously related, issues have dominated the alliance's security policy over the years: how to deal with the Soviet threat and how to design appropriate countermeasures. Until Mikhail Gorbachev came to power with the promise of restructuring the Soviet Union through more openness and processes of democracy, the alliance saw little conflict over the overall assessment of the Soviet threat. Military countermeasures were clearly needed in order to deter the Soviet Union from any attack on Western Europe.

However, the appropriate design of a deterrence stragey was always a matter of some controversy between the United States and its European allies - but also among the European allies themselves. Those countries that did not have access to nuclear deterrent forces of their own by and large preferred to rely on the nuclear guarantees of the United States as the alliance's strongest power. Preparations for conventional defense met with less enthusiam, partly because of the immediate costs involved, but partly also because it was feared that such preparations might actually enhance the likelihood of a destructive conventional war breaking out. The Federal Republic of Germany, situated right at the central front, took the latter position most strongly, though it also had to take into account the fact that the American nuclear guarantees, which would be credible only with American troops present on European soil, could in turn only be obtained if West Germany offered a significant contribution to the common defense effort.

With the onset of strategic parity between the United States and the Soviet Union, however, the United States became increasingly less convinced that a reliance on nuclear deterrence was in its best interest. It began to argue for stronger conventional defense efforts on the part of the alliance in order to lessen the dangers of a nuclear conflict that might involve the continental United States directly. This conflict of interest between the United States and its European allies (which led to France's decision to rely on its own nuclear deterrent) eventually was resolved in the alliance's strategy of flexible response, which called for a measured degree of conventional defense before a (presumably carefully calibrated) resort to nuclear options.

The proper determination of the alliance's mix of conventional and nuclear efforts in the face of a continuing Soviet military build-up was never an easy process, even under the strategy of flexible response. Western military planners insisted on a full range of nuclear options across the whole spectrum of escalatory steps as well as on credible conventional efforts. This led to constant demands from the American side that its European allies do more to shore up their defenses and thus lighten the American burden. The build-up of an increasing range of nuclear weapons, on the other hand, tended to feed

fears among significant portions of all publics in Europe and the United States that preparations for nuclear war-fighting might actually lead to nuclear war. Anti-nuclear movements thus threatened to undermine the alliance's strategy, indeed its whole military posture.

Nuclear fears eventually had two results. One result was increasing pressure for arms control, which finally led to the Soviet-American agreement to eliminate all intermediate-range nuclear weapons and the promise to reduce strategic systems as well. The other result was the initiation of the realization of President Reagan's dream to provide an effective shield against all nuclear weapons. Both the Strategic Defense Initiative and the INF-Agreement caused the alliance great problems. SDI was begun without intra-alliance consultations and threatened to make the U.S. invulnerable while leaving Europe undefended (the American administration could argue that such a state of affairs would increase the credbility of American nuclear guarantees). Worse, because of Soviet intransigence, the pursuit of SDI endangered the successful conclusion of of a strategic arms agreements which many European allies wanted not only for political reasons, but also because absent such an agreement the Soviet Union would be in a position to threaten Europe with strategic weapons instead of the eliminated INF-systems.

The INF-agreement presented an additional dilemma. Most European governments welcomed the removal of nuclear systems with a range of between 500 and 5000 km, if only for political reasons: it demonstrated the successful application of Western arms control strategies. Military planners, however, were less satisfied. They professed to miss the option of threatening to employ nuclear weapons (other than those delivered by bombers or sea-launched cruise missiles) from European soil against targets in Eastern Europe and the western parts of the Soviet Union. Consequently the suggestion was made that the alliance modernize its remaining short-range nuclear weapons systems in order to bring their range up to the maximum allowed under the INF-Treaty.

The SRNF modernization proposal has, by now, caught the alliance in a bind. The United States, as well as France and Great Britain, are firmly in favor in order to retain at least some of the alliance's nuclear options. The administration in Washington, however, is under obligation by the Congress not to proceed with the development and production of a new short-range system (to replace the 88 aging Lance launchers with some 700 missiles and warheads) unless the allies have agreed to permit their deployment. This puts the responsibility squarely on the Federal Republic, where most of these weapons would have to be stationed.

Bonn, however, is clearly torn on the issue of modernization. Public sentiment is against the stationing of new nuclear weapons on German soil. Significant voices in the political debate claim that short-range systems are not in the Federal Republic's interest, because "the shorter the range, the deader the Germans." Better so seek a third "zero-solution" providing for the complete removal of all short-range systems on both sides than to "modernize" them, so it is argued. Critics of this line of argument claim that such a policy would lead to the de-nuclearization of Europe and thus inevitably to a "de-coupling" of the United States from Europe, since the United States could not be expected to maintain troops in Europe without a nuclear umbrella. Opposition to modernization, therefore (so it is argued), amounts to a renunciation of the European-American alliance. Once again, then, German adherence to the alliance is put into doubt.

It is difficult to imagine that the question of 88 SRNF- launchers (of which 29 are under direct West German control, though not their nuclear warheads) could endanger the cohesion of the Western alliance. Surely there is room for compromise (which might already have been reached in the form of delaying a deployment decision until after the next West German elections) or for alternative arrangements (which would most likely involve sea-launched cruise missiles). But the modernization episode does tend to highlight the difficult decision-making process in an alliance that involves 16 sovereign nations and has to incorporate a wide range of interests. What should not be in doubt, however, is the West German commitment to the alliance.

Europeans, in turn, are increasingly worried about the American commitment to the alliance. How seriously are American voices to be taken that argue for a substantial American withdrawal from Europe unless European countries agree to take up more of the burden? The burden-sharing issue has been a constant one in an alliance that is so clearly dominated by one major power. Past attempts to mandate an American troop reduction unless European allies share a larger part of the burden have repeatedly failed. Will they be more successful in the future? Although the noise level appears to have increased recently, the fact remains that no serious challenge has yet succeeded. Under the current political conditions in Washington, it is doubtful that such a challenge could be mounted. The administration seems determined to protect the primacy of the alliance. Even if the mood in Congress were more belligerent than it appears to be, the administration would be in a strong position to beat back any attempt at mandating large-scale troop withdrawals. Some minor adjustments may, however, well take place; the budget deficit will have repercussions on military affairs as well. All in all, though, the alliance should be able to continue its past policies, where the European allies do just enough to keep the

American side happy, and Washington refrains from drastic redefinitions of what it takes to keep it happy.

The most serious, although not entirely unwelcome, challenge to the alliance is how to react to Gorbachev. Initially, it was the American side (with a conservative Administration) that counselled caution, while the German government (especially Foreign Minister Genscher) argued that Gorbachev ought to be taken at his word and be offered Western help. In the meantime, the lines of debate have become blurred. A conservative American President found that he could deal with the Soviet leader, and did so extensively. And while some of his conservative supporters remain doubtful and even sense a Soviet trap, others have begun to argue that the West has finally won the Cold War. (Their recommendation, however, often is to keep up the pressure and not help Gorbachev to prop up a collapsing socialist system.)

In Europe, reaction to Gorbachev has generally been optimistic and based on the premise that he ought to receive at least some Western help in his efforts at *perestroika*.. West Germans appear to have responded most favorably to the Soviet advances, which, from a psychological point at least, should not be too surprising: West Germans have been most threatened by the Soviet Union and thus stand to gain most from a change in Soviet policies. Many outside observers, however, feel that West Germany is suffering from a severe case of "Gorbymania" or "Gorbophoria". Once again, suspicions are being voiced that in their excitement over *glasnost* and *perestroika*, the West Germans will fail to recognize that a Soviet threat still exists and withdraw from the alliance under false premises. Presumably, their excitement also pertains to the possibility that a restructured Soviet Union with less of a hold on its satellites in Eastern Europe might some day allow the reunification of Germany, if only the West Germans behave accordingly. Such suspicions seem most prevalent among the Federal Republic's western neighbor, France, but they can also be heard in the United States.

While it is true that the West Germans view Gorbachev's efforts favorably and, as a result, no longer feel as threatened by the Soviet Union as they did before, they are not about to quit the alliance and turn towards the Soviet Union. Their interest in close relations with Western Europe and the United States is much too strong (and their interest in reunification significantly lessened) for such a development to take place. Alliance policies designed explicitly to keep the Federal Republic in the fold, as it were, are hardly necessary. Nevertheless, West Germany, with a strong interest in the normalization of relations between East and West in general, and Eastern Europe and Western Europe especially, will continue its efforts to push the alliance towards meeting Gorbachev's

challenge. That challenge pertains to new arms control measures (particularly in the area of conventional reductions) as much as to closer economic and political relations and to an alleviation of human rights problems.

It is not necessarily evident that the United States needs a lot of pushing in that regard. President Bush, while injecting some notes of caution, also clearly indicated that he intends to build on the "new closeness" between the United States and the Soviet Union that was established by his predecessor. His foreign policy team under the leadership of his National Security Advisor Brent Scowcroft appears almost ideally suited for carrying out that task. While the promised reevaluation of American approaches towards the Soviet Union has not yet been concluded (or published), there can be little doubt that a Bush Administration will seek close relations with the Soviet Union in order to reach further arms control agreements, provide for a reduction of regional centers of conflict, increase trade, and solve human rights problems. The alliance will be largely in step with the United States, and not out of step, as has often been the case during previous periods of tension or detente. If anything, the United States' European allies may at some point begin to worry about the possibility of a cozy Soviet-American condominium that would not be the "common European house" Gorbachev has been talking about. But even that possibility appears remote under a Bush Administration.

The American-European alliance is being challenged from various sides, but by and large these are challenges of promise rather than challenges of threat. The main promise is indeed that the values and norms first propounded in the American Declaration of Independence will increasingly be accepted as universally valid. As the history of alliance relations has shown, this does not necessarily make the United States a less difficult partner. The peculiar form of government chosen by the Americans to "effect their safety and happiness" is one that does not easily lend itself to the conduct of foreign affairs as practiced by the European powers. The "checks and balances" built into the political system in order to control the abuse of power also tends to dilute the exercise of power and thus makes the American government difficult to deal with. Europeans frequently complain about American unreliability and unpredictability. Often such complaints may be justified in terms of immediate issues under discussion. But they are hardly justified over the longer term. Everything considered, the United States has remained a reliable, if at times difficult, partner of the Europeans for the last forty years. In meeting the challenges of the future, it will continue to be a reliable - and occasionally difficult - partner.

(7)

European-Japanese Relations: Achievements, Shortcomings, and Prospects

(Hakone Conference-Sardinia)

Masahide Shibusawa

In all probability, the 1990s will turn out to be a decade of great changes. Some of the basic underpinnings of post-war world will crumble, while the new format to replace them is yet largely unknown. Naturally this will affect the character of European-Japanese relations. In fact, with the hegemony of superpowers being expected to decline in the coming decade, Europe and Japan may have a bigger influence on and responsibility to the world than they had in the past.

Achievements

Post-war European-Japanese relations evolved mainly around their reaction and response to the way the superpowers behaved. Europe and Japan are geographically separated by the Soviet Union which had a perceived aim to win over the both to communism, while the United States had been irrevocably committed to confront the Soviet challenge by extending its influence across two oceans. Predictably this situation represented a grave and persistent danger to both Europe and Japan, and as such generated a degree of shared interests between them.

In spite of such a threatening environment, Europe and Japan were successful in building powerful industrial economies which, together with that of the United States made three pillars of post-war world economy. By the 1970s, prodded in part by increasing interdependence between these three economies, a variety of dialogue was developed such as the seven-power summit and trilateral commission, involving Europe and Japan in tripartite economic management of the world.

As the United States began to show curious signs of fatigue toward the end of the 1970s, Europe and Japan felt an increasing need to deepen their relations, if only to minimize the hazard it entailed.

Hakone conference series have been quite successful in raising the intellectual awareness between Europe and Japan by carrying the dialogue regularly on many of the substantive issues facing them. It is likely that the accumulated results of such an exercise would build a valuable foundation for the evolution of the relation in the coming years and decades.

Shortcomings

It has been painfully obvious from the beginning that the European-Japanese relation was fraught with various built-in shortcomings.

1. The fact that the relation evolved primarily around the behaviour of the superpowers worked as limits to its development. On one hand, Europe and Japan were to compete for the favor and protection of the United States, while on the other, there was a tendency for each to try and fend off the Soviet threat with little concern for its cost to the other.

2. The geographical distance rendered close policy coordination difficult, while the fact that Europe being a regional arrangement with multiple faces and Japan a loner without a collective system of support, made the relationship assymetrical, and often frustrating. In fact such "institutional incompatibility" may become further aggravated after 1992.

3. With Europe no longer being the center of the world, Japan 's interest in it tended to remain tentative and superficial, while Europe's attention on Japan has seldom gone beyond that of exoticism.

4. More importantly, persistent trade frictions between Europe and Japan made the exercise of dialogue somewhat unreal and superficial. Japan noted with dismay the prevalence in Europe of a defensive and inherently negative

attitude as represented by a statement purportedly made by a French foreign minister who lamented that the life would be much easier if only Japan and the Soviet Union were to disappear from the face of the earth. A likewise comment was made by Commissioner Delor in his latest interview with the Newsweek that post-1992 Europe would apply double standard to the trade between Japan and the United States. Such a statement did not help, either.

Prospects

Europe and Japan have seldom been able to take a common stance toward the socialist world. Europe was primarily obsessed with the affairs of Eastern Europe while Japan was intensely involved in that of China. However, the kind of difficulties these major socialist powers currently face in their endeavor for modernization may well develop into a major crisis, serious enough to invite Europe and Japan to graduate from their parochial interests, even if temporarily, and forge realistic policies to help steer them toward sanity and stability.

Likewise, Europe and Japan are perhaps meant to join hands in tackling the kind of pressure which the United States is beginning to wield on its allies. Stemming from weakness and frustration, such pressure can be unsettling and counter-productive. Admittedly it would not be easy for Europe and Japan to coordinate their stance, particularly in the area of trade, because Europe would prefer to see the US pressure vented out toward Japan, while Japan would tend to pursue its own objectives hiding behind the US-Europe squabbles. However, the long-term European-Japanese interests would surely be served if they coopereated in helping the Unied States to solve its own problems. The question of burden-sharing among the three economies is likely to take a prominent position in European-Japanese dialogue of the 1990s.

Another question for the 1990s is whether and how Europe would adjust itself to the inexorable growth of the Asian Pacific economies. Europe's tendency to regard the Asian advance as a nuissance is understandable. To check the onslaught of Asian by erecting protectionist walls would perhaps be a rational, if not desirable option, if the world economy remained in the zero-sum structure of the past. However, the latest advance in technology and production system seems to be lifting the age-old constraints, introducing more efficient ways to create wealth than in the past. Europe and Japan can accelerate the process, with the Asian Pacific region as a vanguard, and help expand the aggregate wealth of the world from which all can draw benefit. There are many such areas such as issues of environment, problem of the third world debt, etc. which call for closer European-Japanese attention and cooperation in the 1990s. Although Europe and Japan may not have the power to force their will upon the world as the superpowers may, their involvement could be pivotal in steering the world toward sanity, peace and prosperity.