21ST CENTURY STRATEGIES OF THE TRILATERAL COUNTRIES: In Concert or Conflict?

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A REPORT TO THE TRILATERAL COMMISSION: 53
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21st Century Strategies of the Trilateral Countries: In Concert or Conflict?

A Report to
The Trilateral Commission

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The Trilateral Commission was formed in 1973 by private citizens of Europe, Japan, and North America to foster closer cooperation among these three democratic industrialized regions on common problems. It seeks to improve public understanding of such problems, to support proposals for handling them jointly, and to nurture habits and practices of working together.

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Preface

Unlike most reports to the Trilateral Commission, this volume is centered on three individual, independently prepared essays. In draft form they helped frame the 1999 annual meeting of the Commission, on March 13-15 in Washington, D.C. The authors finished their respective essays for publication in June and July, and a brief joint final chapter was then added. The authors thank Charles Heck for his assistance in the drafting of the final chapter.
Table of Contents

I. The United States
   Robert B. Zoellick
   1
   A. The United States...and the World 1
   B. The U.S. Search for International Law...and Order 2
   C. The Creation of an International Political Community 4
   D. U.S. Strategic Goals Today 7
   E. Will the U.S. Public Support the Strategy? 9
   F. The United States Security Agenda 10
      1. The Future of NATO 12
      2. The Future of East Asian Security 14
   G. The United States Economic Agenda 16
      1. Adjusting to Global Capitalism 16
      2. Adjusting the Trading System 19
      3. Adjusting to Aging 21
   H. The Ongoing Search for International Law...
      and Order...and Political Community 22

II. The European Union
    Peter D. Sutherland
    26
   A. A More Integrated Europe Is Required for a Leadership
      Role in Addressing International Challenges 26
   B. A Credible Economic Player 29
      1. Trade 29
      2. Aid and Development 30
      3. The Financial System 31
      4. The European Economic Model 34
   C. An Effective Foreign and Security Policy 35
      1. CFSP: Limited Progress, Fundamental Weaknesses 35
      2. A Slowly Developing Commitment to a Common
         Defense Policy 37
   D. Europe’s External Role Dependent on Successful
      Internal Reform 40
III. Trilateralism Revisited: The Need for
Shared Responsibility and Its Importance for Japan
Hisashi Owada

43

A. The Shape of the World in the Post-Cold War Era 43
B. The Present State of Trilateralism 45
C. Japan at the Turn of the Century 48
D. Trilateralism in a New Setting: Pax Consortis in an
   Age of Interdependence 52
E. Policy Suggestions for the Future 54
   1. The Composition of the Trilateral Commission 55
   2. Relevance of East Asia 56
   3. A Global Outlook for Trilateralism 56
   4. The Importance of Development for
      World Public Order 57

IV. 21st Century Strategies of the Trilateral Countries:
   In Concert or Conflict? 60
I. THE UNITED STATES

Robert B. Zoellick

A. THE UNITED STATES...AND THE WORLD

One hundred years ago, in May 1899, the United States and 25 other nations met in The Hague at the invitation of Czar Nicholas II to consider disarmament, limitation of methods of warfare, and the creation of a body to arbitrate international disputes. Although this first Hague Conference failed to achieve its most ambitious goals, the United States and others pressed successfully for the establishment of a Permanent Court of International Arbitration to settle disputes peacefully.

Only the year before, the U.S. Navy had settled a dispute over colonial oppression and national honor through another means: by destroying two Spanish fleets. As the U.S. representatives deliberated with their colleagues in The Hague about the expansion of international law, their countrymen were debating vigorously the United States’ civilizing and moral duties, the application of self-government to others, economic interests, and power politics. That contentious exchange has gone on for the last hundred years. It is no wonder that the partners of the United States reveal some frustration now and then about exactly what the country is up to.

Nevertheless, the complaints of the U.S.’s Trilateral partners seem to have been increasing in recent years. Some focus on the United States’ apparent unwillingness to play by some international rules (many of which the U.S. fostered)—for example, not paying United Nations dues or imposing unilateral economic sanctions with penalties for third parties. Others maintain that the U.S. status as the sole “hyperpower” necessitates multilateral counterweights. Still others are anxious that they will be compelled to contribute to, or even take part in, the United States’ various causes around the globe. And some observers believe U.S. behavior is now unduly influenced
by domestic politics and interest groups.

Some of the criticism reflects the special circumstances or problems of the complainant. For some Europeans, proud of the development of the European Union's "pooled sovereignty" and the resolution of internal disputes through compromise, the United States' interest in preserving options for independent action and use of force seems "old-fashioned." Some Japanese, struggling with a decade of economic problems, are weary and even resentful of U.S. criticism, and welcome any opportunity to point fingers back. Canada wants earnestly to be taken seriously and to distinguish itself (preferably favorably) from its big southern neighbor.

This paper seeks to explain why the United States may at times view the world differently from its Trilateral partners. The United States' experience with international law, and with the dictates of world order, led it to sponsor a different vision: a new type of international political community that seeks to advance representative government and freedoms, without losing sight of realistic dictates of power and the dangers from evil. This is the political community the United States promoted in the second half of this century.

The paper suggests a U.S. strategy for building on that accomplishment, discusses whether the U.S. public is likely to support such a course, and then recommends security and economic agendas to pursue the strategy. I believe this strategy converges with the interests of the United States' Trilateral partners—and indeed supports the aspirations of others who want to be part of this community. But that is the topic for discussion.

B. THE U.S. SEARCH FOR INTERNATIONAL LAW...AND ORDER

As Paul Wolfowitz wrote in his 1997 Trilateral essay, the opening of the 20th century was marked by a great optimism about the prospects for peace, prosperity, technological advance, and a new order free of contending powers.1 A peaceful world governed by international law comported with the hopes of most of the U.S. foreign policy establishment in 1899. After all, Thomas Jefferson had forever linked the country's pride in its democratic experiment with a national foreign policy of morality and justice by calling for "but one system

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of ethics for men and for nations.”

Moreover, the U.S. infatuation with the use of law to order societies—and even relations among states—had a pragmatic basis: The Jay Treaty of 1794 between Britain and the United States had introduced the device of international legal arbitration, and the method had been put to good use subsequently to resolve a dispute regarding part of the U.S.—Canadian border, the Alabama claims stemming from the U.S. Civil War, and a conflict with Britain over South American borders. Nor was international law just the province of officials and elite lawyers: When Andrew Carnegie, the Bill Gates of his era, retired in 1900, he took up international arbitration as his great cause—a story memorialized today in the halls of the Carnegie Endowment building in Washington, a regular reminder for the local branch of the Council on Foreign Relations that meets there.

The momentum behind the U.S. commitment to international law and arbitration was strong enough to sweep up both political parties. Republican Secretary of State Elihu Root negotiated arbitration treaties with 25 nations in 1908-09, and starting in 1913, Democratic Secretary of State William Jennings Bryan negotiated treaties with 30 nations to refer all disputes to a permanent investigating commission. Even Teddy Roosevelt, a President who carries the mantle of realism in U.S. foreign policy, devoted his 1910 Nobel Peace Prize acceptance speech to the idea of a league of nations, and by 1914 he expanded the notion to include an “international judiciary” backed by an “international police force.” In contrast, Roosevelt wrote, old-fashioned alliances were “shifty and uncertain” because they were “based on self-interest.”

The crushing blow of World War I and the frustrations of the Versailles Treaty did not dissuade U.S. leaders from their commitment to achieving the country’s national interest through adherence to international law. Presidents Coolidge, Hoover, and Roosevelt all pressed for U.S. membership in the World Court. However, various Senate objections and reservations, including a U.S. dislike of legal advisory opinions, blocked full adherence. Still, the U.S. devotion to a world legal order did not wane. Starting in the 1920s, the United States launched a series of conferences to limit naval armaments by treaty; in 1928, Secretary of State Frank Kellogg and French Foreign Minister Aristide Briand even succeeded in developing a treaty, eventually signed by 62 nations, to outlaw war. The sanction for the treaty was supposed to be the moral force of world opinion.

The debacle of the 1930s, the rise of hostile powers, and the
imperatives of World War II inserted new strains of realism into U.S. foreign policy. International law and the force of world opinion could not counter fascism, communism, or hostile empires. Yet the contest against tyrants was a natural prelude to war aims of a higher order. The creation of the Bretton Woods economic institutions in 1944 and the United Nations in 1945 reflected a U.S. belief that the next international system could learn from the mistakes of the past while still trying to fulfill the turn-of-the-century hopes for peace and justice.

As the Cold War enveloped a world still devastated by war, the United States had to reformulate its approach. The Soviet Union stood for a very different ideology, a totalitarian combination of terrifying evil and stultifying bureaucracy as starkly confirmed from communist archives. The new United Nations became bogged down in stalemates; international law too frequently slipped into propaganda debates. Totalitarians and authoritarians manipulated civilized rules for uncivilized ends.

C. THE CREATION OF AN INTERNATIONAL POLITICAL COMMUNITY

The U.S. response was, in part, to contain the Soviet Union and its communist partners. But the strategy involved more than containment. The United States sought to develop Western Europe and Japan as democratic partners as well as geopolitical allies. Reflecting its own origins, the United States also wanted colonies to become independent nations. To support reconstruction, decolonization, and democratic development, the United States promoted international trade and capital flows. It forged a series of institutions—an architecture—to advance the strategic vision: NATO, European integration through the European Community, the U.S.–Japan Security Treaty, various regional security agreements, the IMF, the World Bank, and GATT were all supposed to protect and promote a world order that fostered freedom, economic growth, and security against aggression. In effect, the United States became the catalyst for the creation of a new type of international political community.

The Cold War alliances and institutions protected their members from outside threats, but also enabled them to manage and even transcend conflicts with one another. The genius of the Western political community created after World War II was its combination of shared commitment and independence, to be managed with flexibility and creativity. The Trilateral countries recognized that they
would benefit from common action, but they also acknowledged that they would have disagreements and even sustained disputes.

The Trilateral countries agreed to try to overcome differences through discussion, reasoning, and negotiation—variations on the processes they use within their own democracies. Where possible, they constructed arrangements that would facilitate bargaining and recognition of the common interest. They even built institutions that embodied and promoted the shared interests. But they also accepted that sometimes participants would have to agree to disagree.

The more powerful participants in this system—especially the United States—did not forswear all their advantages, but neither did they exercise their strength without substantial restraint. Because the United States believed the Trilateral system was in its interest, it sacrificed some degree of national autonomy to promote it. The less powerful members might push for more multilateralism and added rules to bind others, but they acknowledged that in key respects all states were not equal. Too many efforts to constrain the United States and others with disproportionate influence risked undermining the ongoing commitment of the powerful. And at times a U.S. willingness to exercise power was fundamental to the security of the community.

Because most governments in this system were democracies, they respected that the legitimacy of their counterparts derived ultimately from their publics. The governments might shape common initiatives to appeal to multinational publics, but each country’s representatives had to assess what commitments could be sustained at home. Of course, a failure to participate might also involve costs and lost opportunities. Too many failures to participate might risk a state’s ability to take part when it wished.

Over time, the governmental linkages in this broad political compact of sovereign states were supplemented, and even surpassed, by a host of private sector interconnections—through businesses, associations, entertainment and culture, NGOs, science and technological groups, educational institutions, and a host of others. These private parties added enormously to the advocacy, debate, and negotiation within the larger framework. They established their own transnational organizations and even created their own cultures and subcultures. As the web of ties expanded, the system generated both calls for closer cooperation and complaints about interference and assimilation. Not surprisingly, the objections frequently focused on the United States because it has been the primary—but not sole—agent of action and change. On the other hand, the dynamism
and continual reinvention of the United States made it a constant source of attraction.

As in other participatory and consensual political systems, the strength of the design of the political community has rested ultimately on the creation, preservation, and adaptation of processes that each member must perceive as being in its interest.

In his recent biography of Dean Acheson, James Chace maintains that this post-war construction reflected a unique American realist tradition. Acheson knew the United States has had difficulty maintaining and manipulating the grand designs that appeal to hard-nosed realists as well as to liberal idealists. He appreciated that U.S. foreign policy has always been subject to pulls in various directions—by righteous zeal and rational legalisms, a penchant for both unilateralism and universalism, and a great energy that surges and ebbs depending on public opinion and the quality of national leadership.

To manage these contending forces, Chace asserts that Acheson combined strategy with practical workmanship. Acheson developed a set of core objectives for the world the United States hoped to foster, and he navigated towards them through pragmatic adjustments to events. As incidents captured public attention, the Secretary of State seized opportunities to build support for the deployment of U.S. forces and resources that were necessary to achieve the long-term goals. Acheson committed the United States to alliances and international institutions to anchor these policies in a more lasting fashion—at home as well as abroad. In combination, his policies conveyed an overall sense of direction and established priorities for the use of U.S. power and influence.

As a realist, Acheson was comfortable with United States power. Yet as a realist from the New World, he recognized that the United States wielded a novel type of might—one that enabled it to shape the world for noble ends while encouraging other peoples to recognize that many of America's dreams and causes could be theirs as well. The problem for Acheson, and for all Presidents and Secretaries of State, has been that the engine that generates their power is a complex and sometimes ambivalent democracy that must be coaxed, persuaded, and led.

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D. U.S. STRATEGIC GOALS TODAY

During the 1990s, the United States and the world have been waiting for the successors of the Cold War leaders to use U.S. power, prestige, and principles to transform the successes of the Cold War into a new agenda. The United States has needed to define its purposes and plans—to guide allies and friends, to warn enemies, and most important for a democracy, to cultivate the support of the U.S. public. Without a strategy, U.S. officials risk racing from crisis to crisis, each a new distraction, patching over problems until the pasta cracks again. Scattershot responses dissipate the United States' effectiveness as a coalition leader and may erode the existing structures of influence.

Looking ahead, the United States has four strategic objectives that would preserve and expand the political community it sponsored after World War II.

First, the United States needs to overhaul the ties with its two primary overseas partners, Western Europe and Japan, to better meet a new generation of challenges. Although the networks among the Trilateral countries are extensive and rich in content, it would be a mistake to take these ties for granted. Competition and conflict could lead to acrimony and even alienation.

The United States and Europe have institutionalized many connections, establishing a good foundation for cooperation, but the risk of differences increases as Europe unifies. The United States needs practical linkages with the new institutions of Europe (for example, the European Central Bank), while it also needs to maintain strong ties with Europe's nation-states. Indeed, if there is to be a European foreign and security policy in coming years, it is likely to be produced by an informal (but not acknowledged) directorate of the larger European states; these governments will of necessity be the United States' key interlocutors on security and defense topics.

Japan and the United States need to do much more to institutionalize relationships. Some of these enhanced ties should be governmental—for example, in security affairs. As the Japanese Diet slowly assumes a greater role in making policy, the countries should also increase their reciprocal legislative contacts. But it is especially vital to deepen private sector ties. Ironically, Japan’s economic troubles may provide an opportunity for deeper linkages if Japan becomes more open to foreign investment and business.

Ongoing, healthy U.S. partnerships with Europe and Japan will go a long way toward ensuring security in two regions—the transatlantic
area and the Asia-Pacific—where instability has bred threats to the United States. These partnerships will also enhance the ability of the Trilateral countries to address the uncertainties of China's and Russia's futures. And Europe and Japan are the two partners the United States is most likely to turn to for collective action, whether to deal with transnational topics like the environment or whatever the problem.

Second, North America, the European Union, and Japan need to reach out to the next group of potential partners in this political community. The candidates are those nations that are building open market economies, creating middle classes, and developing representative democracies with respect for individual liberties. In varying degrees, moving at different paces, countries in Central and Eastern Europe, Latin America, and East Asia offer an opportunity to enlarge today's democratic political community. Yet the countries in these regions have struggled with enormous economic and political stress. Much is at stake in their success.

Third, at the edges of this democratic community are the three great challenges of Eurasia—China, Russia, and India—each in the midst of a massive transformation. China and Russia are experiencing staggering internal turmoil while they also are trying to redefine their places in the world. Our aim should be to offer a path to integrate China and Russia peacefully into this community if we can, while being prepared to shield against them if we cannot.

India, the world's largest democracy, presents a different challenge. To grow and prosper, India will need to adjust to the global economy. To achieve stable security, India will need to lower the risk of conflict with its neighbors. Both tasks will be easier if India can develop a cooperative partnership with the Trilateral countries.

Fourth, the United States and the other Trilateral countries need to link these regions together within a global economic system of finance, trade, and information. That economic system needs to secure the benefits from integration, competition, and efficiency, while also coping with the inevitable stresses of capitalism on a global scale.

These four objectives offer a sense of direction for U.S. engagement with the world. They point to a future global architecture that should help the United States to promote security and economic interests it has in common with others, while also advancing representative government and freedom—political principles that the United States values. In the spirit of Acheson's New World realism, these objectives might be attained through pragmatic adjustments to changing conditions and world events.
E. WILL THE U.S. PUBLIC SUPPORT THE STRATEGY?

The U.S. government, like other democracies, can only have a successful foreign policy—much less a strategy—if it can gain public support. So it is reasonable to ask whether the U.S. public will support this strategy.

Since the end of the Cold War, hosts of surveys, polls, and focus groups have tried to answer the question. It is striking that a variety of different sources convey three relatively consistent messages.

First, the public mood in the United States might be characterized as a “soft” or “pragmatic” internationalism. It is definitely not isolationist. Overwhelming percentages—ranging from 60 to 90 percent, depending on the question and group—recognize that the United States needs to be active in world affairs. There is not a significant difference in the response of Republicans and Democrats.

If given a choice between solving problems at home or abroad, the U.S. public will always choose the domestic issues. But people have a strong sense that dealing with global problems helps the United States, too. They recognize the interconnectedness of local and global issues; indeed, people identify the linkages spontaneously.

The focus of public attention about the world, however, is much more diffuse than in the Cold War, especially among opinion leaders. Therefore, the general public receives less guidance from the “interested publics” who are an important transmission belt in shaping attitudes. The public knows the world matters to their lives, but people are uncertain about the appropriate international priorities. Absent guidance, people take the common sense step of citing foreign policy interests that are connected to domestic concerns: jobs, narcotics, the environment, immigration, and energy.

Second, the public recognizes that the United States is the sole superpower—and some even believe the United States is likely to have more influence in the world ten years from now—but the public is wary of taking on international responsibilities alone. People like the idea of shared leadership.

This preference for coalitions probably stems from a number of beliefs. One is an assumption that the United States bore a particularly heavy load during the Cold War and that it is time for others to help out. The public also wants other countries to assume a greater share because of misinformation about the level of resources the United States devotes to foreign aid; when told the actual levels, in absolute or percentage terms, the public favors an increase. The
preference for shared international leadership may also reflect a pragmatic streak: The public recognizes the United States cannot handle the world’s problems by itself. Finally, the public derives a sense of legitimacy from group action.

Third, the public reveals a great deal of common sense (at least in my view) about the most difficult of foreign policy decisions, the use of force. The answers about force depend significantly on how the questions are asked and the skill of leaders in explaining the justifications. Nevertheless, as a general matter, the U.S. public is willing to use force to deal with the proliferation of weapons of mass destruction, to protect energy supplies (often expressed through security in the Persian Gulf), and as part of a group—not alone—to achieve humanitarian ends, as long as the mission does not slip into “nation-building” or restoring law and order. The only purpose I might wish to add to this otherwise reasonable set is the defense of allies. I suspect, however, that the public does not mention this mission unless it perceives a threat.

In sum, the public mood reveals what one might describe as a “show me” internationalism. People know events in the world matter to them. They are willing for the United States to act, even to lead, but they want their political leaders to explain why.

The country’s internationalist inclination, its preference for shared leadership, and its common sense about the use of force offers a reasonable foundation upon which to build a stable and constructive U.S. foreign policy. But to tap the country’s energy in a sustainable way, the President must assume the responsibility of explaining U.S. goals in the world, why the country must make and honor commitments, and why and how it must act. Drawing from the Acheson experience, the President and his senior appointees should identify mutually supportive long-term objectives like those I have listed. The President could then use events to focus public attention on the actions that will move the country in the strategic direction he or she has set.

F. THE UNITED STATES SECURITY AGENDA

To implement the general strategy, the United States needs to work with its allies and partners to address a new set of security challenges. First, as Paul Wolfowitz cautioned two years ago, the Trilateral countries should be alert to shifting relations among great powers that might generate fears or challenges to peace. Two of the great
powers of Eurasia are in flux, with China on the rise and Russia breaking down. These changes will unleash others. For example, India’s nuclear tests, which then triggered Pakistan’s response, can be traced at least in part to India’s perceptions of China’s ascendency.

Second, various countries might attack or threaten neighbors to achieve regional dominance, as Iraq boldly attempted to do. In certain areas—the Persian Gulf, the Middle East, Northeast Asia—the violent strikes of aggressive regimes could trigger chain reactions leading to further hostility.

Third, the United States and its Trilateral partners will continue to struggle with their obligation—and capacity—to intervene when local despots incite large-scale violence within societies. The motivations of these killers may vary—to feed hatreds, wreak revenge, divide and conquer, control narcotics sales, or organize criminal networks. The sad result of all, however, is to break down civil societies and to intimidate defenseless people.

With all three of these challenges, the increased access to weapons of mass destruction—especially biological and nuclear arms—is enabling hostile parties to raise the catastrophic stakes of conflict. The homelands of the Trilateral countries are now potential targets for missiles or terrorists with weapons of mass destruction. They are also vulnerable to attack on the information technology infrastructure that underpins modern society.

To deal with these challenges, the United States will need to be able to project power to hotspots around the globe without fear of dangerous retaliation against the United States or its allies. It would be a mistake to assume that even the U.S. arsenal of today is up to this mission. To have credible—and affordable—military capabilities to ensure security in the decade ahead, the United States will need forces that capitalize on two of the society’s strengths: talented people and the technology they create, adopt, and use.

Over time, the United States military is likely to rely increasingly on information technology to network forces that combine real-time intelligence with overwhelming and precise firepower. The next generation of United States forces is likely to combine the dispersion of forces (instead of the traditional massing of forces) with integration of forces, so as to maximize firepower at a point in space and time. The United States military of the 21st century will be deployed more quickly, more maneuverable, more lethal, and easier to sustain at great distances.

To counter the increasing dangers of weapons of mass destruction,
the United States will need to develop end-to-end arrangements to protect both U.S. forces abroad and U.S. territory. These plans will need to draw together better intelligence systems, preventive steps, options for preemption, counterforce capabilities, an integrated theater and national system of missile defense, quick response systems in civilian settings, and nuclear deterrence.

These security challenges—and the changing U.S. capabilities—should prompt changes in alliance relations. There will be less reason for large U.S. stationed forces in Europe and East Asia, reducing the requirements for host-nation support but perhaps increasing anxieties about the U.S. commitment. There will be a greater need—if allies expect to have the option of participating in combined operations—for integrated planning and exercises. A common commitment to prepare for major security challenges will be increasingly demonstrated by the deployment of surge capabilities to test interoperability among allies, not by the presence of large U.S. bases overseas.

The Trilateral countries also should be working in concert to address the very real risks of weapons of mass destruction and missiles. Japan has already seen a glimpse of the future of both threats from Aum Shinrikyo at home and North Korea and China across the sea. Europeans, who felt the chilling grip of terrorists in recent decades, will need to prepare for the use of catastrophic weapons by both state and non-state belligerents. With the spread of missiles of longer ranges, North Africa and Southwest Asia could be within Europe’s area of security instability.

I expect the U.S. Government—and certainly the U.S. public—will expect its allies to assume a much greater responsibility for coping with the challenge of interventions to deal with local autocratic thugs, breakdowns in order, and humanitarian disasters. In the next century, a European Union as wealthy and populous as the United States should be the principal player in dealing with Bosnia, Kosovo, and their yet-to-be-determined descendants in Europe.

1. The Future of NATO
This agenda will necessitate changes in NATO. Europe needs a military force, composed for many years, I suspect, of integrated national forces. The proper response for Europeans who complain about U.S. political and military dominance is to develop an effective military capability and a unified political will to use it. Unfortunately, the gaps between the capabilities of U.S. and European militaries are
widening. Europe should reorient its militaries from the old problem of territorial defense to the challenges of projecting force—either for peace operations or to cooperate with the United States against greater threats to security. The United Kingdom and France have moved in this direction, but they need to be complemented by a European-wide effort, involving Europe’s largest country, Germany. Europe also needs to be able to defend itself against missiles and catastrophic terrorism involving weapons of mass destruction. The only affordable way for Europe to develop some of these capabilities will be in concert with the United States. NATO should promote transatlantic preparations for combined action to meet new threats while retaining members’ freedom to choose their own courses in individual cases.

The critical step is for Europe to combine its talk and aspirations about a defense identity with the resources to back up the discourse. If Europe is willing to develop serious military capabilities, the United States will have a strong interest in and incentive to work with Europe as a military partner. To encourage a sharing of responsibilities, the United States should offer reciprocal adjustments in NATO. The Alliance should move toward shared intelligence assessments; combined planning of defense requirements; the capability for combined joint task forces; integrated forces armed with shared information technology and advanced weaponry; and missile defense systems that share technology, costs, and operational missions. The Alliance should be supplied by transatlantic defense industries with business operations on both continents. If Europe and the United States develop a serious military partnership for the 21st century, the command arrangements will also need to reflect the adjustment.

These changes will not take place overnight. The culture of security dependency—with its associated frustrations about perceived U.S. heavy-handedness—is now deeply rooted in Europe. This attitude and asymmetry is not healthy for either the United States or Europe. One must wonder whether the current arrangements will sustain transatlantic security cooperation for decades to come. While adjustment may be painful for both sides, the alternative prospect of a growing U.S. reliance on unilateral capabilities and solutions is not appealing. Strategic drift is likely to lead to detachment as the publics on either side of the Atlantic fail to understand the perspective of the other. Such gaps in outlook feed other conflicts—such as the U.S. use of economic tools for security ends—because some U.S. leaders believe Europeans will only talk, and not act, to protect security. Furthermore,
lack of preparation will increase our combined vulnerability.

NATO traditionalists fear that pushing members of the Alliance to cooperate against new threats will undermine NATO's mission of maintaining stability in Europe. I believe NATO's 19 members are more likely to preserve Europe's stability—and the transatlantic commitment to that security—if they discuss, bargain, and even at times disagree over their response to future risks. Political communities that give up the struggle to resolve current problems are likely to lose their cohesion. The military challenge of security in Central and Eastern Europe and the Balkans will not alone engage the U.S. public for decades to come. I doubt whether the United States will be willing to add more members to NATO unless it perceives advantages that accompany the new responsibilities.

The Trilateral countries must still cope with Russia, Ukraine, and the other states of the former Soviet Union. For the foreseeable future, the security problems these countries pose will stem from their weakness, not their strength. Indeed, the political, economic and social breakdowns in Russia are most dangerous because they increase the risk of hostile parties obtaining weapons of mass destruction.

As Robert Blackwill, Rodric Braithwaite, and Akihiko Tanaka discussed in their Trilateral report of 1995, Russia is struggling to define itself, for the first time, as a non-imperial state. As the old centralized system disintegrates, the question confronting Russia today is whether the result will be fragmentation or the recreation of the Russian state on the basis of a new pluralism and diffusion of power. The most likely avenue for the Trilateral countries to engage Russia during this period is through the new leaders—increasingly outside Moscow—whose actions will answer the question of Russian fragmentation or reconstruction. The nature of that answer will have an important influence on other areas of interest, for example the Caspian Basin and Southwest and Central Asia.

2. The Future of East Asian Security
The 21st century security challenges should also prompt a reassessment of the effectiveness of the U.S. alliances across the Pacific. The adjustment in Asia will be especially demanding because the United States, Japan, and South Korea must face the combination of traditional security risks and newer threats. Moreover, the state of

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integration of U.S., Japanese, and South Korean forces is far behind that of the NATO allies.

The rise of China looms over the rest of Asia. Although China still faces staggering internal problems, there is no doubt that its influence in Asia is on the rise. The priority of China’s leadership is economic development, an understandable choice. But it is troubling that China has not accepted the idea that an ongoing U.S. presence in East Asia assures the region’s security. It appears that China would prefer a future where it could cooperate with Korea, exercise pre-eminent influence in Southeast Asia, and keep Japan in check. China’s insensitivity to democratic hopes—whether in Taiwan or on the part of a few activists on the mainland—is also not encouraging.

China’s leaders have demonstrated, however, pragmatism about security questions—at least at this stage in China’s evolution. If the United States, Japan, and South Korea demonstrate a resolve to perpetuate the current structure of East Asian security, I believe China will accept that reality.

North Korea might trigger a crisis that tests that security structure. The 1994 Agreed Framework is already in serious trouble. An emergency might be precipitated by North Korea’s aggression against the South, the North’s collapse, or threats of blackmail backed by missiles and weapons of mass destruction. Each of these possibilities would combine a military challenge with a political test. U.S. and South Korean cooperation would be severely tried. If Japan failed to provide prompt logistical and humanitarian aid, public support in the United States and South Korea for Japan—including for the U.S.-Japan Security Treaty—would be devastated. If, in turn, the United States and South Korea failed to react sensitively to North Korean threats to Japan, the Japanese public would doubt the reliability of its partners.

If North and South Korea unite—a possibility that could be precipitated under a variety of scenarios over the coming decades—Korea, the United States, Japan, and China will face the question of an ongoing U.S. presence in Korea. The answer may determine Korea’s security positioning between Japan and China, as well as Korea’s interest in having a nuclear deterrent. If U.S. forces leave a united Korea, the Japanese public will also ask why they should be the only Asian country with stationed U.S. forces.

The current alliance arrangements among the United States, Japan, and South Korea are not ready to deal with these fundamental shifts. Japan and the United States should be developing a more balanced
security and military partnership. The revised U.S.–Japan defense guidelines will better prepare the two countries to cope with a military crisis. But this should be just the starting point for a strategy to move Japan towards a greater supporting security role. Japan and the United States should start to align their militaries much more closely—through shared intelligence, doctrine, weaponry, use of information technology, operational planning, training, and combined exercises. This military integration would lessen the likelihood that any external shock—in Korea, China, or elsewhere—might precipitate a shift in Japan’s security strategy. Closer U.S.–Japanese military links would support greater security planning, including to defend against missiles, weapons of mass destruction, and terrorists. A healthy U.S.–Japanese security partnership is also the best way to ensure an ongoing U.S. commitment and to reassure others in the region.

Deeper U.S. security ties with Japan should be accompanied by the development of an U.S.–Japanese–South Korean alliance. This three-way partnership will help deal with both contingencies on the Korean peninsula and the regional turmoil that might flow from them.

China would not welcome these developments. It will fear the interference of the United States and Japan with Taiwan. It would prefer a fluidity in Asian security arrangements which it might manipulate. Yet it is not in our interest to leave openings for Chinese mischief, or worse. Rather, we should combine a firm security posture with opportunities for China to deepen its economic and political cooperation with the region and the world. Like other countries, China stands to benefit greatly if it accepts the principles of the Trilateral political community.

G. THE UNITED STATES ECONOMIC AGENDA

The economic challenges the United States and the other Trilateral countries face will be as demanding as the security problems. Indeed, a failure to meet the economic demands adequately could well trigger political backlashes that breed darker forces and aggressors.

1. Adjusting to Global Capitalism

Ironically, the triumph of markets over command and closed economies precipitated the new problems that the Trilateral political community must face. Over the past decade, about 3 to 4 billion people have moved into the world market economy; their infusion was bound to create problems of adjustment. Private sector
decisions—especially about the allocation of capital—have overwhelmed governments' ability to steer the international economy. The exponential growth in the power of information technology, and the understanding of businesses of how to use this power productively, has enabled companies to drive costs lower and lower and to serve customers in different ways. This process has stimulated a global benchmarking for businesses racing to keep up with the competition.

The competition that drives efficiency also compels societies and workers to adjust to tremendous change. The change can inspire general confidence, as it eventually did in the United States, propelling growth with low inflation and low unemployment beyond all expectations. But the change can also paralyze businesses and the public, crushing confidence, as it appears to have done in Japan. I suspect that the prime determinant of the euro's success will be how companies, and countries, adapt to the competition and change it creates.

The U.S. government and its Trilateral partners need to adjust to these drastically different circumstances. Calls to turn back the clock are not likely to succeed (except on December 31 of this year, when Y2K laggards will successfully return their clocks to 1900). The combination of capital, information, and communications technology will arm creative minds to circumvent most regulatory efforts to slow down finance.

It will be more productive for governments to focus on strengthening the ability of countries, companies, and people to adjust. Better and more timely information, achieved in part through better transparency and standards of disclosure, will improve the ability of the private sector to address problems. Stronger financing and banking systems will improve countries' capabilities to adjust. This strengthening will require multiple financing methods—reliance on securities markets as well as banks—and financial institutions that can spread risk over more diverse regions and activities. Countries will also need effective financial supervisory systems. When financial losses and panics occur, as they inevitably will, rapid adjustment will be dependent on national and international arrangements to restructure debts (and take losses) more promptly; the costs of bankruptcies and financial workouts, as unpleasant as they are, usually get even worse with delay.

The adjustment to global capitalism will also necessitate a changed perspective of monetary authorities, especially the central banks of
the Trilateral countries. They now need to consider their national (or euro) commission within a global context. The U.S. Federal Reserve appears to have already begun to assume a broader mandate: Its three modest rate cuts late in 1998 seemed more calculated to counter a striking and potentially destructive global illiquidity in bond markets than to stimulate a U.S. economy that was operating at a strong pace.

The launch of the new European Central Bank and the euro should prompt the Trilateral monetary authorities and finance ministries to explore how to prepare for, and execute, global responsibilities. The great volatility in values between the yen and the dollar was a contributing factor to East Asia’s financial turmoil; three-way euro-dollar-yen volatility on a similar scale will be good for currency traders, but not for countries, companies, and workers. Although finance ministers and central bankers properly point out that currency relationships ultimately reflect economic fundamentals, they should also acknowledge that the period of adjustment reflects many other variables, too. While the financial and monetary authorities are understandably wary of spending resources to challenge market psychology, they should also recognize they have an ability to affect that psychology. Markets do overshoot; investors will exhibit herd behavior; panics can ensue. When extreme movements of capital and prices create illiquidity or threaten the ability of markets to execute transactions, the G-7 Finance Ministers and Central Bankers need to counteract the systemic dangers.

This new global environment is likely to be especially challenging for the new leadership of the European Central Bank. Just as it must manage a Europe-wide monetary policy for a new currency, the ECB must also have the vision to take global market conditions into account. The young Federal Reserve was not up to the task in the 1930s, but at least now the ECB has an experienced partner across the Atlantic.

The Trilateral countries also should review the roles, missions, and performance of the IMF and World Bank under these new circumstances. The IMF has reinvented itself three times: It moved from duty as a defender of a fixed exchange rate regime to service in the adjustment of Latin American debt in the 1980s, and then became the financial midwife to formerly communist command economies shifting to market systems; most recently the IMF assumed a crisis response role for emerging market economies with collapsing capital markets. At a minimum, the Trilateral governments—including the Federal Reserve, the ECB, and the Bank of Japan—should assess whether the IMF should perform such roles—or others—and how the
IMF has in fact performed.

One might also inquire what the World Bank's mission should be: The alleviation of poverty? Support for structural reforms? The development of social safety nets? The re-establishment of banking systems? And can it reasonably be all of the above? If some World Bank functions overlap with IMF activities, there may be reason to combine them—or at least coordinate them so they are mutually supportive.

It is vital that the adjustment process also support people. If individuals and communities cannot keep up with economic change, they will fight back—with bad consequences for everyone. Each country will determine its own formula to aid its people, but the components are likely to include incentives for saving, ongoing education and training, assistance for various periods, and reasonably priced health care alternatives. The U.S. experience has provided some evidence that barriers to change, although well-meaning, are not necessarily in people's interest. For developing countries that have not been able to establish social safety nets, the Trilateral countries should organize humanitarian aid during emergencies.

2. Adjusting the Trading System
The international trade agenda has taken a back seat to the drama in financial markets over the past year, but the two topics are of course linked. The countries that have been battered by the capital markets can only recover if they can sell their goods and services abroad. These exports will drive down prices, raising the risk of a protectionist response.

In the early 1990s, the United States sought to advance trade liberalization through a combination of mutually reinforcing regional and global efforts. The strategy produced the U.S.-Canada FTA and then NAFTA, helped promote APEC, floated the prospect of transatlantic trade liberalization, and contributed to the completion of the Uruguay Round and the creation of the WTO. After 1994, however, the U.S. rhetoric about further regional liberalization—especially with Latin America—outran the political willpower to win the authority from Congress to negotiate. In the absence of a comprehensive effort, the United States promoted trade liberalization in some important sectors.

The executive branch of the U.S. government has always had to lead the Congress in promoting trade liberalization and resisting calls from special interests for protection. The failure of the Executive to
direct this effort since 1994 has led to a breakdown in bipartisan support for trade liberalization in the House of Representatives, especially in the President's own party. The fact that this retreat occurred despite extraordinarily good economic conditions within the United States should be a warning of the protectionist dangers that will be unleashed if the economy slows.

The U.S. trade strategy for the 21st century should seek to revive the combination of regional and global liberalization agreements. These arrangements deepen economic interests with regions of key geopolitical interest—especially Europe, East Asia, and the Western Hemisphere. The stronger economic interdependence resulting from more business and trade will help convey to the U.S. public why these regions are important for them. Regional trade agreements also recognize the reality of regional integration, while seeking to harness it for the benefit of global purposes. Regional economic integration is likely to support political cooperation on a host of transnational issues—such as the environment, narcotics, and immigration—that do not respect state borders. Furthermore, multiple negotiations can spur a healthy competition in liberalization and produce precedents that can be transferred to other agreements. These economic rules will help the United States and others manage a combination of cooperation and competition. Finally, an active trade agenda offers U.S. internationalists a rallying point; in trade politics, as in other branches of the art, it is hard to beat something with nothing.

The U.S. regional trading agenda must be complemented by a global liberalization process. One vehicle is the prospective new global round—the Millennium Round—which the Trilateral countries should prepare carefully to maximize the likelihood of progress. The design of a new global round will need to reflect the changing agenda of economic integration and should target achievements in stages to maintain and build political support. A second vehicle, however, is the acceptance of a competition in liberalization. If, for example, the European Union or Canada can reduce trade barriers with Latin America while the United States ignores the opportunity, they should do so. Perhaps the example will stimulate the United States to act as well. With the combination of global and multi-regional liberalization, however, the Trilateral countries will have a special responsibility to resist agreements that primarily divert, and not create, trade.
3. Adjusting to Aging
A 21st century economic agenda for the Trilateral countries must also face the implications of demographic change. North America, the European Union, and Japan are aging rapidly. So are a number of the developing countries, in particular China. We are just beginning to consider the range of policy implications of these shifts.

The first question usually examined is whether our societies will have the means to pay public and private pensions, or other social services such as health care, for the large number of elderly. In the United States, the debate over the Social Security system suggests a new willingness to confront this topic. Moreover, the shift of many companies' pension plans from defined benefits to defined contributions has contributed to the public's education about retirement saving.

The second question, however, is from where will the funds come to pay the pensions? In many countries, it will not be practical fiscally to expect future workers to fund retirees through "pay-as-you-go" arrangements. The tax rates would break the workforce, to say nothing of the question of fairness of the huge intergenerational transfers. One alternative for aging societies is to increase the immigration of younger workers, although this course raises a host of other social, cultural, religious, and ethnic assimilation issues.

Third, whatever policy choices governments and societies make on their aging policies will clearly affect capital formation, availability, demand, and flows for others. It is striking that even within the EU, various member states are pursuing very disparate national pension policies. These differences raise the risk of conflict over capital, taxes, and labor within the EU.

The scope of these potential problems expands when viewed globally. Parts of the aging, but relatively wealthy developed world could be shrinking in numbers while demanding more capital to pay pensioners. Less developed regions, such as Africa or South Asia, could have expanding, younger populations that are also competing for capital so as to grow economically. And some places, such as China, could be relatively short of both capital for growth and workers per retiree.

Fourth, these changes, and possible tensions, could produce effects in other policy areas. Developed nations whose militaries now help maintain security in a variety of regions may have fewer resources—and people—to devote to the task. Nations with growing populations may face internal pressures or gamble on external
policies to strengthen their relative position.

The changes might even be more fundamental, or psychological. Some have observed that even today, part of Japan's economic problem may be the loss of confidence and vitality that could be associated with an aging society. These speculations at least raise the question of whether the Trilateral countries will have the interest—much less the standing, resources, and will—to offer global leadership 20 years from now.

Given the importance and interconnectedness of the questions the Trilateral countries face on aging and demographics, the topic certainly warrants at least concerted review. In dealing with today's economic challenges, we should be trying to lay the groundwork of revised incentives, expectations, and behavior to deal with this inescapable future problem.

H. THE ONGOING SEARCH FOR INTERNATIONAL LAW... AND ORDER...AND POLITICAL COMMUNITY

One hundred years after the first Hague Conference, the United States is still endeavoring to reconcile its commitment to international law with the imperatives of order. The United States must also harmonize both elements with the global political community that it sponsored in the second half of the century. It should not be a surprise that this struggle is unfinished. Circumstances evolved enormously over decades—and changed with particular rapidity after 1989. During much of the last decade, U.S. Presidential interests have focused elsewhere; it has been an era of activity but aimlessness.

The United States experience with international jurisprudence reflects an appreciation of both the aspirations and the illusions of the law in the global context. One should not confuse the rule of law with legalisms. International law not backed by force will not be able to cope with dangerous people and states; indeed, absent caution, international law can be used by liars and cheats to mislead the trusting. Unfortunately, this has been the experience with too many well-intentioned arms control treaties, especially those with weak inspections. Furthermore, international law not backed by enforcement mechanisms has a host of limitations that states need to resolve in individual cases. Even supposed enforcement mechanisms—such as in the WTO—may need negotiation to make them work.

International agreements have also unfortunately become handy devices for expressing—or diverting—domestic political opinions. Yet
these agreements should be judged as means to achieve ends, not as a form of political therapy. Ineffectual agreements will not produce good policy, but can lead to greater public cynicism. They also can divert attention from actions that might help address the underlying problem. For example, I am concerned that the recent Global Climate Change Convention is unworkable in its present form, with the probable result that countries—and in particular, the private sector—will not even focus on more modest "insurance" policies concerning greenhouse gases.

The United States recognizes that the work of the United Nations depends heavily on the actions of the individual nations. The institutional capabilities of the UN are quite limited if the members are not involved. If the UN's member states are not willing to act to achieve supposed UN ends, not much will happen.

The United States may be especially sensitive to its freedom to act because the U.S. government has a sense of responsibility for the global order. U.S. governments believe they need to exercise foresight about potential dangers around the world, because they expect they will have to fix the problems if disaster strikes. The United States may not always anticipate effectively or advocate the best courses—but it still senses the duty to try. U.S. governments suspect that, in most cases, if they do not cope with big problems, others are not likely to fill the gap.

This sense of responsibility contributes to another U.S. tendency: As a powerful country, the United States is reluctant to cede the freedom to employ that power to achieve ends. Recognizing the irresolution of international law and dangers in the world, the United States will justify this capacity for unilateral action as a safeguard of the system. To the degree the United States becomes more skeptical of others' willingness to take unpleasant steps to protect against threats, it will become more unwilling to forego its national prerogatives. This gap in perceptions certainly contributed to the U.S. refusal to participate in a world criminal court that might be turned on U.S. troops handling difficult missions in confused political situations around the world. It is much easier for foreign diplomats to dismiss the likelihood of such events than it is for American politicians who might have to explain the case to parents of U.S. soldiers hauled to the dock as part of a political chessgame or worse.

These U.S. reservations have not prevented the formation of an extraordinary international political community. Indeed, at times the unique role of the United States has been vital for the promotion and
protection of that community. Moreover, some unpopular unilateral actions by the United States have proven to be correct. And U.S. representatives more easily recall those cases!

The Trilateral countries should not lose sight of the accomplishments of this political system. It has maintained a general security and alleviated terrible distress. It has advanced market economics and democracy all around the world. It has created a foundation for further enlargement of the democratic community. And it still has a lot to do.

In many respects, this integrated political and economic community involves much deeper commitments than does an adherence to international law among sovereign states. In other ways, this multinational society retains political flexibilities that may frustrate the more legally-minded.

Some Europeans, justifiably proud of the accomplishments of the EU, assume that their reduction of state sovereignty is the test of an advanced political system. (One must observe, however, that when the EU believes its status warrants a seat at international tables—for example to work with the G-7 or United Nations—it is as an addition to, not a replacement for, the European states who still seem to prize their sovereign places.) But just as the EU reflects an integration and unity that is less advanced than that of the United States, so the enlarging global political community may necessitate more internal flexibility than that within the EU. One may even contend that given the challenges we still face with countries that do not accept key principles of our community, a sense of strong state sovereignty is vital in certain cases for mobilizing public support to take difficult steps.

The security of the community still depends largely on the United States. In 10 to 15 years, however, we could achieve a complementary European partner as part of NATO and supporting Pacific partners, including Japan, South Korea, Australia, and perhaps others. The next steps would be to draw together the trans-Atlantic and trans-Pacific security partners and to provide an opportunity for serious security cooperation with China, Russia, and India.

The economic health of the community depends increasingly on the cooperation of government partners of more equal weight, but the autonomy of all the governments is giving ground to private forces. In 10 to 15 years, the encouragement of growing market economies with the ability to adapt to change could improve the livelihoods of billions of people, open up more opportunities, tap the potential of people now struggling to survive, and enable our countries to deal
with a heavy demographic burden.

To achieve these ends, our governments will need to resist siren calls to control and re-regulate market forces; they just will not work. Public energies would be much better directed toward easing the process of adaptation and strengthening the ability of people to make choices in the face of inevitable change.

The internal political cohesion of this community—today and 10 to 15 years hence—will depend on the same factors: the goodwill, abilities, willingness to reason and compromise, and creativity of the leaders from our countries. And the external political appeal of this community to others will depend primarily on its internal success.

Finally, this political community must rest on political legitimacy. Each Trilateral partner—and the potential new members—has its own form of representative democracy that others may prod, but must ultimately respect. For the United States, this means that the international political community must be acceptable to, and supported by, the U.S. Congress. Therefore, a key challenge for any future U.S. President and Secretary of State—as it was for Secretary of State Acheson—is both to devise the U.S. engagement through alliances, coalitions, and institutions and also to persuade the Congress and the public how this engagement underpins a larger political community that serves U.S. interests and ideals. It can be done.
II. THE EUROPEAN UNION

Peter D. Sutherland

A. A MORE INTEGRATED EUROPE IS REQUIRED FOR A LEADERSHIP ROLE IN ADDRESSING INTERNATIONAL CHALLENGES

The international role of Europe in the 21st century will depend, fundamentally, on how the ongoing European debate on integration is resolved. In particular, it depends on whether those who favor advances in mere intergovernmental cooperation or those who favor the development of supranational institutions win the day. To North Americans and Japanese, the continuous focus on issues such as EMU (Economic and Monetary Union) and the institutional construction and funding of the Union may appear as evidence of Europeans being excessively inward-looking. In fact these matters are of vital importance if Europe is to play its part in influencing the resolution of global problems. Whilst in the past European integration was driven mainly by internal policy developments, future integration may increasingly depend on the need for the EU to play a real leadership role in shaping and reacting to external events. However, the fact that there are such external stimuli does not necessarily provide any assurance that Europe will rise to the challenge.

Prior to the end of the Cold War the uncomfortable stability provided by the Iron Curtain paradoxically simplified answering the question, What Europe? It placed boundaries on European integration. Today “Europe” has many different identities. The definition can be “geographical, political, institutional, economic, moral or any combination of the five.” In this essay, I shall refer to the EU not merely as the nucleus of Europe but increasingly as the voice of the continent in international relations. This is of course far from the whole truth. The Member States cling tenaciously to their separate
international identities and sometimes act alone in major political events (as Britain did in joining the United States in bombing Iraq in December 1998). Their distinct policies are apparent from the positions taken by them individually in a myriad of institutions such as the UN, NATO or the G-7 (where the Commission represents the smaller EU states). As one commentator has written, Europe has “a variable and multidimensional presence” in international affairs.

This essay will take the EU as an entity as opposed to analyzing the various individual positions of its Member States. Having regard to the clear differences in approach of the major powers in Europe on some global issues even in recent times, this may appear overly optimistic from an integrationist point of view. However, what has already been achieved is more substantial than is often recognized in Europe, let alone North America or Japan. The very concept of democratic nations sharing sovereignty has demanded a perspective, and a generosity of spirit, that is unprecedented anywhere.

Could this ever have been achieved if those who conceptualized the process had not been stimulated by the horror of dreadful times that they experienced? In this regard consistent U.S. support for, and indeed promotion of, European integration was essential to its inception and to much that has positively happened since the earliest days. However that support has not always been as unambiguous as Americans sometimes suggest.

Helmut Kohl is the last European leader driven by a profound emotional and intellectual commitment to advance European integration born out of a direct and personal memory of World War II. And yet, without that emotionally inspired vision, the question remains as to the extent to which Europe will cultivate the political response necessary to face the formidable challenges that confront it: the challenges of maintaining the supranational core in an enlarged Union whilst contemporaneously relating Europe positively to globalization. Initial indications from the new political alignment in the EU, which is predominantly Social Democratic, are that the political commitment to deepening the Union still remains and that the Franco–German axis remains central to attaining this objective. However, Germany is intent on adopting a more rigorous and perhaps confrontational approach to the funding of the EU. When Europeans are accused of being excessively focused on internal reforms it should be borne in mind that these internal efforts are a necessary part of Europe’s continuing adaptation to a new interdependent world. They ultimately strengthen the Trilateral partnership.
In his *Memoirs* Jean Monnet made clear his conviction that European integration was part of a wider process of global integration based on institutions. As François Duchêne has put it, he was the “first statesman of interdependence.” He concluded that we in Europe needed new kinds of institutions if we were to avoid constantly reliving the worst moments of our past. Those who argue against European integration today are sometimes, but not always, those who also attack global interdependence. Arguments linking both continue to be advanced not merely through people like Bruno Mégret of the National Front in France, Gerhard Frey in Germany, and Joerg Haider in Austria, but through the more ostensibly rational arguments set out by the late James Goldsmith in his book *The Trap*. However, the extent of internal EU economic integration is now such that it is virtually irreversible. It advances further almost daily with the cross-border rationalization of industry and now through the rapid development of pan-European capital markets. This will have an inevitable effect in shaping further progress. While we have not yet reached, and may never reach, the point of absolutely no return in the argument, at least the self-interest of the Member States of the Union is creating a new and substantial lobbying force, not merely to retain what has been achieved, but to move forward further with integration.

There are those who continue to argue that the development of economic or even political integration in Europe does not demand supranational institutions and that the old world of intergovernmental alliances will suffice. In particular, this case is advanced by some in Britain who are genuine internationalists but who oppose the ceding of sovereignty on principled grounds related to the supremacy of parliament. It is no denigration of the myriad of multilateral organizations that are purely intergovernmental in structure to point out that they are not only far less ambitious in their objectives, but also far less likely to be able to withstand serious political disagreements, than the European Union. The other advanced regional structures such as Mercosur and Nafta do not even aspire to create truly supranational institutions as we have successfully done.

The pooling of sovereignty has fostered a more reliable and accountable Europe within the Trilateral partnership. What many in Europe now seek to achieve is an advance which creates leadership-sharing in international decision-making between partners recognized as equals. Without a more balanced relationship with the United States in particular, we risk a future dialogue that will be more rather than less fractious. We also risk a continuing European inability
to react to urgent issues on our doorstep, such as instability in Russia or the Balkans.

B. A CREDIBLE ECONOMIC PLAYER

The economy is the one area where the EU is very clearly the most equipped, willing, and experienced to act as a unit in providing global leadership. The EU can increasingly be viewed as a single economic superpower to rival the United States and provides a certain balance of economic power which Japan alone can not provide. The EU and the United States each account for an almost identical share of world trade and GDP. In fact with a 20 percent share the EU is the world’s largest exporter. Moreover, the EU’s economic weight will grow in the next few years because the launch of the Euro has given the EU, at last, a currency to rival the dollar. The admission of some countries from Central and Eastern Europe to membership will also add to Europe’s economic size. It is not merely a question of economic weight, however, it is a matter of political weight through the adoption and promotion of common positions in international economic negotiations, achieved through institutional structures that are reasonably robust.

1. Trade
The common commercial policy has been an exclusive competence of the Community since the 1970s, and decision-making in the Council is by qualified majority, not unanimity. (With the entry into force of the Amsterdam Treaty, the Council has made some limited, albeit inadequate, progress in extending the scope of the common commercial policy to international negotiations and agreements on services and intellectual property.) Without this European “single voice” the Uruguay Round would never have been concluded. This fact should underline, particularly to Japan, the importance of the integration process to its interests. The European Commission has in practice been able to reach agreements that amount to much more than the lowest common denominator and it is a strong defender of multilateralism. Although the common commercial policy has sometimes followed protectionist instincts (e.g. the trade arrangements of the “Europe Agreements,” the handling of some dumping cases and agricultural policy) and sometimes there have been internal disputes within the EU about its functioning (e.g. the disputes over the EU’s banana regime), the common commercial
policy has and will survive any foreseeable internal disagreements because it is indivisible from the Common Market itself and it has been a positive force in promoting global interdependence.

It is absolutely necessary for the Trilateral partners to engage in early dialogue on whether a Millennium Round of trade talks is feasible and if so what it should contain. Notwithstanding apparently positive endorsement by all the partners and the real possibility that the November WTO Ministerial meeting in Seattle will agree in principle to proceed, doubts remain as to whether the Trilateral partners are truly on the same track on the specifics. Doubts remain also as to whether Congress will provide the necessary “fast track” negotiating authority in the United States. A realistic debate at the level of the Quad (the EU, United States, Japan, and Canada) will be needed before expectations are raised about the prospects for progress on very divisive issues. In the European context, doubts still remain as to the extent to which a common position on agricultural reforms can be agreed.

Even though a series of potentially serious trade disputes exist between the Trilateral partners, and particularly between the EU and the United States, there have also been a number of developments in recent years that have mitigated the likelihood of serious divisions. For one thing the massive and increasing amount of transatlantic investment has bound the two economies more closely together. The effects of free capital movement have resulted in large amounts of intercontinental investment by asset managers in industries and services. Now this is augmented by major transatlantic mergers such as BP Amoco and DaimlerChrysler. In addition, structures have been created which effectively bring industry closer together. The Transatlantic Business Dialogue, which commenced in Seville in 1996, has allowed the business sectors, at a high level, to set a common agenda for liberalization on both sides of the Atlantic. The positive reaction to this initiative by the U.S. Administration and the European Commission has already borne significant positive results. It is regrettable that no similar initiative has been launched with regard to Japan. To a lesser extent in the services area transatlantic dialogue is also being advanced, particularly in the context of the WTO negotiations on services.

2. Aid and Development
The EU has developed a network of global trade and aid arrangements that makes it, as an entity, the largest and most effective
international aid donor and thus creates a significant source of global influence. Through the Lomé Convention, currently being renegotiated, the EU provides development aid worth US$2.9 billion a year and trade concessions to 71 of the world’s poorest nations. Through its PHARE and TACIS programs, the EU has contributed more financing to Central and Eastern Europe than the rest of the world combined. It has also granted considerable preferential access to the Single Market under the “Europe Agreements,” although sectors like steel, textiles, and agriculture, which are of particular interest to the Central Europeans, remain heavily protected. The EU is also the largest aid donor to the Palestinian Authority, thus playing an important though largely unacknowledged role in buttressing the Middle East peace process. It is also playing a crucial administration and financial role in the civil reconstruction of Bosnia and may do so in Kosovo. These arrangements, and others, are contributing to the EU’s global role beyond their direct effect. Crucially, they have given the EU an institutional understanding of the needs and opportunities of developing and transition economies. This has enhanced the EU’s contribution to global economic policymaking and has given it a far greater influence with other countries in world bodies, like the UN and the WTO, than is widely recognized.

This experience and influence should assist the EU in taking the lead in tackling one of the most pressing problems the world is facing today, namely the marginalization of the world’s least developed countries. The problem for many of these countries is not what globalization has or has not done to them, but that it threatens to pass them by altogether. Preventing this marginalization will require initiatives in three inter-linked areas: debt relief, development assistance, and trade and investment. Ensuring that low-income countries don’t miss out on the benefits of globalization is a crucial test for international economic governance and for the Trilateral partners in particular. Poverty remains the world’s most urgent moral challenge. Yet particularly following the end of the Cold War, there has been a disturbing tendency to look on the widening gap between rich and poor with indifference. Even if a moral imperative to address human suffering did not exist, it would be in the self-interest of developed countries to confront global poverty aggressively.

3. The Financial System
The EU’s contribution to the global financial system, in particular the IMF and the World Bank, has been disappointing. It is notable that the
world's response to the financial crises in Asia, Russia, and Brazil has been led almost entirely by the United States. This is partly because the United States has by far the greatest financial clout, through the dollar's unique status until now as a reserve currency. A further factor is the uncomfortable relationship between the larger Member States acting and speaking individually in the IMF and the G-7 when, increasingly, the obvious conclusion is that the EU should present through one voice. The birth of Economic and Monetary Union should provide a new impetus in these areas. Certainly it is time that the Trilateral partners work effectively together in dealing with the deficiencies in the international financial system, and not just through the G-7 (or 8) but by engaging in broader debate.

One mechanism for marshalling global leadership would be a carefully designed summit meeting of heads of state and government—a Globalization Summit. The Globalization Summit might be dedicated to addressing the key challenges of globalization or to a more limited discussion on financial architecture (as France appears to favor). The meeting, which should be planned and organized sooner rather than later, would not be a negotiating session and would not supersede or replace any existing forum. It would involve a structured but informal discussion. The Trilateral partners could be instrumental in bringing this initiative into existence. The goals of the summit might be to identify areas of common concern and to try to reach consensus on how to respond to them. The discussion would include an assessment of the adequacy of existing institutions and agreements and their relationships with national governments and private actors. Financial volatility would clearly be high up on the summit agenda, but it would not be the only item on that agenda.

To be successful, participation in a Globalization Summit must be fully representative of the world economy. Leaders representing all of the world's major regions and each of its levels of development must participate. While it might be desirable, in principle, for the leaders of all the world's governments to take part in a Globalization Summit, a gathering of that size would be a logistical nightmare. Two dozen heads of state would perhaps be the ideal size for such a meeting: large enough to allow broad international representation, but not too large to prevent genuine give-and-take. In addition to heads of state, it would probably also be useful to include the heads of the World Bank, the IMF, the WTO, the European Commission, and the United Nations.

Since the successful debut of the Euro there has been a great deal of internal, and indeed external, commentary on the likely
consequences of this event for monetary policy. Internally the debate developed rapidly between some politicians (particularly Oskar Lafontaine) and the European Central Bank, related primarily to the obligations of the ECB to comply strictly with its mandate under the Maastricht Treaty to safeguard the stability of prices. Many had foreseen this conflict. The clear intention of those who ratified the Maastricht Treaty was to effectively duplicate the hard currency experience of West Germany, safeguarded by the Bundesbank since World War II, and the Euro was sold as such to many Europeans. In fact the ECB mandate to develop monetary policy on the basis of maintaining "price stability" is considerably more restrictive than the mandate of the U.S. Federal Reserve or even the Bundesbank. In addition, the statements of various members of the ECB’s Board, and particularly its President Wim Duisenberg, are absolutely clear. The bank intends to maintain an interest rate policy that avoids both inflation and deflation, no more and no less. That this may be a constant source of political tension is clear, although tension was for the time being reduced by the March resignation of Oskar Lafontaine as Germany’s Finance Minister and the April decision of the Governing Council of the ECB to reduce its benchmark interest rate by one-half percent.

The suggestion that interest rate reductions are the main panacea for high unemployment and sluggish growth in Europe was strongly articulated by Mr. Lafontaine. His hope, it would appear, was to stimulate a switch in funds to investment in industry. Certainly an imperative such as deep labor market reform leading to greater flexibility is expressly repudiated by some on the left just as vigorously as it is espoused by business as a vital requirement for dealing with unemployment. In my opinion the ECB will stick fairly rigidly to its mandate and there is relatively little that the politicians in Europe can do in the short-to-medium term to change this position. In the first instance the Maastricht Treaty will not be amended. To attempt to do so would be fraught with difficulties having regard to the constitutional requirements for ratification that would be involved in any change. Secondly, changes in the membership of the Board of the ECB cannot be affected easily or rapidly either.

A second but related issue is the likely effect of EMU in international terms. There is little doubt that the Euro is acquiring the status of a reserve currency. The reallocation of monies currently held in dollars to Euros will increase as confidence in the ECB grows. The inevitability of this process is accentuated by the amount of global trade that will be
conducted in Euros. Over time this may have some effect on the
capacity of the United States to fund its current account deficit by
sucking in money from around the world. In turn this may create new
sources of strain in relations with the United States, but I do not believe
that it will lead to a crisis. The process should be manageable.

Finally, some Europeans are anxious to bring about exchange rate
stability through the creation of exchange rate target zones and
through the restriction of short-term capital flows. The Maastricht
Treaty does allow for such a policy, initiated by the Council but
practically requiring the consent of the ECB. Some see these initiatives
as attempts by the Member States to put additional pressure on the
ECB to deliver the desired monetary policy, which in turn, could
threaten the independence of the ECB. It is not surprising that there is
no consensus among the Member States and the ECB about the
preferred form of exchange rate management. Furthermore, although
Japan looks favorably at the idea, the United States, as evidenced by
statements from both Alan Greenspan and Robert Rubin, vehemently
opposes such plans. Therefore it is highly unlikely to become a viable
project notwithstanding the arguments about the reduction of
currency volatility between the Euro, the yen, and the dollar being
desirable in reducing risk of serious distortions to export and import
prices and world trade.

4. The European Economic Model
Shared values and the basic common commitment to a liberal
economic order provide the foundation for the essentially
harmonious relationship between the EU and its Trilateral partners.
There are however differences in some aspects of economic
management. All the Member States in the EU, including the United
Kingdom, have more in common in political attitudes to the welfare
state concept than any of them have with the United States. This
factor is particularly apparent today with a significant majority of
Social Democratic European governments; even when the majority
were of the center-right their policies were essentially similar. Indeed
this difference between the EU and the United States in basic
economic policy is blamed by many in the corporate sector for the fact
that U.S. GDP growth between 1993 and 1997 has been markedly
higher than that in Europe. It may be pointed out that, on the other
hand, in the period from 1985 to 1992 (before the German-unification-
induced rise in interest rates) the European Union growth rate was
higher than that in the United States.
If the United States is on a continuous economic trajectory that will remain more positive than in Europe, the most obvious problem in terms of policy that could flow from increasing U.S. competitiveness vis-à-vis Europe is the possible growth of protectionism in Europe as a result particularly of persistently high unemployment. I do not believe that protectionism is likely to become a powerful force (although the pace of agriculture liberalization may remain slower than the United States and Canada may demand and this may cause some friction in the WTO negotiations). The costs for the EU, with its a favorable balance of, and dependence on, external trade, would be too high.

C. AN EFFECTIVE FOREIGN AND SECURITY POLICY

Proposals for a common foreign and defense policy have been regularly advanced from the inception of European integration, without any real success. The Pleven Plan (1950) went as far as suggesting an integrated European army under joint command and a very far-reaching political community. However, following the rejection of the Pleven Plan it was not until the creation of the European Political Cooperation (EPC) in 1970 that the first very tentative step was made. This was strictly intergovernmental in scope and was set up entirely outside the supranational structures of the EU. As such it has had only limited success, although it did add some impetus to the development of an East-West dialogue with the Soviet Union and Eastern Europe which bore fruit with the Helsinki accords.

1. CFSP: Limited Progress, Fundamental Weaknesses

The next major event was the Maastricht Treaty, which was a serious disappointment in this respect. Although it purported (through an utterly indigestible text) to establish the means for a Common Foreign and Security Policy, its intergovernmental approach was never likely to succeed. Further amendments were made by the Amsterdam Treaty intended to strengthen the EU’s capacity to act on the international political scene. But the intergovernmental nature of this second pillar has remained a flaw which many observers consider fatal.

Events since Maastricht have emphasized the fundamental weaknesses in the CFSP. The main weakness is in its institutional base. In addition, because CFSP common positions have to be agreed by all Member States, they inevitably tend towards the lowest common denominator. Although EU Member States share many common interests, differences frequently emerge not just between
national interests, but also between national approaches to foreign policy. This was seen during the Iraq crisis in late 1998, for instance, when the EU could only agree to a very modest common position because of the conflicting British and French views.

Furthermore, the CFSP has been ineffective because there are no effective military tools to enforce it. This weakness was most tragically exposed by the conflict in the former Yugoslavia. Although the EU was relatively efficient in agreeing common positions (with the notable exception of the early decision on whether to recognize the break-away republics), it found that it could not implement its policy on warring parties impervious to reason. As a result it has consistently taken U.S. intervention to broker progress. These inherent weaknesses in the CFSP have meant that the EU has been incapable of playing a role commensurate with its potential capacity, where concerted diplomatic pressure or the use or threat of military force has been required to achieve results. The Middle East peace process, the Dayton Peace Accords, Iraq, North Korea—attempts to address all these vital issues have been led by the United States, with some individual EU Member States, but not the EU as a whole, playing a supporting role.

The EU’s relative impotence regarding the former Yugoslavia was a significant setback, especially as it had been preceded by much hype in the early 1990s about how this was “Europe’s hour.” Many Europeans wondered what the point was in having an EU when it was incapable of stopping terrible slaughter on its own doorstep. Ironically the chorus of criticism was often led by the Eurosceptics who had fought vigorously the development of the instruments to create effective responses. After all, one of the main arguments for integration has been that it makes us stronger and more effective in the world.

Foreign Minister Dini of Italy has written that “the long night of Amsterdam has ended in disappointment.” Indeed it did, but, however inadequate, the Amsterdam Treaty (1997) did make a number of changes to mitigate some of the effects of the required unanimity in foreign policy decision-making. Under the Treaty, strategy will be formulated on a unanimity basis by the European Council. However, common positions in the Council of Ministers may, for the first time, be adopted and implemented by qualified majority. A further development is the introduction of the procedure of “constructive abstention.” This allows up to one-third of the Member States, by voting weight, to refrain from applying a common
position without blocking it. Member States can still insist on
unanimity voting, by citing important reasons of national interest,
and a custom of consensus may prevail even where qualified majority
voting is applied, as is the custom on other EU matters. Very few are
confident that Amsterdam will prove to be the watershed event that
some have suggested.

The institutional framework of the new CSFP was completed in
June, with the appointment of Javier Solana as the first High
Representative for the CFSP and the setting up of an early warning
and planning unit to provide independent logistic support. Although
it remains to be seen whether the High Representative will be able to
exercise any real clout, rather than play a mere coordinating role, the
personification of the CSFP in Solana can at least be expected to
provide some operational advantages (partially answering Henry
Kissinger’s famous question of “Who do I call to speak to Europe?”).
This may contribute to greater public acceptance of the EU’s
international role. Certainly it is a role the public appears to want. The
first High Representative for the CSFP will however have the
unenviable task of trying to form policy with a group that has trouble
coming to a consensus over security issues. To my mind no better
choice could have been made than Solana. His strength of personality,
experience, and knowledge of the European Union truly enhances the
prospects for positive developments in this area.

2. A Slowly Developing Commitment to a Common Defense Policy
The EU as an entity, or even through its Member States, is not able to
deal with conflicts where the use or threat of military force is
required. Defense policy is the area where the EU is furthest away
from assuming any real global leadership role and the events in
Kosovo have brought this home dramatically to European
governments. There are two reasons for this. First, the EU as a whole
only spends about one-sixth of the amount on defense that the United
States does. Some Member States, like Britain and France, have
relatively large defense budgets, but many others do not. Second, the
EU has made very little progress in integration in the defense field,
largely because this is understandably seen as the most sensitive of all
areas in terms of national sovereignty.

European defense cooperation has been discussed primarily
through the Western European Union (WEU), which was clearly an
inadequate forum. Being neither part of the EU nor NATO, its
deficiencies were apparent. Some EU Member States, being neutral,
were not part of the WEU; whilst other states were members of the WEU, but not of the EU. As a result, EU defense cooperation has been underdeveloped, it has largely been dictated by NATO, and it has not been integrated with the CFSP. However, the integration of WEU into the EU itself will commence a process that may gradually help. Moreover, EU defense policies have not been integrated on the ground. The EU has 15 separate procurement policies and a large number of national defense manufacturers. This means that its defense expenditure has been inefficient and duplicated, and that it has not benefited from the economies of scale that the United States, in particular, has enjoyed. Notwithstanding a great deal of rhetoric on the subject and some limited action, the necessary rationalization is far from happening.

Even though U.S. military dominance has generally been exercised in a benign way, it is for many Europeans clearly undesirable for the United States to be the world’s sole policeman. If the United States does not act, nobody can do so effectively. This state of affairs is not merely unsatisfactory, it is positively dangerous. As Henry Kissinger said recently, “For the U.S. to stand alone as the sole imperial power is not healthy.” In Europe the questions “What happens, for example, if Congress ultimately forces the return of American troops from Bosnia?” and “What will happen with regard to crises such as that in Kosovo?” are increasingly asked. In addition, no nation is immune from the error of an excess of self-interest, and none has the monopoly on good judgement. It cannot be good for the world, nor indeed the United States itself, that this current situation should persist. For one thing, it may ultimately stimulate the isolationists in Congress even more in their rejection of international organizations and multilateral structures. Furthermore, there will be an increasingly articulated view that may argue for special treatment of the United States in other areas as a perverted compensation for its role in policing political or even financial crises in other parts of the world. Even friends such as the United States need those who can enter into dialogue with them as equals rather than as supplicants or dependants, and who can forcefully argue the merits of alternative approaches to vital issues.

Some individual Member States are taking on more responsibility for peacekeeping on Europe’s doorstep. Britain and France have taken the lead in policing the peace settlement in Bosnia, and Germany has even revised its Constitution to enable it to send troops to the region, although these cannot be employed in combat roles. The
Franco-British partnership in Bosnia is of considerable significance. The divergent positions of these two, the EU’s biggest military powers, has in the past been one of the greatest obstacles to a common European defense policy. However, on the ground cooperation in Bosnia has helped foster some greater comity at a political level, culminating in the launching of a Franco-British defense initiative in late 1998. Cooperation between individual Member States has also been advanced by the Franco-German Eurocorps and the Franco-Spanish-Italian Eurofor initiatives. More recently, Kosovo has provided an even greater demonstration that the Europeans can and will act when necessary.

The identity of an EU defense policy will be further advanced by the incorporation of the 1992 Petersberg Declaration in the EU Treaties under the Amsterdam Treaty. This document gives an indication of how the EU perceives itself and its global role as far as military affairs are concerned. It puts an emphasis on humanitarian and peacekeeping missions and crisis management, including the peacekeeping activities of the CSCE or the UN Security Council. The Petersberg Declaration also expresses the political will to develop the WEU as the EU’s defense component and as a means of strengthening the European pillar of NATO.

NATO cannot entirely substitute the EU’s own defense efforts. NATO is vital, the North Atlantic partnership is strong, and it can safely be assumed that the strategic interests of the United States and the EU will remain convergent for the long term, but still most Europeans view it as important, at least in theory, that the EU is able to act on its own. Ultimately the EU will only be able to be in full control of its foreign policy if it also has its own military capability. We are however a very long way from creating a second foreign policy and defense pillar to the Atlantic Alliance. Substantive early progress is very unlikely.

Last, the EU is making efforts to make its defense procurement more efficient. Although it is hard to imagine Member States surrendering their independent procurement policies, political leaders have encouraged Europe’s defense companies to restructure and merge, ultimately with the objective of creating a single European aerospace and defense company. Companies of course are not driven by grand designs but by economic reality. However, progress has been made towards this objective, though the recent acquisition of GEC-Marconi by British Aerospace (rather than a continent-based company) appears to have put something of a spanner in the works.
This will probably cause only a temporary hiatus.

Taken together, these developments suggest that the EU has a slowly developing commitment to become a major defense player in the next century, but there is a very long way to go.

D. EUROPE'S EXTERNAL ROLE DEPENDENT ON SUCCESSFUL INTERNAL REFORM

The issues raised in some quarters in the United States on the pace of EU enlargement, linked to the debate on NATO expansion, demonstrate to many Europeans a fundamental lack of understanding about the essential nature of the integration process being undertaken here. It is often put to Europeans that there is no real reason why the accession negotiations with the first wave of Central and Eastern European states cannot be rapidly concluded. With Poland, the Czech Republic, Hungary, Estonia, Slovenia, and Cyprus championing at the bit to join, and indeed becoming disillusioned with the demands being made of them, European politicians are often criticized for procrastination. They are also sometimes accused of creating conditions and attitudes in the countries in the next potential wave (and even in Russia) that may damage the course of democratization and economic liberalization over time.

Let us be clear—nobody in Europe is happy with the pace of the institutional reform process that is necessary to accommodate enlargement. Equally, however, it is readily apparent that substantial changes are required before any enlargement can take place. This is no trivial matter. As the EU is much more than a Common Market, and is in fact constructed on a supranational basis, European politicians bent on further deepening are constantly touching the nerve ends of national sovereignty in a manner that would not even be contemplated in the United States in the context of say, Nafta. The negotiation of necessarily reduced voting rights in the Council of Ministers and changes in representation in the Commission are issues that go to the heart of the democratic system as the EU can adopt legislation that overrides national laws. In addition there is the complication of the reallocation of scarce resources following enlargement. The requirement in some Member States to submit necessary treaty amendments to a referendum underlines the fundamental nature of debate that is taking place on the basis of the Commission’s document “Agenda 2000.”

Eurobarometer polls provide some evidence of changing opinions
in Europe about the integration process and the EU’s external relations which further complicate the debate. There has been a clear decline in support for the EU as an entity virtually everywhere and the level of generalized support is now below 50 percent (with the United Kingdom at 35 percent). This statistic of course does not imply that a majority in any one Member State is for withdrawal from the European Union, but it is a matter of considerable concern nonetheless. Ironically, the assessment of the support for European policy development suggests a wish for greater integration. For example, current opinions on policy issues show that 73 percent of EU citizens support a common defense and security policy. Whilst 63 percent of Europeans agree with the principle of subsidiarity (which is based on the notion that the EU should only be responsible for matters that cannot be effectively handled by national, regional, or local governments), a similar percentage believe that the EU should have a common foreign policy.

The reality is that progress in developing a common foreign and defense policy is likely to be slow and hesitant notwithstanding the apparent understanding of the electorates of the need for progress in this field. Whilst the many, particularly in the United States, who prematurely wrote off the Euro should recognize that the momentum of integration, whatever its problems, is not to be underestimated, the difficulty in making progress in these areas is truly formidable. It would be helped most by an early and effective institutional reform establishing a greater degree of democratic control of policy than exists today.

The other positive element that may provide some momentum, notwithstanding current bickering about the ECB and diminishing value of the Euro, is the fact that the Euro has been successfully launched. It is of course crucial that EMU is seen now to work.* Whilst nobody takes too seriously Martin Feldstein’s view that a collapse into war is a plausible outcome of Economic and Monetary

* Recently there has been some evidence that the real causes of unemployment in the Euro-zone are better understood and that inflexibility in the labor market may be addressed. I believe that over time the Euro will strengthen. There are other issues also that need to be addressed, including the strengthening of the ECB vis-à-vis the national central banks, both in the constitution of its Board and the numbers employed by each. That 60,000 should be employed by the central banks as against 500 in the ECB gives some indication of the problem of speaking with one voice and acting coherently in a single economic space. These issues need to be urgently addressed and the confusing signals being given to the markets by a plethora of comments from different finance ministers and central bank governors should be brought under control.
Union, there is a clear need to demonstrate rapidly that it is working efficiently and is making a positive difference to the prospects of growth generation. Initially, the Euro’s weakness has been a disappointment, and in significant measure this is related to the lack of structural reforms to the German economy.

So in summary the EU’s global role, alongside its Trilateral partners, is highly dependent on successfully accomplishing internal reform. Successful internal reform will create more efficient decision-making procedures. It will also establish a significant external dynamic by bringing in new Member States, building confidence in the EU’s institutions and policies, and bringing the EU closer to its citizens. By contrast, a failure to achieve internal reform will seriously hold back the EU’s global role; enlargement would be put on hold, energies would be diverted to internal issues, confidence would evaporate, and the EU would lose credibility and support among its citizens. The contradiction is that the EU needs time whilst, at the same time, the issues are urgent.

The only answer can be found in a dynamic leadership that is not yet evident in the Member States. The governments of Europe will need a visionary leadership that is prepared to confront the conflict between the realities of our time and the illusions of continuing independent power that still hang over the chancelleries of the larger European Member States. The issue of a common foreign and security policy is now firmly on the agenda. The successful launch of the Euro shows that the momentum of integration is not to be underestimated, however formidable the challenge is. Equally however, while Helmut Kohl, François Mitterrand, and Jacques Delors provided real leadership on the EMU project, it is not apparent that there is anything approaching a similar coalition of strong committed integrationists available today.
III. TRILATERALISM REVISITED:
THE NEED FOR SHARED RESPONSIBILITY
AND ITS IMPORTANCE FOR JAPAN

Hisashi Owada

A. THE SHAPE OF THE WORLD
IN THE POST-COLD WAR ERA

In January 1989, as the world was about to witness new revolutionary waves of change that culminated in the collapse of the Soviet Empire, George Bush, newly elected President of the United States, stated in his inaugural speech that “a new breeze is blowing in the world.” With admiration for his foresight in making this statement, in hindsight it could now be registered in history as “the understatement of the century.” In the course of the ensuing few years, the face of the world changed almost beyond our wildest imagination.

The Gulf Crisis which erupted in the context of this historic change in the international system should be seen not so much as an aberration in this gigantic wave of transformation of the system but rather as a direct outcome of this process. The destruction of the hitherto prevailing framework for maintaining world order based on the fragile stability of bipolar confrontation unleashed forces which the now defunct bipolar system of stability could no longer contain or control. In this new system, the action taken by the United Nations to combat this blatant act of aggression committed by Iraq seemed to augur a new era in the international system.

The brilliant peacekeeping operation in Cambodia conducted by the United Nations, unprecedented in its scale of operation as well as in its degree of success, was another epoch-making event, giving rise to hope for a “new international order” including a more stable and durable security system with the United Nations as its major center for action. In fact, faced with the dazzling developments that were taking place under our own eyes, some even optimistically started to
talk about "the end of history," as if we had finally freed ourselves from the dialectical chains of historical determinism.

What has followed since then, however, has destroyed this somewhat naive picture of the international order in the new era. Now we can tell with the hindsight of history what has become of this "new international order," so emphatically hailed and embraced by world leaders in the heyday of the post-Gulf War mood of triumph. A new intellectual mood is emerging in which it is fashionable to claim that there is nothing "new" nor "international" in this so-called "new international order," which can hardly be described even as an "order."

The international system is today at a major crossroads in history. Many of the aspects of the international system for the last 50 years are now undergoing major changes caused by a confluence of factors.

First of all, a radical change has been taking place in the nature of power. Power in international relations may be defined as the capacity to affect the behavior of others or the outcome of an issue. In this sense a growing discrepancy is discernible between power measured in terms of military might and power measured in terms of control over events.

There has been a growing new reality that military strength is no longer omnipotent in ensuring the world order. For one thing, what seriously threatens the international system of today, more often than not, is not so much the military threat of one or other power challenging the system, as threats coming from different quarters, such as the threat of a collapse of the system of governance within a sovereign state leading to political chaos, the threat of a failure in world economic management, the threat of international terrorism, and the like. For another, the extraordinary technological development in weaponry, especially of weapons of mass destruction, combined with the normative development in the conscience of mankind against the use of such weapons, have created a paradoxical situation in which military strength as power is not as effective as it used to be, except in extremis.

Another factor which is relatively new but with an unprecedented impact upon the system is the emerging process of globalization in international society, in the context of the fast-growing reality of interdependence.

The near panic of that "Black Monday" in October 1987 and then the most recent economic crisis in Asia, which appeared even to threaten the whole architecture of the world economic system, have so dramatically reminded us that economic and social
interdependence between nations is not just an abstract intellectual notion but a fact of life that can affect us all in a material way. Human activities have become so global that the consequences of these activities know no national boundaries. In effect, we are forced to accept the reality that the emergence of global society is an essential element that we have to take into account for ensuring the proper functioning of our international system.

B. THE PRESENT STATE OF TRILATERALISM

Against the background of this ongoing enormous structural transformation of the international system, what is the present relevance of trilateralism originally conceived as a movement for promoting the common values of industrialized democracies in the context of the ideological struggle of the Cold War?

There is no question that the disappearance of the bipolar rivalry based on the difference of values has changed the whole vista of the world for trilateralism. The United States is now the only superpower in the world. It is sometimes argued, as an extension of this thesis, that therefore the world we are going to live in will be a place where the unipolar order dictated by the sole superpower is going to prevail. This is a non sequitur. On the contrary, this fallacy, if acted upon, will result in the disfunctioning of the system. It is true that there was a time, in the immediate aftermath of the Second World War, when the maintenance of order under pax americana was the rule of the game. During that short period of roughly two decades, the order in the system was maintained primarily through the predominance of the United States. In this situation, the United States tended to practice what might be called “unilateral globalism.” The United States was in effect managing the international system by maintaining a universally acceptable order through unilateral leadership. The arrival of diffusion of power, however, has brought about a new situation where such an exercise in “unilateral globalism” is no longer possible. The danger of believing in the fallacy of a unipolar order is that in reality the order of the world cannot be dictated by the will of just one pole, however strong that pole may be in relative terms. This fallacy tends to lead people to the temptation to practice what might be described by contrast as “global unilateralism,” to which some in the United States nowadays seem tempted to shift. This, however, cannot offer a viable solution, inasmuch as it tends to become an attempt to impose a specific order, conceived in the unilateral image of one
country, globally upon other countries which do not necessarily share the same image. The diffusion of power which has come to be the new reality, together with the diversity in policy perspectives based on pluralistic value judgments and diversified interests among nations, will not allow us to practice such "global unilateralism."

Acknowledging this new reality, many seem to go to the other extreme and to argue that we are getting into a world of multipolarity. It is argued that with a number of centers of power emerging in North America, Europe, Russia, China, and Japan, the world order can only be maintained if we accept the rules of the game governing such a multipolar framework based on the balance of power among these poles. Here again, this writer has doubts about the accuracy of this proposition. There is no denying that there will be a number of major players in different parts of the world who wish to play their respective roles and exert their influence over events in their respective regions. However, what is essential with a multipolar world as a functioning order is that this order can operate only on the basis of an equilibrium established among the multiple power centers. It may be true that in the present-day world there is a new temptation in the offing among states to revert back to the old world of a multipolar order based on the rule of the balance of power. However, in the present-day world the factors in the equation to form this equilibrium are much too complex and international society much too interdependent to allow us to revert to the world of balance of power pure and simple.

The danger of this fallacy is that in the international environment of the post-Cold War era, where there is no longer a prospect for a deadly conflict between the East and the West, powers may feel that they can afford to engage in the game of power politics for a tactical political advantage or for an immediate material gain, content in the knowledge that in the final analysis, the high politics of maintaining the international order can be left to the responsibility of the superpower.

What is more, nations in an alliance to defend a cause against a common enemy can easily fall into the trap of losing sight of the common cause for the alliance once the immediate threat is over. They will start finding fault with the cost side in the cost–benefit equation of the alliance, taking the benefit side for granted.

This tendency for irresponsible complacency was already visible to a certain extent in the midst of the Cold War, when in the 1970s a breathing space for a truce in the Cold War was created in the form of
a "détente" between the East and the West.

Writing at the time of the London Meeting of the Trilateral Commission in March 1980, this writer made the following observation:

The international system that prevailed under the American aegis is long gone, and the one that has replaced it, if it can be called a system, is not only more complex. It is significantly more disorganized. The world of bipolar politics, with its zero-sum gains, has vanished.... The picture of bipolar confrontation now exists only in the military realm. But even this is being transmuted in areas such as East Asia, where military lines of demarcation between allies and adversaries are less clear than in the case of NATO. World economic changes have been even more striking....

The international economic system has undergone such a transformation in the past decade that no one country can be strong enough to control the system. The problem is not so much that no country can exercise economic and political suzerainty as it is that any one of the powers can affect the situation adversely, simply by being uncooperative or irresponsible. Even assuming that no responsible world power (at any rate, within the trilateral regions) would consciously sabotage the cooperative process, it is increasingly likely that a country caught in the dilemma between outside pressures and internal political processes cannot be counted upon to uphold the stability of the international system. A central problem then is whether the trilateral countries are able and willing to gather together in overcoming these constraints and to engage in the process of adjustment and coordination necessary to maintain the stability of the system and to overcome common difficulties.

Seen from this angle, there are two major problems which make the process of coordination difficult, if not impossible. One stems from the evolution of the concept of security. There is nothing strange about the fact that defense alliances should be the linch-pin of relations. But today, security is not seen as exclusively, or even primarily, confined to military or defense policies. The question of how to reconcile the defense of strategic interests with a wide spectrum of other security interests can become a serious problem in managing trilateral relations....

A second problem among countries of the trilateral regions is one of linkage between domestic and international political processes. In all of the trilateral countries, that link has grown closer, and the difficulty in balancing various and sometimes competing national interests has greatly increased. These facts add to the difficulties already intrinsic in the alliance. For example the philosophy of free trade, based on the principle of comparative advantage, rests on the assumption that through competition, nations will inevitably arrive at the optimum balance of their different national interests. There are compromises
between the overall interests of each nation in maintaining an efficient national economy and the individual interests of specific sectors within that economy. The central government in each country faces the difficult task of adjusting these particular concerns in the light of national interest. Such a rational approach is becoming increasingly difficult to achieve in any of the trilateral regions.¹

It would seem that what was said in 1980 is even more relevant to the present state of trilateral relations.

C. JAPAN AT THE TURN OF THE CENTURY

It is in this context that the present state of national morale of Japan as a partner in this trilateral relationship has to be examined. While the demise of the Cold War has affected the mental attitude of people in each of the Trilateral regions towards trilateralism as a political movement, the case of Japan is especially interesting. Indeed, it is hardly an exaggeration to say that emerging new realities engulfing Japan are shaking the societal structure of postwar Japan to a much larger extent than they are affecting North America or the European Union.

Sometime ago, The New York Times correspondent in Tokyo wrote a piece on the socio-political and socio-economic situation in Japan with the headline: “Japan in Total Confusion.” It seems to this writer as an insider of Japan that a more accurate way of describing the situation would be that Japan is being “totally confused.” It is a humble submission of this writer that the Japanese at present feel totally confused, primarily because the country is going through a major societal transformation of an unprecedented nature in the midst of a gigantic tremor shaking the traditional framework of Japanese society. What is significant from the viewpoint of trilateral cooperation is that this confused state of Japan is creating a tendency towards immobilism and a shift in the nation’s outlook towards the world, making Japan highly passive and reactive compared with the Japan of the late ‘80s and early ‘90s.

On the political front, the structure of governance that had sustained the monopoly of power by the Liberal-Democratic Party since 1955 suddenly collapsed in the general election of 1993. It is submitted that this was due largely to the destructive impact of disenchantment from the spell of the Cold War framework which had

provided throughout the post-War years a bulwark for the maintenance of a political status quo. However, contrary to the expectation of many political analysts, this destructive movement has not been followed by a new constructive movement for a new political order to replace the old régime. After six years, political confusion still persists, at present in the form of a realignment of old party politics, which is likely to continue for some time.

In the economic area, it is almost banal to describe the bursting of the bubble in the early '90s as a shock to the economic system of Japan. The economic disorder that has followed, leading to a full-scale recession, is still in full rage without a clear prospect for recovery in sight. The problem with the present economic situation is that it does not seem to be just one of those recessions which hit a national economy of any country on a cyclical basis. A radical structural overhaul—including reform in business practices, corporate governance, and the like—is needed to meet the challenges of globalization. A full-scale recovery will be possible only with such structural reform. This situation makes a remarkable contrast with the postwar economic miracle of Japan, which brought unprecedented affluence to the nation and won respect throughout the world until only a decade ago.

Further, with regard to the social milieu in Japan, a society which used to be the source of admiration by outsiders throughout the postwar period for its self-discipline, law-abiding citizens, and high quality education, as well as for its high moral standard and low crime rate rare among major industrialized countries, has come to be afflicted with heinous crimes, including atrocious juvenile delinquencies and antisocial activities like the Aum Shinrikyo sarin attack against the public. Signs of moral degradation are also visible in a number of corruption cases uncovered especially among the elite segments of society, including the high echelons of the traditionally respected bureaucracy.

Each of these contradictions which have surfaced in Japan in recent years is rooted in an amalgam of complex factors, and cannot be explained by a single cause. Nevertheless, it would seem to this writer that the confused state of present-day Japan is attributable, at least to a certain extent, to the cumulative effects of three major waves of tremors shaking the fragile structure of contemporary Japanese society.

The first of these tremors shaking Japan is the demise of "the post-War era." It could be said that throughout the half century since the end of the last War, the Japanese have been living in a sort of
psychological cocoon, secluding themselves from the challenges of the real world. The demise of the Cold War has triggered the destruction of this psychological cocoon. Indeed, it would seem undeniable that this disappearance of the framework of the Cold War has had a major impact upon the national psyche of Japan, as a socio-psychological catalyst unleashing elements which had been accumulating in post-war Japanese society.

The second wave of tremors hitting Japan now relates to the impact that the process of modernization has had upon the traditional structure of Japanese society since the opening of Japan to the outside world in the middle of the 19th century. It is true that the Japanese have been seen as remarkably successful in adapting to the technological civilization of the West under the overwhelming tide of modernization, while retaining the spiritual life of the traditional Japan. This process was consistently carried out under the banner of wakan-yosai (Japanese spirit and western technology). Nevertheless, it must be said that this process of blending of the two has neither been so easy nor so unconditionally successful. It is submitted that the tension created in the process has distorted a more natural development of modern Japan as a society.

It is often said that modern Japan has gone through “the opening of the country” twice in the past, first in the middle of the 19th century when Commodore Perry arrived at the shores of Japan, forcing the nation to work for the acceptance of Japan into the “community of civilized nations” of the day, and second in the middle of the present century, when Japan had to restart the process of integrating itself into the outside world after the shattering defeat in the Second World War. However, it would seem fair to say that each time the process was incomplete as a social revolution, to the extent that it was a quick-fix to graft new ideologies and new institutions to the old socio-cultural substructure of traditional Japanese society.

Now, the third wave of tremors, a third “opening of the country,” is hitting Japanese society in the form of globalization in political, economic, and social processes. These processes inevitably shake Japanese society in its more traditional aspects in a much more radical manner than the country has experienced on the two previous occasions. In this sense, it is fair to say that the country is truly going through a major societal transformation which will probably take a decade to complete.

What is important in our consideration of the prospects for Japan
and trilateral cooperation at this juncture is the effect of this gigantic societal transformation, the accumulated impact of these three waves, upon the external behavior of Japan in the immediate future. It is disconcerting to note in this context that, presumably reflecting the mood of the nation under stress with all these painful developments, a visible shift would seem to be taking place in the nation’s outlook towards the world. What was once a growing sense of eagerness to search for a constructive role for Japan in the world, which marked the Japan of the ’80s and the early ’90s, is now being replaced by an overly pessimistic outlook regarding Japan’s own future, which forms a hotbed for an attitude of passive inaction and even of inward-lookingness, only buttressed by occasional outbursts of nationalistic emotion as a defensive reaction.

In the mind-set of the Japanese people at this juncture, two factors would seem to loom large. One is an increasing sense of insecurity in relation to the politico-military situation surrounding the Korean peninsula, especially in the context of the inscrutable posture of the DPRK. What appears to the outside world to be an excessively hard reaction of the Japanese people to the missile launching by the DPRK could be seen as a manifestation of this psychological reaction of the people emanating from this growing sense of insecurity. The other is the long-term but more fundamental problem of how to construct healthy relations with China. The official visit of President Jiang Zemin to Japan at the end of last year brought to the surface a complex psychological ambivalence in Japan to the extent that the visit, taken as a whole, left the feeling of uncertainty among the Japanese about the prospect of constructive partnership between the two nations in the future. All these reactions of the Japanese seem to be closely linked with the psychological state of the people in Japan in the present setting. They are entrapped in a pessimistic socio-political and socio-economic outlook about their own future.

The same outlook is evident in the totally different context of the national debate concerning the newly formulated Defense Guidelines. The Guidelines have recently been worked out between the United States and Japan with a view to reinforcing the framework for implementation of the defense commitments under the existing U.S.–Japan Security Treaty in the face of new strategic developments after the Cold War. Nevertheless, this does not seem to have stirred active interest from people at large. While there is no violent reaction against this exercise, one does not find the kind of enthusiastic support that one would have expected in light of the neglect of
security dimensions of Japan–U.S. bilateral relations by the United States at an earlier stage of the Clinton administration.

Again, the consensus which was emerging in favor of participating in the UN peacekeeping activities at the beginning of the '90s, when a new legislative framework was enacted to allow the participation of the Self-Defense Forces in UN peacekeeping in the wake of the bitter experience of the Gulf Crisis, seems to have waned. Other concrete support for action or cooperation with peace activities by the United Nations does not seem to be forthcoming from the wide public. If all these manifestations of what seems to be a growing passivity and inaction reflect what one suspects to be a growing sense of pessimism among the Japanese people towards their future, it would seem crucial that Trilateralism as a movement offer a concrete framework for partnership be able to encourage the Japanese by offering new perspectives for action towards the establishment of the kind of new international order with which they can identify themselves.

It is also in this context that I wish to touch upon the economic situation in Japan. The Trilateral partners, in particular the United States, have expressed their serious concern about the state of the Japanese economy and have urged Japan to restructure its financial system and activate its anemic economy through further deregulation and market opening. These concerns are certainly understandable and can even be legitimate. Nevertheless, when such concerns are expressed in the form of a criticism that the whole blame for the economic crisis in Asia should be placed on Japan, it would be neither accurate nor wise.

The way for Trilateral members to proceed is to demonstrate by concrete action of solidarity that all these problems, including the problems of the DPRK and of China, as well as issues relating to the economic crisis, are our shared problems. These are challenges that we in the Trilateral movement have to confront together on the basis of common policy goals that we share.

**D. TRILATERALISM IN A NEW SETTING:**

*PAX CONSORTIS* IN AN AGE OF INTERDEPENDENCE

Given the changing characteristics of the present-day international system, as well as the constraints of the domestic frameworks in which each of the Trilateral partners is now operating, one fundamental point to consider is whether Trilateralism as a process for cooperation has either become so ineffective as to be discarded or in any case has
Trilateralism Revisited

outlived its usefulness. It is not difficult to answer this question with a categorical "no." However, in order to make Trilateralism work in this new situation, there are certain conditions to be met.

The integration of the international community has generated the need to deal with global issues that affect all nations. That obviously includes addressing macroeconomic management of the world economy. In the economic sphere in particular, it has become impossible for any one nation to operate detached from the overall perspectives of global economic management. However, the list of global issues goes much further than that. It includes in addition such major issues as environmental problems, combating AIDS and other lethal diseases, and coping with transnational crimes like international terrorism and drug smuggling. In all these sectors, interdependence among the nations of the world is growing stronger and deeper.

In this new environment, an attempt to replace the old bipolar order with a unipolar order, as claimed by some people, cannot solve the problems. Nor can a multipolar world based on a traditional balance of power.

The problems can be dealt with adequately only through a mechanism of management based on shared responsibility among the major players in the system that have the will and the capacity to play such a role.

This order based on what might be called *pax consortis* might look like an ideal order on paper, but in practice it will be the most difficult order to maintain.

First, *pax consortis* means an order whose viability depends upon positive cooperation through sharing the burden of maintaining the order among the major players in the system. To put it in another way, the order cannot be sustained as an effective order unless there is political will to maintain it on the part of each one of the major players.

Second, by contrast, it is an order in which paradoxically it is quite easy to be a free rider at the cost of other members of the system. This is so because there are such a number of players who jointly share the burden for sustaining the order that each one of the players may be tempted to make its own contribution as small as possible. In addition, the situation can be aggravated when the system consists of a number of members whose power relationship is not quite balanced, since in such a case the temptation is great for each member to dispute what is fair burden-sharing of responsibility for the management of the order, with a view to minimizing its own share.

Third, the most essential prerequisite for the proper functioning of
such an order is the identification of common objectives to pursue, based on shared values and common interests, followed by a strong political commitment to work for the achievement of these objectives. This clearly is not easy at the present juncture. When there is a clear and present danger to such shared values vital to the interests of each partner from an external source, it is comparatively easy to forge a strong political commitment, as the experience of East–West confrontation has demonstrated. Under less compelling circumstances, the order has a built-in fragility in this regard.

It will be easy to see from what has been stated that in order to make this order truly viable, it is essential to create a community framework in which we can agree on identifiable shared values as the foundation of this order and to make this framework workable for defending and promoting such common values.

It is precisely here that Trilateralism as a movement has to concentrate its best efforts at this moment in order to create such a community framework for pursuing common shared values as the foundation of such an order.

The advanced industrial democracies in the Trilateral regions of East Asia, Europe, and North America can play a particularly crucial role for the consolidation of such a community based on common shared values. Considering the economic sphere alone, the combined economies of Japan, the United States and Europe account for more than 70 percent of the world GNP. Furthermore, the triad of Japan, the United States, and Europe is pursuing the welfare and prosperity of humanity based on the common values of freedom, democracy, the rule of law and respect for human rights. Now that the importance of building a world based on these universal values is recognized on a worldwide basis, it is crucial that these core nations cooperate vigorously to consolidate a new framework for the public order of the world.

Herein lies the basic rationale of Trilateralism for the consolidation of the order based on pax consortis in an age of interdependence.

E. POLICY SUGGESTIONS FOR THE FUTURE

I believe that there are certain essential requirements to be satisfied if we are to succeed in translating this philosophy of Trilateralism into action and in making the Trilateral Commission a viable institution relevant to the exigencies of the present-day world. Let me try to elaborate some of these by way of concrete policy suggestions for the future of the Trilateral Commission.
1. The Composition of the Trilateral Commission

If the validity of Trilateralism lies essentially in its character as a process for consolidating and promoting a community of shared values, the question of its composition becomes a crucial issue. The membership and composition of the club will determine the basic character of the forum.

From this perspective, the difference between different fora for policy formulation in the era of pax consortis in the post-Cold War world should be clearly registered in our mind. For example, it is useful to remind ourselves of the essential difference in purpose and in function between the United Nations and the G-7 summitry, both of which can serve extremely useful purposes in the present setting, although in radically different ways. The United Nations, as the only international organization of a universal character comprising in principle all members of the international community and reflecting different interests, creeds and ideologies, is a forum for policy harmonization and coordination on a universal level, working to bring about the elimination of these differences, so that a maximum degree of common ground may be established for action through debates and decision-taking. Its principal organ especially in the field of maintenance of international peace and security, the Security Council, is endowed with a strong executive power to act as the political directorate of the international community, in which essentially all the major powers with the willingness and the capacity to carry out this function should be represented on a global basis, so that it can truly act in the name of the international community.

By contrast, the G-7 summit is not and can not be a world-wide forum of a similar character. Its raison d’être lies elsewhere. In order to perform its proper functions, this summitry does not have to aim at universality in representation like the United Nations and comprise all the major powers of the world irrespective of differences in policy goals and value preferences. The G-7 summit is expected to carry out quite different functions from those assigned to the United Nations in this respect. It should be, and actually is, a forum of like-minded partners, working together for promoting certain values which they commonly share in preference to other values based on different interests, creeds, and ideologies.

This argument should apply *grosso modo* to the basic character of Trilateralism as a movement and as a forum. A close analogy between Trilateralism and the G-7 process would seem to be warranted in this respect, inasmuch as both are based on the same philosophy of
consolidating and promoting a community of shared values among like-minded countries. In this sense, the Trilateral Commission is not supposed to be another United Nations or Security Council.

The integrity and homogeneity of the forum could be jeopardized by the inclusion of elements which represent different value preferences and different policy goals, if as a result the forum should be rendered less effective in advancing the causes for which it was established.

2. Relevance of East Asia
Based on this philosophy of Trilateralism, the most serious consideration should be given to East Asia as a region relevant to Trilateralism. Many countries in this region now possess a remarkable degree of identity of interests with the countries in the Trilateral regions in terms of their political structure based on democratic principles of government, their economic structure based on free-market principles, and their social structure based on the principles of the rule of law and respect for human rights.

In the course of the past twenty years, the region of East Asia has completely changed its face. What we are witnessing now is the emergence of this region as a homogenous group of partners that includes Japan, the Republic of Korea, the Philippines, Thailand, Malaysia, Singapore, and Indonesia, as well as Taiwan and Hong Kong. All possess many of the common characteristics of the Trilateral regions in terms of their political, economic, and social structures and essentially share the common values that trilateralism as a process is trying to pursue. If such is the reality with respect to each of the members of this group and if therefore the region as a whole can be seen as demonstrating a high degree of homogeneity in accepting those core values that trilateralism is trying to promote, there should be no reason why East Asia as a region, parallel with the region of North America and the region of Europe (both West and East), should not claim a place in the Trilateral Commission as one of the three partners in the triad. It is gratifying to note that there is already an initiative to move the Commission in this direction.

3. A Global Outlook for Trilateralism
If trilateralism wants to be a constructive force in the consolidation of the world public order of the 21st century, the basic orientation of trilateralism becomes an issue of critical importance. While there are many characteristics that distinguish the Trilateral regions from other
regions of the world, trilateralism as a movement can only be
genuinely effective if the core values which form the basis of
trilateralism can be expected to expand to other regions, thus forming
the basis for the world public order. A global approach in this sense
is an extremely important factor for the future of trilateralism.

It would not be difficult to envision a framework of cooperation
among Trilateral members dedicated entirely to the passive protection
of exclusive interests of the members of the Trilateral group. There
could even be a temptation to confine trilateralism to a framework of
such an exclusive character. But for trilateralism to be a truly
constructive force, it must promote inclusive interests of a wider world.

During the Cold War, it was inevitable for the countries in the
Trilateral framework to be influenced by considerations of
geopolitical rivalry in determining their attitude towards countries in
the Third World. It was thus suggested that “geopolitical success and
failure depend on regional success and failure, which in turn depend
on how the superpowers relate to locally prevailing political winds.”

The demise of one of the superpowers has eliminated the validity of
such an argument, which in any case would have been questionable
even in those days as being too tactical and short-sighted. The
countries in the Trilateral regions should work with those countries
which exist outside the framework of trilateralism, in order that a
better political/economic/social environment may be created for
interacting with those countries. Long-term geopolitical advantages
will ensue.

A concerted effort to promote the basic core values that we in the
Trilateral regions stand for and to try to propagate them into a wider
circle, with a view to demonstrating that they also work in the interest
of these countries as well, is the way to proceed. In order to be
successful in this effort of ours, it is essential that we on the Trilateral
side pursue an inclusive approach and maintain an openness of mind,
while rejecting an exclusive stance in relation to the countries outside
the Trilateral framework.

4. The Importance of Development for World Public Order
Seen in this perspective, one of the most important tasks for trilateral
cooperation in the context of the consolidation of the world public
order based on pax consortis would seem to be how to strengthen an
effective system of cooperation for socio-economic stability on a
global basis.

There is no need to elaborate the importance of the consolidation of world economic architecture as a priority task for the stability of the system, as the most recent economic crisis in Asia has amply demonstrated.

In the context of the present situation, however, the need to reinforce the global system of economic cooperation in a broader sense has to be emphasized. What is at stake, from the viewpoint of the stability of the world order, is not only the cooperation among the members of the developed world for the stability of the world financial system; it is more importantly the cooperation with the countries in the developing world for their economic and social development. In particular, the need for promoting a new development strategy in the post-Cold War world would seem to be a condition sine qua non for the consolidation of a new world order.

Throughout the days of Cold War era, the issue of development used to be styled as the "North–South" problem. As the name suggests, the juxtaposition of the "North–South" problem with the "East–West" confrontation created an artificial framework for exploiting the issue of development politically in the context of the Cold War. The existence of extreme poverty in many former colonies offered fertile ground for political exploitation by the countries in the Socialist bloc in their Cold War confrontation against the free world.

Unfortunately the subsequent history has shown that this ideological alliance resulted in a futile confrontation and political corruption in many parts of the developing world, with few benefits for the countries of the South. Thirty precious years for development have been lost as a result. The demise of the Cold War now offers an opportunity to reexamine the whole strategy for development in a completely new light in this changed environment. A new opportunity is being offered in which we in the Trilateral community can engage in a plus-sum game of a new development strategy in place of the zero-sum game of the old North–South confrontation.

If we succeed in this, its implications for the world order will be enormous. It will not simply mean the full-fledged integration of the economies of the developing countries into the world economic system, thus benefiting all the members of the world economic system with enlarged opportunities. More importantly, it will signify that those countries which have been suffering from the lack of social cohesion born out of extreme poverty can create a new momentum for such social cohesion which forms the basis for nation-building. It will also eliminate one of the most dangerous sources of future conflicts in
the world order—the resentment and enmity between the "haves" and the "have-nots." It will open up in those countries a new perspective for a more prosperous society that will lead to the consolidation of political democracy through the creation of a solid middle class affluent enough to care about individual freedom and civil liberty, the most important and fertile ground for embracing universalist common values in human terms. This indeed should be the basis on which trilateralism can hope to consolidate and promote the minimum public order built on shared values on a worldwide basis.

For this effort to succeed, we in the Trilateral community have to have a coherent strategy to pursue this process through active cooperation. The basic framework for such a strategy already exists in the "New Development Strategy" endorsed by the Lyon G-7 Summit of 1997 on the basis of the OECD Ministerial decision of 1997 entitled "Towards the 21st Century." In a nutshell, this new development strategy rests on the principle of partnership among all the players involved in development, donors and recipients alike, to work together for the common cause of development, as well as the principle of ownership on the part of the country engaged in its own development. Based on these principles, we have to adopt a holistic approach to development, bringing together in an organic way all the relevant factors for development in a joint cooperative developmental program on a country-by-country basis. The factors essential for such a comprehensive development strategy range from the mobilization of diverse forms of resource inflows (not only official development assistance but more significantly private direct investment and trade through open market access) to the construction of social infrastructure both in its hardware aspects (e.g., transportation systems, modern communication networks, as well as water and energy supply facilities) and in its software aspects. The software aspects include institution-building (such as the legal system, the machinery for administration of justice and the financial system), human-capacity-building (such as basic education, technical and vocational training, and basic health care) and, last but most important, the building of good governance and participatory democracy.

Of all the problems that we face in the 21st century in terms of building the minimum public order of the world, this is the most important challenge that we in the international community have to tackle. It is at the same time the most worthwhile task. Concerted action on the part of the Trilateral community will be indispensable for this effort to succeed.
IV. 21st Century Strategies of the Trilateral Countries: In Concert or Conflict?

What conclusions can be drawn from the three preceding essays as we look forward into the early years of the new century and ask whether the strategies of the Trilateral countries will be in concert or in conflict?

1. Concerted strategies among the Trilateral countries will be crucial for a functioning, hospitable international order in the new century. Hisashi Owada makes this case in his argument for a pax consortis for the new era. A unipolar order dictated by the one superpower, the United States, is not viable given the diffusion of power and diversity of perspectives and interests across the international system. But a multipolar order resting only on traditional balance of power considerations is also not workable. The required equilibrium is too complex and international society too interdependent, Owada argues, for traditional balance of power considerations to be an adequate guide. In the new international setting, problems can be dealt with adequately only through a “mechanism of management based on shared responsibility among the major players in the system,” set in a “community framework” based on shared values. Concerted strategies among the advanced industrial democracies of East Asia, Europe, and North America, whose shared values have become broadly recognized in the wider world, will be vital for a pax consortis. It is “crucial that these core nations cooperate vigorously to consolidate a new framework for the public order of the world.”

The needs of the international system are not enough, of course, to assure concerted strategies among the Trilateral countries in the years ahead. A pax consortis might look like an ideal order on paper, Owada writes, but in practice it will be most difficult to maintain. We have to devise a more effective mechanism for making it work, both at the governmental level and at the civil society level.
2. There is a remarkable historical legacy among the Trilateral countries on which to build. Robert Zoellick writes of the "extraordinary international political community" formed in the years after World War II with U.S. leadership, centered on the Trilateral countries and framed by key multilateral organizations. "It has maintained a general security and alleviated terrible distress. It has advanced market economics and democracy all around the world. It has created a foundation for further enlargement of the democratic community. And it still has a lot to do." This historical legacy is not enough, of course, to assure continued success in the years ahead; but, if consciously recognized, it can be a source of strength and inspiration.

3. An absence of strategies is likely to create more conflict among Trilateral countries than conflicting strategies per se. Without the framework of broad international strategies, inevitable disputes about many particular issues become more corrosive. Jockeying for tactical advantage overshadows larger purposes. Arguments about fair burden-sharing are intensified. Confidence in partners is eroded.

A central theme of Robert Zoellick's essay is the need for a U.S. strategy to discipline and guide the use of American power and influence, in the tradition of Dean Acheson (a "realist from the New World") and others who accomplished so much in the early postwar years. During the 1990s, a time of "activity but aimlessness" as Zoellick puts it, the country and the world have been waiting for the successors of America's Cold War leaders to "use U.S. power, prestige and principles to transform the successes of the Cold War into a new agenda."

Hisashi Owada describes a confused Japan lacking a broad international strategy at present. The Japanese feel totally confused, he argues, as the country goes through a "major societal transformation" in the midst of a "gigantic tremor shaking the traditional framework of Japanese society." This confusion is creating a "tendency towards immobilism and a shift in the nation's outlook towards the world, making Japan highly passive and reactive compared with the Japan of the late '80s and early '90s."

Peter Sutherland argues that a broad international strategy for Europe is highly dependent on successful internal reform, which may not be accomplished. "A failure to achieve internal reform will seriously hold back the EU's global role; enlargement would be put on hold, energies would be diverted to internal issues, confidence would evaporate and the EU would lose credibility and support among its citizens."
4. The strategies proposed for the United States, Europe, and Japan in the preceding essays suggest that 21st century strategies of Trilateral countries can be substantially “in concert.” At the same time, there are important differences in perspective and approach. Concerted strategies need not be identical strategies. Differences in perspective need not be cause for conflict. The genius of the Western political community created after World War II was its combination of shared commitment and independence, as Zoellick puts it. “The Trilateral countries recognized that they would benefit from common action, but they also acknowledged that they would have disagreements and even sustained disputes. The Trilateral countries agreed to try to overcome differences through discussion, reasoning, and negotiation—variations on the processes they use within their own democracies.”

Zoellick sets out four strategic objectives for the United States in the coming years. After the first (overhauling ties with Europe and Japan, America’s “two primary overseas partners”), the second, third and fourth are goals for the Trilateral areas together: “Second, North America, the European Union and Japan need to reach out to the next group of potential partners”—nations that are “building open market economies, creating middle classes, and developing representative democracies with respect for individual liberties....Third, at the edges of this democratic community are the three great challenges of Eurasia—China, Russia, and India....Fourth, the United States and the other Trilateral countries need to link these regions together within a global economic system of finance, trade and information. The economic system needs to secure the benefits from integration, competition, and efficiency, while also coping with the inevitable stresses of capitalism on a global scale.” Zoellick’s strategic objectives for the United States and its Trilateral partners could be set in the framework of Owada’s pax consortis with the leading industrialized democracies at its core.

Sutherland’s strategy for Europe is focused on advancing European integration. Only a more integrated Europe, he argues, will be able to pursue a credible broad international strategy in the 21st century. Europe is already a credible player in the world economy. (“The EU can increasingly be viewed as a single economic superpower to rival the United States....The launch of the Euro has given the EU, at last, a currency to rival the dollar.”) The development of an effective foreign and security policy lags far behind.

Will a strategy focused on advancing European integration disrupt the Trilateral partnership and increase conflict with the United States
in particular? Sutherland argues strongly in the opposite direction and Zoellick, on balance, agrees with him. "Without a more balanced relationship with the United States in particular," Sutherland writes, "we risk a future dialogue that will be more rather than less fractious." In the security realm, it is "clearly undesirable for the United States to be the world's sole policeman....It cannot be good for the world, nor indeed for the United States itself, that this current situation should persist....Even friends such as the United States need those who can enter into dialogue with them as equals rather than as supplicants or dependents, and who can forcefully argue the merits of alternative approaches to vital issues." While Zoellick judges that "the risk of differences increases as Europe unifies," he largely agrees with Sutherland. "If Europe is willing to develop serious military capabilities, the United States will have a strong interest in and incentive to work with Europe as a military partner." The current "asymmetry" is "not healthy for either the United States or Europe."

For Owada, concerted strategies among the Trilateral countries are vital for re-awakening positive international engagement in Japan. Given "a growing passivity" in Japan, it is "crucial that Trilateralism as a movement offer a concrete framework for partnership to encourage the Japanese by offering new perspectives for action towards the establishment of the kind of new international order with which they can identify themselves."

An important difference in perspective and approach among the authors relates to the role and responsibilities of powerful individual states in the development and maintenance of what Owada calls the world public order. Sutherland stresses the sharing of sovereignty among states—constraints on unilateral action—in discussing Europe's remarkable development since World War II, and sees this as a model with wider applications. He shares Jean Monnet's conviction that European integration should be "part of a wider process of global integration based on institutions." Owada's "mechanism of management" involves constraints on unilateral action to create a pax consortis. In contrast, Zoellick describes a United States using the same justification to argue against constraints on unilateral action. The United States is "especially sensitive to its freedom to act" because of "a sense of responsibility for the global order. U.S. governments...expect they will have to fix the problems if disaster strikes....[O]thers are not likely to fill the gap."

But this difference should not be overdone. Owada is deeply concerned about the "psychological cocoon" in which the Japanese
have been living since the last War, "secluding themselves from the challenges of the real world." He wants a Japan with a greater sense of its own responsibility for the world public order. Likewise Sutherland is deeply concerned with Europe's incapacity to act on its own. And a central theme of the Zoellick essay is the tension between the long tradition of American support for international law and the necessities of maintaining international order as experienced by the United States in the 20th century.

So this is not so much a fundamental divide among Trilateral countries as a fundamental tension between the world we hope to create and the world in which we now live, a fundamental dilemma in maintaining and advancing a functioning, hospitable international order as the 21st century opens. If our leaders have strategic perspective, we will move toward a more responsible Europe and a more responsible Japan and East Asia in the continuing framework of an enlarging political community among the Trilateral countries and others.

One other difference in perspective and approach among the authors should be noted and discussed here. In setting out strategic goals for the coming years, Owada and Sutherland give much more attention than Zoellick does to the world's poorest countries. Owada puts this challenge at center stage. "The demise of the Cold War now offers an opportunity to reexamine the whole strategy for development in a completely new light....[W]e in the Trilateral community can engage in a plus-sum game of a new development strategy in place of the zero-sum game of the old North–South confrontation. If we succeed in this, its implications for the world order will be enormous....Of all the problems that we face in the 21st century in terms of building the minimum public order of the world, this is the most important challenge." Sutherland writes that "the marginalization of the world's least developed countries" is "one of the most pressing problems the world is facing today....Ensuring that low-income countries don't miss out on the benefits of globalization is a crucial test for international economic governance and for the Trilateral partners in particular....Even if a moral imperative to address human suffering did not exist, it would be in the self-interest of developed countries to confront global poverty aggressively." Sutherland proposes a Globalization Summit "fully representative of the world economy." Zoellick gives little separate attention to developing countries in setting out the main issues on the U.S. agenda, because he believes the goal of the Trilateral countries should
be to create the environment and opportunity for development that still depends upon self-help to be successful and sustained. Under "adjusting to global capitalism," he proposes that "for developing countries that have not been able to establish social safety nets, the Trilateral countries should organize humanitarian aid during emergencies."

While this is an important difference in perspective and approach among the three essays, and broadly speaking among our countries, it need not foreshadow major conflict among the Trilateral countries.

5. Public attitudes in Trilateral democracies present a mixed picture, but our fellow citizens will probably give adequate support to concerted international strategies if political leaders articulate these strategies and explain why they are needed. Zoellick finds what he calls a "show me" internationalism in the United States. "People...are willing for the United States to act, even to lead, but they want their political leaders to explain why. The country's internationalist inclination, its preference for shared leadership, and its common sense about the use of force offers a reasonable foundation upon which to build a stable and constructive U.S. foreign policy. But...the president must assume the responsibility of explaining U.S. goals in the world, why the country must make and honor commitments, and why and how it must act."

Public opinion is harder to read across the European Union. Sutherland cites Eurobarometer polls indicating support for European policy development (73 percent of EU citizens support a common defense and security policy), but he also notes "a clear decline in support for the EU as an entity virtually everywhere." He is deeply worried that the vision of an integrated Europe needed to move the process forward is fading among Europe's leaders.

Owada is distressed about the confused state of Japanese public opinion and political leadership. But he hopes that a new spirit of leadership will emerge in Japan, if adequate attention and encouragement comes from Japan's Trilateral partners to offer new perspectives for action with which Japanese can identify themselves, hanging together with other Trilateral partners.

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Broadly concerted strategies among the Trilateral countries will be crucial for a functioning, hospitable international order in the new century. There is a remarkable historical legacy among the Trilateral
countries on which to build. The strategies proposed for the United States, Europe, and Japan in the preceding three essays suggest that 21st century strategies of Trilateral countries can be substantially "in concert." Nevertheless, it would be "irresponsible complacency" to assume this is what the new century will bring. Many Trilateral political leaders will not even recognize the need; and for those who do, it will still be hard work all the way.