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GLOBAL COOPERATION after the Cold War was the overarching theme of the 1991 annual meeting of the Trilateral Commission, held in Tokyo on April 20-22. This publication draws extensively on the presentations which opened various sessions, and the individual speeches of Gareth Evans, Simone Veil, David Gergen and Sadako Ogata.

The Gulf crisis presents particularly important issues of international cooperation after the Cold War, and one of the Tokyo sessions asked “What Peace after War?” The most moving speech in Tokyo was the “Humanitarian Perspective” on the Gulf crisis provided by Sadako Ogata, the new U.N. High Commissioner for Refugees. Japan’s reaction to the crisis was a prominent part of the opening Tokyo session on Japanese developments and their international implications. David Gergen entitled his speech “American Perspectives after the Gulf Crisis,” and Europe’s relations with the broad region were an important part of Simone Veil’s remarks about the “Emerging Europe.”

The troubled Uruguay Round also figured prominently in the Tokyo discussions. In his presentation, C. Fred Bergsten argued that the virtual collapse of the negotiations last December would not have happened if we were still in the midst of the Cold War. The statement issued by the Commission’s three Chairmen at the conclusion of the meeting stressed that “the successful completion of a substantive Uruguay Round” is the “immediate challenge” for the Trilateral countries.

Discussion in the Tokyo meeting of Asia-Pacific regional developments was also set in the global context of a fading Cold War. Several speakers, however, warned against analogies from Europe to Asia. Han Sung-Joo emphasized that the Cold War was never as dominant a feature in Asia as in Europe. The Cold War came more slowly to Asia, and is also fading more slowly. In the short run, German unification has complicated more than facilitated efforts at Korean unification.

Most of one day in Tokyo was spent discussing a draft task force report prepared by Joseph Nye, Director of the Center for International Affairs at Harvard University; Kurt Biedenkopf, elected last October as the Minister-President of the newly recreated state of Saxony in the former East Germany; and Motoo Shina, a leading foreign policy thinker in Japan’s Liberal Democratic Party. The overall theme of the Tokyo meeting was provided by the title of their report—“Global Cooperation after the Cold War: A Reassessment of Trilateralism”—which is being published separately from this record of the meeting.

On the final evening in Tokyo, Commission members were received by Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama. The Prime Minister praised the Commission as “very instrumental in developing cooperative relationships” among the Trilateral partners. He recalled his discussions in Tokyo a few days before with President Mikhail Gorbachev, and the changes in the Soviet Union and Eastern Europe which are “the main driving forces which have brought about drastic transformation in the international community for the last few years.” These reforms “signify the fact that more and more people in the world have been recognizing the superiority of the society that tolerates diversity of values and respects creative minds of individuals, and have been accepting democracy and market-oriented economy which are at the very foundation of such a society.”

On behalf of the Emperor, Prime Minister Kaifu concluded his remarks by conferring upon David Rockefeller the Grand Cord of the Sacred Treasure “in praise of his contributions to the enhancement of mutual understanding and strengthening of relationships among Japan, North America and Europe.” In November 1991, David Rockefeller will pass the baton of North American Chairman of the Trilateral Commission to Paul Volcker and himself become the Commission’s Honorary Chairman. Also this year, J.H. Warren is passing the baton of North American Deputy Chairman to Allan Gotlieb.
A crisis almost always reveals the real picture. The Gulf crisis revealed the real Japan. In the moment of truth, an economic superpower found itself merely an Automatic Teller Machine, although one that needs a couple of kicks before it dishes out the money.

The Gulf crisis was the manifestation of the failure of Japan’s leadership. When the crisis erupted, Japan had in office the politically weakest leadership of the postwar era. The slow and cumbersome decision-making process benefited the powerful bureaucracies and served the status quo, but was totally unfit to respond quickly in a crisis. In 1989, Japan’s ruling party—the Liberal Democratic Party (LDP)—had lost control in the Upper House and now it found great difficulty in forming a coalition with the opposition parties, the Democratic Socialist Party and the Komeito, on its Gulf response. The public was polarized. Japan had not witnessed such a divergence of views on an issue of this magnitude in the past 30 years. Certainly, Japan managed to be a part of the international coalition effort with a $13 billion contribution. But it could not meaningfully make a “human resource” contribution on even a negligible scale and fell short even of Korea’s dispatch of 150 medics and the Philippines’ 190 doctors and nurses. In sum, the Gulf crisis demonstrated the enormous gap between Japan’s economic might, on the one hand, and its immature political prowess and still low level of real internationalization, on the other.

Three sets of political constraints on Japan’s foreign policymaking and global leadership stood out during the crisis—lack of initiative in developing new policies, lack of global institutions with which Japan can associate in effectively pursuing its policies, and lack of acceptance of its leadership from its neighbors.

Lack of initiative on the part of Japan in effect invites gaiatsu (or foreign pressure). Exploitation of foreign pressure in order to divert domestic attention away from unpopular policies is a strategy employed universally, but perhaps it is most habitually used in Japan because of the crucial function of gaiatsu in overcoming the immobility of the Japanese political system. However, this stratagem causes serious problems.

First, use of foreign pressure does not help generate healthy policy debates or create a good milieu to promote Japan’s own initiatives. Foreign pressure shifts debate away from the issue of what Japan should do in its own best interest towards what other countries want Japan to do. For this very reason, gaiatsu often arouses nationalistic feelings and emotionalizes the issues.

Second, foreign pressure provides a cover for those who are actually pursuing their own agenda (e.g., sending Self-Defense Forces abroad) under the guise of policy coordination with others, particularly with the United States. Gaiatsu politics undermines the U.S.-Japan relationship because it tends to perpetuate the patron-protégé relationship and love-hate emotions between the two countries.

During the crisis, Japan felt left out of the core of the coalition’s decision-making process. Japan is not a permanent member of the U.N. Security Council. It does not belong to a collective security body such as NATO, or to regional and supranational organizations such as the European Community. The G-7 mechanism was not mobilized for coalition building among the Trilateral countries. There was no urgent meeting among the G-7, nor was any attempt made...
to coordinate policies among the political directors of the G-7. The only G-7 working vehicle was that of Finance Ministers, and its mission was simply to write checks. Secretary of State Baker did not visit Japan. Lack of a sense of participation in and commitment to a legitimate decision-making body, although partly a result of Japan’s constitutional and political constraints, lessened public support for a stronger commitment to a coalition strategy. Japan felt strategically naked again and, thus, was driven to further tie itself to the United States.

Another political constraint is Japan’s past. Japan’s reluctance to face up to its past colonization of Korea, invasion of China, domination over Southeast Asia, and guilt for war crimes—and its feeble effort to educate and reeducate its people about these events—has generated deep suspicion and mistrust throughout Asia. Reluctance also creates complacent and self-indulgent views of Japan’s own history among the Japanese. New thrusts of nationalistic feelings, though still amorphous, may gather momentum and run a dangerous course if not checked and redressed by studies of the historic facts and education. The perception that Japan has not come to terms with its own past puts the most fundamental constraint on an effective and successful foreign policy.

Japan’s failure to persuade Asians that its planned dispatch of Self-Defense Force transport planes for humanitarian missions in the Gulf does not mean that Japan is projecting its military power demonstrates the degree of mistrust persisting in neighboring countries. Now that the war is over, Japan is consulting with these neighbors on whether Japan might send minesweepers to the Gulf.

II.

There are many Japanese who are pleased because the national consensus was clearly solidified against sending troops abroad. For my part, I was also opposed to Japan’s direct military involvement. Many feel that Japan did what she could and Japanese, as well as foreigners, should not expect too much of Japan. Moreover, the $13 billion, made possible only by a tax increase, was not peanuts. It is more than Japan’s annual Official Development Assistance, the highest in the world. Besides which, the Gulf War and its crisis management should not be viewed as indicative of the future, but rather as a unique event. A “new world order” should not take for granted the way the Gulf crisis was settled and the way the coalition strategy worked.

However, the Gulf crisis and war crystallized and magnified the issues that Japan should have addressed long ago, but did not. To Japan, the Gulf crisis was, in a way, the day of the reckoning.

Partly accelerated by this experience, new sentiments and thrusts in Japan’s foreign policy making are likely to emerge in the coming years, such as yearning for value-oriented diplomacy, a more balanced relationship with the United States, and Asian-Pacific regionalism. How will these sentiments and thrusts take shape as policies? What will be the implications on Japan’s relationship with the United States and Europe?

III.

The search for multiple value-oriented diplomacy—human rights, international peacekeeping, environmental protection, etc.—can be most effectively pursued in cooperation with like-minded democracies, the United States, Europe, and, ideally, a growing number of democratic Asia-Pacific nations. Japan was blessed with universal values enshrined in its Constitution, which itself reflected the “new thinking” embodied in Franklin Roosevelt’s “four freedoms,” the Atlantic Charter and the United Nations.

Japan’s commitment to its Constitution and subsequent policies should be given a wider context within which they can be more fully recognized internationally and can simultaneously contribute to multilateral peacekeeping. The trilateral context, first and foremost, should be developed in order to allow Japan to express its new aspirations for values and develop its international role.

In due course, Japan’s excessively bilateral foreign policy orientation towards the United States should be better balanced by strengthening global, trilateral and regional diplomacies.
Japan’s regional strategy should be based on open regionalism. Japan’s contribution to the economic liberalization and multilateralization of the region and to peacekeeping can play a constructive role in deterring European and North American regionalism from taking an exclusivist character. This open regionalism can also help create a favorable milieu in which to integrate the Soviet Union and China as responsible players in the region. The regional strategies of the Trilateral countries should be mutually compatible so as to promote global economic progress. Our economic cooperation should not be for the sake of trilateralism but for the sake of globalism. Japan’s regional strategy must be Pacific globalization.

Another pillar of Japan’s trilateral strategy should be coalition building for crisis management. The informal link between the U.N. Permanent-5 and the G-7 mechanism should be encouraged to incorporate the perspectives and the interests of Germany, Japan, and the European Community in the coalition building and crisis management process.

Burden sharing and responsibility sharing should be put at the top of the agenda for policy coordination among Trilateral countries. Although it should not develop into a mechanical formula, there should be mutual understanding on what constitutes a fair contribution to the effort.

Certainly, Japan must address the legal and political impediments that hinder it from engaging fully in the coalition strategy so that it can also contribute to human resources participation. Nonetheless, Japan should be allowed to pursue the role of a global civilian power. Japan’s unorthodox power portfolio—"economic giant and military dwarf"—should not be viewed as an unstable and transitional phenomenon. The portfolio’s very nature gives Japan a golden opportunity to define its power and role in the radically changing world of the 1990s. Japan should search for various avenues of enhancing political power based on economic might, not on military might, in order to stimulate a new perception of the changing nature of power and the recognition that Japan has become a power in its own right.

IV.

Japan cannot develop an effective international role until there is significant domestic political change. Let me just point out some of the dimensions of that challenge.

First, Japan has only one political party capable of ruling. We do not yet have a viable two-party or multiparty system. When the voters are unhappy with the government, they vote in protest for the opposition, but many of these voters say that their purpose is to humble the LDP rather than to vote it out of office. The opposition has not yet developed the psychology and policy position required of a governing party. The quasi-coalition among the LDP, the Democratic Socialist Party, and Komeito during the Gulf crisis was a telling sign of Japan’s political immaturity. In the meantime, the Kaito government’s commitment to and ability to carry political reform is waning.

The push for rice liberalization may gain more momentum in the coming months. Some senior LDP members now recommend partial liberalization—that is, minimum access—to give impetus to the Uruguay Round before the G-7 London Summit. Nonetheless, the rice issue, its importance to Japan’s traditional politics notwithstanding, is merely one item in the long list of crucial and poignant tasks—land reform, liberalization of financial markets, educational reform, and the overhaul of the foreign policy making mechanism that must be undertaken.

Second, new political waves in Japan—the emerging politics of women, the elderly, consumers, and environmentalists—emphasize heavy domestic "life protection" issues and do not successfully arouse the public’s attention to foreign policy.

Hopefully, painful lessons from the experience in the Gulf will stimulate public interest in and demand for a reform of the political function to improve Japan’s new international role. After all, a world power is a power with commitments to others. Japan’s path to power—global civilian power—must start from the commitment of the public to internal reform.

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Structural Change in Japan

The first objective of structural change in Japan is to correct the problem of “Rich Japan, Poor Japanese.” We Japanese still live in very small living quarters, work long hours, and suffer from high costs of living.

There are three reasons for this problem. First, various regulations keep resources from being allocated to yield an affluent life. Second, the domestic political process is skewed in favor of farmers and inefficient, small businesses. And third, long-term, growth-oriented management prevents the fruits of growth from being distributed to workers and consumers. Of course, the Japanese way of management is an engine for Japan’s high economic growth, but it also asks workers and consumers to be patient.

The second objective of structural change in Japan is to contribute to international organizations and to stop using gaiatsu (or foreign pressure).

It is important for Japan to contribute more to international organizations, such as the IMF, World Bank, GATT, and United Nations. This is an opportunity for Japan, since the United States seems to emphasize the importance of the GATT and United Nations for the first time in a long time. Multinational frameworks are important because they become the counterbalance for bilateralism and unilateralism.

Gaiatsu has been a convenient tool in achieving deregulation in Japan. Using “U.S. pressures” was a strong, face-saving device to which vested interest groups were persuaded to give in. Pressure on Japan was also a popular exercise in Washington. This shifted responsibilities from U.S. domestic economic policies to a scapegoat—Japan. The process left out the European Community, Australia, and others.

The use of gaiatsu has created, however, several problems. Some people in Japan now feel that Japan has been unjustly pushed and “bashed.” This is wrong because pressures were used by the Japanese, too. Some people in the United States, frustrated by bilateral trade imbalances that have seen little change, now demand bilateralism and unilateralism. This is also wrong.

In order to avoid the dangerous consequences of the excessive use of gaiatsu, Japan should shape up. Japan has to debate internally, instead of being pressured to do so, what its objectives and principles of behavior are.

Japan must take the leadership in structural changes. This does not necessarily mean that Japan should simply become “assertive.” But it does mean Japan should better explain its principles and objectives, both internally and externally.

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AKIHiko Tanaka

A More Positive Foreign Policy

In this presentation, I would like to talk about two things. One is the currently evolving conceptual framework of Japan’s foreign policy as presented by the Japanese government in recent years. And second, I would like to discuss some of the means to achieve the government’s goals.

Conceptual Framework

Although it is often pointed out that Japan has been reluctant to articulate the basic goals of its foreign policy, this conceptual framework is now beginning to be clarified, at least in verbal terms.

The first component of the current framework is the “desirable international order” that the Japanese would like to see. In his speech in the Diet in March 1990, Prime Minister Kaifu spelled out five components of the international order that Japan wants to achieve. First, peace
and security should be guaranteed. Second, freedom and democracy should be respected. Third, world prosperity should be achieved through the open-market economic system. Fourth, the global natural environment should be preserved. And fifth, international relations should be conducted through dialogue and cooperation. These five pillars seem to be more-or-less commonsensical for an advanced industrial democracy, but given the history of Japanese diplomacy, it is significant that the Prime Minister himself spelled out these five pillars of international order.

The second element of the current Japanese foreign policy framework concerns Japan's identity. A diplomatic "blue paper" published annually by the Japanese Foreign Ministry has consistently said that Japan has two identities. The first identity is that of Japan as a major advanced industrial nation. The second identity is that of Japan as a member of the Asia-Pacific region.

Given what I have said, what are Japan's means to achieve these ideals of international order?

Those means are spelled out by the Ministry of Foreign Affairs in the International Cooperation Initiative. This initiative consists of three pillars. The first is what the Ministry of Foreign Affairs calls "cooperation towards peace." The second is Official Development Assistance (ODA). And the third is international cultural exchange. Last year, the Ministry of Foreign Affairs added another element: measures to cope with global issues, including environmental protection, drug trafficking, and so forth. For the discussion here today, the first two pillars are most relevant.

Cooperation Towards Peace
Since August 2, 1990, Japan has taken various steps to fulfill the U.N. Resolutions to expel Iraq from Kuwait and to reestablish the legitimate government of Kuwait. These steps include economic sanctions against Iraq and $13 billion in financial contributions to the multinational force, as well as to some of the frontline states and others. In addition to these largely financial contributions, the Japanese government tried to send personnel to cooperate with the multinational force in non-combat operations. But because of the heated debate over the constitutionality of the Self-Defense Force's involvement and the fact that the LDP does not have a majority in the Upper House, the Government failed to pass the necessary bill.

After the Gulf War ended, however, a consensus emerged, although still very vague, that Japan should participate more actively in U.N. security-related activities. The basis of the current debate about achieving meaningful participation in U.N. peacekeeping operations and other such activities is the so-called Three-Party Agreement made between the Liberal Democratic Party, the Komeito, and the Democratic Socialist Party. This agreement was made immediately after the failure of the U.N. Peace Cooperation Bill last autumn. According to this agreement, Japan is to create an organization separate from the Self-Defense Force, mainly composed of civilians, to participate in various U.N. activities. There are still questions concerning the extent of the activities. Should these Japanese be involved in peacekeeping forces or monitoring a cease-fire, or only in purely civilian activities such as election administration?

There are both positive and negative aspects of the Three-Party Agreement. On the positive side, after some confusion, a general consensus has emerged among the Japanese that Japan should somehow participate more actively in U.N. security-related activities. On the other hand, there is a tendency to settle on the lowest common denominator. Because of the current political configuration, in which the Upper House is not controlled by the LDP alone, the Komeito, the second largest opposition party, holds the key swing position. So, policy tends to settle on whatever the Komeito likes. On top of that, the Komeito's desires stem from the fairly naive, pacifist sentiments of its supporters.

Official Development Assistance
Here, I would like to point out a new development. Just this month—April 1991—Prime Minister Kaifu declared that Japan is going to use what I will call "political conditions" in allocating ODA to developing countries. Traditionally, Japanese ODA has been distributed using two criteria. The first consideration is humanitarian—
an and the second is the recognition of mutual interdependence. This month, Prime Minister Kaifu declared that in addition to these considerations, Japan is going to add four more relating to potential recipients: their military expenditures, weapons trade, possession of dangerous weapons (such as ballistic missiles and chemical and nuclear weapons), and, finally, degree of democratization. Mr. Kaifu and Ministry of Foreign Affairs officials are cautious in saying that these considerations will not be used mechanically. But this sort of verbal pronouncement is significant because, clearly, excessive violations of those criteria could affect the future allocations of Japan's economic resources.

Here, I would like to point out there are some problems in Japanese aid programs, namely, with the deficiencies of the allocation bureaucracy. Generally, the number of officials that are involved in Japanese ODA is quite limited. Thus, even if the Japanese government wants to implement these four political considerations, the current system may not allow it.

The conceptual framework for a more active international contribution by Japan is already in place. The issue is how the Japanese government and political system will put it into practice. Here, the role of political leadership is very important—the Prime Minister's role and the LDP's responsibility cannot be exaggerated. But the role of the opposition parties, particularly the Komeito, should also be emphasized.

I think the experiences that Japan has had over the last several months have forced the Japanese people to reflect seriously on their international position. As a result of a consensus to be more active, the politicians as well as the Japanese public have begun to think through what Japan should do in concrete terms.

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the Soviet Union and South Korea, the withdrawal of Vietnamese troops from Kampuchea, Sino-Soviet rapprochement, and reconciliation moves between China and Vietnam. North Korea is moving towards its own normalization of relations with Japan and, ultimately, with the United States. Japan and the Soviet Union may settle their long-standing Northern Islands issue, although the recent visit by Mr. Gorbachev seems to indicate that this will take some time. These developments may not constitute the end of the Cold War per se, but they at least represent the positive effects of the global East-West thaw.

The Cold War, to the extent that it represents the U.S.-Soviet military rivalry, has not ended in Asia, even though the Soviet Union is supposed to be removing its missiles and reducing its troops in Asia. Unlike in Europe, Asia has seen no major arms control efforts, much less agreements between and among the major powers.

There are several reasons for the lack of progress in arms control in Asia. First, the United States does possess and feels it must maintain superior sea and air capabilities in the Pacific; the United States is not enthusiastic about arms reduction in the area, at least for the time being. Second, the Soviet military, which has made crucial concessions to Gorbachev's new thinking in European arms control, seems capable of resisting a radical reduction of its military buildup in the Far East. Finally, in the absence of a clear-cut alliance structure, such as that which existed in Europe, there is no plausible way to bring the divergent parties and interests together for a comprehensive arms control effort. With the apparent reassertion of the military in the Soviet foreign policymaking process, it is becoming more unlikely that the current military configurations will give way to effective arms control in the foreseeable future.

Because of the independent dynamics of certain bilateral relations, such as those between North and South Korea, the receding of the Cold War factor, even if it takes place, would not automatically improve such relations or, for that matter, bring about peace and stability in the region. Without the Cold War, it is unlikely that there would have been a U.S.-South Korean or U.S.-Japan security relationship of the present magnitude. For countries such as South Korea and Japan, however, the source of the insecurity was not necessarily, or even mainly, U.S.-Soviet or East-West rivalries. As the end of the Cold War will necessarily be accompanied by a lessening of the U.S. security commitment and military presence in the area, the sense of insecurity that Asian countries feel may become even greater proportionate to the weakened commitments to defend them against real or imaginary enemies.

Another possible and worrisome consequence of the ending of the Cold War in Asia would be the return of the kind of free-for-all power politics that characterized the end of the 19th century. There is a conspicuous absence in Asia—and Northeast Asia in particular—of regional cooperative mechanisms, such as the European Community, or consultative forums, such as the Conference on Security and Cooperation in Europe. Although no country would venture imperialistic policies today, the power configuration at the end of the 20th century is beginning to exhibit certain resemblances to that of a century ago. The United States is moving towards a reduction of its military presence in the area. The Soviet Union, despite its formidable military power, has been seriously weakened under the weight of economic difficulties. China is preoccupied with its internal problems, both political and economic. Japan, which has risen as the predominant industrial power of the region as well as of the world, is now poised to act in accord with what it considers the major power role and place it deserves. The region could rapidly become a Hobbesian world in which each power or country scrambles for its own advantage at the expense of others and, ultimately, to the detriment of the interests of all.

Hence, in Asia there are trade-offs either way, whether the Cold War persists or ends. The persistence of the Cold War makes the building of a broader peace structure difficult. A premature ending of it can result in greater instability and insecurity. One may argue that the European Cold War ended too quickly and abruptly for

THE COLD WAR, TO THE EXTENT THAT IT REPRESENTS THE U.S.-SOVIET MILITARY RIVALRY, HAS NOT ENDED IN ASIA....

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Asia to duplicate the process or to take advantage of it. Western Europe was undergoing an integrating process of its own so that it could take advantage of the destabilization of the Soviet Empire when it took place, both to end the Cold War and to consolidate the European Community. Germany quickly reunified itself, taking advantage of the opportunity presented to it in the Gorbachevian whirlwind of perestroika at home and abroad, an opportunity that could have quickly passed by.

By contrast, Asia as a region was neither prepared nor eager to take advantage of the East-West thaw. It lacked the kind of regional structure and coherence that would have given the Asian countries the confidence that peace and stability would be assured once the Cold War was over. Asia did not take advantage of the short-lived opportunity of ending the Cold War offered by Gorbachev's "new thinking." Now that the Soviet Union seems to be reversing its stabilizing policies in both domestic and foreign affairs, Asia has to wait until another chance is offered for ending the Cold War in the region.

If the reversal of the new thinking is a temporary phenomenon, the Cold War will ultimately recede in Asia, too. It behooves the countries in Asia to hasten that process and, at the same time, to be prepared for it. The way to achieve both of these objectives is to build a structure of peace that will replace the semi-Cold War structure that exists today.

Although an inspiration, the European experience cannot serve as a model. Asia will never become an integrated community like the European Community. Asia cannot and, perhaps, should not form a NATO-like alliance. Even if it does, there is no counterpart structure, such as the Warsaw Pact, together with which to form a broader, umbrella mechanism of multilateral security cooperation (such as CSCE). On the other hand, a multilateral mechanism can harness and harmonize the power and energy that individual states possess and may be tempted to brandish. The Cold War may not be completely over in Asia, but Asia should be able to use effectively the time it takes for the Cold War to end so that such an eventuality will coincide with peace and order rather than instability and insecurity.

The Korean Peninsula

What are the implications of these developments for the Korean Peninsula? With the Gulf War over, the most explosive powder keg in the world may once again be the Korean Peninsula, where the heavily armed forces of North and South Korea are locked in a 45-year-old rivalry and confrontation. Gone is last year's euphoria that Korea might somehow follow the footsteps of Germany towards unification. Pyongyang feels threatened by the possibility of North Korea being absorbed by the South. Seoul is equally worried about North Korea's military intentions, particularly with its refusal to allow international inspection of its nuclear facilities. Some South Koreans even fear that Kim II Sung, North Korea's ruler for the past 45 years, might become the Saddam Hussein of East Asia.

Whatever else this week's historic visit to South Korea by Soviet President Gorbachev may have achieved, it will not bring North and South Korea together. They are as suspicious of each other as ever. They are also as far apart as before on the unification question. Obviously, German unification cannot be duplicated in Korea. For one thing, in Germany it was the result of the collapse of the Communist regime, not the product of compromise between the Federal Republic in Bonn and the Democratic Republic in East Berlin. The East German government miscalculated 20 years ago when it agreed to allow the controlled but, nevertheless, extensive exchange of people and information between the two nations. After 20 years of such contacts—and when the opportunity came—the East German people decided to get rid of the Communist regime and to join the Federal Republic. This lesson of German unification has not been lost on the North Koreans.

Even as they denied the relevance of the German experience, the North Korean leaders suspect that South Korea is trying to seduce its people with material attractions, with the goal of ultimately absorbing the North. The North Korean Prime Minister, during a groundbreak-
ing visit to Seoul last year, warned that any attempt to impose one's system, values, and institutions on the other would result in national calamity. That was a thinly veiled threat that Pyongyang is prepared to go to war to prevent unification by absorption, an expression that North Koreans are using with increasing frequency. In the past, Pyongyang's call for unification was seen by South Korea as a recipe for communizing the South; now Pyongyang feels threatened by the South's desire to establish contacts and exchanges with the North. Thus, in the short run, the cause of Korean unification has been set back rather than pushed forward as a result of events in Germany. The more Koreans long for unification and the louder they call for it, the less likely it is that they will actually achieve it. Neither Pyongyang nor Seoul is willing to share power with the other, much less give it up in the name of unification.

The unification of Germany is not the only bad news for North Korea: its leaders see a hostile world closing in on them. Virtually all of its socialist allies, including the Soviet Union, have forsaken socialism. Their old allies are allowing free elections and multiparty systems in their previously Stalinist societies. Furthermore, in spite of the strong objections raised by Pyongyang, they have established diplomatic relations with South Korea. Pyongyang's response to all these developments has been predictably negative. Pyongyang has called back most of its students from abroad, strengthened internal controls, intensified ideological campaigns, and, most disturbing of all, stuck to its plan to develop nuclear weapons, resisting pressures from virtually everyone, including the Soviet Union, to cease that effort.

It is clearly in Pyongyang's interest to accept the two-Koreas formula if it wishes to keep South Korean influence at bay. Indeed, by proposing to establish diplomatic relations with Japan, Pyongyang has effectively dropped its opposition to cross-recognition of the two Koreas. Pyongyang seems to have finally accepted that the only way to respond to South Korea's diplomatic normalization with the Soviet Union and expanding relationship with China is to establish its own official relations with Japan and, eventually, with the United States. Likewise, Pyongyang will soon recognize the advantage of securing a separate U.N. membership for itself.

But these policy changes will have little meaning unless North Korea budges on the all-important nuclear issue. Pyongyang must accept the International Atomic Energy Agency's safeguards agreement if it wishes to maintain good relations with its friends, such as the Soviet Union and China, and establish new relationships, with Japan and the United States. Pyongyang simply cannot defy the unanimous demands of other countries on such an important issue without damaging its own economic, political, as well as military interests. If Pyongyang really wishes to see a nuclear-free Korea, as it insists, the way to achieve it is to remain nuclear-free itself. Unfortunately, it is unlikely that North Korea will come to such rational conclusions on its own; convincing Pyongyang will require a major effort by both South Korea and the four major powers, namely, the United States, the Soviet Union, China, and Japan. Such an effort should include not only pressures but also inducements to allow Pyongyang to save face. To that end, the United States can play a key role in connection with its own nuclear policy toward Korea. At the same time, the major powers should refrain from taking actions that would make North Korea feel even more isolated and desperate.

Ultimately, the Koreans themselves, both North and South, will play the decisive role in shaping the North-South relationship. South Korea should make the North Koreans feel secure from the threat of unification by absorption. At the same time, any fundamental policy change in North Korea can take place only after a change of top leadership. It will take some time before North Korea will wake up to the reality of the world, to say nothing of catching up to it.

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A Region-Wide Order in Southeast Asia?

Dr. Sukhumbhand's presentation dwelt on a number of global and regional trends and their implications for Southeast Asia. One global trend of significance is "the continued decrease of geostrategic and ideological rivalry among great powers, and increased great-power cooperation on regional security issues..." The USSR has been drawing down its use of Cam Ranh Bay. With regard to the Philippine bases, the question is not whether the United States will leave, but when and how." This trend arouses uncertainty in Southeast Asia "regarding the emergence of a possible regional power vacuum, and as to which extra-regional powers would be predisposed to filling this vacuum." Dr. Sukhumbhand went on to say, "There seems to be a consensus in most ASEAN countries, although not always publicly acknowledged, that the U.S. military presence serves a stabilizing function. There is no consensus regarding the desirability of other major actors playing a more prominent role within the region."

This trend also helps open new opportunities. "Now there are prospects of creating a region-wide order, on the basis of initiatives of regional states, beginning perhaps with the accession of Vietnam and Laos to a Treaty of Amity and Cooperation (with the ASEAN countries)." On the whole, Dr. Sukhumbhand argued, the principal global trends have had benign effects in Southeast Asia and will continue to do so—effects which support the development of a region-wide order.

There are certain regional trends in Southeast Asia, however, which seem to be running against the global tide, Dr. Sukhumbhand continued:

- Regional differences and conflicts still abound. Some conflicts are "traditional" ones that refuse to go away (the Cambodian conflict, the civil war inside Burma, the Muslim minority problem in southern Thailand, the Sabah

issue between Malaysia and the Philippines). There are also "non-traditional" conflict areas (competing territorial claims in the South China Sea, resources and environmental problems, narcotics, and immigration of labor).

- Swords are not being turned into plowshares. Most ASEAN countries are engaged in major arms procurement programs. In the case of Thailand, even with the withdrawal of Vietnamese combat units from Cambodia, Thailand has engaged in what will probably turn out to be the largest arms procurement program in the Kingdom's history.

- The ruling Communist parties in Indochina may be prepared to undertake certain reforms (especially in the economic arena), but are probably able to hold on to the reins of power (as evident in recent developments in all three countries). Thus, parallels with Eastern Europe are not valid.

- In Southeast Asia democracy is still a rare commodity—not only in Indochina and Burma, but also in the ASEAN countries, especially now Thailand. While some countries can reasonably hope to continue to be politically stable for the foreseeable future (most notably Singapore, and also Thailand, despite the recent coup), other countries may be faced with serious domestic problems, which in Southeast Asia are traditional roots of conflict among regional states. This is especially the case in Indonesia (problems of secession movements, political succession, political participation), in Malaysia (problems of race and religion), and in the Philippines (the problem of armed rebellions, intra-elite political rivalries, and problems of political institutionalization).

- Growth has come at the expense of distribution and the environment. While small minorities in Southeast Asian countries have been able to reap the fruits of economic progress, the vast majority still have not seen marked improvement in their standard
of living. Therefore, within the regional states, the "North-South division" remains, and in most cases it is likely to widen. In the near future, issues of economic equity and environmental concerns may become salient political issues.

It is very clear that peace, stability and prosperity in Southeast Asia are likely to continue to be unevenly distributed commodities. Existing and potential conflicts are likely to make regional cooperation—within ASEAN, or between ASEAN and the rest of Southeast Asia—very difficult. At the same time, the conflicts are likely to remain at relatively low levels, with minor border clashes being the most violent form of conflict. The possibility of war between Vietnam and her neighbors is limited by the former’s outdated weapons and domestic weaknesses. Southeast Asian leaders are, by and large, pragmatic. There seems to be no Southeast Asian Saddam Hussein on the horizon.

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HADI SOESAstro

ASEAN and the Global Political Economy

A lot of good news is likely to continue to come from the Asia-Pacific region. This year and next year will again see this region economically out-performing other areas of the world. The process of market-driven integration will not easily lose its momentum in view of the fact that deregulation and liberalization are continuing in many parts of the region.

And yet one can sense a growing uneasiness and great concern about trends and uncertainties that have emerged on the global economic scene. Perhaps some dark clouds are on the horizon. There is great uncertainty about the roles of the United States and Japan, the two most powerful economies in the region, and their responses to these global trends and uncertainties. The United States is, perhaps, the only truly functioning superpower today, but it is very uneasy about its own economic future. Japan, in particular through its foreign direct investment, is having a strong integrating influence in the region. Although Japan may have a blueprint for the economic development of the region, it is very hesitant to take up leadership.

The developing countries in the region, particularly the ASEAN countries, have become quite alarmed by these global developments. The realization of their great stake in the functioning of an open international trading system has led them, perhaps for the first time, to take a more active stance in multilateral trade negotiations (the Uruguay Round), although they will probably not matter much in these negotiations. There is not a great deal of optimism that the extended negotiations will lead to a successful conclusion. But there is as of yet no consensus in ASEAN as to what the implications would be of a failure of the Uruguay Round, and how to respond to this development.

Three Scenarios
Let me summarize the different views, concerns, and suggested responses in the ASEAN sub-region to three alternative scenarios for the global political economy.

First is what might be called a "trilateral world"—perceived as a world dominated by an exclusive decision-making club composed of the industrialized countries of North America, Europe, and Japan, and led essentially by the Group of Three—namely, the United States, Germany, and Japan. This scenario is much more widely accepted in South Asia than in Southeast Asia, but it is gaining proponents in the latter region. Since this "trilateral world" is believed to provide no room whatsoever for the devel-

...THIS "TRILATERAL WORLD" IS BELIEVED TO PROVIDE NO ROOM WHATSOEVER FOR THE DEVELOPING COUNTRIES....
opining countries to adequately express themselves, the suggestion is that they organize themselves and produce a countervailing power—hence, the revitalization of the Forum of the South led by the Group of Fifteen. I do not think that this forum will be viable in view of the vast differences among its constituent elements, but even so this will not discourage some countries from continuing to pursue this strategy. This scenario, if it proves correct, would significantly re-introduce the North-South conflict into the Asia-Pacific region, and is not what many of us want to see.

It is not clear to me that the "trilateral world" is indeed in the offing. Some say the Europeans have not the slightest inclination to make a special place for the United States in the European economy; therefore, the United States is simply not part of the emerging Europe. This aside, I am more doubtful that Japan can readily become a part of a closely knit trilateral world.

The second scenario is a more popular one, namely that of a "tripolar world." It has been argued that even if the GATT negotiations do not break down, the world is already witnessing the emergence of regional trading and economic blocs. At one end there is the assertion that even if "Fortress Europe" is not what the Community wants, Europe will be so preoccupied with itself that only its own problems will matter. At the other end, it is believed that it is only a matter of time before a U.S.-Canada-Mexico free trade agreement will be extended to the rest of Latin America. The former Prime Minister of Singapore, Lee Kuan Yew, has suggested that a de facto emergence of such blocs will mean a world fraught with conflict. Asians will feel that they have been forced into the Japanese yen bloc, so that they can be excluded from the markets of prosperous Europeans and Americans.

A tripolar world could be a very unhappy or even disastrous experiment for both sides of the Pacific. Nonetheless, the Malaysian Prime Minister Mahathir, when proposing an East Asian Economic Group, appears to see this development as inevitable. He stated that the choice is not for the East Asian countries to make. It has already been made by others. He further stated that it is difficult to understand why it is proper for some countries to come together and protect themselves while others may not do so. The ball is now in Japan's court as far as the East Asian Economic Group proposal is concerned. A leadership role in East Asia has been handed to Japan on a silver plate.

The only way out for Japan is to take up a more active leadership role in the third scenario, namely that of a "multilateral world." For ASEAN, it is almost certain that this would be the better option. And the proposed stance for ASEAN is to try to make the best of it, even if it is an imperfect multilateral world. For ASEAN, this should mean the continuation and perhaps even a stepping up of national development efforts and building of regional resilience. That is to say, the ASEAN countries should put their own house in order first. But at the same time, they should also promote open regionalism in the wider Asia-Pacific region through Asia Pacific Economic Cooperation (APEC) or any other efforts at Pacific coalition-building, with the primary objective of strengthening multilateralism.

The strategic importance of APEC becomes more clear in this situation. It could provide the necessary bridge to overcome the North-South conflict in the region, as well as that between the Western Pacific (namely, East Asia) and the Far East (meaning the Americas). In addition, multilateralism requires openness. This has been the determining characteristic of the Asia-Pacific economy. Openness has been shown to be even more important than any preferences that may exist in some sub-regions (as for example in ASEAN or in the closer economic relations between Australia and New Zealand or in the U.S.-Canada free trade arrangement). If all this is well-understood, then ASEAN's responsibilities will at least not make things worse, and we all hope for that.

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The Asia Pacific and Global Change

Australia has long had a significant presence in Asia, geographically and economically: we are a major resource supplier to the region and the world, Japan's sixth biggest trade partner, and have an economy larger than India's, or than all six ASEAN countries put together. But it is the case that we have for most of our 90-year history perceived ourselves, and have been perceived by others, as being in the region but not of it: something of a European outpost or, as I have said elsewhere, a cultural misfit trapped by geography.

The task we have set ourselves in recent years is nothing less than to turn that perception on its head. We know that Asia is where we live and must seek our security, base our livelihood, and build our future. We want to be seen not as outsiders, suppliers to the region, but as partners with the region. And so we have gone about systematically establishing a new set of credentials as constructive participants in the region’s affairs.

In the first place, since the early 1970s we have practiced a wholly non-discriminatory immigration policy, and the proportion of Asian members of the Australian community is steadily growing as a result.

Secondly, throughout the 1980s we have been reshaping our economy, breaking down protectionist barriers, and deregulating, loosening and opening up the economy to both the discipline and opportunity of greater trade and two-way investment.

Thirdly, since the mid-1980s we have also been fundamentally reshaping our defense posture: while still wholly committed to the Western alliance, we no longer begin and end our planning—as generations of previous Australian governments have—on the assumption of reflex support from great and powerful friends. By contrast, we have now built our defense philosophy and force structure around the concept of self-reliance—developing the capability to handle all but the most extreme contingencies with our own resources. (I should say in this respect that we are entirely comfortable with the “cooperative vigilance” approach to Asia-Pacific security recently enunciated by the U.S. Pentagon that implies a sharing of security responsibility by both senior and junior alliance partners.)

Finally, through most of the 1980s, but most visibly in the last few years, we have been conducting an energetic foreign policy in the region—built around, but not confined to, some high profile initiatives like Asia Pacific Economic Cooperation (APEC) and the U.N. Cambodian Peace Plan. In our external relations we have tried to make up what we lack in population size with creativity, energy, and a diplomacy sensitive to the currents and nuances of the region.

Whether we have succeeded in all, or any, of our aspirations to date is for others to judge. We have to acknowledge that it will never be possible for Australia—with its distinctively European history, demography, and culture—to become as fully Asian as other nations in the region. And there are all sorts of cultural, social, political, and economic links with Europe and North America that, in any event, we want to retain. But it is fair to say that we are increasingly coming to be seen no longer as “odd man out” in this part of the world, but rather “odd man in.”

If there is any single theme that has governed Australia’s attempts to come to grips with the world and the Asia-Pacific region in the rush of recent events, it is our perception of the interdependence of things—the realization that no country or group of countries can any longer sensibly stand outside the mainstream; that no country’s or group of countries’ interests can usefully be pursued in isolation from everybody else’s; that a great many problems on the international agenda can only sensibly be addressed by cooperative action; and that different kinds of problems—economic, security, environmental, and the like—can no longer be quite as readi-
ly quarantined from each other as might have been the case in the past.

That theme of interdependence is a useful starting point for any discussion of global trends and their application to the region. There are four distinct currents of new thinking determining the shape of the post-cold war world, through each one of which the concept of interdependence runs as a central thread. I would identify those currents as new ideas about security, international trade, good international citizenship, and the virtues of liberal democracy. Let me say a little more about each in turn, particularly as they impact on the Asia Pacific region.

The New International Security Environment

On the subject of security, there are in fact two big ideas on which governments around the world at the moment are reacting—or to which they are reacting. One, associated with the end of the cold war, is common security; the other, associated with the Gulf war, is collective security. They are mutually reinforcing and in our view equally important.

The central idea of "common security" is that lasting security does not lie in an upwards spiral of arms development, fuelled by mutual suspicion, but in a commitment to joint survival, to taking into account the legitimate security anxieties of others, to building step-by-step military confidence between nations, and to working to maximize the degree of interdependence between nations—in other words, to achieving security with others, not against them. The clearest institutional expression of that process at work is the 34 nation Conference on Security and Cooperation in Europe (CSCE)—the Helsinki conference process.

Common security, despite its origins among European social democrats, is not a security policy for wimps. Nothing in the idea implies passivity or appeasement in the face of a security threat. Common security involves neither emasculating our military forces, nor removing our capability to respond to direct threats to our nations, nor denying the legitimacy of a collective military response—as in the Gulf—to threats to the international security framework. The corollary to common security is, in fact, collective security. While the former is about building confidence over time, through dialogue, transparency and the steady accumulation of patterns of interdependence, the latter—collective security—ensures that the process will not be blown off course by the aggressive behavior of individual states, or that, if it is, the international reaction (preferably through the processes of the United Nations) will be swift and effective.

There is a fascinating debate going on at the moment about whether common security concepts have any applicability to the Asia-Pacific region, away from the cold war theatre of the North Atlantic. Nobody is naive enough to think that the CSCE process can simply be recreated in the Asia-Pacific environment. There is an obvious difference: no single East-West confrontation to contend with, but a heterogeneous collection of cross-cutting cultures, conflicts, and cleavages. But just because institutional processes cannot be translated half a world away, that is not to say that the relevant habits of mind cannot be translated. Here as elsewhere, security is enhanced by reducing heat, and introducing light, into exchanges between traditional adversaries. Greater degrees of transparency can be introduced into military arrangements, and confidence building measures like joint exercises can be devised, without stepping over predetermined lines, let alone sliding over the precipice of naval arms control or succumbing to any of the other horrors that policymakers in some high places keep worrying about.

It is important to appreciate in all of this that traditional alliance relationships—and, in particular, the Western alliance, to which Australia remains a fully committed party—still have a crucial role to play in both global and regional security so long, at least, as they operate not as ends in themselves, but as means to the end of greater security. Traditional alliance relationships serve as a fail-safe support system in the event that security fails; in the uncertain multipolar environment of the Asia Pacific that kind of very basic reassurance has a particular resonance. They help make the international
collective security system work: while the USSR and China cooperated throughout the U.N. Security Council's handling of the Gulf war, it was the United States and its Western allies who unequivocally took the lead in mobilizing and sustaining the international response. And they can serve, as was the case in Europe, as a very helpful transition mechanism, providing again the sense of stability and reassurance that it is necessary if the process of confidence building is to keep moving forward.

It will be a long time before we can contemplate disbanding the Western alliance, in the Asia-Pacific region or anywhere else in the knowledge that we have in place a self-sustaining, self-regulating alternative security system in which conflicts between nations are a thing of the past. In the meantime, we do have an environment in which the major powers are cooperating in the resolution of conflicts as they arise, under the umbrella of the United Nations and using its institutional processes, and giving every indication that they will go on doing so. While this environment may not constitute every romantic's dream definition of a new world order, in my judgment it is not a bad start.

**The New International Economic Environment**

The prevailing worldwide intellectual current at the moment is squarely in favor of international trade liberalization. The Uruguay Round of multilateral trade negotiations seemed likely to have as big an impact on the world's economies as glasnost and perestroika were having on the world's political balance.

Certainly, the Australian Government is wholly committed to the liberalization philosophy. Our interests, and we believe those of the rest of the world, lie overwhelmingly in achieving a free trade environment. The GATT, with its principles of non-discrimination, transparency, and consensus, establishes a common set of groundrules that work unquestionably to the advantage of big and small countries alike. That is the view of the fair agricultural trading nations of the world, which we brought together as the Cairns Group in 1986 (and which has been doing battle with the three Trilateral Commission regions ever since). And that is the view overwhelmingly endorsed by all the major trading nations of the Asia-Pacific region when we inaugurated APEC in November 1989, and met again at ministerial level in Singapore last year.

The establishment of APEC should be seen more than anything else as an attempt in this region—the most dynamic and trade dependent in the world—to reinforce and further extend the principles of free international trade. APEC is not and was never intended to be a defensive trade bloc, determined to build walls around itself and fight aggressive trade wars with everyone else, including Europe. The straddling of the Pacific to embrace the United States—rather than create an Asian group that would build a natural rivalry with North America and Europe—was wholly deliberate. Equally eloquent in this respect has been the very great caution with which the Malaysian East Asia Economic Grouping proposal has been greeted, at least in its original form, as something very closely resembling such an Asian bloc.

APEC was formed with three basic objectives in mind: first, to give political support to the Uruguay Round negotiations, which it has been doing; secondly, to explore the options for regional trade liberalization on a non-discriminatory basis vis-à-vis the rest of the world, which it has just started to do; and thirdly, to develop strategies for economic cooperation in data collection and evaluation, common problem solving, and sectoral projects of one kind or another—in which areas there are now ten substantial work projects under way.

There was, and remains, a good deal of political caution in the region about APEC. Many desire to see it evolve gradually, rather than be imposed as a new institution on others, like ASEAN, which is still trying to find a voice in economic issues. The question of participation by other economies with major linkages in the region—especially China, Taiwan, and Hong Kong—is still being negotiated. Progress, generally, will be measured rather than spectacular. But APEC has already proved its worth, quite apart from anything else, as a strong mutually

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reinforcing voice for continued trade liberalization; and for this role alone, APEC should be appreciated and nurtured, not only in this region, but in the rest of the trading world as well.

The New Internationalist Agenda: Good International Citizenship

The foreign policy agenda these days is not just confined to security and economics. In a sense, of course, it never was. From time immemorial, countries have been negotiating agreed groundrules for the sending of letters, the protection of diplomats and migratory birds, the passage of aircraft, and the rest of the stuff of everyday international life. But what one might call the “third agenda” of foreign relations has, in recent years, been rapidly expanding, and occupying much more of the time of ministers and diplomats around the globe. Countries have come to appreciate their interdependence and the need for cooperative solutions, on a whole new range of problems. These problems include, most conspicuously, the environment (climate change, tropical forests, drift net fishing, Antarctica, and all the rest), but also matters such as unregulated population flows, narcotics, AIDS, and terrorism.

One way of capturing the flavor of this expanded new internationalist agenda is to say that it is about good international citizenship. Countries are appreciating that there are innumerable areas in which cooperation produces benefits for everyone, and where self-interest and selflessness are not competing values, but complementary ones.

The Asia-Pacific region has its full share of responsibility in relation to the issues on this new global agenda. We speak correctly of the region’s dynamism, but it also has vast areas of acute economic underdevelopment; its problem of displaced persons and refugees is amongst the most intractable in the world; the pollution of the atmosphere in its cities and the contamination of its waterways is as disturbing as in any other region; and, in addition, some of the smaller Pacific island states face the unique threat of extinction from sea-level changes resulting from global warming. The challenges are visible and urgent, and their resolution can only be found in a combination of regional and global cooperative strategies.

The Values of Liberal Democracy

There is one further global trend that deserves to be mentioned, not least because in many ways it underlies the themes I have referred to so far. This trend is the rise, to more or less absolute intellectual dominance world-wide, of the political and economic philosophy of liberal democracy.

There have been those who have questioned the applicability of this to the Asian region. Certainly the record of political and economic change here has been a mixed one, with not quite that inexorable sense of forward momentum towards political democratization and economic liberalization that we have seen in Eastern Europe and, perhaps, in Latin America.

But there has, nonetheless, been a litter of encouraging small examples, from Nepal to Bangladesh to Mongolia—and Burma as well, before the military regime reasserted its minority authority. Even in China, what was more remarkable than the awful repression of June 1989 was the rapid growth and strength of feeling underlying the democratic movement; nobody really doubts now that the eventual changing of the present leadership guard will herald a reaffirmation of that democratic and humanitarian impulse. There are those, not least in China, who will cling for some time yet to the notion that a measure of economic liberalism can be conceded without having any implications for political democracy or the respect for human rights that goes with it. But this notion is as misconceived as President Gorbachev’s disastrous reverse conclusion last year that a measure of political democratization did not need to be accompanied by any concession to economic rationality. The point is simply—as good Marxists should be prepared to concede—that economic and political change is inseparable.

For any observer of the international scene, the conclusion is hard to resist that the example of democracy and economic growth is simply too infectious to contain. The turning point for me came in 1988 during my first visit to
Vietnam, then as now sternly and self-conscious committed to the trappings of communism. Foreign Minister Nguyen Co Thach told me during that visit that his favorite bedtime reading that year had been "a book on economics—by an American man called Samuelson!"

While, at the level of ideas, the liberal consciousness is almost as comprehensively prevailing in Asia as in Europe, the triumph of these values on the ground in Asia is not yet even remotely complete. But I suspect that, along with everything else that is happening in the world and region, we may all stand to be surprised by the pace at which our region moves to affirm and apply in practice some of those basic political and economic values for which your countries and mine so clearly stand.

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Currents of thought in international affairs cannot easily be imposed. But they can be picked out and highlighted where they do exist, their flow channelled to some extent and their impact reinforced. Part of the agenda for this meeting, as I understand it, is for the Trilateral Commission to rethink the role that it and the countries associated with it might play in the future of the Asia-Pacific region—in contributing to its security, its dynamism, and the development of responsive and democratic forms of government. Perhaps you will allow me to suggest that the most valuable job you can do in this respect is to articulate, and show by example, your unequivocal commitment to multilateralism in trade, liberalism in politics, and cooperative internationalism in the general conduct of international relations.

Gareth Evans is Minister for Foreign Affairs and Trade of Australia

C. Fred Bergsten

The Trilateral "Steering Committee" and Its Tasks

I wish to address three topics. First, the big picture—the future of the international economic order. Second, the big question mark at the moment—the Uruguay Round negotiations on trade and what they imply for regionalism and blocs. And third, a recent big success story of Trilateral cooperation—the substantial correction of the international trade imbalances of the 1980s.

Collective Leadership

When the Trilateral Commission was formed in the early 1970s, the United States was clearly still the dominant world power in both economic and security terms. The Common Market had started, but Europe was a group of quite disparate middle-sized countries and Japan was just starting to emerge on the world scene. Moreover, the Trilateral countries were united by the overriding security imperative of opposing the Soviet Union, which led them to suppress economic and other conflicts to preserve the alliance structure. The global framework of the 1990s, I would argue, is totally different.

Europe is on a path to economic and, perhaps, political integration and, thus, to becoming the largest market, trader, and holder of monetary reserves in the world. Japan is already the world's largest creditor country, the leader in a number of important technologies, and in recent years it has spent more in absolute terms on investment and on civilian research and
development than the United States. Japan's GNP, based on conservative assumptions about growth and exchange rates, will probably exceed that of the United States early in the next century. The United States, of course, remains the only country that is a superpower in both economic and military terms.

We are now in a situation where the Trilateral partners are much more alike than different, including in their dependence on the world economy. Many people still think of the United States as a relatively self-contained, self-sufficient nation, but the share of external trade in GNP of the United States is almost identical to that of the European Community as a group and that of Japan. The U.S. share of world GNP has not changed much in the last 20 or so years, but the international dependence of the U.S. economy has risen two- to threefold over that same period. Meanwhile the external dependence of the European Community countries as a group and of Japan has not changed much at all. The United States has become more dependent on and integrated into the world economy and, thus, more like the others from that perspective. Moreover, the end of the Cold War removes the security blanket that did, to some extent, repress economic conflict. This means that the United States will be less willing to pay the cost of economic leadership for broad security purposes, and that economic disputes are much more likely to erupt among our countries.

The implications of this are simple but profound. The only viable way, it seems to me, to structure the international economic order for the future is to install collective leadership among the Trilateral partners—to view the three regions not as the dictators or the dominators, but as a steering committee, which must work out its own differences first in order to lead a stable and prosperous world economy.

One way to do that would be for the G-7 leaders to stand up at this year's London Summit and announce that they have a common vision of collective leadership. They could direct their finance ministers to go off to another room to negotiate forward momentum for the international trading system (starting with the Uruguay Round but going beyond it to negotiate, perhaps, a GATT for investment that would put in place, for the first time, an international cooperative structure on the increasingly crucial direct investment issue); and their foreign ministers off to another room to work out the burden-sharing formulas and allocations for the future. It seems to me that there is simply no alternative to developing a common vision of that type and then implementing it in concrete terms, so that we can have some basis for future world stability.

The problem is that never in history have we had collective leadership of the world economy, and, therefore, the dimensions of the challenge before us are enormous. There is also the question of how this vision of shared leadership squares with the realities of the moment. Without getting into the bilateral disputes I would like to focus on the Uruguay Round, because it is the first big test of economic cooperation in the post-Cold War world.

The Uruguay Round

I would argue that the impasse that the Uruguay Round hit in December 1990 in Brussels could not have occurred as recently as two or three years ago. The "security blanket" was still there then. The United States would not have made the demands on its allies that it did in December, sticking to its guns and insisting that agriculture and other tough issues be negotiated. And if it had, the other countries would probably have capitulated. This is a new structural phenomenon, and the first test of whether anything like the vision I suggest can be put into place under present conditions. It is crucial that the Uruguay Round be handled successfully, because its outcome will determine the course of the world trading system well into the 21st century. It is the test of the credibility of the entire multilateral, open-trading regime on which we have come to rely for the past 40 years and more. Certainly the U.S. Congress and the U.S. business community view this Round as a test; if it fails, the whole multilateral system will be
viewed as inadequate to the task and other alternatives will, inexorably, be pursued.

The crucial question, of course, is, what is "success" in the Uruguay Round? I must admit that I have been stunned to hear European political leaders, in particular, say, "Oh, yes, it is going to be a success. We will tinker here, move at the margin there, declare victory, and go home." That will just not wash. To be a success and to be credible, the Round is going to have to deal substantively with the issues—it cannot paper over agriculture, as the last two Rounds did nor can it ignore the new issues of services, intellectual property, and the like. Instead, it must meaningful regimes in place to deal with these issues. The Round must meaningfully improve access to markets, not just for Third World countries but also for the United States, which needs export-led growth and still has a $100 billion trade deficit to erase.

We have to be clear, too, about what the Uruguay Round means for regionalism and blocs, because much of the discussion of that topic is naive and simplistic. There are going to be regional deals—there is a Common Market, there is a U.S.-Canada Free Trade Agreement, there is going to be a European economic area, and there is probably going to be a North American free-trade area with Mexico. The issue is what the global context will be within which those regional efforts take place. If there is an effective, credible, and successful GATT system, then these regional efforts are supplementary, with particular countries going further in areas in which they could not reach agreement at the global level. If, by contrast, the global system collapses into disharmony and loses its credibility, then, inevitably, those regional steps will be viewed as alternatives to the global system and will head in the direction of blocs. The open global system will begin to erode.

My own bet, if that were to happen, is that we would evolve toward a world not of three blocs, but of two. The United States, to put it bluntly, does not want to limit its prospects for trade growth to Latin America, and many Asian countries would not want to be in a bloc led only by Japan. Indeed, the dynamic of a breakup of the global trading system would almost certainly begin with Europe's failure to agree on agriculture in the Uruguay Round. Europe would come to be viewed as inward-looking. So, the rest of the world, in a sense, would gang up against the only existing bloc and would play on the interdependencies that are growing across the Pacific.

Correction of Current Account Imbalances
I do not want to paint too gloomy a picture and, therefore, I will close on a perhaps surprisingly optimistic note. The terrible trade imbalance problem of the last decade, if not totally solved, seems well on its way to a solution.

The Japanese global surplus in 1990 was less than $40 billion (or less than one and one-half percent of GNP), down dramatically from its peak of four and one-half percent in the mid-1980s. (That surplus has again begun to climb a bit in the last three months, and the Japanese bilateral surplus with the United States exceeds its global surplus, so there are still problems.) Germany had a bigger surplus in the last three years in absolute terms than did Japan. It was by far the biggest surplus country in the world, yet, in this year alone—or over the next two—the German surplus will probably come very close to disappearing. Indeed, one might say that the Germans are reducing their surplus a little too fast, because the deutsche mark is now plunging in the exchange markets partly for that reason. It does indicate, however, that the old problem—the big imbalances—is on its way to correction.

The United States is perhaps the biggest surprise. The U.S. current account deficit is still large in nominal dollar terms—currently on the order of $80–90 billion per year—but is down to about one and one-half percent of GNP from its peak of over four percent in the mid-1980s. The most dramatic change is in volume or real terms, which are the best indicator of competitiveness, market share, output, and job creation. In these terms, the U.S. external deficit, which peaked at an annual rate of $160 billion in the third quarter of 1986, was, if seasonally adjusted, virtually zero in the fourth quarter of
Those who said exchange rate changes would not pay off were wrong.

1990. This represents a dramatic improvement that has led to increased economic growth in the United States. In fact, this improvement accounted for over half of U.S. economic growth in 1990. Absent the trade improvement, everybody would have been talking about the deepest recession since the 1930s. In short, the United States is getting export-led growth. Over the last three years, U.S. exports to Japan have risen 72 percent, while U.S. imports from Japan have risen six percent—reflecting a striking improvement in the competitive position of the United States. If you believe that the budget deal worked out by the Congress and the President last fall will be fully observed, and if exchange rates do not move too much from where they are now, an economic model that my institute developed projects the elimination of the U.S. current account deficit, even in nominal dollar terms, by 1995.

If all this happens, it is obviously a tremendous success story. It shows that economics works. Those who said exchange rate changes would not pay off were wrong. They did pay off, although with a longer lag than some of us might have projected. More fundamentally, it shows that Trilateral cooperation does work, because the corrections stem from the overt efforts of our countries through the G-7 process starting in the mid-1980s. I do not mean to say that the international monetary system is perfect, but there has been enormous progress. It does show that when we work together consistently and with a vision of where we want to go, we can succeed. I hope we will now apply those principles to the Uruguay Round in the short run and to creating a vision of much broader, effective cooperation in the longer run.

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KAZUO CHIBA

A “Worm’s-Eye” View of GATT

Unlike Fred Bergsten's very elegant expose, I can only give you a worm's-eye view of how the GATT operates.

I would like to start out by saying that the trilateral approach is very much conspicuous by its absence. People invite each other to luncheons and dinners, of course, and talk about some sort of common strategy, but there is no common strategy. The feeling of mutual suspicion and antagonism is now, if anything, even worse than in my day.

I appreciate the idealism of the postwar political institutions, including the GATT. I am also one of the greatest admirers of the GATT Secretariat—the best in the whole United Nations family. Still, with all of those admirable traits, it is not working. Most of the U.N. institutions are 45 years old. If I might be very honest—since I am not an Ambassador anymore, I shall be—they are all decrepit, even the GATT, slightly. If the GATT Secretariat is not quite up to par, it is the fault of the member countries and the member governments. So, I personally have to accept responsibility in that sense.

In a broader sense, we will have to work out something approaching the trilateral approach in this august body, because there is too much ill will. People go to each other's capitals—Mr. Kaifu goes to see Mr. Bush—and they are all very cordial; they talk about the absolute necessity for the success of the Uruguay Round, and that is true. All those ambassadors come back and make little speeches and say the same thing.

But the biggest concern for the Japanese is that the Americans and the Europeans will get together and stab us in the back. The biggest concern for the Europeans is that the Americans and the Japanese will do this to them. The Americans have another concern: They want to look good in front of the Congress. Whatever
the consequences of their posturings, it does not create extra good will.

We Japanese tend not to talk at all in these discussions. To put it nobly, it is because our culture forbids us thrusting our values on others. But to tell you the truth, we do not have much to say, for two reasons.

One is that, happily, we do not share so much the horrendous problems that others have. Now, this might contribute to our unpopularity in general, but it is a fact. We are in much better shape than most of the other protagonists (or antagonists).

The second reason is that Japan is a country ruled by special interests. (I am not trying to paraphrase Mr. van Wolderen’s momentous misinterpretation of Japan.) But while I have never seen black holes in the night sky that I understand are there, I have seen special interests in Japan, and I have been stabbed in the back too. I am not going to take my jacket off and show you the wounds; my colleagues all have the same scars.

To illustrate this I will tell you a little story. In the beginning of the discussions on the Uruguay Round, we were waiting for a very important cable to come from Japan with instructions. It did not come. I was not the Chairman of the Council, so I sent someone up to the Chairman to say, “Look, Chairman, we do not have our instructions yet. Please wait for five minutes.” The Chairman waited for ten minutes. We were very uncomfortable. Then one of my men rushed in with a piece of paper. He said, “Ambassador, we got it. We got it.” So, I opened it, and what did it say? “You must cope with this problem as you see fit.” This means that the special interests in Japan did not manage to get out a simple cable to the Ambassador.

I am not trying to make fun of Japan alone. The same situation exists in most countries, except the mores are different. In the case of the European Community, there are 12 countries. They do not wait for cables that do not come; they make us wait for them in a different room, while they thrash out their differences. The Americans, of course, will tell us, and tell everybody, that tomorrow at 10:00 a.m. a very important cable will come. They will even tell us a little of what is supposed to be in it. But 10:00 a.m. comes, and nothing happens. The American Ambassador is looking cool as a cucumber. I send somebody to see him and ask, “What about the cable?” “What cable?” he replies.

I know that I am caricaturizing too much, but this atmosphere still reigns in GATT.

Now, the Japanese are bad, but so are the rest. Because we are bad, we have had to invent this Trilateral Commission. The fact that we are still at it after almost 20 years shows that we fundamentally are not very good. Nevertheless, as Fred Bergsten has pointed out, we have come to the point where it is very important that we succeed. Now, how do we succeed when the GATT resembles a snake pit? We have to tell the snakes to behave. But that is easier said than done—I was one of them so I know.

The only thing I can do is to explain to you why Japan supported the Uruguay Round. We did it because we wanted the United States to be multilateral and not unilateral. That might sound too simple to you, but to me, out there being stabbed in the back, it was not.

The Japanese economy depends on the world structure, obviously. The world structure then, and still today, was upheld by many, but mostly by the Americans. If the Americans, for whatever reason—the Congress or whatever—go into their war dance, I think we would be very much upset. Somebody mentioned earlier this morning that the rapid growth of Japan has created disruptive situations in the world economy, and I agree with that. But, the war dances by the Americans and the Machiavellian schemes by the Europeans have also created confusion and chaos.

So, the Uruguay Round is, quite apart from all the tremendous issues, an exercise in trying to come to terms with each other. I am happy that the trade statistics are now slightly better than before, but the fundamental conditions are not good. The deadline in December has not been honored—I never thought it would be. I hope, with Fred Bergsten, that something substantial will come out of this—and, indeed, must come out of this. But in the meantime, maybe we have to be content with temporary patching-up jobs.
The Uruguay Round is also an exercise in trying to decide the future. We do not know how to work out all these things. But one thing is very clear: we have the three great trading partners, the three "blocs" or whatever they are called. I talk in terms of the three "pillars"—North America, Western Europe, and East Asia or the Western Pacific—holding up the world economy until well into the 21st century. We have a responsibility for that.

Now, this tripartite structure will have to be reflected in some form in the political decision process; otherwise, we will not arrive at any conclusion. The Uruguay Round is a chance for us to get into the 21st century in slightly better shape.

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MARIO MONTI

Regional Integration and Trilateral Cooperation: A European Perspective

Is regional integration a threat to Trilateral cooperation? In debates over the future of the international economic order, this question is frequently alluded to, but seldom addressed explicitly. When it is addressed, consideration is usually given only to the trade aspects in static terms. Whether regional integration processes will prove detrimental—or beneficial—to Trilateral cooperation, however, depends on a broader range of circumstances.

The purpose of these remarks is to propose such a wider map, on which a particular process of regional integration should be gauged in order to establish how consistent it is with Trilateralism. The case of the EEC will be used here to provide an example of how this framework of analysis should be applied. The EEC lends itself well because its integration process is more advanced than the integration processes taking place in North America and the Asia Pacific.

In July 1990, Stage One of Economic and Monetary Union (EMU) began, and complete liberalization of capital flows was achieved. The exchange-rate mechanism of the European Monetary System (EMS) has been joined by Spain and the United Kingdom in the wider (6%) band, and Italy has entered the narrow (2.25%) band with the other participating countries.

The implementation of the Single Market has proceeded reasonably well and the deadline of January 1993 should be met. Two inter-governmental conferences began in December 1990 dealing, respectively, with political union and the EMU. Stage Two of EMU—in which a European Central Bank is to be established—is due to begin in January 1994. Negotiations are still going on, however, about whether the beginning of Stage Two should be conditional upon the achievement of greater economic and financial convergence, and about whether the Central Bank should be operational at the beginning or at the end (1997) of Stage Two.

It is worth noting that none of the achievements or decisions mentioned above had yet seen the light at the time the Trilateral Commission last met in Tokyo, only three years ago. It can be concluded, therefore, that the EEC integration process has been progressing fairly well, in spite of the difficulties associated with such extraordinary and diverse developments as German unification and the Gulf War.

* * *

How is the emergence of this "European bloc" affecting Trilateralism? What impact is it likely to have on the achievement of Trilateral values, such as those of growing market economies in democratic societies, with a high degree of eco-
nomic and financial openness and effective international coordination?

Trade Effects
Trade is to be interpreted here in a wide sense, relating to trade in goods and services, direct investments, and capital movements. Concerns about adverse effects on trade with outside areas—the United States and Japan, in particular—followed the announcement of plans to create the Single Market. "Fortress Europe" was an expression of concern that dominated the 1988 Trilateral Plenary in Tokyo.

The European answer to concerns of a "Fortress Europe" was based on two arguments. First, there are no measures in the Single Market project that will create obstacles to trade with third countries. And second, third countries are going to share the benefits—in terms of increasing exports to the EEC—that will derive from the positive macroeconomic effects of the Single Market.

Clearly, the vision of the Single Market as a "closed market" was not realistic. To the contrary, preparation for the Single Market has been accompanied by a substantial increase of imports from outside areas, by the lack of any specific new measures against such imports, and by the adoption of more liberal policies in certain important sectors. This is the case of banking (with the evolution from the notion of reciprocity to that of national treatment) and of automobile imports from Japan (with the target of complete liberalization after a specified transitional period, by which time countries that presently have quotas will have relaxed them at a predetermined pace).

This is not to say that EEC policies are immune from elements having protectionist effects, as in the agricultural sector. These problems, which are on the table of the difficult GATT Uruguay Round negotiations, pre-date the Single Market plan. The point that is relevant in the present context is that the Single Market process—as well as EMU—does not imply any increase in external protectionism, and, in fact, implies a reduction of protectionism (as in the case of automobiles), even before the macroeconomic effects are taken into account.

Macro Effects
The Cecchini Report estimated in 1988 that the implementation of the Single Market would have an important macroeconomic effect, with additional growth of GDP of around 4.5 percent due to the process of market integration. The additional growth could be as high as seven percent if EEC countries were to adopt the more expansionary policies made possible—at a given target level of inflation—by the fact that integration per se would reduce the general price level.

While it is difficult to isolate the integration component of growth, a general European perception exists that the preparation of the Single Market—supplemented since 1989 by the German reunification factor—has been contributing significantly to the growth process, especially in terms of private investment. As expected, imports from non-EEC areas have shared in this benefit.

Structural Effects
The implementation of the Single Market and EMU is already proving to have important structural effects. They directly concern the participating countries, but the effects may well extend in some respects to the other Trilateral regions.

Structural Effects on Integrating Countries
Participation in the EMS, as well as the preparation of the Single Market and of EMU, are having powerful consequences in terms of: (i) consolidating the concrete adoption of an economic model in line with Trilateral values (a greater role for market mechanisms in the allocation of real and financial resources, greater monetary and financial discipline, industrial relations consistent with low inflation, and renunciation of the use of financial protectionism or of exchange-rate adjustments to make up for remaining domestic divergences) even in those member countries in which cultural and political traditions had long led to previous practices conflicting with that model; and (ii) making the adoption of such a model virtually irreversible even in cases of serious temporary problems requiring domestic adjustments, because abandoning the EMS—or the path towards the Single Market and EMU—would imply extremely high...
economic and political costs and would be perceived as "leaving Europe." In this respect, non-EEC firms making direct investments in any of EEC member-states can indeed view the program of EEC integration as the best insurance against the adoption of domestic policies that may put those investments at risk.

**Structural Effects on Other Trilateral Regions**
The deepening of EEC integration is likely to serve as a factor encouraging convergence of economic and financial structures among the Trilateral regions. Let us consider the example of the banking and financial industry. The move towards the Single Market in this field, based on the Second Banking Directive and the principle of mutual recognition, is contributing to the creation of a large European financial market with increasingly less specialization among intermediaries, in line with the German model. This prospect—and the need for U.S. banks to be able to compete in the new environment—is probably one of the factors that induced the U.S. Treasury to propose measures (the Brady Plan) to change the structure of the U.S. banking industry towards less specialization. Steps in this direction are likely to be followed by the Japanese authorities. This is a case of Trilateral convergence partly generated by regional integration within one of the Trilateral regions.

**Attraction Effects**
The intensifying E.C. integration process is demonstrating a certain degree of attractiveness. This effect is working on neighboring Trilateral countries, the EFTA countries, in particular, and on neighboring non-Trilateral countries, i.e. those of Central and Eastern Europe.

A scheme of affiliate membership is being considered to let aspiring candidates join in such EEC activities as political cooperation and the EMS. New memberships may be considered after the Single Market is completed in 1993. In the case of the countries of Central and Eastern Europe, the EEC may hopefully serve as a magnet in drawing their economic and political systems into the area of Trilateral values.

**Simplification Effects on Trilateral Coordination Procedures**
The strengthening of the EEC as an economic policy unit, with a single monetary policy and a close coordination of fiscal policies, is likely to simplify and improve the conditions for Trilateral cooperation in the macroeconomic field. The EMU will increase the need for global coordination, especially from the point of view of EEC member countries, and will make the corresponding gains easier to achieve. As both effects would be beneficial to the EEC, this could be a significant gain, but the net effect for the rest of the world is also likely to be positive.

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In brief, regional integration processes do not necessarily create obstacles to the achievement of a new international economic order based on Trilateral principles. Indeed, the example of the integration process in Europe leads to the conclusion that regional economic blocs can, under given conditions, become building blocks for a wider, deeper and more effective Trilateral order.

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SECTION 4
THE GULF CRISIS—
WHAT PEACE AFTER WAR?

JOSEPH J. SISCO

What Peace After War?

With the Allied coalition’s military victory in the Gulf War, the next year or two will be a critical time for the United States and other nations in the two main tasks ahead: to build and knit together some semblance of order and security in the Gulf and the Arabian peninsula and to make some progress on the Arab-Israeli-Palestinian issues. The obstacles are enormous, and the list of complications long. Yet the Gulf War may have created a narrow window of opportunity.

At the outset, we ought to be clear. The plight of millions of refugees, as tragic as it is, and the fact that Saddam Hussein is still in power, should not cloud what has already been achieved. The security of Saudi Arabia and the Emirates has been assured; Kuwait has been liberated; there is a reasonable prospect that the energy resources of the area will be available at prices determined by the market for an indefinite future; the potential stranglehold sought by Saddam on the economies of the world has been eliminated; and the Iraqi threat in the Gulf and against Israel has been removed for perhaps the remainder of the decade. In short, with or without a solution to regional difficulties such as the Arab-Israel dispute, the region is better off because of Operation Desert Storm.

Yet at the same time, sober assessments are in the order. The history of the Middle East is rife with lost opportunities. Desert Storm had a certain clarity about it—accuracy with high-tech weaponry. There was also a certain moral clarity—Saddam Hussein as evil. But we find no comparable clarity about what the United States and its coalition partners can achieve in the post-Gulf War era. Up to now, the only Middle East war that ended with a clear-cut victory was Israel’s defeat of the Arabs in 1967. But that clear-cut victory proved to be untranslatable into political gains. Ironically, it was the 1973 war—which ended in something of a stalemate—that laid the basis for the disengagement agreements between Egypt and Israel and Israel and Syria and ultimately led to the Egyptian-Israeli peace treaty.

Global and Regional Changes

Some things have changed, some have not.

The first change is geopolitical. Preoccupied internally with ethnic rivalries and with unsuccessful efforts to reform a bankrupt economic system, Moscow is in no position today to project power to Third World areas. U.S.-Soviet cooperation and Chinese acquiescence was the linchpin to the unprecedented U.N. consensus on 14 Security Council resolutions. The collective approach has worked, and to the extent that the Bush Administration has developed a conceptual and concrete notion of what it means by a new world order, it includes the intention, whenever feasible, to work with the other permanent members in the U.N. Security Council. But with Gorbachev increasingly reliant on the KGB, the military, and right wing conservatives, how long can internal developments be circumscribed so as not to spill over adversely onto East-West relations? Gorbachev’s unsuccessful late-hour proposal to give former client Saddam Hussein something of a face-saving exit, reminds us that the cold war may be over, but geopolitics and the competitive elements in the U.S.-Soviet relationship are not. A certain amount of Soviet tactical opportunism is perhaps inevitable. We have moved in the Middle East and the Gulf from confrontation to U.S.-Soviet cooperation. This area will continue to be a key test for U.S.-Soviet relations in the future: will Moscow act on behalf of restraint, moderation and stability, or will it seek to recoup part of its position by support of radical forces?

The second change is that U.S. credibility has been reestablished, and the image of declining...
U.S. power and influence in the region has been reversed. For centuries the Middle East has been a subject of dispute between rival powers. Europe and Japan are important; they have significant resources and interests; they will and should be involved in helping shape the region. But the main burden and responsibility rests with one power, the United States. This profound change is beginning to be understood in the region as well as the realization that opportunities to play off Moscow against Washington may be more limited than in cold war days.

While America will play a leading role, it has no taste for Pax Americana. We need no more evidence to substantiate this than the strong propensity of President Bush for early withdrawal of U.S. forces—a propensity that goes against the fact that a long-term U.S.-allied presence is likely to be essential to establish and maintain balance and security in the Gulf. The day of a Washington blueprint for every global problem is over. Rather than being a world policeman, the United States will pursue a policy of selective engagement.

Two other realities, however, are less promising. First, the Gulf remains inherently unstable, and the volatility will remain. Indigenous uncertainties, fragile regimes, and radical trends of fundamentalism will not disappear, although the dire predictions about where the region would go in the aftermath of the use of force were largely overdrawn, and the moderate forces are likely to be resilient.

There is an opportunity to bring about balance and stability in the Gulf and Arabian Peninsula, but not lasting peace, because the area is marked by shifting sands, shifting alliances, conflicting ambitions and national interests, ongoing enmities, and no permanent alignments. Clarity is a value of democracy, where governments are judged by performance and accountability. Politics in the Middle East are governed more by the accumulated weight of history, traditions and tribal animosities. That is why this region has rarely seen unambiguous solutions.

Second, the chasm of suspicion between Israel and its neighbors remains. The Scud missile attacks have not weakened the view within Israel favoring retention of strategic depth. Most signs point to intensified insecurities, despite Saddam’s defeat. At the same time, the Arab world still remains in a state of shock, and we will soon see whether the aggression by Saddam against an Arab brother state has developed “new thinking” towards recognition of Israel’s right to exist in security and towards ending the state of war.

Within this changed and unchanged landscape, what are the hopes, outlook, or prospects?

The Gulf

The interests of the United States, Europe, and Japan are best protected in a Gulf that is not dominated by any one regional power.

Significant realignments have taken place. The House of Saud, more dependent on the United States for its security, has been forcefully reminded of the depth of that dependence and U.S. power. However, Saudi Arabia also emerges with new confidence in itself, even though calling in U.S. forces has added some strains internally, particularly with Islam’s religious leaders. After decades of curryng and buying favor, the Saudis seem at least momentarily inclined not to be blackmailed by radical regimes and organizations, including the PLO. They have talked in terms of a more active role to help resolve the Arab-Israeli dispute and to influence Syria to remain cooperative. They have also hinted at peace and normalization with Israel, subject to a satisfactory resolution of the Palestinian problem. The war has also pushed the Saudis into a working alliance with a strengthened Egypt, the one Arab nation at peace with Israel. This combination of the Arab world’s most populous and most prosperous states offers hope that Gulf and Middle East problems will be addressed constructively.

King Hussein must concentrate on survival. He will have, however, an ongoing problem with Saudi Arabia, Kuwait, and the Emirates, who have cut off financial help, viewing him as a co-conspirator with Saddam. With his economy in ruins and his population radicalized, his survival hinges on Western indulgence. Neither Israel nor the United States, Europe, nor Japan want instability in Jordan. The current U.S.
undertaking to restore the King to good graces makes strategic sense, even though the U.S. Congress has conditioned any future aid on his cooperation in the peace process.

The PLO is discredited. Yasser Arafat’s hypocrisy in demanding Arab support to force Israel from the occupied West Bank and Gaza, while supporting the Iraqi annexation of Kuwait, has deeply set back the Palestinian cause. As a result, Palestinians will get less Arab financial backing. Yet the reality is that there can be no peace without a resolution of the Palestinian issue, and the representation question is no closer to solution today than in years past. It is not at all clear that Arafat’s leadership is ended. The Palestinians in the West Bank and Gaza have no strong leader. Syria has long sought an alternative to Arafat, but its choice would hardly be more malleable than the current leadership. And it remains to be seen whether Egypt and Saudi Arabia can help organize an alternative to Arafat.

How much useful leverage the United States has gained with radical regimes like Syria also remains to be seen. Syria is a wild card. The real question is whether President Assad, a ruler who rivals Saddam in ruthlessness but exceeds his acuteness, chooses to play lone-wolf or decides to remain part of the new coalition of Syria, Saudi Arabia, and Egypt. His decision may well depend on whether he can be perceived as leading or shaping that triumvirate. It is better to have him as a radical member of the coalition than as a lone spoiler. Assad has succeeded to a degree in achieving “Greater Syria” by consolidating his hegemony over Lebanon during the Gulf War. He sees the USSR as a declining power, and the route to Jerusalem through Washington. He has three policy goals: an agreement with Israel over the Golan; for Damascus to be an influential participant in resolving the Palestinian issue; and for Saddam to be outweighed or kept weakened. Finally, there is the matter of money. Syria’s economy is in a shambles and Assad, while pursuing a policy of maneuver, will want to continue to tap Saudi coffers and use the money to strengthen Syria economically and militarily.

Like Syria, Iran also gained from the Gulf War. It has pocketed without any significant quid pro quo, other than resumption of diplomatic relations with Baghdad, about all that it lost in the war to Iraq. Iran welcomed the reduction of Saddam’s power, since Baghdad’s ambitions to dominate the Gulf conflict with Iran’s aims.

Taking advantage of the Gulf crisis, President Rafsanjani has isolated radical foes of his policies, improved relations with Arab states in the Gulf, and expanded his ties with Western Europe. Throughout the Gulf crisis Iran has struck a balancing act, condemning Iraq’s invasion of Kuwait as well as the U.S. military presence in the region. While there was some smuggling of food, on the whole, Iran has supported the U.N. embargo and it intends to hold on to Iraqi aircraft as leverage. Entering into what it calls “The Second Republic,” Iran is signalling a more pragmatic, less ideological policy approach. A U.S. official has recently confirmed that there have been some substantive communications with Tehran through Swiss channels on refugee relief and Gulf security. The early U.S. troop withdrawals should ease Iranian concerns.

The United States has regularly told Iran it is ready to develop a working relationship, but there are no real prospects of improved relations as long as the hostages in Lebanon are kept in captivity. Moreover, the United States and its Arab coalition partners, particularly Saudi Arabia, remain deeply suspicious of long-range Iranian objectives in the Gulf. King Fahd and Turkish President Ozal were influential in convincing President Bush not to support militarily the Shias and the Kurds, contending this could lead to a radical Shia fundamentalist takeover and an independent Kurdistan. These views accorded with President Bush’s strong desire to withdraw U.S. forces promptly and avoid getting into what he called a political quagmire.

It was prudent for the United States not to involve itself with forces it neither controls nor fully understands. At the same time, it is still an open question as to whether there was less reason to fear Saddam’s survival than to fear Islamic extremism or territorial dismemberment. The assumption that the Arab Shiite majority in Iraq would be as radical as the Shites of Iran under Ayatollah Khomeini is flawed. Iraq’s Shites...
withstood Iran’s appeals during eight years of war and remained loyal. As for the Kurds, their autonomy might have been confined to Iraq rather than spread in a destabilizing way throughout the region.

With respect to Iraq, the defeat of the Shia and Kurd dissidents has probably strengthened Saddam’s position internally. For the time being, U.S. and allied policy vis-à-vis Iraq rests on the 20-page Security Council resolution laying down the conditions of the formal cease-fire. Applied effectively, the constraints contain Saddam and Iraq for an extended period. It is doubtful, however, despite the continuing sacrifices that will be forced upon the people of Iraq, that this will lead to an early removal of Saddam.

After prodding by the United Kingdom, France, and Turkey, the United States has agreed to a joint effort to build and protect camps for the Kurds in Northern Iraq. This major change in direction has its risks, but the magnitude of human tragedy could no longer go unheeded. For those like myself, whose views on international affairs were molded by the realpolitik and national interest approach of Professor Hans Morgenthau, some rethinking may be required.

As a recent Wall Street Journal editorial noted: "Realpolitik is not so readily separated from national values, from a country’s common idea of itself."

A new government in Baghdad in which the Kurds would have some trust is required for the refugees to return to their homes with any feeling of long-term safety. Absent this, there is now no realistic alternative to establishing a large humanitarian undertaking to which Germany and Japan, among others, will be under pressure to become major contributors. Iraq has signed an agreement with the United Nations to have it undertake refugee operations. This is intended by Baghdad to outflank the allied coalition plans to assist and protect the Kurds in the North and deal with the refugees as an internal matter, now that they have been decimated. The United Nations takes the view that such a humanitarian operation requires the consent of the state. In ordinary circumstances this view would be the case. But Security Council Resolution 668 provides ample legal basis for the allied action by declaring the refugee problem a threat to peace and security in the region. Legalities aside, and all of the risks notwithstanding, the reality is that the United States and its coalition partners are the only ones in a position to provide without further undue delay the organization, needed resources, and protection required in order to avoid the deaths of many more refugees. In time, the United Nations can take over fully the humanitarian operations.

The full implementation of the allied decision will unfold on an ad hoc basis. There are a number of “what if” questions. What if the Kurdish refugees refuse months from now to return to their homes as long as Saddam is in power? Would the camps then become permanent enclaves? What if the United Nations is unable or unwilling to provide security forces to replace or augment U.S., U.K. and French troops? Would allied forces continue to offer protection? What if Kurdish guerrilla forces manage to use camps to stage attacks on troops loyal to Saddam Hussein despite U.S. insistence that the camps be used purely for humanitarian purposes? Would this invite attack by Iraqi troops and pull the allies into an Iraqi civil war?

In the meantime, elements of an Arab security system are being put in place. The six-member Gulf Cooperation Council is taking steps, although limited, to strengthen its capability for cooperative self-defense. Some Egyptian and Syrian troops are expected to remain. Egypt and Turkey will be moderating forces. Prepositioned military materials and equipment in the region are to be available for U.S. forces in a future emergency. Combined training exercises are planned, and the U.S. command in Bahrain is being augmented modestly. U.N. observer forces, which include troops from the five permanent members of the Security Council, will soon be in place along the Iraqi-Kuwaiti border. But this is not enough; an ongoing, although modest-sized U.S. and coalition presence will likely be required for some time.

Nevertheless, as to the Gulf, my overall conclusion is that despite many uncertainties an uneasy equilibrium is in the offing because of
Iraq’s weakness, the moderating role of Egypt and Saudi Arabia, and the fact that neither Iran nor Syria is strong enough to assert dominance in the Gulf.

The Arab-Israeli Dispute

Progress on the Arab-Israeli-Palestinian dispute has become a strategic necessity for the United States. Secretary Baker, now on his third trip to the Middle East, has proposed—on the 1973 Geneva model—an abbreviated, largely cosmetic, regional conference under U.S.-Soviet auspices to bring about under its umbrella a double-track negotiation—Israeli-Palestinian and Arab-Israeli. This approach makes sense, particularly if a third track is ultimately added—guarantees by the permanent members of the U.N. Security Council.

Strengthened as the honest broker, the United States has the unenviable task to build peace when neither the Israelis, nor the Arabs, nor the Palestinians seem strongly disposed to resolve the issues. Bearing in mind that total security for one side means total insecurity for the other, the United States must seek a pragmatic balance.

Israeli obduracy results from its mistrust of the Arabs and the fact that its position on peace is still too mired in domestic politics. But something more is going on. With the possibility of U.S.-Soviet confrontation diminished, Israel is concerned that it is less of a strategic asset to the United States than in the past. There is the spectre, too, that its main pillar, the United States, insisted it lay low during the Gulf War while U.S. soldiers fought along side Arab soldiers. All these considerations have created real strains between the United States and Israel, in addition to specific differences over issues such as settlements and territory-for-peace.

Arab and Palestinian indecisiveness stems from historic weakness, animosities, distrust, insecurity, and alienation. There is no Sadat, with the capacity and will to lead in seeking peace with Israel—despite the fact that the Arab world is unlikely to be able to manage the strategic upheaval now in progress, nor the profound transformation that the Gulf regimes are likely to have to undertake for their survival as long as they maintain a state of war with Israel.

As for the United States, President Bush must be ready to engage his full political strength and prestige. Nothing less has any hope for progress. He is at the zenith of his political strength at home, and the Congress is less able to challenge him on Gulf and Middle East policy. If he is to succeed, he will have to insist that Israel’s annexation of the Golan Heights and the creeping annexation of the West Bank and Gaza are unacceptable to the United States. He will need to convince Arab leaders that only contractual peace and normalization with Israel can transform the situation fundamentally.

Both sides have been careful in initial soundings with Secretary Baker to avoid being tagged as the party to blame if U.S. peacemaking efforts fail. The main participants, thus far, have in effect said “yes” to the idea of regional conference, while actually saying “no” to many of the conditions that would make it possible. We are seeing, in part, a repetition of the past—a tendency by the parties in the region to link procedural questions with concerns over ultimate substantive outcomes. This tendency is probably unavoidable since the alternative of presenting a substantive U.S. plan is very premature and would be attacked by both sides. For the time being, it is wise for Secretary Baker to stick to procedures.

Since Syria is the key, one scenario might be for President Bush to persuade Israel and Syria to open negotiations on the Golan Heights and work out a compromise that meets the security needs of both countries. Such a negotiation has awesome obstacles to overcome. For example, Israel would have to be willing to accept some withdrawal from the Golan Heights. Whereas the Labor party has been willing to consider this possibility, the Likud has been adamantly opposed to this. Syria would have to commit itself to full peace. Saudi economic levers on Syria would have to be applied, and the Americans would have to use their influence with Israel and any they may have with Syria.

With respect to the West Bank and Gaza, the long-discussed proposal for elections to choose Palestinian representatives should not be discarded, nor the 1973 Geneva Conference
precedent of Palestinians being part of the Jordanian Delegation. Autonomy as an interim test on the ground still has much to be said for it and merits further exploration at the appropriate time. As for agreements on water and arms limitations, the prospects are dim in light of ongoing political differences and conflicting interests among states both within and outside the region.

My overall judgement is that despite all the difficulties, the United States will succeed in time in getting agreement on a regional conference along with some bilateral dialogue between the two sides. What makes conciliation worth pursuing, particularly in the changed global and regional landscape, is the immense practical benefits to all parties. Europe of the 1990s points the way: less suspicion, reduced armaments, open borders, freer commerce enhancing cooperation, prosperity, and security for sovereign states. The Middle East is not Europe, but it is also composed of human beings who would welcome freedom from fear. The time is propitious. A narrow window of opportunity does exist. We can only hope that the indispensable centrality and strength of the United States in the aftermath of the stunning Gulf War victory will make a difference.

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YUKIO SATOH

Japan’s Postwar Gulf Policies

I want to discuss the impact of the Gulf War on Japanese foreign policy. The Gulf War made three impacts. First, public opposition to sending forces for combat operations abroad was reconfirmed. (But, there are certain roles that Japanese forces can play outside the country without getting involved in combat operations. Accordingly, the Japanese government is now thinking of sending minesweepers to the Gulf; this exercise would demonstrate that there are certain roles that Japanese forces can perform without violating the political consensus that our forces should not be used for combat operations.) Second, a new consensus has emerged that Japan should do more than just provide financial contributions. (What we are going to do in this context remains to be defined, but a strong consensus has definitely emerged.) Third, there is discontentment among the public that the Japanese Government was just following U.S. initiatives. Consequently, there is a growing demand for foreign policy initiatives that would establish Japanese identity.

We are now thinking in seven areas about our postwar Gulf policies.

The first concerns security issues. In addition to the minesweeping operations, we are also contemplating participating in the U.N. Security Council special commission to implement Resolution 687, dealing with weapons of mass destruction. We are in the process of selecting one expert to participate in the 25-person commission.

I would like to say a few words about possible regional security arrangements. First, we should follow local initiatives. In this context, I draw your attention to initiatives made by the Gulf Cooperation Council, Egypt, and Syria. Of course, their initiatives are vague, but we have to start with vague initiatives. Second, we should not exclude Iran—and eventually Iraq—if we are going to talk about reconstituting this area. And third, we should seek some sort of multiple arrangement rather than a single arrangement like the proposed Conference on Security and Cooperation in the Mediterranean. The Gulf situation is more like the Asia-Pacific situation, wherein there are all sorts of divisions.

The role that Japan can play in regional security arrangements is very limited, I am sorry to say. Perhaps, we can cooperate indirectly, by emphasizing our direct support for the U.S. naval presence in the Western Pacific and Indian Ocean.
The second area concerns arms control, and we are especially interested in conventional weapons. Everyone is talking about the need to strengthen arms control arrangements as regards nuclear, chemical, and biological weapons and missiles. But I think we should also take this opportunity to arouse international attention to the danger of conventional arms transfers. I realize that this is a very difficult subject, and I do not expect that anything can be done in the short term. But the Gulf War demonstrated so clearly the danger of conventional arms transfers. In this context, Japan is considering co-sponsoring a big conference in Kyoto with the United Nations. Furthermore, we can give added political support for efforts—very modest but important efforts—to try to find a way to insure transparencies in arms sales.

This is related to our ODA; we are now considering four new criteria which we will take into account when allocating ODA. The four criteria are in military expenditure, in proliferation of the weapons of mass destruction and in arms transfers, as well as conditions regarding human rights and democracy. When addressing questions of ODA, these criteria will be applied on a case-to-case basis and will be taken into account together with such factors as bilateral relations, the international situation, aid needs, etc. We can use this policy to encourage countries engaged in arms sales to reduce and eventually stop unnecessary arms sales. ODA is not the only way available to curb this trend, however, because 85 percent of the arms sales originate with the five permanent members of the U.N. Security Council.

The third area is the question of regional economic cooperation, and here I would like to underline a few points that I regard as very important. First, local funds should be used first before other international resources are committed. Second, the Gulf situation should be put in a global perspective; it is not the only area that demands the same degree of international support. And third, we have to assure that aid from outside is not used to procure weapons.

The fourth area concerns the peace process, and my colleagues have already spoken on this issue. I just want to add that Japan is also prepared to play a role to precipitate the peace process. In this context, the first thing we should do is balance our relations with the Arab countries and Israel. We have to admit that our relations with Israel have been too narrowly framed by concern over the possible impact that ties with Israel have on our relations with Arab countries. Now is the time for us to correct this mistake gradually via increased efforts at dialogue and increased economic relations with Israel.

In this context, we have to face the question of the Arab boycott of Israel. Up to now we have been accused of supporting the Arab boycott. We are not supporting the Arab boycott of Israel, but by our lack of interest in business with Israel, we have been criticized for supporting the Arab boycott; we ought to correct this perception. Moreover, we should help the Palestinians in the occupied territories. Easing their economic conditions would help improve the local political situation. These might be rather modest steps, but they would facilitate the progress of the peace process.

These are the major areas in which the United States and other countries are most interested. I would like to add three more areas in which Japan would like to take its own initiative.

One is the environment. We have already sent five teams of about 60 experts to the Gulf—and are now planning two more missions to Saudi Arabia, Qatar, the United Arab Emirates, Kuwait—to fight the oil slicks and to help them deal with ecological and related health questions.

The second concerns the refugees. We have already sent two missions of doctors and nurses to Iran. (We are prepared to send more to Iran and also to Turkey as they need them.) We have also provided financial support to the international organizations involved.

I want to emphasize these two areas—the environment and the refugees—in the context of what I said earlier. It is very important for Japan to define an area in which it can establish its own identity, and take a leadership role. The environment and the refugee question are the areas in which, I believe, we should play a leadership role, and for that we can gather public support.
The final area which we think is important is economic assistance to the countries outside the region affected by the crisis. There are a number of countries in Eastern Europe, Africa and Asia that are affected by this crisis, but I do not think this is a subject for coalition cooperation because most of the issues can be addressed through bilateral economic cooperation.

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GARRET FITZGERALD

European Reactions to the Gulf War and Its Aftermath

It is not surprising that there have been a wide range of reactions in Europe to the Gulf war and its aftermath. The reaction of Britain was very close to that of the United States. And although France and other southern European countries have a greater sensitivity to Arab reactions in the Maghreb, skilful handling of the situation by the French government—by President Mitterrand—enabled France to adopt a very similar approach with full public support during the war.

In Germany the situation was different. Germany is precluded constitutionally from engaging its armed forces outside the NATO area. The situation was further complicated by the fact that Germany was, at the time, preoccupied with reunification.

Nonetheless, it is worth emphasizing that the German contribution was greater than has been acknowledged in the United States. First of all, German forces replaced U.S. forces stationed in Germany—the German Air Force took over from the U.S. Air Force, German tanks replaced those released by the United States, and Germany transferred some parts of its Air Force to Turkey (within the NATO area). Second, Germany changed its arms export policy within days to assist the coalition. It had previously not officially exported arms to other parts of the world, although some leakages had occurred (as we know with regards to chemical materials.) Third, Germany contributed $5 billion to the United States in support of the Gulf war effort, $800 million to France, and $300 million to Britain, despite its commitments in East Germany and Eastern Europe. And finally, Germany transferred two submarines to Israel and gave aid to Egypt.

Having listened to the debate over the last couple of days, there is something slightly eerie about the tendency to criticize Japan and Germany for being pacific and peaceful, when we spent 45 years trying to achieve that result!

There are certain other Europe-wide reactions that are marginally different from those in the United States.

First, there has been in Europe a greater sensitivity than in the United States to the double-standards argument, which contrasts the failure to implement some U.N. resolutions vis-a-vis Israel—and the vetoing of others—with the immediate action taken against Iraq in regard to Kuwait. The cases, of course, can be distinguished, but the double-standards argument has more echoes in Europe than in the United States.

Second, in some European countries there is also less ready acceptance of the consequences of war. Perhaps the extent to which Western Europe has become a zone in which war has become impossible has meant that in some countries there is less willingness to contemplate war.

And finally, there is in Europe somewhat more sensitivity to the manner in which the United Nations was involved in this instance—the Security Council was not in charge of the operation, as provided for by the U.N. Charter. The United States, providing the vast bulk of the forces, was concerned, understandably, to have not only command of the operation,
but also the final say on starting, carrying on, and ending the war, and that precluded the use of the U.N. system as devised at the end of World War II.

Moreover, because the United States sought U.N. cover for the action taken, the stated objectives of the war were somewhat different from some of the real objectives—the destruction of the aggressive military power of Iraq and, if possible, the displacement of Saddam. That ambiguity caused some problems with some sectors of European public opinion. (I am aware of that because having been in my own country, perhaps the most vigorous supporter of the action taken, I am very conscious of the arguments that were put up, which I had to counter in debates that were, at times, quite heated.)

There is, generally speaking, a sense that the case for a common European security policy—including, ultimately, a common European defense policy—has been strengthened, despite the fact that in the United Kingdom there is some tendency to make the opposite argument: that the divergent reactions in Europe suggest that the idea of a common European foreign policy and defense policy is somewhat whimsical. There has been a very coherent and united reaction to the initiative taken by the British Prime Minister in regard to the creation of protected areas for the Kurds. Even my own government, despite its non-involvement in the North Atlantic Alliance, has been supportive of this action.

Returning to the European reaction, there is a general European consensus that security is more than defense. In the future, Middle East security policy needs to address economic development, water control, oil price stabilization, and redistribution of resources within the area—especially important and crucial in the case of Egypt.

There is a feeling in some European countries that the CSCE could provide a model for how some of these problems might be tackled. But generally speaking, the idea of a CSM (Conference on Security and Cooperation in the Mediterranean) is regarded in its simple form as being somewhat naive. Nonetheless, there may be elements—such as particular confidence-building measures in the CSCE—that could have relevance in the Middle East situation.

There is enhanced concern for a constructive European role in the Middle East peace process, but the achievement of that has been wisely left to Mr. Baker to pursue. There is an obvious absurdity about the idea that the Soviet Union can be involved in the process, but that Europe has to be excluded.

Finally, I want to return to the role of the United Nations. In this first post-cold war test of collective security under the U.N., the aggressor was seen as the fourth largest military power in the world—a power that could be taken on only by the United States, with support from others. Future breaches of the peace will be, hopefully, on a lesser scale. They may not require such a dominant U.S. role, but rather could involve forces of other countries operating under the United Nations. In other words, the fact that on this occasion the U.N. procedures as contemplated in the Charter were not appropriate and could not be used does not mean that they may not be employed in other cases. At the same time, one has to say that the U.N. Charter seems rather dated in some respects. There is a need to reexamine the Charter to see whether it can be utilized in the future in a way that was not possible on this occasion.

One potential problem is that of the veto on the termination of a war. The fact that any one permanent member could veto the ending of a war could raise difficulties if, in a future action, the Soviet Union or China were involved. It would obviously be unsatisfactory if one of those countries decided that the war must continue when everybody else decided it should end.

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There is an obvious absurdity about the idea that the Soviet Union can be involved in the process, but that Europe has to be excluded.
The Humanitarian Dimension of the Gulf Crisis

When I assumed the Office of the U.N. High Commissioner for Refugees in late February, I had no idea that I would be faced with the fastest growing refugee outflow in the 40-year history of the office.

I have just returned from a four-day mission to Iran and Turkey where I went to assess the needs of the Iraqi refugees. I also finalized arrangements with the respective governments as the agency responsible for coordinating humanitarian assistance to these people. It was the longest short trip I have ever made, visiting refugee camps and flying over border areas. As I stand here in front of you, I can see the long line of people and vehicles—cars, buses, trucks, tractors, every means of transportation—trying in desperation to cross over to Iran. Iran has kept its border open to Iraqis and the number of refugees has reached more than 900,000, with many more waiting to get into Iran. At the Turkish-Iraqi border over 400,000 people are trapped high up in the rugged mountain range, with more arriving daily. Altogether, the Iraqi outflow is estimated to have reached 1.7 million refugees.

The sheer scale of the displacement resulting directly and indirectly from the Gulf War has been enormous. In my talk today, I would like to concentrate on the humanitarian dimension of the war, which can be analyzed in three phases: first, the exodus of migrant workers and third-country nationals; second, the humanitarian emergency inside Iraq; and, finally, the current phase of refugee outflow into Iran and Turkey.

Migrant Workers and Third-Country Nationals

In the early weeks and months after the Iraqi invasion of Kuwait, large numbers of migrant workers poured out of Kuwait and Iraq. Egyptians, Somalis, Sudanese, Bangladeshis, Pakistanis, Indians, Filipinos, and others crossed into Jordan, Syria, Turkey, and Iran. By early September, 14,000 persons were arriving each day in Jordan. By the end of last year, nearly 2 million third-country nationals had fled Iraq and Kuwait, leaving behind their possessions, savings, and hopes for a better life. The logistical and assistance problems that this movement caused were formidable. An enormous burden was placed upon the hospitality of the neighboring countries, particularly Jordan, which found itself reeling from political and economic consequences of the crisis and the U.N. sanctions. Nevertheless, the short-term response was quick and effectively coordinated by the United Nations Disaster Relief Office, supported by other U.N. agencies, including the United Nations High Commissioner for Refugees (UNHCR), and the International Organization for Migration. People were repatriated rapidly and the camps were soon empty.

The longer-term implications, however, have been far more serious. The effect of the repatriation of migrant workers was devastating, not only for Iraq, but also for its neighbors, particularly Jordan, and many other developing countries whose economies relied on the remittances of migrant workers. These countries found themselves burdened with the high price of oil, the crisis of reintegrating the returning workers (who would no longer be able to send home their savings), the loss of export earnings from trade with Iraq, the loss of development assistance because of disruption in normal aid flows, and the loss of income from tourism through disruption of normal air travel.

The economic consequences of the Gulf conflict on developing countries are still being calculated, but there is no doubt that they have paid dearly, particularly as prospects of early normalization in the region recede. Neither Iraq nor Kuwait is in a position to reopen its domestic labor market. Even when they eventually do, the scale may be smaller. Kuwait, for example, may not be inclined to readmit workers automatically from the countries that it regards to have sided with Iraq. In fact, a reorganization of the inter-
national labor market may be in the offing, which in turn will have diverse effects on migratory movements to the industrialized countries.

**Humanitarian Emergency in Iraq**
The devastation caused by the Iraqi invasion of Kuwait has been extraordinary. The loss of lives, destruction of properties, and, particularly, the environmental calamity caused by the burning oil fields are of an unprecedented scale. I would like to draw your attention to the humanitarian consequences of the war inside Iraq, as they relate to the current refugee crisis.

The coalition aerial attack on Iraq was carefully aimed at strategic targets that naturally included energy and communication sources. Except for the few cases of miscalculation, the human casualties were low, showing a marked contrast to World War II, for example, in which civilians comprised the majority of victims. The low civilian casualty rate is one of the reasons why the outflow of people to neighboring countries was relatively limited. The United Nations and other international agencies set up a humanitarian plan to deal with 400,000 persons—100,000 each in Turkey, Iran, Syria, and Jordan—but the actual outflow was limited to some 65,000, far below agency expectations.

Nevertheless, the examination of the situation inside Iraq after the war revealed a particular form of devastation that is unknown in history. Before the war, Iraq was a rather highly urbanized and mechanized society. The war destroyed virtually all viable sources of fuel and power, and modern means of communication and transportation. For example, agricultural production, which depended on pumped water irrigation, became defunct once the energy source was destroyed. The safe water and sanitation system also failed when electric power-based water treatment stations were attacked. In the words of the report presented by a mission dispatched by the U.N. Secretary General to assess the humanitarian needs arising in Iraq and in Kuwait, the effects of the war upon the economic infrastructure of Iraqi society were "near-apocalyptic." Iraq became "relegated to a pre-industrial age, but with all the disabilities of post-industrial dependency on an intensive use of energy and technology."

So far, the plight of the civilian population inside Iraq has been obscured largely by the media coverage of those who have fled and continue to flee across its borders, but that does not diminish the urgency of needs of those still inside Iraq. A fortnight ago, the U.N. Secretary General appealed for $178 million for the immediate emergency requirements of the most vulnerable sectors of Iraqi society. The real key to the problem lies, of course, in the regeneration of the Iraqi economy, but the continued maintenance of Iraq's military potential prevents the full lifting of sanctions and, hence, the chances for recovery. In the coming months, the humanitarian consequences of the sanctions should be carefully examined. Those who suffer most internally from a militaristic regime as well as externally from punitive measures are the poor and the especially vulnerable—children, the elderly, the handicapped.

**Refugees and Displaced Persons**
The third and current phase of the war is marked by massive refugee outflow not unrelated to the above situation. Moreover, Iraqi society has been plagued by vicious internal ethnic and religious conflicts throughout its history.

While the pictures we see on our televisions every evening are mainly of Kurds, there are also some 70,000 Shia refugees who have sought asylum in Iran, while some 30,000 persons are in the southern tip of Iraq under the care of the coalition forces right now. When Iraq was carved out of the Ottoman Empire at the end of the First World War—as a British mandate under the League of Nations in 1920—it included the two former Ottoman provinces of Baghdad (mainly Sunni Arab) and Basra (mainly Shia Arab). Later in 1925, the Kurdish province of Mosul was added. Thus, modern Iraq is made up of 8 million Shia Arabs in the south, 5 million Sunni Arabs in the center and some 3 million Kurds in the north, most of whom are Sunnis, with smaller communities of Turcoman and Armenian and Assyrian Christians thrown into this mosaic. The groups have lived in uneasy
proximity over the years, with violent conflicts erupting from time to time. The response of the Iraqi government to the revolts in the north and south that followed the defeat of the Baghdad regime is at the heart of the human tragedy that is unfolding before our eyes.

The newspapers carry daily pictures of destitute refugees and displaced persons clinging to mountain sides or huddling together in makeshift shelters along the Turkish border or in reception areas in Iran. Graveyards proliferate. But even the most accomplished journalist cannot fully portray the horrendous suffering that I saw on the young faces during my visit. More than half the refugees are children, most are below the age of ten, and many are infants. Those who survive face an uncertain future in appalling misery.

The recent exodus from Iraq has been one of the fastest growing refugee situations in modern history. Only three weeks ago the number of Iraqi refugees in Iran was 50,000, in Turkey 7,500. By last weekend, there were close to a million Iraqi refugees in Iran and some 600,000 on the Turkish border. I have been deeply impressed by the response of the Iranian government, which used its own resources in the crucial early stages of the emergency. The Turkish government too has displayed humanitarian commitment under very difficult and trying circumstances. In spite of these efforts, the rapidly increasing needs have simply overwhelmed available resources.

The scale and desperation of the exodus demanded that the Iraqi refugee issue be placed on the political agenda, and so it has been. The U.N. Security Council adopted a precedent setting resolution (688) on the situation inside Iraq. This resolution recognizes that the consequences of the measures taken by the Iraqi government to repress the revolts—in other words, the refugees and internally displaced in the north and south—pose a threat to international peace and security and demands that Iraq end this repression. Second, it requests the U.N. Secretary General to pursue his humanitarian efforts in Iraq and gives him the reporting responsibility on the plight of the civilian population. And finally, the resolution calls upon the United Nations to address urgently the critical needs of refugees and displaced Iraqi population. My office has been asked by the Secretary General to assume responsibility for those displaced in Iraq. The resolution is precedent setting because for the first time the movements of people and their consequences are seen as a threat to international peace and security. With this resolution, the phenomenon of mass movements is placed where it belongs, namely, on the international political agenda alongside equally pressing issues such as disarmament, environmental issues, debt, and economic policy. These issues are the challenges of the 1990s. The Government of Iraq has yet to accept the terms of Resolution 688.

Just four days ago on April 18, the United Nations and the Government of Iraq signed a memorandum of understanding to take joint measures for the benefit of displaced persons. The United Nations and Iraq are to assure personal safety of those persons and provide “humanitarian assistance and relief for their return and normalization of their lives in their places of origin.” In order to achieve this purpose, the Government of Iraq agreed “to cooperate with the U.N. to have a humanitarian presence in Iraq” and to facilitate it through the adoption of all necessary measures. This means foremost the setting up of U.N. Humanitarian Centers (UNHUCS) to be staffed by U.N. civilian personnel. It is interesting to note that the United Nations, after forcing Iraq to withdraw from Kuwait, is now using its humanitarian arms to repair the damages—in material and human terms—caused by the war.

In the meantime, President Bush announced on April 16 that the coalition governments would set up safe areas in the northern part of Iraq, above the 36th parallel, to bring down Iraqi refugees suffering extreme misery in the Iraqi-Turkish border mountains. For an agency (like mine) mandated to protect and assist refugees, there is great advantage in bringing down refugees from the worst possible mountain tops to flatlands. Since the exercise involves protection and assistance of Iraqi nationals on Iraqi territory, however, some agreement on the part of the
Iraqi government is highly desirable if not essential. The need is not only a legal one—i.e., of reconciling international intervention, albeit for humanitarian purposes, with national sovereignty—but also one of ensuring longer-term safety for the displaced persons. The challenge at this moment is to link and to reconcile the urgent humanitarian efforts now undertaken by the United Nations with those of the coalition governments. Would the refugees respond to the security assurance provided by the coalition forces and start on their return back home to northern Iran? Would the political and security situation in the area stabilize to the point that the U.N. civilians could assist the refugees even after the withdrawal of the coalition forces? Yesterday in Paris on my way to Tokyo, I spent a few hours with the U.N. Secretary General and those concerned working out the U.N. strategy for the Iraqi refugees in the north.

I wish to add a word on the plight of the displaced in the south. There are currently some 30,000 displaced persons who have sought sanctuary with the coalition forces along the Iraq-Kuwait border. The coalition forces have already begun to withdraw, to be replaced by the U.N. observer forces. The displaced persons must also be protected and assisted, however, as most of them are Iraqis who will be endangered if they remain on Iraqi territory. I have agreed to provide humanitarian assistance and, to the extent possible, protection to these persons, and have been actively engaged in negotiating third-country resettlement with concerned governments.

Resources
As stated at the outset, I have come to the Office of the UNHCR at a time of unprecedented humanitarian crises, as UNHCR undertakes its role of lead agency with operational responsibility for protection and assistance of Iraqi refugees. We do this at a time when we are already seeking protection and solutions for more than 15 million refugees in other parts of the world, notably in Africa.

The needs on the ground resulting from the Persian Gulf War are enormous and massive international assistance must be mobilized. The first priority is to overcome the logistical nightmare. It is not only difficult to get the relief goods to where the people are, it is also very hard to distribute in time. Second, I must obtain the necessary resources. I appealed for $233.5 million on April 12 to cover the three-month cost of assisting Iraqi refugees in Iran and Turkey, of which we have only received $40 million to date. I am confident that more contributions will be forthcoming, but I must call upon the generosity of the international community, particularly represented here, to respond quickly and effectively to this humanitarian emergency. The international community has proven at the time of the Iraqi invasion into Kuwait, that it can respond swiftly and effectively to a political crisis. The challenge is now for the international community to react in equal measure to this humanitarian crisis. We must not forget that whatever international assistance we can give, the major burden continues to fall on the receiving countries and that the victims of a slow and inadequate international response are the refugees. The government of Iran told me that they are spending $10 million a day on refugees; Iran has now become the country with the greatest number of refugees in the world, with the addition of the recent Iraqi influx to the 2 million Afghan refugees already there.

Conclusion
The Gulf crisis has illustrated quite clearly that we live in a world in which people move for a variety of reasons: some for fear of persecution and repression, others for desperate political, social, economic, and environmental conditions. The migrant workers, evacuees, refugees, and internally displaced that the Gulf War produced are a microcosm of the kinds of movements we are increasingly confronted with as we come to the end of the 20th century. What this mass migration has demonstrated more clearly than ever is the need for a strategy that balances development, foreign policy, and asylum and immigration considerations with respect for the human rights and humanitarian concerns of the individuals. Only through resolute political action and international cooperation to deal with the...
root causes of massive human movements—human rights violations, armed conflicts, poverty, and the failure of development—can we promote international security and stability. The political responsibility for tackling these issues lies primarily with governments, but international organizations most certainly must promote and assist such a course of action.

This is a time of danger, but I feel this is also a time of opportunity. I believe we must seize this chance and respond with flexibility and foresight to the new challenges being created in the wake of the Gulf crisis. I call on the humanitarian commitments of members of the Trilateral Commission and urge you to give your priority attention to the issue of mass movement and dislocation of people in the coming decade.

Sadako Ogata is United Nations High Commissioner for Refugees

DAVID GERGEN

American Perspectives After the Gulf War

JUST AS THEY have in other nations, the historic changes sweeping the globe in the past two years have begun a fundamental transformation in American perceptions and policies toward the rest of the world. Americans have naturally been heartened by the liberation of Eastern Europe, the decline of the Soviet threat, the spread of political and economic freedom, and, most recently, by the defeat of aggression in the Persian Gulf. To a considerable degree, these events represent the triumph of an earlier generation—the wise men of Europe, Japan, and America—who laid the foundations of a new world as the guns fell silent in 1945.

Yet there is no triumphalism in the United States. There has been no dancing on the grave of communism and, as much as we may wish it, we have not yet dug the grave of Saddam Hussein. Instead, there is a sober realization in the United States that as one world ends, another is rapidly intruding, less dangerous to our existence but more unstable and complex. Once again, in the felicitous phrase of Dean Acheson, we find ourselves “present at the creation.” What is so clearly needed is the same wisdom, the same realism, and, most of all, the same generosity of spirit that inspired that earlier generation of wise men. They ushered in the longest period of peace that Europeans have ever enjoyed and unleashed the greatest surge of economic growth that our industrialized nations have ever known. Surely, our task is to extend those blessings not only to our own people but to nations everywhere.

From an American perspective, the new world that has emerged so far has three main characteristics.

First, without seeking this role, the United States has been thrust forward as the single dominant nation, the only functioning superpower militarily, politically, economically, and culturally. Others are powerful in one or more areas; only the United States is strong across the board. The 30,000 nuclear warheads stored in the Soviet Union still pose a threat, especially in the event of a civil war there, and the reassertion of influence by the Soviet military casts a shadow over further arms agreements. But the implosion underway there and the loss of its outer empire has convinced the United States that for some years to come the USSR will remain a Third World country with rockets. In the Persian Gulf crisis, the early, feeble response of Japan and of some countries in Europe, notably Germany, surprised senior officials in the Bush Administration. Despite later cooperation, they came away persuaded that neither Japan nor Germany is yet ready to act as a superpower. To Washington policymakers, the world is not yet tripolar; it is no longer bipolar; it is indeed unipolar.

Second, as many have observed, this new world may be more unstable than the old. We may, in fact, be facing a new world disorder. Georgi Arbatov was prescient two years ago when
he warned that the Soviets were about to do something very dangerous to us: they were going to deprive us of our enemy. Americans believe that as the Soviet threat recedes, the glue holding together the industrialized nations is also disappearing, and new rivalries—primarily economic—are growing up in its place. U.S. relations with Japan have deteriorated to the lowest point since World War II; American policymakers feel they are holding onto the relationship by their fingernails. An alarming number of Americans believe that Japan not only failed to help us stop military aggression, but is practicing its own economic aggression against us. Europe is regarded much more favorably, and Americans have admired European progress toward integration. But there are questions whether the process is slowing; journalists and diplomats alike say they still believe that 1992 will come, but they are no longer sure when. Furthermore, Europe is attracting a good deal of blame from the U.S. government for the breakdown of the GATT talks. So, within the Trilateral area economic differences are deepening. The United States also worries about new instabilities in other regions, especially those with economic consequences. We should not forget that the Persian Gulf crisis aroused Americans to a large extent because of its economic impact. In a moment he now regrets, Secretary of State Baker said that the crisis was about American jobs. Of course, other high principles were at stake, but few doubt that President Bush would not have rushed in 500,000 troops if Kuwait grew broccoli.

Third, while instabilities grow, the United States draws encouragement from the Gulf that the new world also offers greater opportunities for international cooperation to overcome them. That hope is especially bright with regard to armed aggression, so long as reasonable relations can be maintained with the Soviet Union and China. The crisis in the Gulf was the first since World War II in which the United States did not fear the intervention of the Soviets or Chinese, and, to a degree not fully appreciated, their cooperation was enormously important to the outcome. Only because Moscow was willing to cooperate and Beijing would go along could Washington turn so fully to the United Nations as a foundation for the international alliance. Only because a Soviet invasion of Europe was no longer feared could the United States move half its troops and ships out of Europe to the Gulf. Only because the United States no longer feared Soviet and Chinese spies did it feel comfortable using its best weapons against the Iraqis. (Pentagon sources say that in both Korea and Vietnam, they held back.) And as far as can be ascertained, only because the Soviets did not disclose to Baghdad what they could plainly see through their satellites could the United States preserve the secrecy of its massive army movements in Saudi Arabia, then launch a surprise, devastating ground attack—the so-called Hail Mary. Thus, the new cooperation with Moscow and Beijing was highly important. Whether a similar spirit of new cooperation can prevail between the United States and its Trilateral partners on economic and other issues is, of course, a major question.

**New World Order**

What lessons does the United States draw from these developments? What policy conclusions does it reach? The President has called on many occasions, as we all know, for a “New World Order.” At first it was a catch phrase, a soundbite good for television and little else. In truth, one would hope that the United States would not be too hasty in filling in all the blanks, especially with the end of the Soviet crisis unwritten. It is worth recalling that at the end of World War II, the wise men of that day took five years before they fully hammered out a postwar strategy, encapsulated in N.S.C. 68, so that in today’s fluidity, a few more years may be a good thing.

In recent weeks, the administration has begun to put a little more flesh on the skeleton. On April 13, in the first of four speeches on the subject, the President said the New World Order is not a blueprint, but a responsibility imposed by our successes. “It springs,” he said, “from hopes for a world based on a shared commitment among nations large and small to a set of principles that undergird our relations—peace—
ful settlement of disputes, solidarity against aggression, reduced and controlled arsenals, and just treatment of all peoples."

These noble sentiments are worth quoting to illustrate the general directions of U.S. policy. But beneath those sentiments lie additional, harder thinking. After talking with a number of the President's senior advisers, I conclude that at the moment there are three central ideas that are driving U.S. policy development. They carry many positive implications but there are troubling implications as well.

First, the Bush Administration enthusiastically embraces the notion that the United States is now the single, dominant player and believes that, as a result, it must remain actively engaged in world leadership. In those areas it deems important, it will push and push hard. Smaller nations may dislike the idea. It was Arnold Toynbee, I believe, who once said that America reminded him of a big, friendly dog in a small room; every time it wagged its tail, it knocked over a bit of furniture. But I would argue that both the renewed commitment to international leadership and the strengthening of the President's hand in foreign policy vis-à-vis the Congress should be welcomed by other nations.

Only eight months ago, there was a rising isolationist tide in the United States. "Come Home America," a rallying cry of liberal Democrats that was rejected in the early 1970s, was resonating among conservative Republicans in the early 1990s. Now, instead of what might have been a precipitous withdrawal of U.S. troops from overseas, the process can be more gradual. Instead of slashing attacks on the defense budget, the President can reduce it at a more orderly pace. The Pentagon's five-year budget plan no longer represents a ceiling but a floor. In coming weeks, the Congress will decide whether to grant the White House sufficient authority to return to the GATT talks and negotiate a free trade agreement with Mexico. By one private count in the administration, a surprisingly potent coalition of labor, agriculture, textiles, and a Democratic Party highly dependent on financial contributions from labor has built up a 100-vote majority against the bill in the

House. A defeat would be a devastating blow to the GATT talks and to the most courageous, enlightened Mexican leadership in modern times. But, because of Bush's new strength in foreign policy—his new authority coming out of the Gulf—I expect he will win.

In fact, it is even possible that coming out of the Gulf, the left and right wings of both political parties will be so clipped that the United States may restore a bipartisan foreign policy. As you know, a bipartisan policy was an enormous source of strength and continuity for U.S. policy from World War II until Vietnam. Its loss in the paddy fields near Saigon has been a handicap ever since. So, there is much to commend America's renewed commitment to international leadership.

Second, to its credit, the Bush administration is anxious to exercise that leadership through international organizations, and not by imposing its policies and values unilaterally. During much of the 1980s, the United States harbored such distrust of international organizations that it often acted alone. We sent our planes over Libya with a bare, by-your-way-to our European allies. When our troops entered Grenada one morning, Margaret Thatcher received word at 6 a.m., which nearly broke her friendship with Ronald Reagan. Reagan was at heart a unilateralist; Bush—the president with the world's biggest rolodex—is at heart a multilateralist.

Contrary to fears in many parts of the world, the United States does not seek a Pax Americana; it does not wish to be a hegemonic power, it does not want to be the world's policeman. A recent poll by Time found that 75 percent of Americans reject the idea of serving as the world's policeman. And even if we wanted, we could not afford it. The passing of America's tin cup during the Persian Gulf crisis was as embarrassing to us as to many of you.

If the United States wished a Pax Americana, we would have marched on to Baghdad. We would be leaving a hundred thousand troops in the Middle East. We would maintain our defense spending. As it is, we are planning to reduce our overall forces by 25 percent—the equivalent of all the men and women we sent
to the Gulf. Under President Eisenhower, defense spending reached 11.9 percent of our GNP; under Lyndon Johnson, 9.1 percent; under Reagan, 6.3 percent. By 1995, it will be down to 3.6 percent—the lowest level in over 50 years. That is hardly the sign of a nation with imperial ambitions.

Third, in seeking out international cooperation, the Bush administration will not rely upon any single supranational organization or single friendship. Many smaller nations are anxious that the United Nations serve as the chief instrument of peace, and the United States will certainly turn to it for settlement of some regional disputes to which it is especially suited. But it is notable that after playing such a central role in the Persian Gulf crisis, the United Nations has virtually no role in Middle East peace talks. The blue helmets are heading for Iraq, but for future guarantees in the area, the United States wants to forge a new alliance of Arab nations with U.S. forces hovering in the background.

In effect, the United States will work with its friends to erect a network of overlapping organizations and arrangements—some global, some regional, some bilateral—that will be tailored to particular political, economic, and security needs. The United States cannot yet spell out what the organizational arrangements will be because it is not yet sure. What does seem common to all, in the administration’s thinking, is that the United States would seek to have a voice in each arrangement. For example, the United States now expects to have a de facto 13th seat at OPEC, just as it once suggested it wanted in the European Community. Geometric patterns are now the vogue for describing the New World Order. I found it extremely interesting recently when a senior adviser in the administration described to me a pattern in which the United States might be seen as the center of a flower with petals extending out in all directions, each representing an international arrangement to which the United States is a party. No doubt, other notions will also be debated.

Here in this forum, we speak of the need for greater trilateralism, for a shared partnership among Europe, Japan, and North America. That partnership is indeed desirable. But in candor, many officials in our government do not believe that these three great powers will form an easy steering committee for world affairs. They speak rather of the United States acting as a middle man between Japan and Europe. Both seem closer to the United States than they are to each other.

There are, as I have suggested, some extremely positive aspects to new American thinking, but you can already sense there are troubling implications, too. What, for example, shall the rest of the world do when America refuses to act or pursues a parochial interest? It was one thing to look to America for leadership when the nation was self-confident and public-spirited; it may be quite another if America feels beleaguered, under siege economically, and too poor to act. The British and French have recently experienced that frustration when they wanted emergency action to stop Saddam Hussein’s genocide against the Kurds and Shites. Only their leadership, along with graphic television pictures and pounding columns from the press, forced the Bush administration to overcome its shameful passivity, and by the time it acted many lives were lost. For all the initiative the United States showed in the Gulf, it has also been dragging its feet in recent years on many other problems that demand a world response: global warming, the population explosion, and the hunger that afflicts as many as one in four children. The United States once provided serious leadership in each of these areas, but as it has become a reluctant superpower, it holds back. Clearly, the rest of the world cannot wait.

It is also apparent that in thinking through a new order, the United States is focusing almost exclusively on the Soviet Union, Europe, and the Middle East. Little attention is being given so far to developing nations, except in the area of free trade. And it is notable that in the four scheduled speeches by the President on the New World Order, Asia and the Pacific are missing. Even U.S. diplomats admit privately that U.S. policy toward Japan and China suffers from a lack of sustained, coherent attention. Without a firm framework for policy, the U.S. government is often buffeted by whatever wind whips against it through the world. If the U.S. administration is to continue to operate successfully in the international arena, it must build a more comprehensive framework of policy. That is why the New World Order is so important. It is an opportunity to define a new order in which the United States will be a leader, not a hegemon. It is an opportunity to make the American system work as a basis for a new world order.
up in the Congress, the press, or among special interests. Japan-bashing remains the order of the day on Capitol Hill, so that relations seem to skip from one trade fight to the next.

What this suggests is that the President’s call for a New World Order should not be seen as an invitation to tune in to the next speech from the White House. Rather, it is an invitation for others—governments and trilateralists alike—to come forward with ideas of their own so that we might have a spirited, global dialogue. Our own discussions here have made clear that a restructuring of international institutions is needed in order to draw in Japan and Germany as more complete partners. The permanent five of the U.N. Security Council is inadequate, as is the current arrangement for the G-7. So, too, Richard Gardner has recommended a Rapid Deployment Force at the United Nations to address future regional conflicts. He is absolutely right in arguing that the United States is unlikely to dispatch 500,000 troops to any other area of the world where an invasion takes place, save against a formal ally. Indeed, if Saddam Hussein had waited a few more years, a shrunken U.S. army would have been unable to mount the logistical response we have just seen in the Gulf.

If we wish to end the economic resentments building up so explosively—and no priority is now higher in the trilateral area—we must not only work to open markets but we must also address the very deep concerns that are poisoning relations among us, especially between the United States and Japan. For example, Japan has taken many admirable steps in recent years to create a more level playing field in trade; its bilateral deficit with the United States has come down significantly. Yet, there is growing concern in the United States, especially in Silicon Valley, that Japan has quietly targeted and is rapidly gaining dominance in key industries—electronics and semiconductors, for example—that are the underpinnings of the Information Age. The United States will lash out in extremely harsh ways if it concludes that unfair trading practices are turning it into a techno-colony of Japan....

THE UNITED STATES WILL LASH OUT IN EXTREMELY HARSH WAYS IF IT CONCLUDES THAT UNFAIR TRADING PRACTICES ARE TURNING IT INTO A TECHNO-COLONY OF JAPAN....

no to sharing the sophisticated technology that is essential to U.S. military forces. We must work urgently to overcome differences and misunderstandings here.

Nor can we afford to work only on removing obstacles in our relationships. We must also build wider and stronger bridges between our nations. What projects can we undertake together that would advance all of our people? Can we not engage in vast new undertakings to conquer a disease such as cancer, or achieve the scientific and technological breakthroughs that will permit developing nations to move forward in ways that enhance the environment? Too many of our citizens now see our relations as a zero-sum game: what one nation wins, the other loses. We need to launch major new enterprises that will capture the public imagination and convince our people that from our relationships, everyone will win.

New American Order
I have suggested three main pillars in Washington’s current thinking about the new world. What worries me the most is the absence of a fourth pillar that, in my judgment, is the most crucial—and that is a fresh commitment to restoring America’s vitality at home so that we can be a responsible leader overseas. The Persian Gulf crisis has strengthened the administration’s commitment to foreign affairs, but it has only served to make the administration more complacent about domestic reforms and renewal. If the Democrats cannot wage a serious challenge for the White House in 1992, so the administration’s thinking apparently goes, why worry? The President’s chief of staff has even suggested that the Congress can stay home for the next two years, as there is nothing the administration wants it to pass anyway. Unless the United States soon reverses some of its domestic problems, I can assure you that the 1990s will bring it many more storms in its relations with other nations.

If I could be granted two wishes for America at home, they would be simple. Begin investing more in the future—in savings and investment, in science and technology, in energy, in roads
and bridges, and most of all, in the nurturing and education of our children. It is astonishing that Washington has called a truce on budget deficits. Yes, the agreement of last year was helpful, but it remains fragile and deficits in the coming two years will break all previous records. Interest payments on the federal debt are metastasizing so rapidly that the increase in those interest payments since 1980 exceeds the entire U.S. spending on research and development.

My other wish would be that America address much more honestly a deep-seated issue that no one likes to talk about: our divisions over race and class. The face of America is changing at an incredible speed. In 1980, whites composed a majority in six of our ten biggest cities; today they form a majority in only three. In New York, Los Angeles, Chicago, Detroit, Dallas, Houston and San Antonio, minorities are now in the majority. So rapid are the changes that in California, home of the second largest concentration of blacks in the country, Hispanics and Asians now outnumber the black population. Students at one high school in Los Angeles tell me that their classmates speak 35 languages. Unfortunately, we are experiencing far more difficulty than we should in opening doors and helping our minorities into the mainstream of American life. The economic consequences of leaving so many mired in poverty and undereducated are profound: one out of every three new entrants into our labor force over the next 20 years will be a minority citizen. Business is awakening to this challenge; so are many other public-spirited citizens, but the nation as a whole is responding with painful slowness.

Thus, I come here this evening convinced that all of us here share a responsibility for creating a New World Order. But those of us from the United States bear a special responsibility—to create a New American Order, too.

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SIMONE VEIL

The Emerging Europe

DATELINE: August 1989—Hungary opens its borders to the West. Germans and Czechs surge through the breach in cars and trains. Soviet tanks sit idle. The Iron Curtain exists no more. Three months later, the Berlin Wall collapses. Communism is over. Tens of millions of men and women take to the streets claiming their right to freedom and to the Western prosperity they have seen on their television sets. German unification is afoot and is carried out at an even quicker than expected pace. The democratization of Central and Eastern Europe is underway. In the Soviet Union, chaos and uncertainty are the order of the day.

Dateline: August 1990—The invasion of Kuwait by Iraq is followed by an embargo and then war—a war that, although setting the Arab nations against one another, also gives the impression of being a war of the West against the Arab masses.

It took only a year for the international landscape to be turned upside down.

I do not need to stress the importance of the changes that took place in Central and Eastern Europe for Western Europe. Aside from the political and economic consequences, there is the emotional impact of these events—especially German unification—which varies greatly among countries and generations.

Similarly, one cannot understand the reasons for the different reactions of the European countries to the Gulf Crisis without having knowledge of the cultural and economic interests that have knitted the countries of the Mediterranean basin together over the past centuries. The emotional, even passionate, aspect that these relations take—particularly in the case of the Maghreb, with its recent colonial experience and current immigration problems—explains why France's, Spain's, Italy's and Greece's Arab policies are so complex.
Two observations can be made regarding the consequences of these events on the European situation.

First, contrary to the predictions of all the critics of the European Community, the plan for a single federal-style European union has not been compromised in the least. In fact, the opposite is true. Faced with the prospect of evolution of the European Community into a vast indistinct regional organization, the governments of the 12 member states immediately decided to accelerate the process of political union. The Gulf crisis also served to strengthen the desire of a majority of the governments to proceed with political union.

Second, the disruption caused by these two crises forced the 12 member states of the Community to rethink their policies—not only those concerning the countries of Central and Eastern Europe, but also those concerning the Arab states.

For decades, Western Europe, although on the front line, was by and large sidetracked in the diplomatic game between East and West. As long as the military balance between the two superpowers—particularly in the field of nuclear weapons—constituted the major stake, the United States was naturally the West’s leader, the moving force behind the Atlantic Alliance, while the Soviet Union was the sole adversary. With the demise of bipolarization, the European Community countries now have the wherewithal to play a major role in the new European landscape; and the countries of the now defunct Warsaw Pact, in their search for a new direction, now also have a part to play.

Gradually regaining its former geographic span, as well as its history and its culture, Europe is now proving wrong those who were sure of its decline and were concentrating instead on the Pacific Rim. However, meeting the new challenges will not be easy. Basically, the European Community has to answer two vital questions.

First, what new architecture should it build with its other European partners in order to guarantee stability and meet their political and economic expectations?

Second, how can it adapt its own structures to deal with its increased responsibility outside Europe?

European Architecture

Whatever the uncertainties are that are slowing down the evolution of these countries, the changes which have taken place in Central and Eastern Europe constitute a tremendous victory for the West and the values it represents, particularly for the European Community, which all these nations are eager to join.

Aware of the expectations it is creating, the Community cannot disappoint these people, who believe they have found the miracle solution to their economic and social problems in the change from a socialist to a market economy.

Nevertheless, the E.C. countries came to the unanimous conclusion that the others are not presently in a position to join the Community. The Community functions on the basis of political consensus and a minimum of economic convergence, which would obviously not be the case with the countries of Central Europe. The change to a market economy is still in its very early stages, in particular because of problems created by privatizing the means of production. Converting men and women to the new economic system requires a complete reversal in ideas and behavior that is bound to take time.

To accept their demands today would have forced the Community to give up its own aspiration for a single European market by 1993 and political union, and to accept distortions between old and new members that would render the proper functioning of the Community unmanageable. This explains why the Community favored political cooperation and economic assistance adapted to each individual country, taking into account the efforts being made to accelerate the democratic process.

Besides the possibility of funds being offered by the new European Bank for Reconstruction and Development, various legal and financial means are being set up to promote projects that touch on all aspects of economic and social activity. Association agreements are to be signed by the Community with Czechoslovakia, Poland, and Hungary that contain special preferential clauses relating to trade and that give...
these countries the opportunity to participate in Community activities.

At the same time, West Europeans should be aware that feelings of frustration exist in Central Europe due both to its situation and to the comparison the Poles and the Czechs tend to make with the East Germans.

Even though the situation in these countries is still fragile, the countries of Central Europe represent a model and a source of encouragement for others who are still at the initial stages of liberalization. Their failure would be a hard blow to all East Europeans. For the West Europeans, there is also the threat of a massive migration from the East as these people flee poverty and unemployment. The current employment situation in our own countries would not be able to cope with this new labor influx.

The priorities of the European Community are to guarantee the stability of the borders, to encourage democracy, and to support the change to a market economy through its assistance to these countries.

With this in mind, Hungary and Czechoslovakia have been admitted to the Council of Europe, to be followed soon by Poland. Besides the symbolic significance of their admission to this organization, their entry also enables them to participate in the political, legal, and cultural systems that are being set up that could also help them to find a proper solution to the conundrum created by their minorities.

Towards the Soviet Union, the Community has favored stability and has deliberately played the Gorbachev card. As a result, the European Community emphasized caution with respect to claims by the Baltic states to independence as well as to initiatives taken by Boris Yeltsin in the Russian Republic. Solidarity with Germany, which was anxious for ratification of the Four plus Two Treaty and the rapid withdrawal of Soviet troops from the former German Democratic Republic, was an important consideration in securing major financial help for the Soviet Union.

Was it because of a wish to satisfy Gorbachev and accommodate his notion of a "Common European House"—while leaving room for the Americans and the Canadians in the European debate—that the CSCE was officially brought back to life with the setting-up of a permanent Secretariat?

Former Warsaw Pact countries are not alone in their wish to join the European Community—a wish also expressed by Austria and Turkey. Turkey will want recognition for its contribution to the Gulf War and for the assistance it has rendered to the Kurdish refugees, and will, thus, want to renew its membership application.

However, as the 12 member states confirmed again recently, there will be no new admissions before 1993, despite Germany's wish to make an exception for Austria. The development of relations between the European Community and the EFTA countries within a "European Economic Space," whose terms the European Commission is currently negotiating, should shortly put to rest the fears of exclusion felt by non-E.C. Western European countries, while opening the door to future membership.

Europe in the Wider World

Although the Gulf war did not slow down the internal progress of the Community, it is obvious that the differences within Europe concerning the desirability of going to war and the weakness of Europe's contribution to the coalition—compared to that of the United States—were a tell-tale sign for the governments and publics of Western Europe. In the absence of an adequate structure to deal with such issues, Europe is inexorably absent when it comes to acting in the diplomatic and military fields.

The Gulf war forced the Europeans to think carefully about their ability to react to such situations, both on the national and the Community levels. During the extraordinary E.C. Summit in Luxembourg, Europe showed political initiative for the first time, with regard to the Kurdish refugee tragedy.

In order to play a more active role internationally, the Europeans realize that they must speak with one voice, particularly with regard to the Middle East and North Africa. The Community is particularly anxious to pursue a dynamic policy towards the Arab countries in...
the aftermath of the Gulf war. Specifically, the European Community wishes to propose new initiatives specifically aimed at developing cooperation and dialogue—for example a CSCM (Conference on Security and Cooperation in the Mediterranean)—and, above all, at helping resolve the Israeli-Palestinian conflict.

Although the Europeans have drifted away from the U.S. position since the 1980 Venice Declaration, which recognized a right to self-determination for the Palestinians and gave to the PLO the possibility of taking a seat at the negotiating table, at present they do not wish to hamper any initiatives that President Bush may take. However, the Europeans will not hesitate to call again for an international conference, which they have always favored, if only to satisfy European public opinion on the Palestinian issue. The Europeans are, in fact, eager to be included in future negotiations, as they believe they can play a helpful role due to their links with all the countries and parties concerned.

The above example is just one of many, but at the moment it represents what the Europeans fear most: not being able to use their presence and influence within the international community.

The solidarity between the Atlantic countries is in no way threatened, nor is the awareness of common values that was confirmed during the Gulf crisis, despite the controversies that did exist. Furthermore, changes in the Soviet Union have not altered the conviction that the U.S. military presence in Europe represents an indispensable guarantee, if only because of the threat of instability or anarchy, not only in the Soviet Union but also elsewhere on the continent. The Europeans, besides having different interests in many areas, also have to confirm different affinities through their own message, particularly when it comes to the Third World.

The end of the bipolar world, European weakness in the face of possible threats from outside the Atlantic area, and the confirmation of the potential role of the United Nations all push the Europeans towards a political Europe that will strengthen their union. Thereby, Europe will experience again its own identity—which is that of a true Trilateral partner.

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