INTRODUCTION

--- Before opening the floor to general discussion, I would like to make a few comments which I hope will help focus the discussion.

--- As I am sure you all know there is no stronger proponent than I of the importance of the US-Japan relationship which I often describe as our most important bilateral relationship, "bar none."

--- In the years ahead, the importance of this relationship will increase as Japan's power and influence grows.

--- Nevertheless, I think that when we talk about Japan as an "emerging global heavyweight," we need to keep clearly in mind the various aspects of international influence and to differentiate the role that Japan is likely to play in each arena in the foreseeable future.

--- The term "global heavyweight" implies a nation which exerts great influence over the full range of international economic, political and military/strategic issues. At the moment only the US and Soviet Union fall into this category, and the Soviet Union's influence is limited in the economic arena. In my view, Japan is best described in the boxing metaphor as
A MIDDLE WEIGHT, EMERGING BY THE END OF THE CENTURY AS A LIGHT HEAVYWEIGHT.

ECONOMIC

-- JAPAN IS LIKELY TO HAVE A MAJOR IMPACT IN THE DECADES AHEAD ON THE MANNER IN WHICH THE INTERNATIONAL SYSTEM AS A WHOLE DEVELOPS; BUT ITS INFLUENCE IS LIKELY TO CONTINUE TO BE PREDOMINANTLY IN THE ECONOMIC ARENA.

-- EVEN HERE, IT WILL BE FACED BY SEVERE CHALLENGES.

-- THE GLOBAL ECONOMIC SYSTEM FROM WHICH JAPAN HAS BENEFITED SO GREATLY IS UNDER SEVERE STRAIN WITH THE POSSIBILITY OF FUNDAMENTAL CHANGES TAKING PLACE. SOME OF THIS DERIVES FROM AN ECONOMIC ADJUSTMENT TO RAPIDLY INCREASED ENERGY COSTS; SOME FROM STRUCTURAL PROBLEMS IN INDUSTRIAL ECONOMIES; SOME FROM THE NEWLY INDUSTRIALIZED COUNTRIES; SOME FROM THE PRECARIOUS DEBT POSITION AND DEVELOPMENT PROBLEMS OF MOST NON-OIL EXPORTING DEVELOPING COUNTRIES; SOME FROM THE ECONOMIC FAILURES OF THE COMMUNIST SYSTEM. I HAVE NOT, I'M SURE, COVERED ALL THE FACTORS AND IT IS DIFFICULT FOR ANY OF US TO FORESEE CLEARLY THEIR FUTURE IMPLICATIONS. BUT THAT WE NEED IMPROVED MEANS OF COORDINATION AND COOPERATION, PARTICULARLY AMONG WESTERN INDUSTRIALIZED COUNTRIES, IS INCREASINGLY SELF-EVIDENT. THIS WILL BE A MAJOR THEME OF THE VERSAILLES SUMMIT.

-- IT IS IN THIS CONTEXT THAT JAPAN IS BEING ASKED TO BEAR GREATER RESPONSIBILITY FOR MANAGING THE GLOBAL ECONOMY. THEY ARE APPROACHING IT WITH A CAUTIOUSNESS WHICH FRUSTRATES THEIR PARTNERS.
They are, with some justification, concerned that their own domestic economic and political structures cannot withstand a situation in which external forces exert more control over their destiny than does internal administrative guidance.

-- Currently one sees this most clearly in trade friction between Japan and its trading partners and the protectionist pressures it calls forth.

-- It is stimulated by the belief in the US and Europe that Japan benefits from easier access to Western markets, particularly our own, than it accords to foreign products in its market. There does remain in Japan a deep-seated bias against imports and foreign investment that may once have been appropriate for a war-ravaged, isolated island economy but is clearly inappropriate for the Free World's second largest economic power.

-- The most immediate problem Japan faces is whether it can take the necessary steps quickly enough to ward off protectionist pressures that would limit Japanese exports and threaten a global trade war. A longer-range problem is whether Japan can make a full commitment to integrating itself into the global economy so that it can play a key role in helping to sustain this system rather than simply benefiting from it. To be credible Japan must address both of these questions now.

-- In addition, although Japan's economic development has outpaced that of any other country over the last 30 years and continues to show remarkable resistance to the viruses of declining productivity, increasing unemployment and high inflation that have beset most industrialized economies in recent years, Japan is not necessarily immune from these problems and in fact the Japanese view their economy, which suffered negative growth in the last quarter of 1981, as undergoing serious difficulties. It is my view that because
OF ITS INNATE STRENGTHS JAPAN’S ECONOMY IS LIKELY TO CONTINUE TO GROW AND ACQUIRE INTERNATIONAL IMPORTANCE. THE GREAT RISK IS THAT THE RESULTANT EXPECTATIONS ON THE PART OF ITS PARTNERS WILL OUTPACE ITS CAPACITY TO RESPOND.

POLITICAL

-- IN THE POLITICAL ARENA, THERE ARE ALSO MAJOR UNCERTAINTIES ABOUT THE NATURE AND EXTENT OF JAPANESE INFLUENCE IN THE YEARS AHEAD. JAPAN STILL SPEAKS WITH A HESITANT AND OFTEN INARTICULATE VOICE AND HAS YET TO DEFINE FOR ITSELF A CLEAR INTERNATIONAL POLITICAL ROLE.

-- WE SHOULD RECOGNIZE THAT THERE HAS BEEN A REMARKABLE EVOLUTION IN THE LAST 35 YEARS IN JAPAN’S FOREIGN POLICY.

-- IN THE INITIAL POST-WAR PERIOD, JAPAN Seldom looked beyond immediate economic needs and its broader foreign policy was simply to follow the US.

-- AFTER THE 1973 OIL EMBARGO JAPAN flirted briefly with the ill-conceived concept of "omni-directional" diplomacy.

-- HOWEVER, THERE HAS BEEN A MARKED SHIFT IN THE LAST FEW YEARS BY JAPANESE LEADERS TO IDENTIFY JAPAN PUBLICLY AND CLEARLY WITH THE WESTERN INDUSTRIALIZED DEMOCRACIES.

-- JAPAN’S STRONG RESPONSE TO THE SOVIET INVASION OF AFGHANISTAN DEMONSTRATED ITS WILLINGNESS TO TAKE CONCRETE AND PAINFUL MEASURES AS PART OF THE WESTERN ALLIANCE, AND JAPAN’S PERFORMANCE
ON THIS ISSUE WAS BETTER THAN THAT OF OUR WESTERN EUROPEAN ALLIES.

-- THIS RESULT WAS NOT PRODUCED BY US PRESSURE, WHICH WAS, AS I HAVE NOTED, THE TRADITIONAL POST-WAR IMPETUS FOR JAPANESE ACTIONS, BUT BY THE DECISIONS OF GOJ LEADERS THAT IN TIME OF CRISIS IT WAS ESSENTIAL FOR JAPAN TO ESTABLISH CLEARLY ITS ALIGNMENT WITH THE WEST.

-- WITHIN THE GENERAL FRAMEWORK OF "WESTERN DEMOCRACIES," HOWEVER, JAPAN HAS NOT CARVED OUT A DISTINCT NATIONAL FOREIGN POLICY. IT CONTINUES TO WAIT FOR OTHERS, PARTICULARLY THE US, TO TAKE THE LEAD AND THEN TO FOLLOW, SOMETIMES AT A COMFORTABLE DISTANCE.

-- TO BE SURE, IN A FEW PARTICULAR AREAS WHERE SPECIAL FOREIGN POLICY AND NATIONAL CIRCUMSTANCES CONVERGE, SUCH AS WITH RESPECT TO THE MID-EAST AND DISARMAMENT, JAPAN HAS Sought TO ESTABLISH ITS OWN IDENTITY.

-- EVEN HERE, HOWEVER, IT HAS NOT GONE FAR BEYOND RHETORIC AND SYMBOLIC GESTURES BECAUSE OF RECOGNITION OF ITS LIMITED ABILITY TO TAKE MEANINGFUL ACTIONS AND BECAUSE IT WISHES TO AVOID COMPLICATING ITS RELATIONSHIP WITH THE US.

-- I BELIEVE THAT IT IS CERTAIN JAPAN WILL PLAY A MORE ASSERTIVE POLITICAL ROLE IN THE YEARS AHEAD FOR REASONS OF NATIONAL INTEREST AS WELL AS NATIONAL PRIDE.

-- ONE IMPORTANT FACTOR IS THAT A NEW GENERATION OF JAPANESE LEADERS IS EMERGING WHICH WANTS TO ESTABLISH A MORE INDEPENDENT COURSE, IN APPEARANCE, IF NOT SUBSTANCE.

-- IN ADDITION, THE SECURE POLITICAL BASE OF THE LDP SHOULD RESULT IN GREATER POLITICAL STABILITY THAN MOST OTHER INDUSTRIAL STATES,
STABILITY WHICH IS A PREREQUISITE FOR AN EFFECTIVE LONG-TERM FOREIGN POLICY.

-- STILL, THERE ARE MANY HISTORICAL, CULTURAL, DOMESTIC POLITICAL, AND GEOPOLITICAL OBSTACLES TO A "JAPAN AS #1" SCENARIO BEING REALIZED, AND IT IS HARD TO FORECAST IN WHAT AREAS JAPAN WILL ATTEMPT TO ASSERT ITSELF, AND TO WHAT DEGREE AND EFFECT.

-- ONE AREA THAT BEARS PARTICULAR WATCHING IS JAPAN’S REALTIONS WITH WESTERN EUROPE.

-- THIS POLITICAL RELATIONSHIP IS REMARKABLY UNDERDEVELOPED IN VIEW OF THE POTENTIAL CONGRUITY OF INTERESTS.

-- THERE IS STRONG EVIDENCE THAT BOTH THE JAPANESE AND THE EUROPEANS RECOGNIZE THIS POTENTIAL RELATIONSHIP AND WILL STRIVE TO OVERCOME THE HERITAGE OF NEGLECT AND PREJUDICE TO FIND AREAS OF COMMON CAUSE.

-- IN ANY EVENT, JAPAN’S EMERGENCE AS A GLOBAL HEAVYWEIGHT IN INTERNATIONAL POLITICS DOES NOT APPEAR IMMINENT, ALTHOUGH A MORE POLITICALLY ASSERTIVE JAPAN WITHIN THE WESTERN FRAMEWORK IS CLEARLY ON THE HORIZON.
MILITARY

-- In the military arena, Japan of course is essentially a non-player on a global scale, not only because of the limited size of its armed forces but because of the constitutional and political limitations on their use.

-- This is changing at a pace slower than the US would like but one that is faster than many Japanese feel comfortable with.

-- Nevertheless Japan is unlikely to assume a regional military role, much less develop a strategic nuclear capability, unless international and domestic political conditions change drastically. Instead it will continue to focus on developing the ability, in cooperation with US, to defend its immediate territory and adjacent sealanes.

-- Japan is however likely to make an increasingly important contribution to non-military areas of security through economic assistance to strategically important areas.

-- This "comprehensive security" approach cannot of course substitute for increased military capability, but we should not dismiss this contribution.

-- In any event there is no likely combination of Japanese military development and non-military assistance that will put Japan in the category of a geopolitical heavyweight by the end of this decade and probably through the end of the century. Moreover I believe a continued limited military role for Japan is in the interest of the US, Japan, the other states in the region and international stability in general.

-- The key question in this area, therefore, is whether Japan can
TAKE THE LIMITED STEPS IN THE MILITARY AREA THAT WE HAVE BEEN URGING, STEPS THAT ARE NECESSARY NOT ONLY TO HELP MEET THE INCREASED SOVIET THREAT, BUT MORE IMPORTANTLY TO PRESERVE THE CREDIBILITY OF THE US-JAPAN ALLIANCE, I.E., TO AVOID CONGRESSIONAL PRESSURE FOR THE WITHDRAWAL OF US TROOPS IN JAPAN OR OTHERWISE WEAKENING OUR COMMITMENT.

--I AM CONFIDENT THAT THIS ISSUE CAN BE MANAGED EFFECTIVELY, PARTICULARLY IF THERE IS GROWING APPRECIATION IN THE US THAT THE PRESENT SECURITY RELATIONSHIP WITH JAPAN, INCLUDING OUR ACCESS TO BASES IN JAPAN AND THE POLITICAL BOND IT CREATES WITH THIS KEY COUNTRY, IS NOT A ONE-WAY STREET AND MAKES A MAJOR CONTRIBUTION TO US SECURITY.

US ROLE

-- IN ADDITION TO DISCUSSING HOW LIKELY JAPAN IS TO EMERGE AS A GLOBAL HEAVYWEIGHT, I BELIEVE IT IS ALSO IMPORTANT THAT WE FOCUS ON THE INFLUENCE THE US CAN HAVE IN DETERMINING THE ROLE THAT JAPAN WILL PLAY IN THE INTERNATIONAL ARENA OVER THE LONGER TERM.

-- OUR FUNDAMENTAL OBJECTIVE IS NOT SIMPLY TO HAVE JAPAN ACCEPT MORE GLOBAL RESPONSIBILITIES AND PLAY AN EXPANDED INTERNATIONAL ROLE BUT TO ENSURE THAT A MORE ACTIVIST JAPAN IS SUPPORTIVE OF US INTEREST.

-- THE KEY TO THIS IN MY JUDGMENT IS A COMBINATION OF STEADY, WELL CONCEIVED, AND QUIET ENCOURAGEMENT OR PRESSURE TO ASSUME MORE RESPONSIBILITY AND A CONTINUING STRONG US LEADERSHIP ROLE.

-- JAPAN FEELS VERY COMFORTABLE WITHIN THE US ECONOMIC AND
STRATEGIC FRAMEWORK AS THIS HAS SERVED ITS INTERESTS VERY WELL. JAPANESE LEADERS RECOGNIZE THAT THE APPORTIONMENT OF RESPONSIBILITY MUST BE ADJUSTED TO BE MORE IN TUNE WITH THE RELATIVE DECLINE OF US POWER, THE NEW DEMANDS ON THE FREE WORLD, AND JAPAN’S INCREASED ABILITY TO ASSUME A GREATER ROLE.

-- NEVERTHELESS JAPAN WANTS THE US TO CONTINUE TO LEAD, AND IF WE ARE PERCEIVED AS ABANDONING OUR TRADITIONAL ROLE, IT MAY FEEL FORCED TO LOOK FOR ALTERNATIVES.

-- WE MUST REMEMBER THAT ABOVE ALL THE JAPANESE ARE PRAGMATISTS AND SURVIVORS, AND ALTHOUGH OUR SHARED VALUES ARE AN IMPORTANT BOND, ECONOMIC AND GEOPOLITICAL REALITIES ARE LIKELY TO BE THE DETERMINING FACTORS IN JAPAN’S LONG-TERM POLITICAL AND ECONOMIC ORIENTATION.

-- IN SUM, WE MUST REMAIN AN ATTRACTIVE PARTNER.

-- IN THIS CONNECTION, WE MUST BE CAREFUL NOT TO USE OUR ECONOMIC AND MILITARY WEAKNESS AS A BASIS FOR EXPANDED JAPANESE EFFORT. ALTHOUGH WE CAN RIGHTFULLY DEMAND MORE OF JAPAN IN BOTH AREAS, WE MUST RECOGNIZE THAT WE WILL HAVE TO CARRY A DISPROPORTIONATE BURDEN OF LEADERSHIP IF WE EXPECT JAPAN TO FOLLOW.

-- WE MUST ALSO RECOGNIZE THAT AN EXPANDED JAPANESE ROLE WITHIN THE US-JAPAN AND WESTERN ALLIANCES WILL BRING WITH IT A JAPANESE DEMAND FOR GREATER PARTICIPATION IN AND INFLUENCE ON THE DECISIONS THAT AFFECT THEM.

-- TO BE VERY FRANK, WE STILL HAVE THE TENDENCY TO REGARD "CONSULTATION" AS "INFORMING IN ADVANCE" AND TO ENCOURAGE A MORE ASSERTIVE JAPANESE ROLE ON THE ONE HAND WHILE EXPECTING JAPAN TO FOLLOW WITH LITTLE QUESTION US POLICY INITIATIVES.

-- THE JAPANESE BEAR MUCH OF THE RESPONSIBILITY FOR OFFERING
CONSTRUCTIVE SUGGESTIONS AND IN ENSURING THAT THEIR VOICE IS HEARD, AND THEY HAVE BEEN LESS THAN EFFECTIVE IN THIS REGARD. BUT WE ALSO NEED TO BE MORE SENSITIVE TO LEGITIMATE JAPANESE INTERESTS AND TAKE A LONGER-TERM AND MORE CAREFULLY THOUGHT OUT APPROACH TO OUR DEALINGS WITH JAPAN.

SUMMARY

-- I HAVE TRIED TO POINT OUT A FEW OF THE FACTORS THAT MAKE EARLY EMERGENCE OF JAPAN AS A TRUE GLOBAL HEAVYWEIGHT UNLIKELY, AND THE IMPORTANT ROLE OF THE US IN DETERMINING HOW JAPAN'S EXPANDING INFLUENCE IS APPLIED.

-- I HAVE NOT MEANT TO DENIGRATE JAPAN'S ACTUAL AND POTENTIAL CONTRIBUTIONS TO THE DEVELOPMENT OF THE INTERNATIONAL SYSTEM WHICH IS AND WILL BE INCREASINGLY SUBSTANTIAL. I HAVE RATHER TRIED TO PUT THE QUESTION IN A MORE REALISTIC PERSPECTIVE.

-- I WELCOME YOUR COMMENTS AND VIEWS. I SUGGEST IN THE INTEREST OF A MORE-OR-LESS ORDERLY DISCUSSION THAT WE ADDRESS FIRST THE QUESTION OF THE EXTENT TO WHICH JAPAN IS LIKELY TO PLAY A SIGNIFICANTLY EXPANDED ROLE IN THE NEAR TERM, AND THEN WHAT STEPS THE US CAN TAKE TO ENSURE THAT THIS ROLE IS SUPPORTIVE OF US INTERESTS.