

The U.S-Japan Partnership and the Future of an Asian Regional Union

Eisuke Sakakibara

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Sakakibara Eisuke interviewed by Hara Manabu

experienced during the Pax Britannica that dominated the world scene up to the end of World War I. If you look at the world economy in the light of such history, I think that the center of gravity for the world's economy will clearly shift to Asia in this century.

As the region's economy grows, a common Asian currency will gain favor, says Mr. Yen. The current calm Japan-U.S. economic relationship basically means Tokyo is no longer seen as an economic threat to Washington.'

Long before the emergence of the British empire, in fact, the economic balance favored Asia. The region's gross domestic product, including that of China and India, was much greater than the West's total. The current shift in the economic gravity indicates in a sense that the world's economy is returning to where

Sakakibara Eisuke, the man known internationally as

Mr. Yen from his time as head of international

monetary affairs at the Ministry of Finance, believes that Washington's unilateral action in Iraq has triggered the beginning of the decline of the 'Pax Americana.'

Q: What is your assessment of Washington's foreign policy in the context of a waning Pax Americana?

He foresees that in the mid- to long term,

A: Ignoring the shift of the economic center of gravity

creation of an Asian version of NATO and a common Asian Monetary Unit could become a reality.

to Asia, Washington intensified its unilateral actions and made pre-emptive strikes on Afghanistan and Iraq, actions that seemed meant to show off its military hegemony. I can understand the tragedy of Sept. 11, but nonetheless, the U.S. military actions

Q: What's happening in the world economy?

have undermined American leadership around the

Americana, an era in which the United States enjoyed overwhelming economic power, not unlike the

globe. Its allies France and Germany openly defied the United States' unilateral actions in Iraq-they even

sided with Russia to oppose Washington policy. *between the U.S.-led allied forces and terrorist groups continues. The Koizumi administration insists that it*

As some U.S. Democrats have pointed out, it is highly likely that these actions could trigger the start of the decline and fall of the United States' empire.

Q: At present, the economic relationship between the While the country still holds formidable military and economic might, its unilateralism adversely affects its power.

A: I think the current calm Japan-U.S. economic relationship basically means Tokyo is no longer seen as an economic threat to Washington. The Bush administration regards China and India as more formidable competition. China poses a menace to American unemployment, while India presents an outsourcing challenge to U.S. workers.

A: I think that an alliance with Washington should and will be the axis of Japan's foreign policy. But the current situation is no alliance-it's a dependency under which Tokyo just follows Washington. I think that as long as the two countries are allies, Japan and Washington are puzzling out how to manage their should argue and at times oppose, if necessary, U.S. actions. In Iraq, for instance, Japan should not have gone along with the Bush administration. Japan should have taken concerted action with France and Germany to prevent Washington from going on rampage. It should still try to do that. Sending the Self-Defense Forces to Iraq was politically a bad move but more importantly, it was against the Constitution.

Q: In a recent symposium, you mentioned the importance of Japan standing on its own feet rather than relying on the United States. What goal should Japan pursue in its diplomacy? What imminent task should the two countries address?

A: Standing on its own feet while maintaining an Asian version of the North Atlantic Treaty alliance is not incompatible. Without undermining its Organization. I am certain this question will become alliance with Washington, Japan should try to develop very important. The Bush administration may oppose much closer ties with Asia. It won't be easy because the idea, but a Democrat administration, if elected, it's a delicate issue for Washington. But Japan should may accept it.

set this as its diplomatic target.

The key countries are China and South Korea. Japan in Asia has been rapidly progressing and trade and investment increasing. In the international economic environment, the stability of currencies in the region will be in the forefront. Like the European Monetary Unit, creating an Asian Monetary Unit is in sight.

has to make its best efforts to improve relationships with them. Koizumi has ruined the relationship with Beijing by visiting Yasukuni Shrine, which Beijing regards as the symbol of Japan's past militarism. Only a handful of people in Japan visit the shrine on Aug. 15, the anniversary of the end of the Pacific War. Koizumi should stop going there, and the government also should scrap its system of screening history textbooks-frequently a contentious issue with the Chinese government.

Meanwhile, what Tokyo and Washington have to do soon is cooperate to bring Beijing more into the international framework.

Q: What economic and political challenges do Japan, and the United States face in the mid- to long term?

A: In 10 to 20 years, a movement will emerge to create in Asia a multilateral security arrangement that includes the United States, China and Russia-sort of

In the economy, the currency cooperation issue will gain importance. Now regional economic integration in Asia has been rapidly progressing and trade and investment increasing. In the international economic environment, the stability of currencies in the region will be in the forefront. Like the European Monetary Unit, creating an Asian Monetary Unit is in sight.

As the first step toward such a goal, Asian nations with huge foreign reserves, especially Japan and China, should set up a kind of Asian Monetary Fund to stabilize the currency market. At present, their total reserves amounted to \$2 trillion (220 trillion yen). I think they should earmark 10 percent, roughly \$200 billion, for such a fund.

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