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COEXISTENCE IN ASIA

My previous visits to Kyushu have all been very enriching. I know today will not be any different. Kyushu has several unique characteristics. Of Japan's four main islands, Kyushu, geographically, is closest to continental Asia. Culturally, Kyushu can also boast of being Japan's first contact point for Asian and European civilisations.

2. Kyushu is also blessed with a succession of strong leaders at crucial stages of its history. Two of such leaders who need no introduction are Prime Minister Murayama and ex-Prime Minister Hosokawa. Prime Minister Murayama and Mr. Hosokawa are men of great courage, who in their own ways, are striving for a better future for Japan and for the world.

3. Among the strong leaders from Kyushu is Governor Morihiro Hiramatsu. What Governor Morihiro Hiramatsu has done and is doing for Oita attests to his dynamic and visionary leadership. He mooted the concept of 'one-village-one-product'. He also propounded the idea of 'think globally, act locally'. These concepts have not only served as a model for the Japanese people but also excited the imagination of people the world over. Indeed, today's conference, which gathers together local government and grass-root leaders from various parts of the world, is in itself a manifestation of the concept of 'think globally, act locally.'

4. I have been asked to speak on the theme of "Coexistence in Asia". Admittedly, this is a wide-ranging topic, a comprehensive treatment of which would not be possible in one session like this.

5. Coexistence is imperative because the world is shrinking. We are all closer to each other. The magic of technology now enables us to see around the curve of the globe, to look at events in distant lands even as they happen. We are all neighbours and what happens to neighbours affects us all as much as what happens to us affects our neighbours.

6. The world is one and we are all the citizens of this planet. As citizens we should care for each other.

7. But the fact of the matter is that we are still divided, divided by geographical locations, by ethnic groups and by culture. There is still a Europe which is peopled by Europeans, there is still Africa peopled by the Africans and in Asia there are a number of ethno-cultural groups which differ from each other although they have certain common traits which set them apart from Europeans and Africans.

8. What I am trying to say is that Asians are not Europeans and Europeans cannot suddenly claim to be Asians. It is not a question of deciding to be Asian or European or African. It is not even a question of geographical location. It is cultural. It is culture which differentiates us. Unless and until we adopt the cultural values and practices of a group any claim to belong to the group will have no meaning.

9. Now Japan is Asian, more particularly it is East Asian. Whether it likes or not it is geographically and culturally Asian. Even in a shrunken world, it cannot disclaim the facts. In any case the decision to disclaim does not lie with Japan alone. The other party or parties have to accede to the decision made to identify with them.

10. East Asia where Japan naturally belongs may not have a claim on Japan. But that does not detract from the fact that Japan belongs in East Asia, geographically and culturally.

11. But very soon Japan is going to belong to East Asia even economically if it is not already so. East Asia today has the highest economic growth rate. It has, if you include South Asia, and you must include South Asia for South Asia is essentially of the East and is Asian; it has almost three billion people, more than the peoples of Europe, Africa and the Americas added together. And almost all the three billion people are hard working and trainable people, able to do and excel in almost any field of human endeavour.

12. The picture is rapidly changing. Where once most of Asia was socialist or Communist, today the economic theories of the socialist and the Communist, if not the political ideologies, have been abandoned. Most of Asia has become a huge free market.

13. No country can really be rich if the people are poor. It took the Russians 70 years to realise this. Their leaders saw how rich the capitalist countries were. Even workers owned luxuries such as cars, houses and electric household appliances.

14. Unfortunately the Russian leaders assumed that all the wealth was the result of democracy and the free-market system. And so without any preparation they switched from the centrally-planned state controlled economic system to the free-market. With no private capital, entrepreneurs and

management know-how, they are now worse off than when they were under the Communist system. All they have is high inflation, high crime rates and general poverty.

15. To make matters worse they adopted the multi-party democratic system, again without any preparation. This is a perfect recipe for anarchy. Democracy does not work unless there is a basic understanding among the people in general, not just the leaders, on the limits of democracy and the need to be responsible.

16. However the socialist states in the East did not rush into adopting the free-market and the multi-party democratic system of Government. They introduced the free market gradually, limiting it to certain areas only as in China. They continue to have tight Government control. It may not be very democratic but it is at least not anarchic. Rushing into democracy is meaningless if all you get is anarchy.

17. People need time to manage economic freedom and the responsibility needed in order to make it work. And when they do they would demand and they should be given political freedom in graduated doses. Democracy can then flower without anarchy.

18. Because the socialist states in the East have not rushed into political reforms blindly, their adoption of the free-market system is more likely to succeed. And indeed we see in China and Vietnam the high economic growth that we do not see in the former Soviet republics and the Eastern European countries.

19. Fortunately, also the East already has the capital and the technology necessary for stimulating economic growth. Even without Western capital, foreign investments from countries like Japan, Taiwan, South Korea, Singapore and even the other South East Asian countries, are sufficient to make the liberalisation of the economy of the East Asian socialist countries work. And the Far Eastern countries have the right amount of technology and entrepreneurial expertise to inject into the economy of the former socialist states. There is no doubt that the people in these countries are learning the intricacies of the free market system very fast.

20. Political stability and the careful adoption of the free market system, assisted by foreign investments and expertise will result in the rapid development of East Asian countries. They will be joined by a less socialistic India and other South Asian countries whose people are skilled in trade and industry.

21. In a very short space of time East Asia, South East Asia and South Asia will become one of the wealthiest regions in the world, if not the wealthiest. The per capita income may remain lower than Europe or America but the

purchasing power of three billion people will be very considerable indeed. Without a doubt the region will become a huge market.

22. Intra regional trade will bloom and will overtake the trade with other regions. Even now the trade between East and South East Asian countries together make up the biggest proportion of their world trade. This trade will increase in volume as India opens its doors. Investment flows between all these countries will also grow. East Asian multinationals will emerge from the rapidly developing countries, helping to enhance trade, investments and the transfer of technology.

23. Affluence will create greater demands for goods and services. Shipping and air travel for business and pleasure will grow rapidly. China, which only a decade ago had no outgoing tourists, now provides East Asia with more than a million tourists a year. Indians will soon be travelling in massive numbers.

24. In the midst of all these lies Japan, the only Asian developed country. It is rich in capital, it has world-class technology and has almost unlimited entrepreneurial and management talents. Its strategy for recovery and prosperity was based on the import of raw materials, processing and adding value and then exporting the finished products. In this it was helped by a generous United States, intent on weaning Japan away from its militarist past. Not only did the United States provide the initial aid but it also opened its huge market to unlimited quantities of Japanese goods. It was fully convinced that Japanese products would never pose a threat to American products either in America or elsewhere in the world's market.

25. The Japanese have every reason to be grateful to the United States. Not only were they aided and offered access to the richest market in the world, but they need not spend much on their own defence. The United States literally undertook to defend Japan against all-comers. Thus expenditure on defence was reduced to the minimum.

26. Japan's recovery and reconstruction was rapid and complete. For several years it grew by 12 percent per annum and became very rich. While it expected access to foreign markets, its own market remained closed except for the raw materials it did not have. Countries like Malaysia were subjected to quotas and non-tariff barriers even for canned pineapples. Manufactured products were and still are almost entirely restricted except for those manufactured by Japanese-owned industries located overseas. Today the trade balance between Malaysia and Japan is very much in Japan's favour.

27. Yen credits at low interest rates were extended to developing countries like Malaysia. These were very welcome

indeed. But then the yen appreciated in value against the Malaysian ringgit by 100 percent.

28. What this means is that in terms of Malaysian currency we have to repay a 100 million Malaysian ringgit worth of yen loan with 200 million Malaysian ringgit plus the interest on this 200 million Malaysian ringgit. It was not a cheap loan at all. It was very expensive.

29. We tried to renegotiate the loan in order to reduce slightly our debt burden to Japan. We were not given even one yen reduction.

30. The endaka was not caused by us. But we the developing countries have to pay. Not only were our debts doubled but the manufactured goods from Japan increased in price. We have to pay more for all our Japanese imports.

31. On the other hand, the appreciation of the yen against the US dollar means that in yen terms Japanese imports of raw materials, including oil, cost much less. The yen appreciation may make Japanese goods more costly and less competitive against the same products from other developed countries. The developed countries gained from this but developing countries like Malaysia gained nothing. As the yen has now appreciated by another 50 percent our losses have increased. Malaysia has decided not to borrow any more yen.

32. Japan owes the United States a great debt of gratitude. I think Japan should always remember this and be loyal to the United States. But Japan also owes East Asia and South East Asia a great debt.

33. I do not want to rake up the past. The Japanese conquest and occupation of the countries of East and South East Asia and the atrocities committed then should be forgotten. We should think of the future.

34. That was why I told Speaker Doi and Prime Minister Murayama that I do not think Japan should continue to apologise for her past dark deeds. I do not see the German or Italian leaders making the rounds of European and African countries or Israel to apologise for what they did during the war. Not only do they not apologise but they roundly criticise and condemn some of these countries for human rights violation, etc. They who had committed crimes against humanity now stand in judgement over their former victims. Why then should every Japanese Prime Minister go round to apologise?

35. That is why I say as much as Japan owes the United States, Japan owes the East and South East Asian countries more, not just for the past but for the present also. We do not need apologies. What we need is your cooperation and your help to develop us.

36. We called for the formation of the East Asia Economic Caucus (EAEC) in order to enable us to discuss common issues and to help the least developed among us to reconstruct. The EAEC is not a trade bloc, not a free trade area or a customs union. We have explained often enough that it is a forum, a talk shop, for discussions only. We are not going to mount a trade offensive against anyone. We merely want to have a fair say in world trade affairs. We do not want to be brushed aside as we are now, when we talk as individual countries about our problems in world fora.

37. We are merely asking that Japan join the EAEC; Japan, the only developed country in East Asia, the only developed country that is not European. We are disappointed when Japanese officials asked us to explain and explain all over again what the EAEC is all about. Even those officials who have served for years in South East Asia claim that they do not know about the EAEC.

38. We are saddened by this. The only Asian country with the ability to help fellow Asian countries refuses to do so but instead demand to know why America is not included, why Australia and New Zealand are not included? The answer is obvious. They are not East Asian. We would like to be a member of the European Union, but we are not eligible. We would like to belong to NAFTA but we are not part of North America. Why are people who are not Asian and in East Asia supposed to have a right to be members of an East Asian Organisation?

39. Are we being racist? If we are then the Europeans with their European Union and the Americans with their NAFTA must be more racist. We want only one Trade Zone and that is the whole world. The EAEC will not trade only with itself. It will not give trade privileges to its members. It only wants a forum to discuss common problems, to solve them and to share development expertise together. Is it so wrong for the nations of East Asia to want to prosper? Is it so wrong for us to look up to Japan as a model and as a leader?

40. Japan is Asian. Japan is of East Asia. You cannot run from this geo-cultural fact. You belong here.

41. We are not asking you to aid us. We are asking you to be a leader in this region. We are asking you to join us and play a leading role. You have the stature and the means.

42. The EAEC is not the Greater East Asia Co-prosperity Sphere that you promoted during the Second World War -- the Pacific War. It is not your invention. It is not your creation. It is the brainchild of South East Asia. We would not propose it if we think you are going to dominate us. We know that Japan has foresworn war and military adventures. We merely want you to be our partner, to be our equal but to be also the first among equals.

43. It is a small request. While you think of the help you

have received from others, think also of us in East Asia, in South East Asia where you test the marketability of your products. As much as others have a claim, we in East Asia also have a claim on you. So please recognise that claim.

44. I did not ask Mr. Murayama not to apologise because I want something from Japan. In fact, when I dismiss the need to apologise I also told him that Malaysia does not want the Yen loan Japan was offering. I speak frankly and sincerely. Japan will not be foresaking America by joining the EAEC. America's fear of the EAEC is without basis. With Japan in EAEC you can ensure that we will not make any anti-American decision or policies. You can play a pivotal role. If you really wish to make amends for your past, this is your chance. If you think that we should coexist then the EAEC is a step towards coexistence, towards mutual help, towards closer and more meaningful relations among East Asians.