

New Visions, New Opportunities:
Europe and Japan in the 1980s

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-- SUMMARY --

It is essential that ways be found to limit the trend toward national protectionism that threatens European unity. Unity flourished in high economic growth of the 1950s and 1960s; the prolonged economic slowdown has pulled Europe in opposite directions, into narrow and self-destructive nationalism. Countering this will require an even high degree of co-operation than that which brought the EEC together in the first place. It calls for an unprecedented degree of mutual involvement in national affairs of individual European states and new patterns of decentralization with direct communication among the interested parties.

The urgency of readjustment is being fed by rapid advances in science and technology. What constitutes the base for advancement now is our brains and our capacity continuously to develop new skills. The retraining needed to make the adjustment could perhaps best be described as a vast process of social learning.

The experience of Japan may well contain some useful pointers for Europe. In the last 20 years, Japan has surged ahead in the mastery of high technology - its economic success is based on its working force's acceptance and adaptability to the needs of higher productivity made possible by the latest advances in microelectronics. The chief lesson of the Japanese experience for Europe is the crucial nature of the learning capacity of a society.

Beyond that, any national or regional solutions will have to be worked out within a coherent international context that is capable of overcoming the structural disparities of the present international system - recovery in the North can not be sustained without recovery in the South.

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I am greatly honoured at this opportunity to address the opening session of Synergium 83. This tri-city forum promises to be a fruitful and timely exploration of the challenges, already before us, that will help define the shape and thrusts of the business of tomorrow - assuring the future well-being of the citizens of this region, of Europe, and of the world at large.

Synergium could well be seen as an expression of the determination of this region of Europe to move ahead and rejuvenate itself. In examining how new creativities and initiatives could be brought to bear on the enormous complexity of today's world, this forum gives evidence of the vitality that exists in this ancient industrial triangle of Europe - an assertion of its willingness to look forward and stop regretting the past. It recognizes the need to discard obsolete notions of reality - and adjust to the fact that new realities are emerging.

The Japanese presence in our deliberations here bears witness to a very significant aspect of that new reality - that we can no longer settle our problems in our own backyards. In this respect, any revitalization that begins here in this region must be seen as only one part, however important a part, of a Western European response that must necessarily be global in its purview. Our globe is simply too tightly knit together, economically and otherwise, for problems of industrial restructuring, of trade, markets, technological advances, or culture change to be dealt without considering the rest of the world, East-West and especially North-South relations.

As the name synergium suggests, our task at this forum will be to consider how we might weld various ideas, elements, and accomplishments into a kind of common fusion for dealing with the problems of the future in wiser, more effective and more humane fashion. And it is clear that the synergism created will have to arise to a large extent, although not entirely, from initiatives by the non-governmental sectors of society, including private business, voluntary associations, and non-profit organizations. The structural rigidities that beset mature economies are such that governments by themselves quite often do not have the capacity for generating such action; there are too many political constraints imposed on national governments by

their various constituent blocs, often themselves in the process of fragmentation and change, for the action to start there. It is in other sectors that the imagination and the resourcefulness and the social innovation will have to be generated to trigger the needed synergism. It is at the governmental and intergovernmental level that the larger policy and institutional framework will have to be developed to make it possible for these initiatives to come to fruition.

We need first, however, to consider in what sort of context this synergism might evolve.

It should be recognized that the recovery of this particular region of Western Europe, astride three nations, is not isolated from the recovery and the revitalization of the economy of this whole continent, on both sides of the East-West divide. What is at stake is no less than Europe's continued political autonomy and the economic vigour underlying it. This challenge, in my view, raises a host of new issues.

First and foremost it is essential that ways be found to limit the trend toward national protectionism that threatens what a recent study by European foreign policy institutes termed "the disintegration of the most important European achievement since World War II" - the seemingly impossible dream of European unity.

Europe must somehow recapture and redefine the vision expressed by Winston Churchill in 1946, speaking in the midst of the ruins of war, when he said that the concept of Europe unity needed but one thing: "The resolve of hundreds of millions of men and women...." Somehow, that resolve has gone astray - it has lost its steam.

The idea of a united Europe is, of course, an old one - Dante, Rousseau and Victor Hugo, among others, all had such a vision. It took seed again when, in the aftermath of World War II, the futility of conflict as a way of settling problems was so evident; it particularly flourished in the climate of spectacular economic growth in the 1950s and 1960s. The issue now is how the various states of Western Europe can deliver on the promise of unity during a period when the prolonged economic slowdown seems to be pulling them in the opposite direction, once again into narrow and self-destructive nationalism.

To counter this, it may be necessary to begin thinking in terms of a new balance between patterns of centralization and decentralization. The push in that direction starting here in these three sister cities could be vitally important in helping to get such a larger process moving.

All of this raises the issue of the extent to which Western Europe is capable of responding to the radically different world into which it is moving. Such a question of necessity must focus on the organizations and structures that set the outer limits of a society's capacity to respond to new situations. As things stand now in today's world, our present mind-set

and our present institutions seem generally to be incapable of handling the state of human affairs that we have permitted to come to exist. We now very badly need to enhance our capacity for social adjustment and innovation through mutual learning, through communication, and through intensive dialogue, and we need this everywhere - and at all levels - in the East, West, North, and South.

The effort required will call for an even higher degree of co-operation than that which brought the EEC together in the first place. What is needed is a much greater convergence of underlying economic and social conditions and hence an unprecedented degree of mutual involvement in the national affairs of individual European states and a willingness towards mutual accommodation at all levels and in almost all sectors of society.

This will require acceptance of what for centuries has been unacceptable and cause for war. But it would allow the necessary "synergy" to develop between business-corporations, farmers and labour, and in research and development, across national boundaries.

This might lead to the articulation of shared visions of acceptable futures in key areas of European co-operation, and to the transitional strategies leading to their realization.

It is here that the new patterns of decentralization, which I mentioned earlier, with direct communication among the interested parties, could become so important.

Towards this end one wonders whether it might not be necessary for the business community as well as the other interest groups to develop closer linkages with the European Parliament and the European Economic Commission than so far seems to have been the case.

It would also mean developing political constituencies across national boundaries - forward looking constituencies built on their common concern for the preservation and resuscitation of Europe's economic dynamism by renewed and environmentally sustainable economic and social growth. That this will have to be based on an integrated internal market of continental scale, brought into being through the necessary restructuring towards economically open post-industrial societies goes without saying.

The urgency of readjustment is being fed by rapid advances in science and technology, specifically in information and communications technology, biotechnology and materials technology. Two different and interlinked needs follow from this.

One is the need to master these new technologies to be assured that Europe has its rightful role in a global society that will be as newly and completely transformed as was that society which emerged after the Industrial Revolution.

The second need is to understand the social and ethical implications, along with the economic implications, of these new advances on society. We will have to develop new concepts of work and leisure, of social and cultural values, of options between unemployment and leisure time, of life-styles, saving habits, and the balance between individual entitlements and collective obligations to fellow human beings - both within one's own society, in the world at large, and to future generations.

Just one set of statistics helps show clearly the direction in which we are moving: information, in one way or another, now occupies about half our working hours and the cost of processing that information is decreasing about 50 per cent every two years. Such figures all point to the inescapable fact that it is no longer natural resources that constitute the base for our preservation and advancement. It is our brains and our capacity continuously to develop new skills with each advance in science and technology.

This calls into question, therefore, our capacity for broad moral and social judgement - because the choices that will shape our future are essentially culture choices, over and beyond any economic or technological dimensions. Thus the retraining for which there is now massive and pervasive need could perhaps best be described as a vast process of social learning. It is of little avail to explain to a coal miner or a steel worker that he is now "structurally unemployed" - we must create the social structures that will offer him some hope of a viable alternative. The heart of the problem is not in debate over the conservation of "sunset" industries versus the promotion of "sunrise" industries; rather it goes toward the articulation of a new vision of post-industrial society.

The new retraining programmes, it should be noted, would in all likelihood be themselves major new employers. Moreover, in their need for video equipment, computers, films, games, and other training aids of the information society they could be creating still more new jobs. We also need to be thinking about other new market needs that are already being created by longer leisure time. Studies in Japan, for example, indicate that increasing longevity will mean that the average individual at the end of the century will have more than a third of his time available for leisure - what will be done with all those empty hours, some one-quarter of a million by present estimates. How might they affect consumer life patterns and thereby industry?

The overall experience of Japan, our partner in dialogue at this meeting, may well contain some useful pointers for Europe. In less than one hundred years, Japan has moved from feudalism to the forefront of world economic power. And it did so by building on its ancient traditions, not by destroying them - a route subsequently chosen by some other developing nations which has generally led to social and political fragmentation and/or retarded progress.

In the last 20 years, Japan has surged ahead in the mastery of certain high technology areas. Japan's economic success is no longer based on cheap

labour, but on its working force's acceptance and adaptability to the needs of higher productivity made possible by the latest advances in micro-electronics. The chief lesson of the Japanese experience for Europe is the crucial nature of the learning capacity of a society - a mutual process involving the whole of society down to the level of the individual worker.

How to explain the high and continuous relearning capacity of the Japanese? A number of factors: the determination, in the post-war ashes, to catch up; the awareness of the fragility of their resource base; the combination of fierce internal competitiveness with a high level of small group co-operation. Of all the world's megalopoli, Tokyo probably works best - against all expectations and concepts of city-planning really. It does so, someone has observed, because it is essentially a collection of small villages whose members are supportive of each other's needs within large systems of mass transportation. In certain sectors of the economy - agriculture, for example, or the thousands of "Mom-and-Pop" shops across the country - the Japanese have deliberately put up with pockets of inefficiency in order to preserve certain preferred social values in their society. All this has added to the cohesiveness of Japanese society, stimulating a, so far, successful process of social learning on a national scale.

The Japanese have been particularly successful in achieving a close measure of interaction between industry and government and - in certain key areas - education. In these areas this has effectively reduced the social distance between their scientists and engineers and their production processes and operators, with government playing a helping role in bridging this gap. The approach of European education, on the other hand, has tended to keep its universities in relative isolation from government and industry.

Europe will somehow have to find ways to break out of its traditional educational and social patterns. It will not be easy. Japan did it within a homogeneous culture - Europe will have to contend with the infinitely harder problems of a multilingual culture, still rife in many places with class distinctions and deeply rooted perceptions of separate national identities. It faces the challenge of making these adjustments within tolerance capacities so that the moves do not trigger strife and violence.

Still, it could well be that while Japan's homogeneity was a great strength in building a mass industrial society, Europe's very diversity could be an advantage in keeping abreast of the requirements of continuous innovation to respond to the fluid, rapidly changing and disparate demands that will characterize the information-based post-industrial world. Its diversity will only be a strength, however, if there is an overarching framework of European unity.

The process of mastering new technologies and making appropriate social choice and adjustment will have to take place within the context of determining Europe's place in the world. What that place will be is very closely linked to the question of the recovery of the world economy. This in turn, cannot come about without major improvements in the economic situation of the

third world. Any national or regional solutions, in the West or elsewhere, will have to be worked out within a coherent international context that is capable of overcoming the structural disparities of the present international economic system.

Europe can not hope to succeed in its recovery and restructuring efforts in isolation from the poorer nations. It is already obvious, as was recently stated by World Bank President A.W. Clausen, that "the recovery now under way in the United States and starting elsewhere in the industrial countries cannot fly for very long unless there is recovery in the third world."

It will, in my view, be essential that three distinct but interrelated sets of problems be put in a single perspective for the economic revitalization of Europe to succeed:

1. The need for economic restructuring in the North, specifically Europe;
2. The third world's problems with massive debts, falling commodity prices, worsening terms of trade, and growing protectionism in the North;
3. The need for structural reform in the South in order to come to grips with its basic problems of poverty and inequity.

It is only then that we will be ready to address the international economic system, which is itself in a state of crisis. We still do not know how to link up these problems within a single conceptual framework - it is a major intellectual challenge confronting all of us.

The future of Europe, I believe, has to be bound up in an international effort to come to grips with the global need for more food and jobs as we move from a world of four billion people to one of eight billion in a little more than a generation. Over the next four decades, an estimated four billion jobs need to be created globally; nine out of ten of those jobs will be needed in the third world. Europe's role is, in addition to what I have said before, going to be defined by the extent to which it is capable of responding to such problems within the context of a more effective international economic system.

What is particularly disquieting to date is the seeming incapacity for concerted action by all parts of the world, North and South, East and West - due to the failure to develop a common diagnosis that could undergird a co-ordinated international action. Too many cooks are concerned with their own nation's well-being, spoiling the broth of our collective survival.

It is within this global context of drift, fragmentation and uncontrollable change that we must set the pre-conditions for the emergence of the synergism that this forum has rightly designated as the crucial condition for

an effective approach to the future. As I see it, there are three essential pre-conditions.

The first of these I have already alluded to - synergism can only be sought after in a global context. Put another way, it is to see the synergism we seek in terms of the management of the enormous complexities imposed on us by interdependence.

Ways must be found to manage the international system in a manner that makes it less vulnerable to any easy transmission of national disequilibria. Europe now faces severe problems in obtaining the capital for economic restructuring; long-term industrial innovation is losing out to consumption by both individuals and governments.

The persistent pattern of underinvestment in Europe, however, is due to much more than economic policies. It is also linked to very profound value changes about the meaning of work - about, for example, the worth of savings. We may have to come to the point here of pondering how savings patterns might be reconstructed. This is very much a cultural as well as an economic problem.

Europe, I believe, has a very important economic role to play in the maintenance of a multipolar world, both in the economic and political sense. Other poles may be emerging in the South. The important point for Europe, in this respect, is that it be able to ensure that it maintains the level of income of its peoples.

We may be at the beginning of a historical process where the centre of world gravity is beginning to shift from the Atlantic to the Pacific. As you all know, the United States now does a much trade across the latter ocean as across the former. America's new technologically advanced industries are clustered on the Pacific not the Atlantic coast. Japan has moved into the forefront of the world economic powers, while East Asia as a whole has survived the global recession better than any other region of the world. If Europe wishes to retain its industrial dynamism in this shifting world market, it will need to develop the ability for technological innovation that will permit it to participate in the deployment of industrial capacity across the globe. Put bluntly, the question is: will the inevitable industrialization of the South be accomplished with or without the participation of European industry and know-how?

This only reinforces the argument for building new technological strength within the framework of European unity. It is worth remembering, in this connection, that it was European disunity and competition that set the European powers on the road to colonialism and dominance over others. That sort of role is no longer possible. European countries cannot hope to play a role in the world except in concert with each other - and the rest of the world.

A second important pre-condition of synergism is that the search for it be oriented toward the future, not the present. Rather than for Japan and Europe to quarrel about today's trade conflicts, the real problem for both countries is how to harmonize the restructuring of their industries in the context of new patterns in the international division of labour. In the case of Japan, after a brilliant series of economic successes, it has now caught up with the rest of the industrialized world. With a well-educated labour force and effective management practices, Japan was in a position to adopt and absorb the latest advances in technology - to pick and choose, as it were, what it needed. In the last few years, however, Japan's labour productivity growth has dropped off sharply, although studies indicate that it is still ahead of the other OECD countries. In the view of some observers, the 1980s in Japan will be a decade of reorientation from quantity to quality - a shift from emphasis on mass production and export of a few varieties of low value-added products to production and export of small quantities of a wide variety of high value-added products, a move towards knowledge-based industry, with productivity based on high technology.

Both Japan and Europe, to varying degrees, are faced with the crisis of the welfare state - which appears to have run its course. The changing demographics of our time, the changing attitudes toward work, the cost of prevailing social security systems and other factors have combined to force us to think beyond the welfare state. The essential challenge is to move to a more advanced and sustainable form of societal organization based on a new dynamic configuration of the values of liberty and equity that more effectively relates economic growth, technology, employment, and quality of life. We need to build social security systems that are less bureaucratic and costly and more democratic and oriented towards greater participation, community action and decentralization. Modern communications technology could greatly help to make this possible. We must ensure, however, that the new equilibrium is not constructed at the expense of the weak if new social unrest is to be avoided.

The economist Assar Lindbeck has recently written of the arteriosclerosis of the Western economies, a deficiency which he sees brought on essentially by these economies' inability to come to terms with the classical dilemma of conflicts between efficiency and equity, between the instability that makes it difficult to predict change and the inflexibility that discourages innovation.

Daniel Bell has argued to the effect that the new technologies will not be so much labour-saving as they will be capital saving. They ought not be rejected as destroyers of jobs; fear is really not a good guide here. In point of fact, the microelectronics revolution, as it grows increasingly more sophisticated and broadens its consumer base, has created a burgeoning demand for software - and the production of software is highly labour-intensive. Yet at the very moment, such demand is growing, the number of jobs available in Europe in information technology industries is falling, as Michel Albert has pointed out in Un Pari pour l'Europe. Europe appears to be losing out in the very game that will decide the future.

As we move toward the 21st century, it is important to realize that the major shifts in the global configuration of power, in relative economic growth rates and competitive capacity, and in the major changes in trade patterns and the international division of labour, will, to a very large extent, be a function of scientific and technological innovation. It is no longer true that the flag follows the trade; increasingly trade will follow technological development and innovation. In such a situation, the countries of Europe will have to be able to make quantum jumps in their scientific and technological capabilities in order to respond creatively to the revolutionary new opportunities offered.

What is needed is something very much like the action being taken by this region - a concerted and co-operative effort across national boundaries - rather than building frontiers ever higher. New restrictions, and one sees daily signs of such, only mean that trade will be reduced and the recession drag out longer.

A third pre-condition of using all our best energies in working towards common goals - which is really what synergism is all about - is very much cultural in nature. There is great need for much deeper levels of understanding about each other and each other's cultures.

Some of the most striking characteristics of our age come from the extraordinary revolution in communications and information technology spurred by advances in microelectronics. More people are in touch with each other than at any time in past history. Yet we still very badly need to overcome the stereotypes one culture holds about another.

This will require new approaches to learning in a total information environment. Each country will need to take communications with each other much more seriously. As of the moment, I would say, the Japanese know more about Europe than the other way around - they do take this problem seriously. There are thousands of Japanese businessmen stationed throughout Europe speaking the local language. In Japan, on the other hand, there are as many foreign missionaries as there are foreign businessmen, a ratio unchanged since the 16th century. Very few of the relative handful of European businessmen in Japan speak Japanese.

Still, while giving Japan all due credit for its efforts at improved understanding, I think that both Europe and Japan need to go farther in this area - to look beyond cultural manifestations of differences into the inner dynamics of their respective societies and their specific world views. Only when we get to this level, and it will involve much hard effort, including in the area of education, can we begin to expect true understanding and empathy for each other's problems to emerge.

Both Japan and Europe now need to review the educational requirements for moving into the post-industrial world. What is required is a shift away from the usual discipline-oriented education in science and technology towards concepts designed to bring out creativity, originality and innovative

capacity. I am talking here about a shift in educational philosophy aimed at cultivating the whole human being and enhancing our capacities for broad cultural, moral and social judgements which will be so essential in making the right kinds of future scientific and technological choices.

There is a need to go beyond equity in access to education, to the stimulation of talent and of innovative capacity and creativity. There is need to bring education closer to the work place - we must overcome the lack of fit between the university and the work place.

Educational reform will, of course, have to be a fundamental part of this quest - but the matter really goes far beyond that, to the social learning of which I spoke. Here industry can have a key role to play. Japan has already had much successful experience with continuing education within a company framework. But now that Japan has caught up, it too must consider new learning arrangements and new flexibilities if it is to move successfully into the post-industrial world. Much has been made of Japan's "smart" robots, but we need to recall that they are only as smart as their operators who teach them. It is the human condition and our culture choices, ultimately, that will determine the shape of our future.

Europe's challenge is to reverse the trend toward fragmentation into smaller and seemingly irreconcilable interest groups and sects. There is a need for a new social consensus based on a social learning process that will enable governments to move ahead into the new era with more sureness and less timidity.

When it looks to Japan, Europe needs to recognize that the modern history of Japan since the Meiji restoration is essentially one of a search for a place in the West without sacrifice of its own cultural identity. It is possible to view Japan's participation in World War II as one failure in that quest. Should not Europe now seek to help provide that place for Japan by setting in train what one perceptive observer has termed a process of 'de-occidentalization'? This sort of inspired and creative move from Europe, long a source of ideas and a centre of industrialization, could forcefully demonstrate to the world the contribution Europe could make.

As for Japan itself, its problem is how to transform economic power into political power without going the route of becoming a military power - to maximize its own particular kind of power role on the world scene. An attempt to achieve political power without the military accompaniment is something for which there is no precedent really. But that doesn't mean it is impossible. In fact, on its success may well hinge the survival of humankind.

The larger challenge that Europe and Japan face together, therefore, is turning their combined economic, intellectual and cultural resources into a new kind of political power and economic strength - one based not on armaments and threats of retaliation but on the inherent wisdom and rationality

of working together, in a spirit of creativity and innovation, in their own autonomous vision of a pluralistic and multipolar global society.

Such a vision is very central to the work of the United Nations University which was created by the United Nations General Assembly to promote scientific and intellectual co-operation throughout the world. With its guarantee of autonomy and academic freedom under its Charter, the University stands as a ready instrument for this essential task of international co-operation - the bringing together of many disciplines, ideologies and geo-cultural experiences in which we are seeking in our own way to serve the cause of a synergistic approach to the future. It is only natural, therefore, that we welcome the motivating force and vision that this region has assembled here for Synergium 83.

Thank you very much.

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