

Interview with Anthony Rowley, journalist, former President of the Foreign Correspondents' Club of Japan (FCCJ)

Japan's Struggle for Leadership in International Organizations

By *Japan SPOTLIGHT*

Anthony Rowley is a former president of the Foreign Correspondents' Club of Japan (FCCJ), a longtime journalist focusing on East Asia issues and currently writing for the *South China Morning Post*. He has been stationed in Tokyo, Hong Kong and Singapore and is thus well acquainted with Japan and China. Against the background of rising geopolitical risks, he spoke with *Japan SPOTLIGHT* and touched on how Japan could help mitigate confrontation in the region.

(Interviewed on June 25, 2024)

The World in Chaos

JS: What do you think would be the key to mitigating the crises in global governance at the moment? How do you think we can create a new global order while considering the interests of the Global South?

Rowley: The world has moved so far away from globalism, even from multilateralism, so it is difficult to know exactly where to start. To some extent the outcome of the presidential election in the United States in November will give some guidance as to where the future lies. But unfortunately it won't give total clarity because I don't think that either candidate is necessarily committed to restoring globalism. We are going to continue to see a fractured global order, I'm afraid. The degree of divisiveness now in the global economy is very disturbing; it's not simply economic, it's not simply trade, it's a very basic fundamental sort of divisiveness. In other words you are seeing essentially two blocs which are both seemingly trying to create antagonism towards the other. It has come down to good versus bad or good versus evil, which is a very dangerous divisiveness that if we are not careful can lead to conflict. It's very hard to know exactly how the world is going to move away from this basic antagonism.

In terms of the interests of the Global South, it's difficult to know without seeing what the Global North is going to do. Unfortunately, the nations of the Global South are being asked to align themselves with one or the other, and that puts them in a very invidious position where they are expected to take sides. I think it is fair to say that they



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don't want to take sides and want what is in the interests of their own individual nations, which is perfectly understandable. But instead, in order for them to receive financial inducements they have to align themselves with one side or the other. Thus I don't think at this point in time it is easy to think about how the best interests of the Global South are going to be represented until it is more clear how this major division between the two principal poles is going to develop. We are at a moment in time when things are very uncertain.

Core Principles in New Global Governance

JS: Democracy, freedom and the rule of law need to remain core concepts in any new global regime, as well as free trade. Free trade does seem to be seen with some skepticism as economic values must be compromised with other values. Economic security is one thing but many people would stress the importance of values like social fairness or income equality, human rights and so on. Many people would support an international trade system that placed more weight on social values. Do you concur with these perspectives?

Rowley: Obviously, democracy is one value that is perceived differently by different societies, and likewise the rule of law. The same goes for freedom and there are very different views on what these mean and how much weight should be given to them. In this

situation, do we say simply “We are in the right and you are in the wrong”, or do we say “These differences exist and over time they may change so let’s agree to disagree on certain things. Your system operates with a lower degree of democracy than ours. We have our merits and demerits and you have your merits and demerits. And we hope that over time as we work together the differences will diminish.”

It’s very clear to me that at present antagonism between the two major poles is not working and is in fact leading to a danger of conflict. So both sides need to back off to some extent. We have to agree that our ideas on democracy and freedom and the rule of law differ. But with regard to the rule of law and economic issues you have to have common respect for common rules, otherwise it’s simply not going to work; trade and investment are not going to work.

At the moment we are heading towards conflict and we have to back away from that and find a *modus vivendi*, for living together. At the time of Bretton Woods after the war, life was very different and the Western powers were broadly in control and trade centered very much upon those nations. It’s changed immensely since with the emergence of China and the BRICS powers. Japan, of course, is now a major power and so the whole thing is more nuanced and complicated. Also, free trade led to tremendous progress under the liberal trade organizations in getting rid of trade barriers. That was a good thing apparently, but it led to problems of unfairness. Some people undoubtedly benefited more than others did from it. That in turn is one of the reasons why populism has become so much more pronounced in the US and now in Europe.

So while the postwar system was said to be good and led to an enormous increase in trade and so on, it had its drawbacks and disadvantages. I think again we need to say how we can ensure better distribution of incomes and better elimination of poverty. The advent of AI is bringing out even greater divisions between the educated and uneducated, so it is time to stop and pause and say, “Yes, we want free trade but how do we ensure a better and fairer free trade?” The way the world is going at the moment is to have blocs, and that does not solve the basic problem but presents a new problem; purely from an economic point of view, trade assumes that everyone can join the group that they want to join.

One of the effects of globalization has been that companies that were behind in the supply chain or even just a part of supply chains are now able to move into fairly sophisticated areas of trade because they were specializing in just one component or a series of components. But unfortunately, it also meant that they were very limited in the degree of their economic evolution. For instance, India had a high degree of protectionism for its domestic industries but they were all fairly low-ranked as industries. However, it meant at least that India had widely dispersed economic development, as opposed to individual nations that are just part of supply chains and

don’t have widely dispersed economic development.

The WTO has to be respected and has to be given back power - but it has to be established with the aid of governance in terms of what the new parameters should be. In other words, it’s not enough obviously to restore Bretton Woods as it is out of date as a postwar concept. The world is a much more complex place now but that’s not a reason for opting out of globalization, it’s the reason for taking a much more comprehensive point of view towards it.

JS: One follow-up question on free trade: today, industrial policy does seem to be getting very popular among the developed nations in particular. Do you think that would also affect the discussion on new trade regimes?

Rowley: Frankly, I think that industrial policy is nothing more than protectionism really. It’s basically a politically motivated concept which goes down well among the electorate but doesn’t go well in international terms. It’s inefficient, and is a road to nowhere as far as I’m concerned. Many developing countries initially went for industrial policy and it was greatly decried and criticized as failing to form part of a multilateral strategy. I think it’s a temporary barrier because it will lead to greater inefficiencies and global GDP will suffer as a result. Hopefully, the world will come to its senses and see this is not really the way forward. It has become a much more complex system as free trade involves human rights, labor rights and distribution of income and all of these things have to be factored into the equation.

China & Japan in International Organizations

JS: The third question is regarding your recent article on China in the *South China Morning Post*. International organizations play a key role in global governance, including the IMF, the WTO and so on, but Chinese influence is increasing in such international organizations. How do you assess China’s growing presence and impact on global governance in international organizations? And how can Japan increase its influence in such organizations?

Rowley: China’s influence in international organizations is not as strong as it arguably should be. There are two kinds of quotas in the IMF and there’s a very complex formula. There’s one called calculated quotas which are based on the actual size of your economy, and there are actual quotas which are based on the actual size of your economy plus some political factors. So from China’s point of view, its actual quota is only about 6.5% of the IMF in terms

of voting rights. Whereas if you took the size of its economy in the world economy, it's about 13%. These actual quotas of course give veto power to the US which has 16.5% of the total quotas. That means the US can outvote all the other members because you need 85% to get a measure through, so if the US exercises its veto power it automatically stops all of the other countries together passing a resolution. The point I'm making is that China's influence is not really equivalent to what it ought to be in terms of its economic size, and ditto India too and certain other countries. All of this is under review at the moment; in April this year the IMF governors decided to pursue new quota formulas but they didn't actually tackle them and put them off till next year. But by next year we hope to see some fundamental changes.

Personally, I think that the US and even more so the European countries have typically had an oversized influence within the IMF. That is quite wrong because some of them are very small in relation to the size of the global economy but they will not give it up. The World Bank was always run by an American president and the IMF was run by a European and that still remains the case. Whether this will change fundamentally, I don't know. If it did, that would make an enormous difference, but I personally have my doubts about whether we will see fundamental reforms.

As far as other organizations are concerned, I'm not so familiar with the figures in the World Bank but the US remains very strong. Of course China and other countries have a way of getting over this by forming their own groups. We have the AIIB for example and that was seen by China as a way of increasing its global influence, but unfortunately America and Japan declined to join the AIIB.

The BRICS group is growing in size quite sharply now, including the Middle Eastern powers and the oil economies. I saw the other day that Malaysia and Thailand are thinking of joining the BRICS which is very interesting, because they are very important Southeast Asian powers. So I think that the BRICS is one way forward in which China, Mexico and Brazil will be able to increase their global influence.

As far as the existing multilateral institutions go, it really hinges upon the IMF and what comes out of this review. I think some interesting things are happening in the World Bank regarding climate change and infrastructure. But the Bretton Woods institutions are not fully representative of the Global South and China, and that's where the basic reforms have to come. The BRICS I think is the one to watch. They are not all together on the same page but they are coming together and growing quite rapidly, so that could become the most important alternative to the Bretton Woods institutions.

JS: Looking at Japan, would one way to increase its influence be to join the AIIB?

Rowley: I happen to be on very good terms with the president of the

AIIB, and he was very disappointed that Japan followed the US in not joining, because Japan has an awful lot to offer, not least in terms of its infrastructural ability. Japan could exert a lot more influence by joining the AIIB. Not everyone will agree with my view on this but I think in order to increase its influence in international organizations Japan has to be seen as not following the US in lockstep, because it tends to undermine its own credibility. It's not seen as an independent power and that's a pity because as I say (and I think this genuinely) Japan has so much to offer in these areas. It's an awful waste. China and Japan could agree to disagree on certain issues and I think that would increase respect for the Japanese position and it would identify Japan more as an independent force and an independent power.

There are some things Japan will continue to strongly ally with the US on, meanwhile. If you talk to people in Washington, there is this view that Japanese nationals regard working in the World Bank or the IMF as a burden, something they have to do for two years and then go home again. Whereas other countries tend to be more involved in the organization. I think you need to do that and you need to have people who care about international affairs and go to Washington with that mindset of doing it as a career and believing in international institutions. There's a perception among some Japanese that a stint at the World Bank is something you have to do and then go home. Britain was similarly always accused of being too insular.

JS: Should Japan be more active in discussing the Belt and Road Initiative (BRI) with China?

Rowley: I couldn't agree more. When it comes to infrastructure, Japan can offer an awful lot to the Belt and Road Initiative. The BRI was not an attempt by China to take over the world, it was a genuine vision. Unfortunately, it was undermined by people who saw it as just a Chinese plot to take over the world and take over the principal ports of the world. But Japan is an obvious match for China which has made incredible progress on infrastructure. The BRI is not an organization that you can belong to, and you would need to belong to the AIIB, but unfortunately Japan didn't join it. But I agree with you entirely that there is a natural marriage there of expertise and talent and a positive win-win situation.

JS: Japan could be more proactive in its initiatives with China, as it could lead to increasing its influence in the international community. This doesn't mean that Japan should submit to Chinese initiatives but view China more as an international colleague.

Rowley: On a wider level too, Japanese may need to be more assertive in international organizations. Obviously, you need to study

very carefully what's happening, but once you've done that it's time to express your views perhaps more forcibly. I think the Japanese are somehow not as willing to express their point of view as they should be partly because it's seen as bad manners. Sometimes you need to overstate your position in order to get heard. It doesn't go down well in Japan and in many ways, I like that. Americans tend to be very assertive, but at the end of the day you have to make your position known. The Chinese are more assertive and I think the Japanese may need to be a bit more assertive in putting over their point of view.

Communication Between China & the Rest of the World

JS: The problem which we face now is a lack of communication between China and the rest of the world. How can we restore this communication? It's a big question because the Chinese government is so aggressive in suppressing freedom of speech and freedom of opinion, so it's very difficult to have a candid discussion with them. This would seem to be the core of the problem.

Rowley: I think the Chinese are quite willing to have a dialogue with Japan; they just do not accept that it is the prerogative of other countries to get involved in their domestic affairs such as the Taiwan issue. Unfortunately, the narrative portrays China as being evil. That's very unfortunate and I think Japan needs to have its own narrative. Japan is not quite so married or committed to the same idea of human rights as America is, for instance. In other words, the Japanese can stand back and proclaim not to agree with the Chinese on human rights without cutting off dialogue. Especially with the upcoming presidential election things have become so politicized and polarized. Over time attitudes do change, and the Chinese have a much longer view. We come back to the starting point. Do you go along the road of disagreement until you come to a conflict of some kind? Or do you stand back and encourage dialogue? More interaction leads to better understanding between people. It takes time but in my view it's the only way to avoid much worse conflict. Japan in particular needs to make its own narrative.

JS: With regard to relations with China, should Japan invite more academics and journalists and neutral people to Japan so that we could organize more free discussion?

Rowley: Yes, and more politicians too. Local and national politicians, academics and journalists, and wherever possible trade union

leaders and businessmen too. If people have personal experience of a country, then they won't be receptive to politicians being negative about that country. Likewise in Japan, it would be a good thing if more people have personal contact and positive experiences in China. It's very dangerous when the political elite controls the dialogue because it can lead a nation wherever it wants to take it.

Countering China on Transaction Basis

JS: China's aggressive Chinese foreign policy calls for some deterrence as well as compromise. The US seems to be strengthening its countervailing actions against China by the IPEF. In the case of the Philippines, what do you think about the prospect of a US-Japan-Philippines security alliance?

Rowley: I'm not really an expert on security issues but I think this is a very complex question. If you look at this from a Chinese point of view, they see themselves being contained and see forces trying to contain them, so their natural reaction is to reproach that. Finally, military solutions are never complete solutions. If you rely on the military solution it means you've lost basically and you had to go to war, and that's not a solution. So I think unfortunately the situation is getting worse in the South China Sea, and some people see that as a result of China's aggressive actions and other people might see it more as a result of containment policies. They may draw comparisons with NATO worrying Russia by increasing its influence in Europe. I worry very much about this tendency towards forming military alliances because I think once you go down that road it's very hard to reverse. As far as the IPEF is concerned, it seems to be a strange organization. It's very vague. It's really a vehicle for alliances between the US and certain groups of countries, so it doesn't really have any validity I think other than a sort of hidden quasi-military body. It's not a solution, in my view.

Finally, the imminent US presidential election is going to be very interesting because although Donald Trump is a very strange man, he is more transactional, he is more pragmatic, and he will do a deal. Whereas I think people in the administration of President Joe Biden, particularly the secretary of state, tend to be more ideological. Given the two, I would prefer to see a transactional president. It's very simplistic in a way but it does mean that you avoid ideological conflicts based on ideologies if you're prepared to do a deal. Neither is an ideal president and I would like to see someone in the US who is a real statesman, but I think there is a case for transactionalism in politics.

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Written with the cooperation of Joel Challender who is a translator, interpreter, researcher and writer specializing in Japanese disaster preparedness.