

Chapter 7

Conclusion Japan – phoenix as fire-hazard

This thesis highlights a long standing disconnection between the way in which scholars of international relations and IPE treat the concept of leadership. It demarcates a clear line between practical concepts of foreign policy leadership and the long standing view of leadership that inherently tied it with the policies, economic power and wider statecraft of the hegemon. More often than not, the historical studies employed as the basis of this study extrapolated modern equivalents such as the Netherlands, UK and the US to fulfil the ideal type of international relations leadership. Of these modern equivalents, the US is central to the contemporary study of leadership. After the Second World War, as the first truly global superpower, policymakers and researchers grappled with the idea of this concentration of power. As this thesis argues, this study of the US and its relationship to hegemony skewed the study of leadership and international relations. It made discussions of leadership a systemic study that revealed more about the nature of US interests and foreign policy than it did about notional definitions of systemic responsibility and international public goods. Rather than design a template for the broad analysis of state leadership, it defined the partisan limitations of social science study in this area.

While the study of US hegemony and its effects on the nature of post Second World War reconstruction provided insight into the major foreign policy challenges during the Cold War, its claims to universal application in the case of future examples of hegemonic state leadership were too broad. The method by which the US created

multilateral organisations and became the centre of the global capitalist economy became a benchmark for leadership. As the US began the slow process of relative decline and its ability to maintain its contribution to the systems it created diminished, scholars looked for other states to take on this responsibility. As the state that seemed to be the most appropriate candidate for hegemonic succession under hegemonic stability theory, Japan became saddled with the perceptions of what a leader in foreign policy could and should do. However, despite theoretical deficiencies, it became clear that the expectations and perceptions of what a leader in international relations should be did not coincide with Japan and its national capabilities. Very quickly the perceptions and analysis of Japan's leadership moved from notions of international public goods to foreign policy and great power capabilities.

This thesis argues that the study of leadership is not solely the study of hegemony. While US hegemony is the basis of the modern study, leadership in international relations is larger than the study of common interests amongst great powers. As the country during the 1980s perceived most likely to supplant the US as the largest and most influential capitalist economy, Japan became the centre of interest in this field, even when it became a rejected hegemonic candidate. This thesis sought to more comprehensively measure and analyse the capacity for Japanese leadership in a more contextual and thorough means through the comparative use of case studies between 1960 and 2000. Through noting the differences in country and regional reactions to Japanese foreign policy, this study demonstrates that leadership perceptions are largely driven by national self interest rather than an ideal type of responsible leadership. Contrasting East Asian and United States perceptions, it is clear that there are specific areas of action and ideas about what Japanese leadership should be as far as these different actors are concerned.

A more nuanced picture of leadership appeared than that previously associated with Japan. Perceptions of what international role Japan could engage for itself have changed with international and domestic circumstances since the end of the Second World War. As

of 1945, any suggestion that this reconstructed state could act in any leadership capacity was anathema to a trilateral coalition of US, regional and internal Japanese forces wary of recent Japanese expansionism. While initially a peripheral state in a game of communist containment, perceptions of Japan slowly changed during the early 1960s to that of an important state in the regional political economy. Within 30 years, Japan moved from a collapsing economy weakened by loss of colonies to the second largest economy in the world. Nevertheless, regardless of these changes in circumstance, perceptions of Japan's leadership capacity remained tied to the national interests of those countries with a stake in Japan's evolving regional power profile.

For the United States, its perception of Japan and a leadership role in East Asia is driven by a *systemic* national self interest for the health and security of the liberal international economy and the position of the US within it. For the US, Japan could fulfil a regional leadership role by supporting US hegemony and interests in the region. So from the beginning of the study period, what began as a US effort to prevent the re-occurrence of the 'beggar-thy-neighbour' policies of the interwar period (1919-1939) became an effort to shore up the globe's previous economic powers. For Japan, US policy quickly moved from reconstruction to encouraging Japanese burden-sharing for the wider regional struggle against Communist expansion and the changing nature of power balances in East Asia. The US pressured Japan to act more forcefully in the region from the 1960s, as seen in the aborted attempts to revise the US-Japan Alliance regardless of regional or domestic Japanese reaction. US attempts to force the issue met with obstinate resistance, beginning with the prime ministership of Yoshida in the late 1940s and extending to Fukuda in the late 1970s. While Nakasone moved to 'normalise' his country's statecraft, limitations on strategic and political action remained. Although Japan was eager to increase its improving trade, investment and developmental position, Japan was unwilling to become an assertive state, either politically or strategically, given the strong negative reaction from the domestic electorate and regional states.

For East Asia, perceptions of Japanese leadership are very much tied to their central involvement in economic development. Japan suffers a continuing legitimacy deficit in its relations with East Asia because of its role in imperial expansion during the first half of the twentieth century. Because of this, Japan still lacks the absolute trust of the region to be able to act in a leadership role. The steps Japan has made towards exhibiting leadership from the mid 1970s onwards have built on the continued presence of the US alliance in Japan as well as Japan's reactive diplomacy. An accepted regional leadership role for Japan has only been sought through economic means and for one particular reason. This is explored through regional multilateral dialogues such as ASEAN, APEC and ASEAN+3. This element of Japan's foreign policy is demonstrated through the Fukuda Doctrine and the continual stressing since the late 1970s of a 'partnership' between Japan and ASEAN in particular. For all of the countries in the region, national development has been of primary importance and as the most developed regional state, Japan has been able to play a major role in facilitating this process.

In Chapter 2, this study explored the scope of inquiry into international leadership and the initial concentration on the hegemon as the major provider of leadership in the international political economy. Starting with the analysis of Kindleberger and Gilpin, the evolution of theories follows the pattern and nature of US foreign policy after WW2. Their initial studies became the basis of interest for subsequent theories such as hegemonic stability theory and neo-Gramscianism. Enquiry remained centred upon the notion of diminishing hegemony, global stability and prosperity. By the end of the Cold War, it became clear that the vision of leadership in international relations was itself derived from a US-centric perspective. Soon US fiscal, trade or security policies were defended regardless of whether they were in US interests or the common international good. A much broader and contextual approach to the study of leadership existed, even before the conclusion of the Cold War, which tended to skew analysis towards the 'big picture'. Even if structural

leadership theory underplayed the leadership role Japan could play in the region, a more contextual and agency-based study notes that Japan was in a leadership position, albeit an extremely limited economic one. Role theory, role prescriptions and perceptions in foreign policy were used to construct a more relevant picture of leadership in the Asia Pacific. Leadership existed outside of systemic analyses of hegemonic action and could be detailed through the analysis of foreign policy actions between states. With Japan as a major element in the previous analysis of systemic leadership, this study sought to reconcile leadership theories with regional experience through studying Japan and its interaction with the US and East Asian states.

In Chapter 3, Japan and its rapid economic development were explored, covering Japan's post-Second World War reformation and its reintegration into the Asia Pacific after its pre-war attempt at autarchy. The chapter highlighted Japan's subsequent Occupation-influenced reforms that laid the foundation for the 'miraculous' surge of postwar economic growth. Rather than elaborating on the reasons for policy decisions, the chapter focused on the role of the US and East Asia in this strategy and their respective views of Japan's rapid reconstruction. The terms of the resolution to the Second World War, especially the ability for Japan to concentrate on economic development while 'delegating' strategic responsibilities to its United States ally, was highlighted against the backdrop of the increasing fears of Communist insurgencies in the region. Japan's role, as far as the US was concerned, was as a strategic 'bulwark' and regional 'workshop', as was demonstrated in the postwar plans of Hull and Acheson as well as the aborted attempts at revising the Japan-US Security Treaty in 1960.

Continued US attempts to alter the balance of the alliance to boost Japan's support of US regional policies and responsibilities increased during the 1960s and 1970s as signs grew of waning US economic pre-eminence. However, as the Tanaka Riots in Southeast Asia showed, the renewed prospect of Japanese leadership and economic strength was

contested. While any assistance in the form of aid or trade was useful to the region's desire to economically develop, any Japanese role in the region had to be consistent with the low regional tolerance for Japan's past aggression. Reliant on Southeast Asia as a source of natural resources for its development, Japan remained limited in terms of regional foreign policy activism.

Covering the period between 1974 and 1989, Chapter 4 analysed the impact of Japan's peak of economic power and the increasing pressure on it to increase its global and regional responsibilities. After the First Oil Shock affected the global economy and oil-dependent Japan badly, its rapid recovery reinforced US interests in pressuring Japan to take on a greater political and economic role. By the mid-1980s with *endaka* and the dual real estate/stockmarket boom well afoot in Japan and a US economy suffering from the Latin American Debt Crisis and the harsh realities of Reaganomics, the US quest for increased burden-sharing from Japan became ever more persistent. The 1985 Plaza Accord was emblematic of US power but also a manifestation of Japan's increasing economic equality. With increasing relative economic size came growing US demands for Japan to enhance its wider systemic obligations. This meant supporting US interests in areas of economic reform and trade, despite the negative impact such reforms would have on Japan's own economy. It also meant considering becoming a 'normal' nation, with the implication that Japan's strategic profile needed modernising to reflect Japan's successful reintegration into the regional economy.

While 'normalising' Japan for the US meant strategic burden-sharing through its alliance, it also meant an unwanted complication in its relations with East Asian states. In East Asia, while Japan's economic success drove the demand to exercise its responsibilities, a sceptical region still regarded greater Japanese involvement and its economic influence warily. A large aid contributor to the region, increasing amounts of FDI added to fears of Japan's growing regional position as a political leader. While comfortable with Japan's role as a catalyst for economic development through aid and technical support, regional

governments questioned the legitimacy of the greater political influence that came with the growing Japanese presence. The fear that domestic strictures on Japanese rearmament might be relaxed added to worries about the increasing size of Japan's economy and the potential for Japan to use that influence.

During the first half of the 1990s, as detailed in Chapter 5, the exposure of Japan's economy to *endaka* and the deflation of the domestic economy saw expectations of Japan diminish, although not to a point where previous prospects were totally dismissed. The potential for a 'Global Partnership' between the two Pacific powers or a unique 'Global Civilian State' remained. Both of these visions of a role for Japan saw it leading through following and supporting existing norms and structures created earlier by the US. Despite the end of the Cold War, the subsequent Gulf War re-emphasised US interest in influencing Japanese foreign policy and leadership towards the pursuit of US national interests. Japan's minimal military contribution to the bilateral security alliance continued to add to the tensions already built over the increasing disparity in economic success between the two largest economies in the world. The US wanted Japan to contribute an increasingly equal share of the burden in the alliance, but on US terms. In light of this, one element of US interest in Japan's regional role concerned the debate over the merits of state-led economic development and liberalisation.

Discussions of leadership diverged further with Japan's 'partnership' with East Asia demonstrating the growing difference between the two perceptions of role and leadership. The perceived strengths of Japan's economy were still apparent and, coupled with a weak US economy, a 'global partnership' seemed feasible. But plans for such a partnership faded when increasing US-Japan trade tensions made policy coordination unlikely. To ameliorate this tension, regional economic policy turned to multilateralism, demonstrated through the creation of the APEC forum and EAEC. While APEC sought to embed Asia Pacific relations within a cooperative framework based on consensus, EAEC sought to embed Asian development through closed regionalism. By implying that Japan led the EAEC, the

US made it clear that it was not prepared to accept a role for Japan that compromised its economic and strategic role and its interests. In terms of regional leadership, Japan faced 'competition' from a number of quarters, such as NIEs and China as well as renewed US and European interest in the region. While still a major economic and political force, Japan's economic influence was in unarguable relative decline, a postwar first.

During the latter half of the 1990s, analysed in Chapter 6, Japan was still regarded as a regional leader albeit at a time when its economy finally succumbed to the financial sector problems created at the start of the decade. Expectations of it fulfilling any role were diminished as the economic malaise in the domestic economy spread. With the advent of the Asian Financial Crisis, its status as an economic leader of East Asia against the perceived injustices of the Western-dominated economic world order grew, whether through regional groupings such as ASEAN+3 or as a regional pragmatist in dealing with regional economic problems. For the US, the inability of Japan to quickly act to reform its own economy, thereby setting the precedent for the rest of East Asia, demonstrated a lack of leadership. Similarly, the inability of Japan to act as a market for East Asian goods became another point of contention, especially given the huge jump in the US trade deficit with the wider region. Its perceived inability to define a developmental path after that of catch-up constituted another perceived failing for those US commentators who saw Japan as systemically responsible for East Asia. Japan's enduring and worsening domestic economic situation, coupled with the resurgence of the tech-led US economy and the rapidly expanding political and economic influence of China, led to a quiet shift in US perceptions. For the US, a stolid Japan mattered less than engaging with its Chinese 'strategic partner', taking advantage of the seemingly inexhaustible economic opportunities.

East Asian role perceptions during the late 1990s differed depending on their exposure to the crisis. More so than at any time since the Second World War, the region (with the exception of China) wanted greater Japanese leadership, albeit again limited to economic affairs. Regional perceptions were again strongly linked to the region's own

interests. Japanese catalytic efforts at pursuing a role contrary to US interests through initiatives such as the AMF in 1997 were seen as positive. Yet Japan's rapid capitulation to the US disappointed the region that had usually been more interested in containing rather than encouraging Japanese economic leadership. When the region suffered from the worst economic conditions since the Great Depression, regional expectations sought a role for Japan as a defender and facilitator of economic development. Japan's legitimacy deficit faded but still precluded a strengthened regional political or strategic role. Despite Japan's continued presence in UN peacekeeping missions, the region still lacked the trust in Japan's motives to make a political or security role commensurate with its economic power acceptable.

Future Directions and the question of leadership in the Asia Pacific

This thesis aimed to pick apart and analyse the means by which leadership in international relations was derived and perceived. Hoffman's assertion that social science is an area of academic inquiry that questions existing theory and offers better explanations is inherent in this entire thesis. A better understanding of Japan's intra-regional leadership dynamics is necessary to study the future development of the Asia Pacific. The political and economic relationships between the countries of this region, as the growth centre of the global economy, are of crucial importance. An avoidance of action and sentiments based on misperceptions will be critical for a region that is still recovering from the recent upheavals caused by the end of the Cold War. The internationalisation of the Chinese economy, the Asian Crisis, stagnation in Japan and the continuing relative decline of its regional position, as well as the ongoing role of the US in light of the 'War on Terror', are all major factors that continue to influence regional role and leadership. A more accurate understanding of regional dynamics and the interplay between Japan and the US, North and South East Asia in particular will immeasurably assist in enhancing regional understanding and perhaps cooperation. By understanding the limitations of state roles in an IPE context, a better idea of possible future outcomes and forthcoming problems can be formed.

This thesis has demonstrated the waves of thought about international relations and leadership that engaged this question: which states have leadership; which states want leadership; and finally, what will states do with leadership once they have it. The interplay between Japan and the US, as well as that between East Asia and the Pacific partners, constitutes a debate that will continue for as long as East Asia continues its economic dynamism and the US remains the destination for the majority of the region's goods. Seen through the preceding chapters, there has been a duality in discussions of Japanese leadership, with one side referring to its relations to the East, and the other referring to the rivalry of the two largest national economies of the region. Usually, these two meanings are kept separate, avoiding the complexity of the interplay between the actors within and outside of the confines of the region. The study of leadership evolved as scholars became more acquainted with the nature of US leadership in the postwar period, which drove a process of constant re-evaluation.

For each period covered in this study, there has been a different aspect of leadership applied to Japan, if one was applied at all. In Chapter 3, perceptions of Japanese leadership required Japan to follow the policies and interests of the dominant state, that being the US. Leadership moved in step with the prevailing realist lines of the Cold War, a context that influenced the next era covered in this thesis. Between 1972 and 1989, as analysed in Chapter 4, Japan's role in questions of leadership followed the course of its 'miracle' economy, both in terms of spectacular gains but also in terms of lofty predictions for future possibilities and responsibilities. For Chapter 5, in the first half of the 1990s, Japan's leadership prospects followed its economic performance downwards, but were also influenced by the prevailing intellectual mood of liberal internationalism and agency in international relations discourses. Finally, in Chapter 6 and the latter stages of the 1990s, perceptions of role and leadership moved back towards realist conceptions of hegemonic stability, particularly with the growth of China, the re-emergence of US economic

dynamism and Japan's continued difficulty in reforming the postwar economic system. What defined leadership depended on circumstance and perception, rather than a theoretical constant.

In the rush to conduct the post-mortem of East Asia following the crisis of 1997, analysis turned to the role of Japan within the structure of 'flexible rigidities' that constituted its economic, political and strategic relations in the Asia Pacific.¹ Much like a recent article describing Japanese influence in East Asia,² this study sought to unpack many of the informal aspects of the use of power by Japan in the wider region and the way in which the use of this power became perceived. While the main argument of this study, that leadership is a product of state self interests rather than of a singular theory, remains intact, there have been some substantial changes in the domestic, global and regional political economy that deserve brief comment. Two major factors in recent international relations influence questions of international leadership. Firstly, the combination of incremental societal and economic change in Japan and growing fiscal and military strength in China have continued to elevate the latter over the former when dealing with questions and/or perceptions of regional leadership. Secondly, the heightened level of threat, perceived or real, posed by Islamic extremism to the US caused widespread changes in its relationship with the rest of the world.

Change affected Japan domestically, albeit not with the immediate impact experienced elsewhere. Domestically, Japan has continued to undertake reforms to its economy and society, an evolution that Kingston recently called a 'quiet transformation', slowly changing the long established economic and societal norms that helped create the

¹ See R. Dore, *Flexible Rigidities: Industrial Policy and Structural Adjustment in the Japanese Economy, 1970-1980*, Stanford University Press, 1987.

² M. Beeson, 'Japan and Southeast Asia: Lineaments of Quasi-Hegemony', in G. Rodan, K. Hewison and R. Robison (eds.), *The Political Economy of Southeast Asia: Conflicts, Crises and Change*, 2nd edition, Oxford University Press, Melbourne, 2002, pp. 283-306.

miracle economy.³ Under the leadership of Prime Minister Koizumi, a Japanese version of the social conservative/ economic liberal policies embodied by Thatcher, Reagan, Kohl (and Nakasone), involving reform to the public sector has mirrored the ongoing restructuring of Japanese business beyond the home islands. Many of the reforms looked for by a Western audience such as financial, public works and postal deregulation, have begun to take place after many years of perceived inaction.⁴

On an international level, perceptions of Japan's leadership after 2000 remain tied, as they have for the past 40 years, with the expectations, realities and health of its relative economic position. A recent report suggested that Japan fulfil the same role as in the previous decade, a role caught between its economic power and the responsibilities perceived to derive from this strength. As mentioned in Chapter 5, in the MOFA-sponsored paper '*Challenge 2001 - Japan's Foreign Policy toward the 21st Century*', seven eminent scholars outlined their view of what Japan should or could accomplish over the next century. It painted an interesting picture of domestic perceptions and future directions for Japan. They wanted to see Japan as an internationally active state, helping to secure global stability and prosperity. To pursue this path, the authors desired Japan act in a credible fashion, maintaining "policy coherence" and the ability to act "responsibly".⁵ This essentially followed the prevailing liberal-inspired vision of Japan as a 'global civilian power' or 'honest-broker'.

Along these broad lines of liberal responsibility, the authors of the report re-emphasised the need for Japanese governmental attention to the diversified nature of power, threats and actors. The breakdown of state sovereignty, even before the War on Terror started, became an issue that required Japan to extend and further develop its own 'comprehensive security' response and stress the existence of non-military threats such as

³ J. Kingston, *Japan's Quiet Transformation: Social change and civil society in the twenty-first century*, RoutledgeCurzon, London, 2004.

⁴ A. Rosen, 'What went Right in Japan', *IIE Policy Brief in International Economics*, [www.iie.com/publications/pb/pb04-6.pdf], Accessed 19/8/2005.

⁵ MOFA, "Challenge 2001 - Japan's Foreign Policy toward the 21st Century".

environmental destruction, infectious diseases, refugees, illegal immigration and international organised crime. As one of the states with the ability to make a regional and global difference, Japan should be at the forefront of these actions.

As a member of the Asia-Pacific region, Japan places the very axis of its foreign policy in the relations with this region. Our special interest and responsibility in fostering a stable environment in this region must not be forgotten. Our first priority is to develop relations with Asia-Pacific countries and to promote regional cooperation, while maintaining cooperative relations with the United States - our most important partner with common values - as the cornerstone of our foreign policy. To give credibility and validity to such diplomacy, we must have a foresight and a strategy that take into account the linkage between Asia and the region beyond it, as shown in recent development of Eurasian diplomacy. No[w] more than ever has Japan's leadership in diplomacy been so seriously called for. Japan, as a global player, has to take the lead.⁶

However, as Gerald Curtis so aptly commented, very few of these ideas of a future international role were encouraged, let alone accepted, by the population at large.⁷ Just as in past efforts to define Japan's role and leadership potential, events have conspired to render this perspective increasingly outdated, a point noted by Katzenstein and Rouse more than a decade ago.

[S]hort of cataclysmic changes, Japan's leaders are likely to experience great difficulties in countering the political habit of redefining Japanese interests flexibly and of creating structures that reduce Japan's vulnerability by enhancing the vulnerability of others. The investment strategy of Japanese corporations, coupled with their technological dynamism, is very likely to drive political developments in the future, rather than the articulation and implementation of a political vision for Japan's future global role.⁸

Some, like Leaver, suggest that Japan finds itself in the same position as the United States in the 1920s, with the financial power and ability to act in a more assertive leadership capacity, without the will to do so.⁹ Similarly, Owada and Laidi have argued that Japan lacks domestic or foreign policy direction and will because of the absence of a dominant motivating ideal to explain or encourage official action. In between globalisation and the 'emptiness of affluence', Japan was unable to satisfy a disparate global audience looking for

⁶ MOFA, "Challenge 2001 - Japan's Foreign Policy toward the 21st Century".

⁷ G. Curtis, *The Logic of Japanese Politics*, p. 20.

⁸ P. J. Katzenstein, and M. Rouse, 'Japan as a Regional Power in Asia', pp. 240-241.

⁹ see R. Leaver, 'Moral (and Other) Hazards: The IMF and the systemic Asian Crisis', in R. Robison, M. Beeson, K. Jayasuriya and H. Kim (eds.), *Politics and Markets in the Wake of the Asian Crisis*, Routledge, London, 2000, pp. 283-285.

a greater contribution.¹⁰ Whether, like the US before the Second World War, Japan could grow more assertive in its regional diplomacy is an ongoing question made more difficult in light of recent regional changes.

Quiet evolutionary change in Japanese domestic conditions has occurred simultaneously with larger changes at the regional level. One of the major elements continues to be the huge scale of China's growth compared to all other countries in East Asia and the wider Asia Pacific. This has had a number of effects, most of which have complicated discussions of role and leadership. The economic growth of China already drew US academic interest as far back as the mid 1990s, with Bernstein and Munro among the first of a growing number of cautionary analyses on the changing balance of regional power between the US, Japan and China.¹¹ Mearsheimer made similar predictions in 2000, recycling many of the old arguments used to denote a continuing diminution of US power that would eventually lead to a loss of national capabilities and influence.¹² Much as previous attempts to comprehend Japan's capacity for leadership were couched in zero sum terms, studies of China's leadership aspirations floundered on the same grounds, including an historical legitimacy deficit, the lack of open markets and necessary market freedoms. On a number of levels, Japan is increasingly overlooked as a perceived threat to US regional leadership. While the US still perceives Japan either as a supporter of US interests or as a potential economic liability, these elements of bilateral relations lack the size or impact now that China is perceived as the major problem that the US needs to manage in East Asia.

¹⁰ H. Owada, "The Shaping of World Public Order and the Role of Japan", *Columbia International Affairs Online*, Columbia University Press, November 2000, [<https://www.cc.columbia.edu/sec/dlc/ciao/wps/owh01/>], Accessed 23/11/2000 and Z. Laidi, *A World Without Meaning* (translated by J. Burnham and J. Coulon), Routledge, London, 1998, p. 134. For a cultural perspective of this change, see M. Itoh, *Globalisation of Japan: Japanese Sakoku Mentality and US efforts to open Japan*, St. Martin's Press, New York, 1998.

¹¹ R. Bernstein and R. Munro, *The Coming Conflict with China*, Alfred A. Knopf, New York, 1997. See also, amongst others, D. Roy, 'Hegemon on the Horizon? China's Threat to East Asian Security', *International Security*, 19(1), Summer 1994, pp. 149-168 and E. Feigenbaum, 'China's military posture and the new economic geopolitics', *Survival*, 41(2), June 1999, pp. 71-88.

¹² J. Mearsheimer, *The Tragedy of Great Power Politics*, Norton, New York, 2001.

Japan itself is worried about this change. China looms large both as a potential opportunity and means for reducing Japanese influence, especially on an economic level. Johnstone rightly argues that Japan's policy toward Asia after the Cold War was traditionally based around two elements: the desire to use the region as an initial step towards greater leadership, and hedging against the possibility that the US may start to scale down its commitment to the region. Johnstone argues that this is now supplemented by a third element, that of "balancing and containing Chinese influence in the region".¹³ For the first time in the Asian post WW2 order, Japan is in a secondary position to China in influencing regional events, often finding its initiatives stymied by China's diplomacy. China's resistance to the AMF proposal, Beijing's rejection of a four power security summit (including the US, Russia, Japan and China), and its blunt refusal to support Japan's more recent attempt to become a permanent member of the UN Security Council are clear signs of China's impact.¹⁴ When China offered a free trade agreement with ASEAN to be negotiated over ten years, it rushed Japan into offering the same type of multilateral agreement.¹⁵ As one of the major elements that ASEAN desired from Japan over many years, this diplomatic coup led to a view within ASEAN that 'healthy competition' with China and Japan could lead to greater regional investment and leverage on business deals with the two Northeast Asian states.¹⁶ Not surprisingly, the US is aware and uncomfortable with these changes in relative influence, a view strengthened by its recent exclusion from the newly formed East Asian Summit.¹⁷

¹³ C. Johnstone, 'Paradigms Lost: Japan's Asia policy in a time of growing Chinese Power', p. 380.

¹⁴ C. Johnstone, 'Paradigms Lost: Japan's Asia policy in a time of growing Chinese Power', p. 377 and The Japan Times, "China makes the case against Japan UNSC seat," [<http://www.japantimes.com/cgi-bin/getarticle.pl5?nn20040922a6.htm>], Accessed 22/9/2004.

¹⁵ See A. Yamada, "ASEAN, China bypass Japan," [<http://www.asahi.com/english/international/K2001110300145.html>], Accessed 3/11/2001.

¹⁶ T. Kitazume, "ASEAN sees the brighter side of Japan-China leadership rivalry," [<http://www.japantimes.com/cgi-bin/getarticle.pl5?nn20050310d2.htm>], Accessed 10/3/2005.

¹⁷ M. Vatikiotis, 'A Too-Friendly Embrace', *FEER*, June 17th 2004, pp. 20-22 and R. Cossa, "Much ado about something," [<http://www.japantimes.com/cgi-bin/makeprfy.pl5?nn20051222rc.htm>], Accessed 22/12/2005.

Along with the regional implications for leadership, the increasing economic linkages between Japan and China are reopening old debates about wider regional responsibility and legitimacy. With Japan's trade with China exceeding its bilateral trade with the US in 2004,¹⁸ a change is occurring in the essential forces influencing Japan's regional diplomacy. Since the Second World War, Japan relied heavily on the US for security and a market. This is now changing with China becoming Japan's largest trade partner, with growth in exports and imports effectively triple that of the US in 2004.¹⁹ With only a small proportion of Japan's and East Asia's trade with China re-exported to the US, the shift in economic focus from the West to the East Pacific removes another element in the long standing relationship between the two Pacific allies.²⁰ The use of US economic pressure, either through trade talks or discussions of systemic responsibility backed by the threat to reduce US alliance commitments to attain Japanese concessions, is an ever present but rarely utilised option. Instead, China is now firmly within the sights of US policymakers, who are looking to shrink the size of the bilateral trade deficit.²¹ With the US trade deficit with China at \$160 billion in 2004, it is double the \$75 billion with Japan, leading Masaki to suggest that China maybe facing the same managed macroeconomic policy response that led to the Plaza Accord.²² To the US, China is now commonly perceived to be a regional leader with responsibilities to maintain economic and strategic peace and stability.²³

¹⁸ M. Negishi, "Data show China trade is vital," [<http://www.japantimes.com/cgi-bin/makeprfy.pl5?nb20050422a3.htm>], Accessed 22/4/2005.

¹⁹ JETRO, *2005 White Paper on International Trade and Investment*, [www.jetro.go.jp/en/stats/white_paper/2005.pdf], pp. 11-12.

²⁰ For an indication of trends in FDI, particularly those of Japan, See S. Urata, *Japanese Foreign Direct Investment in East Asia with Particular Focus on ASEAN4*, Prepared for the "Conference on Foreign Direct Investment: Opportunities and Challenges for Cambodia, Laos, and Vietnam" to be held in Hanoi, Vietnam, on August 16-17, 2002, pp. 1-25.

²¹ For an example of the issues involved, see G. Hufbauer and Y. Wong, 'China Bashing 2004', [www.iie.com/publications/pb/pb04-5.pdf], Accessed 17/9/2005.

²² H. Masaki, "China and the legacy of the Plaza Accord," [<http://www.atimes.com/atimes/printN.html>], Accessed 17/9/2005.

²³ On the sources and limits of this role see D. Shambaugh, 'China Engages Asia: Reshaping the Regional Order', *International Security*, 29(3), Winter 2004/2005, pp. 64-99.

This change in the long-standing trade pattern between Japan and the US has caused discussions of whether the equally durable security alliance can continue in the same form. It also influences the debate about Japan attaining a 'normal' regional role in East Asia, as a weakening of the Alliance potentially undermines not only the basis of East Asian engagement and security with Japan but also undermines the US role in the region. At the forefront of Japan's security profile are attempts to re-define Japan's role through changes to the Constitution. Beginning in 2000, a taskforce established by the then Prime Minister Obuchi took general submissions on constitutional reform and reported in 2005. Article 9 and the ability of Japan to potentially regain the right to use war as a legitimate state tool are not likely to be reformed.²⁴ Recent LDP debates on the subject of reform noted that only the collective security aspects of the constitution are likely to be revised, along with integrating the military back into a cabinet position.²⁵ Another panel recently suggested reforming the 1957 Basic Policy for National Defence to include a wider range of 'flexible' responses to regional terrorist and nuclear threats, while also alluding to the possibility of Japan entering the arms trade.²⁶

This reform process coincided with a greater utilisation of bilateral security alliances by the US, as part of its wider 'War on Terror'. While much of Japan's security policy in the postwar period relied on hedging its national interests between alliance commitments and the potential for US withdrawal from the region, the Bush administration's unequivocal statement of "you're with us or against us" has challenged this. As a result, Japan further stretched the constitutional limits of 'self defence' by joining US and NATO actions in Afghanistan and Iraq through 2001-2003.²⁷ While Hughes argued that Japan aimed to

²⁴ CNN, "Japan starts down long road to constitution reform," [<http://www.cnn.com/ASIANOW/east/01/20/japan.constitution.reut/index.html>], Accessed 20/1/2000.

²⁵ T. Kajimoto, "LDP, at 50, goes after Constitution," [www.japantimes.com/cgi-bin/makeprfy.pl5?nn20051123a1.htm], Accessed 23/11/2005.

²⁶ N. Shimoyachi, "Panel backs 'flexible' defences, arms trade," [<http://www.japantimes.com/cgi-bin/getarticle.pl5?nn20041005a1.htm>], Accessed 10/4/2004.

²⁷ C. Hughes and A. Fukushima, 'US-Japan Security Relations: Toward Bilateralism Plus', in E. Krauss and T. Pempel (eds.), *Beyond Bilateralism: US-Japan Relations in the New Asia Pacific*, Stanford University Press, Stanford, 2004, pp. 55-86.

avoid a repeat of the bilateral bitterness resulting from the 1991 Gulf War, it is more accurate to argue that hedging in the face of heightened US interest in fully utilising existing security relationships became far more difficult. When faced with this US ultimatum, Japan has found it difficult to argue against the primacy of strategic responsibility along with other elements of US strategic policy.

Japan's increasing strategic role poses renewed questions of its ongoing legitimacy deficit and the effect that this has on regional relationships. Again, Hughes notes the efforts of Japan in financing anti-terrorism in the Philippines and Indonesia and the sending of Maritime Self-Defence Force (MSDF) ships to the Indian Ocean to take part in operations in Afghanistan.²⁸ However, this boost in regional activity has not in any way resolved long standing concerns relating to Japan's conduct during the Second World War. Whilst ASEAN has maintained relative silence, both South Korea and China have ramped up criticism of Japan's increasing strategic activism. This antagonism is aimed at the Yasukuni Shrine, albeit with wider ramifications to Japan's regional role and leadership. Ogawa argued in 2000 that in order to resolve longstanding regional antipathy, "Japan must overcome its concern with saving face and recognise that truly 'saving face' lies in seeking full reconciliation with its wartime victims".²⁹ For both Northeast Asian neighbours, the large number of Japanese politicians visiting Yasukuni and the thirteen 'A'-class war criminals directly violated earlier Japanese statements of remorse and apology (as seen in Chapter 6).³⁰ With this tension spreading to the economic and political linkages between the three countries, chances of cooperation in resolving these enduring doubts over Japan's intentions and future potential to act in the interest of the wider East Asian region are slim.

²⁸ C. Hughes, 'Japan, the post-9/11 security agenda, globalisation, and the political economy of inequality and insecurity', *CSGR Working Paper No. 127/04*, January 2004, pp. 15-18.

²⁹ S. Ogawa, 'The Difficulty of Apology', p. 47.

³⁰ For two examples, see The Japan Times, "Roh raps Koizumi anew on Yasukuni," [<http://www.japantimes.com/cgi-bin/makeprfy.pl5?nn20051119a1.htm>], Accessed 19/11/2005 and The Japan Times, "Wu snubbed Koizumi over Shrine dispute," [<http://www.japantimes.com/cgi-bin/makeprfy.pl5?nn20050525a1.htm>], Accessed 25/5/2005. This is in contrast to the late 1990s, when relations seemed to be improving. M. Mochizuki, 'Terms of Engagement: The US-Japan alliance and the rise of China', in E. Krauss and T. Pempel (eds.), *Beyond Bilateralism: US-Japan Relations in the New Asia Pacific*, Stanford University Press, Stanford, 2004, p. 110.

In the early years of this century, Japan still remains constrained by its geopolitical position and different perceptions and interests in its role in the Asia Pacific.

This thesis sought to enlarge scholarly discussion on leadership in international relations.

As Stubbs noted in the early 1990s, definitions of leadership which emphasise that it is an interactive process, driven by the followers as much as it is by the leaders, is at odds with the prevalent view displayed in the US-driven community of international relations scholars.

In the international system these problems [of problem solving and the attainment of specific goals] are predominantly associated with security and economic development. In other words, leaders are expected to create peace and prosperity within a region and within its constituent states.³¹

Whether or not the US is pre-eminent in the international political economy, perceptions fluctuate according to a number of factors. Heisbourg noted that despite the US remaining by far the largest economy and military, the US is not perceived as a leader in the same way it was during the Cold War. He suggested that a combination of the complex nature of the US society and government, a lack of a specific over-riding foreign policy objective and different perceptions depending on the beholder's own views and circumstance weakened US claims to universal leadership.³² While the War on Terror and China exist as foreign policy motivation, both lack the overwhelming factor of a clear and present danger that Communism gave the period of the Cold War. While the US is engaged in determining strategic policy responses to both, few states share the same interests or goals or are willing to implicitly trust US actions. While Heisbourg's interest is in studying in US hegemony, his categorisation of leadership as determined by perception was used in this dissertation in the study of Japan over a 40 year time period.

³¹ R. Stubbs, 'Reluctant Leader, Expectant Followers: Japan and Southeast Asia', p. 653.

³² F. Heisbourg, 'American Hegemony? Perceptions of the US Abroad', *Survival*, 41(4), Winter 1999-2000, pp. 6-8.

Cumings suggested in 1999 that discussions of leadership and power, either globally or in the Asia Pacific, were relative.

Simply because US hegemony has defined the region since 1945 does not mean it will continue to do so indefinitely. Indeed, many analysts see an impending shift in the balance of power in East Asia, which almost all of them lament – because they are Americans.³³

By studying Japan, a country that was perceived as a successor to US leadership, this study sought to describe and analyse the notion of international leadership, removing the extraneous elements that were linked to the specific study of the US and its postwar role. By doing so, a more complex and thorough picture of leadership appeared, one driven as much by state actors as by the leading state or the international system. As the international system continues to evolve and change after the long period of stasis following the end of the Cold War, a clearer and more comprehensive view of leadership can help to decipher questions about the nature of leadership.

³³ B. Cumings, 'Japan and Northeast Asia into the Twenty-first Century', p. 161.