Chapter 1

Introduction

As of 2006, a discussion on perceptions of Japanese leadership would seem to be an easy exercise. It displays little leadership, especially when measured conventionally against the importance of its economy to the International Political Economy (IPE). Since the collapse of Japan's 'Bubble Economy', commentators have deconstructed Japan, criticising its culture, internal structure and external decisions, especially in Asia.[1] In the aftermath of the implosion of external expectation regarding Japan's 'miracle', much of the intellectual effort turned from studying Asia's first economic phoenix to surveying how the embedded Japanese economic model became a fire hazard.[2] The increasing position of China as an economic power, the re-emergence of the US economy during the late 1990s and the impact of the Asian Crisis on the network of Japanese subsidiaries and affiliates reinforced such arguments.[3] It is a testament to recent changes in IPE that only a decade or so ago, experts extolled the virtues of the 'Japanese model' and the vices of US decline.

However, claims of declining Japanese relevance need to be contextualised, just as the exultant 1970s and 1980s literature praising the Japanese miracle was during the 1990s.

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[1] C. Johnstone, "Japan and Asia: What Happened," [http://www.nyu.edu/globalbeat/pubs/ib49.html], Accessed 12/8/2000.
[2] R. Katz, *Japan: The System that Soured – The Rise and Fall of the Japanese Economic Miracle*, M.E. Sharpe, New York, 1998.
[3] For example, see Remarks by Lawrence Summers, Deputy Secretary of United States Treasury, Japan National Press Club, February 26, 1999, "Japan and the Global Economy", [http://www.coara.or.jp/~fac/summers.htm], Accessed 14/11/2001, C. Lever-Tracy, 'Dependency and Rivalry: East Asia, Japan and the West', *Southeast Asian Journal of Social Science*, 26(2), 1998, pp. 103-116 and R. Madsen, 'Expect No Help from Japan,' *World Policy Journal*, 15(3), Fall 1998, pp. 50-55.

> Its economy still soars like Mt. Fuji over the surrounding region, accounting for 17 per cent of the global economy or around 65 per cent of that of the whole of Asia, from Mongolia to NZ (ten times the GDP of China, or 18 times that of India); in per capita GDP terms, it actually became the world's 'Number One' in 1994 and remained so even in 1997. It is an economy about equal to Germany, France and the UK together and it currently runs trade surpluses at the annual rate of around one trillion yen. It produces annually around 13 million autos within Japan itself, and another 5 to 6 million elsewhere around the world. It pays twenty per cent of the budget of the UN, is the world's largest donor of aid funds, largest foreign asset-possessing power, a key member (and the sole Asian voice) in G7…How can such a country be described as 'nothing' or 'not interesting'?[4]

Japan is still the region's and globe's second largest economy with vast economic resources at home and abroad. A giant is still a giant, incapacitated or not. Japan's presence in the Asia Pacific region, either through its domestic or foreign policy, is such that other states in the region have an important stake in influencing or reacting to its decisions. Japan's continual dilemma of being a state that requires international trade to maintain its economic position (both in terms of imports and exports) in the global economy makes it uniquely vulnerable to the foreign policy decisions of other states. Hence, Japan is a country that requires continued study, both in terms of capability and in terms of its susceptibility to foreign pressure (*gaiatsu*).With this contradiction of power and dependency, this study is interested in the questions of role and leadership posed during the period of Japan's rapid rise from defeated nation in the last World War to economic superpower.

Leadership is an amorphous term that defies simple explanations. James MacGregor Burns noted that there were 130 definitions of what constituted leadership without any standardising criteria for objectively analysing them.[5] However, he suggested that the previously separate ideas of leadership and followership should be brought together under the one definition, an ideas that Stubbs would eventually bring together in the East Asian context in the early 1990s.[6] While power, exerted through the use of resources and motive, explained the reason for the way in which rulers or the more

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[4] G. McCormack, "From number one to number nothing: Japan's Fin de Siecle Blues," [http://rspas.anu.edu.au/pah/papers/mccormack/findesiecle.html], Accessed 20/4/2000.
[5] J. M. Burns, *Leadership*, Harper and Row, New York, 1978, pp. 2-3.
[6] See R. Stubbs, 'Reluctant Leader, Expectant Followers: Japan and Southeast Asia', *International Journal*, 46(4), Autumn 1991, pp. 649-667.

powerful within a group led and enforced decisions, simply concentrating on the use of power simplified a far more complex process of interaction. For Burns, the process of leadership (rather than acts of leadership) should be measured

> by actual social change measured by intent and by the satisfaction of human needs and expectations; that political leadership depends on a long chain of biological and social processes, of interaction with structures of political opportunity and closures, of interplay between the calls of moral principles and the recognised necessities of power.[7]

Within this overall idea, Burns differentiated between transactional leadership and transformative leadership. Transactional leadership refers to the process of negotiating and consensus building required to group multiple interest into policy decisions. It required "a shrewd eye for opportunity, a good hand at bargaining, persuading and reciprocating".[8] Burns argues that this type of leadership requires much more management considering that coalitions need to be maintained and satisfied. To do this, he suggests that the leader requires moral leadership, without which there role as leader comes under question. Burns suggests that intellectual leadership fits within this criteria.[9] Moral leadership is seen where a leader offers clear and consistent messages and actions for the future which are in keeping with the "fundamental wants and needs, aspirations, and values of the followers".[10]

Leadership is also linked to opportunity and ambition, without which a leader cannot act. While ambition may be linked with the 'will to power', leadership necessitates either the desire for individual recognition or self advancement, coupled with a potential to advance collective purposes.[11] Transformational leadership relates to the use of a demand or need of a group of followers to establish a broader movement towards a particular issue or area, creating and motivating others to lead. Both types of leadership are important and can exist together or separately, depending on the leader and the circumstance.

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[7] J. M. Burns, *Leadership*, p. 4.
[8] J. M. Burns, *Leadership*, p. 142.
[9] J. M. Burns, *Leadership*, p. 142.
[10] J. M. Burns, *Leadership*, p. 4.
[11] J. M. Burns, *Leadership*, p. 106.

The analysis of Burns is centred squarely in determining leadership within a nation state. However, in a problem for expanding this rationale into International Relations, Burns made the clear distinction between political leadership and force, arguing that one obviated the other although the argument behind this was not made clear. While his study of four 20th Century leaders (Woodrow Wilson, Gandhi, Lenin and Hitler) highlights the differences between legitimate leadership and authority, it lacked the ability to jump the barrier of state boundaries. The differentiation is possible in a domestic context where modern democracies have broken the historical link between violence and leadership and legitimacy is clearly defined. However, on an international level, those links are not so consistent and the discrepancy between the legitimate and non-legitimate use of power is a distant but constant feature in the practice of international statecraft. Leadership and the use of force exists where it has faded out of questions of state leadership and legitimacy within liberal democracies.

Unlike concepts of leadership set within nation states, leadership in international relations and IPE is very much linked to the concept of the hegemon. A state that is generally thought to be pre-eminent in strategic and economic capacity or cultural influence, hegemons historically set and *enforced* an order, either through the use or potential use of force. This could be defined as a sphere of influence or as an area of direct control. In this sphere of influence, the hegemon would exert leadership within that order through common infrastructure, guarantees of rights (of small nations right to sovereignty and the right to trade) and basic norms and standards of interaction and commerce. Also linked to leadership, particularly in relation to the 20th Century, is the concept of legitimacy; a leading state must be in a position of authority to lead through the acceptance of other states.[12] Japan suffered in comparison to past hegemons, lacking natural resources and, as an ally of

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[12] John Ruggie, 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order', *International Organization*, 36(2), Spring 1982, pp. 379-415.

the US, without full control over its territorial integrity. Its colonial occupation of mainland and Southeast Asia led to deep historical tensions that poisoned cooperative regional endeavours for decades. Yet, for all of its limitations, by the 1980s, it was not uncommon in academic circles to hear Japan touted as the next hegemon, much as China is now. Reality and perceptions of its capacity were markedly different, and not for the first time.

In the interplay between states in the Asia Pacific, perceptions of Japan's regional role have been accentuated by the rapid changes in politico-strategic and economic circumstances. The past 150 years have seen massive changes in Japan's domestic composition and international orientation, becoming an object of intense study for those interested in the ways of the Orient and the changes that the Occident brought upon it. Japan traversed from democracy to authoritarianism, pacifism to militarism as well as from social harmony to periods of instability and conflict.[13] Unlike all but one of the other states in East Asia that were reduced to Western colonies, Japan escaped and quickly rose to become, in all but racial acceptance, a major regional power of the Asia Pacific. Its rapid accession from an isolated and feudal satellite of China to a modern, industrialised nation was both intriguing and frightening for the Western observer. Seen as enigmatic before 1945 for its isolation and cultural complexity, Japan became a synthesis of Western and Eastern influences after losing the Second World War. As Inoguchi suggested, analysis of Japan depended on context and subjective interest – the lens that the analyst used to study Japan played a strong part in categorisations and inferences made.[14]

As noted above, the study of Japan has historically endured a number of substantial shifts. What has also changed is the study of international relations and its offshoots, such as IPE. Part of the failure to gain a thorough and clear perspective of Japan and its role lies in the means and methods with which observations were procured and utilised by theory as

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[13] G. L. Curtis, *The Logic of Japanese Politics: Leaders, Institutions and the Limits of Change*, Columbia University Press, New York, 1999, p. 11.
[14] T. Inoguchi, 'Japan's foreign policy in a time of global uncertainty', *International Journal*, 46(4), Autumn 1991, p. 579 and 582.

well as the strong influence that domestic policy has on foreign policy.[15] Whilst empiricism within the study of international political history allowed the past to be explored in detail, its mixture with economics and political theory proved a heady blend that was all too often misconstrued to fulfil existing prejudices. Hoffmann attempted to address these flaws in 1977, especially amongst the predominantly US-based international relations community. A nascent social science before the Second World War, Hoffmann noted that the architecture of international relations scholarship after 1945 became very much skewed to validating the postwar geopolitical policies and posture of the United States. With hegemonic responsibility, required because of the paucity of available help around the rest of the non-Communist world, came the need to fashion a new global framework to not only replace the system of colonialism but also avoid the mistakes of the past. The new world order needed to avoid the statecraft that led to the Great Depression, the Second World War and the impotent efforts to reconstruct the international political economy after the First World War.

These tasks became the concern of historians and economists who quickly took on the role of active advisers to the fledgling US hegemon. Hence, "[t]he development of international relations as a discipline in the United States results from the convergence of three factors: intellectual predispositions, political circumstances and institutional opportunities". One in a line of intellectual dispositions is the belief that all problems can be solved and this can be achieved through the application of

> scientific method - assumed to be value free, and to combine empirical investigation, hypothesis formation, and testing - and that the resort to science will yield practical applications that will bring progress. What is specifically American is the scope of these beliefs, or the depth of this faith…they (international relations scholars) entail a conviction that there is, in each area, a kind of masterkey - not merely an intellectual, but an operational paradigm.[16]

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[15] G. Hook, J. Gilson, C. Hughes and H. Dobson, *Japan's International Relations: Politics, Economics and Security*, Routledge, London, 2001, Chapter 2, T. Inoguchi, and P. Jain, 'Introduction: Beyond Karaoke Diplomacy', in T. Inoguchi and P. Jain (eds.), *Japanese Foreign Policy Today: A Reader*, Palgrave, New York, 2000, pp. xi-xii and A. Tanaka, 'Domestic Politics and Foreign Policy' in T. Inoguchi and P. Jain (eds.), *Japanese Foreign Policy Today: A Reader*, Palgrave, New York, 2000, pp. 3-17.

[16] S. Hoffmann, 'An American social science: international relations', *Daedalus*, 106(3), Summer 1977, p. 45.

Elsewhere in the world, scholars were less inclined to move into line with US practice.[17] Yet, for all of the experience and solutions offered by other areas within international relations (such as the 'English School'), their utility to the problem-driven policy questions faced by the US was considered to be of limited value in formulating 'real' responses to 'real' problems. As Hoffman asserted, US scholars were caught up in the growth of the discipline after 1945 purely for the reason that

> [t]o study United States foreign policy was to study the international system. To study the international system could not fail to bring one back to the role of the United States. Moreover, the temptation to give advice, to offer courses of action, or to criticise the official ones was made even more irresistible by the spotty character and the *gaffes* of past American behaviour in world affairs, by the thinness of the veneer of professionalism in American diplomacy, by the eagerness of officialdom for guidance – America was the one-eyed leading the cripples. Thus, two drives merged, for the benefit of the discipline and to its detriment also, in some ways: the desire to concentrate on what is the most relevant, and the tendency (implicit or explicit) to want to be useful, not only as a scientist, but as an expert citizen whose science can help promote intelligently the embattled values of his country (a motive that was not negligible, among newcomers to America especially).[18]

This movement for theorists to become active and engaged participants in foreign policy was driven by policymakers' needs for ideological tools to persuade an idealistic and war-weary public about the importance of engagement in world affairs and to construct a framework with which to fight the emerging Cold War.[19] Nevertheless, such an approach neglected to take the necessary pinches of salt that were required. As Kenneth Waltz argued, unlike theories within the sciences such as physics or chemistry, theories in social science are no more than grand conceptualisations, using "confused, vague and fluctuating definitions of variables".[20]

The search for certainty that categorised this approach suited US foreign policy but it did so at a cost. Due to its preponderance in international relations, the wider discipline and particular sub sections like the study of IPE took on traits that grew from US specialisation. Along with the search for certainty, "the desire to calculate the incalculable

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[17] S. Hoffmann, 'An American social science: international relations', pp. 46-47.
[18] S. Hoffmann, 'An American social science: international relations', p. 47.
[19] See H. Morganthau, *Politics among Nations: The Struggle for Power and Peace*, Knopf, New York, 1960.
[20] F. I. Greenstein and N. W. Polsby, *Handbook of Political Science, Volume 8: International Politics*, Addison-Wesley, Reading (Mass.), 1975, p. 14 cited in S. Hoffmann, 'An American social science: international relations', pp. 51-52.

(not merely power but status), [and] the crusade to replace discussions of motives with such more objective data" removed clarity and differences from the study. As a consequence, International Relations became increasingly reliant on assumptions, a point that Hoffmann criticised.[21]

> International relations should be the search of uncertainty, of the limits of action, of the ways in which states try to manage but never quite succeed in eliminating their own insecurity. There has, instead, been a drive to eliminate from the discipline all that exists in the field itself - hence a quest for precision that turns out false or misleading. Hence also two important and related gaps. One is the study of statecraft as an art…*the other is the study of perceptions and misperceptions, the subjective yet essential side of international politics.*[22]

Hence, it is perception, this still under-represented aspect of international relations, which this thesis seeks to explore in greater detail.

Of critical importance for the purposes of this study are the perceptions of states within the Asia Pacific region towards Japan and its leadership. This thesis will contend that Japanese leadership as perceived by the United States is different to what North and South East Asia would deem leadership. This difference can be explained purely and simply in terms of the similar but specific national interests of those countries surrounding Japan. This is important because all of the major works on leadership have reduced theory to the task of creating structural theories of leadership that are easily applicable by the United States. For example, theories such as hegemonic stability and Long Cycle theory utilise historical events and past scholarship on these events to support US policies and actions. Whilst they may have been useful to US scholars and policymakers, these theories and the perceptions that derive from them give a false impression of simplicity, rather than accurately portraying the real nature and complexity of international, regional and sub-regional state leadership. The perceptions of both the US and East Asian states are driven by their own self interests in influencing Japan's international role rather than an overarching theoretical explanation. The US perception of what constitutes leadership is

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[21] S. Hoffmann, 'An American social science: international relations', p. 57.
[22] S. Hoffmann, 'An American social science: international relations', p. 57.

driven by its global economic and strategic contexts and interest, while the perceptions of East Asian states is very much linked to Japan's economic contribution to their nation-building efforts. While the US sought and perceived Japanese leadership as an ally that pursued a global support role in strategic, political and economic affairs, East Asian states saw Japanese leadership purely in a constrained economic capacity.

As Jervis noted, even the most objective assessment of theory was at least partially subjective.[23] In terms of leadership theory, its partisan nature in relation to US hegemony and the fight against Communism in the Cold War were enough to skew the main import of its analysis. With the Cold War over, leadership and its impact need to be revisited and re-evaluated beyond earlier systemic analyses.

Why is this important? First, there is Hoffman's argument that social science questions existing theory and offers better explanations. A more refined answer lies in a more targeted area. A better understanding of Japan's intra-regional leadership dynamics is inherently useful in studying the future development of the Asia Pacific. The political and economic relationships between the countries of this region, denoted during the early 1990s as the growth centre of the global economy, are of great import considering the future of regional affairs, whether they be based upon political, security or economic concerns. An avoidance of actions, as well as sentiments, founded 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, stagnation in Japan and the Asian Financial Crisis.

But first, an overview of perception and its importance in further understanding the interactions between actors in the international system needs to be undertaken.

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[23] R. Jervis, *Perception and Misperception in International Politics*, Princeton University Press, Princeton, 1976, p. 5.

The Study of Perception in International Relations

One of the main reasons for the absence of discussion on perceptions by international relations scholars is the overall complexity of their creation and evolution over time. Perceptions are inferences made by an actor about another actor, with those inferences determined by a number of factors, including history, the actors' subjective biases and context. The fact that perceptions were contingent on numerous factors and differed according to circumstance clashed with the prevalence of systemic theories that saw state actions and postures driven by factors rather than deductions based on facts.[24] One of the first attempts, Robert Jervis's 1976 *Perception and Misperception in International Politics*, noted that perceptions in international relations were covered more extensively in psychology than politics. Yet within psychology, there were five aspects of the study of perceptions that Jervis argued were misleading for the purposes of integration with existing international relations scholarship.

First, most studies assumed that misperceptions were formed from emotional rather than cognitive factors; even perfectly rational and objective people could make poor judgements if given poor information. Second, most results from psychological studies were gained in artificial laboratory conditions, making real world comparisons difficult. Third, "a strong policy bias pervades most of the analysis - the element of conflict of interest is played down in international relations in general and in the Cold War in particular".[25] Fourth, the "dangers and opportunities" posed by the international system, in particular, were often overlooked or misunderstood as compelling factors in the decision making of states and their leaders.[26] Finally, research into perceptions largely underestimated the feelings and beliefs of decision-makers.[27] Although psychological studies were an imperfect tool to understanding perceptions, it added aspects that were outside of the realm of international relations scholarship.

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[24] R. Jervis, *Perception and Misperception in International Politics*, pp. 6-8.
[25] R. Jervis, *Perception and Misperception in International Politics*, pp. 3-4.
[26] R. Jervis, *Perception and Misperception in International Politics*, pp. 3-4.
[27] R. Jervis, *Perception and Misperception in International Politics*, pp. 6-7.

Jervis himself sought to rectify this, undertaking a more eclectic approach than those of psychologists. Despite differences with previous studies, he saw four inter-related levels that led to the formation of a perception – at the levels of decision-making, bureaucracy, nature of the state and its domestic politics and the international environment – that varied in importance depending on the context.[28] As well as this, Jervis noted a number of broad categories that are of interest in the context of this study. Called 'irrational cognitive distortion', Jervis argues that perceptions of events can be distorted to fulfil previously formed opinions or ideas. As information can spawn different interpretations and be used in comparison with previous cases and in conjunction with theories, the impact of expectation on perceptions can not only be rational but also logical.

> An actor's contact with another on an important issue can establish so firm an image of him that it will be very hard to dislodge. The actor will therefore be mislead if this piece of the other's behaviour constitutes a biased sample or if, even though the inferences were correct at the time they are drawn, the other later changes. This is a manifestation of the problem of premature cognitive closure… [h]ypotheses are formed early and influence the interpretation of subsequent information. The problem is compounded when observers over-estimate the importance of the other's internal characteristics and predispositions in determining his behaviour and concomitantly underestimate the influence of the context in which the other is acting.[29]

The dulled receptiveness to change in regards to past precedents is added to by other obstacles. One such illustration of this is the poor choice of policymakers in their analysis of various events.[30] For example, "[i]f a state has frequently attacked its neighbours, another state will quickly take ambiguous evidence as indicating renewed aggressiveness even though they know that other explanations are possible".[31] For the creation of these observations, history can be a double-edged sword as time can not only make clearer what inputs caused perceptions, but can also confuse actions and their motives or ferment

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[28] Wolfers argues that there are two, Waltz suggests three while Rosenau sees five. See A. Wolfers, 'The Actors in International Politics', in *Discord and Collaboration*, John Hopkins Press, Baltimore, 1962, pp. 3-24., K. Waltz, *Man, the State and War*, Columbia University Press, New York, 1959, and J. Rosenau, 'Pre-Theories and Theories of Foreign Policy', in R. Barry Farrel (ed.), *Approaches to Comparative and International Politics*, Northwestern University Press, Evanston, 1966, pp. 29-92 cited in R. Jervis, *Perception and Misperception in International Politics*, p. 15.

[29] R. Jervis, *Perception and Misperception in International Politics*, p. 274.

[30] R. Jervis, *Perception and Misperception in International Politics*, p. 154.

[31] R. Jervis, *Perception and Misperception in International Politics*, p. 147.

misperceptions.[32] This issue in particular has sizeable implications for the perceptions of Japan that were formed by the United States and North and South East Asia after the Second World War.

One aspect that Jervis underrates is the effect that economic, social and political interests have on perceptions. Perceptions inherently draw on existing or developed interest to analyse and filter facts and events. Whilst he argues that interest is only a minor consideration in forming perceptions of individuals, he does not adequately explain the intersection of state perceptions and wider state interests.[33] He sees perceptions leading to policies that shape state goals or react to important events, rather than as influences on existing state interests that pre-date these perceptions. Jervis's approach is undoubtedly useful given his attempt to systematically comprehend the overall formation and impact of perception on international relations. However, the flexibility that he builds into his model renders application to specific instances problematic. For understanding state perceptions of leadership in IPE, the interests of these states must be integrated into the analysis. To better articulate this process, role analysis is a useful tool to better comprehend how perceptions and interests interact to influence foreign policy decisions, from both the perspective of the state trying to exert the influence and the state being influenced.

The introduction of role in international relations offers a clear link between the previous discussions of leadership focusing on hegemony and the perception of a state to other states. Through role, the interests different states pursue in regards to other states can be not only analysed but also compared to other interests. From this perspective, role elucidates the tension between perceptions of a single state by other states. It also highlights the tension between perceived roles in Japanese foreign policy. Given the importance of the US to its security and the importance of East Asia to its economy, both sets of interests and role perceptions need to be taken into account, not only for strategic policy but for a better comprehension of the limits of agreement. Throughout this

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[32] R. Jervis, *Perception and Misperception in International Politics*, pp. 217-218.

dissertation, from differing views of Japan's postwar economy in Chapter 3 to questions of Japan's role in the Asian Financial Crisis in Chapter 6, these differences will be analysed and used to demonstrate the use of role and its perceptions within the development of the regional political economy.

For the purposes of this study, the underlying interests of the United States and North and Southeast Asia in their perceptions of Japan and what could be considered a leadership role will be covered. As a basis for this study, it is useful to consider the historical context in which the US and East Asia have perceived Japan and its regional leadership.

Past context of regional perceptions of Japan and leadership

A retrospective look at perceptions amongst the countries of the Asia Pacific shows a history of change. In the case of Japan and the United States, a look into the past offers some intriguing insights. At different times, a dichotomy existed between US benign and malignant perceptions of Japan. A unifying element in this perception was the level of Japanese economic success in keeping up with the US. From the beginning of Japan's integration into the Asia Pacific in the 1850s, as Curtis and Saeki suggest, the US has been a major benchmark for Japan to aspire towards, react to or compete with.[34] The turn of the twentieth century in the Asia Pacific saw a rapid change in the balance of power, with Japan and the United States surpassing the still-powerful colonial powers of France, The Netherlands and the United Kingdom. At this stage, leadership and Japan were not compatible with US interests, with each pursuing mutually competing regional mercantilist and autarchic spheres of influence. Japan's pursuit of rapid economic growth and its success as a 'modern' state was demonstrated through its success in the Russo-Japanese

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[33] R. Jervis, *Perception and Misperception in International Politics*, p. 8.
[34] G. L. Curtis, *The Logic of Japanese Politics*, p. 12 and K. Kiyosawa, *Naked America*, Chikura Shobu, Tokyo, 1930, p. 4 cited in S. Saeki, 'Images of the United States as a Hypothetical Enemy', in Akira Iriye (ed.), *Mutual Images: Essays in American-Japanese Relations*, Harvard University Press, London, 1975, p. 113.

War of 1904/5 and the accompanied nascent imperial expansion into Korea and Northern China.[35]

These outcomes had a serious impact on the United States, with the popular neo-mercantilist *realpolitik* arguments of the time seeing the rise of Japan as at the expense of the US.[36] This perception of rivalry expanded beyond the commercial, to fears of mass Japanese migration to the Western states of the US up until the First World War.[37] The rapid expansion of Japanese imperial power between the World Wars again fostered a negative US response, much of it based on pre-existing rivalries over trade access to China. Also, as the colonial ruler of the Philippines, the US feared that Japan would soon expand, eventually trying to conquer these islands on their way to regional domination.[38] The brutality of Japan's colonial conquest fed Western perceptions that Japanese single-minded attainment of its national interests would inevitably lead to war. Later, during the Second World War, the fierce and often bloodthirsty fighting in the Pacific heightened this existing image of Japan and its people amongst the Western Allies.[39] This offered part of the reason for the nuclear attacks on Nagasaki and Hiroshima, with Western popular opinion seeing no problem with the targeting of civilians: in their eyes, "a country made up of fanatical warriors had to be brought to its knees by whatever means was available".[40] These perceptions remained after the Second World War, with Clapp and Halperin arguing that at no time during the postwar alliance did this sense of mistrust leave bilateral relations. The image of Japan waiting for an opportunity at revenge existed, especially during the Nixon

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[35] A. Iriye, 'War, Peace and US-Japanese Relations', in A. Iriye and W. Cohen (eds.), *The United States and Japan in the Postwar World*, University Press of Kentucky, Lexington, 1989, p. 191. see R. Connaughton, *The War of the Rising Sun and Tumbling Bear: a military history of the Russo-Japanese War, 1904-5*, Routledge, London, 1988.
[36] A. Iriye, 'Japan as a Competitor, 1895-1917', in Akira Iriye (ed.), *Mutual Images: Essays in American-Japanese Relations*, Harvard University Press, London, 1975, pp. 75-76.
[37] A. Iriye, 'Japan as a Competitor, 1895-1917', pp. 73-74.
[38] A. Iriye, 'Japan as a Competitor, 1895-1917', pp. 81-83.
[39] See for instance, J. Dower, *War Without Mercy: Race and Power in the Pacific War*, Faber and Faber, London, 1986.
[40] A. Iriye, 'War, Peace and US-Japanese Relations', p. 192.

administration, when the *realpolitik* rationale of rapprochement with Mao's China was widely seen as a means to balance the growing influence of Japan in the early 1970s.[41]

However, contrary to this old perception was the newer US image of Japan as a reformed country, due to the 'harmonious effects' of the US-led Occupation and its US-led reforms. The view of the enhanced role of the US in mitigating Japanese autarchy in the 1930s and easing the transition to constitutional democracy in the 1940s had a powerful effect on subsequent generations of Japanese and US scholars. A perception of 'inevitable harmony' in future relations between the US and Japan grew in the context of the rapidly cooling Cold War environment and the desire for Western solidarity through promoting Japan as a completely reformed ally, regardless of the accuracy of this image.[42] Leadership in this postwar context led to the view of Japan as a supporter of US hegemony in the Asia Pacific.[43] Despite the duration of previous perceptions, an image of a peaceful and cooperative Japan became dominant in the years following the Second World War.

On the other side of the Pacific Ocean, North and Southeast Asian perceptions of Japan and leadership were formed differently, though with the same outcome. For Northeast Asia, Japanese claims of being a force for liberation against European colonialism (reiterated later during the Second World War in Southeast Asia from 1941) were quickly dispelled by a Japanese variant.[44] Beginning in 1905 with the annexation of Korea, Japan expanded the scope of its inner empire in Northern and Coastal China after 1931 and 1937 respectively. The recovery from Japan's war actions was hardly helped by the San Francisco Peace Treaty in 1951, which deprived Communist Asia of the opportunity to gain immediate reparations. Future perceptions of Japan in relation to

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[41] P. Clapp and M. Halperin, 'US Elite Images of Japan: The Postwar Period', in Akira Iriye (ed.), *Mutual Images: Essays in American-Japanese Relations*, Harvard University Press, London, 1975, p. 217 and 220.
[42] See, for instance, J. Dower, 'E. H. Norman, Japan and the Uses of History', in E. H. Norman, *Origins of the Modern Japanese State: Selected Writings of E. H. Norman*, edited by J. Dower, Pantheon, New York, 1975, especially pp. 39-55.
[43] P. Clapp and M. Halperin, 'US Elite Images of Japan: The Postwar Period', p. 217.
[44] R. Storry, *Japan and the Decline of the West in Asia, 1894-1943*, MacMillan, London, 1979, pp. 7-9 and N. Tarling, *A Sudden Rampage: The Japanese Occupation of Southeast Asia 1941-1945*, Hurst, London, 2001.

leadership were to bear heavily the scars of these years. Southeast Asian perceptions before the Second World War are hard to decipher if only because of the cloak of colonialism, a veil that was only partially lifted after 1945 for most of the regions' native inhabitants. With Japan's occupation of the region between 1941-1945, its position was no different to that of Northeast Asia. The perception of Japan as an unrepentant power willing to misuse its power to enrich itself at the expense of all others was created during these years.[45] This initial deceit was exacerbated by earlier pronouncements that Japan would be the catalyst for the regional independence movement. Japan's initial support for Sun Yat-sen in his struggle for the creation of a national Chinese government did boost its pan-Asian credentials.[46] However, it is interesting to note that Thailand observed that Japan's Greater East Asian Co-prosperity Sphere (GEACS) infringed upon notions of self-determination and national independence.[47] Japan's colonial acquisitions and the increasingly clear signs that its motives were entirely self-interested precluded any trust being established between it and the rest of the region.

Current context of perceptions of Japan and leadership

The visceral perceptions of the past in the US and East Asia have diminished, but remain part of the much larger collection of interests, roles and considerations that needs to be taken into account when surveying the past 50 years. Of these newer perceptions, one stands out as a major influence. The continuance of the US security alliance is an analytical lens through which much of the wider studies emphasis has been filtered. Its strength over more than fifty years has come to be seen as a permanent, albeit occasionally questioned,[48] fixture in bilateral and regional relations.[49] What this analysis of permanence overlooks is

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[45] N. Tarling, *A Sudden Rampage*, Chapter 1.
[46] See M. Jansen, *The Japanese and Sun Yat-sen*, Stanford University Press, Stanford, 1970.
[47] N. Tarling, *A Sudden Rampage*, p. 61.
[48] See J. Welfield, 'Rock of Ages or Edifice of Clay? The American Japanese Alliance at the Turn of the Millenium', *Pacific Research*, May 1996, pp. 6-11.
[49] For example, see E. Reischauer, *Japan: Past and Present*, 3rd edn., Alfred A. Knopf, London, 1964, T. Kimura, 'Japan-US Relations in the Asia Pacific Region', in R. L. Grant (ed.), *The Process of Japanese Foreign Policy: Focus on Asia*, Royal Institute of International Affairs, London, 1997, pp. 37-71 and J. Tsuchiyama, 'Ironies of Japanese Defence and Disarmament Policy', in T. Inoguchi and P. Jain (eds.), *Japanese Foreign Policy Today: A Reader*, Palgrave, New York, 2000, pp. 136-151.

an investigation of the alliance complications and compromises that Japan faced in alliance with the US. While Japan's role as a leading supporter of the US constitutes the foundation of discussions, it has not negated suggestion of three roles that Japan could fulfil. Scholars note a choice of leadership role for Japan,[50] designated in broad terms as being a economic and political leader of East Asia, a major partner in the West through the continuance of its relationship with the US, or a synthesis of the two former options where Japan acts as a *torii* over the Pacific,[51] an 'honest broker' between East Asia and the US.[52]

It is interesting to note that these role prescriptions are nearly identical to the choices available to Japan since the Meiji Restoration,[53] and the choices are offered as distinct options, rather than in combination with each other. Rarely is East Asia's distrust of a Japanese political leadership role coupled with discussions of Japan's potential 'bridging East and West' role. Similarly, the impact that the US alliance has on Japan's capability for action and its relationship with the wider region is underemphasized. By being more aware of these complexities, this dissertation seeks to better represent the actual state interests impacting upon the interactions between Japan, the US and East Asia in the regional political economy.

Regional Foreign Policy and Japan

In aid of this, its useful to consider the way in which other countries in the Asia Pacific have treated Japan as part of the overall foreign policy. While foreign policy is often seen as the means by which central state interests are transformed into interactions with other states, foreign policy is also interested in influencing the behaviour of other states. In the case of Japan, given its dependence on foreign goods to maintain (let alone improve upon) its current economic position, leads to an unusual vulnerability to foreign pressure (or

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[50] T. Kimura, 'Japan-US Relations in the Asia Pacific Region', in R. L. Grant (ed.), *The Process of Japanese Foreign Policy: Focus on Asia*, Royal Institute of International Affairs, London, 1997, p. 51.
[51] T. J. Pempel, 'Gulliver in Lilliput: Japan and Asian economic regionalism', *World Policy Journal*, 13(4), Winter 1996/97, p. 15.
[52] R. Taplin, 'Japan's Foreign Policy Towards Southeast Asia', in R. L. Grant (ed.), *The Process of Japanese Foreign Policy: Focus on Asia*, Royal Institute of International Affairs, London, 1997, p. 72.
[53] J. Welfield, *An Empire in Eclipse: Japan in the Postwar American Alliance System*, Athlone, London, 1988, pp. 5-10.

gaiatsu). Japan's weakness to strong diplomacy, perceived or otherwise, can help explain the way that Japan has conducted its own foreign policy. This helps develop an idea of leadership and the internal and external sources of pressure on Japan to lead and a greater insight into the nature of the reinforcing elements in the dynamics of Asia Pacific foreign policy can be determined.

US Foreign Policy

Throughout the thesis, a simplified view of US foreign policy and its perceptions of Japan are used. It should be noted, however, that US foreign policy is far more complex. Although US foreign policy in the Asia Pacific between 1949 and 1969 was driven by only 4 Secretaries of State (Acheson, Dulles, Herter and Rusk), the so-called 'eastern internationalist establishment' view only helps in the analysis of the final, 'big picture' result.[54] It does not describe the debate within the US about its own internal character and who this should interact with the other regions of the globe. In terms of foreign policy, the US has fought isolationist and expansionist impulses throughout history.[55] Fundamentally, US foreign policy is driven by competing government actors in a balancing arrangement, first enshrined in the Constitution to ensure that no one level of government (congress, bureaucracy or executive/President) could act without the imprimatur or oversight of the other, an arrangement known as Madisonian Democracy. The role of public opinion does have an effect in foreign policy, as demonstrated in Vietnam, but the role is inconsistent and skewed by interest groups and lobbyists.[56] This balance of power is often cited as the reason behind fluctuations in the management of policy, along with the NGOs and think tanks that try to influence Congress and the Executive.[57] US regional diplomacy in the Asia Pacific is based on the use of structural, economic, ideational and cultural power to

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[54] O. Holsti and J. Rosenau, *American Leadership in World Affairs*, Allen and Unwin, Boston, 1984, p. 1.
[55] See *American Foreign Relations: A Historiographical Review*, G. Haines and J. Walker (eds.), Frances Pinter, London, 1981.
[56] For greater insights into the role of the public, see O. Holsti, *Public Opinion and American Foreign Policy*, University of Michigan Press, Ann Arbor, 2004.
[57] J. Dosch, 'The United States in the Asia Pacific', in M. K. Connors, R. Davison and J. Dosch, *The New Global Politics of the Asia Pacific*, RoutledgeCurzon, New York, 2004, pp. 26 and 33.

maintain a balance conducive to US commercial and strategic interests. And in more recent times, it has sought to balance the influences of Japanese decline and Chinese growth.[58]

While the ebb and flow of domestic coalitions of convenience occasionally alter the message, at their heart, disputes about the relationship with Japan stem from a number of central points. First, because of the crucial role that the US plays in securing Japanese sovereignty and defending its interests, there is a debate about what level of return should be attained from this reliance. Weighing up the provision of wider strategic stability through US alliances in East Asia enough or the US actively seeking economic support for its regional role was an continuing argument. Second, there is an ongoing debate about Japan and regional foreign policy – whether the US should take Japanese interests into account when making policy or whether the US national interest of regional stability in East Asia should take precedence. And Third, given Japan's decreasing importance over the past 20 years, how should the US react to the changing nature of the regional balance of power and what policy response should be made to rising powers like China. Throughout this thesis, what the US has had in mind with regards to how to use the alliance with Japan will be seen in a number of instances. These range from the regional conflicts of Korea and Vietnam during the Cold War, to the politics of the postwar-Cold War interregnum in the Gulf War, and finally, to the differing approaches to state-intervention in the East Asia during the Asian Financial Crisis.

Southeast Asian Foreign Policy

The foreign policy of Southeast Asia is undoubtedly complex, with the change of the colonial power, natural resource allocation, religion, and internal composition all being major influences on the direction and strength of foreign policy objectives. Similarly, there is a large difference in the way each government formulates its responses to international

[58] See M. Beeson, 'Southeast Asia and the Major Powers: The United States, Japan and China', in M. Beeson (ed.), *Contemporary Southeast Asia: Regional Dynamics, National Differences*, Palgrave Macmillan, New York, 2004, pp. 198-215.

issues and other states, based on the inherent and changing construction of each state.[59] However, there are a number of issues which are common across the region and will be concentrated upon in this work. First, apart from Singapore and Brunei, the region is faced with the ongoing issue of development and moving beyond broad subsistence and agriculture-centric economies to higher levels of industrialisation and wealth creation. This places development, along with constituent issues of trade, Foreign Direct Investment (FDI) and economic cooperation, at the forefront of foreign policy since independence. Second, given the region-wide history of colonisation, with its attendant exploitation and concentration on extractive industries, the region is sceptical about outside interference from larger external states.[60]

Both of these two points are emphasised through the construction of the Association of South East Asian Nations (ASEAN) in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. With the two founding documents of this organisation, the Bangkok Declaration (1967) and the Treaty of Amity and Cooperation (1976), dealing with issues of economic cooperation and the inviolability of the nation state, these two issues are crucial to the way in which these states interact with other states.[61] ASEAN and the common issue of threat, from fears of direct superpower engagement or as an area of superpower-driven proxy wars during the Cold War, informed the view of the wider regional environment.[62] The use of ASEAN and ARF as security organisations to uphold 'standards' of regional interaction between regional great powers and the region underline Southeast Asia's determination to remain as independent and free of dependent relations with its larger neighbours as possible. Hence, traditionally ASEAN

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[59] See A. MacIntyre, *The Power of Institutions: Political Architecture and Governance*, Cornell University Press, Ithaca, 2003.
[60] See G. Rodan, K. Hewison and R. Robison (eds.), *The Political Economy of South-East Asia: Conflict, Crises and Change*, 2nd Edition, Oxford University Press, New York, 2001.
[61] See J. Dosch, 'Southeast Asia and the Asia Pacific: ASEAN' in M. K. Connors, R. Davison and J. Dosch, *The New Global Politics of the Asia Pacific*, RoutledgeCurzon, New York, 2004, pp. 71-87.
[62] A. Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order*, Routledge, London, 2001, p. 26 and Chapter 2 and M. Leifer, *ASEAN and the Security of South-East Asia*, Routledge, New York, 1989, p. 24.

has been predisposed towards regional stability and the US strategic presence in the region, as well as being generally hesitant towards any move towards an independent Japanese security position (seen as highly destabilising).[63]

Chinese and Korean Foreign Policy

With a long history of statecraft stemming from its traditional power and influence in East Asia, China's modern foreign and strategic policy is based on avoiding becoming a colonial possession and returning to a important position within regional considerations of regional political economy and strategic affairs. Since 1949, China's foreign policy has been in the hands of the Chinese Communist Party and the various administrative segments tasked with advising senior party officials. In a process that historically centred around the General Secretary's inner circle and relevant ministries such as the Ministry of Foreign Affairs, contemporary foreign policy is derived from a far more pluralistic and decentralised decision making framework.[64] In the cases of Japan, foreign policy has to fit into a situation where public opinion reinforces pre-existing fear and negative responses to Japan's colonial legacy in China.[65] In general, China's foreign policy during the Cold War aimed to limit the constraints placed on it by other countries, from the USSR to the US.[66] Policies in general have been based on a general sense of insecurity and of regional threats (from the USSR, US, Japan, and Vietnam) from the land and along its coast line.

As the victim of 900 foreign invasions over the past five millennia, Korea has had to deal with its position stuck between three stronger nations in Russia, Japan and China. Its

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[63] A. Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order*, pp. 179-184.
[64] See D. Lampton, 'China's Foreign and National Security Policy Making Process: Is it Changing, and does it Matter?', in D. Lampton (eds.), *The Making of Chinese and Security Policy in the Era of Reform, 1978-2000*, Stanford University Press, Stanford, 2001, pp. 1-36 and L. Ning, 'The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments', in D. Lampton (eds.), *The Making of Chinese and Security Policy in the Era of Reform, 1978-2000*, Stanford University Press, Stanford, 2001, pp. 39-60.
[65] D. Lampton, 'China's Foreign and National Security Policy Making Process: Is it Changing, and does it Matter?', p. 14.
[66] S. Guang Zhang, 'China: Traditional and Revolutionary Heritage', in K. Booth and R. Trood (eds.), *Strategic Cultures in the Asia Pacific Region*, Macmillan, New York, 1999, pp. 29-50.

strategy for dealing with this has been to diplomatically manage tensions between these neighbours if possible.[67] The role of Japan's 20th Century Occupation and the role of the Civil War in 1950 have been crucial in altering the foreign policy away from its historically passive Chinese-centric (*sadae*) foreign policies to a relationship based closely with that of the US and its bilateral alliance. It has combined the alliance with a desire for cooperation with the surrounding major powers, based on a more modern *sadae*-type policy highlighting moral and ethical foreign policy.[68] This poses problems for relations with Japan given the deep historical antipathy between the two nations.

Contrasting perceptions of Japanese leadership in East Asia

This dissertation seeks to highlight the difference and tension implicit with Japan's role in the Asia Pacific. Japan is perceived by the US as fulfilling a specific role as a regional and global ally while in East Asia Japan fulfilled the role as a model for economic development. While the two roles are similar and overlapped, the difference between the two roles were not compatible, leaving Japan's position in the region an ongoing anomaly that required ongoing diplomatic management. For the United States, its perception of Japan and a leadership role in East Asia is driven by a *systemic* concern for the health and security of the liberal international economy. From this perspective, Japan is a supporter and structural feature of US hegemony in the region: as far as the US was concerned, Japan could fulfil a regional leadership role by supporting US interests and maintaining the US as the central state in the IPE. Starting after the Second World War, fears of Soviet-sponsored insurgencies around the globe took precedence in US strategic thinking and drove security and economic policy in Europe and Asia. What had begun as a US effort to prevent the recurrence 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

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[67] K. Choi, 'Korea: Tradition of Peace - Danger of War', in K. Booth and R. Trood (eds.), *Strategic Cultures in the Asia Pacific Region*, Macmillan, New York, 1999, pp. 95-97.
[68] K. Choi, 'Korea: Tradition of Peace - Danger of War', p. 109.

regional struggle against Communist expansion. Henceforth, US policy was driven by its interest in Japan acting as a regional leader, providing public security goods to East Asia. Seen in Chapter 3, George Kennan's idea of Japan re-gaining 'an empire to the south' after the loss of its inner empire after WW2 and the spread of Communism, became symptomatic of a US foreign policy approach that saw Japan reclaiming much of its pre-war economic influence. Beginning from 1947 onwards, US policymakers like John Foster Dulles encouraged Japan to re-arm in the early stages of the Korean War and to act more forcefully in the region from the 1960s, regardless of regional or domestic Japanese reaction.

US administrations tried to expand Japanese economic leadership through trade and investment, but *on US terms* and without the US necessarily having to contribute to regional economic growth. After 1960, the increasingly selfish use of its unprecedented hegemonic position enabled the US to exploit the centrality of its dollar in global finance to fund international and domestic expenditure. Similarly, with the end of the Bretton Woods system and the end of outright US hegemony in the early 1970s, US policy towards Japan saw the need for regional and global burden-sharing with Japan asked to contribute more resources to the stability of IPE without necessarily having input in how those resources were used. The Plaza Accord, covered in Chapter Four, and the recent case of the Asian Monetary Fund (AMF), analysed in Chapter Six, highlights this relationship.

The biased systemic and largely US-centric interpretation of leadership in the region has helped to blind US scholars to the fact that as Stubbs noted, leaders need followers. The followers in this case, North and South East Asia, do not share the same vision or image of Japanese leadership that the US does. Their experience with Japanese imperialism left the region fearing Japan, after becoming a colonial power despite its initial appearance as a regional supporter of local nationalist movements. Their perceptions of Japan's postwar leadership have been tainted by a lack of trust ever since, with governments and analysts noting Japan's 'legitimacy deficit' in its regional postwar diplomacy. Since the

region increasingly became independent of foreign powers after World War Two, there has been a strong belief that it should resist becoming a 'playground' for great powers, a belief that led to the foundation of the Association of Southeast Asian Nations (ASEAN) in 1967. Countries like Indonesia pursued neutrality, endeavouring to remain officially free of linkages with such powers. In some cases, this commitment to regional laws and norms such as the Treaty of Amity and Cooperation and the Zone of Peace Freedom and Neutrality (ZOPFAN) remained more rhetorical than practical, such as in the case of the Philippines and Singapore.[69]

For the region, interest in a leadership role for Japan has been limited to encouragement of Japan's economic role in the region, both as a market and producer of goods and a source of aid and investment. While this is no different to the US perception of Japan's role, from the perspective of East Asia, Japan had a regional responsibility that was different from the global view taken by the US in its image of the bilateral relationship. For all countries in the region, national development was of primary importance and as the most developed regional state, Japan played a major role in facilitating this process. From the East Asian perspective, Japan had a responsibility to assist in regional economic development, without threatening to develop political or strategic capabilities that would exacerbate the 'legitimacy deficit'. The role of the US in the region was a crucial element of this relationship, allowing Japan to slowly rebuild itself in the postwar period without threatening newly independent states in the region. Japan acknowledged this responsibility and relationship through its use of partnership in the Fukuda Doctrine of regional engagement and its continued presence in diplomatic statements since the late 1970s.

It is the evolution of this perception of Japan's leadership role that is the subject of this study. Chapter 2 seeks to outline the formulation and additions to theories of leadership in international relations. The study of this aspect of IPE begins with a discussion of its

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[69] see M. Alagappa (ed), *Asian Security Practice: Material and Ideational Influences*, Stanford University Press,

beginnings in the Great Depression and the strengths and inherent weaknesses that this gave to future discussions on IPE. Not only did leadership become hostage to the economic and political status of the United States in international affairs, but it also sought to limit the terms of discussion. Whilst pursuing structural definitions important to the US in its role of hegemon after the Second World War, it allowed the theory of leadership to be hijacked by a desire of US scholars to legitimise US policy. Soon US fiscal, trade or security policies were defended regardless of whether they were in the interests of the US or international public goods. This became much more of a problem as the US began to relatively decline in relation to other countries.

The chapter also notes that leadership need not be so narrowly applied to a structural analysis of IPE. A much broader and contextual approach could have been taken, even before the conclusion of the Cold War, whose study tended to skew international relations analysis towards the 'big picture'. Even if structural leadership theory undersold the leadership role Japan could play in the region, a more contextual and agency-based study suggested that Japan was in a leadership position, albeit in a limited economic context. It is the differences between both approaches that have no doubt led to the dystopia of perceptions about Japanese regional capabilities. Role theory and role prescriptions/ perceptions in the conduct of foreign policy are used to construct a more accurate and relevant picture of leadership in the Asia Pacific.

In the following chapters, through an examination of political and economic developments, the differences between the two conceptions become apparent. In Chapter 3, Japan's rapid economic development is chronicled, both before and after the Second World War, and thereby serves as an historical basis for the study. The chapter covers the introductory aspects of Japan's post-Second World War reformation and the plan that was instigated to reintroduce itself to the Asia Pacific. The subsequent reforms brought on by the Occupation of Japan laid part of the foundation for the economic growth that was

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Stanford, 1998.

subsequently dubbed a 'miracle'. The policies that led to Japan's renewed economic growth, and the role of the US and East Asian views of this reformation, are both analysed. 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, is 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'. These plans were affected by the aborted attempts at revising the Japan-US Security Treaty in 1960.

Despite this setback, the US continued attempts to alter the balance of the alliance to boost Japan's support of US regional policies. The 1960s and 1970s saw signs of waning US pre-eminence, with increased pressure on Japan to assume some of the US's regional responsibilities. With Japan's growing trade surplus with the United States, coupled to US economic and military woes in Vietnam, a gradual swap of positions between the two states came to be envisaged. Yet, as demonstrated by the Tanaka Riots in Southeast Asia during the mid-1970s, the 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 regional demands. The memories of the recent past still precluded Japan exercising the influence that it had gained through its increasing economic influence.

Covering the period between 1974 and 1989, Chapter 4 analyses the impact of Japan's rapid economic recovery and the increasing pressure to increase its regional responsibilities. After the First Oil Shock that 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 the real estate and 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 Plaza Accords were a

reinforcement of US power, but also a manifestation of Japan's increasing economic equality.

Despite widespread fears of Japan's economic preponderance, perceptions of Japanese leadership were muted by less successful elements in Japan's postwar re-configuration. Its continued reticence on security matters that conflicted with Article 9 of its postwar constitution, and the perception that it was a 'free-rider' within its alliance with the US and international society, were seen as manifestations of Japan's inability or unsuitability for regional or global leadership. 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 Foreign Direct Investment (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.

Doubts that had first arisen over Japan's capacity for leadership during the latter stages of the previous period became more prevalent during the next five years. Chapter 5 details these years (1990-1995) of the post-Cold War order, when Japan occupied a different position in the minds of scholars and commentators. From an economic point of view, though still enjoying substantial trade surpluses with the United States and Asia, the collapse of the domestic real estate and stockmarket boom during 1990-91 demonstrated the limitations of Japanese financial strength. From a political perspective, the Cold War reduced nuclear tensions, giving rise to the possibility that long neglected issues within international society, suppressed as part of the Cold War need for solidarity, could be addressed. For Japan, the Cold War strictures that had held precedence in its international relations could be relaxed. From these new conditions for Japan came a variety of models, from that of a 'global partnership' with the US to one of a 'global civilian power'. Yet the

Gulf War emphasised the problems that Japan faced when engaging with security issues, while mounting economic tensions with the US over trade and greater responsibility in their alliance scuttled hopes for a more constructive post-Cold War dialogue.

The perceived strengths of Japan's economy were still apparent and, coupled with continued economic problems in the US, a 'global partnership' seemed feasible if the problems of collective action were to be avoided. The plans for such a partnership faded when increasing US-Japan trade tensions made policy coordination unlikely. Partially in response to these tensions, regional economic policy turned to multilateralism and closed regionalism, demonstrated through the creation of the Asia Pacific Economic Cooperation (APEC) forum and the East Asian Economic Caucus (EAEC) respectively. While APEC sought to embed Asia Pacific relations within a cooperative and inclusive framework, EAEC sought to emulate closed European regionalism. With the implication of Japan being the leader of EAEC, it conflicted with the economic and strategic role of the US in the region and its interests, giving rise to added fears of regional dislocation. With EAEC's integration into APEC after a lack of Japanese support, Japan hoped that APEC would overcome past limitations on its diplomacy and intra-regional trade, balancing US and East Asian interests. But these different interests, particularly in terms of Asia's developmental model, continued to complicate Japan's position within the region.

During the latter half of the 1990s, Japan found itself in a delicate economic and political position. Japan's economy finally succumbed to the problems within the financial sector latent from the beginning of the decade. But the main issue, as seen in Chapter 6, during the last five years of the century was the Asian Financial Crisis that severely affected East Asia before spreading to Eastern Europe and Latin America. In previous decades, the question being asked of Japan concerned what type of leadership it could provide to the region and international society. Now it was being asked whether it could provide any leadership at all. As much as ever, debate about regional leadership was abundant. A resurgent US economy and a rapidly growing China provided competitors for such a role at

a time when its own sun was setting. Japan's response to the crisis was characterised by some as being too little too late while others saw it as an example of more assertive Japanese economic diplomacy.[70] The duality of responses remained, as ever, a reflection of self-interested perceptions of Japan's regional role.

The wider Asian crisis was seen as an extension of Japan's growing internal economic problems and the problems that had arisen from Japan's promotion of state-led development. Many scholars changed their focus from external expectations of Japan in the region to the problems facing Japan internally.[71] For the US, the belief that the decline in the effectiveness of Japan's postwar economic and social system was the root cause of the Asian Crisis drove the view that the crisis was an opportunity to encourage structural adjustment in Japan and the rest of Asia.[72] This followed long-held US interests in regaining lost economic ground in East Asia after years of accumulated trade deficits. For the US, a leadership role for Japan entailed it pressuring East Asian governments to acquiesce to economic liberalisation. This came in conflict with Japan's leading role for East Asia as a regional supporter and catalyst of the mercantilist system of economic development. Japan's economic malaise, the discrediting of its economic model and the inability to help countries badly affected by the crisis enabled China to become more regionally active given its increasing economic strength.

East Asia's perceptions of Japan's role during the late 1990s differed depending on their exposure to the crisis. More so than at any time since the Second World War, the

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[70] C. W. Hughes, "Japanese Policy and the East Asian Currency Crisis: Abject Defeat or Quiet Victory?", CSGR Working Paper No. 24/99, [http://www.warwick.ac.uk/fac/soc/CSGR/wpapers/wp2499.pdf], Accessed 8/2/1999, M. Castellano, "Japanese Foreign Aid: A Lifesaver for East Asia?," [http://www.jei.org/Archive/JEIR99/9906f.html], Accessed 5/9/2000 and E. Altbach, 'Tokyo Pledges New Southeast Asian Aid, May Revive Regional Fund Plan', [http://www.jei.org/Archive/JEIR98/9837w4.html], Accessed 15/11/2000.

[71] Y. Funabashi, 'Tokyo's Depression Diplomacy', *Foreign Affairs*, 77(6), October/November 1998, pp. 26-36, M. Itoh, *Globalisation of Japan: Japanese Sakoku Mentality and US efforts to open Japan*, St. Martin's Press, New York, 1998. For an overview of this line of thought, see G. L. Curtis, *The Logic of Japanese Politics,* especially Chapters 1 and 6.

[72] M. Tamamoto, 'The Privilege of Choosing: The Fallout from Japan's Economic Crisis,' *World Policy Journal*, 15(3), Fall 1998, pp. 25-31. See also Richard Katz, *Japan: The System That Soured*, M. E. Sharpe, New York, 1998, K. Pyle, *The Japanese Question: Power and Purpose in a New Era*, 2nd ed., The American Enterprise Institute, Washington, 1996, R. Zoellick, K. Pyle and H. Ellison, 'The East Asian Crisis: Implications for U.S. Policy',

region (with the notable 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 contrary role to US interests through initiatives such as the Asian Monetary Fund (AMF) in 1997 were seen as positive. However, Japan's rapid capitulation to the US disappointed a region that had usually been more interested in containing rather than encouraging Japanese economic leadership. Because the region suffered from the worst economic conditions since the Great Depression, regional expectations envisaged a role for Japan as a defender and facilitator of economic development. Japan's legitimacy deficit had begun to fade but still remained in regards to a strategic role in the region. Despite Japan's continued presence in UN peacekeeping missions, the region still lacked the trust in Japan's motives to make Japan's presence there widely acceptable.

In the rush to define the terms of the post-mortem following the sudden halt of the East Asia miracle in 1997, much has been made of the role of Japan within the structure of flexible rigidities that constituted its economic, political and strategic affairs in the Asia Pacific. Yet, the evolution of Japan's perceived leadership role in the region has remained one that has escaped detailed attention. Ever since the end of the Second World War, Japan has faced two different perceptions of its role in the Asia Pacific. The US has followed policies that have encouraged Japan to take on an increasing role as a partner/supporter of its hegemonic structure in the region. In contrast, the wider region has followed its interests, allowing and encouraging Japanese economic activity in the region, but refusing to support a greater political or strategic role in line with US interests. It is this duality that defines Japanese leadership in the Asia Pacific and differentiates it from existing considerations of leadership in IPE.

NBR Analysis, 9(4), December 1998, pp. 1-39. and E. Lincoln, *Troubled Times: Japan in the 1990s*, Brookings Institution, Washington, 1999.