

“Has Japan Lost its Relevance?”

**By Chung Min Lee
Graduate School of International Studies
Yonsei University
Seoul, Korea**

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Breaking with the Past

To paraphrase Mark Twain's famous telegram, "reports of Japan's strategic death is greatly exaggerated" but even a cursory glance at the daily media suggests that Japan hardly makes front page news. Clearly, the preponderance of other major issues—the future of counterinsurgency operations in Afghanistan and Iraq, China's growing global footprints, and spiking energy and grain prices—affect Japan's relative visibility. But how Japan chooses to break out from its "shadow presence" cannot but have major ramifications for the global system, and more poignantly, for sustained stability and prosperity in greater Asia. As the *Asahi Shimbun* commented in February, Japan is unlikely to command a dominating position it once enjoyed in Asia although it continues to have an upper hand on environmental, technology, security, culture and other issues and further, that "the largest barrier for us [Japan] is our psychological tendency; that is to say, we Japanese tend to pay more attention to our introverted domestic issues [and] Japan should show its clear vision to the world now, making utmost use of its resources and attractive assets, and should translate this vision into action immediately."¹

At a time of unparalleled fluctuations at home and abroad in virtually every major strategically consequential Asian state and attendant complications and rising uncertainties, core security and economic challenges demand collective action, sustained multilateral engagement, and articulating solutions with matching resources. Notwithstanding the spectacular rise of China as the world's and Asia's new growth magnet and the benefits accruing from a reforming, more outward-looking China, Beijing's and Tokyo's roles are not synonymous and both bring to the table contrasting constraints, asymmetrical responses, and equally important, vast opportunities.

In order to ensure Japan's continuing relevance or maintaining its ability to shape global and regional environments conducive to common interests, the key litmus test lies in Japan's ability to formulate a 21st century doctrine that embodies four inter-related elements: (1) reorienting its geo-psychological compass into the heartland of Asia through a clear-cut and irreversible departure from the outstanding legacies of World War II; (2) articulating a

¹ "Japan's Vision to the World Now," *Asahi Shimbun*, February 15, 2008, http://www.asahi.com/english/asianet/hatsu/eng_hatsu080215.html

transparent, comprehensive, and predictable national security strategy that enables Japan to meet its emerging security requirements while gaining trust—the essential element that has eluded Japan’s security policy for most of the postwar era; (3) taking the lead on critical global issues in consort with other significant Asian powers—not just by financial instruments but by articulating new concepts; and (4) forging a new political manifesto so that Japan’s national and international values, norms, and aspirations are not only synonymous, but mutually complimentary.

On the security front, the most sensitive aspect with respect to discussing Japan’s relevance or lack thereof, any significant enlargement of Japan’s operational sphere and matching policy and military instruments in greater Asia are likely to engender sharp responses at home and abroad. Or as former minister of defense Shigeru Ishiba has noted, while the region’s distrust towards Japan was softened by the U.S.-Japan alliance, its inability to come to terms with its wartime past has hindered Japan’s ability to project power positively and that “unless everyone understands why weren’t able to avoid that war [World War II] and what Japan did to Asia, it could be dangerous if we get power projection capability.”² With the combination of post-9/11 security requirements and the October 2006 North Korean nuclear test, Japan has articulated more assertive security postures. While the scope of this paper doesn’t extend to a detailed analysis of Japan’s emerging security options, suffice it to say that the degree to which Japan’s post-9/11 security strategies are likely to be accepted or at least understood in a regional context also depends critically on the depth of reconfiguring its Asia policies.

For example, although many argue that Japan maintains “threshold” nuclear weapons capabilities, it is difficult to imagine Japan’s concerted move towards an independent nuclear deterrent except in the most dire of circumstances, i.e., irreversible collapse of the Six Party Talks and North Korea’s decision to pursue a full-fledged nuclear weapons program concomitant with the deployment of long-range ballistic missiles, the formation of a de facto or even treaty-based alliance between Russia and China that would embolden Russia to significantly modernize its Pacific Fleet and for China to pursue a

² “Bomb by Bomb, Japan Sheds Military Restraints,” *International Herald Tribune*, July 22, 2007, <http://www.ihf.com/articles/2007/07/23/asia/23japan.php>

“maritime containment” strategy vis-à-vis Japan, and intermittent clashes between the United States and China over and beyond Taiwan.

At present, and into the foreseeable future, none of these hypothetical scenarios are likely to occur that could spur Japan towards an indigenous nuclear weapons program although “the door to independent nuclearization remains ajar, even if no one is leading Japan through it [and] Japanese leaders have ensured that constitutional and other domestic legal hurdles do not significantly constrain Japan from developing an independent nuclear deterrent.”³ Yet is also important to bear in mind that there remains at present only (1) negligible support for an independent nuclear deterrent within Japan’s official security community; and (2) while Japan possesses a significant civilian nuclear energy program including plutonium reprocessing facilities, “nuclear hedging has not been implemented as a coherent national strategy.”⁴

Other key security and foreign policy issues remain including Japan’s support for UN Security Council reforms and pursuit of permanent membership, expanding the roles and missions of the Self Defense Forces in out-of-area operations and broadening the scope of activities in joint U.S.-Japan operations, and enlarging Japan’s SLOC security missions into the Indian Ocean and the Persian Gulf. According to Richard Samuels at MIT, prime ministers Abe and Koizumi’s security perceptions gained mainstream respect in a time of uncertainty, and further, that they shared the view “that the statute of limitations on Japan’s misbehavior during the Pacific War had expired and that Japan, like any normal country, should have a military. Their predecessors feared getting entangled in an American-led war. But the new leaders feared that Japan would be abandoned by the United States unless it contributed to its wars.” Samuel further asks what the options are for Japan and replies that “you step up. And that is consistent with what they’ve long wanted to do anyway. So there was a convergence of interests.”⁵

Even if the external security environment worsens to the point where Japan may feel compelled to take “drastic” measures, Japan’s reversal to pre-war policies is extremely

³ Li ewelyn Hughes, Why Japan Will Not Go Nuclear (Yet): International and Domestic Constraints on the Nuclearization of Japan,” *International Security*, vol. 31, no. 4 (Spring 2007), p. 68.

⁴ *Ib id.* p. 69.

⁵ As quot ed in “Bomb by Bomb, Japan Sheds Military Restraints,” *International Herald Tribune*, July 22, 2007, <http://www.iht.com/articles/2007/07/23/asia/23japan.php>

unlikely given deeply-rooted democratic traditions and the severe damage such policies could have on the U.S.-Japan alliance. For the moment, only the extreme right-wing minority fringe in Japanese society advocate a return to a militarist policy including nuclear armament, although *perceptions* of a potential radical, rightward shift in Japan's security options and strategies continues to loom in the background. Eradicating or minimizing such concerns—real or perceived—lies at the heart of restoring Japan's strategic relevance in the early phases of the 21st century.

Thus, the task must begin with Tokyo's fundamental reappraisal of Japan's Asia policy including a clean break from the vestiges of World War II. Its political leadership on both sides of the aisle as well as the entrenched foreign policy bureaucracy must commit themselves to forging a new Asian consensus. Externally, the time has come for the United States to implement a paradigm shift in managing the U.S.-Japan alliance. Notwithstanding the regional benefits accruing from the alliance, Washington has to take the lead in convincing Japan that the quickest path to Asia is not through the U.S.-Japan alliance as many American and Japanese leaders believe, but through Japan's determined efforts to winning the hearts and minds of Asians—not by bigger ODA budgets or economic instruments, but through a profound transformation in Japan's self-imagery and matching overtures to its Asian neighbors. If Japan undertakes this millennium challenge, then it is also critically important for Asia's strategically consequential states—China and South Korea in East Asia; Indonesia, Vietnam and Thailand in Southeast Asia; and India in South Asia—to accept Japan's role in the region as a vital partner and leader in the economic, political, and security domains.

This formula is not without political obstacles and may well entail high domestic risks for Asia's key powers, but equally relevant is the fact that if Japan doesn't step up to the plate, regaining any significant leverage in the emerging East Asian balance and co-shaping the contours of 21st century Asia are going to remain in the realm of consciousness just as surely as China will be more than willing to eclipsing Japan as Asia's dominant power. Indeed, by 2015, China stands poised to become Asia's biggest economic power and by 2030-40, even displacing the United States as the world's most powerful economy.⁶ If this

⁶ According to a Goldman Sachs projection in 2003, India could overtake Japan by 2032 and China could displace the United States by 2039. If current projections hold, China could overtake Japan by

actually materializes *and* Japan continues to be immersed in self-imposed de facto isolation vis-à-vis Asia, it surely will become a strategically irrelevant major power—the first time that one of the leading global powers abdicated its leadership role by choice, and not by default or defeat.

Exploiting Uncertainties

In an era marked by a prolonged paradigm lull or the absence of an overarching global security framework, Japan is certainly not unique as a major power in search of a more viable, longer-term strategic template. Indeed, the accelerated convergence of traditional, non-traditional and transitional security domains, the simultaneous rise of strategically consequential states—exemplified by China’s and India’s growing national capabilities—the reconfiguration of key global institutions and regimes, but also precipitous globalization, suggests that constant fluctuations in the international system are likely to remain as the hallmark of contemporary international politics well into the next decade. And as key elements of the world’s centrifugal and centripetal forces continue to reverberate, the quest for a clearer world model—and redefining one’s component roles and missions—is likely to become even more ephemeral, for Japan as well as other major powers.

Yet Japan’s “radio silence” for much of the past two decades but especially since the beginning of this century, begs the question whether Japan, Inc. is in the process of forfeiting its regional (and global) role, most likely to China (and even India), in addition to the possibility of a bold and formidable 21st century Sino-Russian entente. Whether such a turn of events is really feasible, much less desirable, are entirely different matters. More critical is the growing perception that despite supporting key initiatives such as the Kyoto Protocol on climate change, the on-going global war on terrorism, and an open world trading system, Japan’s net voice since the early 1990s has been hardly audible. Paradoxically, Japan’s

2015. By 2030, China’s GDP is expected to reach \$19 trillion, and \$26 trillion in 2040 and \$44 trillion by 2050. In contrast, Japan’s GDP in 2030 is expected to hover at \$5.2 trillion and increasingly only marginally thereafter: \$6 trillion in 2040 and \$20.6 trillion in 2050. For details, see Dominic Wilson and Roopa Purushothamann, “Dreaming With BRICs: The Path to 2050,” *Global Economics Paper No. 99*, Goldman Sachs, October 1, 2003, pp. 4-5 and 8. An updated version was released in 2007 entitled *BRICs and Beyond*, November 2007. A PDF version is available at <http://www2.goldmansachs.com/ideas/brics/BRICs-and-Beyond.html>

seemingly “shadow presence” is occurring at a time of unparalleled fluctuations—the relentless rise of China, growing European integration, the longer-term consequences of U.S. interventions in Iraq and Afghanistan, and alarmingly unstable global markets. In part, Japan’s quandary is being complicated by key drivers such as a low birth rate, rapidly aging population, and mounting fiscal challenges but whereas its economic card enabled Japan to influence world events for much of the postwar era, that power is diminishing.

Japan does not have the choice of turning inward, away from global issues, because turning inward would, over the long term, force Japan to abandon its status as a major country. *If Japan were to choose such a route, the security environment surrounding the country would certainly deteriorate, with its interests ignored or even derided.* (Emphasis added).⁷

Japan’s core national strategy for most of the postwar era has focused on three essential pillars: economic resurrection, recalibrating its foreign policy space and international posture primarily, though by no means exclusively, on the U.S.-Japan alliance, and re-entry into East Asia as a democratic actor. In all three aspects, Tokyo succeeded well beyond the benchmarks set by Shigeru Yoshida—the father of the so-called Yoshida Doctrine and Japan’s formidable immediate postwar leader. Yoshida’s emphasis on economic reconstruction, alignment with the United States, and rejection of its militarist past—ultimately catapulted postwar Japan’s rise as the world’s second most powerful economy.⁸ And equally salient, acceptance by the international community of Japan as a great power—the principal diplomatic objective sought by successive regimes and leaders commencing with the Meiji Restoration in 1868.

To be sure, the Yoshida paradigm was not implemented without rancor since pro- and anti-alliance sentiments were significantly present in Japanese politics from the late 1940s until the early 1960s. Takashi Inoguchi and Paul Bacon argue that Japan’s postwar foreign policy can be divided into four main periods: (1) pro- and anti-alliance strife (1945-1960), (2) Yoshida doctrine (1960-1975), (3) systemic supporter of the United States (1975-1990), and (4) global civilian power (1990-2005). They assert that Japan is going into the fifth

⁷ *The State of the Concept of East Asian Community and Japan’s Strategic Response Thereto*, (Tokyo: The Council on East Asian Community, 2005), p.3.

⁸ For a detailed review, see Bert Edstrom, “The Yoshida Doctrine and the Unipolar World,” *Japan Forum*, vol. 16, no. 1 (2004), pp. 64-66.

postwar phase or consolidation as a “global ordinary power” (2005-2020).⁹ The authors’ maintain that as Japan redefines itself as a “global ordinary power,” two major elements have to be emphasized. Greater support for the use of force provided that it is intended “solely for defensive purposes” and the development of “strictly defensive methods” but if a need arises to go beyond the defensive threshold, “then it will be necessary to revise the Constitution.”¹⁰

The debate on whether Japan should become a so-called “normal nation” has reverberated since the end of the Cold War and has intensified in the post-9/11 era. This debate has resonated most sharply with regard to revamping the mandate of the Self Defense Forces to meet a range of new security challenges including global terrorism and the proliferation of weapons of mass destruction. As one foreign observer of Japanese security policy has written:

Japan is surrounded by uncertainty and concerns. On the one hand is a powerful China with a rapidly modernizing PLA and uncertainty of a possible crisis on the Taiwan Straits and on the other is a nuclear armed North Korean regime. On the Russian front, though the degree of tension has waned, the unresolved Northern Territories dispute is a potential flashpoint.¹¹

Nonetheless, Japan’s central postwar paradigm – nurtured and strengthened by a de facto political monopoly symbolized by the longevity of the ruling Liberal Democratic Party (LDP)—is under siege. The right continues to advocate a more independent strategic posture including constitutional revisions, revisiting Japan’s non-nuclear principles (particularly in the aftermath of North Korea’s October 2006 nuclear test), and forging a new foreign policy that doesn’t shy away from more nationalistic impulses. Equally relevant are criticisms from the left and more liberal strands of Japan’s body politic who oppose revising the Peace Constitution and remain extremely wary of more ambitious power projection strategies. More relevant, however, are two foundational questions: first, the perceived need, if any, in reformulating Japan’s roles and missions in the emerging world order by Japan’s political

⁹ Takashi Inoguchi and Paul Bacon, “Japan’s Emerging Role as a ‘Global Ordinary Power,’” *International Relations of the Asia Pacific*, vol. 6, no. 1 (2006), p. 2.

¹⁰ *Ibid.*, p. 5.

¹¹ Arpita Mathur, “Japan’s Self-Defense Forces: Toward a Normal Military,” *Strategic Analysis*, vol. 31, no. 5 (September 2007), p. 727.

and policy elites; and second, how Asia and the broader international system may actually benefit from a more engaged and pro-active Japan.

These queries are relevant since long past its rise as one of the world's dominant economies and East Asia's largest democracy, Japan's environment shaping capacities over a range of global and regional issues have waned. China's rapid ascent (and more recently, India's) partially accounts for the relative decline in Japan's cumulative influence. Indeed, Beijing's forays into the international system coincided with Japan's so-called "lost decade" throughout much of the post-Cold War era providing further currency to Japan's growing strategic decline. But while China's growth and matching influences answers one part of the puzzle, i.e., if Japan really has "lost its strategic relevance," it falls short in answering a more fundamental paradox: whether the outside world's perception of Japan's shifting relevance really matters in the conduct of Japan's external relations.

Asia's Essential Imperatives and Fukuda's Choice

From a pan-Asian perspective, the central strategic imperative is twofold: first, whether Japan is capable of transforming its foreign policy compass in order to reinvigorate its policy instruments; and second, the extent to which Asia's two giants—Japan and China—are going to accommodate each other even as they compete, and consequentially, the extent to which other Asian states are going to accommodate the two major accommodators. The depth, longevity, and sincerity of these concentric adjustments between a hierarchy of Asian powers and the ability to forge related political consensus and foreign policy strategies, are going to emerge as the sine qua non of Asia's broader transition throughout the first quarter of the 21st century.

This central prerequisite, therefore, requires a fundamental review not only of Asia's security architecture but more importantly, looming choices and consequences. The future of an expanding free trade regime, the quest for military modernization and more advanced power projection capabilities, alliance management requirements, and out-of-area engagements are areas where Japan can set principled examples. Asia's smaller powers will undoubtedly be affected by these choices (especially if resources are diverted from soft to hard power instruments with resulting cuts in development assistance, foreign direct

investments, and technology transfers) but Asia's middle powers are likely to face the brunt of side effects stemming from prolonged Japanese inaction or mounting Sino-Japanese friction.

The cornerstone of Japan's 21st century Asia policy, therefore, has to be premised on preventing and mitigating such potential frictions. In this context, Japan must redefine and implement a new Asia doctrine above and beyond the Yoshida Doctrine or follow-on corollaries that have shaped Japan's postwar foreign policy such as the Fukuda Doctrine first espoused in 1977 by the father of Japan's current prime minister.¹² Since modernization began in earnest in the late 19th century, Japan's self-perception has been forged by a constant desire to be accepted as a fully modernized, industrialized, and respected de-facto "Western" power—a desire that remains intact even today.

Ironically, as Huntington has written, Japan's distinction arises from the fact that it became the most successful and most important non-Western state to modernize but to Westernize—an abiding theme of Japan's development since the 1870s. "The result is a society which has reached the peak of modernity but it is and probably will remain very non-Western in its basic values, ways of life, human relationships, and ideas of what is proper and improper in human behavior."¹³ A major consequence of this dichotomy is that even though Japan has spent decades in the postwar era to reintegrate itself into Asia,, its "non-Western" instincts, traditions, and worldviews have not translated into the psychology and language of Asians. Overcoming this gap remains as the critical pre-condition for Japan's re-entry into Asia, and restoring its strategic relevance. Therefore, if Japan is serious about retaining and reestablishing its strategic relevance in Asia, and by extension, in the broader international arena, it has to accomplish three essential tasks.

¹² Former Prime Minister Takeo Fukuda in August 1977 announced a major policy shift towards Southeast Asia in Manila. In that speech, Fukuda stated, in part, that "relations between Japan and Southeast Asian countries should not be based solely upon material bonds of mutual dependency. Japan must also seek to establish strong spiritual bonds of friendship and cooperation in the region and contribute to its development, security, and prosperity." The so-called Fukuda Doctrine emphasized that Japan will not become a military power and that it sought to share peace and prosperity in Asia through "heart-to-heart" interactions. For additional details, refer to "Chapter Eight: Period of President [of the LDP] Fukuda's Leadership," Liberal Democratic Party of Japan. <http://www.jimin.jp/jimin/english/history/chap8.html>

¹³ Samuel P. Huntington, "Japan's Role in Global Politics," *International Relations of the Asia-Pacific*, vol. 1 (2001), p. 139.

First, the Fukuda cabinet must begin the process of building a new political consensus within Japan and particularly inside the ruling LDP—now entering its *sixth decade* in power—centered on a bold and final break with the vestiges of World War II. While Japanese economic prowess underscored its postwar resurrection, many Asian states have yet to fully accept Japan as a status quo power precisely because Japan continues to waver and even rekindles still searing historical legacies. The key asset which would enable Japan to successfully achieve its 21st century Asian diplomacy is by securing *legitimacy capital*—the one currency that has eluded Japan in the postwar era principally by its enduring obstinacy.

Second, in tandem with such a shift (although not guaranteed), it is vital for Japan's neighbors (foremost China and South Korea) and other Asian states to accept Japan as a major power, concomitant with matching security roles and missions. As noted in a previous section, actuating this acceptance may run into brick walls in Beijing and Seoul (not to mention Jakarta, Singapore, and Bangkok), but if Japan makes a decisive break with the past, Asian states must recognize Japan for what it has become in the postwar era: the world's second largest economy and Asia's most powerful democracy. A Japan which espouses a fully transparent comprehensive security policy can have a positive rippling effect throughout Northeast and East Asia. At the same time, abusing or politicizing history for intrinsically domestic purposes must be prevented, or at the very least, substantially minimized, by East Asia's dominant powers including China, Japan and South Korea. While Japan should be rightfully and strongly criticized for triggering passionate responses by prime ministerial visits to Yasukuni shrine, outrageous remarks by leading politicians, and blatant historical amnesia, it is also important to note that Beijing and Seoul have also selectively exploited their respective "Japan cards" for populist purposes.¹⁴

Third, sustained U.S. engagement in East Asia and the Pacific region is essential because no other power has the motivation, mobility, or mass to counter the potential rise of an Asian hegemon. But it is also important to note that the alliance must be pursued in parallel with more forward-looking Asian policy on the part of Japan so that the alliance,

¹⁴ As the *Asahi Shimbun* noted in an editorial prior to President Hu Jintao's May visit to Japan (the first in ten years), "observers of Chinese politics have long recognized that China's Japan policy tends to be used as a surrogate for political battles in the corridors of power in Beijing." See "Hu Jintao's Visit to Japan," *Asahi Shimbun*, May 6, 2008, <http://www.asahi.com/english/Herald-asahi/TKY20085060034.html>

over time, becomes increasingly synonymous with Japan's forays and linkages in Asia and a platform for a wider security network.

Seen from such a perspective, if Japan adopts a strategic U-turn in its decades-long Asia policy and actually overcomes lingering historical disputes by desisting from more nationalistic tendencies (such as revising Article 9), Japan's relative influences are likely to increase significantly and in turn, allow Japan to pursue more robust security policies. But if Japanese ambiguity prevails, it may well spur four key developments: (1) enabling China to assume a growing leadership role on Asian security issues given that as China's capabilities expand, so too will Beijing's "veto diplomacy" or the ability to selectively deny and constrain the actions of other regional powers which would have the practical effect of accelerating Japan's isolation; (2) pressing the United States—however unlikely at the present time—to entertain options beyond the U.S.-Japan alliance as the central linchpin of its Asia-Pacific policy and by extension, to entertain a strategic accord with China especially if China joins hands with Russia; (3) narrowing security options for Asian states whose economic linkages with China are highly likely to expand so that as their collective dependence on China increases, so too will corresponding Chinese demands; and (4) leading Japan down the path of an independent nuclear deterrent in the face of growing regional isolation and much more assertive Chinese footprints, particularly with naval assets.

As a result, it is critically important for the United States to stress a new parallelism vis-à-vis its alliance with Japan; namely, that strengthening the *raison d'être* of the alliance must include a substantial increase in Japan's so-called "legitimacy capital" which would serve not only to enlarging the broader roles and missions of the alliance, but also actually enhance U.S. leverage in the Asia-Pacific region.

Therefore, the most pertinent question lies in asking how Japan plans to emerge from its self-imposed solitude and the policy instruments it chooses to utilize in redefining its broader international and regional roles. To be sure, Japanese political and policy elites may argue that the basis of Japan's relevance debate is fraught with inconsistencies since Japan continues to be engaged actively in the world stage. Japan's gross contribution to the UN in 2008 was \$342 million (second only to the United States) and accounting for 16.62% of the total UN budget and earmarks of \$1.19 billion for the United Nation's PKO budget for

2007-2008,¹⁵ or the fact that its Overseas Development Aid (ODA) for 2007 was \$6.9 billion—the highest in the world.¹⁶ But as Japan learned during its check-book diplomacy during the first Gulf War—when it contributed \$13 billion to the coalition’s efforts (second only to Saudi Arabia) but met with sharp reactions that Japan’s mercantilist foreign policy was the epitome of Tokyo’s postwar free riding foreign policy—financial contributions along aren’t likely to provide Japan with political capital and due recognition.

A Policy in Search of a Target: Asianizing Japan

The heydays of Japan’s “ATM diplomacy” have passed and it must enunciate a new doctrine, one that fully espouses and operationalizes universal values as announced by former foreign minister Taro Aso in November 2006 as part of Japan’s moves beyond a mercantilist foreign policy.¹⁷ But such a template can only succeed if Japan’s actions matches its support for universal values, principally, although by no means, exclusively, with its ability to bring to closure outstanding historical legacies with its Asian neighbors. The short-lived Abe cabinet advocated a so-called “arc of freedom and prosperity” policy consonant with Japan’s democratic values with an emphasis on promoting free markets, greater democratization, the rule of law and human rights.¹⁸ Yet curiously, this “new look” policy intimated although it never said so expressly, that globalizing Japan’s interactions with the United States and Europe, for instance, would resonate as positive policy outputs in Japan’s backyard—a strategy that was accentuated significantly by former prime minister Koizumi. Or as former foreign minister Aso noted:

If we take the combined GDP of the entirety of East Asia, including China, as well as that of the nations of the Pacific, the figure amounts to a mere 67.3% of the Japanese economy. Throw the GDP for the entirety of South Asia into the mix and all told it still reaches only 89.4% of the size of Japan’s

¹⁵ *Assessment of Member States’ Advances to the Working Capital Fund for the Biennium 2008-2009 and Contributions to the United Nations Regular Budget for 2008*, (New York: United Nations Secretariat, 24 December 2007), p. 5.

¹⁶ For details, refer to <http://www.mofa.go.jp/policy/oda/budget/index.html>

¹⁷ David Fouse, “Japan’s ‘Values-Oriented Diplomacy,’” *International Herald Tribune*, March 21, 2007. www.iht.com/bin/print.php?id=4978402

¹⁸ “On the ‘Arc of Freedom and Prosperity,’” address by Taro Aso, Minister for Foreign Affairs on the Occasion of the 20th Anniversary of the Founding of the Japan Forum on International Relations, Inc., International House of Japan, March 12, 2007. <http://www.mofa.go.jp/policy/pillar/address0703.html>

economy. In other words, *as a country of this size, I would hold that Japan has a duty to support such things as freedom and prosperity. But it is better if whenever possible we undertake such efforts in cooperation with other nations with which we share the same values, such as the nations of Europe. If Japan will be able to initiate a broader scope of diplomatic activities and acquire a more balanced self-image while further strengthening the Japan-US alliance, then that is clearly killing two birds with one stone. And that, you see, is the goal we have set in proposing to create such an Arc.* (Italics mine).¹⁹

Aso's emphasis on the fungibility of Japan's economic power and a "more balanced self-image," however, failed the test of whether Japan was truly interested in rebuilding its external image in Asia. Or as *The Economist* opined in December 2007, "the hawkish Mr. Abe indulged in occasional revisionism over Japan's rapine wartime past and espoused a sweeping 'arc of freedom and prosperity' that was supposed to anchor Japan in a Eurasian community of democratic nations but was in practice a not-particularly-subtle attempt to throw a cordon around a rising China. The arc languishes as official policy on the foreign ministry's website, it has in practice been abandoned by Mr. Abe's successor."²⁰ On a more positive track, current foreign minister Masahiko Koumura stated in March 2008 that Japan needed to contribute actively to peacebuilding in Asia and Africa and that it is "simply unacceptable to be merely a passive onlooker."²¹ Prime Minister Yasuo Fukuda remarked in an address on May 22, 2008 as Japan thinks about 21st century Asia, "the key word here is surely 'openness'...[and] the starting point for the Japanese society must be living amidst openness and diversity, opening itself up to the diversity of the Asia-Pacific region and the world."²² Fukuda also emphasized the importance of China's development in a "stable manner," a common goal shared also with South Korea.

The broadening of this type of perspective is already evident. President Lee Myung Bak of the Republic of Korea, Japan's nearest neighbor, firmly shares it, and he and I also concurred in our desire to build a "new era" for Japan and the Republic of Korea. I am deeply convinced that the enormous significance of the new era in Japan-China-ROK trilateral relations lies in the fact that we now recognize a shared responsibility towards out Asian region and in the entire world.²³

¹⁹ Ibid.

²⁰ "The Return of the Fukuda Doctrine," *The Economist*, December 13, 2007.

²¹ "Keynote Speech by Mr. Masahiko Komura, Minister for Foreign Affairs of Japan, 'Building Peacebuilders for the Future,'" Tokyo Peacebuilders Symposium, March 24, 2008, UN House, Tokyo. <http://www.mofa.go.jp/policy/un/pko/symposium0803-s.html>

²² "When the Pacific Ocean Becomes an 'Inland Sea': Five Pledges to a Future Asia that 'Acts Together,'" Speech by H.E. Mr. Yasuo Fukuda, Prime Minister of Japan, On the Occasion of the 14th International Conference on the Future of Asia, May 22, 2008, Tokyo, p. 4.

²³ Ibid., p. 2.

Japan, of course, is unmistakably an Asian state but consonant with China's rapid ascent as Asia's preponderant power, it must now demonstrate its ability not only to manage its relations with China and South Korea, but more importantly, how its strategic leverage can be shaped as a "normal" power foremost by changing its self-imagery and thus changing Asian perceptions of Japan. And crucially, Japan should take the lead in this transformation even in the absence of major external events such as 9/11, or key tipping points in the past such as the so-called "Nixon Shokku" of 1972 when Washington did not consult with Japan prior to breaking the ice with China. As Yoichi Funabashi wrote just as Japan was emerging from the so-called "lost decade" of the 1990s:

The weakness of recent Japanese diplomacy has been accompanied by the erosion of Japan's long-standing assumptions about world order: the undermining of the 'privileged' US-Japan partnership; the growing doubts about Japan's regional leadership in the economic sphere; and the disintegration of the US-Europe-Japan trilateralist order as was once embodied by the G-7 leading industrialising nations.²⁴

Funabashi also asserted the need for Japan to revamp three major Cold War assumptions that helped guide Japan's postwar foreign policy. First, the fact that separating economic and security issues is no longer possible. Second, that Japan's "privileged" status with the United States is no longer secure—particularly in the context of a rising China and the concern that the United States' relationship with China could come at the expense of Japan. And third, that Japan is starting to question the all-assuming importance of the U.S.-Japan alliance as the cornerstone of Japan's security policy and the need to examine its order of priorities.²⁵ In the years since 9/11, however, such efforts haven't resonated all that much in the hallways of Asia's major foreign ministries since Japan continues to perceive its central alliance with the United States as the bedrock of Japanese security policy—not that such perceptions are invalid.

To the contrary, at least from the perspective of more like-minded states in the region such as South Korea, Australia, and selective ASEAN states such as Singapore, the fact that the U.S.-Japan alliance has survived and emerged somewhat stronger after the Cold War and 9/11 is a positive turn. More relevant, however, is the continuing belief that by

²⁴ Yoichi Funabashi, "Japan's Moment of Truth," *Survival*, vol. 42, no. 4 (Winter 2000-01), p. 76.

²⁵ *Ibid.*

“increasingly binding itself to the United States” such a move “can also provide a platform from which to develop the normative possibilities which lie beyond bilateralism, in the realm of the German model and wider regional cooperation.”²⁶ Notwithstanding a broad consensus within Japan and in the broader Asia-Pacific region that retaining the U.S.-Japan alliance is critical for regional stability and prosperity, Japanese leaders must also pursue a parallel Asian foreign policy that enables it to have approximating leverage and influence in Asia provided that it is willing and able to do so.

Can Economic Cooperation Lead to Security Co-Management?

Such a transition is crucial because at no other time in East Asian history have the major powers been so intertwined, primarily, although certainly not exclusively, in the economic arena. Throughout most of the Cold War era, the possibility of major power conflicts or the outbreak of proxy wars by their major client states dominated the security discourse in Europe and also in Asia. Today, despite outstanding security challenges such as North Korea’s nuclearization, geopolitical hotspots such as the Taiwan Strait, and Kashmir in the subcontinent, major power clashes are increasingly unlikely. Indeed, if one considers potential catalysts for armed conflict in East Asia outside of the Korean Peninsula and the Taiwan Strait, it would be difficult to imagine an outbreak of a major conflagration. Yet even on the Korean Peninsula, or for that matter, in the Taiwan Strait, a rupture into a full-fledged war would be highly dependent on extremely fluid, non-linear scenarios. What is of concern, however, is the possibility of prolonged crises—political, economic, military, or even environmental—that could debilitate East Asia’s, and its constituent states’, crisis management capabilities. What, then, are the key security stakes in East Asia? As can be seen from Picture 2 below, East Asia’s security template is characterized by the convergence of four major security strands.

East Asia’s rise as the third pillar of geopolitics and geoeconomics (following the United States and the European Union) serves as a catalyst for sustained economic growth, integration, and declining conflicts but at the very same time, this very growth also

²⁶ Takashi Inoguchi and Paul Bacon, “Japan’s Emerging Role as a ‘Global Ordinary Power,’” p. 19.

corresponds to unprecedented dislocations, vulnerabilities, and spill-over conflicts. In other words, East Asia's cumulative rise means that almost none of the major security issues (or for that matter, economic and environmental) can be perceived as intrinsically "domestic" or even "regional" given that ruptures and prolonged crises in the region cannot but have global consequences. Thus, while the net stakes in a highly unstable East Asia have risen commensurate with East Asia's growing capabilities, it is equally true that precisely because developments within the region now carry undisputed global ramifications, it also serves to constrain significantly potentially aggressive or even irredentist behavior. Based on such an assessment, one could assert that key sources of instability and potential crises in East Asia no longer stems primarily from great power struggles, the threat of major inter-state conflicts, and a highly destabilizing arms race. Rather, the major source of threat is likely to stem increasingly from a confluence of domestic determinants and corresponding vulnerabilities stemming from a range of external shocks, i.e., global economic depression. This is where Japan can exert significant influence since it is the only major Asian power that has hard, soft and smart power attributes with a *global* reach although, as noted above, expanding Chinese capabilities could serve to complicate Japan's aspirations. As one Chinese observer noted, "if this prediction [China surpasses Japan economically] comes true, it would change the balance of power in Asia and alter many elements of the Japanese national psyche relating to their own country and China."²⁷ Furthermore, while Japan currently enjoys economic and technological advantages over China today, if the Chinese economy continues to grow at projected levels, "then Japan may not have any leverage over China in the future."²⁸

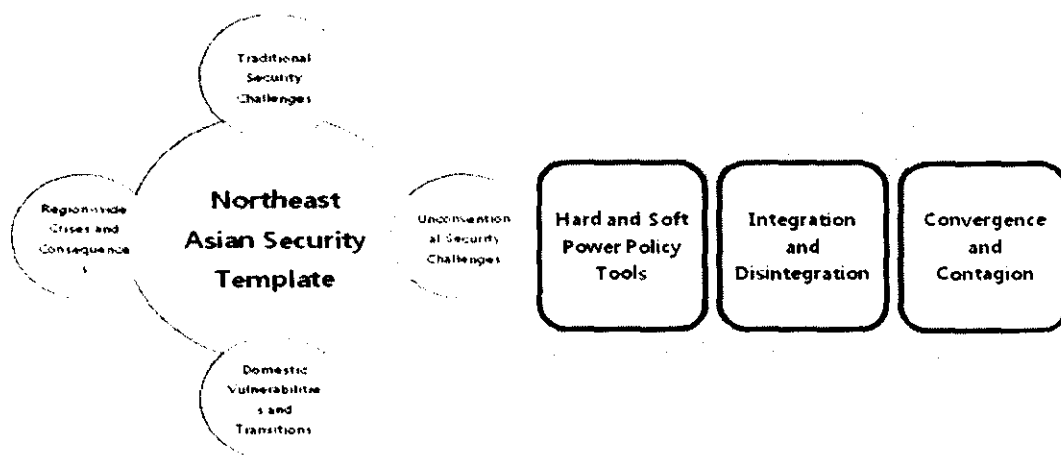
The central preoccupation with domestic issues does not mean that great powers like China are going to ignore or minimize key foreign policy issues. Indeed, based on China's unprecedented energy demand alone, Beijing's forays into energy and resource rich Third World countries have seen the largest increase since the 1960s. Neither does it seem realistic to expect that the Chinese will not "contest" the preponderance of American or for that matter, Japanese influence in the Asia-Pacific region as its own strategic weight assumes growing importance.

²⁷ Chu Shulong, "A Mechanism to Stabilize U.S.-China-Japan Trilateral Relations in Asia," The Brookings Institution, Center for Northeast Asian Policy Studies, January 2008, p. 4.

²⁸ *Ibid.*

Yet China's external behavior is also likely to be constrained by an unprecedented confluence of domestic challenges ranging from growing income disparities and inequalities, increasing pressure for more political openness and reforms within the CCP structure, a growing middle class with widely different historical references, and the increasingly mismatched, politically divisive, and structurally unstable marriage of convenience between a one-party dictatorship and a flourishing market economy that is poised to become the world's largest economy within two decades assuming projected growth rates continue. At no point in its history has China become so intertwined with the world, and by extension, its leaders have been forced to cope with the forces of. This is perhaps the single most important unintended consequence of China's bold reforms that were begun under the leadership of Deng Xiaoping in 1978. And while China's future transitions are fraught with uncertainties, Japan's 21st century Asia policy should be focused on supporting China's long-term, non-volatile transition since Japan is the one power that has the most to gain and lose depending on China's future trajectories.

Picture 1
East Asia's Security Template



East Asia's security matrix today and well into the foreseeable future (i.e., into the 2020-2030 time frame) is highlighted by the convergence of four different but interlinked threats and challenges that are quantitatively and qualitatively distinct from Cold War or even post-9/11 security threats. Coping with these "Hybrid Threats" suggests that at a minimum, any massive dislocation in the world system or disruptions in the regional order are not only going to have long-term and sustained repercussions; recovery costs and the

restoration of institutional stability and integrity are also going to outweigh any capabilities one country is likely to bear. Thus, while the possibility of conflicts cannot be discounted, the sheer magnitude of security, political, and economic mismanagement are likely to be profoundly unsettling which therefore is likely to mitigate aggressive and conflict-prone national security policies and strategies. Clearly, one of the most important conceptual questions that have yet to be fully answered is whether growing economic linkages and incremental integration is likely to lead to most positive behavioral changes, i.e., the growing acceptance and internalization of so-called global or universal norms.

Table 1
China-Japan-Korea Intra-trade Volume (2006)

Bilateral Exports	Volume (\$ billions)
China to Japan	\$91.62
China to Korea	\$44.52
Japan to China	\$91.62
Japan to Korea	\$50.27
Korea to China	\$69.46
Korea to Japan	\$26.53
Total	\$374.02

* Source: WTO (http://www.wto.org/english/res_e/statis_e/its2007_e/its07_appendix_e.htm)

One of the most positive changes in the East Asian scene over the past two to three decades has been in the area of intra-regional trade and economic cooperation. China became Japan's and Korea's largest trading partner in 2005 surpassing the United States and as illustrated in Table 1 above, the Sino-Japanese trade relationship in 2006 was some \$184 billion. It would have been virtually unthinkable during the height of the Vietnamese War in the 1960s that in a span of some three decades, these two Asian giants would emerge as key economic partners. Nonetheless, whether such robust trade and economic linkages over time is going to result in an equally vector-shaking political relationship is a much more complicated question given the seminal importance of domestic politics, outstanding historical legacies, and contrasting geostrategic interests including the central role of the United States, China and Japan in shaping East Asia's security environment into the 2020-2030 time frame. In particular, the extent to which Japan can elevate its strategic presence is

going to depend increasingly on its ability to cooperating with China at all levels but at the same time, providing assurances to its major Asian partners that Japan can serve to counterbalance more aggressive Chinese tendencies. "It is therefore incumbent upon Tokyo to demonstrate that its commitment to democracy, freedom, human rights, and the rule of law is sincere by thoroughly severing ties with the imperialist values of a previous era."²⁹

Reshaping Japan's Relevance

In the early stages of Prime Minister Koizumi's administration, a major task force on Japan's 21st century foreign policy delivered its findings in November 2002 and touched most of the essential points vis-à-vis Japanese foreign policy. The task force argued that it was time for Japan to review its core national interests and to more clearly define opportunities and potential threats to Japan and other countries in Asia. Unsurprisingly, the task force argued that the U.S.-Japan alliance should be reviewed but also strengthened given that maintaining the status quo could, over time, result in unmanaged friction. Yet the report also stated, in part, that "it is not unusual that the policy priorities of Japan and the U.S. should be different at times. It is impossible that the Japan-U.S. relationship will become like the one between the UK and the U.S. Japan, while upholding objectives common with the U.S. must have its own axis of coordinates and engage in diplomacy that is complementary to that of the U.S."³⁰ More importantly, the report emphasized the following key elements vis-à-vis Japan's key neighbors.

The relationship with China is the most important theme in Japan's foreign policy at the outset of the 21st century. For both countries, the relationship is one interweaves "cooperation and coexistence" with "competition and friction." It is important that politics is not brought in too much to the economic aspects of the Japan-China relationship...As regards the history problem, both Japan and China while drawing lessons from history, it is time they liberated themselves from an "enchantment" of history and aimed for a future orientated relationship.

ROK is Japan's most important strategic partner in the region, sharing with it the three basic systems of democracy, market economy and an alliance with the United States. The sharing of these basic

²⁹ David Fouse, "Japan's 'Values-Oriented Diplomacy,'" *International Herald Tribune*, March 21, 2007. www.iht.com/bin/print.php?id=4978402

³⁰ *Basic Strategies for Japan's Foreign Policy in the 21st Century New Era, New Vision, New Diplomacy*, (Tokyo: Task Force on Foreign Relations for the Prime Minister, November 28, 2002). http://www.kantei.go.jp/foreign/policy/2002/1128tf_e.html

systems is bringing the values and national interests of the two countries closer together...Japan and ROK can serve as the hub for an expanding network of democratic, market-economy countries in East Asia and the Pacific.

Stability in ASEAN is extremely significant for Japanese security. There are, however, large disparities within the ASEAN region, and the course for Japan to take is to engage in dialogue with the ASEAN 5 first, and then seek the application of those results to the expanded ASEAN group.³¹

Although it's difficult to ascertain whether core recommendations in the task force report were taken into due consideration by previous Japanese governments, the fact that Japan's ties with China entered into one of its "coldest" phases under Koizumi probably attests to a persistent gap between Japan's professed strategic goals and actually implementing those goals. As Kent Calder has emphasized, "change in Japan's policy toward China ultimately must come from within. It is unlikely that any significant shift in foreign policy can be made while Koizumi remains in office...[and] both Japan and China have to focus on the very real challenges of stabilizing their relationship, less distracted by the peripheral yet politically contentious issues of history."³²

More recently, and a much more positive note, the first Sino-Japanese summit in ten years between President Hu and Prime Minister Fukuda marked a thawing of bilateral relations at a time when the region's outstanding problems and issues simply demands Sino-Japanese cooperation. As the principal engineer of Japan's rapprochement with Asia – principally with China and South Korea – Fukuda stated in an interview that "we have been able to put the past in the past," and furthermore, that the growing economic interdependence of the two countries has to foster revisiting the viability of "keeping alive" resentments and hatreds based on past wars and disputes.³³ From April 20-21, South Korean President Lee Myung-Bak visited Tokyo after completing a summit meeting with President George W. Bush and Seoul's new government has steadfastly emphasized the need to restore a strong and viable bilateral relationship as one of the cornerstone's of Seoul's new foreign policy agenda. After Lee's subsequent visit to China just last week, the three

³¹ Ibid.

³² Kent E. Calder, "China and Japan's Simmering Rivalry," *Foreign Affairs*, vol. 85, No. 2 (March/April 2006). <http://web.ebscohost.com/ehost/detail?vid=3&h>

³³ "New Allies in Asia?" *Washington Post*, May 11, 2008. http://www.washingtonpost.com/wp-dyn/content/article/2008/05/09/AR200805902043_pf.html

Northeast Asian leaders agreed to hold an annual trilateral summit meeting beginning later this year and rotating on an annual basis.

In summary, the quest for acceptance as a great power and becoming the dominant Asian hegemon remained at the core of Japan's foreign policy leading up to World War II and more than any other factor, this historical legacy has shaped the geopolitical psychology of Asia's major actors. But it is also equally true that Japan's postwar resurrection has been remarkably different from its imperialist past—as the world's second largest economy, Asia's most vital democracy, and the United States' most important Pacific ally. More than six decades after the end of World War II, it is high time for Japan—and its key neighbors—to move beyond Asia's lingering wartime legacies. Over the past five decades, Japan has contributed vitally to East Asia's prosperity by virtue of its economic and technological investments, providing ODA to the region's developing nations, and ensuring regional strategic stability by maintaining the U.S.-Japan alliance. Even the most ardent opponent's of Japan's expanding security and foreign policy role in the region would have a difficult time negating these and other core contributions. Yet as noted throughout this essay, the essential ingredient which has eluded Japan throughout the postwar era is political legitimacy in Asia. That Japan has squandered previous windows of opportunity on account of placating rightist sentiments attests to the "brick wall" mentality when it comes to the question of making a decisive break with the past. What is truly lamentable is that Japan has all of the prerequisites in becoming a full-fledged major power in Asia, and equally important, all of the conceptual and operational capabilities in articulating a new Asia doctrine for the 21st century. Previous prime ministers, notably current Prime Minister Fukuda's father Takeo Fukuda, began the first step towards harmonizing Japan's Asia policy—his son's enduring legacy lies in ensuring that the earlier Fukuda's aspirations are finally institutionalized.