Will Japan Play a Leadership Role in East Asian Regional Political and Economic Integration?

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In examining Japan's leadership role in the Asia-Pacific region, a political-economic approach is absolutely crucial. There are many things that are not clear from a purely political perspective, or for that matter, an economic standpoint. Ultimately, the interaction of those two areas will shape the distinctive, coordinative role that Japan is coming to play in the East Asian region.

The answers to three questions are crucial in understanding Japan's leadership role, or the lack thereof, in Asia:

– First, does Japan really want to lead?
– Second, do others in the region want to follow Japan?
– And third, what is leadership?

Obviously, the third question is, in some sense, the most fundamental. Yet to highlight the paradoxical and distinctive character of Japan's regional role, it is worthwhile to proceed from the question of whether or not Japan really wants to lead.

1 Historical paradigms of Japanese leadership

Does Japan really want to lead? To fully answer this question, one must first consider the heritage of history in Japan's relations with the region. Historically, one can distinguish four paradigms of Japanese involvement in the region that prefigure the kind of leadership role Japan can potentially play in the future.

First, there is the legacy of what one might call the Meiji paradigm: Japan as liberator or educator. The role of Japan as educator was especially salient for the period from the early 1880s, as the profile of Meiji modernization began to shape, until after the Japanese defeat of czarist Russia in 1905. Chou En-Lai's experience as a student at Waseda University symbolizes Japan's role as educator. Following Chou, a number of other future leaders of the Chinese liberation movement in the first half of the 20th century also studied at Waseda during the Meiji period. This Meiji paradigm of Japan as an educator or as a potential liberator of the region

evolved, as Japan also became a model of industrial progress for Third World nations across many parts of Asia.

India, and a range of Indian leaders up to Chandra Bose and the Indian Liberation Army of the Second World War were much impressed with the Meiji pattern of modernization. Thus, in a symbolic and sometimes educational sense, there was clearly a Japanese leadership role in Asia during the early part of this century. Of course, the events of the 1930s and early 1940s discredited that role in many ways, but the legacy remains a potential element of Japan's relationship to the region. Japan continues to stand as the most economically and technically advanced member of the Asian, non-Western world.

The second paradigm I would like to draw from history is that of Japan as an industrial organizer. The symbolic image is Manchukuo in the 1930s, following the Japanese invasion of Manchuria in 1931. A number of people that later became political leaders and key mediators in Japan's relationship with Asia played major roles in the development of Manchukuo under Japanese occupation. The most conspicuous was Kishi Nobusuke, who later served as prime minister from 1957 to 1960. During the occupation of China, Kishi advised the leaders of Manchukuo on assignment from the Ministry of Commerce and Industry (Shōkōshō). He also acted as the Japanese Imperial Government's representative in Harbin for nearly four years during the 1930s. Shiina Motoo served in Manchukuo with Kishi, helping to direct industrial development. Shiina later became a major mediator of Japan's relationship with Asia, serving as the foreign minister who normalized relations with Korea in 1965.

Japanese industrial policy during the 1930s, as expressed in the Kishi-Shiina efforts in Manchukuo, re-emerged in the 1950s and 1960s to become a paradigm influential across Asia as a whole. From the 1950s to the 1960s, Japan began to think systematically about how it might organize Asia economically. Indeed, Japan developed a concept of leading Asia that was not unrelated to earlier failed ambitions. These ambitions were embodied in the failed concept of Japanese-led Pan Asianism. Ishihara Kanji, for example, who was special advisor to the Kwantung Army in Manchuria, was a major proponent of coordinated development of Asia under Japanese leadership. The idea of an Asia organized under Japan provided the intellectual origins of the wartime Co-Prosperity Sphere, developed during the 1930s. The idealistic aspects of Pan Asianism resurfaced in the 1950s and 1960s.

That leads to a third paradigm: Japan as imperialist organizer. Its expression began earliest and most harshly in Korea. It was applied later in attempts to organize North China, which Japan almost totally occupied,

and then more broadly, as Japan occupied virtually all of Southeast Asia during the Second World War.

The fourth historical paradigm of Japanese leadership is that of Japan as lender and penitent. Kishi promoted this pattern during his years as prime minister. Kishi transformed himself first from occupier of Manchuria and minister of munitions under General Tōjō Hideki in the 1940s to prime minister and then president of the Japan-America Society during the 1960s. Under Kishi's leadership, Japan during the 1950s came to play an influential role in Asia through assistance and reparation programs that promoted the economic recovery of Asia. In some countries, these programs had an enduring impact and played a role that continued into the future. They created networks that have been important in giving Japan a behind-the-scenes, characteristically Japanese-style leadership role in some key nations, such as Indonesia.

History, in sum, leaves Japan a richer legacy in Asia than much of the West often realizes. Particularly in Malaysia, Thailand, Burma, and Indonesia – nations that were either not occupied during the war or where Japan played an important role in their liberation movement – this positive image is quite powerful. Burma has repudiated the Japanese role in its independence movement, but even so, both Ne Win, the military leader for many years, and also Aung San, Aung Su-Chi's father and the father of Burmese independence, were trained by the Japanese army. Both figures had quite close ties with Japan in the early 1940s as founding members of the Thirty Comrades Group. Out of historical experience came personal networks that fused Japan and Asia. In certain countries, such as Burma and Indonesia, Japan's ties to independence movements created a positive heritage from history.

In relation to Northeast Asia, however, Japan has had a converse heritage that certainly should not be forgotten, particularly with respect to Korea, China, and Taiwan. The World War II experience, which was generally much longer and more bitter than in Southeast Asia, continues to constrain Japan's relations with the nations of Northeast Asia. The wartime residue can be seen, for example, in Asian resistance to Japanese prime ministers visiting the Yasukuni Shrine, and in the complexities of diplomatic activities, such as those surrounding the initial visit of Korean President Kim Dae Jung to Japan in 1998. That visit's enormous success, based on Kim's eloquent acceptance of Japanese apologies regarding the past, offers hope that history's dark shadow is becoming less salient in Japan–Korea relations. Yet strong and clear historical memories continue to trouble Sino–Japanese relations, as the 1998 visit by Jiang Zemin to Tōkyō demonstrated.

2 Rising Japanese economic interdependence with Asia

The editors of this volume on Japan in East Asia, political scientist Verena Blechinger and economist Jochen Legewie have stressed the importance of integrating various disciplines in the study of Japan. Clearly, economic trends, including the degree of economic interdependence, will influence Japan's future leadership role in Asia. Japan's prospective role, however, is also a function of creating broader regional frameworks that are stable.

One needs to start with underlying economic patterns. In terms of trade interdependence, the relationship of Japan and Asia, in spite of the Asian financial crisis, is deep, and much deeper and larger in scale than it was a decade ago. Seven of Japan's ten top markets are in Asia. From 1991 to 1997, Japan had constantly more trade with Asia each year than it did with the United States, traditionally its largest trading partner. As an individual unit, the United States remains such, but Asia became rapidly more important during the 1990s than it had been previously.

The Asian financial crisis of 1997–1998 shifted that pattern, but in a temporary way. By August 1999, Japanese exports to Southeast Asia were rising at an 11% annualized rate year on year, and by nearly 40% annualized to South Korea. Asia as a market for Japan has become much more important since the mid-1980s. Asia is also traditionally important as a supplier. Indonesia, for example, has been the largest supplier of oil to Japan since the late 1930s.

Since the 1980s, Asia has become a supplier of such manufactures to Japan as electric fans and pocket calculators. More recently, Asia as a whole supplies about 60–70% of Japanese consumption of those products. Taiwan and Malaysia number among the most important suppliers. In general, about two thirds of Japan's imports come from APEC and 74% of its exports go to APEC. The share of the United States within that total has been declining. Clearly, Japan has forged a deep economic relationship with Asia over the past 15 years.

In a political sense, direct investment may be a more important indicator of the depth of a relationship than even trade. Japanese investment in Asia has been expanding very rapidly since the latter half of the 1980s. In 1982, the book value of Japanese investment in Asia was nearly US$ 20 billion. Today it is close to US$ 100 billion. During 1997 and 1998, the financial crisis slowed Japanese investment in Asia, but it still remains, by orders of magnitude, much larger than before the watershed of the Plaza Accords in 1985 and the subsequent yen revaluation in the years from 1985 to 1987.

A final element of economic interdependence between Japan and Asia is overseas development assistance (ODA). ODA represents both Japan's

stake in the region, an equity investment of sorts, and a resource for influencing Asia's future. Japan provides over 50% of Asia's total overseas development assistance, or more than US$ 4 billion annually to Asia. The second largest supplier of ODA to Asia is Germany at around 11%. The United States is typically fifth or sixth, playing a much more managerial role in developmental assistance to Asia than most Americans believe.

3 Institutional constraints on Japan's role

Moving to the central question more directly: does Japan really want to be a leader in Asia? Can it sustain any aspirations it may have along these lines? In 1988, I published an article in *World Politics*, called 'Japanese Foreign Economic Policy Formation: Explaining the Reactive State' that relates to this issue (Calder 1988). Despite the dramatic expansion in Japan's global economic role over the past decade, Japan does not appear to want to be a leader in the classical sense of a pro-active initiator. Why? To be sure, many Japanese feel profoundly that Japan 'should' have a larger role. Yet structurally, there are major constraints on pro-active leadership. Japan has no strong chief executive on the pattern of the French or the American presidential system. Prime Minister Nakasone talked about a 'presidential prime-ministership' during the 1980s, but he was heavily constrained by a system that included Diet processes that were, and that remain, slow and complex.

Japanese Diet sessions are very short, internationally speaking. Legislation terminates at the end of a session, and it has to be re-introduced in each session, until passed. In the American system, for example, if legislation is introduced in Congress, it continues under deliberation for the full two years of a legislative session. In Japan, it continues until the end of only one of a number of short sessions, at the longest six to eight months, and then has to be re-introduced.

In any complex industrial society, such a discontinuous legislative progress inevitably means a tremendous amount of complexity and indirect veto power on legislation by special interests. That situation compounds Japan's problem of being a reactive state.

A factionalized ruling Liberal Democratic Party contributes further to the structural difficulty of pursuing a pro-active foreign policy. As Joseph LaPalombara has pointed out, there are striking parallels in the domestic politics of Italian foreign policy to those of Japan. These parallels share some similar origins, such as the reactive character of the ruling party in a parliamentary system that does not allow for strong executive leadership (LaPalombara 1974; LaPalombara 1976). Cross-cutting interest-

group behavior also compounds Japan's problems. There is, for example, one individual federation of industry in Germany. In contrast, the Japanese have the Japan Federation of Economic Associations (Keidanren), the Japan Federation of Employers' Associations (Nikkeiren), the Japan Association of Corporate Executives (Keizai Dōyūkai), and the Japan Chamber of Commerce and Industry as well as active industry-level federations, often operating at cross purposes. Cross-cutting private sector interests and organizations thus make pro-active policy making difficult.

Does structural fragmentation simply create an autistic state that can not act? That is the contention of Karl van Wolferen in *The Enigma of Japanese Power* (van Wolferen 1988). He argues that Japan comprehends external stimuli, but is structurally incapable of acting upon that stimuli. I disagree. My reactive state argument suggests that Japan 'can' act in response to strong pressure from the outside. For example, the media and business worlds can be powerful catalysts for policy change, more than van Wolferen recognizes. Historically, business has been very important as a policy initiator in Japan. That leads one beyond the political system for an understanding about whether Japan doesn't want to be a leader in the classical pro-active sense or whether it is incapable of being a leader.

An important question is which of those alternatives one wants to pick. If one introduces the role of the business community, then one has to look at networks, especially at the pro-active Japanese private sector. Business has played a very important role in diplomacy with Asia, beginning with Indonesia, and building on some of the positive war-time ties mentioned above. Peter Katzenstein, among others, has seen the importance of such networks in his recent work (Katzenstein and Shiraishi 1997).

4 The key role of corporate incentives

The stakes are clearly high enough in Asia for the Japanese private sector to want some outside power to play a stabilizing role in the region. This is particularly true of the major trading companies like Mitsubishi, or major auto firms like Toyota and Mitsubishi Motors. Supporting the US–Japan security framework, for example, or in an economic sense, supporting efforts at stabilizing the economic parameters of the region are tasks that the Japanese private sector backs strongly. It has been quite pro-active in promoting broad regional stability, while remaining inconspicuous in this role. Given their strength in networks and the relationship of those networks to Asia, Japanese multinational corporations, unlike Western firms, are not concerned with transparent, multilateral frameworks. They hold a

rather different conception of regional organization from that of major multinationals in the West.

Japanese firms generally, and to a lesser degree Japanese politicians as well, have more sophisticated and deeper interpersonal networks in Asia than do many Western firms. Their business operating style has been correspondingly less transparent and more personalistic. The creation of a legal framework, the zero tariff, the Bogor declaration of 1994, and Early Voluntary Sectoral Liberalization (EVSL) do not affect the business community or the political world of Japan in the way that they affect the United States and other major countries in the region. Many Japanese have no need for a comprehensive legally-based, transparent framework of organization, although some important exceptions exist. This is not to deny a deep desire in Japan to deepen and stabilize relationships in the Pacific. Yet there is a qualitative difference in the political-economic nature of Japanese relations and Western political-economic relations with Asia.

5 Japanese-style leadership

Does Asia want to be led? Asians themselves are best equipped to answer this question. A distinction between the Malay nations in the region and the Sinic nations is useful in clarifying this issue. That was the fundamental line of cleavage during World War II. The Malay nations of the region, very broadly, tend to find a pro-active Japanese leadership role more congenial than do the Sinic nations of the region.

That finally leads, in conclusion, to the issue of leadership style. What exactly is leadership? In a pro-active, classic, Western sense, it is difficult, in many ways, for Japan to lead in Asia, except on relatively technical subjects. For example, there is a domestic consensus within Japan for pro-active leadership on three issues: the environment, energy, and food-related concerns. At the same time, there exists a low-profile Japanese leadership role in Asia that should not be ignored. Sometimes it is called 'leading from behind'. The Japanese ambassador to Cambodia described it as the role of faithful mediator. This kind of leadership has been substantive in some interesting and subtle ways.

An article in the October 1998 issue of *Chūō Kōron* (Tomoda 1998) outlines Japan's role in mediating – and in a sense leading – toward a settlement in Cambodia in 1996. That role dated from 1990, when the Japanese Peace-Keeping Forces went to Cambodia in the first overseas deployment of Japanese troops since World War II. Japan began brokering Cambodian issues in 1990 with the Tōkyō Peace Conference. Subsequently, Japanese ODA took a leading financial role in stabilizing Cambodia. Then, Japan's

Self Defense Forces (SDF) contributed an engineering battalion in Cambodia. After the original peacekeeping agreement broke down, Hun Sen's forces attacked Prince Rannarith, the son of Prince Sihanouk, in July of 1997. The Prince fled the country, and the Hun Sen group prevented his return. Ultimately, Japan brokered an arrangement by which Rannarith was able to return to Cambodia, elections were held, and the situation was significantly stabilized. Tomoda (1998) points out that even though Japan was not in the Security Council leadership group involved in this issue, it took the lead. Japan acted bilaterally, using economic aid as a major lever. Networks were quite crucial, and the business community in Japan supported government action in the interest of stability. The business community invited Hun Sen to Tōkyō and persuaded him to accept the agreement. Essentially, Rannarith was tried in absentia, then was pardoned by Sihanouk. These formalities, to which Japan paid exquisite attention in its mediation, ultimately stabilized the situation in Cambodia.

Two other examples follow a similar pattern. One is the expansion of APEC in 1980–1981. The Australians started out with a proposal to include the nations of the region. Japanese Prime Minister Masayoshi Ōhira played a role in broadening that initiative to include the United States and to expand the framework of APEC generally. In 1997, the Deputy Foreign Minister of Japan, Tanba Minoru, played a key role under the leadership of Prime Minister Hashimoto Ryūtarō in bringing Russia into APEC. Japan again played an important, but low-profile mediating role between various factions. It played off other nations' diplomacy, but nevertheless took an initiative that other nations could not, and did not, readily take. And in general, on issues concerning Russia and the Pacific, Japan has played a subtle but significant leadership role over the past five years.

One major issue for the future remains: does Japan need broad external military or geo-strategic presence in order to give itself leverage for a leadership role? The Cambodian case suggests the importance of some willingness to commit human and material resources. Credibility comes from a willingness to involve oneself directly on the ground in stabilizing the political situation of the region. By sending SDF forces to Cambodia in 1990, Japan added credibility. Of course, Japan's role remains a limited one, subject to constitutional constraints. Whether this will change is an internal matter for Japan to decide. Japan can take more leadership on subjects purely economic than in political-military areas. Supplying 50% of the ODA of the whole region, in economies that are relatively small, creates rather powerful potential leverage, even absent an overseas military role. This mediator-based foreign policy will probably grow stronger in the future.

6 Conclusion

It would most likely be hard for Japan to be a leader in the classical pro-active Western sense within the current structure of Pacific relations, at least for the coming three to five years. Domestic constraints make it hard for Japan to make rapid, decisive pro-active decisions without a geo-political presence. Yet, the Japanese conception of leadership is distinctive. It is a paradigm of leader as conciliator, broker, and behind-the-scenes mediator. In that respect, as demonstrated in the Cambodian case, there is substantial scope for Japan to take a larger role in the future.

There are many forces that propel Japan, ultimately, towards some leadership role in Asia; especially its substantial political-economic stakes, such as high levels of direct foreign investment. Being a trading nation or exporting to Asia and being an investor on the ground are very different propositions. Being an investor on the ground means deep political-economic stakes in the regulatory policy, the taxation, and the evolution of political frameworks in Asian nations. External relationships, including US–Japan ties, and the relationship with the European Union also encourage a more activist Japanese role in Asia.

These external relationships, especially those between Japan and the West, could powerfully affect what future leadership role Japan will play in Asia. Ultimately, Japan's role will flow from an integrated set of political and economic incentives, particularly economic incentives that are deeply related to the stability of the regional system. To the extent that others provide a political security framework or a broad economic framework to stabilize Asia, activist Japanese leadership will appear less important to Japanese. Conversely, in a volatile, turbulent world, particularly one in which other key actors are not responsive to Japanese concerns, a Japan with close to 15% of the global GNP would be driven by very different, and more ambitious, incentives.

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