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JAPAN'S 'NEO-ASIAN' POLICY : A POLITICO-ECONOMIC NECESSITY

Abstract

The end of the Cold War induced Japan to start 'new thinking' about its policy toward the Asia region. Domestic forces mounted pressure and aspired for Japan's 're-Asianization'. The Plaza Accord of 1985, East European recovery in 1989, U.S.-Japan trade frictions and the proximity of Asian booming markets added potentials to Japan's 'neo-Asian' policy. The article examines the indispensability of Japan's relations with Asian countries to meet the political and economic imperatives for making the 21st century the century for Asia. Japan's aspirations for a politico-economic leadership in Asia, it is argued, need to be reinforced by developing confidence building measures among Asian neighbours and allies, and minimizing Asian nations' apprehensions of Japan's militaristic past.

It is often argued that Japan, even after four decades of its independence from American occupation and being able to transform itself into an economic superpower, is yet to graduate itself

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completely into a 'normal country.'¹ However, in recent decades, especially in the post-Cold War period, 'new thinking' with substantive force is emerging in Japan to infuse motivations, to overcome the challenges and to chart out its own and independent role--model in global as well as regional perspective.

Since the end of the World War II, Japan could not develop a regional strategy as it maintained a distant relation with Asia. In the post-Cold War days, however, domestic forces in Japan mounted pressure and aspired for Japan's 're-Asianization.' The Plaza Accord of 1985, East European recovery in 1989, U.S.-Japan trade frictions and the proximity of Asian booming markets added potentials for Japan's 'neo-Asian' policy.

The bubble economy burst in the early 1990s and the recovery never came. Japan suffered in its economy 3rd recession in 10 years. The situation, with the failure to take reformative measures, might even be worse in near future. In the backdrop of present scenario of the economy, how far is Japan capable of playing an independent and active role in world politics? How far is Japan capable of ensuring its prime position in the region of Asia?

Japan is in Asia; Japan is of Asia. Asia is now in the process of exploring a new regional order. Political analysts aspired and leaders realized that Japan, with its great economic potential, participate actively in building an Asian political order. Emphasis was given on Japan's search for an identity, to look back to its root. How can Japan contribute to building a stable political order in the region without going nuclear? How far is Japan capable of cultivating a balanced but harmonious relations with economically and technologically emerging neighbours --- China and South Korea, and with key economic partners in Asia? These are some of the questions that will be addressed in this paper.

1. The explanation follows in the subsequent pages of this article.

Atomic Bombs: Surrender, Subjugation, Pacifism and the Search for Normality

The twin blows of the atomic bomb brought, at the cost of 200,000 non-combatant civilians, the end of the World War II and unconditional surrender of Japan to America. The occupation lasted for six years and eight months (August 1945 to April 1952). The American occupation heralded 'a new industrialists era'² for Japan and aimed at demilitarisation and democratisation of Japan; paved the way for Japanese commitment toward pacifism and liberalism on the ashes of the dreadful and horrific militarism that Japan exhibited during the World War II. The twin objectives—transformation from war culture to a 'culture of peace'-- took no more than two years (1945-1947) to attain. The Americans imposed a democratic constitution; brought land, labour and industrial reforms; demobilized Japan's military; purged many leading militarists and tried war criminals in the International Military Tribunal of the Far East or Martial Court in Tokyo. Most of the accused were condemned to death by hanging or imprisoned for life. After the occupation, American pushed measures for economic recovery of Japan to avoid a perpetual financial burden.

The U.S.-sponsored November 3, 1946 constitution stripped Japan off its authoritarian as well as military character; restrained Japan to develop military and was characterized by the national desire for the pursuit of peace, justice and human rights. The constitution's most profound tenet rested in Article 9 which reads: "Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling disputes with other nations. For the above purpose, land, sea, and air

2. Quoted in John D. Montgomery, *Forced to Be Free: The Artificial Revolution in Germany and Japan* (Chicago, 1957), pp.106-7.

forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized." Japan, by this clause of the constitution, renounced its participation in war, retention of military forces and abandoned the sovereign right of self-defence. The American occupation not only transformed Japan to a liberal democracy but set its foot toward "the reconstruction of a highly centralized, regionally predominant economy."³ The recovery programme of the occupation period injected big pushes for Japan to rise into a global economic power subsequently.⁴ Japan gained independence after signing San Francisco Peace Treaty with members of the Free World on September 8, 1951 and received complete guarantee of its internal and external security from U. S. by signing Japan-U.S. Security Treaty⁵ the same day. Then Prime Minister Shigeru Yoshida made the choice to share 'values' and 'profits' with the United States --- which made "Japan culturally western, politically progressive and democratic, and economically superpower."⁶ The inclination to the West aroused criticisms at home: too pro-West, thoroughly pro-American and subservient to the United States.

The American-imposed Occupation Reforms pushed Japan hard to recover from the ravages of war. Japanese economy gained most during 1950-53 Korean War⁷ and was quick to declare in its 1956

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3. Michael Schaller, *The American Occupation of Japan* (New York : Oxford University Press, 1985), p.51.
 4. For elaborate discussion see, William R. Nester, *Power Across the Pacific: A Diplomatic History of American Relations With Japan* (Hampshire: MacMillan Press Ltd., 1996), pp. 224-260.
 5. Akira Iriye, *The Cold War in Asia* (Engelwood Cliffs, NJ: Prentice Hall, 1974), p.47.
 6. "Values" signify concepts such as freedom, democracy, respect for human rights and the spirit of international cooperation. The term " profits" here means that Japan, in making its choice, tapped into the immense potential of the huge U.S. market and its advanced technologies. See, Shigeru Yoshida, *The Yoshida Memoirs* (Cambridge, Mass: Harvard University Press, 1961), pp.60-195.
 7. The Korean War of 1950-53 helped Japanese economy to be back on track as Japan got the opportunity to meet wartime special procurement of demands. See, Richard B. Finn, *Winners in Peace : MacArthur, Yoshida, and Postwar Japan* (Berkeley, Calif.:

economic white paper that post-War difficult years for Japan had been over. Keeping Japan's security under U.S. care, Japan plunged headlong to achieve economic prowess. In the 1960s, Prime Minister Ikeda's "income-doubling plan" led the country pursue economic growth as nation's top priority. For the next two decades into the 1980s, from the rubble of war to bubble that emanated from Japan's revolutionary progress in all areas of industrial sectors not only surpassed old industrial guards — Europe and America — but threatened as well as shocked them. Economic boom swept Japan in the late 1980s like the "tulip bubble" of Netherlands in the 17th century, and experienced a bubble economy. Japan acquired "peacefully much of the economic power and influence it sought successfully to gain by force of arms in World War II."⁸ Japan graduated to be the second largest economy in the world and entered into the international economic arena: joined the Organization for Economic Cooperation and Development (OECD, 1974), became a founding member of the G-7 (1975). The bubble reached its peak in 1989, a crazy rise in the prices of real estates and stocks, and burst in 1990.

The strategy of economic development that Japan pursued during the four decades since the end of World War II left the country unprepared to deal with the political consequences of new 'economic power' that Japan attained. Following the bubble economy, Japan could not develop political capacity to match with its uncontrollable economic expansion. The signing of U.S.-Japan Security Treaty not only made Japan dependent on U.S. militarily; politically also Japan

University of California Press, 1992), p.268 ; Also see, Jerome Cohen, *Japan's Economy in War and Reconstruction* (Minneapolis: University of Minnesota Press, 1949), p. 425.; Howard Schonberger, *Aftermath of War: Americans and the Remaking of Japan, 1945-1952* (Kent, OH: Kent State University Press, 1989), pp.163-5.

8. Richard P. Cronin, *Japan, the United States and prospects for the Asia-Pacific century* (Institute of Southeast Asian Studies, Singapore; New York: St. Martin's Press, 1992), p.1.

became subservient to the U.S. The dependent mentality that Japan developed since the American occupation after World War II wrecked Japan's ability to exert its own opinion on international issues and thus relegated its position to a protégé of America.⁹ Taking lead always from America and being accustomed to say 'yes' on every issues, Japan lost its capacity to say 'No.'¹⁰ The 50 years since the signing of the San Francisco Peace Treaty, as the voice is raised by hardliner rightist politician Shintaro Ishihara, is treated as "a period of lost identity for Japan as a state."¹¹ The Japanese people, since the signing "embraced a strong sense of dependency;" dependency for her security, more widely to say, the strategy of "one-country pacifism"¹² exposed Japan's vulnerability explicitly during the Persian Gulf War of 1991 as a world power which the critics castigated Japan yet to be a "normal country."¹³ Aftermath developments in Japanese security policy are less remarkable to fit Japan to the definition of a normal country; even, more than a decade later too, a recent Japanese diplomatic overture with China was captioned as "Japan Remains Very Abnormal."¹⁴

Japan's striving for normality is gaining ground now-a-days; Tokyo poised to attain strength not only on military side; diplomatic postures, besides economic might, have become more reflective toward her search to attain the status of a normal country. Although the significant world events in late 1980s --- the collapse of the

9. Yoichi Funabashi, "Japan and the New World Order," *Foreign Affairs*, Vol.70, No.5, 1991, p.63.

10. Shintaro Ishihara, *The Japan That Can Say No* (English Language edition) New York: Simon and Schuster, 1991.

11. See, the interview of Shintaro Ishihara in *The Daily Yomiuri*, <<http://www.yomiuri.co.jp/ties/ties026.htm>> (accessed August 25, 2002).

12. See, Bhubhinder Singh, "Japan's Post-Cold War Security Policy: Bringing Back the Normal State," *Contemporary Southeast Asia*, Vol.24, No.1, April 2002, pp.82-105.

13. Funabashi Yoichi, "Japan's Unfinished Success Story," *Japan Quarterly*, October--December 2001, p.15; Also see, Bill Powell, "The End of the Cocoon," *Newsweek*, July 11, 1994, p.11.

14. Gregory Clerk, "Japan remains very abnormal," *The Japan Times*, June 15, 2002, p. 18.

Soviet Union, the end of the Cold War and the Persian Gulf War (1991) --- added incentives to Japan's aspiration for normality but hurdles on the road have been powerful. The culture of anti-militarism which emanated from the Peace Constitution is so deeply entrenched in Japan¹⁵ that any fundamental transformation in Japan's strategic role looks unlikely in the foreseeable future. Moreover, reinterpretation of Article 9 of the Constitution on the role of SDF and resultant limit on defence spending are highly propped up by Japanese adherence to three non-nuclear principles -- to not possess, make or allow nuclear weapons.

Amid probable threats on her security from Russia, North Korea and the emerging military power of China, voices at home in Japan are gaining strength to go beyond one-country pacifism and to abandon its non-nuclear status, and to be treated as a normal nation.¹⁶ The uproar is there too to come out of U.S. security umbrella and also to revise the Japan--U.S. Status of Forces Agreement. Tokyo's governor Shintaro Ishihara is critical of Japan's subordinate role to U.S.A. His voice depicts the other way that without bases in Japan, it is impossible for the U.S.A. to carry out its global interests.¹⁷ That explain the fact that Japan is in the position of a benefactor to the United States. Ishihara's nationalist stance adds strength to Junichiro Koizumi's 'new nationalism.'¹⁸

15. Peter J. Katzenstain, *Cultural Norms and National Security: Police and Military in Postwar Japan* (Ithaca: Cornell University Press, 1996), p.108.

16. Shingo Nishimura, the deputy defense chief created an uproar in 1999 when he advocated nuclear weapons for Japan. See, "Japan's deputy defense chief forced to resign," *Straits Times*, October 21, 1999, p.23.

17. Ishihara, *ibid*.

18. Koizumi's new nationalism includes: economic prosperity, structural reforms, entrepreneurial business culture, a more open economy, and a desire to see Japan take steps to convert its economic strengths into political and military power. See Scott B. MacDonald and Jonathan Lemco, "Japan's Slow-Moving Economic Avalanche," *Current History*, April 2002, p. 176.

Koizumi's ascendancy to power in April 2001 suggests that Japan may become more assertive and less subordinate to the U.S. in the near future. He seeks a more active role for Japan in its security alliance with America, including an explicit commitment to come to America's aid in the event of an attack on its forces in the region. That needs an amendment of Japan's war-renouncing constitution along with a reinterpretation of the role of Self-Defense Forces that will allow Japan to have an army to take part in collective security arrangements in place of present SDF. Such an attempt will not only enrage people at home but will also invite loud protests from neighbours like Korea and China which "has to be handled with tact, and humility, and in parallel with renewed efforts to convince its neighbours of its penitence."¹⁹

Koizumi's desire to ease the constitutional shackles on Japan's "defense forces" and his apparent sympathy for a number of rightwing causes in Japan may be harbingers of a new political order. The stakes in the pursuit, as mentioned before, are no less forceful. The 50-year's security blanket made Japan militarily and politically very dependent on the United States. Though the security threat from the Soviet Union--- now Russia---- is now over and Koizumi's visit on September 17, 2002 to North Korea attempted to normalize relation with the Stalinist regime, Japan is still worried about China and continues its relationship of strategic military dependency on the United States. The moderate and cautious voice in Japan adheres to work within the framework of the Japan-U.S. security arrangements and to revise, "if necessary, the unreasonable provisions of the

19. *The Economist*, May 19, 2001. The repetitive visits to Yasukuni shrine by the Head of the government are to be avoided and the contents of Japanese history textbooks need to be revised to assure the neighbours—China and South Korea—of Japan's commitment to non-militarism. See, Kiroku HANAI, "Build alternative to Yasukuni," *The Japan Times*, August 27, 2002, p.19.

Japan—U.S. Status of Forces Agreement rather than immediately revising the agreement itself.”²⁰

Japan's role in the 1991 Persian Gulf War faced criticism in the international community and its failure to show the Hinomaru flag while Japan's Maritime Self-Defence Force joined for minesweeping operations in Kuwait signalled again that Japan has yet to transform into a 'normal country.' It became evident that years of chequebook diplomacy have brought few political dividends for Japan. The world's second largest economy is still not in sight of winning a permanent seat in the United Nations Security Council. Subsequently Japan became more prudent to involve her in more global power-sharing (which include burden-sharing too) by taking part in U.N. sponsored international peacekeeping. The motivation prompted Tokyo to send 1800 troops to Cambodia as part of the U.N. sponsored peacekeeping force in 1992. The move enabled Japan to abandon its "global civilian power" status and to bolster its credentials as a good global citizen. Subsequent deployment of peacekeepers to Mozambique, Rwanda, East Timor appeased "those critics who say that Tokyo does not 'sweet' and does not contribute to security burden sharing."²¹ After a decade Tokyo's sending of its SDF to Afghanistan "showing up its flag"²² to provide logistic supports to U.S. forces as well as to take part in the rehabilitation work of post-U.S. military devastation there reinforced its military commitment to regional and international security and upgraded its

20. See, the interview of former Prime Minister Yasuhiro Nakasone in *The Daily YOMIURI*, August 25, 2002.

21. Paulo Gorjao, "Japan's Foreign Policy and East Timor, 1975--2002," *Asian Survey*, Vol. XLII, No.5, September/October 2002, p.770; Also see, Aurelia George Mulgan, "Japan's Participation in U.N. Peacekeeping Operations," *Asian Survey*, Vol. 33, No.6, June 1993, p.561.

22. Following the terrorist attack at World Trade Centre and the Pentagon on September 11, 2001, U.S. Deputy Secretary of State Richard Armitage asked Japan to "fly the flag" this time to contribute to U.S. retaliatory strikes for the terrorist attack. See, *The International Herald Tribune*, September 19, 2001, p.21.

international pretensions as a major power. Koizumi administration also dispatched December 2002 Aegis destroyer i.e. a high-tech warship of high-tech intelligence gathering capabilities to the Indian Ocean to support U.S.-led anti-terrorism operations in Afghanistan. With this decision, Japan has involved itself in a collective military operation which the country's constitution prohibits. But the decision, no doubt, has raised significantly Japan's military profile.²³ Japan also came up with its independent posture to figure out a course of relation with North Korea and "to reshape the history of confrontation between North Korea and the outside world." The incremental step Japan pursued as an independent and mature actor in international as well as regional affairs, no doubt, fulfilled the obligations of being a normal country.

Koizumi's visit to North Korea "reflected a rare moment of clear diplomatic assertiveness by a Japan that traditionally hews closely to its main ally, the United States, especially those involving security questions." No doubt, Japan's initiative to melt down North's frost-bitten relations with Japan was quite reflective of Tokyo's 'creative and enlightened diplomacy.' Japan's geographical location leaves less freedom of manoeuvre in military security than in aid and trade. Keeping this perception in sight, Japan's 'quiet diplomacy' of presenting "an East Asian security vision including the realization of six-party talks among Japan, North and South Korea, the United States, China and Russia" seems more practical.²⁴ Koizumi's initiative of charting an independent diplomatic stance sounded the

23. "Controversial Aegis Dispatch," *The Japan Times*, December 7, 2002, p.18. Foreign Minister Yoriko Kawaguchi proposed, in an article, the Self-Defense Forces take part in multi-lateral operations approved by the U.N. Security Council. See, *The Ashahi Shimbun*, February 15, 2003, p.1; Also see, *Time*, January 27, 2003, pp.24-25.

24. See, <http://www.yomiuri.co.jp/news/20020903wo4i.htm> (accessed September 9, 2003).

end of "world of gokko"²⁵ that Japan developed during the post-War years, and signalled Japan's step toward becoming a normal state.

Japan, emerging from the rubble of war, no doubt, attained economic miracle of rapid growth throughout the period from 1952 to late 1980s. The oil shock of 1973-74 brought a slow growth for Japan; nonetheless, Japan maintained the highest growth, and lowest inflation, among G7 economies and therefore, the late 1980s was for Japan, a time of economic euphoria.²⁶ The surging pace of Japanese investment in America was mused as the United States was "rapidly becoming a colony of Japan." The 1980s mighty economic strength signalled that Japan was coming out from under the U.S. umbrella. Unlike in 1951, when Japan was the little brother, it seemed likely to become an equal partner with the United States. The aftermath of the bubble in the 1990s stagnated Japan's economy²⁷ and recovery never came. Japan is already suffering its third recession in 10 years. It is apprehended it might experience even a worse one in near future.²⁸ The gravity of the situation could be well gauged while former Finance Minister Kichi Miyazawa testified before the parliament that the government's finances were close to a "catastrophic situation." This situation, obviously, will continue to hamper Japan's capacity

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25. The expression "world of gokko" was used by Jun Eto to describe where people lose their sense of reality. Eto had the impression that Japan and its people were living in a world of gokko in the post-War years that developed by the cushion of the United States. By incremental steps, Japan is coming out of the 'world of gokko' and stepping to be an independent state. See, Jun Eto, "When the World of Gokko is Over," the monthly magazine *Shokun*, January 1970.
 26. Kazuo Sato, "From fast to last: the Japanese economy in the 1990s," *Journal of Asian Economies* 13 (2002) 213-35; Also see, Ezra F. Vogel, "Japan as Number One in Asia," in Gerald L. Curtis (ed.) *The United States, Japan, and Asia* (New York: W.W. Norton and Company, 1994), p. 177.
 27. See the challenges of Japanese economy in, Scott B. MacDonald and Jonathan Lemco, *op.cit.*, pp.173-74.
 28. The protected economy of Japan failed to meet the challenges appeared with the end of the bubble, See, M. Diana Helweg, "Japan: A Rising Sun?" , *Foreign Affairs*, July/August 2000, pp.26—39. To know about the forces that work against reforms vital to Japan's future economic recovery, see, Aurelia George Mulgan, "Japan: A Setting Sun?" *Foreign Affairs*, July/August 2000, pp. 40-51.

to play an effective, independent international role. The present flagging state of Japan's economy, as described "Japan disease,"²⁹ has become alarming for world economies too. On the contrary, the United States, driven by economic reforms and high technology has surged ahead in the 1990s. It has become no.1 militarily, economically, technologically, culturally and in terms of financial markets. Consequently an imbalance in political and military power is visible between Japan and the U.S. Moreover, presence of so much bindings and so much interconnectedness between Japan and the U.S.A. allow Japan not to say no. "It is like a marriage entered into reluctantly. The marriage has to be preserved, but it is not a 100 percent happy marriage. Moreover, it was a marriage made for the conqueror --- that always gives rise to ambivalent psychological and mental conditions."³⁰

Koizumi's reform plans to salvage Japan's zombie economy³¹ was lastly handed over with enough power to, whom media pundits fashionably called Japan's first "economic czar" Economics Minister Heizo Takenaka. What was stunning was that Takenaka had to shelve his action plan in the face of formidable resistance from the entrenched forces which could be seen as conglomeration of ` triad of elite bureaucracy, political parties and big business.³² This is quite reflective of Alex Kerr's accounts when he laments, in his book, *Dogs and Demons: Tales From the Dark Side of Japan*, Japan's slump and Tokyo's inept response; he laments how, in the

29. The term "Japan disease" coined by William Pesek Jr. has been described as a business culture that worsens and cannot recover. See, William Pesek Jr. , "How will others attack 'Japan disease' symptoms," *International Herald Tribune* , October 16, 2002, p.B2.

30. See, the interview of Yale University's Prof. Paul Kennedy in *The Daily Yomiuri*, August 25, 2002.

31. The zombie economy is characterized as such when businesses remain alive when they should have died long ago. See, *Fortune*, September 30, 2002, p.68; Also see, *Newsweek* ,October 14, 2002, pp.40-43.

32. "LDP bigwigs slam Takenaka's bad-loan plan," *The Japan Times*, October 28, 2002, p.2.

words of William Pesek Jr., politicians have damaged³³ a country Kerr loves. Koizumi's much talk "reform without sacred cows" and "no reform, no recovery" bogged down to Tokyo's political gridlock.³⁴

The irritations in Japan-U.S. relationship became more figurative from the dawn of 1990s. The relationship tended to be increasingly acrimonious; it was filled with, friction, resentment and mutual recrimination. But the leadership of the two countries exhibited greater patience to each other, did not allow to jeopardize the strategic relationship that Japan and U.S. harboured since signing of San Francisco Peace Treaty. It is quite understandable that the two most powerful economies of the world "have a special responsibility to work together to address the planet's most pressing problems."³⁵ Close ties between these two nations are of immense importance to attain "global peace, stability and growth." It is, therefore, imperative for the two nations to work together on equal footing³⁶ leaving aside, as Holbrooke suggested, junior-senior partnership. It is more imperative for Japan and U.S. to remain ally, to remain within security alliance in the event of North Korea's recent admission that it is toying with nuclear weapons.

Given Japan's location in the vicinity of two nuclear powers - China and Russia --- as well as North Korea, which is suspected of having nuclear arms, it remains imperative for Japan to ensure the safety of its people under the U.S. nuclear umbrella. A break in the U.S.-Japan security relationship would not only create instability in the region, but might produce instability in Japan itself, since it would force Japan to confront security issues that it has been able to

33. See, *The Japan Times*, , October 28, 2002, p.13.

34. See, *Newsweek*, October 14, 2002, p.41.

35. Richard Holbrooke, "Japan and the United States: Ending the Unequal Partnership," *Foreign Affairs*, , winter 1991/1992, p.41.

36. Funabashi advocated a "supportive leadership" for Japan in its relation with the U.S. to counter global threats. See, Funabashi (1991), *op.cit.*, p.67.

avoid due to the presence of the U.S. nuclear umbrella.³⁷ Curtis came with his argument that Japanese interests would never be better served by breaking Japan's alliance with the United States.³⁸ Former Prime Minister Yasuhiro Nakasone echoed, even after a decade too, the observation of Curtis that "there can be no room in the foreseeable future for changing the framework of the Japan—U.S. security arrangements that allows the United States to have military installations in Japan."³⁹ North Korea's nuclear weapons and missile programmes pose a serious security threat not only to Japan but to all of East Asia.⁴⁰ In such a context, Koizumi's readiness to work in close cooperation with U.S.A. to pressurise North Korea to dismantle its nuclear arms programme seemed more propitious. America's presence in Korean peninsula as well as continuation of Japan—U.S. security alliance are needed to combat greatest threat to the region's security. It is fair to admit that the United States is the only nation that could play the leading role in coping with North Korea's military build up and Japan-U.S. alliance needs to be firmly maintained in the backdrop of great changes in the global situation.⁴¹

New Directions of Japan's Asia Policy : Political and Economic Dimensions

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37. Thomas L. McNaughter, "U.S. Military Forces in East Asia : The Case for Long-Term Engagement," in Gerald L. Curtis (ed.) *The United States, Japan and Asia* (New York : W. W. Norton and Company, 1994) , pp. 192-193.
 38. Gerald L. Curtis, "Meeting the Challenge of Japan in Asia," in Curtis (ed.), *ibid*, pp.228-29.
 39. See, the Interview of Nakasone, *op. cit.*; The lonely voice of Ishihara argues Japan should come out of U.S. security umbrella and develop its own security system.
 40. North Korea launched a suspected missile over Japan on August 31, 1998. Japan's security is also threatened by North Korean spy boats intruding into Japanese waters. North Korea's Rodong medium-range missiles pose a direct threat to Japan as the entire nation lies within their range. More importantly, North Korea's deployment of Taepodong long-range missiles and its suspected nuclear arms-development program pose greatest threat to East Asia's security as well as to the security of American soldiers stationed in Korean Peninsula.
 41. For a deeper understanding of significance of U.S.--Japan alliance, see, Stephen K. Vogel (ed.), *U.S.-Japan Relations in a Changing World* (Washington , D.C.: Brookings Institutions Press, 2002) ,286pp.

Japan's Americanisation is the by-product of history. Japan's defeat, surrender and occupation by America in the WWII forced an isolation for Japan (1945-52) from the rest of the world, and more particularly from its Asian neighbours. The exclusive and only interactions of Japanese with Americans during the occupation period left a lasting impact on them to be more pro-American. The close and continuous interactions with Americans, even after the occupation period, integrated Japanese with a great many features of western democracy, life style, business services, pop culture and so on. The impetus for economic recovery and expansion, in addition, intertwined Japan with the West, more specifically with America; consequently Japan drifted apart from the East, developed an isolation with Asia.

Japan's post-War policy of economic nationalism as well as inner dynamics of world politics in the Cold War era acted as prime inhibitors for Japan to look back to Asia. Notwithstanding such deterrents, the mercantilist policy of Japan drove her to extend business interests to Asian countries --- mainly to South Korea and Taiwan in 1960s, and to Southeast Asian countries --- Thailand, Indonesia, Malaysia and the Philippines in 1970s. The aggressive and neo-colonial pattern of Japanese business in Southeast Asian countries got a short-shrift with the outbreak of anti-Japanese riot when Prime Minister Tanaka visited Southeast Asia in 1974. Japanese government took cautious measures to reduce local irritations and Prime Minister Fukuda assured ASEAN countries of Japan's non-military commitment in August 1977, promised to promote 'heart to heart'⁴² understanding with the ASEAN countries. He also promised substantial assistance for the development of a major industrial project in each of the five member states.

42. See, Ezra F. Vogel, *op.cit.*, p.166; Also see, Wolf Mendl, *Japan's Asia Policy : Regional security and global interests* (London: Routledge , 1995) , p.228.

In 1980s Japanese investment had a robust expansion in Southeast Asian countries.⁴³ The Plaza Accord of 1985 that resulted in the rapid rise in the value of the yen accelerated a massive relocation of Japanese factories to Thailand, Malaysia, Indonesia and to a lesser extent to the Philippines producing for the world market. The strategy worked, no doubt, successfully to meet the demands of both ends.⁴⁴ Besides expanded volume of trade and investment, a large chunk of Japanese ODA (ODA includes grant assistance, technical cooperation, loans --- tied and untied) in the 1980s came as a big push to Asian countries --- particularly in East and Southeast Asia. Even in the wake of Asian financial crisis in 1997, Japan's aid in the region strengthened. The share of Japanese ODA reached its peak (60%) in the 1990s not only to East and Southeast Asian countries --- Indonesia, Singapore, the Philippines, Malaysia, Thailand and China, but also to Bangladesh,⁴⁵ a developing country of South Asia. Japanese government boastfully claim that the prosperity of Asia's "miracle economies" were dependent on Japanese ODA.

Since it is in the nature of the Japanese state, there exists close ties between the government and big business, ODA provided the major link between Japanese business and Japanese government "in constructing a strong and stable regional economy and production alliance."⁴⁶ In a sense Japanese foreign aid provided the core element

43. Japanese firms invested in the countries of ASEAN in 1980 roughly not much less than \$ 7 billion; the investment rose to \$ 15 billion in 1986 and it soared at \$ 23 billion by 1989. The figures are quoted in Stephen W. Bosworth, "The United States and Asia," *Foreign Affairs*, Vol. 71, No.1, 1991-92, pp.119-20.

44. The strategy was known as "hollowing out" one. Japanese companies were facing high labor costs at home and ASEAN countries were seeking foreign industrial investment with chief labor and other appropriate facilities.

45. Ministry of Foreign Affairs (MOFA), Government of Japan, *ODA Annual Report (1992-99)*.

46. See, Walter Hatch and Kozo Yamamura, *Asia in Japan's Embrace: Building a Regional Production Alliance* (Cambridge: Cambridge University Press, 1997), pp.115-29.

of "the country's economic regionalization strategy in the 1990s."⁴⁷ Japan, even with its stagnant economy in the 21st century, tops the list in Asia, doling out 57 percent of the region's total official development assistance. Japan is planning to bring a qualitative change in its ODA policy in making funds available for trouble spots mostly centering the countries in Asia in peace-building as well as on debt forgiveness to heavily indebted poor countries.⁴⁸

In the early stages Japanese foreign aid was mercantilist in nature. Since the mid-1980s Japanese aid behaviour earned the reputation of being untied. In the latter half of 1990s, Japan reverted to old ways of tying its foreign aid. It appears, Japan's foreign aid behaviour, in the advent of the 21st century, bears two trends; one is neo-mercantilist, profit seeking and the other is humanitarian, people-centered and welfare-oriented. The first one is guided by 'earning strategy' while the second one is led by 'spending strategy'. To accommodate the changes of the aftermath of the Cold War and to respond to the needs of global economies, the two trends, as explained,⁴⁹ co-exist in Japanese foreign aid pattern.

As Japan's economic growth led to a surge, Japan solidified its position as the largest provider of foreign aid to Asian countries. Japan channelled half of its total aid as "economic cooperation" to

47. Saori N. Katada, "Japan's Two-Track Aid Approach," *Asian Survey*, Vol. XLII, No.2, March/April 2002, p.335.

48. In making ODA available to play peace-broker role in Indonesia's Ache province, in war-torn Afghanistan, in conflict-ridden Southern Mindano region of the Philippines, in Sri Lanka and its announcement to forgive upto 900 billion yen in ODA loans to countries that include Bangladesh, Myanmar and Ghana, Japan is now set to bring a qualitative change in its foreign aid behavior. See, *The Japan Times*, December 17, 2002, p.3; Also see, "Japan's Assistance Package for Afghanistan", July 26, 2002, <<http://www.mofa.go.jp/announce/2002/7/0726-2.htm>> (accessed August 13, 2002)..

49. See, Saori N. Kanada, *ibid*, pp.320-42; Also see, Ming Wang, "Spending Strategies in World Politics: How Japan Has Used Its Economic Power in the Past Decade," *International Studies Quarterly*, Vol. 39, March 1995, pp. 85-108 and Keiko Hirata, "New Challenges to Japan's Aid: An Analysis of Aid Policy-Making," *Pacific Affairs*, Vol. 71, No.3, Fall 1998, p.33.

relatively well off Southeast Asian countries and grant aid to poor countries of South Asia which could be counted as expansion of Japanese power and influence. In the 1980s, Japan managed to leverage its economic might and become pre-eminent in Asia. As the post-war constitution imposed restriction on its military, Japan used its economic diplomacy to resolve global problems, becoming something like an Asian Switzerland. With the growing economic strength Japanese thinkers were whispering that "the twenty first century would be the Asian century, with Japan at the helm; that the yen would become Asia's currency."⁵⁰ No doubt, Japan grew faster in the post-war years than any other modern economy. People in Asia followed Japanese model of development and techniques of economy management. Asia became increasingly Japan's industrial backyard (Malaysia, Thailand, Indonesia; South Korea, Taiwan are the examples), and Japanese ODA helped accelerate economic growth in some of Asian countries.

Japan's Asia connection proceeded on a varying scale since Japan freed from American occupation and attained freedom to develop its own foreign relations in 1952. Economic motivations, commercial gains and mercantile interests dictated primarily and fundamentally its nexus with the countries of Asia. Not to talk of the days of Japan's American occupation and the Cold War, even before that from the Meiji period too, Japan sought to be inclined with the West.⁵¹ The record shows that going together with the West, principally with the U.S.A. was not comfortable both politically and economically. The unhappy marriage tilted Japan, to a certain extent, toward Asia, to its Asian roots. Such a context with Asian countries,

50 . See, Kristen Nordhaug, "The Political Economy of the Dollar and the Yen in East Asia," *Journal of Contemporary Asia*, Vol. 32, No.3, 2002, pp.529-31; Also see, William Pesek Jr., "Asia looks for alternative to dollar," *International Herald Tribune*, October 17, 2002, p.B2.

51. In the early Meiji period, Fukuzawa Yukichi advocated *datsu A* , forgetting about Asia to catch up with the civilized West.

Japan initially and unguardedly horrified, of course not by shooting war (which Japan cannot opt for because of its peace constitution) but by domestic mercantile interest--stimulated trade war. Japanese government's prompt readiness to quell South Asians' riotous outburst in 1974, subsequent cautious and effective policy manoeuvrings from Fukuda's "heart to heart" relations with ASEAN in 1977 to Miyazawa's 1993 enhanced regionalism paid Japan substantially to repair its longstanding animosities with ASEAN countries. Japan, no doubt, seized the opportunity that followed with the decline of U.S. interests in the region in mid-1970s, to step up its involvement through the use of aid and foreign direct investment, and trade.

The post-Plaza Accord wave of Japanese investment in East and Southeast Asia in the late 1980s and early 1990s led miracle growth in the economies of the regions. The post-Second World War phenomenon --- Japan's `free ride` on defense from America, unrestricted access of Japanese goods to the vast American market, the compulsions of the Cold War period ----were conspicuous in distancing Japan from Asia. As security threats in Asia waned substantially with the end of the Cold War, political pluralism developed in much of Asia, economic power of Asian nations increased enormously --- all leading to the rise of "neo-Asianism" and "an Asian renaissance"⁵² which Yoichi Funabashi, eminent Japanese scholar called in 1993 "an Asian consciousness and identity."⁵³ Even before that influential Japanese business leader like Yotari Kobayashi gave a call for Japan's "re-Asianization."⁵⁴

52. Anwar Ibrahim, *The Asian Renaissance* (Singapore: Times Books International, 1997); Also see, Richard Higgott and Richard Stubbs, "Competing Conceptions of Economic Regionalism: APEC Versus EAEC in the Asia Pacific," *Review of International Political Economy*, Vol.2, No.3, Summer 1995, pp.530-31.

53. Yoichi Funabashi, "The Asianization of Asia," *Foreign Affairs*, Vol.72, November/December 1993, pp.75-85.

54. Yotari Kobayashi, "Japan's Need for Re-Asianization," *Foresight*, April 1991.

Kobayashi's call gained ground; Funabashi's perception became more apparent when Japan started to search its identity in her "neo-Asian"⁵⁵ policy.

Japan found that it could ill afford to remain away from Asia's growing global economic weight. Japan made its presence remarkable to Asian economies with huge investment capital. In addition, Japan, in the 1970s, began to assume more of the burden of regional development assistance. Through the period from 1980s to 1990s Japanese aid flows to Asian nations reached its peak. Japan reoriented its economic policy to respond to what Peter Katzenstein called "Asian regionalism."⁵⁶ Of course, there were reciprocity from the growing economies of East and Southeast Asian economies, not to talk of developing economies of South Asia,⁵⁷ to welcome Japan's economic penetration in the regions. Malaysia's proposal for the creation of a regional economic block --- East Asian Economic Caucus (EAEC) in 1981 which was re-versioned as East Asian Economic Grouping (EAEG) in 1990 that would exclude all non-Asian nations and be dominated by Japan marked a significant move toward Japan's regional acceptability. Growing ASEAN economies as well as booming consumer markets through out the region lured Japan to shift its economic focus substantially to Asia to be a part of rising wave of 'neo-Asianism.' Mahathir's comments "*as we approach the year 2000, it is our hope that Japan will initiate changes in its policies that will effectively bring about an enhanced political, socio-cultural role in not only the Southeast Asia region*

55. See, Nobuyuki OISHI, "Emergence of neo-Asianism reflects Japan's identity search," *The Nikkei Weekly*, January 17, 1994; Also see, Kazuo Ogura, "A Call for a New Concept of Asia," *Japan Echo*, Vol. 20, No. 3, Autumn 1993, pp. 37-44.

56. Peter J. Katzenstein, "Regionalism in Asia," *New Political Economy*, Vol. 5, No. 3, November 2000, p. 361.

57. Gyasuddin Molla, "Japan's Response to Changing Needs of South Asia," *Asian Profile*, Vol. 24, No. 5, October 1996.

but also in the global context,"⁵⁸ were quite illustrative of the enhanced willingness of ASEAN countries to allow Japan to play a greater role in the economic sphere.⁵⁹

In the backdrop of the slower pace of ASEAN integration,⁶⁰ lack of dynamism in ASEAN, failure to overcome the crisis of identity in ASEAN and the lingering effects of the Asian crisis, the institutionalisation of the ASEAN Plus Three (APT) i.e. 10 members of ASEAN and the three Northeast Asian states --- China, Japan and South Korea -- has taken shape over the last few years.⁶¹ APT process has opened option for Japan to be integrated to the "rising sense of East Asian identity,"⁶² to contribute to community building in East Asia and has paved avenue to flourish its ' neo- Asian' policy contributing to the East Asian economic co-operation. Of course, Japan's regional strategy " must not be confined to---East Asia ;--- its objective must be to keep the region (Asia) open, peaceful and democratic."⁶³ Japan's economic leadership in Asia though receives better appreciation from Thailand, Malaysia and Indonesia but is equally challenged by the swift and

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58. B. A. Hamzah, "ASEAN and the Remilitarisation of Japan: Challenges or Opportunities," *Indonesian Quarterly*, Vol.19, No.2, 1991,p. 159.
59. Bhubhinder Singh, "ASEAN's Perceptions of Japan: Change and Continuity," *Asian Survey*, Vol.XLII,No.2, March/April 2002, pp.277-296.
60. Zainal-Abidin Mahani, "ASEAN Integration: At Risk of Going Different Directions," *The World Economy*, Vol. 25, No. 9, September 2002, pp.1263-1277.
61. APT started taking its foothold in the second half of 1995 and took a shape, of course, informal in 1997. Since then APT has been successfully placating East Asian regional cooperation. See, Richard Stubbs, "ASEAN Plus Three: Emerging East Asian Regionalism?,"*Asian Survey*, Vol.XLII, No.3, May/June 2002, pp.440-455.
62. Simon Tay, "ASEAN Plus Three: Challenges and Cautions about a New Regionalism" (paper presented at the 15th Asia-Pacific Roundtable, Kuala Lumpur, June 2001); The importance of APT has heightened in the face of ASEAN Regional Forum's (ARF) inability (often referred as talk shop) to provide practical solutions to the regions security problems. See, John Garofano, "Power, Institutions, and the ASEAN Regional Forum: A Security Community for Asia?," *Asian Survey*, Vol.XLII, No.3, May/June 2002, pp.502-21. Also see, Mely Caballero-Anthony, "Partnership for Peace in Asia: ASEAN, the ARF, and the United States," *Contemporary Southeast Asia*, Vol.24, No.3. December 2002, pp. 539-40.
63. Funabashi (1991), *op.cit* , p. 69.

robust growth of China's burgeoning economy.⁶⁴ China's membership of WTO and Free Trade Agreement (FTA) with ASEAN pose further competition to Japan's pre-eminence in Asia. Japan needs to be articulative to enmesh China⁶⁵ --- the growing economy of Asia---by promoting bilateral and regional partnerships to satisfy the imperative needs--- political and economic --- of Japan's 'neo- Asian' policy and that would be an unambiguous plus for most of the rest of Asia.

The fundamentals of new economic interests unveiled scope for a Japanese strategy in Asia to seize a leadership role in Asia's economic dynamism. Japan by making huge investments to establish production networks across Asia provided leadership for region-wide integration of economies in Asia vis-à-vis gained unprecedented rise in its size of foreign investment to be the largest creditor in the world. The new investment patterns required economic intimacy with other peoples which led the Japanese to think of the new era of internationalisation. Japan in view of its aloofness from Asia for four decades faced the challenge of achieving a closer relationship with Asia during this period of internationalisation. Economic imperatives changed this situation and Japanese interest in the development of other Asian economies dramatically increased.

It was difficult for Japan to exert political leadership in Asia because of the legacy of World War II. Asian leaders found with suspicion any Japanese move to assume regional leadership role. Lee Kuan Yew, Singapore former Prime Minister echoed Asian sentiment this way: "*My generation and that of my elders cannot*

64. Clay Chandler, "As China becomes the Workshop of the World, where does that leave the rest of Asia?," *Fortune*, Vol.147, No.1, January 2003, pp. 46-52; Also see, Alan Wheatley, "As China rumbles on, rests of Asia fights back," *The Daily Yomiuri*, January 22, 2003, p. 9 and *The Japan Times*, December 26, 2002, p. 18.

65. Qingxin Ken Wang, "Recent Japanese Economic Diplomacy in China: Political Alignment in a Changing World Order," *Asian Survey*, Vol.XXXIII, No.6, June 1993, pp. 625-41.

forget (the Japanese WW II occupation) as long as we live. We can forgive but we are unlikely to forget,"⁶⁶ Most Asian leaders remained wary of Japan's initiative of taking lead in Asia as they feared Japan's hegemony. Asian leaders recalled the dreadful atrocities of Japanese aggression in the second World War. The thorny issue stemmed from Japan's failure " to face up its past colonization of Korea, invasion of China, domination over Southeast Asia and guilt for war crimes --- and its feeble effort to educate its people about this history."⁶⁷ The memories of World War II were more vivid and stronger among Japan's East Asian neighbours --- particularly among two Korea and China⁶⁸--- legacy of which inhibits Japan from exercising leadership in Asia. In midst of such mistrust and resentment Japan started to develop economic co-operation with the countries of Asia. As Japan became Asia's number one economy, Asian countries looked increasingly to Japan for support to attain economic development. Japan's economic power came with political influence too.

Although Japan's participation in the economic sphere was welcomed, Japan's reluctance to come adequately to terms with its own past helped generate deep suspicion and mistrust all over Asia and regional leaders were "apprehensive" about how Japan would employ its economic power in the region. As the Cold War ended, the demands from war-time "comfort women" and prisoners of war became figurative; controversial description of war-time history in Japanese junior high school text books and Japanese Prime Ministers' visit to Yasukuni shrine raised rage in both neighbours ---

66. Chin Kin Wah, "Regional Perceptions of China and Japan," in Chandran Jeshurun (ed.), *China, India, Japan, and the Security of Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1993), p.11.

67. Funabashi, (1991), *op.cit* , p.71.

68. In World War II, Japan used China as a lab for terrifying biological and chemical warfare experiments. After years of denial, Japan is slowly making amends. See, Matthew Forney Harbin and Velisarios Kattoulas, " Back Death," *Time* , September 9, 2002, p. 14-16.

South Korea and China. Following Prime Minister Junichiro Koizumi's visit to the shrine in August 23, 2001, South Korea's former Foreign Minister Han Sung, Joo said, "The Japanese question has yet to be settled in Asia. Allies and friendly countries change but neighbouring countries don't."⁶⁹ Koizumi's first visit was followed by two successive visits---April 21, 2002 and January 14, 2003 --- which rekindled the portrait of Japan's war-time militarism to South Korea and China, and reinforced two neighbours' apprehension of 'Japan's lack of true remorse over the war.'⁷⁰ The shrine, no doubt, represents a potent symbol for nationalism; but what is of most concern, as Funabashi observed, "Japan's new nationalistic thrusts, though still amorphous, may gather momentum and run a dangerous course if not soon checked and redressed."⁷¹ Considering the political and historical implications of Head of government's visit to the shrine, the Yasukuni controversy should be over; otherwise it will remain "an albatross around the neck of Japan's relations with South Korea and China."⁷² It is, of course, a fact that memories of World War II are less and less acute among new generations of Asian leaders. The voices that were critical of Japan's participation in Asian political and security affairs are becoming softer now-a-days. Time appears to be the best healer. Admittance of, and taking responsibility for, war affairs by recent government leaders in Japan helped improve image of Japan among Asian allies. Japanese leaders realized need for Japan's active participation in building an Asian political order. They stressed that Japanese must develop new and

69. Quoted in Funabahi (2001), *op.cit.*, p. 16.

70. "Jury out over Koizumi's surprise visit to Yasukuni Shrine," *Mainichi Shimbun*, see, <<http://mdn.mainichi.co.jp/politics/0204/0423shrine.html>> (accessed September 5, 2002).

71. Funabashi (1991), *op.cit.*, p.71; The enactment of the national flag and national anthem law in 1991 promoted growing nationalism in Japan. To understand the emerging thrust of Japan's new nationalism, see, Shintaro Ishihara, "In 50 years, Japan has never known true independence: Scrap the Constitution," *Newsweek*, December 9, 2002, p.28; Also see, *The Economist*, May 19, 2001, pp.16-17 and pp. 29- 30.

72. "Putting Yasukuni issue to rest," *The Japan Times*, January 17, 2003, p. 18.

friendly relationships with other Asians to provide legitimacy for Japanese politico-economic leadership in the region.

Conclusion

Japan owes to the West for its economic prosperity; it feels comfortable to remain aligned more with the West. This, one can better say, is an offspring of the legacy of Japanese occupation by America after her defeat in the second World War. American policies for modernisation of Japan paid well to see that Japan does not remain a perpetual economic burden on the United States. America helped Japan to build up. On the contrary, Asia be counted no less to contribute in flourishing Japan's robust growth. Asia provided Japan safe and business-like environment to invest its surging capital; Asian markets consumed bulk of Japanese industrial goods to add to its economic expansion. Subsequent technological achievements of Asian countries provided Japanese firms challenges as well as opportunities to upgrade their levels of skill and to maintain the quality and standard of Japanese goods "Made in Japan". Asia helped Japan to advance its 'neo-mercantilism' while Japanese investment, trade and development assistance have led the Asian growth.

The post-Cold War era opened a wider horizon for Japan to expand its politico-economic role in Asia. Japan's peacekeeping non-military role is doing well to put gradually a curtain on its militaristic past in Asia. To facilitate further accommodation Japan needs to soften the rigidities of Japanese culture and language as well as to remove psychological barriers of Japaneseness to the people of the rest of Asia. Japan's realization for a greater role in Asia towards political participation through economic influence is taken as a welcome gesture.

The twin objectives of being a close ally of America as well as seeking Japan's identity in Asia are in no way conflicting. There appears little tension between Asianism and globalism in Japanese policy. The present generation of leaders in Japan has become more smart and diplomatic to make a better synthesis of globalism and regionalism in Tokyo's policy options. They are likely to put together its Asian inclinations and the pull of the West. The compulsions of present global scenarios might demand a close U.S.—Japan alliance; but at the same time, a greater role of Japan in Asia--- both politically and economically--- is well appreciative to minimize tensions, preserve peace and maintain stability in the region.