

Japan's Failed Modernization and the Crises of Ideology : From Seclusionism to Emperorism to Corporocentrism to What?

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Japan's Failed Modernization and the Crises of Ideology: From Seclusionism to Emperorumism to Corporocentrism to What?

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Introduction

What is wrong with the Japanese economy? What went wrong with the Japanese financial system? Why is the Japanese government unable to do anything effective to help the situation? Would Koizumi's privatization be the solution to the problem when similar neoliberal policies brought financial and economic crises to so many countries already? As Heisei Recession of the 1990s turned into Heisei Deflation in the early years of the twenty-first century, these questions dominate the debate on Japan. This paper is yet another attempt at tackling these questions, but it does so by bringing in a perspective that is usually unused in the current debate. The perspective employed in this paper, the world-system perspective, places Japanese experience in a larger and longer framework of world historical transformation from the sixteenth century. In addition to this perspective which is often criticized to be Euro-centric, the paper brings in the East Asian regional perspective. The exercise attempted here places Japan in the context of world and regional historical transformation so as to derive insights and lessons that would augment the understanding gained from the studies using a single-country, short-term perspective.

The interpretation that this paper presents is that Heisei Deflation is the manifestation of Japan's third failure at modernization following the first failure in the middle of the nineteenth century and the second in the middle of the twentieth century. The first two failures manifested in the form of the failure to maintain seclusion and the defeat at the World War II, respectively. These failures marked the end of the cycles of modernization which I call the Tokugawa Cycle and Meiji Cycle. Japan in the last quarter of the twentieth century and early years of the twenty-first century showed another failure at the end of the third cycle of modernization, the Showa Cycle. Also, in each cycle of modernization there existed the ideology that united and motivated the Japanese, i.e., seclusionism, emperorumism, and corporation-centrism (or corporocentrism). As Japan's modernization faced failures, these ideologies also faced crisis. For Japan to overcome the current round of "failure", the paper argues that it is necessary to expand the scope of historical understanding to include East Asia and the rest of the world. In particular, Japan needs to establish an East Asian regional economic and political arrangement to gain political sovereignty and economic autonomy from the West.

The rest of this paper is organized as follows. The next section provides clarification regarding the concepts, perspective, and methodology used. This will be followed by the examination of the historical process of Japan's modernization in order to identify the world-systemic process that led to Japan's failures at modernization and the crises of respective ideol-

ogy. A close examination of the current situation would identify the world-systemic process that brought about Heisei Deflation. Also examined are the relationship between Japan and its East Asian neighbors in modern transformation and the relationship between the East and the West. This will be followed by the suggestion for possible paths Japan could take and what would be the ideology that would lead in those directions. The concluding section summarizes the argument and draws general observation.

Concepts, Perspectives, and Methodology

Before entering discussion, we need to clarify the basic terms, such as “Japan,” “modernization,” and “ideology.” Japan is the term that expresses the totality of the Japanese-speaking people with institutional arrangement that reproduces their state, economy, and society. The territorial boundaries of the Japanese state expanded and contracted in the past four centuries. But what defines Japan here is not its territory, but the people with their institutions that reproduce Japanese-ness in terms of language, culture, and identity.

Modernization is a term that carries a huge baggage of historical and theoretical claims and counter-claims. Usually, the term is synonymous with material growth, Westernization, secular governance, orientation that privileges science over traditional ways of thinking, and so forth (e.g. Sil 2002: vi-xvii). Instead of attempting to use a single ‘ideal’ type definition as in the case of Weberian sociology, modernization in this paper is used to refer to processes of historical transformation in the past four centuries (from the sixteenth century to the present). In the examination of this historical process, I attempt to identify the objectives of modernization specific to different cycles of Japan’s modernization. The success and failure of modernization is judged against the alleged objective of modernization and not against an ideal type. The term ideology in this paper designates the predominant mode of thinking that served to mobilize the Japanese towards the objective of modernization. For a state to function effectively there needs to be the mandate, as well as a collective identity that motivates the people. Ideology in this sense is a shared sense of identity, value, and destination.

In the following I attempt an interpretation of the Japanese history of modernization. Special attention is paid to the concomitant modernization in East Asia and in the modern world-system. East Asia refers to the area composed of the states that participated in the China-centered tributary system which turned into a regional tributary trade system from the seventeenth century. I will be using the East Asian regional perspective that was advanced primarily by Kawakatsu Heita and Hamashita Takeshi (Kawakatsu 1991; Hamashita and Kawakatsu 1991; Hamashita 1994; 1997).

A complementary perspective used here is the world-system perspective (Wallerstein 1974; 1980; 1989; Chase-Dunn 1989; Hopkins and Wallerstein 1980; 1982). The modern world-system is a conceptual tool proposed by the world-system researchers for the analysis of modern history. The system came into being in the sixteenth century as an inter-state system with axial (single) division of labor. The system covered the European countries (East, Central, West, and Scandinavian) in the beginning, but it expanded through waves of incorporations until the entire world is incorporated in the nineteenth century. In relation to Japan, the world-system was synonymous with the West until the nineteenth century since Japan was outside the world-system, but as Japan became a significant player of world historical trans-

formation from the late nineteenth century, the Japanese trajectory is closely intertwined with that of the world-system. Conceptually, the world-systemic transformation in the twentieth century onward refers to the system-wide transformation, which at times may not represent transformation in specific locations. More importantly, systemic transformation is largely propelled by the actions of key actors, such as the US (as a state) and transnational corporations in the late twentieth century. The utility of the image of system-wide transformation lies in the fact that it allows us to contrast the relative transformations of its parts without losing sight of the way in which the heterogeneous parts comprise the whole. In this way we want to maintain our human capacity and privilege to totalize and abstract for a better understanding of the parts and the whole simultaneously and relationally.

The exercise in this paper uses the methodology of historical sociology advanced by Terence K. Hopkins who provided methodological and theoretical insights for many world-system researchers (Hopkins 1982a; 1982b). This methodology uses historical processes (both reproductive and transformative) as the vehicle for the understanding of historical transformation, with attention paid to intended and unintended consequences of actions and reactions taken by the historically existing agencies. Theory as a universal claim has no place in this methodology since history is a single phenomenon that defies conventional scientific method based on observer's neutrality and the repeatability of events. Instead, the research objective is to provide a new interpretation of history. A claim of causal relationship is possible for interaction among actors, but the overall trajectory of history cannot be given as a pre-set destination as claimed by historicists (Popper 1957). Historical sociology allows us to deconstruct and reconstruct our historical knowledge by ceaselessly offering new, critical, and challenging interpretations.

Japanese Cycles of Modernization

Japan's transformation from the sixteenth century to the present includes a significant expansion of productive capacities, substantial population increase, transition from samurai rule to constitutional monarchy, and from a rigid and feudalistic status hierarchy to meritocracy based on education and skills. In this section, I suggest that there were three cycles in Japan's modernization in the last four centuries. Each cycle accomplished certain achievement but ended with a failure. The first cycle is the Tokugawa cycle that started in the middle of the sixteenth century and ended in 1868. The second cycle started in 1853 and ended in 1950 and this cycle is called the Meiji cycle. The third cycle started in 1945 and continues today, and it is called the Showa cycle. These cycles do not completely overlap with the conventional Tokugawa, Meiji, and Showa periods. This is because the names of the conventional periods were borrowed to designate the cycles of modernization that had started before the respective period begun and continued after the periods ended. Each cycle enshrined its objective of modernization in an ideology that united and mobilized the Japanese people. But the institution that was created for the attainment of the objective turned into part of the problem that led to the eventual failure of modernization and the crisis of accompanying ideology. Let us take a quick glance at each cycle.

Major characteristics of each cycle are summarized in Table 1. The first cycle started with the introduction of the firearms by the Portuguese in the middle of the sixteenth cen-

ture (1543). This was part of European expansion in the sixteenth century. But in Japan the Catholic priests and merchants did not cause epidemic disaster as they did in Americas. Instead, they accelerated the pace of Japan's unification under samurai rule. Also, with rising productive capacity both in agriculture and craft manufacturing, the merchant class rose to prominence and accelerated the momentum for samurai unification. The Tokugawa cycle was a process of modernization where the samurai class established domination over the peasantry and merchant class through the monopolization of the means of violence and the control of internal and external commercial activities. For the establishment and maintenance of the samurai rule, Catholic priests were expelled, contact with the extra-Japanese world was restricted, and the Japanese merchants/navigators' external commercial activities were curtailed. The ideology of seclusionism/isolationism was invented by the Mito School and it was elevated to the status of being Japan's ancestral law inherited from the pre-Tokugawa years. Although samurai rule was effective in preventing overseas merchant activities and keeping Europeans away, seclusion was a failure since it left Japan unprepared for eventual encroachment by the Western powers as a result of military obsolescence and industrial retardation. The Commodore Perry's visit to Tokyo Bay in 1853 shook up the ruling class and the ideology of seclusionism faced crisis. The Tokugawa bureaucrats signed on unequal treaty, breaking the 'ancestral' law of seclusion, and invited their own demise. Japan's modernization in the Tokugawa cycle, in the end, resulted in a failure in the sense that it could not maintain seclusion and that Japan was semi-colonized under extra-territoriality and the lack of tariff autonomy.

The Meiji cycle from 1853 was a response to the world-systemic process of incorporation of East Asia in the nineteenth century. The East Asian countries were colonized or semi-colonized by the Western powers, and Japan's objective of modernization in this cycle was to escape colonization through industrial promotion and military buildup. The state power was unified and consolidated with the ideology of emperorism, and Japan defeated the Russian Navy and restored tariff autonomy. While modernization in the Meiji cycle was successful in the sense that Japan gained the status of a powerful country in the interstate hierarchy, Japanese imperial over-extension prepared the path of its own destruction. The military elite class in the end caused numerous war casualties both inside and outside Japan and inflicted the large-scale devastation of the country. Japan lost sovereignty between 1945 and 1950, and in these years the ideology of emperorism was subsumed in crisis. The demise of the Meiji institution (military establishment) was concomitant to the consolidation of US hegemony, and from the 1950s, Japan has been a semi-sovereign state integrated into the US military apparatus. Japan failed to realize its objective of modernization in this cycle, i.e., making Japan a powerful state, and the accompanying ideology, emperorism, was scrapped as the ideology that united the Japanese.

The Showa cycle started from the condition of war devastation, and the objective of modernization in this cycle was material expansion through industrialization. Under the condition of semi-sovereignty, Japan was granted favorable treatment by the US for economic development. Japan took advantage of easy access to resources in the Southeast Asian countries and to US technology and markets under US free-enterprise imperialism. The objective of the US hegemonic project was to secure access by the US corporations to any resources or business opportunities anywhere in the world. Even though Japan lost sovereignty by giving

up independent military and allowing the US to keep its troops in Japan, the Japanese people were united for the pursuit of material expansion with the ideology of corporocentrism. The Japanese government created the financial system that channeled credit from the banks to the industrial corporations at low cost, and the Japanese corporations created mutual stockholding arrangements to prevent takeover by domestic and external competitors. Japanese workers were trained to become docile and loyal workers. The Japanese institutional arrangement, which was often called "Japan Inc." successfully fostered high rates of economic growth and accomplished its objective of material growth by the 1970s.

However, after accomplishing the objective in this round of modernization, the Japan Inc. transformed itself into the source of problem. In the 1980s, the major industrial corporations 'graduated' from indirect financing by the banks, but the banks continued to expand under bureaucratic protection. The financial authority and the financial corporations became the major culprit of the bubble economy and subsequent bubble burst. The major Japanese corporations started reducing wages and scrapped commitment to employment security, while the Japanese politicians and bureaucrats turned the government into the source of embezzlement, bribery, and corruption (Ikeda, 2002). The bubble economy brought the Heisei Recession of the 1990s that turned into the Heisei Deflation in the early years of the twenty-first century (Ikeda, 2004b).

The ideology of corporocentrism is in crisis since the major corporations are reducing full-time workers, cutting down supplier affiliation with the smaller companies, and transferring capital out of Japan in the form of accumulated foreign assets and overseas plants. Once what was good for the corporation was also good for the workers, but the interest of the corporation today is at odds with the workers. Just as the officers of the imperial army brought disaster toward the end of the Meiji cycle, high officials in the government and the upper management in major corporations have been the major culprit for material decline, moral decay, and social degradation at the end of the Showa cycle. This failure at modernization in the Show cycle, however, was not the result simply of Japan's internal development. There was a significant change in the rules of the game of accumulation at the world-system level.

Changes in the World-Systemic Rule of Accumulation

This change started in the 1970s as the US government and corporations took actions to counter the seeming erosion of their politico-military and economic domination in the world. While their policies and strategies might be based on misconceived theory and often invited unexpected consequences (like demanding Japanese yen appreciation expecting to reduce Japan's bilateral trade surplus), the end result was a change in the regime of capitalist accumulation. The global accumulation regime shifted from the growth regime to the distribution regime. Under the growth regime a part of working class was integrated into the system as the recipient of the fruit of growth. In contrast, income transfers from the poor to the rich (both within and between countries) without overall growth became the primary mechanism of accumulation under the distribution regime (Ikeda, 2004a). Table 2 summarizes the major characteristics of these accumulation regimes.

There are many institutional rearrangements that accompanied the regime change. The direction of development has shifted from national economy to neoliberal globalization as the

barriers of international transactions in goods, services, money, and information have been greatly removed through multilateral and regional liberalization agreements. The key node of accumulation has shifted from product and process technology to finance, marketing, and networking. At the same time, the source of monopoly rent (or the key node of accumulation) has shifted to the management of intellectual property right and the control of strategic commodity, especially oil, money, and weapons. The key players in the economy once were national corporations that enjoyed privilege of state protection and promotion. Under the distribution regime large-scale transnational corporations dominate the world economy. The role of the state used to be corporate promotion and providing worker welfare, but neoliberal globalization forced the government to reduce worker welfare and to expand the space for private sector through privatization of public services, deregulation, and liberalization. In the area of global currency management, the Bretton Woods System was replaced by liberalized arrangement in the 1970s. After major currencies appeared to create regional sphere of influence in the 1980s, the US dollar emerged as the global currency in the 1990s. The US dollar became the privileged currency in global transaction, account settlement, fund raising, and speculation, creating US dollar hegemony in the world. By forcing other countries to run trade surplus to obtain US dollar, the US is enjoying lump-sum transfer of value from the rest of the world in the form of trade deficit and capital surplus.

From this observation, we can argue that current financial debacle in Japan is partly a result of the change in the rules of the global accumulation game. The old Japanese institutions stopped functioning because they do not function well under the new rules of the game of global competition. The new rule set by the US and imposed on Japan through bubble and bubble-burst and US demand for liberalization is also challenging the ideology that supported the Showa cycle of modernization. Once it was believed that what was good for the corporation was good for the Japanese. While supporting the major corporations, the Japanese government took care of those who were not incorporated into the wealth creation/distribution circuit of the major corporations. Today the major corporations are severing its tie with the workers and shutting off the workers from the fruit of corporate activities. The Japanese government is still channeling enormous funds into the corporate sectors, thus redistributing taxpayer (worker) income to the corporations. The coexistence of the ideologies of neoliberal globalization and corporocentrism benefits Japan's major corporations at the expense of the smaller size companies, consumers, workers, and individual investors.

This world-systemic explanation of Japan's third failure at modernization prepares us to imagine possible directions for Japan to escape from the current debacle. But for a better comprehension of the possible alternatives, it is necessary for us to examine Japan's relation to the East Asian process of modernization as well as the relationship between the East and the West. This is because the choice of future direction is greatly influenced by what kind of relationship Japan would establish with its East Asian neighbors.

East Asian Regional System and Modernization

The history of East Asian modernization can be conceptualized into three cycles (see Table 3). The first cycle is called the tributary trade system cycle in the sixteenth century through the eighteenth century. In this cycle the Sino-centric tributary system was trans-

formed into a tributary "trade" system where merchant trade expanded in addition to official tributary trade. At the same time, smaller sub-systems of tributary trade were formed in the periphery of China. Japan was integrated into the tributary trade system in the seventeenth century onward without official tributary relationship with China, while Japan pursued minor-Sino-centrism by creating its own diplomatic/trade relationship with Korea, Ryukyu, and Holland (the 'Western barbarians' were recognized by China as one of tributary countries). The regional system was characterized by the strong center (Chin Dynasty whose origin is Manchuria), and Japan maintained political independence vis-à-vis China. East Asia maintained material superiority over the West in this cycle, which in turn invited Western aggression in the following cycle. As Western aggression eroded Chinese control in the region, the tributary trade cycle was taken over by the colonization cycle.

The colonization cycle started in the nineteenth century and lasted until the first half of the twentieth century when the Western powers colonize or semi-colonized the East Asian countries. Japan shared the same fate as other East Asian countries of being semi-colonized, but it turned against the East Asian neighbors as a colonizer. The center of the regional system, China, was weakened and the periphery, including Japan and the Western powers, succeeded in invading/incorporating China. Imperial aggression by the Western countries and Japan, however, invited vigorous anti-colonialist movements that brought an end to the colonization cycle.

The third cycle is called the post-independence cycle and it covers the second half of the twentieth century when the East Asian countries achieved political independence and pursued national economic development (for some countries and regions, official political independence came later as in the case of Vietnam). Japan took advantage of the situation created by US military domination of the countries surrounding China and engaged in opportunistic trade and investment activities to have easy access to natural resources in the Southeast Asian countries. It is possible to argue that Japan contributed to the national economic development of these countries through technology transfer, but it was Japanese speculation money that was a culprit at least partially of the financial crises that plagued some East Asian countries in the late 1990s. The Japanese engagement with the East Asian modernization process, therefore, can be characterized as autonomy/independence in the first period, aggression in the second period, and opportunism in the third period. This not so commendable Japanese engagement with its East Asian neighbors was a counterpart of the Japanese modernization thrust of "leaving Asia, joining Europe."

There are other features of the East Asian regional system and historical processes that need to be identified when we discuss potential directions for Japan. The structural feature of the East Asian regional system is the enormity of the center and fragmented periphery. In contrast to the western end of the Eurasian continent where geographical boundaries created several countries of similar sizes, East Asia has a large flat center (China) with dominant population and several smaller countries surrounding China. The interstate system was formed by tributary relationship between China and the countries of Chinese periphery. Given this structural feature, the East Asian system went through certain cycles. The first is the cycle of the strong core/weak periphery and weak core/strong periphery. When the core is weak, China was often divided into multiple dynasties. The last time the core was strong was the

seventeenth and eighteenth century, and this was followed by the phase of strong periphery in the form of Western and Japanese aggression. The current situation is the consolidation of the strong core. The second cycle involves the ethnic dimension of dynastic succession. From the time of the Yuan Dynasty, there has been a cycle of non-Han dynasty followed by the Han dynasty. The last non-Han dynasty was Chin Dynasty, and the current phase is the Han rule (or the communist party dynasty?) that was consolidated in 1948 in the form of communist revolution.

Another important aspect of the East Asian system is its relationship with the West. Prior to the modernization era, the East maintained material and civilizational superiority over the West (Frank, 1998). Until the West started the industrial revolution, Eastern material superiority continued. The value of the global currency, silver, was maintained because the Chinese and Indians were willing to exchange cotton and silk for silver. The East held financial superiority over the West because the East set the value of global currency silver. The effort on the part of the Europeans and European settlers in North Americans to overcome their material and financial inferiority to the East led them to imperialist colonization until the 1950s. In the second half of the twentieth century, the East had reclaimed material superiority over the West. After China entered the World Trade Organization, Chinese exports are expanding rapidly. It is possible to argue that the abundant supply of low priced goods exported by China is anchoring the value of the US dollar that serves as the global currency. But Chinese domination in exports alone will not make China a competing power against the US. Japan is a good example of being an export powerhouse that was subordinated to the US financially. In order for China to take the upper hand in the global accumulation game, it is necessary to create a financial system that works for China's advantage because earnings in US dollar are subject to devaluation. Accumulation in US dollar assets means that Chinese earnings are brought back to the US to give the US further purchasing power without benefiting the Chinese. This is just like the Japanese experience where a huge dollar asset holding does not help the Japanese economy. Therefore, Eastern domination in material production in the twenty-first century has not yet been accompanied by financial liberalization from US dollar hegemony.

Japan's Future Scenarios

What are the possible directions for Japan if it is to depart from the defunct Showa cycle of modernization? What will be the ideology that supports alternative paths? In order to examine the possible directions, this section proposes three scenarios for the Heisei cycle of modernization. They are 1) status quo scenario, 2) neoliberal globalization scenario, and 3) regionalization scenario. Table 4 summarizes key features of these scenarios.

In the status quo scenario, the current policy continues. The current reform policy pursued by the Koizumi cabinet is far from what would be advanced by neoliberal economists. Due to traditional LDP politics and long-lasting relationship between the regulators and regulated, the Koizumi's reform is simply denationalizing ownership of the national corporations without changing the relationship between the regulators and the regulated. The policy of pumping public fund to the banks to cancel non-performing loans is the continuation of corporate welfare measures, a typical pork-barrel politics Japanese-style. The Japanese cor-

porations that were protected by the government in the Showa cycle had turned into the parasite of the Japanese economy, while those internationally competitive corporations have graduated from Japanese state promotion. The Koizumi reform does not touch the corporate sector, and the old ways of doing business will sink the Japanese economy under the distribution regime where market efficiency determines survival/failure. With a shrinking economy, Japan will be out-shined by China, and subordination to the US will continue. The ideology of corporocentrism continues to exist to justify corporate welfare policies, but the workers will be increasingly separated from the fruit of corporate prosperity.

In the neoliberal globalization scenario, neoliberal policies are implemented and the Japanese economy transforms fundamentally. Japan follows the path taken by many developing countries that are forced to liberalize and deregulate under accumulated debt and IMF/World Bank structural adjustment programs. The key feature of this scenario is that the state loses its traditional role of economic regulation. Through deregulation and liberalization with sufficient corporate accountability, the market discipline dictates in the product and labor markets. The ideology of individualism becomes predominant, and the workers are forced to compete for the shrinking opportunity of corporate success while the majority of workers experience downward mobility just as in the case of many developing countries where neoliberal policies were introduced. Neoliberalism also will prevail as a dominant ideology, not as the ideology that unites the people but as the ideology that justifies unequal income distribution, a result of unfettered market competition. The Japanese corporations that are internationally competitive will 'East Asianize' and globalize their operation and cease to be 'Japanese' corporations. In turn, the East Asian economies are Japanized in the sense that they further introduce Japanese product and production technologies. The East Asian economy in this scenario will emerge as the predominant center of world production, but it is subordinated to the US dollar hegemony, resulting in the significant leakage of the fruit of development to the US through financial manipulation. The semi-sovereignty situation continues for Japan and many East Asian countries due to the lack of self-protection capability, and China may become subordinated to the US as China's economic dependency on US markets and US-controlled oil grows.

In the regionalization scenario, Japan gives up the past paths of modernization that led Japan to repeated failures. The fundamental problem with the current Japanese economy is the lack of the effective circuit of credit/investment. Japanese surplus held by the household and corporate sectors will be directed for mutually beneficial investment in East Asia without being wasted in the global financial casino where the house, the US, is the only gainer. This can be achieved by the formation of the East Asian financial system with a regional currency and clearance mechanism. The cooperative and mutually beneficial financial arrangement will be complemented by the trade arrangement that promotes regional sustainability. The Achilles heel in this scenario is the control of energy production and supply, a key node of accumulation currently held by the US and the major oil companies. Through the creation of peaceful relationship with the Central Asian countries and Russia, together with the promotion of petroleum-independent technologies, this bottleneck can be overcome. The characteristics of East Asian capitalism, i.e., egalitarian distribution with state supervision of the market, will create a viable alternative to neoliberal globalization. The ideology that directs

this development will be sustainable East Asian regionalism. This is a path that has been rejected by the Japanese in the past, but this is the way that would emancipate Japan from the semi-sovereign status vis-à-vis the US and put Japan back in East Asia. Also, this is the way East Asia can overcome subordination to US dollar hegemony and achieve the autonomy for the people of East Asia that was sought from the time of Western colonization in the nineteenth century.

Conclusions

This paper presented an interpretation of the history of Japanese modernization from a world-system and East Asian regional perspective. The current debacle of the Japanese economy is understood as a result of the changes in the rules of accumulation game at the world level. The possibility of escaping the economic decline and political subordination to the US lies in a path where Japan return to East Asia as a contributing and peaceful neighbor. Japan's need for US military protection will be over when peace is brought to the region through cooperation. Each of the three scenarios explored above have some forms of manifestation in Japan today. It is expected that the path that will be chosen in the end depends on the choice made by the Japanese based on their historical consciousness.

To conclude our discussion on Japan's modernization, let us attempt stocktaking of modernization as a project for the entire humanity. Modernization for the majority of non-European people has been brutal and devastating. It was colonial subordination under Western imperialism which continues even today in different forms. It has been impoverishment and a disappearing hope of development under neoliberal globalization in the past three decades. If modernization was a human project to bring material welfare, health, and peace for the entire humanity, the project has failed miserably. With the longest life expectancy and the income level that is among the highest in the world, Japan has achieved modernization in this sense. However, most people in the world are not enjoying the material benefit of modernization, and Japan's achievement is eroding due to declining income and deteriorating social conditions. Continuing Western domination and unequal distribution of the fruit of modernization is the source of violence, misery, and premature death. If Japan were to be a part of the solution and not a part of the problem, Japan has to seek a path that leads to the emancipation of the humanity from hunger, sickness, and war. This path is not concordant with individualism, neoliberalism, corporocentrism, or the policy of blindly following US unilateralism. Instead, the ideology that unites the Japanese people with the people of East Asia and beyond should be pursued.

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Table 1. Japan's Three Cycles of Modernization

Cycle Name	Tokugawa Cycle	Meiji Cycle	Showa Cycle
Period	1543—1868	1853—1950	1945—Present
World-Systemic Process	Birth of the system, long distance trade	Last wave of incorporation, free trade imperialism	US hegemony, free enterprise imperialism
Contact	Portuguese arrival	Perry's arrival	Military defeat
Initial Crisis	(Catholic invasion)	Semi-colonization	Lost sovereignty
Japanese Response	Consolidation of samurai rule	Meiji Restoration	Developmentalist state
Objective	Independence	De-colonization, powerful state	Material growth
Response to the West	Expulsion	Militarization	Industrial promotion
Ideology	Seclusionism	Emperorism	Corporocentrism
Result	Military obsolescence, industrial retardation	Military over-extension	Material over-extension, financial defeat
Leaders	Tokugawa bureaucrats	Military leaders	MOF, BOJ officials, Bank Managers
Failure Mode	Forced opening	Military defeat	Material decline, moral decay, social degradation

Table 2. Changes in the Rule of Accumulation

	1950s-1970s	1980s-present
Development orientation	National economy	Neoliberal Globalization
Regime name	Growth Regime	Distribution Regime
Key node of accumulation	Product and process technology	Finance, marketing, networking, intellectual property

Japan's Failed Modernization and the Crises of Ideology

Key players	National corporations	Transnational corporations
State role	Corporate promotion, worker welfare	Get out of the way of corporations
Global currency arrangement	Co-management of the major currencies	US dollar domination

Table 3. East Asian Modernization Cycles

Cycle name	Tributary Trade System Cycle	Colonization Cycle	Post-independence Cycle
Period	16C-18C	19C-1940s	1950s-present
Characteristics of the regional system	Tributary trade system, minor Sino-centrism	Western colonization/semi-colonization, resistance	National economic development
Japan's engagement	Dependent independence	Aggressor	Opportunist
Regional core-periphery relation	Strong center (Non-Han dynasty)	Weak center, peripheral aggression	Core consolidation (Han or Communist Party rule?)
East-West relation	Eastern superiority	Western aggression	Western domination

Table 4. Japan's Future Scenarios

	Scenario 1	Scenario 2	Scenario 3
Name	Status quo scenario	Neoliberal globalization scenario	Regionalization scenario
Policy orientation	Corporate (Bank) welfare	Deregulation, liberalization	East Asian regional integration
Ideological orientation	Corporate welfare-ism	Neoliberal globalism, individualism	East Asianism
Expected outcome	Gradual sinking	Prosperous corporations, squeezed workers, polarization, social degradation	Greater regional self-sufficiency, regional autonomy
Relation with East Asia	Subordination to US and China	East Asianization of Japanese company, Japanization of East Asian economy	Fair trade relation, regional stability, regional autonomy
East-West relation	Eastern material superiority, US financial domination	Eastern material superiority, US financial domination	Eastern autonomy