

Japan and International Leadership

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Introduction: hegemony and leadership

Much of the recent debate on the question of Japan's international leadership is rooted in scholarly interest in the nature of hegemony and hegemonic transition in the international system. Essentially three approaches to hegemony can be identified in the literature. First, the neo-realist approach takes as its foundation the primacy of the state and its material aspects of power, such as size, military capabilities, economic strength, technological sophistication, and so on, as crucial to our understanding of hegemony and hegemonic transition.¹ From this perspective the material dominance of a unitary power in international society is the quintessence of hegemonic leadership. Similarly, the neo-liberal approach to hegemony pays attention to the material aspects of power, but with a greater emphasis on economic strength within a transnational rather than a national framework.² From this perspective, transnational links, especially as seen in resources, trade and finance, are crucial. Thus, both the neo-realist and neo-liberal approaches can be said to be rooted in an orthodox concept of power as based on the material capabilities of a state. Indeed, over time a process of convergence has occurred between these two approaches.

The third approach is a neo-Gramscian approach which has developed mainly out of the work of Robert Cox.³ This can be regarded as a 'critical theory' approach to hegemony and international leadership rooted in a different epistemology than the neo-realist and neo-liberal approaches, with non-material aspects of power being given a central place. This is exemplified by the role of the hegemon in determining the ideology, norms and values at the base of the global order. From this perspective, it is not enough for a state to possess the material trappings of a hegemon, backed by the power to create and enforce the rules of the global order; it must also be in a position to propagate an ideology and normativity acceptable to other states. Crucially, therefore, international leadership is premised on acquiescence and at least a modicum of volition on the part of the other states in the international system, not simply enforcement by a state with a preponderance of material power. In this sense, hegemony has consensual as well as coercive aspects.⁴

Along with the question of the theoretical approach to adopt in discussing hegemony, another point of concern has been the question of whether or not the United States is a declining hegemon. The sense that the United States is indeed in decline has helped to

stimulate interest in the question of whether the economic superpower, Japan, is a rising hegemon, but no consensus exists in this regard, as the 1980s debate in such journals as *Foreign Affairs* and *Foreign Policy* testifies.⁵ In the post cold-war world, the United States enjoys a position of considerable military superiority, but as demonstrated by Washington's need to rely on the German, Japanese and Arab states to finance the Gulf War, it does not enjoy the same degree of economic and financial preponderance. In this the United States can be said to have moved from being a hegemonic to become a dominant power, but one where the ideology and norms of the United States continue to enjoy a fair degree of consensus in the global order.⁶ Thus, although the debate on the question of America's decline has not been resolved, the size and strength of the Japanese economy suggests that, at least in relative terms, the US indeed has declined economically, even though it may remain as the sole military superpower with, for many, cultural and ideological predominance in the emerging global order, too.⁷ What makes the question of the rise of Japan of particular interest is whether its swelling power in the global economy, as seen in the acquisition of 'structural power' arising from financial penetration of other economies,⁸ will lead the nation to play a political and perhaps even military role in the world as well.

Japan's economic ascendance and relations with the US

The 'Nixon shocks' of 1971, when the dollar was devalued and its convertibility into gold was jettisoned, symbolise the declining power of the United States and the rising power of Japan. This can be seen most graphically in the rise in the value of the yen against the dollar, which moved over the next twenty-odd years from a fixed exchange rate of 360 yen to the dollar in 1971 to 85 yen to the dollar in early 1995. Despite the tremendous rise in the yen's value, Japan has continued to post an overall trade surplus, except in the mid-1970s and in 1979 and 1980, principally as a result of the oil shocks, and even in these years the economic superpower marked up a trade surplus with the United States. Indeed, the change in the nature of the relationship was signalled in the mid-1960s, when Japan for the first time moved into trade surplus. The size of the surplus has grown, topping more than \$100 billion per annum by the early 1990s. These surpluses reflect a fundamental shift in economic power: in the context of the post-war political and economic settlement, Japan has moved from being economically subordinate to the United States as a 'second-ranked' economic power,⁹ to become a challenger in a wide range of economic sectors.

Starting in the 1960s, for instance, Japan became a challenger in textiles, as seen in the US-Japan 'textile wrangle' of the late 1960s early 1970s, leading to the imposition of Voluntary Export Restraints (VER) on textiles in 1971.¹⁰ Soon Japan started to challenge the United States in more sophisticated areas, with American steel, automobiles, electronics, and most recently computers and micro-chips being forced to face the Japanese challenge. Similarly, the ending of the gold standard and the move to floating exchange rates in 1973, and the consequent booms in the value of the yen, particularly after the Plaza Accord of 1985,

symbolises the change in Japan's financial status. At the same time, the rise in the yen pushed Japanese businesses to expand Foreign Direct Investment, such that by 1989 Japan had passed both the United States and the United Kingdom to become the world's number one foreign investor, although the bursting of the Japanese economic 'bubble' in 1991 led to a downturn thereafter.

Nevertheless, Japan's burgeoning economic power does not necessarily mean it can exert economic leadership in order to shape international society around a consensus based on its own ideology, norms or values. The nation remains vulnerable to American monetary policy, as its external assets are largely denominated in dollars and the dollar remains the international reserve currency. Manipulating currency exchange rates can also serve to put the brakes on Japanese exports. This was illustrated in early 1995 when the yen rapidly increased in value, partly as a result of the US's unwillingness to support the dollar, and the conflict over Japanese imports of US automobile parts. Fundamentally, the continued importance of the United States as an export market, together with military dependence, as symbolised by the durability of the US-Japan Security Treaty in the post cold-war era, makes it risky for Japan to try to put to use its financial power in the bi-lateral relationship.

In short, despite the growing importance of relations with East Asia, as discussed below, Japan is still reliant on the United States and Europe as 'absorbers' of Japanese finished products. Between 1985 and 1990, for instance, Japanese exports to Northeast Asia rose slightly, from 17.7 per cent to 18.2 per cent, whereas Japan's exports to the United States dropped from 37.2 per cent to 31.5 per cent. This points to the increasing trade in the region. Nevertheless, reflecting the global nature of Japanese trade, exports to Europe rose from 14.3 per cent to 22.1 per cent. In this sense, Japan is still reliant on an open, global trading order. Indeed, the greater the success of Japan in pursuing economic goals, in line with an ideology of 'economism,' the greater the pressure Japan has been put under to bring its own economic behaviour into line with international norms, as given voice to by especially the United States. The internationalisation of the US's own interests has meant pressure on Japan to reduce its trade surplus, open its markets, and otherwise conform to externally generated norms of economic behaviour, especially from the 1980s onwards. Clearly, the attempt has been to modify the nature of the Japanese economic system, which is frequently attacked for being 'different.' In essence, therefore, Japan is being forced to modify its own economic policies in order to fit the established international norms rather than being able to reshape the nature of international economic relations in line with its own ideology and norms.

Regional influence: East Asia

In the case of East Asia, however, Japan has been able to exert a greater influence. Indeed, the level of investment and trade with other East Asian economies, together with the high level of aid to many of these countries, has led to talk of the possibility of a regional bloc developing in the region. Japanese aid plays a crucial role in building up the

infrastructure of the developing East and Southeast Asian economies, with Indonesia (\$1,357 million), China (\$1,051 million) and the Philippines (\$1,031 million) gaining the largest amounts of aid in the year ending March 1993. What is more, Japan continues to offer aid to countries such as Malaysia (\$157 million) and Thailand (\$114 million), whereas these countries are taken to 'have graduated beyond assistance' by the United States.¹¹ Aid has facilitated Japanese investments in the region, with many of Japan's electronic and automobile makers locating in East and Southeast Asia in order initially to take advantage of cheap labour, but increasingly in order to penetrate newly emerging markets. Whether Japan is able to turn this economic penetration into regional leadership, however, is less clear-cut.

For Japan is seen to suffer from what Rapkin calls a 'legitimacy deficit', born of the legacy of imperial aggression against other Asian nations.¹² This is seen to hinder the possibility of Japan taking on a leadership role. Central to this legitimacy deficit is the problem of how to deal with the question of war responsibility. As seen by the recent case of Nagano Shigeto, the Minister of Justice in the Hata Cabinet, who in May 1994 was forced to resign after referring to the Nanjing massacre as a 'hoax', the denial of Japanese aggression is not a fringe position. Indeed, in June 1995 the Murayama coalition government was forced into a compromise on the nature of the first post-war apology Japan has offered on the war. In the end, due to pressure from the Liberal Democratic Party (LDP), the senior coalition party, the government watered down the apology. Thus, Japan's first ever formal apology only went so far as to place Japanese aggression in the context of aggression in general, stating: 'Looking back at the various instances colonial rule and acts of aggression in modern world history and recognising the fact that we carried out both such acts and the suffering we brought to the citizens of other nations, especially in Asia, the House expresses deep regret.'¹³ Even so, seventy members of the ruling coalition, along with the main opposition party, the New Frontier Party, failed to attend the Diet session which passed the apology, leaving the government with less than a majority of votes.¹⁴ This would seem to suggest that the legacy of history will continue to dog Japan's relations with its Asian neighbours.

In other respects, however, relations are already changing. For instance, Japan joined with other Asian nations in the Bangkok Declaration in moving away from a concept of universal human rights, as championed by the United States in its dealings with the region, to an acceptance of the importance of the historical, religious and cultural distinctiveness of each nation. At the same time, the adoption of Japanese development strategy and work practices, which has gone hand-in-hand with the advance of Japanese manufacturers into other parts of the region, and policies promoting Japan as a model, as seen in Malaysia's 'Look East' policy, suggest Japan may be seen by some as a regional leader. Certainly, Malaysian Prime Minister Mahathir, who has already called on Prime Minister Murayama to stop apologising for the war, has given Japan a central place in his proposal to establish an East Asian Economic Caucus (EAEC). One of the weaknesses of the region, in comparison with Europe, has been the lack of an institutional framework, such as in the security field NATO has provided in Europe. Over the last few years, however, Japan has been playing a crucial

rule in the new institutions, such as APEC, formed in 1989 with a focus on economic co-operation, and the ASEAN Regional Forum, formed in 1993, which may develop into a broader institutional framework to deal with security issues. Despite the hopes of Malaysia, these organisations, rather than EAEC, appear to be developing as the fledgling institutional framework in the region. It was pressure from the United States, in particular, which led to EAEC's subordination to APEC..

A new military role?

Given the ascending position of Japan globally, will it acquire greater military power to complement its economic power? Although the question is still not fully answered, the change in defence policy after the end of the Gulf War, when Japan sent troops abroad for the first time since the establishment of the Self Defence Forces (SDF) in 1954, suggests the nation is gradually moving to play a military role in international society.

Insofar as military potential is concerned, Japan has over the years developed a sophisticated tri-service force, with the aim of repelling a 'limited, small-scale invasion'. The core of Japanese security policy remains the US-Japan security treaty, although the *raison d'être* for the treaty, the Soviet threat, has disappeared. Indeed, Russia has started to appear on the international stage as the 'G8'. The end of the cold war has provided one of the main impetuses for a rethinking of Japanese security policy. As it stands, the United States continues to use bases in Japan, with the Japanese government paying host-nation support.¹⁵ In the cold-war era, the US-Japan Security Treaty played a role in contributing to the defence of the United States, the western alliance, as well as under the revised 1960 treaty, the defence of Japan. During this period, as Japan did not make a human contribution to the western alliance in the form of the despatch of troops, the treaty was frequently dubbed as being for the benefit of Japan — hence the charge in the 1980s of 'free-rider'.¹⁶

The demand at the time of the Gulf War for a direct contribution — the despatch of troops — not simply indirect contribution — the provision of bases and finances — points to how, after the end of the cold war, pressure has mounted on Japan to play some kind of military role in the world.¹⁷ Indeed, it is now more likely that Japan will start to play a more prominent military role. In the first place, one of the fears played on by the opposition socialist and communist parties during the cold war era, that the US-Japan Security Treaty might embroil Japan in a superpower war, is no longer valid. Second, under Prime Minister Murayama, the socialist party has now accepted the Self Defence Forces as constitutional, and is willing to support the security treaty. Third, the pressure on Japan to play a larger military role, from both the United States and from international society at large, can be expected to continue. Finally, playing a larger military role, such as in United Nations Peace Keeping Operations (PKO), helps to strengthen the government's case for gaining a permanent seat on the UN Security Council. As it stands, Japan has sent minesweepers to clear mines after the end of the end of the Gulf War, SDF engineer corps and election monitors to

Cambodia, a company of transportation co-ordinators to Mozambique, and so on. This trend is likely to continue, irrespective of changes in the ruling parties.

In this context we should note that, in August 1994, the prime minister's advisory organ, the Defence Issues Discussion Group, proposed that henceforth one of the SDF's main tasks should be to participate in United Nations PKO. At the same time, the report more controversially called for allowing the SDF to participate directly in UN Peace Keeping Forces, which had been frozen at the time of the Diet's passage of the United Nations PKO legislation in 1992. A role in PKO activities can be said to give the SDF a renewed source of legitimacy in the post cold-war era. What is more, the Group suggested pushing forward with theatre missile defence (TMD), with the aim of producing a protective shield for Japan, similar to the idea of the US's Strategic Defence Initiative. It is still to be determined to what extent future governments will adopt the report. Despite the socialist party's acceptance of the constitutionality of the SDF, however, the Murayama government's present call to put emphasis on disarmament suggests a new security policy for Japan will not be finalised in the immediate future. What is clear is that, despite the recent decline in fears of a 'revival of Japanese militarism' on the part of Japan's neighbours, Asian countries remain nervous about Japan's military future.

Constraints on Japanese leadership

The constraints imposed by Japan's Asian neighbours, the anti-militaristic constitution, and anti-military popular attitudes have meant that the use of the SDF as an instrument of foreign policy largely has been precluded to respective governments. In this sense, the despatch of minesweepers after the Gulf War marked a turning point. Indeed, the international criticism of Japan at the time of the Gulf War, born of a belief that the nation should make a 'human' not just financial contribution to the coalition forces' efforts, has led to more vociferous calls in some quarters for Japan to play a greater role in international society. For instance, Ozawa Ichiro, one of the main proponents of a more active role for Japan, favours a Japanese seat on the UN Security Council, and a greater role for Japan in PKO activities, under a revised constitution.¹⁸ Nevertheless, the government faces a number of difficulties in playing a more active global role, both domestically and internationally.

In the first place, on the domestic front the ability of the prime minister to offer leadership has been brought into question.¹⁹ Some have argued that, from a structural point of view, the prime minister has little ability to take leadership initiative, given the role of the party factions or coalition partners in constraining the prime minister. More immediately, the recent change in prime ministers — there has already been three prime Ministers since Miyazawa lost power in July 1993 (Hosokawa, Hata and now Murayama) — has also been an impediment on long-term policy planning by the prime minister. At the same time, others point to the dominance of the bureaucracy in the policy-making process as an impediment in Japanese political leaders playing a leadership role in international society. In this respect,

the institutional framework for policy making, especially in the area of foreign policy, is seen to be constrained by the Foreign Ministry and other ministries involved in international matters, such as the Ministry of International Trade and Industry (MITI). The Foreign Ministry's staff of around 4,500, for instance, is about half that of Britain's, and about a third of MITI's 12,000 employees — small by American standards — limiting the ability of the bureaucracy to respond effectively to international issues, as witnessed at the time of the Gulf War.

Internationally, the question is especially whether the United States and Europe are willing to acquiesce in Japanese leadership. At least to some extent, the United States and Europe are supportive of Japanese ambitions to take a permanent seat on the UN Security Council. At the same time, however, Japan has not gained a role in the International Monetary Fund commensurate with its position as an economic and creditor superpower. Moreover, the American pressure on Japan to increase its share of the 'burden' of maintaining the global order does not seem to be matched with an equal urgency to share power with Japan. In East Asia, however, there is a growing willingness to accept an increased role for Japan among the NIEs and members of ASEAN. In the case of China, however, the possibility of competition for regional leadership cannot be ignored. In this sense, Japanese regional leadership, not to mention global leadership, remains in question.

Conclusion: A new leadership role for Japan?

The call made at the beginning of the 1980s by then Prime Minister Nakasone Yasuhiro to turn Japan into an 'international state' gave voice to the ambition in some quarters of the ruling LDP for Japan to play a more prominent role in international affairs. There are a number of possible options for Japan, including the Gaullist one of developing independent military strength as put forward by the nationalist politician, Ishihara Shintaro, in *The Japan that Can Say No*.²⁰ At the present time, however, this option does not gain much support. An alternative is as proposed by Ozawa Ichiro, who sees a military role for Japan under a revised constitution, but within the framework of the United Nations. In this sense, the UN can serve as a means for Japan to gain an increased presence in international society, but without engendering the fear of a revival of Japanese militarism implied by Ishihara's Gaullist option. Similarly, the UN offers Japan a means to counterbalance the influence of the United States. Thus, Japan's increasing contribution to the UN can be seen as one step along the road to enhancing the nation's voice in multi-lateral fora.

If we regard the above two options as likely to erode the post-war consensus on Japan playing an anti-military rather than a military role in the world, the 'middle-power' option can be said to give voice to the anti-militaristic principles of the post-war constitution. In this option, Japan would play a role in the UN aiming to strengthen the restraints on conventional arms transfers and work towards disarmament, building on the experience of the atomic bombings of Hiroshima and Nagasaki as well as the experience of converting its own military

industries to civilian. In this, Japan's international leadership would build on the leadership already established in promulgating the three non-nuclear principles, the ban on the export of arms, and restraint on military spending, as seen in the upholding of the symbolic one per cent ceiling from 1977-86, as an alternative to playing a more prominent military role in international society. Indeed, Japan played an important role in proposing the setting up of the United Nations Arms Register, which calls on member nations annually to report to the UN on the transfer of conventional arms.

In pursuing one of these options, Japan seems unlikely to replace the United States as a hegemonic power. Indeed, instead of a period of hegemonic transition between one state and another, with Japan perhaps coming to replace the United States, the processes of globalisation and transnationalisation can be seen to have set in motion forces of resistance to a unitary hegemonic power. Transnational linkages in terms of the economy are building links between industries and people in different parts of the globe, such that Japan is interwoven in a mesh of relationships with overlapping interests. In the case of links in East Asia, for instance, the transnational nature of Japanese investments is starting to be matched with transnational links between labour, as seen when Korean workers came to Japan in order to protest against the labour policies of a Japanese transplant. Within this environment, the power of the state to control transnational behaviour is becoming increasingly tenuous. In this lies the difficulty for any state in trying to maintain hegemony in the international system.

Notes

- 1 On the realist approach, see S. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy*, Princeton, Princeton University Press, 1978.
- 2 On the neo-liberal approach, see R. O. Keohane and J. S. Nye, *Power and Interdependence: World Politics in Transition*, Boston, Little Brown, 1977.
- 3 See, for example, R. W. Cox, *Production, Power and World Order: Social Forces in the Making of History*, New York, Columbia University Press, 1987.
- 4 R. W. Cox, *Production, Power and World Order*, p. 7.
- 5 E. Vogel, 'Pax Nipponica,' *Foreign Affairs*, vol. 64, no. 4, 1986, pp. 751-67.
- 6 R. W. Cox, *Production, Power and World Order*, p. 99, where he notes the transition from hegemony to 'domination.'
- 7 For details, see R. Falk, 'American Hegemony and the Japanese Challenge', in G. D. Hook and M. A. Weiner, *The Internationalisation of Japan*, London, Routledge, 1992, pp. 32-60.
- 8 On 'structural power', see S. Strange, *States and Markets: An Introduction to International Political Economy*, London, Pinter Publishers, 1988.
- 9 On the location of Japan in US Strategy as a 'second-ranked' economic power, see B. Cumings, 'The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences,' in F. C. Deyo (ed.), *The Political Economy of the New Asian Industrialism*, New York, Cornell University Press, 1987, p. 60.
- 10 This was not the first time VERs had been imposed on Japan, cotton textiles having been subject to VERs in 1957.
- 11 *Far Eastern Economic Review*, 18 August 1994, p. 18. Figures from Japanese Ministry of Foreign Affairs.

- 12 David P. Rapkin, 'Japan and World Leadership?', in D. P. Rapkin, *World Leadership and Hegemony*, Boulder, Lynne Rienner Publishers, 1990, p. 195.
- 13 *Financial Times*, 8 June 1995.
- 14 *Asahi Shimbun*, 10 June 1995.
- 15 In 1991 the Japanese government signed a special agreement with the US government agreeing to bear all costs of the US presence in Japan by 1995, excluding the salaries and removal expenses of US personnel.
- 16 For a critique of Japan as 'free-rider,' see Y. Muroyama, *Nichibeianpo Taisei*, Tokyo, Yuikaku, vol. 1, Ch. 7; vol. 2, Ch. 6.
- 17 On Japan's response to the Gulf War, see T. Inoguchi, 'Japan's Response to the Gulf Crisis: An Analytic Overview,' *Journal of Japanese Studies*, vol. 17, no. 2, 1991, pp. 257-73; J. Yamaguchi, 'The Gulf War and the Transformation of Japanese Constitutional Politics,' *Journal of Japanese Studies*, vol. 18, no. 1, 1992, pp. 159-67.
- 18 For Ozawa's political views, see I. Ozawa, *Blueprint for a New Japan: the Rethinking of A Nation*, Tokyo, Kodansha, 1994.
- 19 On the prime minister's role in policy-making, see K. Hayano, *The Japanese Prime Minister and Public Policy*, Pittsburgh, University of Pittsburgh Press, 1993.
- 20 S. Ishihara, *The Japan that Can say No*, New York, Simon and Schuster, 1991.