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Asia and Japan in the 21st Century —The Decade of the 2000s*

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Once characterized by war, conflict, and poverty, Asia had transformed itself into a region of remarkable economic growth and development by the end of the 20th century. This in fact was what Japan had hoped and striven for Asia throughout the postwar period. However, the emergence of China and other developments have eclipsed Japan's presence in Asia, so that Japan can no longer claim an unchallenged position even in economic matters. While 21st century Asia stands proud as the growth center for the world economy, there are undeniable signs that this region is becoming the stage for a new power game that is now unfolding. How is Japan to live and prosper in this environment? In the final analysis, the 21st century signifies the advent of a new age that can no longer be understood in terms of the "postwar" construct.

I. The Koizumi Cabinet and Asia

1. Breaking Free of Conventional Wisdom with Bold Actions

Before assuming the post of prime minister, Junichiro Koizumi was long considered to be a maverick within a Liberal Democratic Party (LDP) dominated by the Keiseikai Group (Takeshita Faction), which claimed the postal business lobby as a powerful source of support. Koizumi, on the other hand, belonged to the Seiwakai Group that traced its origins to the Fukuda Faction and had consistently advocated the privatization of the postal services throughout much of his political career. On two occasions, Koizumi ran unsuccessfully for LDP president, facing Ryutaro Hashimoto in 1995 and Keizo Obuchi in 1998. But on both occasions, he failed to garner a significant number of votes.

His third run for party president came in April 2001 following the resignation of Prime Minister Yoshiro Mori. Teaming up with Makiko Tanaka who had gained considerable popularity in some circles, Koizumi delivered fiery speeches on his intent to "destroy the LDP." Following an easy victory in the primary round, Koizumi managed to come from behind to beat the strongly favored Ryutaro Hashimoto. By the end of the month, Koizumi had claimed his place in the prime minister's office. Popular support for Koizumi was extremely high in the early months of his leadership with polls showing approval ratings of around 80 percent. A poll taken by Yomiuri Shimbun at this time placed his approval rating at an unprecedented 87 percent. People who felt frustrated and trapped by the long-standing LDP regime had turned to Koizumi the maverick with high hopes and expectations.

Thus born, the Koizumi Administration was to remain in power for more than five years. True to

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the image of a maverick, Koizumi's foreign policy was, for better and for worse, marked by a series of bold actions that would clearly set him apart from his predecessors. Following the terrorist attacks of September 11, 2001, Koizumi cemented a powerful alliance with the United States by pledging Japan's support for the Bush Administration's "war on terror," and made good on his promise by dispatching Japan's Self-Defense Forces to the Indian Ocean and Iraq. On the other hand, dark clouds continued to hang over Japan's relations with China and South Korea due to Koizumi's repeated visits to Yasukuni Shrine. In the following year, Koizumi made a surprise visit to North Korea, a country that does not have diplomatic relations with Japan. It can be said that this bold and decisive action had no precedent or equal in Japan's postwar diplomacy.

The diplomatic initiatives mounted by Koizumi seemed to exhibit no regard for the accrued "conventional wisdom" of postwar Japan. The dispatch of the Self-Defense Forces to Iraq is a case in point. Throughout the heated parliamentary debate that preceded the dispatch, Koizumi avoided discussion of legal interpretations and instead pushed his initiative through with the argument that it was "common sense" for Japan to respond and join other nations. This marked an audacious departure from the "conventional wisdom" of Japan's postwar discussions of national security that were at all times closely focused on and bound by interpretations of the Constitution and laws. Challenged on his visits to Yasukuni Shrine, Koizumi brushed aside the vociferous criticisms from China and South Korea by claiming that the purpose of his visits was to pray for peace. This also marked a departure from the "conventional wisdom" of Japanese politics and the implicit understanding that a certain degree of consideration had to be given to the sentiments of Japan's neighbors on "issues of history."

It can be argued that throughout the more than five years that it remained in office, the Koizumi Cabinet continued to draw its power from a smoldering cauldron of energy directed at ending the domination of the LDP by the Takeshita Faction. In this sense, Koizumi's call to "destroy the LDP" was much more than a slogan. The "conventional wisdom" of Japanese diplomacy had in many ways been sustained by a string of prime ministers who were tied to and supported by the Takeshita Faction. Thus, the dismantling of the conventional wisdom of Japanese diplomacy by Koizumi had as an important subtext the destruction of the Takeshita hegemony.

However, it would be misleading to examine Koizumi diplomacy solely from the perspective of bold action because Koizumi also had a more cautious and accommodating side. When sparks were flying in Japan-China relations following his visit to Yasukuni Shrine, Koizumi carefully avoided the trumpeted arguments of the "Chinese threat" that were gaining traction in the public mind, and instead persistently argued that "China's growth is not a threat to Japan—it is an opportunity." It was in fact under the Koizumi Cabinet in 2004 that for the first time in Japan's postwar history China overtook the US as the nation's largest trading partner. Moreover, the economic recovery that Japan was experiencing during this period did not originate solely in the structural reforms that Koizumi was implementing but also reflected the benefits to Japan of China's rapid climb to becoming an economic powerhouse. Similarly, it was during the years of the Koizumi Cabinet that growing economic interdependence in Asia provided impetus to East Asian Summit meetings and more clearly defined the path to regional integration.

Under previous cabinets, Japan's Asian diplomacy was committed to promoting regional prosperity and stability while working quietly and inconspicuously in the background. Seen from a different perspective, Japan's avoidance of the limelight reflected a sense of unchallenged confidence that came from its overwhelming position of advantage and presence in Asia, particularly in economic matters. Koizumi's choice of a more assertive diplomatic stance can thus be seen as a matter of necessity that emerged from the natural progression in Japan's need to assert its presence in Asia.

2. Visits to Yasukuni Shrine and Japan-China Relations

This review of Japan's Asian diplomacy under the Koizumi Cabinet begins with an examination of relations with China. When the Koizumi Cabinet was formed in April 2001, a great deal of attention was immediately focused on the question of visiting Yasukuni Shrine. Koizumi had clearly and repeatedly stated during his run for the presidency of the LDP that he would visit Yasukuni Shrine after becoming prime minister. As the first August 15 commemoration of the end of the war approached, all eyes were on what Koizumi would do. Ultimately, Koizumi's choice was to make the visit on August 13, two days before the commemoration.

Even before becoming prime minister, Koizumi was in the habit of visiting Yasukuni Shrine twice a year. But what reason did he have as a candidate for the presidency of the LDP to formally pledge to continue these visits? Ryutaro Hashimoto, his principal opponent in the election, was chairman of the Japan War-Bereaved Families Association. But the visit he had made to the shrine during his term in office in 1996 had stirred up tension with China and led him to take the position that he would thereafter forego paying his respect to the war dead at Yasukuni Shrine. It is believed Koizumi's pledge was part of his strategy to challenge and undermine the Japan War-Bereaved Families Association's support for Hashimoto.

Election promises aside, once in power, Koizumi could not easily ignore Japan's relations with China. Over the years, China had developed its relations with Japan by taking the position that "responsibility for the war rests with a small group of leaders, and the vast majority of the Japanese people were victims of the war." Thus, for the Chinese leaders, the prime minister's visit to a shrine that deifies Japan's wartime leaders was an act that subverted the very foundations of bilateral relations. Time and again messages were delivered to Koizumi from China arguing that he should desist from carrying out his election pledge. But for a Koizumi Cabinet that was riding high on the tide of public opinion, the campaign pledge was seen as a test of "actions speak louder than words" and could not be easily abandoned. In the end, Koizumi accommodated the Chinese request that "an August 15 visit should be avoided at all cost" by paying his respects to the war dead two days earlier on August 13. In the course of these talks, a date was set for Koizumi to travel to China in October, at which time China negotiated to include in Koizumi's itinerary a visit to the Museum of the War of Chinese People's Resistance Against Japanese Aggression at the Marco Polo Bridge. China was making an effort to come to terms with the Koizumi Cabinet. Traveling to China in October, Koizumi did stop at the Museum, and in his meeting with President Jiang Zemin emphasized that his visit to Yasukuni Shrine was motivated by the desire to renew the vow of peace and to pray for the war dead. Jiang did not show any strong reaction to this explanation, from which Koizumi concluded that an implicit accommodation had been reached between the two sides. On the other hand, it was Jiang's conclusion that visits to Yasukuni Shrine would not be repeated thereafter. Chinese expectations were further heightened when a private advisory council of Chief Cabinet Secretary Yasuo Fukuda was empanelled in December to consider the establishment of a "new memorial facility" that would replace Yasukuni Shrine.

Koizumi proceeded to again visit Yasukuni Shrine for the Spring Rites in April 2002. This was an unannounced and surprise visit. Even the Ministry of Foreign Affairs had not been left in the dark and no time had been set aside for prior explanation to China. The Japanese side had optimistically concluded from the events of the previous year that no serious complaint would be lodged by China so long as August 15 was avoided. China on the other hand was furious and felt that it had been "betrayed." To members of government who advised him to cancel his planned visit, Koizumi is said to have retorted, "I

have to go to Yasukuni, if for no other reason but to prevent China from using history issues as a diplomatic trump card.” In their subsequent meetings, while Jiang reiterated China’s position that the visits should be stopped, Koizumi simply repeated his own thoughts. Running on parallel tracks, the two sides would not find a point for developing a consensus.

The Hu Jintao government that succeeded Jiang in 2002 is said to have started out with an earnest desire to improve relations with Japan. But the new regime hesitated to act because of Koizumi’s position that, “We have already reached an understanding. Japan-China friendship will not be sidetracked by Yasukuni matters.” However, President Hu was clearly operating under a different mindset. Hu counted among his principal political mentors the former General Secretary of the Communist Party Hu Yaobang who had been driven from power in the late 1980s. The attacks on him had in part been fueled by the close personal ties that he had developed with Prime Minister Yasuhiro Nakasone, who went on to visit Yasukuni Shrine during his term in office. How they responded to the Yasukuni issue was clearly seen by Chinese leaders as political dynamite that could easily put an end to their political careers.

Notwithstanding the rocky political situation, bilateral economic relations continued to develop during this period. In 2004, China surpassed the US as Japan’s top trading partner, giving credence to the adage “politically cool, but economically hot.” Against this backdrop, China tried to play the economic card to extract concessions from Japan on Yasukuni Shrine. But Koizumi became increasingly adamant and unyielding as pressures from China mounted.

A key issue to emerge in 2005 was the matter of UN Security Council reform, which Japan took as an opportunity to push for a permanent seat on the Security Council. Responding to the Japanese initiative in the UN, anti-Japanese demonstrations broke out in various Chinese cities with damage even extending to the Japanese Consulate General. Added to this, evidence that China had started developing the gas fields that straddled the Japan-China median line in the East China Sea sent the two sides into an angry exchange of words and criticism. During this period, there was an ever-present risk that the anti-Japanese demonstrators would turn their anger and frustrations toward the Chinese government for its failure to take strong measures against Japan. The government was certainly exerting pressure on Japan to make concessions on Yasukuni, but Koizumi would not budge. For the Chinese leadership, the Yasukuni issue was quickly becoming an extremely thorny and potentially lethal problem that defied any easy resolution.

Shortly before leaving office, Koizumi made his last visit to Yasukuni Shrine as prime minister on August 15, 2006, proving to all that he had not compromised his position. But this is not to say that he had always been so unyielding. It is more likely that he found he could not retreat once the misunderstanding with China came to light, and instead opted to play the misunderstanding to his own domestic advantage. Buoyed by strong popular support and aiming to reinforce the centripetal forces that kept him in power, Koizumi’s choice was to emphasize that he was “resolute and unshakable.”

Koizumi’s intended successor was Shinzo Abe. But once in the prime minister’s office, Abe took a very different approach on the Yasukuni issue by repeatedly stating that he had “nothing to declare.” This was enough for marking a friendly start with China. Equally angry with Koizumi’s repeated Yasukuni visits and equally anxious to stave off further visits, South Korea’s President Roh Moo-hyun on occasion had gone as far as to state, “We are prepared for diplomatic war.”

3. ASEAN+3 vs. ASEAN+6

Koizumi’s Yasukuni visits placed Japan-China relations in the spotlight, but tension between the two countries was not necessarily due to the Yasukuni issue alone. Structural developments of far-reaching

consequence loomed in the background, notably the end of the Cold War and the emergence of China.

During the Cold War, a quasi-alliance of sorts existed among Japan, the United States, and China thanks to the common threat posed by the Soviet Union. As a result, relations between the three countries remained relatively stable. Furthermore, China considered Japanese loans and other forms of assistance indispensable to its fledgling program for building up its economy. With the end of the Cold War and the collapse of the Soviet Union, this uneasy balance was broken. Relations were further strained by concurrent developments, such as the accelerated growth of the Chinese economy. During the 1990s alone, the Chinese economy had quadrupled in size and China had emerged as a far more assertive actor on the international stage by the turn of the century. It was unavoidable that these changes would fundamentally alter the power balance in Asia. Moreover, in the post-Cold War environment, it was far easier for issues that had remained suppressed under the peculiar dynamics of the Cold War to surface. Among these were the unresolved issues of territory and history.

Bilateral economic relations between Japan and China were also undergoing significant changes during this period. The relation of “aid-giver and aid-receiver” was quickly eclipsed by the dynamics of the extensive transfer of manufacturing facilities from Japan to China. Many Japanese companies joined the move hoping to capitalize on China’s low labor costs. But all was not smooth sailing on the political front as history issues and the question of Taiwan could not be readily resolved. What emerged from this environment was a rivalry in Asia between Japan and China, which stands out as one of the salient features of this period.

A good starting point in describing this rivalry is the Asian currency crisis of 1997. The ASEAN+3 framework launched soon after the crisis continued to develop in the direction of economic and financial cooperation until eventually the name ASEAN+3 was supplanted by the term “East Asia” to signify the framework’s expanded reach that now encompassed both Northeast Asia and Southeast Asia. It was China that had shown initiative throughout this process. In the past, China had consistently emphasized bilateral relations and remained shy of joining multilateral regional frameworks because it felt that it would find itself isolated in a multilateral setting. The fact that it had overcome its cautious stance toward multilateral settings testified to China’s new found confidence. This was also part of a general strategy to stabilize its relations with neighboring countries in an environment of recurring tension with the US. China’s diplomatic initiatives in Asia were soon to outshine those of Japan and South Korea as it reached an understanding with ASEAN to formalize a free trade agreement in the near future. (The China-ASEAN Free Trade Agreement [FTA] came into effect in 2010.)

Japan’s response to Chinese initiatives was to negotiate an economic partnership agreement (EPA) with ASEAN that went significantly beyond the trade-centered scope of FTA to include such matters as investment and the movement of people. (The Japan-ASEAN EPA came into effect in several stages beginning in 2008.)

As a vision for an “East Asia Summit” gradually emerged from discussions at ASEAN+3 Summit Meetings, attention turned to how and where East Asian Summit Meetings would be held. China proposed that the second meeting be held in Beijing after an ASEAN member country had hosted the first one. Japan on the other hand was actively sounding out possibilities for jointly hosting the first meeting with Malaysia, the year’s ASEAN chair country. Japan went a step further to propose the participation of India, Australia, and New Zealand in the summit. It was amply clear that the intention of this suggestion was to diminish the relative presence of China. On its part, China argued that the summit should be restricted to ASEAN+3. Ultimately, when the first East Asia Summit convened in 2005, the Japanese proposal for ASEAN+6 had been adopted. But a semblance of balance was maintained by confirming the

principle that ASEAN+3 represented the “main framework” for a future East Asian Community. It was also decided at this time that only ASEAN countries would host the East Asia Summit. As a result, both the Chinese proposal for hosting the second summit in Beijing and the Japanese proposal for co-hosting the first summit were rejected. These decisions can be seen to reflect ASEAN maneuvering aimed at preventing Japan and China from wielding undue influence in their affairs.

4. Surprise Visit to North Korea and the Six-Party Talks

While regional cooperation gathered momentum in ASEAN and Southeast Asia, no comparable developments were being seen in Northeast Asia, a region unique in the world for the continued existence of two divided nations—China and Taiwan, and North and South Korea—after the end of the Cold War. However, as exemplified by growing trade between Japan and China, economic interdependence was advancing at a rapid pace in Northeast Asia even while political relations languished. The single exception to this increasingly energized process was North Korea.

Caught between the two leading socialist countries of the Soviet Union and China, North Korea had survived the Cold War era through an adept balancing act. Thus, the collapse of the Soviet Union had dealt a shocking blow to North Korea. Cheap supplies of oil that the Soviet Union had always provided at “friendship prices” now had to be purchased at market prices, sending North Korea to the brink of economic collapse. To survive the unfolding crisis, North Korea’s President Kim Il-sung opted to go the path of arming his country with nuclear weapons.

Tensions climaxed in the first North Korean nuclear crisis of 1994, sending shockwaves through the non-LDP coalition cabinets that governed Japan at the time under prime ministers Hosokawa and Hata. The sense of urgency that took hold of Japan would later manifest itself in the re-definition of the Japan-US Security Treaty and the enactment of legislation related to the Guidelines for Japan-US Defense Cooperation. Suspicion about North Korea’s nuclear arms development continued under the Kim Jong-il regime that followed. The strategy was basically unchanged. North Korea would hold on to the ever-present possibility of developing nuclear weapons to heighten its international presence and to use this as a bargaining chip in its quest for survival.

Finding itself seriously and increasingly isolated, North Korea developed a very strong desire to improve its relations with Japan. There was no doubt that the General Association of Korean Residents organized by North Koreans in Japan had always been a critically important source of financial and material support for the North Korean leadership. Additionally, the normalization of diplomatic relations with Japan held out the promise of immensely larger economic benefit. Normalization would certainly open the way to rapid expansion of bilateral trade and investment. Moreover, remembering what had happened when diplomatic relations were normalized between Japan and South Korea in 1965, North Korea calculated that it stood to receive an enormous amount of economic assistance upon signing a treaty with Japan. Attempts to improve bilateral relations had been undertaken on several occasions in the past, primarily as North Korean initiatives. The Kanemaru Mission of 1990 was one such example. However, none of these attempts had borne fruit and were eventually derailed due to growing suspicion of nuclear development and the abduction of Japanese citizens. Breaking through this impasse and improving its relations with Japan was a long-standing aspiration and challenge for North Korea.

It was Prime Minister Koizumi who would supply the bold action needed to improve bilateral relations. The entire process started with a North Korean official (who later came to be known as Mr. X) approaching Japan’s Ministry of Foreign Affairs, followed by a series of top-secret meetings between the two sides and culminating in an announcement made in 2002 that Koizumi accompanied by several top

aides would visit North Korea in September. The announcement came as a bolt out of the blue. As Japan's principal ally, the US had been formally notified only three days before the announcement. There is little question that this was a decision of unprecedented audacity in Japan's postwar diplomacy. Throughout the preliminary negotiations, it was clear that the twin problem of abductees and nuclear weapons development would stand as formidable barriers to the normalization of relations.

Arriving in Pyongyang, the Koizumi Mission was informed that five of the abductees were alive but that eight others, including Megumi Yokota who had come to symbolize the abductee problem, were already dead. The Japanese side was taken aback to have come all the way to Pyongyang to be handed this grim news. In the internal discussions that ensued, the view was expressed that the Japanese side should refuse to sign a joint statement and return home unless they were given an apology by Kim Jung-il, supreme leader and Chairman of the Central Military Commission. In the afternoon meeting, Kim Jung-il made the following statement. "These were indeed terrible happenings. I take this opportunity to frankly express our regrets and to apologize." He went on to explain that the abductions resulted from the unauthorized actions of certain special agencies that the responsible individuals had been already punished and that abductions would never be repeated.

In response, Koizumi agreed to sign the joint statement, which contained a number of pledges made by Japan. These were the promise to restart negotiations for the normalization of diplomatic relations, to apologize for Japan's colonial rule, and to provide North Korea with economic aid upon normalization of relations. On its part, North Korea pledged to abide by international agreements on nuclear development.

While the North Korean leadership sought to break the impasse in bilateral relations, subsequent events unfolded in the very opposite direction that they had calculated and hoped. Firstly, the announcement that many of the abductees were dead enraged Japanese public opinion. The abductees that had been named by North Korea were eventually returned to Japan, as were their family members following a second visit by Koizumi to Pyongyang. But the explanation provided by North Korea regarding the allegedly dead abductees contained inconsistencies, as a result of which the abductee problem continued to obstruct the progress of bilateral relations.

But this was not the only problem. Before long, tensions once again rose with suspicions of North Korea's nuclear development. By around 2002, North Korea had scrapped the "US-North Korea framework agreement" and was hinting that it was prepared to restart its nuclear program. The Six-Party Talks were launched to address this new situation with the participation of North and South Korea, the US, Japan, China, and Russia, and constituted Northeast Asia's first multilateral framework dedicated to the discussion of security matters. However, the framework did not function fully or effectively. Since carrying out its first nuclear weapons test in 2007, North Korea seems to have been endeavoring to establish its membership in the nuclear club as a *fait accompli*.

II. Emergence of China and the Destabilization of Japan's Diplomacy

1. First Abe Cabinet—Strategic Vision and Vulnerabilities

In 2005, Koizumi dissolved the Diet and called for a general election to be fought primarily on the issue of postal privatization. The outcome was a landslide victory for the LDP. But the 2005 victory did not deter Koizumi from carrying out his often-repeated statement that he would leave office at the end of his term as LDP president in September 2006. Koizumi's successor to the premiership was Shinzo Abe who had served as the chief cabinet secretary of the Koizumi Cabinet. At age 51, Abe became Japan's youngest postwar prime minister. He came from a prominent family of politicians with former Prime Minister

Nobusuke Kishi as his grandfather and former Foreign Minister Shintaro Abe as his father, and had gained strong public support for the hard line he had taken in negotiations with North Korea on the problem of abductees.

“Breaking away from the postwar regime” was the goal that Abe chose for his cabinet, and in foreign affairs Abe committed himself to “assertive diplomacy.” At this point, it appeared the new prime minister would meet all the expectations of the conservatives. However, once in office, Abe refused to make any clear statements on his intent to visit Yasukuni Shrine, which was taken as evidence of his willingness to pay a certain amount consideration to China. Queried in the Diet on the issue of “interpretation of history,” Abe responded that he would uphold the 1995 Murayama Statement, and went on to choose China for his first official visit as prime minister. Mindful of the difficulties experienced in Japan-China relations under the Koizumi Cabinet, the Hu Jintao government welcomed Abe’s stance. Subsequently, during Abe’s visit to China, an agreement was reached on promoting a “mutually beneficial relationship based on common strategic interests.”

Concurrently, Abe focused his energies on strengthening Japan’s relations with India and Australia. Following an exchange of visits by leaders, an agreement was reached with India to develop a global partnership, and to deepen cooperative relations in national security with Australia.

The Abe Cabinet was noted for the numerous slogans and catch phrases that it launched, such as the concept of Japan as a “Beautiful Country.” Another favorite was “value-based diplomacy,” a policy for strengthening Japan’s partnership relations with countries that were committed to democracy and emphasized democracy as a fundamental value. This policy was given concrete form in the “arc of freedom and prosperity” advocated by Foreign Minister Taro Aso, a foreign policy initiative for strengthening partnership ties with countries pursuing “freedom and prosperity” along an arc extending from Japan through ASEAN and on to India, and finally stretching along the southern fringes of Eurasian landmass before terminating in East Europe. Fostering closer ties with India and Australia can be interpreted to be a manifestation of the strategy of the “arc of freedom and prosperity.” Thus, coming after the stagnation that marked Japan-China relations during the Koizumi years, the diplomatic policies of the Abe Cabinet clearly aimed to improve relations with China while also deepening relations with India and Australia through its advocacy of an “arc of freedom and prosperity.” This hinted at a certain strategic vision for Japan’s diplomacy.

However, the Abe Cabinet ultimately lacked the clout to follow through with this strategy. Picking up where Koizumi left off, Abe announced a series of initiatives for accelerating the Koizumi programs for creating a “government centered on the Cabinet” rather than bureaucrat-centered. Many of these initiatives, including establishing a “Japanese version of the National Security Council,” failed to take off and new obstacles emerged when cabinet ministers were implicated in a string of scandals. The LDP then suffered a landslide defeat against the Democratic Party of Japan (DPJ) in the House of Councilors election of July 2007, which handed a majority position in the upper house to opposition parties and gave rise to the phenomenon of the “divided parliament.” This was soon followed by second setback when Ichiro Ozawa, Representative of DPJ, announced that his party would not support the extension of the Self-Defense Forces’ refueling activities in the Indian Ocean carried out in support of the multinational forces in the “war against terrorism.” Cornered by these setbacks and suffering from health problems, Abe announced his resignation in September 2007. The reason he gave was, “I have come to believe the situation has come to a point where matters will move forward more smoothly under a new prime minister.”

Both the strategic approach espoused by the first Abe Cabinet and its vulnerabilities embodied the

various challenges faced by Japanese political diplomacy. Regarding Abe's strategic approach, though members of his administration would not admit it, it would be difficult to deny that the exclusion of China from both "value-based diplomacy" and the "arc of freedom and prosperity" reflected an implicit agenda for attempting to keep China in check. Japan was being confronted by the emergence of China as a superpower, which raised the critical question of how Japan should respond. It can be clearly observed how the Abe Cabinet endeavored to maintain a balance with China by following up on the Koizumi line of involving India and Australia in the East Asia Summit and other initiatives.

Turning to the vulnerabilities of the Abe Cabinet, the domestic political balance was also changing with the emergence of the DPJ as the preeminent opposition party and formidable political foe. No longer could the LDP-New Komeito coalition deliver stable majorities in both houses of the Diet. The "divided parliament" would become a fact of life in Japanese politics and a major reason why the string of prime ministers who followed Koizumi were forced to resign after brief periods in office that always seemed to expire at the end of one year.

The changing international power balance in its neighborhood called on Japan to devise and adopt increasingly strategic approaches in its foreign relations. The unfortunate fact for Japan was that the ability to maintain stable and long-lived administrations had been seriously impaired by the "divided parliament" and other factors. There is no doubt that the revolving door of weak and vulnerable administrations that followed Koizumi resulted in a steady erosion of Japan's international diplomatic presence during this period.

2. Fukuda Cabinet—The Truth behind "Synergetic Diplomacy"

Following Abe's resignation, Yasuo Fukuda took the helm of government. He too had served as chief cabinet secretary under Koizumi and had come to be known as the "behind-the-scenes foreign minister" at a time when Makiko Tanaka was frequently instigating and becoming embroiled in turmoil as Minister of Foreign Affairs. Fukuda exuded a sense of mature experience that was seen to be lacking in the Abe Cabinet that preceded him. Following the unceremonious collapse of the Abe Cabinet and its "team approach" featuring new and inexperienced faces, Fukuda had been brought in as the veteran politician who promised somber stability. Fukuda held a deep-seated aversion to flashy political performances. Particularly in the field of diplomacy, he believed that actions that stirred up public opinion were totally uncalled for.

Upon taking office, Fukuda outlined his policy of "synergetic diplomacy." The basic concept was to place emphasis on both the Japan-US alliance and Asian diplomacy. He argued that this two-pronged approach would create synergy effects that would strengthen Japanese diplomacy. Implementing this policy proved difficult. Relations with the US soon hit a road bump when the DPJ carried out its pledge to obstruct the extension of the Anti-Terrorism Special Measures Law that provided the legal grounds for the refueling activities of the Self-Defense Forces in the Indian Ocean. To replace the expired law, Fukuda presented the "divided parliament" with a new Anti-Terrorism Special Measures Law that was rejected in the House of Councilors but was ultimately enacted in January 2008 with the support of a two-thirds super-majority in the House of Representatives. Refueling activities were restarted after an interruption of four months.

In Asian affairs, the Chinese leadership had welcomed the Fukuda Cabinet with high expectations. A number of reasons could be cited for China's optimism. First, Fukuda was the son of Prime Minister Takeo Fukuda who had signed the Japan-China Peace and Friendship Treaty. Second, as chief cabinet secretary of the Koizumi Cabinet, Fukuda had tried to ease the tension between the two countries

following Koizumi's visit to the Yasukuni Shrine by appointing a panel to discuss the establishment of a "new memorial facility" as an alternative to Yasukuni. More than all else, the Hu Jintao government was anxious to foster stable relations with Japan as an essential condition to remaining on course for rapid economic growth. From this perspective, Fukuda appeared to be an excellent partner.

An emerging problem that was rocking the boat of bilateral relations at this time was the development of gas fields straddling the Japan-China median line in the East China Sea. While China had stayed on its own side of the median line in launching development projects, Japan argued that the gas fields situated on the two sides of the line were intertwined and the exploitation of Japan's resources by China was unacceptable. China responded with the claim that the median line did not mark its boundary with Japan and that its rights extended to the edge of the continental shelf near Okinawa. The fact that Japan and China ultimately reached an agreement to jointly develop the resources straddling the median line may be taken to be a manifestation of the high expectations that China entertained regarding Fukuda.

As the 2008 Beijing Olympics approached, a series of events occurred that would have far-reaching repercussions on public opinion in both Japan and China. The large-scale riots that took place in Tibet in the spring of 2008 invited harsh international criticism of China for human rights violations. This was followed by the "poison dumpling incident" where frozen dumplings exported from China to Japan were found to be laced with poison. Navigating the waters of bilateral relations became gradually more difficult as tempers ran high.

In a speech titled "Pacific Ocean as an inland sea" given in May 2008, Fukuda presented a fuller vision of his "synergetic diplomacy" by stating, "I would like to share some considered reflection on where Asia is going, using the Pacific Ocean in particular as a prism through which to examine the subject." He proceeded to name a number of priority issues, including Japan's support for strengthening ASEAN, treating the Japan-US alliance as a public good in the region, Japan's cooperation in disaster management as a "peace fostering nation," and Japan's contribution to the fight against climate change.

Fukuda's intent was to encapsulate the synergy between the Japan-US alliance and Japan's Asian diplomacy in a notion of Pacific Ocean as a region. Compared to "value-based diplomacy" and the "arc of freedom and prosperity" that characterized the first Abe Cabinet's commitment to "assertive diplomacy," Fukuda's approach leaned toward "inclusion" and "harmony." Faced with the changing power balance in the region, both of Japan's two options had now been clearly stated and elaborated. Should Japan opt to maintain a balance by being more assertive, or should it return to pursuing the values of "inclusion" and "harmony" that were the hallmarks of Japan's postwar Asian diplomacy? The difference in flavor between the two alternatives presents a fair categorization of how Japan may respond to the changing regional order in a post-Cold War environment.

Whichever direction Japan decides to favor, there is no question that its choice will have to be buttressed by a solid political footing at home. The "divided parliament" that bedeviled Abe remained firmly entrenched under Fukuda as well, and though efforts were made at one point to launch a "grand coalition" with DPJ Representative Ozawa, nothing came of this initiative. Mindful of his own stolid persona, Fukuda eventually concluded that the LDP would fair better in the coming election under the leadership of Aso who had managed to capture the public's attention. Thus it was that in September 2008, Fukuda tendered his resignation.

3. Aso Cabinet—"Arc of Freedom and Prosperity"

Next in office was Taro Aso who had advocated the policy of the "arc of freedom and prosperity" as the Abe Cabinet's foreign minister. As prime minister, Aso resurrected this concept and pushed it to the

forefront of Japan's diplomacy. In Asian affairs, Aso firmly re-instituted Japan's "shuttle diplomacy" with South Korea featuring a regular exchange of visits with President Lee Myung-bak. The practice had its origins in 2004 but had been suspended following Koizumi's Yasukuni visits. While it was Fukuda who had restarted Japan's shuttle diplomacy with South Korea, it was left to Aso to place it on solid ground. In relations with India, a significant step forward was taken during Prime Minister Singh's visit in October 2008 when the two countries released a "joint statement on security." This was only the second statement on national security exchanged with any country other than the United States, the first being Australia with whom an agreement had been reached under the Abe Cabinet. In another significant development, Japan agreed to provide India with a massive yen loan in support of the Delhi-Mumbai Industrial Corridor project. Valued at approximately 450 billion yen, this represented the largest loan ever extended by the Japanese government to any single project. It can be said that these initiatives were consistent with the concept of the "arc of freedom and prosperity."

Aso's candid and straight-shooting style was on full display during his visit to China. He declared, "Instead of a relation where each side feels it must hold back for the sake of preserving friendship, we look forward to building a relationship based on friendly competition and cooperation. This is the true meaning of a strategic and mutually beneficial relationship." But this straightforwardness was not unique to Aso. Even Fukuda, who was said to be pro-China in his outlook, had made some stark remarks during his visit to Beijing by stating, "As two major powers, we cannot expect Japan and China to subscribe to the same thinking and position on all issues." The words of both prime ministers marked a clear departure from Japan-China relations during the Cold War when all the emphasis was on "mutual friendship."

As in the case of his predecessors, Prime Minister Aso would struggle with the increasing force of the DPJ's offensive. The extension of the new Anti-Terrorism Special Measures Law went through a series of twists and turns as the DPJ tried to capitalize on this as an opportunity to corner Aso into an early dissolution of the Diet and a general election. In the final analysis, the law was extended but Aso steadily lost his support as he continued to postpone the general election. In the election held in September 2009, the LDP suffered a devastating loss that transformed it into an opposition party.

What emerges from a survey of the three post-Koizumi LDP cabinets of Abe, Fukuda, and Aso is the persistent question of what kind of relation Japan should seek to build with an increasingly powerful China. During the Koizumi years, Japan-China relations were encompassed by friction arising from the prime minister's Yasukuni visits. As Koizumi's three LDP successors refrained from visiting Yasukuni, Japan-China relations appeared to have settled down. But even then there was no shortage of cause for bilateral tension as witnessed in the development of the gas fields in the East China Sea. At the base of all the tension was the emergence of China as a superpower and its impact on the region's power balance. Abe and Aso chose to respond to the new reality through "value-based diplomacy" and the "arc of freedom and prosperity" and by ramping up Japan's assertiveness. On the other hand, Fukuda opted to emphasize partnership and harmonization of interests with China.

Another notable feature of this period is seen in Japan's efforts to deepen its relations with India and Australia. There was a clear strategic vision at play in bringing India and Australia into the mainstream of Japanese diplomatic initiatives as a counterweight to an emergent China. It is true that the "arc of freedom and prosperity" contained certain elements that were carried forward from the advocacy of ASEAN+6 during the Koizumi years, but significant differences also existed. Most notably, the two initiatives fundamentally differed in their assessment of ASEAN. Needless to say, ASEAN had a starring role in ASEAN+6, but a far less conspicuous part to play in "arc of freedom and prosperity." The situation

had begun to change with the Asian currency crisis when member countries were thrown into turmoil and the ASEAN organization itself lost much of its gravitational force. True enough, ASEAN had been one of the main pillars of Japan's Asian diplomacy for many years, but it cannot be denied that ASEAN had experienced a significant decline in its international presence in the ensuing years. From the Japanese perspective, it was believed that there was nothing positive to be gained from a weaker ASEAN. Prime Minister Yasuo Fukuda addressed this issue with his concept of the "Pacific Ocean as an inland sea." Formulated with the intent of further developing the Fukuda Doctrine enunciated by his father in the 1970s, this concept placed special emphasis on providing assistance to ASEAN for restoring it to its former strength.

As can be seen from the above, the three prime ministers who followed Koizumi each had his own strategy for Asian diplomacy designed to respond to ongoing environmental changes in the region. But without a firm political foundation at home, diplomatic strategies cannot be properly implemented and quickly turn into mere "castles in the sky." As the DPJ continued to grow and gain momentum, Japan was entering into an age of genuine regime change. Japan would soon find itself trapped between the dynamics of the "divided parliament" and other problems that affected the structure of government and the question of how to achieve consensus and consistency in foreign affairs in an age of regime change. This difficult question was already beginning to rear its head.

III. Birth of the DPJ Government

1. Hatoyama Cabinet and the "East Asian Community"

The general election of September 2009 yielded a landslide victory to the Democratic Party of Japan and resulted in the first genuine regime change in Japan's postwar history. By taking 308 seats, the DPJ had come very close to a two-thirds majority in the House of Representatives. However, because it did not hold a majority in the House of Councilors, the DPJ entered into a coalition with the Social Democratic Party and the People's New Party. The Yukio Hatoyama Cabinet was launched in this setting.

On the eve of regime change, the DPJ had advocated a "close and equal Japan-US relationship" in its official political platform. Meanwhile, DPJ Representative Ozawa stated, "The Seventh Fleet provides the United States with sufficient presence in the Far East," perhaps hinting at the withdrawal of all other US forces from Japan. The newly formed Hatoyama Cabinet was immediately forced to navigate in the treacherous waters of trying to define what exactly it meant with a "close and equal Japan-US relationship."

Hatoyama's "close and equal Japan-US relationship" came to be symbolized by the problem of the relocation of the US military's Futenma Air Base located in the heart of Okinawa's Ginowan City. Before being forced from power, the LDP administration was moving to relocate the Futenma Air Base to the Henoko District in the northern part of Okinawa's main island. Promising to overturn this plan, the DPJ had stated before the general election that "removal of the base from Okinawa Prefecture was the minimum acceptable condition." In his meeting with President Obama, Hatoyama promised that the relocation problem would be solved by the end of 2010 and sealed his promise with the plea, "Trust me." Notwithstanding the prime minister's promise, the DPJ administration wavered and was unable to settle on a solution. At the start of 2010, Hatoyama declared that the policy would be finalized by the end of May, but was ultimately forced to retract the pledge of "removal from Okinawa." Angered by the reversal, the Social Democratic Party withdrew from the coalition. The relocation problem was difficult enough in itself, but the situation was further aggravated by Hatoyama's repeated flip-flops. Taking responsibility for the resulting tumult, Hatoyama resigned in June 2010.

In the area of foreign affairs, Hatoyama advocated the formation of an “East Asian Community” as an expression of his long-cherished principle of “fraternity.” The problem lay in the details. Shortly before taking office, Hatoyama had published a paper in which he stated that such problems as the expansion of armaments and territorial issues that could lead to nationalistic clashes within Asia “can only be resolved through the process of regional integration.” He argued therefore that economic integration should be prioritized and advocated the “realization of a common currency for Asia.” Hatoyama’s prescription was held in doubt even within the cabinet with the newly appointed foreign minister Katsuya Okada commenting that a currency union that curtails national sovereignty “would be hard to imagine in Asia.”

Hatoyama’s conception of an “East Asian Community” ran into further trouble on the question of US involvement. Hatoyama stated that the US would be part of the East Asian Community, to which Okada countered that, “US participation is not foreseen under this concept as it currently stands.” The absence of consensus within the cabinet was obvious. The next jolt came from Ichiro Ozawa, who as the powerhouse within the DPJ was now in the post of secretary-general of the party. Ozawa had long argued that, “relations between Japan, the United States, and China should take the form of an equilateral triangle.” In December 2009, Ozawa visited China accompanied by 143 DPJ members of Diet. China welcomed the group with special treatment, and President Hu Jintao shook hands and took pictures with every member of the group. This raised eyebrows both in Japan and overseas as the DPJ stance of “independence from the US” and “growing closer to China” was scrutinized with keen interest and caution. In hindsight, however, it appears that the excitement of the dramatic regime change had gotten the better of the DPJ and the visit represented nothing more than a vague and poorly elaborated desire within the new administration to differentiate itself from the LDP.

The Hatoyama Cabinet did succeed in differentiating itself from its predecessors in such areas as human rights, democracy, and issues of history. Hatoyama found one such opportunity in the Bali Democracy Forum that was formed as a venue for Asian and other countries to discuss the issue of democracy as their own problem. The Forum was hosted by Indonesia beginning in 2008 when democratic institutions had started to take root after the collapse of the Suharto regime and the ensuing confusion. Hatoyama not only participated in the Forum meeting of 2009 but also served as its co-chairman. It can also be noted that his candid approach to issues of history and willingness to admit to the wartime faults of Japan served to gain the trust of China and South Korea in certain areas.

Lofty ideals were easy to enunciate and pleasant to the ear but could not be translated into concrete policies and measures given the Hatoyama Cabinet’s paucity of political power. An administration that had been launched with the enthusiastic support and high expectations of the public would ultimately crumble under the weight of the prime minister’s own confusion and indecision.

2. Kan Cabinet and the Trans-Pacific Partnership Agreement

The DPJ remained in power after Hatoyama’s departure thanks to continued popular support, and Naoto Kan became prime minister in June 2010 with an approval rating of around 60 percent, marking a sharp and dramatic recovery from Hatoyama’s approval rating that had dipped below 20 percent at the end of his tenure. As the Hatoyama Cabinet’s finance minister, Kan reportedly had come to attach extreme urgency to Japan’s fiscal deficits. A month after taking office, Prime Minister Kan acted on this sense of urgency and announced during the upper house election campaign that the consumption tax rate had to be raised. Perhaps his intent was to impress upon the electorate that the DPJ was a “responsible political party,” but the abrupt and unexpected announcement had a devastating effect on the fortunes of his party as support for the Kan Cabinet plummeted. As a result, the DPJ suffered defeat in the election and the

ruling coalition lost its majority status in the House of Councilors. The “divided parliament” that had bedeviled the LDP was back and would now deliver equal pain to the Kan Cabinet.

As indicated by the commitment to raise taxes, the Kan Cabinet appeared to take a more realistic approach than Hatoyama who put his ideals first. But at the same time, the Kan Cabinet can be faulted for its series of makeshift responses that robbed its policies of any sense of consistency and stability. The same basic pattern applied to Kan’s Asian diplomacy. Kan seldom mentioned the “East Asian Community” advocated by Hatoyama. As if to fill the gap, Kan announced the intent to participate in the Trans-Pacific Partnership (TPP) negotiations in his general policy speech delivered in October 2010.

TPP had been launched in 2006 as an economic partnership agreement among four nations (Singapore, Brunei, Chile, and New Zealand) and was originally intended to boost the competitiveness of these small economies by achieving a high level of liberalization in trade and investment. It was only after the US announced in 2008 that it would join the negotiations that TPP came into the limelight. This was followed by similar statements of intent by Australia and Peru. In September 2009, the US called on Japan to also join the process. But fearing a backlash from agricultural organizations, Hatoyama who was then in office, avoided giving a straightforward response to the suggestion. The US had its own reasons for encouraging Japan to participate. Bringing Japan’s large economy into the fold would significantly expand the scale of TPP and help the US counter the competition from China for taking a leadership role in creating a free trade zone in the Asia-Pacific region. Secondly, the US may have also been interested in checking the advance of the “East Asian Community” and other initiatives that Japan had been pursuing on its own.

It is quite likely that in announcing the intent to join the TPP negotiations, Prime Minister Kan was at least in part motivated by the desire to reboot Japan-US relations following all the vagaries that had haunted the “East Asian Community” and the delayed relocation of the Futenma Air Base. But TPP led directly to the thorny problem of agricultural liberalization that the LDP had never been able to overcome. Thus, here again, Prime Minister Kan can be faulted for a spur-of-the-moment decision that had not been fully thought through.

The DPJ had come to power with promises of an “end to bureaucracy-led politics” under a new system of “politics by politicians.” In diplomatic relations, these principles were put into practice in the appointment of Uichiro Niwa as ambassador to China. Niwa certainly did not come from the ranks of government bureaucrats and had previously served as president and chairman of Itochu Corporation, one of Japan’s leading general trading companies. As a leader of industry, Niwa had developed extensive ties with the Chinese political leadership, and it was hoped that his appointment would contribute to strengthening Japan-China ties.

The events that followed betrayed this hope as bilateral tensions mounted on the issue of Okinawa Prefecture’s Senkaku Islands. Caught in the maelstrom, Niwa never had a chance to show off the skills he had developed in the business world. In September 2010, the Japan Coast Guard attempted to stop a Chinese fishing vessel operating in waters off the Senkaku Islands. The fishing vessel resisted and rammed the Japanese patrol boat, whereupon the captain was arrested and sent to the public prosecutor’s office for obstruction of performance of government duties. While China objected the arrest strongly on the grounds that the Senkaku Islands were part of its territory, Japan decided to move forward to prosecute the captain under Japanese laws. This was met by a series of presumably retaliatory actions by China, including the suspension of exports of rare metals to Japan. Ultimately, the Naha District Public Prosecutors Office rendered a decision to release the captain without indictment. Although the government claimed that the decision had been made solely by the district prosecutors office, it was widely

believed that the Kan Cabinet had influenced the outcome. Just as public criticism of the Kan Cabinet's inconsistent actions was mounting, a video taken of the incident from aboard the patrol boat was leaked and uploaded on the Internet, further cementing the impression that the government was wavering and confused.

The Kan Cabinet had selected infrastructure exports to Asia as one of its priority policies and considered the export of nuclear power facilities as one of the most promising fields. To facilitate the export of nuclear-related equipment to India, Japan launched into negotiations on the Japan-India Nuclear Energy Cooperation Agreement. Given that India possessed nuclear weapons and had not signed the Nuclear Non-Proliferation Treaty, there was criticism that negotiations with India contradicted Japan's principle of non-nuclear diplomacy. But Kan moved forward and prioritized export growth in what can be taken to be a manifestation of his commitment to "realism."

Nuclear power was destined to present the Kan Cabinet with a monumental and unexpected problem. The magnitude 9.0 earthquake of March 11, 2011 (named the Great East Japan Earthquake) was among the most powerful ever recorded and generated a giant tsunami that smashed the coastline of the Tohoku area and took the lives of thousands. The waves that washed over Tokyo Electric Power Company's Fukushima Dai-Ichi Nuclear Power Plant resulted in a total loss of power, which quickly led to meltdown and the release of radioactive materials on a massive scale. Kan would soon find himself caught between fierce criticism from the LDP and unrelenting pressure from Ozawa from within his own party. By August 2011, he was left with no choice but to resign.

3. Noda Cabinet and the Nationalization of the Senkaku Islands

Kan left office at the culmination of a process that had come to be known unceremoniously as "getting rid of Kan." The victor in the party elections held following Kan's departure was Yoshihiko Noda who had served as finance minister in the Kan Cabinet. Thus, the new Noda Cabinet was launched in September 2011. It appeared that Noda had consciously committed himself to prudent and steady management in order to avoid the pitfalls of Hatoyama's high-flying idealism and Kan's unpredictable style of governance. But the general political environment remained basically unchanged. The phenomenon of the "divided parliament" persisted and the dissident group led by Ozawa continued to agitate within the party. Faced with these difficulties, Noda eventually chose raising the consumption tax rate as his priority policy objective.

In foreign relations, Prime Minister Noda endeavored to rebuild Japan's relations with the US, which had affected by the problem of the relocation of the Futenma Air Base and other issues. In Asian affairs, Noda met with South Korea's President Lee Myung-bak in October 2011 in an exchange that focused primarily on economic cooperation and the expansion of the existing currency swap agreement for the provision of foreign exchange in times of crisis. At the time of his visit, Noda took the step of returning extracts from the The Royal Protocols of the Joseon Dynasty (recording royal rituals and ceremonies of the Joseon Dynasty of Korea) that had been carried away to Japan during its colonial rule of Korea.

With his background in the business community, President Lee emphasized the importance of promoting forward-looking relations with Japan at the start of his tenure. But as popular support ebbed with the approach of the end of his term, President Lee took bold action to become the first Korean president to set foot on Takeshima Island (known as Dokdo in Korea). From the Japanese perspective, this issue is a matter of territory while in Korea it is viewed in the context of colonization by Japan. The problem points to the complex mesh of administrative matters and the persistence of intractable historical issues

between the two countries.

While the momentum for exporting nuclear power reactors to India temporarily subsided after the Fukushima nuclear accident, Prime Minister Noda chose not to interrupt negotiations on the Japan-India Nuclear Energy Cooperation Agreement. In addition to the underlying interest in expanding Japan's infrastructure exports, this decision to strengthen relations with India reflected Japan's discomfort with the growing presence of China.

The Senkaku problem took a new turn under the Noda Cabinet when Tokyo's Governor Shintaro Ishihara announced in April 2012 that the Tokyo Metropolitan Government intended to purchase the Senkaku Islands from their private owner and that a fund would be established to receive donations from around the country to finance the purchase. While skeptics speculated that this was part of Ishihara's ploy to re-enter national politics by forming a new political party, donations poured in and negotiations with the owner proceeded smoothly. It was at this point that the Noda Cabinet stepped in to intercept the purchase. Known as a hardliner on China issues, it was feared that Governor Ishihara would waste no time in building permanent facilities on Senkaku once the purchase was completed, and that this would become the source of intense conflict with China. Noda's solution was to propose the purchase of the islands by the national government instead of the Tokyo Metropolitan Government. The decision to nationalize the Senkaku Islands was finalized in September 2012. But ensuring the stable control and management of the islands was not the only factor motivating the decision. Observers noted that Noda was anxious to establish his credentials for "unwavering determination in foreign relations" in advance of the approaching election for party leadership.

The Chinese government protested strongly as soon as the government's plan to purchase the islands became known. In response, the Japanese government time and again explained that the government had no intention to accept Ishihara's demands to develop port facilities on the islands and that the purpose of nationalization was merely to ensure stable management. However, these repeated appeals for understanding failed to quell China's concerns and China continued to issue warnings against the impending nationalization. Japan and China view the Senkaku Islands from two fundamentally different perspectives. The Japan government denies the very existence of a territorial issue. China on the other hand takes the position that the two countries merely agreed in the 1970s to "shelve the issue." The Noda Cabinet finalized its decision to nationalize the islands in September 2012 and completed the transfer procedures on the following day.

China had been dispatching patrol boats and other government vessels to the Senkaku region for a number of years. But the frequency of these dispatches increased after the incident of the Chinese fishing vessel during the Kan Cabinet. Tensions increased further after the decision on nationalization when groups of Chinese government vessels began to enter Japan's territorial waters and contiguous zones in the vicinity of the Senkaku Islands on a daily basis. The patrol boats of the Japan Coast Guard were thus put on constant alert.

In domestic affairs, the Noda Cabinet had focused its energies on raising the consumption tax rate, leading to the conclusion of a tripartite agreement on a tax hike signed by the DPJ, LDP, and the New Komeito in June 2012. Within the DPJ, these developments met with furious opposition from Ozawa. Subsequently, when the law for raising the tax rate was put to the vote in the Diet a number of DPJ lawmakers broke ranks and voted against the bill. The matter came to a head in July when Ozawa seceded from the DPJ. As part of the tripartite agreement, Noda had accepted the demands of LDP to dissolve the lower house and to call a general election in the near future. Acting on his pledge, Noda dissolved the House of Representatives in November 2012. In the general election held in the following month, the

DPJ suffered a devastating defeat that reduced the number of its seats to one-fourth the pre-election level. Faced with the fact of defeat, Prime Minister Noda tendered his resignation.

Thus, the rule of the three DPJ cabinets began with Hatoyama's "East Asian Community," continued on to Kan's TPP, and ended with the nationalization of the Senkaku Islands under Noda. In terms of style of governance, the process started with Hatoyama's conscious negation of the conventional LDP approach that preceded him. Next was Kan's espousal of realism that in practice was hobbled by a penchant for spur-of-the-moment decision making. Noda, the third and last DPJ prime minister, took decisive action on the consumption tax rate and nationalizing the Senkaku Islands, venturing into areas where LDP administrations had long hesitated to go, and as a result lost the government.

However, it would be unproductive to merely deride the hapless trajectory of the three DPJ cabinets. The DPJ faced a fundamental question of how it would differentiate itself from the LDP administrations that preceded it by developing new policy options for the new international environment of the post-Cold War era. In the area of Asian diplomacy, exploration of new options should certainly be continued. In this context, the DPJ cabinets left behind a valuable lesson pointing to the need for continued efforts aimed at finding a balance between reality and the exploration of policies.

IV. Asia and Japan in the 21st Century

1. Birth of the Second Abe Cabinet

Following the collapse of the DPJ administration, Shinzo Abe, who was already serving as president of the LDP, returned to office as prime minister. Postwar Japan had not for many years seen a prime minister assume the reigns of power for a second time. Prime Minister Abe committed himself to ending Japan's long period of deflation by implementing a series of economic policies that came to be known as Abenomics with a new level of monetary easing as its principle weapon. Abe looked particularly attractive to a public that had been deeply disappointed by the period of DPJ rule and was able to maintain a high approval rate that led to a decisive victory in the House of Councilors election of July 2012. This victory put an end to the "divided parliament" that had vexed both the LDP and DPJ cabinets that preceded him and allowed Abe to establish a stable foundation for his administration.

"Breaking away from the postwar regime" and various other features that had characterized the first Abe Cabinet remained very much intact. Abe who had avoided visiting Yasukuni Shrine during his first term was now saying that this was the "source of deepest regret." In December 2013, exactly a year after taking office, Abe made the visit. Responding to criticism from China and South Korea, Abe simply said, "We will continue our efforts to gain their understanding." But the US also expressed its concerns over the visit at this time.

Soon after taking office, Abe dove energetically into the field of diplomacy. Adopting "a birds-eye view of the globe" as his motto, Abe embarked on a series of foreign visits that would take him to 49 countries by September 2014, setting a new record for any Japanese prime minister. It can be said that this feverish pitch of foreign travel was made possible by the political stability that followed the resolution of the "divided parliament."

On the other hand, the tension with China and South Korea over territorial and historical issues showed no signs of easing. In November 2013, China announced the establishment of an air defense identification zone (ADIZ) over the East China Sea. The new zone not only overlapped with Japan's existing ADIZ but also included the airspace over the Senkaku Islands. Japan protested this action stating that Chinese demands for the submission of flight plans meant that China was claiming the ADIZ to be part of its territorial airspace. The back-and-forth on this matter added a new source of tension to bilateral

relations.

In South Korea, President Park Geun-hye refused to meet with Prime Minister Abe to show dissatisfaction with Japan's response to the issue of comfort women and other historical problems. While ramping up her criticism of Japan, President Park endeavored to deepen her country's relations with China to the point where the US expressed fears that the disharmony between Japan and South Korea could affect the security of Northeast Asia and fray the Japan-US-South Korea unity in countering North Korea. In March 2014, a three-nation summit meeting was brokered by President Obama but ultimately did not include a two-person meeting between Abe and Park. This stark contrast between his enthusiastic international travels and the cool distance separating Japan and South Korea have come to characterize Abe diplomacy.

In certain areas, Abe has carried forward the initiatives of the DPJ cabinets. These include attempts to develop closer ties with India as a counterweight to China's growing influence and the pursuit of partnerships with some ASEAN countries as a check against China. Promotion of infrastructure exports, including the export of nuclear power generating equipment, also belongs to this group of initiatives. In any case, the threat of the "divided parliament" that resulted in a series of short-lived administrations after Prime Minister Koizumi has been eliminated and the second Abe Cabinet is showing signs that it will continue to benefit from political stability at home and remain in power for a significant period of time. As such, attention is being focused on the diplomatic policies and initiatives that Abe will choose to pursue.

2. The Future of Regional Order and Japan's Options

In reviewing Asia in the postwar era, we have noted how a region ravaged by conflict and poverty has now been transformed into the world's leading growth center. In some ways, the trajectory of this transformation overlaps with the postwar rise of Japan to the position of a leading global economy.

However, Japan's situation has changed dramatically since the 1990s. Following the "lost decade," the Japanese economy has settled into a chronic state of low growth that is reinforced by the nation's shrinking population. On the other hand, Asia led by China continues to enjoy accelerated growth. In 2010, China overtook Japan in terms of GDP, driving Japan from its long-standing status of being the "world's second largest economy." But the emergence of China's enormous domestic markets in close geographic proximity to Japan clearly presents opportunities with tremendous potential. This realization has pushed aside discussions of the "Chinese threat" that were once so prevalent. Economic growth in the Asian region has pushed Asia to its present position as the world's leading growth center and at the same time has driven effectively the region toward economic integration. Corresponding to this trend, progress has been made in the development of a number of cooperative frameworks in the areas of the economy and finance with ASEAN + 3 as their foundation.

Rapid economic growth has generated new sources of "power" for China and has led to actions in the East China Sea and the South China Sea that have raised the level of tension with neighboring countries. In the eyes of Japan and many countries of Southeast Asia, these actions appear high-handed and coercive. There is no doubt that economic growth will continue to fuel regional prosperity and integration in the 21st century. Another equally significant truth is that the conversion of "wealth" into "power" and the emergence of China will continue to feed geopolitical tensions in Asia.

Looking at 21st century Asia from another angle, one cannot fail to note that China has become the largest trading partner to most Asian countries including Japan. On the other hand, led by Japan and South Korea that have entered into formal alliances with the US, many countries of the region turn to the

US to ensure their national security. What emerges from this is a picture of a dichotomous Asia—a region that comprises an “economic order” in which China stands as one of the central pillars and a “security order” that is centered on the US and a network of alliances that conspicuously excludes China. How can the latent tension between these two versions of Asia be managed in order to maintain a stable regional order? This is a critical question on which the future of 21st century Asia hinges. Japan would be well advised to determine the future direction and strategies of its Asian diplomacy in light of the outlook for the international order in the Asian region.

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