

Japanese Strategic Thought toward Asia

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Strategic Thought in Northeast Asia



CHAPTER 2

Japanese Strategic Thought toward Asia in the 1980s

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Japanese strategic thought in the 1980s faced a major transition from being a free rider to becoming a systemic supporter. This transition is predicted by the Lake scheme of foreign policy roles determined by the size and labor productivity of an economy.¹ It also can be anticipated as part of the historical evolution of Japanese foreign policy roles in tandem with the adjusted needs of the alliance with the United States. Focusing on Asia, Japanese strategic thought might have missed an opportunity of articulating a more autonomous and multilateral foreign policy line embedded within the framework of the alliance with the United States due in part to the moderate success of the transition in foreign policy roles in three dimensions: (a) the successful “defensive internationalism” of the G-5 (G-8); (b) the sway of developmental authoritarianism in East and Southeast Asia in which the Japan-led flying geese pattern looked real; and (c) the appealing image of a “golden triangle” of Japan–the United States–China.

To understand post-cold war Japanese foreign policy we should look back to the 1980s as a time of unprecedented opportunity that required far-reaching reassessment of how best to find an expanded diplomatic standing in Asia. David Lake has postulated that the size (GNP) and labor productivity of an economy (the ratio of GNP over national labor hours) determine a major power’s foreign policy role. If both represent the highest level in the world, it tends to play a hegemonic role. Most major powers, however, play an opportunistic role, and some play the

role of spoiler or free rider. Lake's purpose in postulating the politico-economic determination of foreign policy roles is to see how the United States had been changing its foreign policy roles in tandem with other changes for the half-century ending in 1939, especially in relation to those of Great Britain. I applied this postulate to Japan in the 1980s.² Instead of measuring labor productivity, I used annual economic growth rate and overall industrial competitiveness in relation to those of the United States,³ while characterizing Japan's foreign policy role in the 1980s as a supporter, neither a spoiler nor a challenger. As the 1980s was a period of intensifying trade and economic disputes between Japan and the United States, this characterization itself was contested. For instance, Stephen Krasner treated Japan as a selfish, opportunistic, and protectionist state, and thus a spoiler in the world free trade regime.⁴ By focusing on opportunities in Asia, we can clarify this difference of opinion and point to additional ways to evaluate Japan's role.

Having experienced new challenges in a short period of time during the first half of the 1970s, that is, the end of the Vietnam War, the Middle East War, and the oil crisis, Japan faced even more serious adjustments at the end of the cold war in 1989–91. The image of Japan as opportunist or autonomy seeker arose in the 1970s. The search for energy supplies and overtures to Organization of Petroleum Exporting Countries (OPEC) and the Soviet Union by Prime Ministers Tanaka and Miki are oft-cited examples. In contrast, in the mid-1980s Prime Minister Nakasone's clear opposition to the Intermediate Nuclear Forces of the Soviet Union and his security linkage with Western Europe are examples of a supporter's role. The framework I developed for characterizing Japan's foreign policy roles for the entire period 1945–2005 and beyond helps to locate strategic thought in the 1980s in a broad perspective.⁵ It constitutes an essential exercise because Japan's foreign policy has revolved around its alliance with the United States. Only by elucidating this broader framework can Japanese strategic thought toward Asia be understood more deeply.

Japan's foreign policy roles since 1945 (table 2.1) have been heavily determined by its defeat in 1945 and its concomitant constraints, historical debt, and war renunciation.⁶ Henry Kissinger expounded a 15-year theory of Japanese decision-making,⁷ arguing for delayed responses as seen, for instance, to three tumultuous events: Commodore Matthew Perry's visit to Japan in 1853; the complete defeat of Japan by the Allied Powers in 1945; and the collapse of the huge bubble economy in 1991. It took 15 years for the Japanese to put an end to seemingly endless debates and strife before they started *de novo* in 1868. It took 15 years

Table 2.1 Japan's foreign policy roles

<i>Role</i>	<i>Principal Author</i>	<i>Period</i>	<i>Features</i>
1. Pro- and anti-alliance		1945–60	Constitution vs. Security Treaty
2. Free rider	(De Gaulle)	1960–75	Yoshida doctrine in action
3. Systemic supporter	Inoguchi	1975–90	Supporter vs. spoiler
4. Civilian power	Mauil, Funabashi	1990–2005 conventional	Civilian power vs. power
5. Global ordinary power	Ozawa, Inoguchi	2005–20	Ordinary power vs. extraordinary power (Westphalian vs. Philadelphian)

for them to make up their minds as to whether they would get along with the Americans or not before they announced the income-doubling plan in 1960 whereby they indicated that they would stick with the United States, focusing on wealth accumulation. Now after about 15 years since the collapse of the bubble, the Japanese appear to have reached a consensus on economic transformation, including how to lay off employees and deal with bad loans. As the economy picks up at long last, Kissinger's views may ring true even if some remain skeptical of his theory as to what factors lead the Japanese repeatedly to make such delayed, but long-lasting decisions.

Chronological Overview

The Battle between Pro-Alliance and Anti-Alliance, 1945–60

To appreciate the critical opportunities for change toward Asia in the 1980s, we should start with the first postwar period, 1945–60, the with-or-without-the-United States period. Though vastly different from Iraq after the Iraq War of 2003, Japan, 1945–60, was conducting a debate about whether it should continue to work closely with the United States or not, and, by implication, how seriously it should pursue an independent diplomacy to restore ties with Asia. The die was cast in 1960 when Prime Minister Kishi Nobusuke passed the revision of the Japan–United States

security treaty in the National Diet against vigorous resistance and submitted his resignation to the National Diet. The Yoshida line, announced almost a decade earlier, that happiness is keeping the security treaty with the United States as the Japanese focus their energy on wealth accumulation actually was solidified on the day of Kishi's resignation. Prior to this the terms of the alliance had not been settled, and the line was vigorously contested at home. Many Japanese were not able to come to terms with the humiliation of delegating national security to a foreign country and with the uneasiness with which they had to allow the cohabitation of the security treaty and the Constitution. For a limited number of Japanese, revision of the security treaty brought about greater equality between Japan and the United States that made it easier to swallow the Yoshida doctrine, but for the many who protested against the revision, equitable relations meant nothing but greater entanglement in U.S. militarism. They were still not prepared to accept the Yoshida doctrine. Only gradually in the 1960s did many come to realize that there was little problem from entanglement. With the income-doubling plan of 1960–70 announced by Prime Minister Ikeda Hayato in 1960 the Yoshida line was enshrined.

In the first period the two themes, historical debt and war renunciation, were most apparent, debilitating Japanese foreign policy. The United States was still very adamant about both themes. Japan was occupied by them for nearly the first half of the period. A war tribunal was held. Some were hanged. Many high-ranking leaders were politically purged. Okinawa was occupied by the United States, with the northern half around Amami Oshima returned in 1953 whereas the rest was returned only in 1972. After the war, the war dead were buried at the Yasukuni shrine, but war criminals were not. Anti-alliance forces were very strong in Japan throughout the period. Anti-Self Defense Forces (SDF) sentiment was no less strong. In order to placate public opinion, the government kept the SDF busy with disaster relief and economic reconstruction.

Strategic thinking toward Asia was often paralyzed in this atmosphere of deciding how to deal with the United States. Even normalization with South Korea, another U.S. ally, took until 1965. In the wake of the San Francisco Peace Treaty diplomatic relations were realized with the Republic of China on Taiwan, leaving aside the People's Republic of China. Only in the uncertain process of forging diplomatic ties with the Soviet Union in 1955–56 was there serious exploration of an autonomous approach, but that failed, resulting in no peace treaty and a lingering territorial dispute that made it harder for Japan to consider balancing its ties with the United States.

Yoshida Line or Free Rider, 1960–75

In the next period Japan's income level went up so steadily that Japan became the target of envy first and then of enmity. Internally as well, rapid economic, and social changes undermined the political basis of the governing Liberal Democratic Party (LDP). President Charles de Gaulle's nasty comment that Japan is a mere salesman of transistors was a caricature of Japan with the Yoshida line stripped of the visionary politician's valor and pride. De Gaulle called Japan a free rider that had no sense of responsibility about how to run the world even when it had become the second largest economy. The free rider line prevailed more or less during the period 1960–75, and it had profound implications for Asian policies.

In the second period two themes dominated Japan's relationship to Asian events: the Vietnam War (1965–75) and diplomatic normalization with neighbors, notably Korea (1965) and China (1972). With Korea, normalization negotiations were bitterly opposed in both countries. The historical debt was paid in the form of a \$300 million grant and a \$200 million loan; Japan did not accept any claims for war reparations, insisting that there had been no war between it and Korea. With China, diplomatic normalization took place in the wake of the diplomatic normalization between the United States and China in 1971–72. China did not demand war reparations. Instead it wanted Japan to extend official development assistance to help China modernize. Complicating Japan's foreign relations afterward was the fact that Prime Minister Miki Takeo's (1974–76) second visit to the Yasukuni shrine took place on August 15, 1976, with the focus on the war dead during World War II. Nakasone did so on August 15, 1985, saying that Japan's postwar period must be put to an end. Then China for the first time argued that a Japanese prime minister's visit to the Yasukuni shrine must be avoided as high-ranking war criminals such as Tojo Hideki were also enshrined there (which took place in 1978). Nakasone stopped going to Yasukuni after his 1985 visit.

Till the mid-1970s, Japan counted on its economic prowess to normalize relations with the countries of Asia, but it was limited in how far it pursued mutual understanding and all-around ties. On the one hand, a tight embrace with the United States restricted independent diplomacy even after the end of the Vietnam War saw the United States retreat to some degree in the region. On the other hand, assertive views of the limits of apology and compromise in interpreting historical events left Japanese diplomats with little room to yield to nationalist demands in neighboring states. Instead, Japan relied on a kind of checkbook

diplomacy, taking advantage of its economic dominance in the region as other states began desperately seeking to revitalize their own economies.

Systemic Supporter, 1975–90

Toward the end of the second period, the oil crisis erupted and the Middle Eastern war was waged. Japan wavered between pro-American and pro-OPEC positions, as both sides accused Japan of being a free rider. This prompted Japan to shift its position slowly but steadily from free rider to systemic supporter,⁸ an actor that gives a helping hand to maintenance of the U.S.-led international system. It is important to note that Japan's support was mostly of an economic nature, as exemplified by Japan's positions on free trade and energy security but that in the 1980s it took on a political and military nature as well, as exemplified by Japan's support on the SS-20 issue concerning the placement of Soviet missiles and warheads. The period 1975–90 is aptly called the period of a systemic supporter role. It recalls Niccolo Machiavelli's "armed support to friends, neutrality to enemies," albeit without teeth. Despite all the difficulties associated with the constitutional ban on the use of force for the settlement of international disputes, rhetorical freedom was not in short supply. Nakasone went so far as to characterize Japan as "an unsinkable aircraft carrier."⁹

In the third period the historical debt issue was somewhat subdued in part because Korea was under military rule most of the time and in part because China was under the leadership of Deng Xiaoping who ordered that territorial issues be left to a later generation. Public opinion seeking more from Japan in compensation and recognition of past behavior was effectively contained. Even when Nakasone visited the Yasukuni shrine and China and Korea protested, his assurances of no further visits helped to keep the war renunciation issue from becoming serious. During this period China indicated that Japan's alliance with the United States had better be retained rather than terminated, which would have been bound to bring a much more powerful SDF.

Global Civilian Power, 1990–2005

The steady decrease of war occurrence among major powers,¹⁰ and the end of the cold war,¹¹ set the stage for what some call global civilian powers to play a not-insignificant role.¹² Having been a revisionist power and heavily militarist and expansionist power before 1945, and yet since 1945 exemplarily in deemphasizing military power, Japan and Germany were more than delighted to be recognized for this role.¹³ Both countries

became active in peacekeeping, international rescue and relief, and economic reconstruction largely on the basis of the notion of human security. As the United Nations (UN) became most proactive in the 1990s, Japan assumed a larger role, especially in Asia, in exercising its civilian power. By the late 1990s, however, dark clouds started to prevail in many parts of the Third World. Global market integration deepened the predicament of poverty stricken and strife riddled countries; and the end of the U.S.–Soviet confrontation meant their reduced stake in the Third World. The world became concerned about failed states and bankrupt economies, well beyond what self-claimed global civilian powers, the UN or non-governmental organizations were able to handle. Under such conditions the events of September 11 took place, as if calling for the United States to make its might felt and act decisively. That put an end to the fourth period of global civilian power, paving the way to an era of global power with “justice,” a single power that makes judgment about what is more just and what is a lesser evil. Japan preferred to side closely with the United States than to be sidelined as it was losing its earlier role.

The Asian financial crisis and the second North Korean nuclear crisis were landmark events that revealed the limits of Japan’s civilian power. Having optimistically set new goals for shaping international relations in Asia in the first half of the 1990s, Japan’s government found that its influence was limited. Its new role in contributing peacekeeping forces was soon taken for granted. Even more, its ambitious guidelines for linking large-scale official development assistance (ODA) to restraint in such behavior as environmental pollution and rising military budgets had little effect. In 1997 Japan found that its own strategy for dealing with the Asian financial crisis through creation of an Asian Monetary Fund did not win support from the United States or China. Likewise, offers to North Korea to provide large-scale assistance failed, as in the Koizumi visit to Pyongyang of September 2002, to prevent threatening provocations through nuclear weapons development.

In the fourth period ending in 2005 differences over history also rose to the forefront. The historical debt issue became more salient thanks to the disappearance of cold war–related issues and the subsequent rise of nationalism. The war renunciation issue also came up because of new threats facing Japan as well as the United States and other developed states. It also arose because of new means to respond to those threats, most importantly the Revolution in Military Affairs and the transformation of U.S. Armed Forces and their ramifications. The United States turned to Japan for a new strategic role in Asia, as it moved to reduce its troops abroad to a minimum and to augment them by repositioning its superior

weapons and intelligence systems. By the end of the 1990s Japan was discussing cooperation on missile defense with the United States, despite China's and Russia's protests. In 2005 Japan and the United States agreed on a major restructuring of their alliance, constraining China and North Korea above all. As the third party to the U.S. alliance system in East Asia, South Korea for a time drew closer to Japan in strategic cooperation, but by 2005 it was torn by its growing ties to China and its accommodating approach to fellow Koreans north of the 38th parallel. Pursuit of civilian power was fading even before the sharp deterioration of political relations with China in 2005, whereas military ties to the United States were being upgraded.

Global Ordinary Power, 2005–20

Japan has chosen the emerging role of a global power with justice.¹⁴ It implies that Japan is becoming an ordinary power in a number of senses. First, the use of force is becoming more accepted. The SDF as early as 1991 have been allowed to use force, more specifically rifles, if attacked or if it is detected that an enemy is about to attack in the context of UN peacekeeping operations. Without any reproach from public opinion, the Maritime Safety Agency used force in 2002 against an unidentified, presumably North Korean, vessel that fiercely resisted the Japanese coastguard's attempts to investigate what it was carrying. And in 2003 the SDF have been allowed to use force, more specifically person-to-tank weapons, in the context of their peacekeeping operations in Iraq. The notion of "assertive defense"¹⁵ pursued by the United States since the 9/11 attack, which allows for preemptive war, is not to be accommodated, however. Furthermore, there is recognition in Japan that terrorism can only be reduced with concomitant efforts to eradicate extreme poverty, to terminate discrimination, and to enhance the involvement of a wider population in running a society.

In the fifth period both the historical debt issue and the war renunciation issue come up as part of an increasingly visible Japanese self-assertive nationalism. They come up, however, on the basis of a solid record of antimilitarism that had not substantially waned over the preceding 60 years. Japan's bid in 2005 for permanent membership in the UN Security Council combines the two elements. It reflects a new level of self-assertive nationalism as well as claims to a time-tested peace orientation. Two of the major platforms in Japan's campaign for the UN are the slogan of "no taxation without representation" and a call for the complete abolition of nuclear weapons. By 2005 constitutional revision

is envisaged by both the main governing party, the LDP, and the largest opposition, the Democratic Party of Japan.

Through the above review of the evolution of Japanese strategic thinking, we observe that relations with the United States have remained in the forefront whereas Asian ties since the end of World War II have been secondary. The 1980s, however, were characterized by increasing efforts to find a new balance facing both directions. Looking to the Soviet Union for a breakthrough after the advent of Gorbachev's "new thinking" was one focus. Another was envisioning a special friendship with China nurtured through ample development assistance and burgeoning economic ties. South Korea also became the target of new overtures. The strategic thinking behind these and other moves deserves attention against the background of Japan's long-term strategic reorientation.

Contexts and Actors Triggering Strategic Thought toward Asia in the 1980s

Japanese strategic thought flourished in the 1980s for a number of reasons. First, some of the foundations of American hegemony started to erode.¹⁶ The Vietnam War of 1965–75 took a heavy toll. In 1973 the United States withdrew its troops there. Also, in 1972 the United States and China made a breakthrough in relations leading to full normalization in 1979 with their eyes set on the Soviet Union. The Soviet military buildup was most menacing to both. Japan followed the United States in switching from the Republic of China to the People's Republic of China. The dollar-gold convertibility was abandoned in 1971 and the Japanese yen was forced to be reevaluated from 1 dollar equals 360 Japanese yen to as high as 100 Japanese yen to the dollar during the 1980s in the course of a free floating exchange rate system. Unabashedly protectionist legislation passed in Congress, some of which hit Japan hard. OPEC's restriction on oil exports in 1973 was another shock. Just the American perception of leadership decline would have been sufficient enough to lead Japanese leaders to grope for new options into the 1980s.

Second, temporary setbacks to the American leadership position led actors in Western Europe and Pacific Asia to launch their own creative and vigorous initiatives. It was Giscard d'Estaing who took the initiative in creating the G-5 (later the G-7 and then G-8), which was assigned the mission of revitalizing the oil crisis-hit core economies of the world.¹⁷ Similarly, it was Okita Saburo and John Crawford who first envisioned a Pan-Pacific economic zone. The flying geese pattern of development in the Western Pacific, enveloping Japan and the four dragons (Korea, Taiwan,

Singapore, and Hong Kong) and then members of ASEAN should be understood as a way of grouping the whole Pacific economy into an open but self-defined economic region.¹⁸ The rise of Japan's economic power became a driving force in the 1980s propelling new approaches to regional leadership and political activism.

The history issue gathered momentum in the mid-1980s; not only in China and Korea but also in the United States, the United Kingdom, and the Netherlands.¹⁹ With Japan's rise in the world economy, Japan's nationalistic voice became much stronger. With Nakasone's accession to power, expectations rose since Nakasone was first elected to the Diet for his patriotism directed against the U.S. occupation. Nakasone's visit to the Yasukuni shrine in 1985 caused uproar in China and Korea since war criminals were buried there along with all others killed in wars. Emperor Hirohito's visits to the United Kingdom and the Netherlands elicited sensational reports and a sizable number of protesters. The history issue was perhaps inevitable as the Japanese construction of memory, history, and identity stresses the continuity between prewar and postwar periods in terms of its steadfast pursuit of modernization with the temporary derailment in the 1930s and 1940s. The standard versions of World War II as democracy fighting against fascism and anticolonialism winning over colonialism were all accepted by Japan when Japan signed the Peace Treaty with the Allied Powers and when it entered the UN.²⁰ Yet, underneath the official acceptance lay the construction of modern Japanese history to the effect that the war was after all a war among imperialist powers with Japan being one of them, one of the vanquished, and therefore Japan was guilty along with many others, which was mitigated by the fact that it had been genuinely committed to the liberation of colonies from the Western powers. The Japanese quietly believed that Japan's frontal attacks on the colonies in East and Southeast Asia critically devastated the military foundation of Western colonialism in Asia. These two components sometimes lurk in their minds along with the standard versions of World War II.

To appreciate the dynamism of the 1980s, we need to focus on the main actors and strategic thinkers in Japan.²¹ First, there was Ohira Masayoshi, the prime minister who passed away during the election campaign in 1980. Sensing that he lived in an era of transition, he organized intellectuals and other leaders to come up with visions for such subjects as postindustrial economic management, pastoral cities, Pan-Pacific regionalism, governability in industrial democracies, and international security after hegemony. The notion of Pan-Pacific regionalism took concrete form as an agreement between him and Australian prime minister Malcolm Fraser in January 1980, which developed into

the Asia Pacific Economic Cooperation (APEC) forum in 1989. The core of this strategic thinking was that regionalism must be forged to further accelerate the region's underutilized developmental momentum. Ohira chaired the G-5 Summit in Tokyo focusing on petroleum in June 1979 and decided on Japan's nonparticipation in the Moscow Olympic Games after the Soviet Union invaded Afghanistan.

Suzuki Zenko, prime minister after Ohira, was a socialist when he was first elected to the Diet in 1947. His first meeting with President Ronald Reagan went well as far as it went, but when asked about the word "alliance" that had been slipped into the joint communiqué, Suzuki replied, "Alliance does not have a military dimension." To which Takashima Masuo, deputy administrative foreign minister, retorted, "That's nonsense."²² Takashima was a diplomat who at the time of the negotiations over the peace treaty between Japan and China in 1978 had been called by the Chinese a "fafei," a legalistic bandit, meaning that Takashima was a self-righteous, rigidly legalistic diplomat. Minister for Foreign Affairs Ito Masayoshi resigned to take responsibility for the confusion within the Cabinet. This episode shows that even in a decade when Japan largely played the role of supporter for the U.S.-led international system it was a zigzag process.

Nakasone Yasuhiro, prime minister after Suzuki, was a patriot who first campaigned in 1946 bicycling with the Japanese national flag in front of him and calling for retaining national pride and dignity in protest against the U.S. occupation. One of his close advisers, Sato Seizaburo of the University of Tokyo, told me that if Nakasone tried to do anything somewhat unorthodox in foreign policy, he was aware that he had to chant the value of the alliance with the United States one hundred times before he mentioned his object, say Korea or the Soviet Union. Nakasone turned from a proud patriot in the anti-United States camp of 1946 to a proud patriot in the mostly pro-United States camp of 1982, pursuing the pro-alliance policy to its limit. When he first visited Ronald Reagan in January 1983, he authorized technological cooperation in weapons. He was said to have told the *Washington Post*, "The Japanese archipelago should be like an unsinkable aircraft carrier facing the invasion of Soviet Backfire bombers."²³ In May 1983 at the Williamsburg G-7 Summit, he rescued Reagan, who faced the reluctance of other Western leaders to demand the eradication of Soviet intermediate nuclear forces targeted at Europe and the Far East. The State Department wanted to delink the Intermediate Nuclear Forces targeted at the Far East from those targeted at Europe, but Reagan rejected this. Instead the complete eradication of intermediate nuclear forces targeted at both areas was proposed. Nakasone supported Reagan on this matter

against the State Department and all the rest at the Williamsburg Summit. The joint communiqué endorsed this action.²⁴

On September 1, a Korean Airlines aircraft was shot down by the Soviet Air Force. When the Soviet government did not immediately admit its action, the Japanese government disclosed Soviet air communications at the UN Security Council on September 7, which attested to who had fired on the plane. This boosted the solidarity of the West. On September 22, 1985, the Plaza Accord was signed. Japan was not only a strong supporter of the accord but also its vigorous implementer. The purpose was to strengthen the competitiveness of the U.S. dollar in relation to other currencies by massively purchasing treasury bonds from abroad, especially from Tokyo and Bonn. The exchange rate for dollars subsequently rose visibly. One effect was to stimulate Japanese investment in Asia, leading to a sharp jump in manufacturing abroad and a more pronounced Japanese presence in the region. This increased focus on Asia was seen also in leadership actions. Nakasone was the first post-war Japanese prime minister who did not visit the United States first upon accession to power. He instead visited South Korean president Chun Doo-hwan in January 1983.²⁵ Chun, whose legitimacy at home was in doubt, appreciated Nakasone's decision, and the bilateral political relationship notably improved.

Although Nakasone largely avoided the subject of the suppression of dissidents, his diplomacy with South Korea was widely regarded as a big success. Nakasone's China diplomacy was also hailed as heralding a new era in Japan–China friendship. Hu Yaobang and he got along very well. Nakasone's initiative of bringing 100,000 Chinese students to Japanese universities over the succeeding decade was made with high hope and widespread support in both countries. Although when the history issue flared up in China, it was not sufficiently understood in Japan for its extremely divisive impact; when Nakasone saw how his Yasukuni visit eroded the position of Hu and his reformist comrades and thus undermined the Japan–China friendship, he stopped going there. Nakasone also intensified diplomacy toward Southeast Asia on the basis of the steady development of the flying geese formation pattern of regional economic development and the track two institutionalization of regional meetings. All this was to culminate in the formation of APEC.

Takeshita Noboru, prime minister after Nakasone, was a man of perseverance and mindfulness. The same man severed ties with Tanaka Kakuei, the don of the LDP, after serving him for some 30 years. He continuously tried to consolidate the U.S. alliance although the issues were tough.²⁶ The rise of Japan invited criticism from abroad. The inflationary

economy after the Plaza Accord heated up excessively and in tandem with inflation voices against the government from below increased. New thinking was gaining some ground, challenging the main approach of this era. A flirtation with the East Asian Economic Caucus (EAEC) initiative made by Mohammad bin Mahathir at the end of the decade was extremely limited in duration and scope as it did not reflect overall Japanese strategic thinking in the 1980s, that is developing and enhancing Japan's role as supporter of the U.S.-led global system.

The configuration of forces among the United States, Japan, and China in the 1980s served the need for Japan to move slowly in the direction of a systemic supporter's role.²⁷ The triangle was best characterized as cordial and stable. With the Soviet Union sitting on the other side, the triangle was likened to an entente cordial. All were anti-Soviet. Japan was on its peaceful rise. China was on the road of reform and opening to the rest of the world. The United States challenged the Soviet Union with tough words and the Space Defense Initiative (SDI). Yet China's shift in 1982 toward equidistance with the Soviet Union and the implications of Gorbachev's new thinking for global and regional realignment were slow to be absorbed. Also, China's tough words to Japan on the history issue and the tough negotiations by the United States over the Structural Impediments Talks were not sufficiently taken to heart by the Japanese government. The transition Japan is making to become a normal power in the 2000s has become more difficult because of the difficulties associated with history-related issues.

Japan's Asian Policy in the 1980s as Seen from the Vantage Point of 2006

In a clear contrast to Japan's steady evolution as a supporting player to the U.S.-led system in the 1980s, Japan's Asian policy did not evolve in a manner that would have paved the way to be followed beyond the 1980s. Three major factors were important. First, what is called the flying geese formation of regional trade and industrial development looked very real.²⁸ Conceptualizing itself as the leading goose, Japan was somewhat oblivious to the foundation of increasing stability and prosperity of the region, the United States. Second, the transition to democracy in China and Korea was so bumpy in the 1980s that Japan was able to deal comfortably with their authoritarian regimes. Although Japan was a democracy, it was a kind of bureaucratic dominant regime, thus ironically finding authoritarian regimes in Korea and China easier to deal with than more democratic regimes under which nationalistic voices from below

would have been more vociferous.²⁹ Third, the global system that the United States led was in a quandary. Capital flows were insufficient from abroad, whether they came from direct investment or the purchase of treasury bonds, since the U.S. economy was beset by twin deficits—government and external balance deficits—for which the Plaza Accord had been concluded in 1985 to encourage the purchase of U.S. dollars in the form of treasury bonds by G-7 countries, most notably Germany and Japan. Also, the “second cold war” in the form of the military buildup and ideological offensive by the United States put the Soviet Union on the defensive but at the same time further accelerated the twin deficits.

Sensing newly created leeway for leadership in the region, Japan did take an initiative to institutionalize the region. Japan took the lead in establishing APEC in 1989 along with Australia and the United States. It was a child of the flying geese formation pattern in the sense that Japan, good at manufacturing, and Australia, strong at mining and finance, each with greater leadership potential in the region, sandwiching between them much lower income countries into the 1980s, wanted to raise them up and integrate more closely with them by facilitating trade and market liberalization in the region. APEC was also a child of the U.S.-led global system in the sense that unlike the European Union it did not aim at institutionalizing itself very deeply or in a self-standing fashion. In other words, Japan’s Asian policy in the 1980s was a derivative of Japan’s newly found supporting role for the U.S.-led global system. The key aim was developmental. The key policy instrument was to prod trade and market liberalization in the region with policy incentives in the form of removing trade barriers, giving ODA, and encouraging direct investment. Thus, Japan’s Asian policy remained underdeveloped in the 1980s, as seen in the emergence or exacerbation in Asia one by one in the 1990s and 2000s of a series of policy agendas that could have been addressed in more favorable circumstances. They include history, identity, territory, energy, confidence building, and military buildup.

Japan’s flying geese formation strategy dominated other aspects of Japan’s Asian policy in the 1980s. Japan was preoccupied with adapting to what it considered the post-hegemonic age when the United States had become somewhat enfeebled by the Vietnam War, the Middle East War, the oil crisis, and expanded political participation at home; Japan found its role in the flying geese formation writ large to Pacific Asia quite befitting its enlarged cognitive map of its place in the world in relation to its supporting player’s role to the U.S.-led global system. Its strategy had two origins. First, the idea lingered from the 1930s and 1940s experience demonstrating that growing influence of Japan in its vicinity came as

regional integration took shape through the diffusion of industrial production step by step and Japan remaining as the leader in the spreading formation of economic development. The war suspended the process, but as it was revived in the 1950s and 1960s the idea of a flying geese pattern returned. Second, in the 1960s and 1970s a similar idea emerged in Australia as well, which found a need to develop the vast area of East and Southeast Asia and regarded as attractive cooperation by the other high per capita national income country in the area. Given the region's high developmental momentum that had been already become obvious by the 1980s, it was quite reasonable for Australia and Japan to take the initiative in liberalizing trade and markets in the region by creating a regional forum. Since economic integration proceeded rapidly amidst confidence in the new broad-based regional groupings, Japan allowed wishful thinking to persuade it that its Asia policy was essentially taken care of by its regional economic liberalization and integration strategy.

Japan's Korea policy also was interpreted with excessive optimism. Based on the normalization approved in 1965 by Park Chung-hee and reaffirmed in 1983 by Chun Doo-hwan, Japan pledged to provide a vast sum of developmental assistance assuring the military dictatorship support for its developmental authoritarianism. After Park was assassinated in 1979 and power fell into the hands of Chun, who killed the assassin, Chun suppressed dissidents most vigorously and brutally, culminating in the massacre of students at Kwangju in 1980. This set the stage for Korean politics in the 1980s, whereby those who experienced the antigovernment struggles in the 1980s socialized themselves as antimilitary, antigovernment, anti-American, and anti-Japanese. A ticking time bomb was planted whereby Japan as well as the United States would have to face, especially after the advent of democracy, a generation with a radically different outlook. Japan sided with the military dictatorship throughout the 1980s, making it more difficult to handle Korea once the ghost of the pre-1945 days was revived by Prime Minister Koizumi's annual visit to the Yasukuni shrine.

In 1986 the people power coupled with the U.S. government's distancing itself from President Ferdinand Marcos in the Philippines forced Marcos to resign from his office and to flee to Honolulu. This triggered a tide of democratization in East and Southeast Asia as part of the Third Wave democratization, especially in Taiwan where Jiang Jinguo moved to allow other political parties to participate in elections, and in Korea where democratic protests forced Chun to accept other parties' participation in direct presidential elections in 1987. Roh Tae-woo became the first democratically elected president in this new wave, and the Japanese

should have been alerted by the rising voice of demonstrations for populist causes as well as by shifts in foreign policy aimed initially at the Soviet Union and China that they would face new challenges from Korean thinking.

In China, Deng Xiaoping's reform and open door policy led to the appointment of Secretary General Hu Yaobang and Prime Minister Zhao Ziyang in the early 1980s. Both were more democratically leaning than Deng. Eventually, Hu was deemed to be too lenient toward democratic reform in China and too soft on Japan, especially when Nakasone visited the Yasukuni shrine despite Hu's warning that the visit would augur ill for the friendship between the two countries. Hu was dismissed from office in 1987, and when mourning for him brought democratic demonstrations in 1989, Secretary General Zhao Ziyang was torn between two forces—those sympathetic with the goals of the demonstrations, and those determined to suppress the protesters as long as they were anti-communist. Zhao's dismissal and the repression on June 4, 1989, may have led some in Japan to expect that they would be spared a populist outcry that had marked protests in 1986 against Hu Yaobang as soft on Japan and even raised calls for reviving demands for war reparations. Yet, the fact that China did not turn democratic in contrast to South Korea would not spare Japan from becoming a target of nationalist sentiment in the 1990s. New circumstances after the end of the cold war, the collapse of the Soviet Union, and the June 4 suppression would also make China's leaders prone to a more nationalist response toward Japan.

Throughout these and other democratization tides, Japan showed its sympathy and its welcome as a democratic veteran in Asia. At the same time, the Japanese government was mildly disturbed by what it saw as a potential destabilizing force in the region in which the flying geese formation pattern might not proceed as smoothly. When Japan's bubble economy began to burst, the conditions for holding the region together and keeping a lid on long-suppressed criticisms of the way normalization had been managed deteriorated.

Japan's China policy was based on the 1972 joint communiqué and the 1978 peace and friendship treaty, which achieved normalization through Japan expressing its remorse over past aggression and pledging to help China to modernize its country with ODA on a massive scale. China accepted Japan's remorse without demanding war reparations and agreed to leave territorial issues to be tackled a generation later. With Deng Xiaoping taking the reins of Communist Party power, the reform and openness policy started off with his well-orchestrated visits to the United States and Japan and then with his military intervention to

“punish Vietnam for invading and occupying Cambodia in 1979.” Deng’s pragmatism was supplemented in the 1980s by Hu Yaobang and Zhao Ziyang’s eagerness to keep ties advancing smoothly. Thus, Japan was slow to foresee a nationalist turn that could target it. Indeed, in 1989 it became apprehensive about chaos engendered by protests undermining China’s stability. Though it agreed along with others in the G-7 to impose economic sanctions after China’s brutal suppression of the demonstrations and maintained them until 1991, it also took the lead in ending them. In the background was the image of Chinese prime minister Li Peng warning Japan not to kill more Chinese by the economic sanctions than those Chinese killed by Japanese in its war during the 1930s and 1940s. There was also the thought that if Japan befriended China through its economic policies and influence with the United States and others, it could leave a solid foundation for an extension of the improving state of relations in the 1970s and 1980s. The potential for a backlash was not well anticipated.

Throughout the 1980s Japan was eager to help China to achieve its reform and openness and yet mildly apprehensive of China beset with turmoil. China was in a twin transition: one from autarchic socialism to open capitalism with Chinese characteristics; the other from authoritarian party dictatorship to more democratic party dictatorship. The Japanese penchant to separate politics from economics by downplaying China’s transition to more democracy might have blinded it from grasping the transition in the dynamics of patriotism. Once protesters’ patriotism was dangerously channeled into an antigovernment direction, as we saw in the slogans among the Tiananmen protesters, Li Peng and later Jiang Zemin would be tempted to channel protesters’ discontent into an anti-Japanese direction.

Japan’s U.S. Policy and Asia

Japanese strategic thought in the 1980s evolved around the idea of how to stem the seeming tide of U.S. hegemonic decline by giving a helping hand to them and, in the process, boosting Japan’s rise as an increasingly equal partner. The flying geese formation was an idea that justified a loose, open regionalism through which regional trade and market liberalization and integration would be guided. It was spatially a catch-all and temporally a step-by-step way of raising the region upward in terms of economic development. This would suit the U.S. scheme of enhancing the self-sustainability of each region within the broad framework of a U.S.-led global system. It would also give Japan a chance to more fully

share leadership in Asia, assuming a division of labor where security remained centered in the United States but economics and, to some degree, culture too became a more equal partnership.

The United States was seriously apprehensive of the sustainability of the American-led global system especially since 1971 when the gold-dollar convertibility was abandoned, changing the basic canon of the Brettons–Woods system of the international monetary system installed in the wake of the Allied victory in 1945. Without sustaining U.S. credibility and reputation in running the global system a replacement monetary system would be difficult to maintain. The United States sought new allies in forestalling the Soviet Union's quest for global power. Normalization of ties with China enhanced its position. It welcomed the French initiative to enlist the major allied industrial democracies as the G-5 to consult and coordinate with regard to energy, missile threats, exchange rates, inflation, unemployment, government deficits, and other matters affecting the global system. This can be "defensive internationalism" in light of such possible symptoms of hegemonic decline as the military setback in Vietnam, the occasionally doubted credibility of the dollar as the key global currency, the challenge of the Soviet Union's thrust into Western Europe through intermediate range nuclear missiles, the inability to co-opt or suppress self-assertion in the Third World, and so on. In Asia, the Soviet push into Afghanistan and support for Vietnam's move into Cambodia as well as lingering concern over North Korea were security matters for which Japan's role was limited, but the looming question of new high-tech weapons and militarization of space raised Japan's profile. Even more vital was Japan's role as a financial partner, located in the region with greatest economic dynamism.

Reagan's solution to the gold-dollar inconvertibility was to conclude the Plaza Accord in 1985, which, contrary to plans, weakened the dollar vis-à-vis the yen and the Deutsche mark. Japan's purchase of U.S. treasury bonds did not mean that the dollar was stronger, but resulted from the trade surplus with the United States, lower interest rates in Japan, and government guidance. This enabled the dollar to remain the world's principal currency, while relying on other major powers to act as stakeholders in the U.S.-led global system. The impact of the Plaza Accord was enormous. Within a year after the Accord, the amount of trade in goods and services was exceeded by the amount of trade in currency by a factor of 50 : 100. Until 1985 the former had always exceeded the latter. The Plaza system had apparently resolved the twin deficits dilemma of the United States. In the latter half of the 1980s Germany and Japan were acknowledged as global actors in a new way. As the European

integrative processes deepened, the role of the German mark within Europe notably grew, presaging the advent of the euro as a common European currency. Japan's role was also significant. It kept purchasing treasury bonds on a massive scale, as it provided the vital financial leadership to keep the Asian economic boom alive. Yet, the Japanese economy of the 1980s was built on a bubble, and it lacked the regional institutionalization that would ensure sustained integration in Asia of the sort possible in Europe. As Japan entered a long recession from 1991, China was poised in the aftermath of economic sanctions to accelerate its steep ascent. Not only Japanese but also Chinese became massive purchasers of treasury bonds in the mid-1990s. Given the shifting balance between the Japanese and Chinese economies, it was not surprising to see the U.S. government start thinking about China as an important global partner too. In this context Deputy Secretary of State Robert Zoellick prodded China to act as a responsible stakeholder in December 2005 as the World Trade Organization was meeting in Hong Kong.

Japan had proven itself, especially through the 1980s, as a partner of the United States in managing the global system. Its role in Asia was still evolving, but it was committing itself to work closely with the United States in favor of stability and continued integration into the world economy. Missing, however, was a clear strategy for facing the rapid transformation of Asia. Neither in its own response to Gorbachev's unexpected shifts in Moscow's policies nor in its handling of sharp changes in China and South Korea domestic and foreign policy by the end of the 1980s do we detect much preparation for new challenges. Moreover, Japan and the United States were working together for global objectives rather than for regional strategizing. This was a period of no serious missteps but many missed opportunities for a strategic outlook in Asia and timely anticipation of problems to come.

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