JAPAN’S STRATEGIC REGIONALISM: MULTILATERAL ENGAGEMENT IN THE ASIA-PACIFIC REGION

Maya Tagore-Erwin
B.A. University of Hawaii, at Manoa, 1985

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Thesis

by

Maya Tagore-Erwin

Approved by:

____________________________________, Committee Chair
Dr. James DeShaw Rae

____________________________________, Second Reader
Dr. Jeffrey Dym

____________________________________, Third Reader
Dr. Bahman Fozouni

____________________________________
Date
Student: Maya Tagore-Erwin

I certify that this student met the requirements for format contained in the University format manual, and that this thesis is suitable for shelving in the Library and credit is to be awarded for the thesis.

______________________________, Department Chair          _____________________
Dr. Bahman Fozouni                                                                   Date

Department of International Affairs Program
Abstract

of

JAPAN’S STRATEGIC REGIONALISM:
MULTILATERAL ENGAGEMENT IN THE ASIA-PACIFIC REGION

This thesis examines the state-level multilateral regional strategy that Japan has utilized in the Asia-Pacific region from the late 1960’s until now. The thesis demonstrates how this strategy has enabled Japan to mitigate the effects of its two most challenging foreign policy constraints in the region. These constraints are identified as the constraint of Japan’s negative wartime legacy (history constraint), and the continuing influence that the United States exercises on Japan (U.S. influence constraint). The thesis finds that Japan’s multilateral regional engagements provide a forum to develop a common regional identity and shared interests in the region leading to a climate of reconciliation for Japan and its neighbors mitigating the effects of the history constraint. In addition, Japan’s multilateral regional engagements provide a forum for Japan to project a status of equality with the United States reducing their influence as a constraint on Japan.

_________________________________ Committee Chair

Dr. James DeShaw Rae

Date: ______________________
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Introduction

There are defining moments in international history when relationships between states can transform. World War II changed the course of Japan’s relationship with the United States. The end of the Cold War in 1989 changed the relationship between Russia and the United States. China’s communist reforms in the 1980s changed its relationship with the world. These changes are significant not only in themselves, but how they affect the opportunities and liabilities that they present for states. There is a transformation occurring in the Asia-Pacific region that have some people wondering whether the region is moving toward the formation of a new multilateral regional organization, not unlike the European Union.

The transformation occurring in the Asia-Pacific region is presenting opportunities for Japan to implement foreign policy in a new direction. The Asian financial crisis of 1997 and the global financial crisis of 2007 has heightened a sense of urgency for Japan and other states in the Asia-Pacific region to better manage the devastating effects of a global financial crisis on their economies, which many perceive as having originated in the practices of financial institutions managed primarily by Western developed nations. Since the latter half of the 19th century, Japan, as a non-Western state, focused its national resolve and resources on achieving membership into the club of “Great Powers” (Britain, France, Germany, Italy, Russia and later, the United States). They were motivated to strengthen their country largely to avoid being carved up by Western imperialists as they had observed taking place in their neighbor states like
China and other states in Asia. Although Japan has aligned itself with the West for nearly six decades, its recent foreign policy initiatives in the Asia-Pacific region seem to indicate that Japan is increasingly identifying itself more with Asia and trying to situate itself as being more independent of the West.

Whether a multilateral regional organization in the Asia-Pacific region materializes or not, the regional integration that is occurring through institutions has significant implications for Japan’s foreign policy. Since the 1960s Japan has engaged in the Asia-Pacific region through its active involvement in multilateral organizations such as the Association of South East Asian Nations, Asian Development Bank, and the Asia Pacific Economic Cooperation. How have these associations helped Japan to effectively engage in the Asia-Pacific region? Has it alleviated Japan’s foreign policy constraints in the region that is still wary of Japan’s colonial legacy in the region? Furthermore, has it allowed Japan to balance its alliance commitments to the United States and still maintain meaningful engagement with countries in the region without undermining U.S. interests?

With the election of Prime Minister Yukio Hatoyama in 2009, his Democratic Party of Japan (DPJ) administration’s foreign policy thrust has been a renewed focus on expanding Japan’s cooperative relationships in the Asia-Pacific region with initiatives to develop an East Asian Community. Prime Minister Hatoyama has referred to his focus on the Asia-Pacific region as being supported by the philosophy of “fraternity” (Yu-ai)
with reconciliation and cooperation being its central goal. The significance of this initiative lies, not just in its substance, but also in its timing.

Japan faced a period of self-doubt in the 1990s, which was accompanied with a loss of confidence that led to a national debate on the viability and future direction of the country. The loss of status as the world’s most admired economy in 1987 after the collapse of the bubble economy was a humbling experience for Japan. Being criticized by the United States for only contributing financially and not militarily to the 1991 Gulf War was a sobering reminder of the limitations placed on them by their constitution, which was written by the United States. The failure to convince the members of the United Nations to give Japan a permanent seat at the Security Council, despite funding 20% of the UN budget also contributed to Japan’s loss of confidence and growing self-doubt. The ascending presence of China in the region also contributed to a sense of diminishing identity and took a toll on Japan’s sense of superiority. It may not be an exaggeration to state that Japan was desperately searching for an alternative and sustainable national vision. The result of this journey through self-doubt may be bearing fruit in Japan’s rigorous engagement in the Asia-Pacific region.

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1 Yukio Hatoyama, Prime Minister of Japan and his Cabinet, “Japan's New Commitment to Asia - Toward the Realization of an East Asian Community”, Speech given at conclusion of APEC Summit, Singapore November 15, 2009.

Research Question

Have multilateral engagements in the Asia-Pacific region helped Japan to effectively engage in the Asia-Pacific region? Has it alleviated Japan’s foreign policy constraints in the region that is still wary of Japan’s colonial legacy in the region? Furthermore, has it allowed Japan to balance its alliance commitments to the United States and still maintain meaningful engagement with countries in the region without undermining U.S. interests?

Japan’s primary constraints in the Asia-Pacific region can be identified as being: 1) the negative perceptions and mistrust states in the Asia-Pacific region have toward Japan based on its historical legacy in the region (I will refer to this as the “history constraint”); and 2) the continuing influence of the United States over Japan’s foreign policy since the post World War II era (I will refer to this as the “U.S. influence constraint”). In this thesis, I will examine how Japan is able to reduce the effects of, and better manage, these foreign policy constraints that continue to challenge their independence and ability to pursue their national interests, specifically through the implementation of a strategy of engaging in regional multilateral institutions.

Constructivist Theory

The International Relations theory and theoretical framework that best explains the scope of this paper is constructivism. Constructivists are skeptical of the realist prima facie argument that states’ behaviors are bound by the construct or structure of the international system. The core tenets of constructivism are that human interaction is shaped primarily by ideational factors, not just on material factors. These ideational
factors are shared by a wide array of individuals that lead to the construction of interest and identities that prompt actors to behave with purpose in the international system.\textsuperscript{3} Concepts such as money, sovereignty and rights are all constructed through people’s collective belief that they are real and people act in accordance with the norms surrounding them.

Constructivists find liberal analysis of states’ behaviors in the international system lacking in its absence of identifying how structures develop and affect states. Alexander Wendt, who is largely credited for the development of constructivism, suggests that states are not bound to be power-maximizers or power avoiders by definition, but are capable of transforming their relationships and identity within the international structure by defining their interests through the social constructs in the community of actors. Constructivist theory places both the structure of the international system and the states on an equal ontological status making them mutually interdependent.\textsuperscript{4} States are part of the system that the states themselves define. Furthermore, Wendt suggests that states define themselves and their interests from within the domestic society before they enter the international society.

Institutions are important in constructivist theory as embodying norms, practices and organizational structures that can define parameters of conduct that transform the behavior of those states that engage in them. For example, sovereignty is an important


institution in determining the identity of a state. States have to first accept the concept of their own sovereignty and then further define its parameters and responsibilities. Similarly, multilateralism is an institution identified by a norm, which affects the behavior of its member states in determining standards and principles on issues such as human rights, weapons distribution and acquisition, and humanitarian intervention. By engaging in multilateral organizations, the behavior of states can be transformed through the member states’ acceptance of these standards and principles.

In examining Japan’s engagement in the Asia-Pacific region, the epistemological implications of a constructivist approach allows for a type of analysis that answers the “how” question. How can Japan more effectively engage in the Asia-Pacific region? This includes discourse within the domain of the possible. The realist or liberal theories place their focus on the “why” questions, which focuses the analysis on the domain of the actual. The difference can be reflected in asking why does Japan engage in the Asia-Pacific region, rather than how can Japan engage in the Asia-Pacific region? By asking “how”, one can better focus on an analysis of the process that allows Japan to pursue their national interests and how Japan can overcome their foreign policy constraints.

How states define themselves, how states define their interests, and how international structures are formed can be better addressed by utilizing the constructivist theoretical approach. Constructivist theory leaves room for a broad scope of analysis,

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6 Alexander Wendt, Pg. 362.
which opens avenues of information for research to be presented through disciplines not limited to international relations or political science. This analysis may include an eclectic mix of variables that may be from outside the parameters of what realism or liberalism may typically draw. For example, rather than determine that state behavior is conditioned to maximize power as the realists argue, constructivist theory would allow for the possibility of states to change their behavior and relationships within the international system by identifying the constructs of ideas that affect and motivate their behavior.7

Constructivism originated in the field of sociology, where the basis of its main theoretical thrust is drawn from. Shared beliefs, socially constructed norms, and cultural practices shape the behavior of actors. In the case of international relations, the actors are identified as states. In turn, these beliefs and practices can change over time and be redefined again through the social interactions between individual states that then reflect these changes in their pursuit of newly defined interests.

Constructivism is often seen as being a method of analysis, rather than a theory.8 To the extent that constructivism is used as a method of analysis, its key focus on the socialization process of states is useful in developing evidence to support a theory which can focus on a state’s changing relationships within the international system. Constructivism can open avenues of analysis to examine evidence gathered from an inter-

7 Ibid., Pg. 402.
disciplinary source, which can contribute toward developing a theory that has potential for more convincing explanatory bases.

By placing the scope of this paper within constructivism, Japan’s multilateral engagements can be examined as a process through which Japan has been engaging in transforming its relationship within the region and simultaneously working toward reducing its foreign policy constraints. Furthermore, a constructivist framework will provide an opportunity to examine both the domestic and external variables that lead to defining Japan’s national interests and motives for its foreign policy initiatives as it pertains to the Asia Pacific region.

Through a constructivist framework, I can examine the socialization process that develops between states engaging in multilateral institutions. This socialization process can lead to the development of a collective identity often based on shared interests within a geographic region. The development of collective identity and shared interest can, in turn, lead to the successful implementation and continuation of multilateral engagements. The constructivist analytical framework allows one to facilitate the examination of complex interrelationships of state interests and goals that are not necessarily pre-determined and can lead to a better understanding of the transforming nature of international relations over time by considering the domain of the “possible”.

Asia-Pacific Defined

In referring to the “Asia-Pacific” region, I include the members of the Association of South East Asian Nations (ASEAN), which are Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam. It will also include the
Northeast Asian countries of China, Japan, Taiwan, and South Korea. In addition, I refer to the United States, Australia, New Zealand, and India in the context of being members of the ASEAN Regional Forum (ARF) and to the Asia Pacific Economic Cooperation (APEC) members. However, I do not include all of these states in my general use of the term “Asia-Pacific region” in my analysis. The time period of my analysis will begin with a brief historical background of Japan’s relationship with the Asia-Pacific region from the late 18th century and continue to reflect the events that occur into 2010.

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9 These include the states of Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taiwan, Thailand, United States, and Viet Nam.
Chapter 2
LITERATURE REVIEW AND METHODOLOGY

Literature Review

The subject of regionalization and multilateral engagement in the Asia-Pacific region has received significant attention in the past 20 years. The views on the implications of regionalization, however, vary depending upon the perspective of the analyst. U.S. scholars are primarily concerned with the events in the region as it relates to U.S. policy and interests, and they provide appropriate policy recommendations based on their analysis. The recent literature in international relations (IR) on the region can be categorized into two general areas.

The first area is a focus on the military security architecture of the region primarily with an analysis focused on U.S. power in the region, often dealing with the significance of the emerging power of China. Realist and neo-realist IR scholars represent the bulk of this viewpoint providing various degrees of significance to the role of China in relation to U.S. power in the region. Authors that reflect the realist or neo-realistic perspective include John Mearsheimer, John Ikenberry, Joseph Nye, Daniel Twining, and Joshua Kurlantzick. Their premise begins with a concern toward the maximization and maintenance of U.S. power in the region as well as U.S. power within the larger international system. Issues that scholars address from this perspective range from topics related to military regional security, nuclear proliferation, protection of national interests, development of missile defense technology, bilateral alliances, energy security, and crisis intervention.

10 Authors that reflect the realist or neo-realistic perspective include John Mearsheimer, John Ikenberry, Joseph Nye, Daniel Twining, and Joshua Kurlantzick.
The second area is a focus on the economic security of the region, which concern the effects of globalization, finance, and trade as it relates to the U.S. economy. The theoretical framework of this analysis is diverse compared to the discussion on the issue of military security and the literature includes a full range of IR theorist from realists, neo-liberals, neo-realists, and constructivists. Constructivist scholars focus on examining the implications and effects of the development of the region’s collective identity and socialization process. Unlike the analysis on security issues, the focus on economic affairs is analyzed from a range of disciplines focusing on both the macro (global) perspective as well as the micro (state-level) perspective of the events and developments in the region in terms of identifying the causes and effects of regionalization and its implications to the larger world.

For example, Eric Heginbotham and Richard Samuels illustrate a strategy that Japan has been implementing which the authors call “double hedging”. Double hedging, they state, is a policy where Japan uses the U.S. alliance as a military shield on one hand, and its economic relationships with states in the region as a mercantile sword on the other hand. Japan balances U.S. expectations for its international military commitments to assist U.S. foreign policy objectives on the one hand, while Japan assures its economic partners, on the other, that their military involvements aligned with U.S. wishes do not threaten their common economic interests.

11 Authors such as Peter Katzenstein, Mark Beeson, Gerald Curtis, David Shambaugh, and Stephen Vogel represent constructivist and more “eclectic” theoretical perspectives.

The authors prescribe a U.S. strategy to better understand Japan’s foreign policy choices and to recognize that the narratives of Japan’s pacifism, subordination to U.S. preferences, and antagonism toward China, are not always reflective of its foreign policy behavior. They suggest that the United States will have to increasingly recognize the importance of Japan’s mercantile values that may lead the U.S.-Japan alliance toward more divergence in the future. The authors point to Japan’s investment in multilateral regime building in the Asia-Pacific region in order to meet their interest of promoting political stability and how this investment can also benefit the United States. Political stability is an important factor in achieving economic prosperity for the states in the region. A common interest can be shared between the United States and Japan in engaging in multilateral processes in the region.

Although Heginbotham and Samuels’ primary concern is what the United States should expect from Japan as its alliance partner, their recognition of why the two states’ interests may diverge through the difference in values placed on mercantile objectives is an important step to understanding why Japan is investing its efforts into multilateralism in the Asia-Pacific region.

George Packard offers a view, on the other hand, where he does not take into account Japan’s divergent interest from the United States. He offers a view where Japan and the United States could ensure a continued alliance by re-negotiating the terms of their alliance agreement to better reflect contemporary global conditions, rather than reflecting the conditions that existed during the Cold War. By evaluating the costs and gains for each state, he suggests the United States could negotiate for Japan to further
liberalize trade barriers, such as in their agricultural sectors, in exchange for a withdrawal of some U.S. military presence in Japan. He states that the value of the security protection that the United States provides for Japan cannot be replaced by a security architecture that Japan may be trying to create in the Asia-Pacific region at the exclusion of the United States.\textsuperscript{13}

Packard offers a view that presumes continued bilateral U.S. dominance over Japan. His primary focus is how the United States can offer gestures of assurances for the two states to work together on issues such as the environment, health, human rights and non-proliferation of weapons in order to cement their continued alliance into the future. The possibility of an equal partnership between Japan and the United States that may have divergent interests does not emerge from Packard’s analysis. Packard’s analysis reflects an entrenched view of a dominant United States that expects a subordinate Japan to acquiesce to its policy direction.

David Lake offers a relational hierarchical theory in addressing the possibility of change that can occur in a hierarchical relationship between a dominant state and a subordinate state.\textsuperscript{14} Lake argues that the legitimacy of authority is based on the subordinate state’s acceptance of this relationship. When the subordinate states no longer accept the legitimacy of a state’s dominance, the hierarchical relationship can change. Lake’s theory opens the door for exploring the possibility of Japan, as the subordinate


state, to change its relationship with the United States as a dominant state. Japan, as a subordinate state in relation to the United States, may be better able to pursue its interests if it can be an equal partner to the United States.

Japanese scholars are concerned with the implications of Asia-Pacific regionalization as it relates to Japan’s foreign policy and national interests. For example, Makoto Taniguchi’s analysis on the region advocates a foreign policy direction for Japan that focuses primarily on cooperation with China and South Korea by forming a trilateral leadership bloc within the region. This bloc would be a vehicle for the maintenance of regional stability, both toward security and economic purposes, and as a policy that would alleviate any fear of jeopardizing Japan’s relationship with the United States as being a mutually beneficial policy. He further suggests that placing the blame on the Western system of financial liberalization for the current global financial crisis is not conducive to solving the negative effects it has generated. Rather, Japan must blame itself for failing to recognize its own vulnerabilities and he advocates a move forward by pursuing a strategy of strengthening its multilateral engagements and inoculating itself from future adversity through Japan’s cooperative alliance in the Asia-Pacific region.15

Scholars like Takashi Inoguchi represent the continued recognition of the importance of the Japan-US Security alliance as the main pillar of Japan’s foreign policy, even as the concept of achieving a more “normal” statehood for Japan is advocated.

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through making adjustments that are mutually beneficial.\textsuperscript{16} There is a growing domestic consensus toward moving away from the status quo of full support for policies prescribed by the United States, and moving toward the reduction of the United States footprint in Japan. Richard Samuels identifies this view as the “Normal Nation-alist” view, which seeks to place Japan’s relationship with the United States in the larger context of the international community that may present opportunities for change.\textsuperscript{17}

Saori Katada cautions enthusiasts of Asia-Pacific regional integration that there is a level of resistance in the region for relinquishing state autonomy that may hinder the implementation of multilateral institutions.\textsuperscript{18} She offers a sobering perspective from a financial viewpoint, where she reminds scholars of the region’s continued entrenchment in dollar denomination and how large the proportion of its economic volume still depends on the dollar markets. Even as the region moves forward on currency adjustments toward further regional integration, she illustrates how businesses are not yet willing to risk losing their markets by moving away from dollar transactions.\textsuperscript{19} She emphasizes the difficulty of implementing regional integration from an administrative perspective.

Such cautionary views are important in evaluating the efficacy of multilateral engagements for Japan as a strategy to pursue their national interests. However, there is a

\textsuperscript{19} Katada, Saori, “From a supporter to a challenger? Japan's currency leadership in dollar-dominated East Asia”, Review of International Political Economy, 2008.15:3, pp. 399-417.
general acknowledgement that the Asia-Pacific region has experienced phenomenal economic growth in the past decade that is changing the international relations between states in the region. The proliferation of literature on the topic reflects this trend. For the first time in 2007, Japan’s trade with China surpassed its trade with the United States. China replaced the United States as South Korea’s largest trading partner in 2004. The region accounted for 24% of global trade and 25% of United States’ trade in 2007.\textsuperscript{20} The importance of the Asia-Pacific region as a global hub of international trade and economic activity with enormous impact on other global regions is of no doubt.

In February 2009, the U.S. Secretary of State Hillary Clinton’s visit to the ASEAN Secretariat marked the highest-ranking U.S. representative to ever do so since 1977, and is indicative of the United States placing more importance to the region in its foreign policy efforts.\textsuperscript{21} With the rise of China as an economic power there is growing recognition that the engine of the global economy lies in the Asia-Pacific region more than anywhere else in the world.

Asia-Pacific regionalization is often compared to the regional integration that occurred in Europe, which culminated in the establishment of the European Union (EU). Attention has recently been focused on the view that the momentum for Asia-Pacific regional integration had been intensified after the 1997 Asian financial crisis and even

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\footnotesize\textsuperscript{21} Association of Southeast Asian Nations (ASEAN): www.aseansec.org.
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more so after the 2007 global financial crisis, and that these material forces may build momentum for the development of a EU-like regional multilateral organization.

Christopher Hemmer and Peter J. Katzenstein offer an analysis based on social identity theory on the effects of multilateralism. They argue that multilateral organizations are important in building shared identity and defining shared interests between states in a region. They utilize the example of the United States’ case for establishing the multilateral organization of the North Atlantic Treaty Organization with European states after World War II, in contrast to their preference for bilateral relationships with Asian states. They argue that the United States shared a sense of common culture, history and ideology that they did not with Asian states. The shared identity was a key factor to legitimize the establishment of the regional multilateral organization of NATO.

The application of social identity theory may be useful in understanding the regionalization of the Asia-Pacific region. Understanding whether there is a shared identity and a shared sense of interest developing between states in the region may provide evidence to support the possibility of a EU-type multilateral organization to form in the Asia-Pacific region. However, the continued progression of the process of regionalization in the Asia-Pacific seems unstoppable. This is especially true as the United States’ attention is being focused away from the Asia-Pacific region and placed on such issues as terrorism, wars in Iraq and Afghanistan, domestic healthcare

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distribution, and managing their economy affected by the 2007 global financial crisis. While the rest of the world deals with pressing issues both domestically and regionally, the regionalization of the Asia-Pacific continues to deepen.

Although there is recognition that the regional integration that has occurred over the past several decades within the Asia-Pacific region has transformed the region’s importance to the rest of the world, there is disagreement as to what its future trajectory may be. Will the region “decouple” economically from the rest of the global economy in order to protect its interests? Does economic integration lead to the region’s self-containment?23 Does economic integration mean that states in the region are ready to relinquish their own sovereignty to the interest of the region? What states should be included in the regional membership? Despite the wide range of analysis that is ongoing in addressing the possible implications the region presents for the rest of the world, the continuing trajectory of the region’s growing importance to the global economy seems not to be in doubt.

The 2007 global financial crisis is seen by some analysts as presenting further impetus for regional integration and that the crisis presents a moment of opportunity for Japan to reevaluate its policies and relationship toward the Asia-Pacific region as well as its relationship with the United States. My analysis will attempt to provide a better understanding toward Japan’s quest for change in its relationships with the Asia-Pacific region by examining the dual effects of multilateral engagement in the Asia-Pacific

region that allows Japan to pursue a strategy to effectively deal with the region on one hand, and a way to gain more independence from the United States on the other hand.

**Methodology**

My analysis will be conducted from a state-level perspective, identifying states as the main actors in the international region of the Asia-Pacific. It will begin on Chapter 3, with a discussion on the effects of multilateralism and why states may choose to engage in multilateral relations. This will be followed by a discussion on Japan’s domestic factors toward defining its own interests and I will proceed to recapitulate Japan’s relationship with the Asia-Pacific region from the 1970s with a focus on their multilateral engagements there. In Chapter 4, I will identify and elaborate upon Japan’s history constraint in the Asia-Pacific region and discuss how, through multilateral engagement, Japan can reduce this constraint upon Japan in the region. In doing so, I will utilize the theory developed by Christopher Hemmer and Peter Katzenstein\(^\text{24}\) in 2002 on the development of shared identity and interests in forming the basis of a region. Using their theory, I will argue that the long term solution for Japan to reconcile with states in the Asia-Pacific region in order to reduce the history constraint is to build a shared identity in the region. A shared identity, built through multilateral engagements, provides a positive platform for Japan to effectively engage in the Asia-Pacific region by minimizing the constraint of Japan’s colonial history.

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In Chapter 5, I will identify and elaborate upon Japan’s U.S. influence constraint, and discuss how, through multilateral engagement, Japan can reduce this constraint in the region. In doing so, I will utilize David Lake’s relational hierarchical theory of power. The nature of multilateral engagement provides Japan, as a subordinate power to the United States, a way to become a more equal partner. Becoming a more equal partner to the United States, through multilateral engagements, means Japan can more effectively pursue its national interests in the region without the constraints of U.S. influence. In Chapter 6, I will summarize and conclude my analysis with a discussion on the implications of Japan’s strategy in the Asia-Pacific and the potential challenges in the region.
Chapter 3
MULTILATERAL ENGAGEMENTS

Multilateralism

Japan often prefers to utilize bilateral foreign policy engagements with states when it involves issues such as dissemination of aid, providing development assistance, and for negotiating specific cases of conflict resolution.\textsuperscript{25} The proliferation of bilateral Free Trade Agreements (FTA) and Economic Partnership Agreements (EPA) alongside other economic and security agreements between Japan and the states within the Asia-Pacific region are aimed at negotiating for tariff reductions, coordinating immigration policies, ensuring resource acquisition, and establishing regulatory implementation. In addition to the continuing development of FTAs and EPAs in the region, Japan has simultaneously invested extensive time and resources engaging in multilateral organizations in the region.

Unlike bilateralism, multilateralism, according to Hemmer and Katzenstein, is a demanding form of international cooperation, which requires a strong sense of collective identity as well as shared interests between the member states.\textsuperscript{26} One of the primary operating principles represented in a multilateral engagement is that states engage in democratic representation. Multilateral engagement is a form of foreign policy engagement where each member state is given equal representative status. It provides states an opportunity to serve in an organizational capacity and demonstrate initiatives

\textsuperscript{25} Takashi Inoguchi, and Purnendra Jain, Edited By, \textit{Japanese Foreign Policy Today}, 2000 Palgrave, New York.

\textsuperscript{26} Hemmer and Katzenstein, Pg. 576.
without the context of prescribed hierarchical relationships of authority that are often reflected in bilateral relationships. In other words, regardless of the difference in economic power, geographic size, or population, states in a multilateral process reflect equal representative status.

Multilateralism is generally defined as being a coordinated behavior among three or more states on the basis of defined principles of conduct. There are different reasons for states to engage in multilateral negotiations despite its more demanding nature of international cooperation as compared to engaging in bilateral relations.

Multilateralism is a demanding process because the results from negotiations through the multilateral process generally involve a longer period of time to reach results than those that are negotiated through a bilateral process. By definition, the larger membership in a multilateral process makes the negotiations more complex than a bilateral process. Depending upon the size of the multilateral institution, there are various committees and bureaucratic layers that make the process of reaching results even more complex. There is always the possibility that a tangible result or solution may not actually materialize at the end of the negotiation process.

Despite these difficulties, states find there are advantages in the multilateral process that make it worth pursuing. These advantages include: 1) a state’s opportunity to be heard in the process of negotiating or resolving issues; 2) states are given a chance to develop a positive reputation within the membership of states they engage with; 3) states

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can become a part of a community of members that share common interests and identity; 4) states can build a record of credibility; 5) states can contribute toward the process of policy making by developing creative incentives for cooperation; 6) states can downplay individualist approaches; 7) states can engage in leadership positions; 8) states can assess the motives and circumstances of other states; and finally, 9) states can present themselves as part of a democratic process of representation.  

Much of the literature on multilateralism focuses on its significance in providing states a forum for coordinating behavior among its members on the basis of operating principles of conduct. The purpose of this coordinated behavior is to encourage the creation of a culture of common objectives and to provide a forum through which member states can be “socialized” toward accepting long-term benefits in return for compromises. The United Nations, The World Bank, and the World Trade Organization are all multilateral organizations reflecting such processes and objectives. States may have to make some compromises in order to gain specific benefits in addressing issues. There is always the question of whether the multilateral organization itself can “socialize” member states or whether the member states choose to define and abide by the principles of the multilateral organization in order to gain some benefits. However, these questions may be better understood by analyzing the situation of each state behavior. 

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Multilateral engagement for states that are accustomed to engaging in bilateral relations in which they occupy a hierarchically dominant position may appear to have more to compromise than states that occupy a less dominant position. However, even for more powerful states in a bilateral relationship, membership in multilateral organizations can be beneficial. Multilateralism represents a process that encourages states to engage in “socializing” member states to develop a sense of shared community. For example, the United States, as a dominant state still finds it useful to engage its foreign policy through multilateral organizations such as the United Nations. Engaging in a democratic and peace-promoting multilateral organization, such as the United Nations, provides the United States the benefits obtained from being a part of a community of states that share in these values.

Taking the more demanding path of working through multilateral organizations may be a process that is uniquely suitable for Japan with its ability to manage long-term commitments and projects. Gerald Curtis, from the Political Science Department at Columbia University, points to how the Japanese are adept at working with formal institutions and developing complex integrated systems to facilitate adaptation and changed circumstances without necessarily going through the prolonged process of legal reform in the domestic context. Japan may be able to utilize this quality of facilitating complex adaptation in the international context by undertaking the difficult task of multilateral engagement in the Asia-Pacific region. Building enduring institutions

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requires effort and long-term commitment and Japan is equipped both financially and philosophically to engage in this process.

In the Asia-Pacific region, Japan’s economic strength provides it with a relative position of dominance. Despite this position of dominance, Japan has been constrained by two factors that have restricted its ability to assert an independent foreign policy in the Asia-Pacific region. By addressing these constraints, Japan can strengthen its ability to more effectively pursue its interests in the region. Multilateral engagement in the region offers Japan a strategy that can meet the challenges of dealing with these constraints. It is a strategy that is difficult to manage, long-term in its orientation, and its success may depend upon the unpredictable material circumstances of events in the region.

**Defining Japan’s National Interests**

In focusing on the state-level analysis of international relations, it is important to establish that a unitary actor does not define Japan’s national interests. As Wendt has suggested in his defense of constructivism, states define their interests from within the domestic society before they enter the international society. Until the late 1990s, Japan’s national agenda was entrusted to the political faction of the Liberal Democratic Party (LDP). Curtis identifies four reasons for the Japanese public’s strong support for the LDP. They are: 1) the pervasive public consensus of “catch-up” with the West; 2) the presence of powerful interest groups with close links to the LDP (labor unions, medical industry, trade guilds, agricultural sector, and the industrial sector); 3) the support of the
powerful and prestigious government bureaucracies; and 4) the absence of strong opposition parties. These conditions had changed by 1993 when the LDP lost power.\textsuperscript{31}

One of the conditions that led to the defeat of the LDP was the growing public discontent with their mismanagement of the economy, beset by the bursting of the real-estate bubble and rampant political corruption. The public called for political reform, making the LDP the target for this reform. Political power shifted in Japan to coalition parties resulting in a string of short-lived administrations that have had to deal with complicated issues, both domestic and international, such as rising deficit spending, imposition of consumption tax, the growing elderly population, shrinking social welfare reserves, privatization of public agencies, liberalization of financial markets, widening income inequality, and the inefficient utilization of labor.

The public demand for reform on the domestic level has also translated to demands for reform in Japan’s international relationships. An example of this trend is reflected by Prime Minister Yukio Hatoyama’s rise to power fueled by his promise to reform Japan’s relationship with the United States on a more equal footing.

Despite the various interest groups that influence domestic politics in Japan, there is a general public acceptance toward the central role of the state in insuring Japan’s continued wellbeing. In securing Japan’s wellbeing, there are several factors that dominate Japan’s foreign policy goals. These factors are resource acquisition, economic sustainability, and security assurance.

\textsuperscript{31} Curtis, Pg. 39.
As a resource poor state, Japan has historically looked outward for resource acquisition. Its economic viability depends on the security of access to resources and this interest often sets the framework for Japan’s foreign policy direction. The Asia-Pacific region is an important source of natural resources for Japan, which include petroleum, coal, wood, copper, food, precious stones, silk, and marine products. Japan’s government has traditionally had a proactive policy toward supporting its private sector in coordinating these goals and this policy continues to be reflected in areas such as coordinating Japan’s energy acquisition.

The ability to conduct commerce with the assurance of political and domestic stability in the region represents an important interest in Japan’s foreign policy. Japan’s foreign direct investment and foreign aid is often predicated on requirements placed on recipient states toward establishing appropriate standards for civil society with the goal of promoting political and economic stability. Promoting stability in the region is an important policy for Japan in order to secure their need for resources.

Japan’s security needs are not only tied to protecting its borders from outside military aggression, but are also tied to protecting and ensuring a stable and peaceful business environment. The U.S.-Japan Security Alliance continues to be important from this perspective for Japan in order to promote stability in the region. Balancing Japan’s needs in the Asia-Pacific region and its alliance with the United States continues to be

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one of Japan’s foreign policy challenges. In order to effectively balance these challenges, regional multilateral engagements has benefited Japan.

**Japan and the Asia-Pacific Region**

Japan’s multilateral engagement in the Asia-Pacific region has followed several different stages. Since the end of World War II and after its devastating defeat to the United States, post-war Japan’s engagement in the Asia-Pacific region followed the policy cues of its victors and concentrated on rebuilding its own economy. The Korean War (1950-1953) and the Vietnam War (1959-1975) stimulated Japan’s economy by serving as the staging area for the U.S. military, resulting in Japanese companies receiving contracts valued at almost $2 billion from the United States in order to procure supplies for the war effort. Japan’s economy grew at an unprecedented rate in the next two decades, and according to the C.I.A. Factbook, their per capita income surpassed that of the United States in 1987.

Japan dealt for decades with the Asia-Pacific region in the context of Cold War divisions. However, in the 1990s Japan began to engage more independently in the Asia-Pacific region with a focus on regional economic development. The U.S.-Japan military alliance which had been a logical strategy for the United States in the face of implementing Soviet containment, lost much of its meaning when the Cold War ended. The Japanese public was eager to reevaluate its relationship with the United States and

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reconsider its role in the Asia-Pacific region and the greater international stage.\textsuperscript{34} As China cautiously began to open its doors to foreign investment and began to explore private ownership of assets through economic reforms implemented under Deng Xiaoping beginning in 1978, Japan’s economic opportunities in the region expanded. Japan was quick to participate in joint venture opportunities that China extended to the international community.

In addition, Japan joined the rush to establish bilateral Free Trade Agreements (FTAs) in the Asia-Pacific region to provide preferential treatment on a negotiated basis. Each FTA is unique and goes through extensive rounds of negotiations including domestic approval through each state’s legislative processes. These agreements are negotiated with the goal of achieving gains made through comparative advantages and have been shown to stimulate economic growth.

The proliferation of FTAs in the region also reflected states’ concerns for the breakdown of negotiations on the multilateral level at The World Trade Organization (WTO). Contentious negotiations revolved around issues of unfair practices related to agriculture and trade for developing nations. States in the region continued trade negotiations through FTAs so that they could avoid being bogged down by the WTO negotiation process.

The 2007 global financial crisis, preceded by the Asian financial crisis of 1997, sharpened the sense of urgency in the Asia-Pacific region to coordinate their efforts toward economic development and prevent the region from losing its momentum for

\textsuperscript{34} Ibid., pp. 611 – 612.
growth and prosperity. Because the 1997 crisis created a great setback in the region to their economic growth that had been achieved through the regional integration and globalization, there was a collective acknowledgement that the region could be stronger through multilateral cooperation. States in the region, including China and South Korea have been willing to suspend their anti-Japanese rhetoric in order to maintain political stability. Both China and South Korea in the past have successfully utilized a public narrative of anti-Japanese sentiment to strengthen national competitive resolve. However, more recently, both China and Korea are showing a willingness to work together with Japan to mitigate the effects of the economic crisis. In this environment of cooperation, Japan has an opportunity to transform its relationship with the states in the region by engaging multilaterally toward the promotion of peace and stability in the region.

Japan’s multilateral engagement after the Cold War era in the Asia-Pacific region has been extensive. Economic and security institutions such as The Association of South East Asian Nations (ASEAN), ASEAN+3 (APT), Chiang Mai Initiative (CMI), Asian Development Bank (ADB), Asia Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF) represent the multilateral efforts of the states in the Asia-Pacific region to promote integration and regionalization, and for these efforts to address the region’s challenges in the area of economic development, regional security, and social and political stability.

Japanese engagement with ASEAN began in 1977 with $1 billion in aid, making Japan one of the ASEAN states’ most reliable supporters. In addition to extensive
Overseas Development Assistance (ODA) in the region, Japan has cooperated with the Initiative for ASEAN Integration (IAI) since 2001, promoting poverty reduction, improvement of health and hospital facilities and has assisted with tackling global climate change issues. From 1969 to 2005, Japan contributed over $44.7 billion to ASEAN states. Through ASEAN and its related agencies Japan has been pursuing numerous economic, infrastructure, financial and agricultural projects.

Japan’s involvement with ASEAN in 1977 began as a way to mitigate the effects of an anti-Japan riot in Jakarta that took place in 1974 during Prime Minister Kakuei Tanaka’s visit. Without the promotion of a positive relationship in Southeast Asia, Japan could not rely on the region for their domestic energy and resource needs or hope to develop new markets in the region for their products. The riots prompted Prime Minister Yasuo Fukuda, in 1977, to offer a vision for Japan’s engagement with the member states of ASEAN as equal partners, renouncing Japan’s desire to become a military power and pledging Japan’s support for the development of economic prosperity and stability in the region. This vision became what is now referred to as the Fukuda Doctrine.

The most significant aspect of Japan’s engagement in ASEAN is not only established through funding and organizational involvement, but by its more hands-on involvement of individuals through numerous projects on the ground in the ASEAN member states. These projects involve designing programs for women, medical assistance, public education, agricultural assistance, public infrastructure planning, and

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assistance with water resource and energy development. Many of these projects have been operating for decades leading to the creation of meaningful relationships between individuals involved in them.

Through ASEAN, Japan has also promoted the development of student and youth leadership exchange programs. They have developed an extensive alumni organization of more than 80,000 members from Indonesia, Malaysia, the Philippines, Singapore and Thailand. More than 26,000 of these students attended Japanese universities and 54,000 have conducted research in Japan for a year or more. Individuals participating in these programs enhance their own careers and often act in important ways to enhance the relationship between Japan and ASEAN states.

In 1999, ASEAN invited China, Japan and South Korea to form the ASEAN Plus Three (APT). By including the three states, it enabled the Southeast Asian region to merge with the East Asian region and further promote regional integration. With China’s rapidly growing economy integrating more deeply with ASEAN states, APT has enabled both China and Japan to work cooperatively in developing shared interests. Both China and Japan have negotiated separate FTAs with members of ASEAN expanding regional integration even further.

The ASEAN Plus Three led to initiatives toward dealing with the effects of the Asian financial crisis of 1997. An important initiative that came out of APT is the Chiang Mai Initiative (CMI), a regional reserve pooling arrangement, as well as the Asian Bond Markets Initiative (ABMI), a development of local-currency bond markets. It

36 Ibid., Pg. 175.
was established in 2000 and marks an important step toward the region working together to insulate itself from the vulnerabilities created by the dominance of the United States’ dollar and from any future global financial crisis. In May 2009, Japan announced the contribution of $38.4 billion to CMI’s $120 billion fund established to assist regional economic recovery. China pledged to contribute another $38.4 and the remaining balance of the US$120 billion will be funded by the rest of the ASEAN membership contributing in varying amounts. There are still details to be worked out before it is scheduled to take effect in March 2010. Without speculating on whether it will function for its intended purpose, the process of bringing the CMI to fruition is meaningful in itself as an exercise in building discourse that is cooperative between the members of the APT.

Japan has contributed significantly to the Asian Development Bank (ADB) since its inception in 1966. Having co-equal shares with the United States, it funds hundreds of projects directed at economic and infrastructure development in the Asian recipient states. Japan’s interest in building economic stability and expanding its product markets in the region and working to promote a suitable climate for businesses to engage in FDI can be demonstrated by these efforts. The ADB is also contributing to the dissemination of information such as statistical data and project analysis regarding the region. Furthermore, ADB has been instrumental in providing analysis on the effects of specific policies in the region, which can be helpful in effectively evaluating the allocation of human and financial capital.

The ADB has 67 member states with 48 from the Asia-Pacific region and 19 from outside. While similar to the Asia Pacific Economic Cooperation (APEC) in its wider
membership, their objectives differ. Asia Pacific Economic Cooperation focuses on issues that benefit business interests in the wider Pacific region by promoting trade, business facilitation, economic and technical cooperation, and the liberalization of investment opportunities. Unlike APEC, ADB’s primary focus lies on its members cooperating toward the reduction of regional poverty. This goal is reflective of the severity of poverty that existed in the region during the 1960s. Although recent economic growth has helped in relieving levels of poverty in the region, the ADB still focuses on infrastructure projects in order to continue facilitating the reduction of poverty. While its goals are similar to those of the International Monetary Fund (IMF), its focus is limited to the Asia-Pacific region. The administration of ADB is located in its headquarters in the Philippines and the president is from Japan. The Asian Development Bank is a multilateral institution where its goal for poverty alleviation can also complement the goals of APEC by achieving the long-term development of a larger consumer market.

As a member of the ASEAN Regional Forum (ARF), Japan is involved in promoting multilateral dialogue on security in the Asia-Pacific region along with 26 participant nations. The objective of ARF is to foster dialogue and consultation, to promote confidence building, and to conduct diplomacy that promotes the prevention of conflict in the region. The ASEAN Regional Forum met for the first time in 1994. Participants are the ten ASEAN members, Australia, Bangladesh, Canada, China, the European Union, India, Japan, Mongolia, New Zealand, North Korea, Pakistan, Papua New Guinea, Russia, South Korea, Sri Lanka, Timor-Leste, and the United States.
Through ARF, Japan has dealt with regional issues such as North Korea’s nuclear weapons development, missile defense and it has participated in regional military exercises. Japan has an opportunity through ARF to demonstrate its commitment to diplomacy as well as to contribute toward building a cooperative regional security structure in the Asia-Pacific region similar to that of NATO in the Atlantic region.

The Asia-Pacific Economic Cooperation (APEC) is a multilateral regional forum, which was developed in 1989, initiated by Australian Prime Minister Bob Hawke. APEC is one of the more visible multilateral organizations, which includes the United States engaging in the Asia-Pacific region. It represents 21 states of the wider trans-Pacific grouping of states. These states are Brunei, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, Vietnam from the Asia-Pacific region, in addition it includes the United States, Australia, Russia, Chile, Mexico, New Guinea, Papua New Zealand, and Peru. Its primary purpose has been the liberalization of trade and investment, facilitation of business and cooperation between states for technical assistance. The administrative offices of APEC are headquartered in Singapore where its most recent summit was held in November 2009.

APEC has developed into a multi-forum organization dealing with a plethora of issues including the environment, terrorism, tourism, sustainable development, and digital connectivity. Through APEC the member states can discuss issues that relate to the region. However, because of its large membership, policy proclamations often result in being symbolic, rather than specific and result with little possibility of actual implementation. A possible reason for APEC being more of a symbolic cooperative
effort may be that its main agenda of liberalization of markets is seen by some states in the Asia-Pacific region with increasing concerns as having been the primary cause of the 1997 Asian financial crisis.

The regional integration that has been building through multilateral institutions in the Asia-Pacific region has been compared by scholars to the regional integration that occurred in Europe through the European Union and North Atlantic Treaty Organization. The range of views on whether such regional multilateral organizations can be established in the Asia-Pacific region is extensive. However, the divergence of views on this matter does not negate the fact that regionalization is affecting the perception of whether opportunities or threats await states. For Japan, multilateral engagement in the region creates opportunity. The effect of the history constraint that continues to challenge Japan’s foreign policy implementation is an issue which multilateral engagement in the region can help alleviate.
Chapter 4
JAPAN’S HISTORY CONSTRAINT

Constraint Defined

China’s ascending economic and political power in the Asia-Pacific region is a primary factor in considering Japan’s foreign policy direction. Unlike the United State’s relationship with Japan, China’s relationship with Japan is not defined by an overt hierarchical relationship. However, by tapping into an anti-Japanese sentiment, that has its origins in Japan’s legacy of imperialism, China has been able to constrain Japan’s foreign policy implementation in the region. To the extent that China is able to utilize the constraint of Japan’s history in applying pressure on Japan to alter its behavior, one can define its history as a constraint.

Since World War II, Japan has been challenged by the history constraint that includes a range of unresolved historical issues related to its legacy of war, invasion, and occupation in Asia that focus on events that occurred mainly in China, the Philippines and Korea. Some of the main issues include disagreement on the facts relating to the Nanjing Massacre (1937), compensation to comfort women, the question of whether Japanese heads of state should visit Yasukuni Shrine to honor their soldiers (including war criminals convicted by the Allied Tribunal), whether Japan has demonstrated sufficient contrition and paid enough reparations for occupation and war-related issues, and whether the Japanese government is doing enough to teach their students war time history. The issue of Japan’s apology and reparation for surviving comfort women
(women forced into prostitution) in Korea was even introduced as a non-binding resolution by Congressman Mike Honda of California in 2007, prompting Prime Minister Shinzo Abe to comment on the legal standing of a U.S. Congressman to make demands of the Japanese government. These issues have led to recurring and often contentious debates that fuel negative media attention on Japan and fuel emotional domestic reactions within each of the states involved. This negative legacy has often been a source of distrust and animosity felt between people in the Asia-Pacific region toward Japan.

The Nanjing Massacre has come to represent Japan’s worst atrocity perpetrated in the region and captures the essence of Japan’s history constraint. It is important to note that the event did not receive the status of international controversy until the 1980s as the single notorious historical incident that stood out in the spectrum of many horrific incidents that occurred during World War II. Takashi Yoshida analyses the event from the perspectives of China, Japan and the United States and offers a picture of a historical event that has been presented in myriad contexts, representing varying motivations, and differing interpretations that are presented by a range of forms anywhere from scholarly, biographical, journalistic, political, nationalistic, and racist.

Without addressing the specific controversies surrounding the facts of the Nanjing Massacre, the significance of the event as a rallying point for anti-Japanese sentiment is relevant. The event symbolizes the history constraint for Japan and continues to be a


gateway to anti-Japanese sentiments more than seventy years later. To the extent that the significance attached to the event prevents Japan from conducting effective foreign policy in the region, it can be identified as a constraint.

China’s anti-Japanese sentiment can be traced back to 1919, where Japan gained the German Shangdong territory in China at the conclusion of World War I on the basis of prevailing international law and with the support of the United States, Britain and France. This land transfer followed the already humiliating acquiescence of China to Japan’s “Twenty-One Demands” in 1915 by Yuan Shikai’s New Republican government, which gave Japan extensive economic rights in Manchuria, Inner Mongolia and Fujian Province. These events triggered incidents of violent anti-Japanese student demonstrations, the boycott of Japanese products, and a growing sense of Chinese nationalism. During the latter half of the 1930s, anti-Japanese sentiment in China was a critical factor in unifying the Chinese people in the midst of civil warfare and conflict between Chiang Kai Shek’s Nationalist government and Mao Zedong’s Communist Party.

During the 1930s leading into 1941, in addition to China’s own efforts to regain sovereignty from the Japanese, the Chinese Communist Party (CCP) received advisers and military help from the Soviet Union in order to establish a communist government in China, and The Nationalist movement led by Chiang Kai Shek, received assistance from Germany and the United States to prevent China from becoming a communist state.

Anti-Japanese sentiments were welcomed by the Soviet Union and the United States that had their own interests in preventing the Japanese from continued expansion of territory in China, and these conflicts with Japan later escalated into the Pacific theater of World War II.

Anti-Japanese sentiment was rampant during World War II and for decades later, specially in states where Japan had occupied territory and by states that fought against the Japanese military. Similar sentiments existed against the Germans and Italians immediately after the end of World War II. However, most of these sentiments on a state-level basis have dissipated over the years. The anti-Japanese sentiment, on the other hand, has been kept active in the Asia-Pacific region, often used as a distraction from troubling domestic issues and still erupts from time to time, especially in China and South Korea.

For example, during the 1990’s when Japan was lobbying to gain a permanent seat on the United Nation’s Security Council, China and South Korea effectively argued against Japan’s chances by emphasizing the history issue and Japan’s lack of apology for wartime atrocities. They argued that Japan could again terrorize the region with growing militarism. Although it was not the only reason for Japan’s failure to obtain a permanent seat on the UNSC, the history constraint proved to be a tangible obstacle for Japan and an effective narrative for the Asia-Pacific region’s resistance toward an international leadership position for Japan.

In 1972, China and Japan signed a joint communiqué to normalize relations between the two states, following the United State’s pledge made earlier that same year.
to work toward normalization of relations with China. The communiqué opened the
doors to economic cooperation, established diplomatic relations, halted China’s demands
for war reparation from Japan, and both countries agreed to abide by principles of non-
aggression, non-interference, and respect for each other’s sovereignty.40 Despite the
official state-level efforts to normalize relations, the anti-Japanese sentiments are difficult
to erase from the memories of the Chinese people who lived through the negative
experiences. In addition, negative sentiments toward Japan can easily be aroused
publicly where anti-Japanese sentiment has been taught in China for over 50 years.41

On the other hand, there is a growing body of literature from the 1990s that
analyzes Japan’s wartime occupation legacy in the Asia-Pacific region in light of
infrastructure development, land reform, health and education reform, and other
indicators that contributed to economic development. This literature focuses on Japan’s
legacy in the region from the perspective of administration and infrastructure
development. From this research, evidence suggests that there were constructive effects
of Japan’s occupation that contributed toward the occupied states’ later economic
development. There are scholars, especially in South Korea, that are examining Japan’s
occupation in an effort to understand the full trajectory of their own modern economic
development.42 Foreign occupation by any state is not generally remembered in a

40 Japan Ministry of Foreign Affairs, September 29, 1972, Joint Communiqué of the Government of Japan
42 Soon-Won Park, Colonization and Labor in Korea The Onoda Cement Factory, Harvard University
positive light, but an objective examination of Japan’s role in the region, both negative and positive, can contribute toward a better understanding of facts and may contribute toward the process of reconciliation in the region in regard to Japan’s history constraint.

A more concrete and strategic process toward reducing Japan’s history constraint is the long-term strategy of multilateral engagements Japan has been conducting in the Asia-Pacific region as a way toward forming a common bond of shared identity and shared values. When states share a common identity, values or interests, it makes it less likely that these states will engage in the promotion of negative sentiments for political gain.

There are several factors that must be met for such a common bond to form and become a sustainable narrative upon which actual foreign policy implementation can be based. Christopher Hemmer and Peter Katzenstein have developed an analytical framework, which examines the formation of a common identity between states by examining the United States’ formation of the multilateral regional organization of the North Atlantic Treaty Organization.

The authors established this analytical framework by addressing the question of why a multilateral regional institution like NATO had not developed in the Asia-Pacific region after World War II between the United States and states in the region. They suggest that the answer lies in the U.S. having shared a perception of collective identity with European states, which it did not share with Asian nations. This collective identity shared in the West, led the U.S. to trust European governments at the end of World War II to engage in operating in a democratic multilateral organization. However, without the
same level of trust shared with countries in the Asia-Pacific region, they preferred to engage bilaterally with Asian states providing them with a better ability to control the course of the relationships.43

The economic integration of the Asia-Pacific region that has occurred in the last two decades has created favorable conditions within the region for multilateral institutions to thrive and there is evidence that a collective identity among members of the region is evolving. Beeson even goes so far as to suggest that this collective identity may be developing at the exclusion of Western states.44 The examination of whether there is a collective identity developing in the Asia-Pacific region is important toward illustrating how Japan’s strategy of multilateral engagement in the region as a member of this shared identity can lead toward Japan’s ability to reduce its history constraint.

**Identity Building Through Multilateralism**

The concept of shared identity between people is often the subject of research in ethnographic anthropology. For example, shared identity can develop in a diaspora of people who do not share a geographic location.45 Shared identity often develops around the conceptualization of religion, language, ethnicity or other specific preferences that occur between people. Analysis of shared identity in Anthropology focuses on the

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individual in the context of a specific space and time. However, the concept of shared identity can also be applied to the analysis between states located in the international system where economic interconnectedness, intensified by globalization, has occurred as reflected in the Asia-Pacific region. I will examine, from a state-level perspective, whether the phenomenon of an imagined or shared community and identity may be developing in the Asia-Pacific region. I will call this phenomenon an “Asian identity”.

In examining whether there is a formation of an Asian identity, I am not suggesting that there is a single coordinated effort in the Asia-Pacific region to create a singular definition for it. Nor am I suggesting that an Asian identity could somehow eclipse national identity in a region where heterogeneity in ethnicity, political system, economic development and culture is the norm. Rather, I suggest that there are multiple forces and factors that are converging to create an important discourse that is leading to the development of an identity that is non-Western, that is contemporary, and that is creating a basis upon which members in the Asia-Pacific region can feel a common bond.

The formation of a common bond is an important development in how the region perceives itself, how it can strengthen the stability of the region, continue its economic development, and remain less vulnerable to global forces that have ravaged the region in the past. The common bond, which led to the creation of multilateral institutions such as NATO in the Atlantic region or the EU in Europe between diverse states, cannot remain an exception in the history of modern international relations. The formation of such institutions cannot be conceived of as being so unique that similar regional institutions cannot develop or be successful in other regions.
Furthermore, I am not suggesting that the Asian identity that may be developing on a state-level basis necessarily translates towards an immediate transformation of identity on the individual-level relationships between people in the region. However, states can change the context and manner in which people associate with each other. It did not take very long for Japan and the United States to become allies once a common goal for economic development was established and it was determined that they were on the same side during the Cold War era. Similarly, the shared interests between states in the Asia-Pacific region can also transform how individual people feel toward each other through the policies set by their state governments. A further examination of an individual-level development of an Asian identity may be conceivable in the future as a logical outgrowth of the state-level development of an Asian identity.

Economic growth and integration in the region is attributed to having been accelerated as a result of globalization, which has led to the creation of an intensely interconnected global structure of trade and human interaction on a multidimensional scale. There is an ongoing debate on how to define and conceptualize globalization. For the scope of my analysis, globalization will be conceptualized as a process, driven by a convergence of forces and tensions, which include economic, political, technological, and historic factors over time. The process of globalization does not have a singular historical trajectory, or any specifically defined end condition. This process pulls and pushes societies in different directions, leading to cooperation as well as conflict,
integration as well as fragmentation, exclusion and inclusion, convergence and divergence, order and disorder.46

By transforming the constraints of space and time on the development of social interaction, globalization creates the possibility of new modes of transnational social organization with new networks and regulatory regimes, but it also creates new vulnerabilities through its interconnectedness. The Asia-Pacific region has experienced the process of globalization with its full intensity. During the Asian financial crisis of 1997, the vulnerability of the region to the ravages of financial collapse, global dollar hegemony, and the force and influence of western financial institutions, such as the International Monetary Fund (IMF) was brought to the fore. Marked by the 1997 Asian financial crisis, states in the Asia-Pacific region began a rapid expansion of multilateral engagements in order to work together toward decreasing the region’s vulnerability to financial collapse and the prevention of financial disaster in the future.

The forces of multilateral integration in the Asia-Pacific region can be perceived as following a similar phenomenon of regional integration that occurred in Europe through the development of the EU and the NATO at the end of World War II.

Multilateralism, defined as coordinated behavior among three or more states on the basis of generalized principles of conduct, is a demanding form of international cooperation, which requires a strong sense of collective identity as well as shared interests. Hemmer and Katzenstein develop an explanation for the conceptualization of a

region as being formed through a politically constructed sociological fact based on collective identity. Collective identity focuses on how the relationships between actors are affected by an ordinal definition of connections that create cohesion in a specific regional grouping. Identification allows members of a particular group to treat each other differently than those outside the group. Furthermore, the authors argue that the emergence of new regional identities can occur relatively quickly if both material factors and ideational factors are available and can be utilized as the narrative upon which the regional identity can be drawn.

In answering their question of why the United States developed NATO, a multilateral institution, in the Atlantic but preferred bilateral engagements in the Asia-Pacific region, Hemmer and Katzenstein argue that the United States shared an identification with European states that they did not share with Asian states. Identification with European states was based on ideational factors such as race, history, power, equality, western values, religion, and democratic principles which were shared between the states, which led them to develop a level of trust to engage in a multilateral arrangement. A sense of shared community was established in the region, coupled with the shared experience of material factors, such as pursuing regional security, promoting stability in a Post World War II Europe, and the containment of communist expansion into the region.

This combination of material factors and ideational factors made it possible to establish the multilateral arrangement of NATO. By using this same framework, I will ask whether the thresholds of both material factors and ideational factors have been met
in the Asia-Pacific region for the formation of a shared identity? If so, it could be conceivable that a multilateral arrangement similar to NATO, in the Atlantic region, or the EU, in the European region, could be established in the Asia-Pacific region. Japan’s history constraint will become less of a contentious issue when regional shared interest will compel states to work cooperatively. Japan’s multilateral engagement in the region, contributing toward the formation of a shared identity and common interests is a vital strategy toward developing effective foreign policy implementation in the region.

Hemmer and Katzenstein’s concept of collective identity, or Asian identity in the Asia-Pacific region, can be conceived of as being a necessary condition for the development of a region and any ensuing multilateral institutions in the region. The material factors necessary to develop an Asian region can be met through the establishment of a shared interest in regional economic stability and regional security. However, I will more specifically argue that the material factors necessary to develop an Asian region have been met by: 1) the expansion of regional cooperation galvanized by the disappointments perceived by the states in the region towards the West’s handling of the 1997 Asian financial crisis; and 2) the conditions created by the extensive economic integration in the region that has occurred through the process of globalization.

Second, I will argue that there are three ways through which the ideational factors that are necessary in strengthening the cohesion between states for the development of an Asian identity are being met in the Asia-Pacific region. The three ideational factors are: 1) the region’s shared history, racial experience, geography and culture; 2) shared interests defined through multilateral institutional engagements; and 3) the shared
consumer experience of goods and services in the region. With both material factors and ideational factors being met, there is evidence to support the development of an Asian identity, which is necessary as a basis for cohesion in forming a regional multilateral organization. The conditions necessary to support a regional multilateral institution, as NATO in the Atlantic region or the EU in Europe, can be argued as also being met in the Asia-Pacific region.

**1997 Asian Financial Crisis as a Material Factor**

The regional economic setbacks experienced following the 1997 Asian financial crisis created a potent material factor toward building a shared interest in the region to shield it from future economic crisis. The determination to promote multilateral institutions in the region for states to work together to build better policies and networks for the creation of a stable environment for economic development can be defined as a shared interest.

The crisis unfolded when the estimated $100 billion dollars that had flowed into East Asia in 1996, disappeared when $150 billion dollars flowed out within three months, after the Thai Baht collapsed in July 1997. Even though the United States blamed domestic policies of states in the region as the primary cause of the crisis, most states in the region believed the primary cause of the crisis was the fixed-exchange-rate system adopted by Asian governments through the 1990s, which were all pegged to the US dollar. Central banks were drained of foreign reserves when speculative investors made withdrawals on vulnerable foreign currencies.
Local currencies quickly lost value and this caused bankruptcies and economic collapse when local banks could no longer service short-term dollar debts. Speculative investor behavior is often the source of volatility in foreign exchange markets. The currency collapse in Thailand, exacerbated by a panic liquidation and repatriation of foreign holdings in equities and real estate, spread to Malaysia, Indonesia and to the much healthier economy of South Korea. A net flow of private funds from the rest of the world to these four countries of $93 billion in 1996 turned to be a net outflow in 1997 of $121 billion according to estimates by the Institute for International Finance.

The fundamental cause of the crisis was the liberalization of global finance combined with speculative global investor behavior. To avoid vulnerability to money market forces, the World Bank and the IMF subsequently recommended domestic policy reforms (often referred to as “structural reforms”) for the states in the region. They jointly prepared standards to rate states by eight dimensions: statistical data dissemination, fiscal discipline, supervision of banks, the health of non-bank financial institutions and securities markets, transparency in monetary and fiscal policies, payments settlements, placement of corporate governance, transparency in accounting practices and auditing standards, and the establishment of insolvency and creditor rights. There was resistance and resentment within the region toward these reforms, especially in view of what was perceived as the placement of an exchange-rate regime, which was

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biased in favor of the U.S. dollar. This sense of resentment comes from the U.S. dollar being exempt from similar attacks from market forces, being the preferred currency for international trade and a fiat currency that the U.S. government can print at will. The status of the dollar as a hegemonic instrument, not accountable to the same standards imposed on other currencies, was decried during and after the Asian financial crisis. The region felt that it had learned some difficult lessons.

There was a great deal of criticism generated in the region by politicians, finance ministers and scholars, aimed at the lack of United States’ timely assistance in the alleviation of the Asian financial crisis. This was acutely felt in Thailand where the crisis originated. The Clinton administration used its influence on the International Monetary Fund (IMF) to impose solutions on states in the region that seemed to support the sustained dominance of U.S. economic and business sector interests in the region. The region’s overall disappointment was exacerbated by the fact that the United States had recently bailed out Mexico from a similar crisis three years earlier with IMF funds.49

Japan made an effort at the time to create the Asian Monetary Fund, with the purpose of maintaining financial stability in the region and making funds available at lower rates than the IMF. Financial stability in the region was important to Japan whose economy was highly integrated in the region. This initiative was blocked by the United States, which saw the Asian Monetary Fund as directly competing with the IMF in the

region. Through the 1997 financial crisis, the states in the region observed that the interests of the United States did not coincide with the interests of the region. In retrospect, this experience became a lesson for the United States as its own economy became more integrated in the region, to treat the region with more finesse and attention. As a result, the IMF made some reforms, since the 1997 financial crisis, on how it allocates funding and has added many more lending instruments with better coordination with the recipient states.\(^{50}\)

The evidence shows that despite the efforts of the region to mitigate the possibility of future shocks since the 1997 crisis, the region was not immune from the effects of declining consumer demand in Europe and the United States and the production of goods in the region and the volume of trade declined significantly. The impact of the 2007 global financial crisis has been felt in the Asia-Pacific region slowing economic development significantly in some states. However, in comparison to the European Union and the United States, the Asia-Pacific region’s economic growth has continued upward.

According to Morris Goldstein and Daniel Xie, there are factors that saved the Asia-Pacific region from a more catastrophic economic downturn. These factors can be attributed to the lessons learned from the 1997 Asian financial crisis. The authors point to factors such as the region’s continued bank deposits leading to liquidity of capital being available to enable states to avoid borrowing from international lending sources,

\(^{50}\) Sayuri Shirai, “Financial and Monetary Cooperation in East Asia: Global Governance and Economic Integration”, 21\(^{st}\) Century for Excellence Program, Keio University, June 2006. Pg. 10.
banking regulations that emphasize strict risk management policies and regulations toward higher capital requirements, and having less than 3% of regional GDP being exposed to the US originated sub-prime loans and securitiest.51

Indications are that the Asia-Pacific region will rebound from the 2007 global financial crisis more quickly than the rest of the world. This is an observation not lost on the members of the region, which in turn reinforces a sense of shared interest in continuing the policies implemented through their multilateral efforts to build a stronger and more stable environment for regional economic security.

**Regional Economic Integration as a Material Factor**

In addition to the 1997 financial crisis, the economic integration that has occurred in the region, buoyed by the process of globalization, provides another material factor toward the formation of a regional identity. The complex integration of trade and investment ties in the region has given rise to a relationship of synergy in the region. These relationships lead to the development of shared interests, which constitutes one of the factors identified by Katzenstein as being necessary for the development of multilateral institutions in a region.

Foreign direct investment into China has played a vital role in integrating trade in the region. So far Japan has established 30,000 companies and joint ventures in China with an investment of $60 billion. South Korea has 30,000 enterprises in China with an

investment of $35 billion. Singapore has invested $31 billion in 16,000 projects. Taiwanese firms are estimated to have invested $100 billion on the mainland. Taiwanese firms alone are responsible for 60% of China’s information-technology hardware exports. From 1985 to 2007, MNCs in China increased their share of total trade from 10% to 60%, and currently 80% of the value of their exports is imported. What is considered “Chinese exports” is more accurately a part of a complex trade and investment network that extends across the Asia-Pacific region.\(^52\)

China’s role as the economic engine of the region is reflected by its function as a central assembly location of imported high-technology components. These components are processed in China by subsidiaries of MNCs, shipped out again for further processing, and then sent back to China as pieces organized for final production. Over the past decade, the proportion of such exports to China of unassembled parts has increased by five times for Indonesia, 15 times for Thailand, 19 times for Malaysia, and 60 times for the Philippines. Today, Japan, Taiwan and South Korea account for around 50% of China’s imports of unassembled components.

China holds close to $2 trillion dollars of foreign reserves, of which close to $1 trillion is held in U.S. dollar treasury reserves. China holding the largest portion of the U.S. debt creates a degree of anxiety for U.S. analysts since the U.S. economy may be vulnerable to China’s economic policies. However, the combined dollar reserves held by the region, if it includes Japan, more than doubles China’s holding of U.S. debt. Despite this fact, US media focuses disproportionately on China’s holdings of U.S. debt. This

\(^{52}\) Zorawar Daulet Singh, “India looks on as the East integrates”, *Asia Times*, May 7, 2009.
may be due to the perception that China has historically been less friendly to U.S. interests than Japan as its ally.\textsuperscript{53} If China’s hold on U.S. debt makes analysts nervous, doubling this amount for the entire region would seem to compound this perception. The possibility of the region working together has implications that can further affect the balance of U.S. power in the Asia-Pacific region.

China has an opportunity to gain from cultivating positive engagements in the Asia-Pacific region in a similar way that Japan does. Michael Hsiao and Alan Yang suggest that China is pursing a “soft power” strategy toward Southeast Asia with the development of a “smile diplomacy” (weixiao waijiao), and “good neighbor diplomacy” (mulin waijiao). China is developing a policy of multilateral engagement in the region, which includes the cultivation of political and fiscal connections, promotion of cultural relationships, and is placing importance on its relations with overseas Chinese business networks.\textsuperscript{54} These efforts have resulted in the perception of China in the region as being a benign economic partner. In addition, China also emphasizes the consensus-building procedure of multilateralism in pursuing common security.\textsuperscript{55} China is actively soliciting positive relations in the region and it is reasonable to assume that the foundations for


\textsuperscript{54} Michael H. Hsiao and Alan Yang, “Soft Power Politics in the Asia Pacific Chinese and Japanese Quests for Regional Leadership”, \textit{The Asia-Pacific Journal}, Volume 8-2-09, Pg. 2.

further development of multilateral institutions have matured as a result of building relationships of trust.

Regional integration has also occurred through the proliferation of Free Trade Agreements (FTAs). In the past decade, more than 70 FTAs have been signed between states in the Asia-Pacific region. Free Trade Agreements are bilateral trade agreements between states that provide preferential treatment for each other on a negotiated basis. Each FTA is unique and usually has to go through a complex process of approval within each state’s legislative process. Despite administrative hurdles, most states recognize the potential benefits of FTAs to their own economies. For example, in 2003, the Korean Institute for Economic Policy, determined that FTAs among Korea, China and Japan would boost Korea’s gross domestic product (GDP) by 3.2 percent, China’s by 1.3 percent, and Japan’s by 0.2 percent which would translate to $12.7 billion for Korea, $820 million for China, and $12.3 billion for Japan. The growth of bilateral economic agreements in the region will continue to further economic integration.

The volume of trade integration has grown as a result of liberalization in trade during the 1990s. The share of intra-regional trade has grown substantially increasing to 50.5% in 2006, from 40.6% in 1990. The importance of trade with industrial economies such as the United States and Europe remains strong and the region is sensitive to

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56 “Asia: The Japan Syndrome; Free Trade Agreements”, *The Economist*, May 12, 2007, Vol. 383. Iss. 8528; Pg. 65.

changes in demand in industrialized economies. With shrinking consumer demand in these markets, affected by the 2007 global financial crisis, the manufacturing sectors of many states in the Asia-Pacific region have suffered setbacks. In order to mitigate the economic damage, there is an effort underway to stimulate domestic consumption as well as provide state subsidies toward building domestic infrastructure.

The networks created through economic integration in the region can be identified as a material factor that is creating shared interests in the region. Maintaining an environment of stability in the region that contributes toward the consistent operation of business transactions can be identified as a shared material interest. Implementing policies toward the maintenance of stability and peace is paramount for each state’s interest in the Asia-Pacific region. Multilateral institutions, such as ASEAN can be conducive toward providing a forum through which various issues can be dealt with. Despite the challenging nature of multilateralism, the long-term benefits identified with stability makes it a viable policy to pursue. Material factors that represent shared interests lead to the development of ideational factors that often define and connect the region through a common and shared identity.

**Shared Values As An Ideational Factor**

There are three ways in which the formation of ideational factors can be illustrated in the Asia-Pacific region that are contributing to the development of an Asian identity. The first is the shared identity that is brought together through the region’s

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history, racial experience, geography and culture. The second is an Asian identity that is
defined through institutional engagements. The institutional structure of multilateral
engagements in the region are providing a basis for a development of a shared identity,
norms and interests, which is leading to an Asian approach to dealing with different
issues. The third is the development of a shared identity over time through shared
consumer experience of goods and services in the region.

The idea that the region’s history, racial experience, geography and culture as
forming a shared identity is one that has been in existence for some time. A sense of
affinity has long been embraced in the region through historical contacts established over
centuries of trade on the Silk Road, maritime trade routes, as well as through the shared
legacy and experience of Western colonial expansion. Even Japan, which was not
colonized by western powers as the rest of Asia (except Thailand), was occupied by the
United States after their loss in World War II. Although the concept of an Asian identity
is not new, how it has been transformed through the process of globalization makes it
relevant as a concept that has enduring force in current global relations.

The common origins and qualities shared among the people of Asia can be
identified as Pan-Asianism and it has its roots in Japan’s Meiji era (1868-1912) debate of
identifying and building a national identity for Japan. It emphasized a common identity
aimed at uniting Asian people against Western colonialism. Famous Pan-Asian thinkers
like Kakuzo Okakura wrote extensively on the one-ness of Asia and distinguished its
ways from Western civilization. The concept has a controversial legacy in the region due to Japan’s use of the narrative to further their own military expansion into Asia in its attempt to empower itself and join the club of Western “great powers”. The controversy surrounding the term also stems from the Japanese conceptualization of their own superiority, which was a central theme in the Pan-Asianism they espoused. This sense of superiority was emboldened by Japan’s victory over Russia in the Russo-Japanese War in 1905 as well as the success of their industrial transformation through the assimilation of Western knowledge and methods and its application.

The concept of Pan-Asianism was not a unique concept in Japan even as it became popular in the Meiji era. It was a narrative, which was a logical outgrowth of an already existent Sino-centric system in the region, which Japan had been a part of for centuries. Pan-Asianism was an attractive concept that appealed to a sense of cultural affinity in the region brought about through culture, religion, language and script, history, geography and race. Japan’s cultural roots are so heavily influenced by China that the regional identity of Pan-Asianism was one to which people could easily relate.

Japan’s traditional culture reflects China’s enormous influence over the long history of diplomatic relations, trade and commerce. The written script, Confucian values, Taoist values, Buddhism, martial arts of various schools, tea ceremony, 

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60 Sven Saaler and J Victor Koschmann, Edited by, Pan-Asianism in Modern Japanese History Colonialism, regionalism and borders, (Routledge, New York, 2007) Pg. 3.
architecture, food culture, festivals, city planning, arts and crafts, examination system, science and medicine are a few of the cultural and material elements that Japan adopted from China. The historical connection within the region is so deep that Japan remains one of the depositories of Chinese historical documents. With the destruction of historical materials in China during the Cultural Revolution (1970s) there are Chinese scholars that travel to Japan in recent years to research their own history. The common cultural thread between China, Korea and Japan offers a narrative that can be adopted to promote better relations between these states based on their similarities.

A contemporary version of “Pan-Asianism” is being advocated by Prime Minister Yukio Hatoyama drawing upon his admiration of Count Coudenhove-Kalergi, the founder of the Pan-Europa concept in the 1920s. Hatoyama has elaborated upon the concept of fraternity (Yu-ai) as the basis for regional integration. The conceptualization of fraternity in the region is another way of identifying shared identity and shared interests in the form of valuing humanity and the need to protect its security.

In a change of political parties in 2009 from the long ruling Liberal Democratic Party (LDP) to the Democratic Party of Japan (DPJ), Prime Minister Hatoyama is accelerating the discourse within Japan toward seeing itself as an integral part of the Asia-Pacific region. The discourse toward a more Asia-leaning Japan is being presented as an opportunity to replace the LDP habits of unconditional support for U.S. policies. It
is being presented as a strategy to create new opportunities for Japan.\textsuperscript{61} In a recent article for the New York Times, Prime Minister Hatoyama (then candidate) wrote:

\begin{quote}
\ldots another national goal that emerges from the concept of fraternity is the creation of an East Asian community \ldots we must not forget our identity as a nation located in Asia. I believe that the East Asian region, which is showing increasing vitality, must be recognized as Japan's basic sphere of being. So we must continue to build frameworks for stable economic cooperation and security across the region \ldots we should move toward regional currency integration as a natural extension of the rapid economic growth.\textsuperscript{62}
\end{quote}

The orientation of the Hatoyama party is a reflection of a growing domestic consensus in Japan of seeing themselves as being a part of Asia.

The discourse on the common racial experience within the region can be identified within the region's history in various contexts. The historical experience of having been referred to as the inferior race by Western colonialists, scholars and scientists at the end of the 20th century can be a potent shared experience. There is abundant evidence in recent history to illustrate the condescending and exclusionary ways in which Western policy makers perceived and treated Asians.\textsuperscript{63} The rejection of Japan's proposal for a racial equality clause at the Versailles Paris Peace Conference in 1919 was a humiliating reminder of the West's view of Japan as an inferior race. Britain and the United States had practical reasons for the rejection of a racial equality clause at the time because of their economic interests being tied to the practice of racially based colonial policies.


\textsuperscript{63} Christopher Hemmer and Peter J. Katzenstein, Pg. 597.
The U.S. treatment of Chinese immigrants in the late 19th century with a series of legislation to suspend the entry of Chinese workers, referring to them as “alien races whose ultimate assimilation with our people is neither possible nor desirable”\(^{64}\) led to a rising sense of nationalism in China. The Japanese Exclusion Act of 1924 was a similar U.S. law enacted to limit the immigration of Japanese people. There was a pervasive view in the West on the biologically based analysis on the inferiority of “Asiatics” as being incapable of recognizing the authority relationships that defined Western democracy and that their increased presence would undermine political institutions in the United States.\(^{65}\) This view was exacerbated by a perception in the United States that immigrants were taking away employment opportunities and creating social unrest with their customs that were different from mainstream American culture. The use of racially charged language toward Asians within policy contexts continued in the United States throughout the Korean War and Vietnam War until after the 1970s.

The enduring power of the concept behind Pan-Asianism lies in its premise of a regional cooperation of Asians unified as an opposition force to Western threats. Without debating the merits or the truth contained in its logic, racially charged rhetoric was not unlike what was evoked in the West as the fear of the invasion of their states by the “Yellow Peril” (Asians) which contributed to forming a shared identity of an Atlantic region. In contrast, the idea of people in Asia uniting against the invasion of Western

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\(^{64}\) Jonathan D. Spence, Pg. 213.

imperialists on their soil was a far more compelling and realistic strategy in the late 18th century than the Western need for an Atlantic region based a potential “yellow peril”. The Asian states had a real enemy to fight rather than being threatened by an imagined one.

In reality, there are hundreds of different ethnic populations throughout the Asia-Pacific region. However, the shared experience of having been perceived as the inferior race may be powerful enough to have the long-term paradoxical effect of uniting a region that is actually ethnically diverse. The urgency for a need to unite and guard against perceived negative Western forces in the Asia-Pacific region was revived after the 1997 Asian financial crisis and the present global financial crisis. The legacy of Western colonization during the 19th Century is not easily forgotten in the region, and the recent occupation of Iraq and Afghanistan by the United States and their allies and coalition forces is a visual reminder of such legacies.

There is a revival by states in the region to emphasize concepts of Asian identity. In Singapore, “Asian values” is a discourse that is being actively promoted through think tanks and being projected outward. The Singapore School is a proponent of Asian values and is refining notions of traditional Asian values in order to translate them into modern life. The government of Singapore is seen as actively promoting this effort.66

During the 1990s, Malaysian Prime Minister Mahathir Mohamad and Singaporean Prime Minister Lee Kuan Yew touted Asian values in debates regarding the ability of their countries to transform themselves from agrarian developing economies to

industrialized countries within a single generation as proof of their superior economic and political model. They argued that this was possible based on Asian values: a Confucian work ethic, filial piety, the strength of a patriarchal society, and the emphasis on societal harmony over individual freedom. They stated that these values led them to Asia “getting the fundamentals right” which also translated into high savings rates, high-quality education, export-led development and a political system practicing soft authoritarianism or “guided democracy”.67

As one of the most prominent members of the Asia-Pacific region, China’s role in the development of Asian identity cannot be underestimated. The historic role China has played in the region can be understood by examining the prism through which China sees its place in the region. The traditional Sino-centric “zone system” can illuminate how Chinese foreign policy may operate even now. Through a zone system, China traditionally viewed the world order, including the Asia-Pacific region, as a system of concentric zones of influence in which China stood in the center. Viewed within this scope, the concept of an Asia-Pacific region is a logical and practical sphere of engagement for China. China’s recent foreign policy engagements in regional multilateral organizations such as ASEAN and its related initiatives illustrate this trend. These engagements also reflect a practical strategy China is pursuing for the maintenance of regional stability and continued economic growth.68


**Multilateral Institutional Engagements Building Ideational Factors**

The Asian identity that is developing through multilateral institutional engagements in the region provides a basis for the development of a shared identity, norms and interests, which is leading to defining an Asian approach to dealing with different issues. In constructivist international relations theory, there is an emphasis on social factors that contribute to understanding state interests. Alexander Wendt states that mainly shared ideas rather than material forces determine structures created by people and that the identities and interest of people are the products of these shared ideas.69

The construction of multilateral institutions in the Asia-Pacific region through social interaction and relations between states often define their preferences and interests. Through the experience of engaging in multilateral institutions, the states in the region can develop shared interests and identity.

The Association of Southeast Asian Nations (ASEAN), established in 1967, has been characterized by operating through a distinctive “ASEAN way” of managing regional affairs. Representing the countries of Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam, ASEAN has provided a forum for the states in the region to communicate and interact with each other on crucial issues that concern them as a region. In 1999, ASEAN + Three (APT) was established by adding China, Japan and South Korea, the East Asian states, to its membership. The hallmark qualities of ASEAN, which reflect its norms, are building consensus, fostering

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voluntarism, and striving for non-interference in the affairs of other members and respecting the sovereignty of each member state. These norms, through the establishment of the APT, are being further extended and being shared with its new members. The multilateral institution of ASEAN and APT are contributing toward the development of shared values and identity between its member states.

Many critics have dismissed the effectiveness of ASEAN-led efforts to determine and implement policies for the region, often pointing to the complexity of issues that the region’s economic and political diversity reflects. In addition, they point to ASEAN’s non-authoritative institutional structure as an obstacle to the implementation of policies. This criticism, however, is not directed at how ASEAN and its related organizations are contributing toward defining state interests. The criticism is directed primarily toward the ability of ASEAN to function as an institution toward the resolution of issues. However, it can be argued that with a focus on its functionality, the role ASEAN has played after the Asian financial crisis of 1997 to provide a forum for the members of the region to address issues that affect them has been significant.⁷⁰

The “ASEAN way” as defined by its principle of non-interference establishes parameters for conducting negotiations among its members, based on respect for sovereignty, non-confrontational dispute resolution, and promoting the process of consultation and consensus building.⁷¹ The advocates of regionalization in the Asia-

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⁷¹ Ibid., pp. 155-156.
Pacific region observe that the “ASEAN way” contrasts sharply with the adversarial posturing and legalistic methods found in Western led multilateral organizations.\textsuperscript{72}

Bringing Japan, China and South Korea to participate as part of ASEAN in APT has provided a forum for these states to demonstrate their commitment toward the region and facilitate the development of relationships that raise “comfort levels” of trust among themselves. For example, Japan’s support of ASEAN since its inception has served as a way to slowly transform the negative perception of Japan by states in the region. The transformation of how states perceive Japan in the region may be reflected by its role as a leader in technical resources, as well as the region’s voice and representative in G-8 summits and international financial institutions.\textsuperscript{73}

For China, its participation in ASEAN has resulted in enabling them to develop a productive and lasting relationship with the region that is slowly reducing the level of suspicion toward China by its neighboring states, its perception as a regional security threat, and reducing levels of tension that has often been attributed to China’s ascending economic profile in the region. China has been able to work cooperatively through ASEAN by respecting protocols and norms in dealing with issues such as human resource development, public health, information and communication technology,

\textsuperscript{72} Tsuyoshi Kawasaki, “Neither skepticism nor romanticism: the ASEAN Regional Forum as a solution for the Asia-Pacific Assurance Game”, \textit{The Pacific Review}, Vol. 19 No. 2 June 2006, pp. 219-237.

transportation, development assistance, environmental degradation, and the development of the Mekong River Basin.  

The security forum of the ASEAN Regional Forum (ARF) promotes multilateral dialogue in the Asia-Pacific region to foster dialogue and consultation, and to promote confidence-building and preventive diplomacy in the region. Beginning in 1994, ARF has brought the norm of the “ASEAN way” into the security architecture of the region by promoting a “soft regionalism” which provides non-binding, decentralized and informal consultative opportunities to its members. By allowing its members to disagree, the voluntary posture of the forum may not have the power to coerce members, but they have the potential for transforming behavior through building consensus. An important accomplishment of the ARF is to facilitate information sharing, promote transparency, lower levels of tension in the region and maintain stability to continue the process of economic growth.  

The cumulative experience over time of states in the region working together through multilateral institutions such as ASEAN, APT, Asian Development Bank (ADB), Asia Pacific Economic Cooperation (APEC), Chiang Mai Initiative (CMI), and ASEAN Regional Forum (ARF) has heightened a sense of these states being a part of the region. By engaging in the process of resolving and defining organizational agenda through the multilateral organizations, member states become familiar with the norms and values of cooperation, which deepens regional identity and shared interests.

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75 Tsuyoshi Kawasaki, Pg. 226.
Shared Consumer Experience As An Ideational Factor

The third factor toward the development of shared identity in the region has been through the shared consumer experience of goods and services in the region. The availability of similar goods and services throughout the region has been made possible through regional economic integration and it has lead to the development of preferences that can be identified as being Asian. The success of economic development in the region has led to the rise of a thriving middle class across the Asia-Pacific region where large populations live in metropolitan cities. These cities in the region tend to be similar in appearance, and many middle class residents live in high-rise apartments, hold office jobs, use subways and trains, enjoy holidays and leisure time, and consume products that are familiar to people across the region. Furthermore, they experience pop culture through media that is often similar or even identical. They share similar use of electronic goods such as cell phones, laptops, digital cameras, and digital music listening devices. There are segments of the youth in the region that enjoy similar taste in clothes, electronic games, and preferences for small consumer goods often associated with characters from animation programs. There is a growing sense that people across Asia think of themselves as not only belonging to their own states, but also to the larger region of Asia.76

Japan has been a primary source of commercial culture in the Asia-Pacific region for the past several decades. By investing heavily in the region, Japan has succeeded in reproducing itself in Asia. From Shiseido (cosmetics), Hello Kitty (stationary and

76 Joshua Kurlantzick, Pg. 71.
goods), Corollas (automobiles), Pokemon and Gundams (animation and toys), Playstations and Nintendos (electronic games), Karaoke (electronic singing), to Canon (cameras), there is an endless amount of products and services that have become part of the “Asian-scape” which often originate in Japan. Similarly, there are Korean pop-stars, television dramas (“Winter Sonata”), fashion designers and foods that have become popular in Japan and other parts of Asia. Chinese fashion designers, movies and actors, foods, artists and authors, and martial art forms command enormous popularity within the Asia-Pacific region as well.

The successful incorporation of these products into the consumer markets in the Asia-Pacific region lies in the extensive manufacturing and distribution relationships corporations have been able to develop. These efforts are often assisted by state-level negotiations that have occurred over the decades. Multilateral engagements have also promoted this trend through sponsorship of trade events, negotiated product placements, and implementation of policies that promote foreign direct investments, innovation and market development.

Economic development and shared consumer experience has fostered an identity that is increasingly Asian. Businesses cater to service similar populations and preferences across Asia. Asian franchises service different cities in the region with restaurants, clothing vendors, department stores, music and electronic products that have become familiar in the region. There is a growing effort toward cultural collaboration in

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77 Brian Moeran, “Commodities, Culture and Japan’s Corollanization of Asia”, *Japanese Influences and Presences in Asia*, Edited by Marie Soderberg and Ian Reader, (Curzon Press, 2000) Pg. 34.
Asia in the field of media development (movies, animation, television programming), literature, music and the arts. What used to be referred to as “cocacola-nization” of Western preferences is transforming toward a more specific Asian preference in consumer culture.

A certain degree of uniformity of Asian preferences may also be occurring in the region as a result of the growth in regional tourism. Tourism has become a major component of economic development for the region. Almost 70% of tourism for members of the ASEAN states originated within Asia. Thailand anticipates China to be their largest source of visitors in the next ten years. Chinese tourist destinations for 2007 included 1.4 million to Japan, 1.3 million to South Korea, almost a million to Vietnam, and 1.8 million to Thailand, Singapore and Malaysia. In 2007 nearly two thirds of all foreign visitors to Japan were from China, Hong Kong, South Korea and Taiwan. As more people travel within the region, there is a standardization of experiences, which is made available through the development of amenities, literature, retail outlets, and food and entertainment services.

As part of the efforts of ASEAN to promote tourism in the region, they established an ASEAN Tourism Minister’s Forum. At their 9th annual meeting in January 2010 in Brunei, the ministers indicated that over 15 million visitors from China,  

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78 ASEAN statistics, ASEAN.org, Table 30, Top ten country/regional sources of visitors to ASEAN 2006 – 2008.
South Korea and Japan accounted for more than 23% of tourists to ASEAN states. Japan has hosted training seminars and workshops for tour infrastructure development, China has held tourism conferences to promote ASEAN destinations, and ASEAN has developed standardized curriculum for tour operators and businesses to facilitate and promote hygiene, service and travel safety. Such multilateral efforts contribute to building relations between states in the region toward the common purpose of generating economic prosperity through tourism.

Efforts to establish standardization in the travel experience for people in the region may lead to creating uniformity of experience that may hamper the enjoyment of the diversity of the region. However, the development of tourism has focused on establishing safety standards for the industry, regulations to facilitate better services and define the legal parameters of responsibilities within the members of the industry, and promote travel safety and hygiene. With the assurance of these comforts, more travelers in the region can experience and appreciate the diversity of the region. As a result, more people have been enjoying regional travel destinations with exposure to a variety of cultures, languages, culinary cultures, and historical treasures. These experiences can also contribute to fostering regional pride. The uniqueness of the destinations in the region, in turn, becomes its marketing tool to continue the development of regional tourism.

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81 ASEAN, Joint Media Statement of the Ninth Meeting of ASEAN, China, Japan and Republic of Korea Tourism Ministers (9th M-ATM Plus Three) Bandar Seri Begawan, 25 January 2010.
Japan has been a leader in developing the technical operation of implementing tourism systems in the region. They have developed a highly competitive and streamlined system of domestic tourism within Japan and this technical knowledge has been useful in developing an integrated system within the Asia-Pacific region in order to facilitate levels of comfort in traveling in new destinations for Japanese tourists. Tour operators and national tourism agencies in each of the states in the region are benefiting from programs established through multilateral organizations such as ASEAN in adopting these systems.

Returning to Hemmer and Katzenstein’s concept of collective identity as being a necessary component for the development of a region and any ensuing multilateral institutions in the region, it can be demonstrated that the material factors, as well as the ideational factors necessary to foster a collective identity in the Asia-Pacific region are being met. The material factors can be identified as the galvanization of the region toward cooperation driven by the experience of the 1997 Asian financial crisis, as well as the conditions created by the extensive economic integration in the region through the process of globalization.

The ideational factors necessary in strengthening the cohesion between states in the region leading to the development of an Asian identity are also being met through three recognizable ways. The first is the shared identity that is brought together through the region’s history, racial experience, geography and culture. The second is an Asian identity that is developing through institutional engagement. The engagement of states through multilateral institutions in the region are providing a basis for a development of a
shared identity, norms and interests, which is leading to an Asian approach to dealing with issues. The third is the development of a shared identity through goods and services shared through the region’s consumer experiences made available due to an integrated economic network in the region.

Japan benefits from being a part of the Asia-Pacific region and by being recognized by other states in the region as contributing toward the development of the region and sharing in the common interest of establishing stability and prosperity in the region.

The effects of becoming part of a region sharing a common identity and interests, provides Japan a tangible strategy toward the reconciliation over Japan’s negative historical legacy in the region. Despite the controversial nature of Japan’s legacy in the region, dealing with the subject has become less contentious than it was in the past. For example, in 1997 an international symposium was held in Nanjing, China to address and exchange historical papers on the Nanjing Massacre. There is a community of historians in both China and Japan that are examining and discovering new evidence to understand the facts surrounding the event. Although there still is not complete agreement on the historical details of the event, there is evidence to suggest that a convergence of views is developing on the facts of the event.82 The promotion of such efforts becomes increasingly conceivable through the encouragement of better communication and discourse between states in the region. It is in the interest of Japan to work with

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multilateral institutions to foster such communication and discourse so that it can work toward mitigating its history constraint in the region.

There is some indication that China is using the “history card” less frequently as part of its domestic narrative, reflecting an effort toward strengthening ties with Japan as an important neighbor. There is speculation, however, that domestic political succession struggles looming ahead in 2012 may once again bring the “history card” back into play in China. Although changes don’t occur overnight, Japan’s long-term strategy of continuing on the path for reconciliation of its historical controversies in the region through multilateral engagement is leading to tangible results.

The development of an Asian identity through both the material and ideational factors are meeting the necessary conditions for the possible development of a multilateral regional organization similar to NATO or the EU in the Asia-Pacific region. There has been a shift in foreign policy focus by other states outside the region in recent years in trying to engage more with the Asia-Pacific region. The recent suggestion by Australia to be included into the East Asian community of APT is an acknowledgement by Australia of their desire to collaborate and benefit from the economic development opportunities in the region.

The Asia Pacific Economic Cooperation with a larger geographic grouping of members may not provide a deep enough regional network for states. The reaction toward Australia’s suggestion for an extended ASEAN Plus Six including Australia, India and New Zealand was met with some caution by members of APT which placed a two year

freeze on its membership. This may reflect a desire by its present members to keep out members that are not part of the shared community of Asians.  

84 Australia has a controversial history of racially charged politics, including a recent surge of violence against Chinese and Indian students, which may lead to constraints upon its ability to engage in credible dialogue in the region.  

85 Sensitivity to racially charged politics is a tangible factor in conducting effective multilateral engagements in the region. As part of the ideational factor contributing toward a shared identity, the presence of discriminatory racial practices may become an issue toward membership in the region.

The development of a shared community in the Asia-Pacific region that is similar to what NATO and EU fostered in Europe can facilitate the resolution of contentious issues and provide steps toward the avoidance of violence and the use of force. This can be conducive toward the promotion of peace and stability in the region. The inclusion of states outside the region may also provide an opportunity to “socialize” these members in adopting the Asian way. States that have a history of engaging in coercive and confrontational relationships, such as the United States, often through bilateral relations, may have the opportunity to learn to, or be compelled, to behave in less adversarial ways of engagement. Multilateral engagements can promote the development of new conceptualizations of international relations.

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85 Bonnie Malkin, “Australia must protect foreign students from attack, say China and India”, *Telegraph UK*, June 4, 2009.
In promoting non-violent conflict resolutions, Japan has built a record of some credibility. The post-war Japanese constitution, which was largely written by the United States, restricting Japan from engaging in offensive military engagement has provided Japan with some long-term benefits. The Article IX constitutional provision, which places constraints on Japan from engaging militarily in the international stage promoted Japan’s pacifist policy and enabled it to pursue economic development without the burden of excessive military spending. Because of their continued post-war constitutional constraint, Japan has developed a degree of credibility while advocating for peaceful resolutions to situations of conflict in other parts of the world. This is a quality that Japan can promote in its multilateral engagement in the Asia-Pacific region. This can also contribute toward the reduction of its history constraint by demonstrating Japan’s unwillingness to pursue a path of militarization.

Despite Japan’s own emphasis on pacifism, it is important to recognize that Japan has the seventh largest military budget globally with a little over 3% of the global military share of the world. There has been a rigorous domestic debate surrounding the issue of amending the constitution to reflect Japan’s contemporary security interests and transition from the U.S. imposed post-World War II constitutional parameters. In contrast, Germany, that also had constitutional constraints placed on its use of armed forces has revised its constitution more than 40 times since 1947 in order to participate in NATO military operations.86

Prime Minister Hatoyama is supportive of a constitutional amendment to reflect the fact that Japan’s Self Defense Forces (SDF) possess land, sea and air defense capabilities, which the constitution forbids. Similarly, the SDF has participated in peace keeping operations, fueling operations for the U.S. military effort in the Middle East, protection of oil tanker ships from piracy, and providing security for international disaster relief. The engagement of Japan in multilateral efforts can provide a measured approach to its constitutional amendment without unduly alarming its neighbors for a prospect of a re-emerging specter of a militarized Japan.

In debating the merits of multilateral engagement, material factors that have brought the impetus for regional integration can change over time. The importance of maintaining discipline within its membership toward building a shared community is vital. How the region and its multilateral institutions can jointly proceed into the future will require discipline and tenacity by its members and tangible benefits for its members must continue to be available. Japan’s opportunity to provide leadership toward implementing policies in the region has to be tempered by its willingness to minimize the promotion of competition for power. Japan’s recognition and willingness to mitigate its history constraint within the region may have a dual effect of keeping a check on the potential for a power struggle within the region while simultaneously providing incentive to work effectively toward building shared interests.

It is important to take a long-term view in assessing the success or failure of Japan’s investment toward multilateral engagement and institution building in the region. The ease with which possibilities for transformation in the region is dismissed or doubted
by some analysts should not prevent the examination of the implications of new forms of identity developing in the region. The tangible effects of an Asian identity may not be as recognizable or as acutely felt when one is outside this shared community. Also, when analysis of the topic is conducted through a pre-determined lens with assumptions held toward doubts for its success and perceptions of the region’s threats to the status quo are already held, there may be a tendency to deny the possibility of transformation in the region. Despite these assumptions, it is important to examine the phenomenon of an Asian identity if one is to better understand the political, economic and social relationships that are affecting the events in the Asia-Pacific region. Japan’s strategy toward the formation of a common identity in the Asia-Pacific region is to encourage it and reinforce it through its multilateral engagements. Japan has much to gain through this process as a way to pursue its national interests and its foreign policy implementation by reducing its history constraint in the region.
Chapter 5
JAPAN’S U.S. INFLUENCE CONSTRAINT

Constraint Defined

Multilateral engagements in the Asia-Pacific region benefits Japan, not only toward bringing Japan into the common identity of the region, but also toward mitigating the constraint placed on Japan by the influence of the United States. The relationship between Japan and the U.S. has transformed over the six decades since the immediate post World War II period with the United States’ occupation of Japan. Even though the U.S. no longer occupies Japan, it still maintains a significant presence militarily, politically and economically, and the United States is able to apply pressure on Japan and influence Japan’s foreign policy relations.

Pressure from the U.S. can often prevent Japan from implementing policies that promote their own interests. This has prompted a national debate within Japan on whether it is able to exercise its full sovereignty. One of the founding platforms of the Liberal Democratic Party (LDP), the political party that has been the dominant party since 1955, was to work toward securing Japan’s sovereignty. After more than sixty years of effort, there are signs that Japan is increasingly asserting its independence. Japan’s multilateral engagements in the Asia-Pacific region are allowing Japan to become more independent from U.S. influence.

The fundamental motive for Japan to reduce the influence of the United States on its policies is that their national interests are at times at odds with those of the United

States’. In spite of their alliance, both states have different geopolitical environments, resource needs, international relations, and domestic needs. When Japan finds its interests not coinciding with those of the United States’, it has traditionally acquiesced to U.S. positions.

In the area of economic security, the difference in how each country conceptualizes the role of its economic system may result in pursuing different national interests. For example, the United States follows an economic system with a premise that economic activity is to benefit consumers by maximizing wealth creation. How this wealth is distributed is often not its main emphasis. There is often tension between determining the role of the private sector (wealth maximization) vs. the role of the state (social welfare) within the U.S. economic system. The emphasis placed in the United States economy for pro-consumption goals leaves little sensitivity to the impact of economic activity on social welfare. 88

In contrast, Japan’s economic system is based on the premise that the economic system is a means to achieve social and political objectives and a way toward maintaining social stability. In Japan, the economic system is seen as a tool for economic development. There is a focus on production over consumption and the private sector is seen as a contributor and participant in the process of social and national economic development. Furthermore, there is an acceptance in Japan, toward the central role of the

state in meeting economic development goals. When the United States and Japan negotiate over specific economic issues, the difference in the fundamental conceptualization of their economic system can result in advocating for different policies.

How the United States and Japan dealt with the Asian financial crisis of 1997, demonstrates the differences in their interests in the Asia-Pacific region. These differences heightened Japan’s realization of how its acquiescence to United States’ influence can steer Japan toward accepting policies that can jeopardize their own national interests. The crisis was a turning point for Japan to acknowledge the extent of its economic interdependence and integration in the region as well as the adverse effects of U.S. influence.

When the Asian financial crisis broke out in 1997, there was a contrast in the behavior of the United States and Japan on how they approached the region. The United States advocated for domestic policy reforms, through the World Bank and the IMF, which primarily focused on spending cuts on social services, resulting in turning back the economic growth of many regional economies. Ironically, the implementation of similar reforms is being resisted currently in the United States in dealing with the 2007 global financial crisis. The Clinton administration used its influence on the International Monetary Fund (IMF) to impose solutions on Asian states that supported the sustained dominance of U.S. economic and business sector goals in the region. This was done by

89 Gilpin, Pg. 158.
tying the availability of funds from the IMF and the World Bank to conditionalities, which forced recipient states like Thailand, Indonesia and South Korea to implement reforms, which were not necessarily in sync with their own domestic needs.

In contrast, Japan proposed the establishment of the Asian Monetary Fund (AMF) in August 1997 with several member states of the ASEAN. It emerged as a response to a request made by Thailand to create a lending system that would enable emergency financing for crisis-affected Asian countries. This system was to be independent of the IMF by offering more generous lending terms. In September 1997, Japan announced the plan to establish the AMF in cooperation with other Asian states to stabilize Asian currencies and financial markets, aimed at raising US $50-60 billion through contributions from participating countries with another US$50 billion from Japan. The proposal included the membership of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Korea, China, Taiwan and Hong Kong. The goal of the fund was to achieve financial cooperation on a regional multilateral basis. Financial stability in the region was paramount to Japan whose economy was so highly integrated in the region.

The United States, however, viewed the proposal by Japan as being counter to its own interests and vetoed the AMF proposal using its leverage through the IMF. The U.S. viewed the AMF as a threat to the exclusive role of the IMF as the global lending agency of last resort. They also argued that the AMF would enhance the problems of moral hazard and redundant layers of conditionality. Japan was pressured to give up the proposal in November 1997. The interests of the United States and Japan did not

91 Sayuri Shirai, Pg. 11.
coincide in how best to alleviate the effects of the 1997 financial crisis in the Asia-Pacific region. Japan’s own economy went through a decade of recession and lackluster growth following the crisis.

Policy differences can also originate in the different geopolitical relationships each state has with other states. For example, despite their alliance, the United States and Japan have different historical legacies in the Asia-Pacific region. The ideational factors that connect Japan to the Asia-Pacific region are different than the United States’. The difference in geographic proximity to the region can steer each state to pursue different policy objectives.

The United States began to engage in the Asia-Pacific region in the 19th century as a colonial power following the lead of other European countries such as Britain, France and Germany. After World War II, it engaged in the region mostly through the framework of the Cold War, which resulted in polarizing the region that was already in turmoil with the aftermath of independence movements from their colonial governments. The U.S. Cold War efforts contributed to creating regional division implemented through the Korean War and the Vietnam War, and the Southeast Asian region has taken decades to recover from the ensuing violence and destruction. The United States’ post-World War II bilateral security alliances with Japan, South Korea, and the Philippines provided the U.S. with a powerful military presence in the region.

With the end of the Cold War, states in the region have worked hard to rebuild their economies often with the help of the international community. They have looked toward the United States as being the arbiter and leader with an interest in the
maintenance of stability and economic development in the region. Many states in the region, including Japan, Korea, Taiwan, Singapore, Indonesia, Philippines, and Thailand, have relied on the United States to provide security, resolve regional disputes, provide economic assistance, as well as serving as a market for their products and services. In exchange, the United States has been able to influence the course of development in the region, both economically and politically.

Despite the challenges the US influence constraint places on Japan; there is no doubt that the relationship between Japan and the United States since the end of WWII has been mutually beneficial. The United State’s promotion of Japan’s economic development and provision of a security umbrella has been Japan’s pillar of security for post-war recovery and economic development. The U.S.-Japan Alliance remains strong despite policy differences on issues such as market access, patent law, military entanglements in the Middle East, the environment and the relocation of U.S. military presence in Okinawa, and adjustments in the Status of Forces Agreement (SOFA).92

Domestic pressures within Japan are increasingly contributing to the necessity for its leaders to be able to project a more assertive Japan toward the United States. There is increasingly less patience within the Japanese public for Japan to be treated as a subordinate state. The difficulty that is posed by the large U.S. military presence that remains on Japanese soil more than a half-century after U.S. occupation is partly a result of the public’s dissatisfaction with the status quo, which was being towed by the LDP.

The extensive diplomatic exchanges that have dragged on over the past few years regarding the relocation of the U.S. military base at Futenma, Okinawa is a reflection of the changes that are being demanded from within Japan. Japan’s public that recently voted for a change of political party is carefully watching how its leaders’ foreign policy decisions reflect their wishes. Under the new leadership of the Social Democratic Party (SDP), Japan has an opportunity to replace LDP habits of unconditional support of U.S. policies and create new opportunities for Japan to become more than a “dependent variable” in American global strategy.93

The Democratic Party of Japan came to power in 2009 with a political platform of ending the U.S. military presence. However, they have struggled to implement a plan of U.S. military withdrawal that both Japan and the United States can agree on. Prime Minister Hatoyama supports a policy of equal alliance partnership between Japan and the United States and advocates for Japan to decrease its dependence on the United States for meeting its national security needs. He supports a constitutional amendment so that Japan’s military capability can reflect an independent Japan that can meet its responsibilities in the region under the security system conceived through ARF.94

Further reflecting the Japanese public’s impatience toward being treated as a subordinate state to the United States, there is increasingly less domestic support to continue paying the almost $4 billion US dollar annual bill to host the U.S. military

94 Mayumi Itoh, Pg. 200.
The controversies surrounding U.S. military presence in Okinawa has reached levels of shrillness, which has affected the political survival of the DPJ. Equal alliance partnership that Prime Minister Hatoyama wishes for between the United States and Japan may not be an accurate description of their relationship at the current moment. However, the opportunity to transform the U.S.-Japan alliance has never seemed more possible or timely than at the present time. To become more independent of its relationship with the United States, Japan has conducted vigorous political debates domestically on the challenges of balancing between the benefits of the alliance and the constraints it presents.

In examining the foreign policy constraints placed upon Japan through its relationship with the United States, there was a great deal of focus placed during the 1990’s on whether Japan was a “reactive” or “proactive” state in determining its foreign policy initiatives. Kent Calder’s 1988 article presented the view that Japan was a passive and reactive state, despite its economic weight. He suggested that this was primarily due to the United States’ ability to apply exogenous pressure to direct Japan’s foreign policy decision-making process. Furthermore, Calder suggested Japan was unable to project foreign policy leadership due to the fragmentation of domestic state authority and a lack of strong executive leadership. Calder’s analysis generated a rigorous debate among

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scholars during the 1990s on Japan’s inability to project itself as a proactive state.\textsuperscript{97} Although Calder’s analysis of Japan being a “reactive” state has been largely weakened, there is agreement that Japan’s foreign policy continues to be constrained by the United States.

**Equal Partners Through Multilateralism**

President Obama declared in 2009 that the United States and Japan were “equal partners”.\textsuperscript{98} However, by examining how the alliance between the two states began with the highly unequal terms of U.S. military occupation of Japan upon its defeat at the end of World War II, the term “equal partners” may not appropriately describe the relationship. Japan gained its official sovereignty back in 1952, but the US-Japan alliance has not been, in real terms, an equal partnership. Over the decades, the two allies have gone through numerous policy differences some of which were exacerbated by the influence and pressure the United States applied on Japan’s national and foreign policies. Therefore, when President Obama identified Japan as the United States’ “equal partner”, it may have been more emblematic of what Japan would like to see itself become and is striving toward rather than being a true description of what the U.S. –Japan relationship currently is.

The United States’ interest in the Pacific region began during its colonial days with a focus on trade and investment as its primary motive. By 1800, more than a

\textsuperscript{97} Miyashita and Sato, Pg. 4.

hundred American ships had sailed out of Guangzhou, China. Within a few years, the American whaling industry represented more than six hundred ships roaming the Pacific Ocean based out of the Hawaiian Islands. The relationship between the United States and Japan didn’t begin until 1853 when Commodore Perry and his four naval ships were sent to Japan. The U.S. government sent these ships with intent to conduct trade and negotiate a treaty to open Japan’s ports to U.S. ships.

The U.S. policy toward Japan until the end of World War II was to ally with European powers in maintaining a balance of power in the region, and to oppose Japan’s expansionist ambitions into China and surrounding states that may have threatened trading relationships the U.S. had in the region. They also wanted to prevent the possibility of Japan’s encroachment upon its colonial holdings in the Philippines and the Hawaiian Islands. Japan attacked the United States in 1941 after contending with continued U.S. attempts at preventing Japan’s expansion into China and Southeast Asia. The United States had enforced a two-year embargo of oil, steel and iron upon Japan, which proved to be debilitating to the Japanese economy. The United States defeated Japan in 1945, wrote Japan’s present constitution that limits Japan’s military offensive capabilities, and militarily occupied Japan until 1952. Under the Treaty of Mutual Cooperation and Security, Japan has received U.S. military protection in exchange for a Status of Forces Agreement (SOFA) where more than 50,000 U.S. troops and 87 U.S.

military bases still operate in Japan. The United States saw its relationship with Japan as a vital and strategic ally toward the containment of the Soviet Union during the Cold War years.

Since the end of World War II, the United States has taken the dominant position in the U.S.-Japan alliance. Having lost the war to the United States, Japan surrendered to following U.S. policies in the region, received economic aid for rebuilding its infrastructure and economy, solidly stood on the U.S. side during the Cold War, and channeled their effort and resources toward economic development benefiting from the consumer market of the United States. In return, the United States provided a security umbrella for Japan in the region, and has been able to exert its influence over the development of Japan’s policies, both domestic and foreign. In the meantime, Japan’s status as an economic power has grown to being second to the United States. However, despite its economic strength, Japan continues to be under the constraints of U.S. influence in pursuing its own interests.

The relationship between the United States and Japan is one based on an unequal partnership. This assumption is based on two general factors of influence the United States has wielded over Japan. The first factor of influence is the security protection the United States has provided for Japan since the end of World War II. Joseph S. Nye states that the protective role of military force is a relevant asset in bargaining among states. The United States has been the ultimate guarantor of military security for Japan in the

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region and this role provides the United States leverage to negotiate and influence Japan’s policy direction. Japan’s need for protection has been seen as necessary based on its geo-political position of being close to North Korea with a growing nuclear presence, its unresolved territorial disputes with Russia, and an economically ascendant China that is building its military strength.

The second factor of influence the United States has had over Japan is its provision of economic security for Japan. The United States has influenced Japanese economic policy by providing Japan access to its market, assistance and advice toward building Japan’s capital-based market economy. However, the United States’ influence over Japan’s economic security has been declining in recent years as a result of several developments in the Asia-Pacific region. The economic growth and integration that has occurred in the Asia-Pacific region, especially after the Asian financial crisis in the late 1990s, has provided an avenue, largely through multilateral engagements, for Japan to pursue their national interest in the region in a more independent manner from U.S. policy prescriptions.

In assuming the unequal partnership between the United States and Japan, the two countries’ relationship can be conceptualized as one being based on the United States as the dominant state and Japan as being the subordinate state. This concept of the dominant and subordinate state relationship is based on David Lake’s theoretical framework of the hierarchical relationship between states.102 He argues that both the realist and constructivist approach to viewing the world as an anarchic system devoid of

102 David A. Lake, Pg. 49.
political authority does not reflect the reality of hierarchical relationships between states that can be observed in the contemporary world. Lake defines a hierarchical relationship as one where a dominant state possesses authority over a subordinate state. Authority is exercised when the dominant state is able to command (or imply such command) over a subordinate state in order to change its behavior or to convince it to take certain action and is able to obligate the subordinate state to comply.\textsuperscript{103}

Lake conceptualizes authority as corresponding to a spectrum of power. At one end of the spectrum is the direct power of coercion a state may exercise by using military force. At the other end, power can be manifested by what Joseph Nye refers to as “soft power”. This is where a state may be able to influence another state to follow their lead through the power of moral persuasion, or by simply being appealing. Because the direct use of force is increasingly too costly and dangerous for modern states, states engage in the use of power at lower levels on the spectrum of power. The United States’ influence can be conceptualized as lying on this spectrum of power, where it has the authority to pressure Japan to change its behavior to meet U.S. interests. “Equal partnership” may still be an illusive goal to achieve between the United States and Japan, but there is some evidence to suggest that the United States’ authority over Japan is declining.

Lake lays out a relational conceptualization of authority where authority is established between the dominant and the subordinate states on the ability of the former to provide a social order of value that is acceptable for the latter to offset a certain level of freedom. In this relationship, both sides are made better off through a mutually agreed

\textsuperscript{103} Ibid., Pg. 50.
Japan’s ability to act independently in foreign policy areas often comes into question due to its alliance with the United States and the exogenous pressure Japan is vulnerable to that the United States applies in implementing Japan’s own foreign policy. There is evidence, however, that point to Japan’s domestic political processes having the ability to utilize this exogenous pressure to justify policies, both domestically and within the implementation of its foreign policy.\footnote{Ibid., Pg. 54.} \footnote{Akitoshi Miyashita and Yoichiro Sato, \textit{Japanese Foreign Policy in Asia and the Pacific, Domestic Interests, American Pressure, and Regional Integration}, (Palgrave, New York. 2001) Pg. 64.}

In this conceptualization of authority, hierarchy is a continuous variable defined by legitimately issued commands that are negotiated. It is never total authority. The implication that is central to this relational concept of authority is that it is based on the consent of the subordinate state, and without such consent, authority can erode.

Indicators that the U.S. authority over Japan is eroding can be found where the United State’s dominant authority is being diffused or avoided by the subordinate state, Japan. The erosion of U.S. authority over Japan can be demonstrated by four factors. These factors are: 1) Japan’s ability to utilize U.S. influence to meet their own interests as a variable in their policy-making process; 2) regional economic integration making U.S. bilateral pressure less effective; 3) Japan’s identity building through multilateral engagement with the region excluding U.S. membership; and 4) Japan’s projection of equal status through multilateral engagement in the region including U.S. membership.

\textbf{Japan’s Use of U.S. Influence}

Japan’s ability to act independently in foreign policy areas often comes into question due to its alliance with the United States and the exogenous pressure Japan is vulnerable to that the United States applies in implementing Japan’s own foreign policy.
Japan has often been described as being a “reactive” state in determining its policies, especially in the area of foreign policy. The term “reactive” is often referred as a pejorative description of a subordinate state that reacts to the will of the dominant state’s influence. However, rather than merely being at the mercy of U.S. influence, reacting to the factor of U.S. influence has become a fundamental component of Japan’s foreign policy decision-making process. It can be argued that U.S. influence has become an important variable in Japan’s decision-making process, where it is largely utilized and internalized for meeting the implementation of strategies to achieve Japan’s own political goals.\textsuperscript{106} As the subordinate state, Japan has developed ways to pursue their own national interests by balancing their alliance interests, despite at times being at odds with the United States’ wishes.

For example, the United States has often influenced Japan’s foreign aid policy. The U.S. pressured Japan to cease aid to China as punishment for their military crackdown during the Tiananmen Square incident in 1989. Similarly, the United States convinced Japan to provide aid to Russia as assistance toward financial reform implemented under Boris Yeltsin in 1989. In both situations, Japan’s own views diverged from the U.S. where Japan wanted to continue its aid to China based on its own economic and geo-strategic reasons, and it did not want to provide aid to Russia because of their unresolved territorial dispute over the four islands north of Hokkaido. Japan

\textsuperscript{106}Ibid., Pg. 82.
conceded to U.S. demands in both situations in order not to jeopardize the long-term U.S.-Japan relations, which was more important to their economic interests at the time.\textsuperscript{107}

Another example of Japan’s use of U.S. influence can be demonstrated by examining how Japan resisted U.S. pressure to provide aid to the Korean Energy Development Organization (KEDO) in 1998 as retaliation for the test firing of two Taepodong missiles by North Korea toward Japan. The Japanese public was outraged by the prospect of providing aid to North Korea. However, their resistance was eased by Japan using the U.S. argument that KEDO was the only viable option to contain and monitor nuclear weapons development by North Korea. This reasoning served the interest of both Japan and the United States. Japan’s acquiescence was made possible by utilizing the factor of U.S. pressure to justify to their domestic constituents of the resumption of aid to KEDO, mollifying the emotional public outrage toward the threat of North Korea on the security of Japan. Japan’s negotiations with the United States over KEDO aid was an illustration of Japan’s ability to manage and utilize U.S. pressure to eventually resume aid, but in the meantime send the message of their displeasure over North Korea’s missile testing by showing their initial resistance to providing aid.\textsuperscript{108}

Japan’s ability to utilize U.S. influence as a factor to meet their own national interests point to the possibility that despite the application of bilateral pressure by the United States to meet U.S. interests, it may not be as effective as it is hoped to be. This is particularly true in the U.S. effort to liberalize Japan’s trade and their adoption of

\textsuperscript{107}Ibid., Pg. 58.
\textsuperscript{108}Ibid., Pg. 64.
structural reforms to better facilitate market oriented business practices. Japan continues to keep many of its domestic agricultural markets protected from U.S. products. Japan is adept at using regulatory means to keep products out of its markets such as requiring safety and hygiene standards for beef products from the United States.

In summary, balancing the gains and losses for Japan in resisting or acquiescing to U.S. influence has become a part of how Japan conducts foreign policy. Internalizing U.S. influence and coordinating it into Japan’s pursuit of national interest requires patience and long-term strategy. However, over the decades, Japan has managed it to its advantage.

Reducing U.S. Bilateral Influence

The recent integration of the U.S. economy into the economy of the Asia-Pacific region has made it more difficult for the United States to utilize bilateral pressure on states in the region and it has provided Japan with an ability to reduce its US influence constraint. It is estimated that 60% of all imports into the United States emanate from U.S. subsidiaries or subcontracted firms operating in China. Not only do U.S. multinational corporations in the region play a vital role in what is exported back to the United States, but also surpluses that China accumulates have been recycled into United States government debt. The U.S. trade deficit with China can be seen as also a trade deficit with the integrated region that statistics between China and the U.S. cannot fully reflect. The complex networks of multilateral integration makes it difficult to focus trade

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and investment dialogue on a bilateral basis since any protectionist measures it may implement will not only affect other states in the region, but would affect U.S. corporations as well. The interests of U.S. multinational corporations are dependent on the ability of the United States to conduct effective foreign policy initiatives in the region. There are analysts that suggest the United States should learn from Japan’s balancing strategy in the Asia-Pacific region and cautiously lean on Japan to be a voice to represent the United States at ASEAN and APT.\textsuperscript{110}

Together, China and Japan hold nearly half of all outstanding U.S. Treasury bills.\textsuperscript{111} Over the decades, the United States has gotten accustomed to Japan being the willing, compliant lender, in exchange for providing its security and managing its foreign relations. In contrast, the U.S. does not have the same level of leverage with China. China is already having sustained losses on its US dollar reserves, as a result of the recent 2007 global financial crisis. The losses have sparked serious controversy inside China over how to manage its portfolio leading to demands from Beijing that the US get its fiscal house in order and act toward maintaining the purchasing power of the dollar.\textsuperscript{112}

There is debate on whether the US economy is vulnerable to China or Japan’s in relation to their enormous US treasury holdings or whether they are in turn vulnerable to US economic conditions. The US has been pressuring China to discontinue currency


\textsuperscript{111} United States Treasury, Major Foreign Holders of Treasury Securities, \texttt{www.ustreas.gov}.

intervention and let the renminbi increase in valuation in the open market. This would lower the value of the dollar and make U.S. exports more attractive, increase employment in the U.S., and stimulate the economy. Lowering the value of the dollar would depreciate the value of Chinese and Japanese treasury holdings. This could be in the interest of both countries so that China could find other foreign asset holdings and diversify its portfolio of investments. \(^{113}\)

With U.S. interests being multilaterally tied to the region, it cannot exercise the levels of bilateral influence it used to possess in the region. Mark Beeson suggests that the power and influence the U.S. has exercised over the region prior to and during the Cold War period, has been altered with the economic growth of the region. He states that despite decades of the United States’ role in the promotion of regional economic development, beginning with its support of Japan’s post-war economic growth, its unilateral approach taken during the 1997 Asian financial crisis and the unilateralist policies taken by the Bush administration’s tenure may have turned the region away from its dependence on the United States. This has led the states in the region to increasingly build regional relationships and rely on regional integration as the vehicle toward security and protection of economic interests. \(^{114}\)

Similarly, Joshua Kurlantzick illustrates how East Asia, in particular, as a region has begun to integrate since the Asian financial crisis. They have formed a regional


community to resolve security and economic issues, rather than looking towards the United States for resolution. Kurlantzick even predicts that the influence of the United States will wane in the region and that East Asian integration will hasten as China’s economic strength grows. He suggests that traditional security challenges will begin to fade as Asia’s own political and economic institutions mature, and it will become more reliant on intra-regional trade and consumption.

Jason T. Shaplen and James Laney observe that the balance of power in Northeast Asia is shifting and that the influence of the United States has been in relative decline in Northeast Asia. They support their analysis by evaluating the economic growth of China within the region in relation to the United States’ presence in the region. China’s growing economic relevance in the region, they suggest, is changing the economic and military balance of power with Japan and South Korea, prompting both countries to rebalance their security alliances as well as prompting them to take more assertive positions on their own national interests.

The economic integration that has occurred in the Asia-Pacific region through globalization has made bilateral engagements between states more likely to affect relationships with other states. Bilateral pressure on Japan by the United States increasingly affects U.S. relationships with states such as China, South Korea and Taiwan because of the interdependency within the region. This makes the process of obligating

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116 Jason T. Shaplen, and James Laney, Pg. 83.
Japan to support policies favorable to the United States more complicated to manage and more likely to affect other states in the region.

In summary, regional integration in the Asia-Pacific is changing the bilateral dynamic between the United States and Japan. With the process of regional integration intensifying after the Asian financial crisis and more recently after the global financial crisis it has led the region to resolve economic and security issues by looking to actors within the region, rather than toward the United States.\footnote{Joshua Kurlantzick, Pg. 70.} Regional integration is encouraging states to engage in multilateral negotiations in dealing with non-traditional security threats such as environmental degradation, drug trafficking, infectious disease, terrorism, and human trafficking. Japan’s membership and leadership in the Asia-Pacific region has provided it with an ability to diffuse U.S. bilateral influence and provide an alternative opportunity to pursue economic security. This has provided Japan some leverage in managing U.S. influence while pursuing its interests. With the United States’ influence in decline in the region, its influence over Japan may also be in decline. Japan may be able to find more maneuvering room to conduct independent policy implementation.

**Multilateral Engagements Without U.S. Participation**

Through multilateral organizations that exclude the United States, such as the ASEAN, APT and CMI, Japan can conduct foreign policy without the influence of the
United States. Similarly, climate issues have been a concern to Japan and it has actively pursued policies in the region to deal with it even without the United States’ participation in global multilateral initiatives such as the Kyoto Protocol.

The ASEAN Plus Three, which developed as a result of the Asian financial crisis, clearly focuses its efforts in the region to the exclusion of the United States. Here again, Japan is able to operate without the U.S. influence constraint. APT implicitly set the boundaries of “East Asia” in a way that excludes “external” countries in the region. Those excluded are Australia, India, New Zealand, and the United States. Such exclusion of geographically peripheral states would not be an issue but for the fact that the United States has been a dominant state in the region in the past. Changes in the status quo become a source of concern, which is reflected in the volumes of analysis being written concerning the changing power structure in the region.

The formation of APT was followed by the establishment of the Chiang Mai Initiative (CMI), which was developed as the region’s bilateral swap arrangement between their currencies. The fund was established in 2000 and marked an important step toward the region working together to insulate them from the vulnerabilities of global financial crisis. This effort does not include the United States and is seen as a way for the region to remain independent from the policies tied to the U.S. currency. In May 2009, Japan announced the contribution of $38.4 billion dollars to the CMI’s $120 billion dollar fund established for regional economic recovery.

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The CMI fund realizes the main features of the Asian Monetary Fund, which was originally opposed by the United States during the Asian financial crisis in 1997. Through the CMI, Japan has been able to revive the idea that it originally proposed. The Chiang Mai Initiative has proposed a ten-year (2007-2017) working plan highlighting dialogue and collaboration on issues, ranging from financial, environment, economic development, social, cultural, food security, to health and energy. Almost twenty years after the 1997 Asian financial crisis, with another global financial crisis affecting major economies in the world, non-Asian states are left wondering whether regional arrangements similar to the EU and IMF may be the answer to promoting security and economic stability in the region.

By engaging in multilateral organizations that do not include the United States as a member, Japan is able to avoid U.S. influence altogether. Japan can also appeal to other members, like China, that may be able to exercise leverage over the United States on Japan’s behalf. Based on a growing sentiment of shared identity and common interests in the Asia-Pacific region, increasingly cooperative relationship between China and Japan may create a change in the status quo of regional relationships, which requires other states to make some adjustments in their policies toward the region. Furthermore, in a multilateral setting, Japan may be able to downplay its own position on issues and escape undue scrutiny by being only one of many states. The length of time the multilateral

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negotiating process often requires in bringing about results may also provide Japan more
time to formulate policy or avoid directly confronting U.S. influence or demands over
specific policies.

By developing their multilateral engagements in the Asia-Pacific region that do
not include the United States, Japan has been able to improve their relationship with the
states in the region. Without the constraints of its alliance with the United States, Japan
can frame issues and agendas from a perspective that may be more appropriate for their
own interests. In addition, building independent relationships with states in the region
brings attention to Japan’s independent contribution toward industrialization and
economic development of the region. Assisting with land reform, health and education
reform, foreign direct investments, and overseas development assistance funding and
efforts can be better demonstrated as Japan’s independent initiatives rather than being
attributed to a joint initiative with the United States.

In summary, multilateral engagements without the membership of the United
States has allowed Japan to find a forum to demonstrate its efforts toward cooperation
and its ability to be an active participant in defining shared interests in the region. It has
also facilitated in the development of relationships that raise levels of trust within the
region. With the absence of United States membership in these institutions, Japan has
also been able to avoid the bilateral influence of the United States on its foreign policy
direction and have been able to create opportunities to pursue its national interests in a
more independent manner.
Multilateral Engagement With U.S. Participation

Japan’s ability to utilize leverage in its relationship with the United States is enhanced in multilateral settings. During the 1980’s Japan successfully dealt with contentious trade issues with the United States, in the areas of semiconductors, automobiles, rice, and whaling, by utilizing both bilateral and multilateral negotiations. Through this process, Japan learned that U.S. pressure affects Japan’s foreign policy with a greater degree of compliance when bilateral negotiations are conducted, and to a lesser degree when multilateral negotiations are conducted. Japan learned that multilateral negotiations tend to enhance Japan’s leverage.\footnote{Akitoshi Miyashita and Yoichiro Sato. Pg. 31.}

Because of the democratic principle of multilateralism, the United States has to deal with Japan as an equal member in a multilateral setting. Through multilateralism Japan is better able to diffuse U.S. influence as a constraint upon its policy decisions. In a multilateral negotiation, Japan can deal with the United States as an equal state. By downplaying unilateralist approaches, multilateral forums become the ideal place for Japan to project equal status with the United States. Despite the demanding nature of multilateralism where results take longer to negotiate and the possibility that results may not ever materialize, Japan benefits from projecting equal status with the United States. The constraints of a hierarchical relationship can be diffused in the multilateral setting. On the one hand, multilateral engagements for Japan have the benefit of developing the shared identity factor in the context of interacting with the other states in the Asia-Pacific.
region. And on the other hand, in the context of interacting with the United States, the
democratic quality of multilateralism benefits Japan by equalizing the relationship.

By engaging in multilateral organizations that include the United States, such as
The Asia-Pacific Economic Cooperation, Asian Development Bank (ADB), and the
ASEAN Regional Forum (ARF) Japan can increasingly operate as an equal member state
to the United States. These situations also have the added benefit of providing the United
States an opportunity to be “socialized” into the norms and principles of conduct that
emphasize its equal partnership status.

For example, the Asia-Pacific Economic Cooperation (APEC) is a regional
multilateral organization that includes United States membership, which provides Japan a
diverse audience to be seen and be recognized as an equal member to the United States.
The organization’s primary purpose reflects the economic policy of liberalization of
trade, facilitation of business in the region and cooperation in technical assistance, which
has been the driver of globalization. Because of its expansive membership, consensus is
not easy to reach on any specific issue. As a result, the agenda of APEC has recently
come under some skepticism especially toward the issue of financial liberalization.
There is a cautionary sentiment shared by member states of the region that experienced
the 1997 Asian financial crisis where the liquidity of capital made their economies
particularly vulnerable to investor speculation. Since the 2007 global financial crisis,
there is some concern by China, Korea and Japan whether there may be some redundancy
to APEC’s agenda of liberalization and the efforts of the APT.
The ADB is another multilateral organization that includes the United States. It is a multilateral lending organization in the Asia-Pacific region that was established in 1966. While Japan saw the World Bank as the United State’s area of responsibility, and the European Bank for Reconstruction and Development (EBRD) as being largely managed by European and American interests, Japan saw the ADB as its own area of responsibility. Through its engagement in the ADB Japan has been able to pursue their own interest in the region of building economic stability and promoting suitable business connections for Japanese businesses to engage in FDI. By being a co-equal contributor to the fund with the United States, Japan is able to project equal standing with the United States within the organization. Japan can reduce the U.S. influence constraint and escape its subordinate status to the United States.

Through ADB, Japan has been pursuing its own interests. For example, in recent years, ADB has extended its funding to the Central Asian region developing energy infrastructure, conservation programs, and funding projects for economic development. Considering Japan’s need for energy resources, it is not surprising to find ADB’s funding initiatives in the resource rich region of Central Asia. The United States’ interests in the region also involve energy security. However, its relationship with the region has been complicated due to its confrontational engagements in Afghanistan, Russia, and its visible military presence in the region. Through its membership in ADB, the United States can engage in a less confrontational policy initiative in the region. This gives

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122 Dennis T. Yasumoto, *The New Multilateralism in Japan’s Foreign Policy*, (St. Martin’s Press, New York, 1995) Pg. 120.
Japan an opportunity to provide leadership in the ADB, which can be mutually beneficial to the United States and Japan. The relationship of hierarchy between the two states becomes less meaningful.

The ASEAN Regional Forum (ARF) is another organization that includes U.S. membership. It promotes multilateral dialogue between 27 states on security issues in the Asia-Pacific region, which began in 1994. Through the objective of ARF to foster dialogue and consultation, promote confidence building, and eventually be able to promote diplomatic solutions to conflict in the region, Japan can demonstrate its pragmatic, non-confrontational posture within the organization. Even though the United States’ military capacity is the largest of its members, because of the principles laid out for ARF as being one of cooperation, Japan’s subordinate status to the United States becomes less meaningful in ARF’s multilateral setting. The United States and Japan can be equal partners in the promotion of regional security and crisis management. Through ARF, Japan can honor the U.S.-Japan security alliance and simultaneously assess its security situation in a larger forum. The multilateral engagement of Japan in the ARF provides a venue for Japan’s to work toward a less dependent position in relation to the United States.

With the recent global financial crisis of 2007 affecting the economies of the western developed states, combined with China’s growing global economic presence in the region, the influence of the United States in the Asia-Pacific region may be in decline.
And as a corollary, U.S. influence on Japan may also be declining. This overall decline in regional influence of the United States can enhance Japan’s strategic efforts to utilize U.S. pressure as a variable in its policy making process, as well as increase the efficacy of engaging in multilateral organizations in the Asia-Pacific region in order to diffuse U.S. influence on its policy-making process.

Through engaging in multilateral organizations such as ASEAN, APT, and CMI where the United States is not a member, or through ADB, ARF, APEC, where the United States is a member, Japan has been able to minimize the impact of bilateral U.S. influence. Building a common identity and shared interests with the region through multilateral engagements benefits Japan by reducing the history constraint in the region. At the same time, multilateral engagements in the region create an opportunity for Japan to reduce the U.S. influence constraint by projecting equal status. Regional multilateral engagement is a strategy that creates opportunity for Japan toward more independent foreign policy pursuits in the region.

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123 Jason T. Shaplen, and James Laney, Pg. 83.
Chapter 6
CONCLUSION

Summary

The process of globalization and regional integration has accelerated the transformation that is occurring in the Asia-Pacific region. It is a transformation that had been long hoped for and envisioned by many governments and agencies around the world that worked tirelessly to encourage it over the decades. Multilateral organizations, non-profit organizations and international funding organizations have advocated for the promotion of economic prosperity in the region for decades. Now that the transformations are rapidly occurring, it is affecting the international relations between states and leading to both opportunities and challenges to the power dynamic between states.

The transformation occurring in the Asia-Pacific region is presenting opportunities for Japan to implement foreign policy in a new direction. The Asian financial crisis of 1997 and the global financial crisis of 2007 has heightened a sense of urgency for Japan and other states in the Asia-Pacific region to cooperate, work toward a common purpose to better manage any future crisis by helping each other.

These efforts in the region have provided a more independent foreign policy avenue for Japan to pursue its national interests. In doing so, one of Japan’s interests is to reduce its foreign policy constraints. I have identified these constraints as: 1) minimizing the constraints of Japan’s negative historical legacy in the region; and 2) minimizing the constraints of U.S. influence on its foreign policy implementation. This
process can be observed in Japan’s engagements through the regional multilateral institutions of ASEAN, APT, CMI, ADB and ARF and APEC.

Japan has utilized a strategy of regional multilateral engagement in order to satisfy their interest toward reducing their foreign policy constraints. Despite the challenging nature of multilateral engagement, Japan has tapped into the advantages the multilateral process offers. These advantages include: 1) Japan’s opportunity to be heard in the process of negotiating or resolving issues; 2) they are given a chance to develop a positive reputation within the membership of states they engage in; 3) they can become a part of a community of members that share common interests and identity; 4) they can build a record of credibility; 5) they can contribute to the process by developing creative incentives for cooperation; 6) they can downplay individualist approaches; 7) they can engage in a leadership position; 8) they can assess the motives and circumstances of other states; and finally, 9) they can present themselves as part of a democratic process of representation.

Christopher Hemmer and Peter Katzenstein’s analysis on why the United States engaged with Europe in forming a multilateral regional institution such as NATO while they did not do the same in Asia provides a basis to analyze whether the necessary conditions for the formation of a common identity are being met in the Asia-Pacific region. I argue that Japan’s multilateral engagement in the region, has provided Japan a way to tap into the advantages gained from the formation of a common regional identity in the region. The formation of a common regional identity has provided a way for Japan to gain a positive reputation within the member states in the region that can lead to
alleviating the history constraint that has been a challenge to its foreign policy implementation.

Fueled by the material factors of the 1997 Asian financial crisis, the 2007 global financial crisis, and the regional economic integration, Japan has participated in the region’s development of a common identity and shared values. Utilizing the advantages offered through multilateral engagement, Japan has participated in the development of a shared Asian identity and common interests in the region. This has been made possible through the development of at least three ideational factors: 1) the region’s shared history, racial experience, geography and culture; 2) multilateral institutional engagements; and 3) the shared consumer experience in the region. By being a part of this regional shared identity, Japan has been able to slowly build a more positive reputation, which is allowing Japan to mitigate the effects of its history constraint with the states in the region.

Furthermore, the effects of regional economic integration have reduced the bilateral influence of the United States in the region. Despite the unequal hierarchical power relation that exists between the United States and Japan, as defined by the parameters of David Lake’s theory of hierarchical relationships between states, Japan has an opportunity to reduce and avoid the authority of the United States. Japan has done this by pursuing and benefiting from the strategy of multilateral engagements in the region, tapping into the advantage of the democratic principle that multilateralism offers. The democratic principle of multilateralism has provided an avenue for Japan to engage with the United States based on a status of equality. By projecting its status of equality, Japan
can try to transform the hierarchical relationship that exists between the dominant United States and a subordinate Japan.

Multilateral engagement is a slow and difficult model of international cooperation. The long-term efficacy of this approach for Japan in the Asia-Pacific region cannot be predicted. However, changes in the international relationship between states are being felt on a global level. Japan’s strategy of multilateral engagement assumes both China and the United States will continue to play significant roles in the region’s transformation. There is ample evidence that China will continue to be the anchor of regional economic growth. Through multilateral engagement and FDI, Japan has supported and participated in China’s economic growth since the 1970’s. In return, Japan’s economic sustainability has been buoyed by China’s economic growth since the late 1980’s even when its own economy stalled.

The future of Japan’s economic stability continues to depend upon the prosperity of the region and Japan’s engagement in the region. In addition to economic opportunities gained through regionalization, multilateral engagement is providing opportunities in the region for allowing Japan to assess whether their military security, which the United States has secured until now, can also be transformed. Multilateral engagement in the Asia-Pacific region has been an effective strategy so far for Japan to pursue its foreign policy by reducing both the history constraint and the constraint of U.S. influence on its foreign policy implementation. Furthermore, multilateral engagement is creating opportunities for Japan to meet a variety of challenges in the region.
Potential Regional Challenges

The prospect of a more independent Japan should not be considered as a negative development for the United States. Changes in international relations often invite sentiments of anxiety and create suspicion regarding mutual intentions. However, a more independent Japan does not mean that the U.S.-Japan bilateral alliance may be broken any time soon. Defining common interests between the two states will continue to drive the need for a partnership. In the Asia-Pacific region, Japan and the United States may continue to share common interests of maintaining security and economic stability in the region. Promoting political stability in states like Myanmar, Thailand and Indonesia are important for the interests of all the states in the region.

The United States and Japan have maintained a long history of bilateral alliance that can be considered a positive achievement in itself. Both states can benefit by building upon this alliance while making adjustments in the process of transforming their relationship toward a more equal partnership. Multilateral engagements can continue to be an ideal forum to conduct this transformation for both Japan and the United States. The possibility of conflict over issues will inevitably continue to exist between states. However, through engaging in multilateral institutions, relationships can follow a process of transformation that can lead to more effective ways to resolve issues between states.

The United States could consider a more independent Japan as a welcome change that could decrease the strategic burden on the United States’ security architecture in the region. With costly U.S. military engagements being implemented in Iraq and Afghanistan, having a strong ally in the Asia-Pacific region can be considered as a
welcome development. Japan can also be important to the United States as an intermediary between China and the U.S.

With the economic interest of the United States increasingly being integrated into the Asia-Pacific region, the importance of the United States to remain engaged in the region seems paramount. The Obama administration’s foreign policy direction seems to be following this trend. On his official visit to Asia in 2009, President Obama attempted to deepen U.S. relations with ASEAN nations emphasizing the positive role the United States has played and will continue to play in the region. The significance of the health of the global economy becomes increasingly important to the United States in an integrated global economy. How the United States navigates the global economy directly influences domestic fiscal challenges, employment, and public sector budget challenges.

How the United States perceives the continuing ascendance of China, as both an economic power and military power in the region may indicate the future direction of the United States’ policies in the region. United States’ power is perceived as being under threat by China’s regional ascendance, according to John Mearsheimer’s analysis of offensive realist theory. However, David Shambaugh disagrees with Mearsheimer’s view as being both unsustainable in its logic as well as in its application and he suggests that a lack of area expertise of realist international relations theorists leads to their application of a theory to a situation, rather than inductively generating a theory from evidence. Shambaugh rejects the notion of a “Chinese hegemony” and sees no evidence

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for this theory.125 Rather, he agrees that China’s rise in the region is one of the principal catalysts to the emerging regional order and that, in his view, is playing a constructive role multilaterally in addressing regional challenges.

If China is seen as a threat to U.S. power in the region, the U.S. relationship with Japan as its ally can be considered in several different ways. Japan as a status quo subordinate state can be relied upon by the United States as supporting U.S. policies of engagement toward the region. However, this view may not be reflective of what is currently transpiring. Even as an ally to the United States, Japan has been resisting U.S. pressure on several issues recently, leading to some tension in the relationship. For example, Japan has not been vocal in its support for United States’ application of pressure on China to revaluate its yuan currency lower. This may be due to Japan’s reluctance to offend China’s independence in evaluating its own currency issues. Japan has also been resistant to the continuing presence of the U.S. military in Japan. This may reflect a more assertive policy stance being taken by Japan that is projecting its more independent status.

There are issues between the United States and China, such as their view on the revaluation of the Yuan, their interests and relationship with Iran, human rights, or views on how to resolve environmental degradation, that highlight the difference in their national interests. These issues can create tensions between the two states, which may lead to further challenges for Japan’s foreign policy implementation in the region.

Through regional multilateral institutions, Japan can serve as an important bridge between China and the United States by bringing their knowledge and experience of being a member of the Asian regional shared community on one hand, and by demonstrating its commitment to its alliance with the United States. The important role that multilateral regional engagement can play in Japan’s foreign policy implementation in the region becomes doubly apparent facing challenges that appear with transforming relations between states in the region.

If Japan and China form a partnership in opposing the interests of the United States, this may create a more problematic situation for the region. It could fuel rising tensions in the region with negative repercussions that could damage the long-term efforts established toward regional cooperation. Japan has a challenging task of balancing between pursuing its own interests in the Asia-Pacific region while continuing its alliance commitments to the United States. There is some speculation being voiced in Japanese media that the recent inquiry of Toyota in the United States on an unprecedented scale involving recalls, fines and lawsuits for mechanical failures and negligence is a strategy that the United States may be employing toward demanding compliance from Japan for other issues.126 Whether this is true or not, how these issues develop in the future will continue to test the transforming relationship between Japan and the United States.

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126 Yoshiki Hidaka, a Senior Fellow at the Hudson Institute in Washington, DC, has published a popular Japanese book in 2009 on the subject of the United States destroying Japan’s industrial giants, Toyota, Toshiba and Panasonic in order to prevent further expansion of Japanese economic power.
On the other hand, the prospect of China and the United States forming a primary partnership in building economic development and stability in the region may force Japan into a role of being a competitor for the United States to vie for China’s support. In such a case, the United States would have to actively engage in building a viable domestic narrative for its partnership with China. For the United States to overcome its historical aversion to Communism or Socialism and build a relationship of trust with China may be a challenge and may be more difficult than Japan’s strategy of building a common identity in the region with China. Over all, treating the partnership between Japan and the United States as a valued relationship, rather than a rivalry, for the interest of the Asia-Pacific region may be a more viable way to generate positive long-term results.

If Shambaugh’s rejection of the notion of a “Chinese hegemony” becomes the prevailing view in the United States, the role of multilateralism can become vital in harmonizing the interests of the region that may include the United States. The United States has traditionally seen multilateral organizations as a means to “socialize” other states and to encourage them to engage in the norms of democratic participation and cooperation. In past efforts, it has been the United States leading multilateral organizations and setting its goals and agendas. However, in a rapidly transforming Asia-Pacific region, it is possible to conceptualize the “socialization” of the United States into the “Asian way” that has developed in the region.

Multilateral engagements in the region are changing the way Japan is perceived in the region by other states. If Japan can engage in a strategy that can rehabilitate its image in the region, a similar approach may also be conceived of as a strategy for the United
States to engage multilaterally in the region and be “socialized”, or rehabilitate its image in the region toward one that is cooperative, respectful of democratic principles and one that is less unilateral in its use of power.

Rather than try to expand the United States’ multilateral engagements into an expanded APT forum, it may benefit the United States to demonstrate its respect for the integrity of regional organizations in the Asia-Pacific region, which may not include the United States. This would be no different than the United States respecting the integrity of multilateral organizations such as the European Union (EU) or the Organization of Petroleum Exporting Countries (OPEC) that also do not include the United States. Japan’s engagement in regional forums, as the United States’ ally, can also be viewed as a representation of U.S. interests to the extent that the interests of Japan and the United States coincide. It is possible in these ways to imagine a relationship between the United States and Japan that is transformed from a hierarchical relationship toward a more equal partnership sixty-five years after Japan’s surrender to the United States. The dynamic transformations that continue to sweep through the Asia-Pacific region is a forum that can absorb and accommodate changes that may be occurring in international relations.
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