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Japan and the Post-World War II Liberal International Order

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Peace Treaty
— A Look at the Trump Administration's
Japan Policies from the Perspective of
Diplomatic History —**
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the EU-Japan Diplomatic Dialogue:
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**Report: History, Psychology, and
the Rule of Law in East Asian Security**
Lecture by Professor David Welch

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U.S.-Japan Ties Since the San Francisco Peace Treaty — A Look at the Trump Administration’s Japan Policies from the Perspective of Diplomatic History —*

Michael Schaller**

Abstract

After being defeated in 1945 and occupied, Japan regained its sovereignty in 1952 and went on to achieving spectacular economic growth. This presentation looks at how the United States viewed Japan after World War II as communism spread in East Asia, and how the status of Japan in the eyes of the U.S. evolved. It also looks at the significance of the United States for Japan that emerged exhausted after losing a war and was desperate to regain its sovereignty. The current administration’s Japan policies in the context of diplomatic history is also discussed, building upon the analysis on the evolution of the U.S.-Japan relationship during and after the Cold War.

I hope I don’t disappoint you because I’m an historian, and historians predict the past. We are quite unreliable at predicting the future, so we try to stick to predicting the past which, to be honest, can also be very challenging! But I’ll try to explain some of the links I see between the past and the present. Less than a month after Japan’s surrender in the Pacific War, in September 1945, a young American diplomat, John Emerson, moved into his new Tokyo office that had been requisitioned from the Mitsui Corporation. When he arrived, a Mitsui executive was clearing out his desk and as he left, he pointed to a map on the wall of the Co-Prosperity Sphere and said to Emerson “There it is...We tried. See what you can do with it!” A shaken Emerson recalled that suddenly, the whole burden of American foreign policy in Asia hit him in the stomach. What was America going to do with it? During the next several decades and in some ways continuing today, that question remains relevant. Where would an American-allied Japan fit into post-World War II Asia?

Five years after Emerson’s Tokyo encounter, a leading American diplomat, George Kennan, the so-called Father of Containment, pondered the same question at a meeting of State Department officials. How, he asked, in the wake of China’s communist revolution, could Japan overcome its “terrific problem?” How was it going to secure viable raw materials and markets unless it once “again re-opened some sort of empire to the south?” With China “lost,” another diplomat agreed, the United States had to devise a way to “get Japan into, I’m afraid,” he said, “the old Co-Prosperity Sphere.”

Another five years later on, in 1954, with Japan’s economic recovery then underway, American officials continued to insist that Southeast Asia, not the West, must become Japan’s primary economic partner. But theory and practice had already begun to clash. In 1954, the American

* This is an edited transcript of a lecture made by the author at an event co-organized by JIIA and Kyoto University Graduate School of Law on October 16, 2018.

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Secretary of State, John Foster Dulles, the author of the 1951 peace treaty, declared that Japan's low-quality exports would never find a market in the United States and so it must turn to Southeast Asia. And then suddenly, one of his aides recalled, Dulles reached into his briefcase. He "pulled out a cheap Japanese sports shirt" that he had purchased in an American department store and he yelled at Prime Minister Yoshida, "You can't do this to us after all America's done for you!"

More recently, historical memories appear to have also informed President Donald Trump's view of Japan. At a June 2018 meeting with Prime Minister Shinzo Abe, Trump launched into a list of complaints over Japanese trade and tariff policy. He dismissed seven decades of Japanese-American friendship, and Trump told a flustered Abe, "I remember Pearl Harbor! OK?" Literally, this was impossible, because Donald Trump had been born six years after Pearl Harbor, but he considered it an important symbolic way to make his point. I want to explore the question of how we got from the San Francisco peace treaty in 1951 to Trump Tower in 2018.

The American-drafted peace settlement that formally ended the occupation, signed in San Francisco in 1951, has been praised understandably as a document that welcomed a peaceful and a democratic Japan back into the community of nations. However, it is important to remember the context. Only two major members of the wartime grand alliance that fought Japan, the United States and Great Britain, actually signed the treaty. The United States barred the People's Republic of China from the conference. India and Burma boycotted the meeting, although they later signed separate treaties with Japan. The Soviet Union and its allies attended the San Francisco conference but refused to sign the final document. Privately, this refusal delighted the United States because it left unresolved the problems of the Soviet-held northern territories and the fate of Japanese prisoners of war still held by the Soviet Union. Soviet-Japanese tension also deflected Japanese resentment over the U.S. retention of Okinawa. Other participants at the conference made no secret that they still mistrusted Japan. The governments of the Philippines, New Zealand, and Australia only endorsed the treaty after the U.S. agreed to provide them with security guarantees against both communist and potential Japanese aggression.

So, in spite of its many virtues, the 1951 peace treaty cannot be fully understood without examining it in both time and space. The restoration of Japanese sovereignty was just one element of a much broader series of U.S. diplomatic, military, economic arrangements that both reflected and in some ways outlasted the Cold War. The distinguished historian John Dower has referred to the events of 1951 as creating the "San Francisco system," an interlocking set of arrangements that limited Japan's autonomy and defined its relationship to the United States and its Asian neighbors for several decades. I would go even further. To properly understand the armature or structure or skeleton of containment, it helps to visualize a set of Russian nesting dolls. At its core is the 1951 peace treaty with Japan. Despite its generous terms, the U.S. retained Okinawa as a vast military complex for the next two decades. One level further out from the core treaty, we find the bilateral U.S.-Japan security treaty also signed in San Francisco. This treaty had very little to do with defending Japan but had much to do with projecting U.S. power in the rest of Asia. Moving on, we encounter an additional set of security treaties concluded in 1951 between the U.S., the Philippines, Australia, and New Zealand. Further out still, we come upon the 1953 and 1954 U.S. security treaties with South Korea and Taiwan. Enveloping all of these other agreements, there is an additional set of security arrangements, the 1954 Manila treaty that created the U.S.-sponsored Southeast Asia Treaty Organization or SEATO. Dulles, by then U.S. Secretary of State, inserted into the SEATO treaty a separate special "protocol," declaring that the U.S. had an interest in the security of the just established non-communist portion of Southern Vietnam, just coming into existence.

These concentric rings of defense treaties represented a military shield as well as a tripwire. But equally important, it signified a vital economic security zone that the American Secretary of

State Dean Acheson in 1949 named the “great crescent.” Without Japan, none of these protected areas were critical to the United States, but all were deemed essential to safeguard Japan, and by extension U.S. security. The two major wars fought by the United States in Asia after 1945, in Korea and Vietnam, were to a great degree fought both for and from Japan. This structure of containment radiated outward in time and space from the 1951 peace treaty and evolved to secure what John Foster Dulles and his many successors called the key U.S. goal in Asia: “keeping Japan on our side.”

From 1948 until the mid-1960s, successive American leaders worried that economic vulnerability, not Soviet or Chinese military power, posed the most significant threat to Japan and its alliance with the United States. Economic pressure alone, they feared, by either locking Japan out of Southeast Asia or by dangling the prospect of trade with communist China might push Japan toward neutrality or still worse, an alliance with the Soviet bloc. A neutral Japan would deprive the United States of its base network vital for military operations in the entire Asia/Pacific region. A Japan whose industrial and military potential was added to the Soviet bloc could fundamentally alter the balance of power in Asia and beyond. Preventing either of those possibilities became the prime motivation of American policy in many ways from the 1950s right through the 1960s and in some ways still resonates today.

In the two years following Japan’s surrender, the Truman administration paid surprisingly little attention to the question of Japan’s future. Instead, the emerging east–west divisions in Europe, fears of Soviet designs in the Near East, and the dramatic Chinese civil war dominated almost all American discussions of foreign policy. President Truman was quite happy to have one less problem on his plate and left Japan in the hands of General Douglas MacArthur, the Supreme Commander of the Allied Powers. The President allowed MacArthur a nearly free hand in implementing plans for demobilization and democratization. The general, in turn, relied upon a talented team of specialists who staffed his headquarters.

For his part, General MacArthur saw Japan as the ideal platform from which to launch his own pursuit of the 1948 Republican presidential nomination. By mid-1947, MacArthur announced, without consulting Washington, the time had come to hold a peace conference in Tokyo, presided over by himself. Japan, he said, would be able to fend for itself economically as soon as the occupation ended. As for security, MacArthur claimed that a “spiritually transformed” Japan could rely on a pledge of protection from the United Nations and no American troops or bases should remain on the island.

These assertions stood in dramatic contrast to the policy outlook evolving in Washington. In March of 1947, President Truman went in front of Congress to warn of a global Soviet threat to democracies, the so-called Truman doctrine. In May of 1947, Undersecretary of State Dean Acheson publicly announced that world peace and security required that the two “great workshops of Europe and Asia,” Germany and Japan, be rebuilt. In June of 1947, Secretary of State George Marshall called on Congress to fund a massive European reconstruction program later known as the Marshall Plan.

Even as MacArthur tried to bully his way towards a peace settlement, key Washington policymakers decided to dramatically reconfigure American occupation strategy. Men like Navy Secretary, soon to be Defense Secretary, James Forrestal argued that the Soviet threat meant that the U.S. had no choice but to “put Japan and Germany and the other affiliates of the Axis powers back to work.” MacArthur’s call for a quick peace treaty risked “complete economic collapse” in Japan, followed by Soviet intervention. Privately, Forrestal and other cabinet officials told the President that the survival of the free world required rebuilding the former Axis enemies that America had vanquished.

Gradually, responsibility for reshaping Japan was handed over to George Kennan’s State Department Policy Planning Staff and to like-minded Army officials. Kennan, of course known

as the father of containment, viewed Japan much like he did Germany. Kennan wrote to his superiors and to the President that the “radically changed world situation” required that what he called “Hirohito’s islands” be made a “buffer state” against the Soviet Union. A “new Japan” would not “possess an identity of its own,” he wrote, but would “function as an American satellite.” A stable Japan, in turn, required securing supplies of vital raw materials which were at risk given communist control of China. This made access to Southeast Asia increasingly important.

Despite MacArthur’s challenge, President Truman was reluctant to curb the general’s authority until the spring of 1948. MacArthur lost a series of presidential primary elections in the spring of 1948 and quickly withdrew from his quest for the presidential nomination. In October of 1948, Truman approved the so-called Reverse Course in Japan, signified by a document produced by the National Security Council, NSC 13, that decreed economic recovery and security were the two “primary objectives” in Japan.

Over the next three years, from the end of 1948 until 1951, American civilian strategists forged a consensus about the opportunities and risks confronting Japan. In late 1948, Kennan’s policy planning staff described the importance of using Japan as an “instrument of political warfare with respect to communist Asia” while encouraging the flow of raw materials from Southeast Asia to Japan and Western Europe. By 1949, the State Department planners warned that since the Soviets had been effectively blocked in Europe by the Marshall plan and NATO, Stalin had launched a “coordinated offensive” in Southeast Asia to block the flow of raw materials to Japan and therefore push Japan toward neutralism or communism. Communist control of Japan, the CIA estimated in 1949, would add an astounding 25% to Soviet military–industrial capacity.

With the formal establishment of the communist regime in China in October of 1949, fear increased in Washington that the People’s Republic would, at Stalin’s direction, use the lure of trade to blackmail Japan. During 1950 and 1951 and in preparation for the peace conference in San Francisco, U.S. diplomats and journalists described a race they saw between Moscow and Washington to create either a communist or non-communist Co-Prosperity Sphere. They warned of contrasting plans to establish a “Red Co-Prosperity Sphere” binding Japan to Northeast Asia or a U.S. Co-Prosperity Sphere linking Japan to Southeast Asia. The Kremlin, American journalists wrote, were determined to forge a vast “Asiatic Co-Prosperity Sphere.” They didn’t see a need to attack Japan directly or risk provoking a U.S. military response. Instead, the Soviets would rely on what one American journalist called the “bowling pin theory.” This was a predecessor to the domino theory. The bowling pin theory argued that the Soviets and/or China planned to first seize Southeast Asian resources and use that control to bludgeon Japan into submission.

Soon after the Korean War began in June 1950, special ambassador John Foster Dulles, who was tasked with writing the peace treaty with Japan, insisted that negotiations for a peace treaty continue despite the uncertain outcome in Korea. The “communist offensive in Korea,” Dulles said, was “probably aimed at getting control of Japan.” If South Korea had fallen, “Japan would fall without an open struggle.” At the same time, Dulles argued, despite the ongoing fighting in Korea, it was vital to keep the peace process going. “If we became totally preoccupied with Korea,” Dulles said, “we would lose in Japan more than we gained in Korea.”

On the eve of John Forster Dulles’s trip to Japan in February of 1951, to work out the details of a peace settlement, Newsweek magazine, then one of the two big American news weeklies, featured a cover story on Japan with a picture of Prime Minister Yoshida, and it was called “America’s latest ally.” Newsweek featured two maps in that article, both of them superimposed on Japan’s wartime Co-Prosperity Sphere. One showed U.S. military bases in Japan, which could dominate Asia in the future. A second map demonstrated how after the “loss of China” Japan must “look to Southeast Asia” as a source of raw materials.

When consulting with Japanese and American officials in Tokyo in early 1951, Dulles stressed that Japan’s chief long-term value as an ally lay in its industrial potential, not as an

American forward base. This was a source of endless arguments between American civilian and military leaders. Dulles always believed that it was dangerous to over-militarize the U.S.–Japan relationship. Japan was more useful as an economic than military ally. In contrast, the Joint Chiefs of Staff insisted that Japan's greatest value was as a vast military base network in Northeast Asia. Dulles insisted that the “principle problem” that he foresaw in post-occupation Japan was how, with China off-limits, Japan could possibly prosper without becoming a burden to the United States. He envisioned Southeast Asia as Japan's most likely source of raw materials and markets, assuming communism could be stopped in Indochina. Unless the U.S. made sure, he said, that “Japan worked for us,” he cautioned, “it will work for the other side.” This fundamental belief shaped American policy in Asia and the Pacific for a generation. It inspired Washington's determination to isolate China and it spawned the various regional military alliances mentioned earlier. Above all, it became the prime motivation for America's escalating involvement in Vietnam, which became seen as the pivot for control of Southeast Asia and hence, indirectly, the key to Japan's survival.

It hardly mattered that over the next twenty years, absolutely none of these dire fears and predictions voiced by American planners about China, Southeast Asia, or trade with the U.S. were actually grounded in fact. They were, quite simply, illusions. During the 1950s, China's primitive economy as well as Mao Zedong's ambivalence about foreign trade severely limited Beijing's willingness or ability to blackmail Japan. Southeast Asia, of course, later became a major trading partner of Japan's, but only in the 1960s, long after economic recovery was underway. And to the consternation of American economic experts who questioned Japan's ability to ever find markets in the West, Japan by the mid-1950s had begun selling textiles, ceramics, consumer electronics in ever increasing volume to the United States. Even though American fears were highly exaggerated, they nevertheless shaped U.S. policy in the 1950s and 1960s.

The most contentious issue facing John Foster Dulles as he prepared the San Francisco peace treaty related to China and U.S. military bases. The British, who were understandably concerned about the vulnerability of Hong Kong and worried about potential Japanese competition in Southeast Asia, were appalled at the pressure the Americans applied to Tokyo to deal only with Taiwan in the post-occupation period. When Prime Minister Churchill suggested that a sovereign Japan should be free to set its own China policy, Dulles snapped at him that it was simply “inconceivable” Washington would ever permit Japan to “pursue foreign policies which cut across those of the United States.”

When the peace and security treaties came up for ratification in the U.S. Senate in early 1952, Secretary of State Acheson and John Foster Dulles testified in front of the Senate in secret. They explained that the U.S. needed a friendly Japan as much as Japan needed a friendly U.S. The Soviet Union, they said, had determined to exploit the industrial capacities of Germany and Japan. If the Kremlin ever gained control of Japan, the “stage would be set for a climactic struggle of doubtful outcome.” After a prolonged delay, the Senate finally ratified both the peace and security treaties in March 1952, acting only after the Japanese government agreed to surrender legal jurisdiction over U.S. military personnel in Japan, accepted strict limits on Japan's trade with China, and pledged to sign a peace treaty with Taiwan, not the People's Republic.

Despite the many achievements at San Francisco, Americans still worried about Japan's future. They voiced special concern over the erosion of the French position in Indochina. During the summer of 1952, the National Security Council analyzed the impact of a possible French defeat in Indochina. They predicted that “Japan's access to raw materials and markets” would determine its future cooperation with the U.S. The “loss of Southeast Asia,” the National Security Council concluded, would “inevitably force Japan into an accommodation with the communist-controlled areas of Asia.” The loss of Indochina would “lead to swift submission or alignment with communism by all states in the area.” Unfortunately, the National Security Council reported, the

American public remained “largely indifferent” to the struggle against communism in Southeast Asia and it called on the President to prepare the public for more direct intervention.

Within days of President Dwight Eisenhower’s taking office in January of 1953, his new Secretary of State, John Foster Dulles, delivered a radio and television speech in which he argued that the Soviets were “making a drive to get Japan,” not only through their actions in Korea, “but through what they were doing in Indochina.” The loss of the “rice bowl of Asia,” as he called it, would jeopardize Japan’s survival as an American ally. Military leaders as well as civilian leaders argued that the loss of Indochina would lead to the loss of Southeast Asia and that “would lead to the loss of Japan.” As John Foster Dulles put it privately, the moment Indochina fell to communism, the “Japs...would be thinking on how to get to the other side.”

These concerns explained much of the anxiety that gripped Washington from 1954 forward as the Vietminh guerrillas laid siege to French forces at Dien Bien Phu. President Eisenhower, John Foster Dulles, the American Joint Chiefs of Staff all feared that a French defeat or a political deal at the peace talks underway in Geneva in the spring of 1954 might breach what they called the “great crescent” of containment surrounding China. The possible outcomes, a French surrender, creation of a coalition government, or the partition of Vietnam, the Joint Chiefs of Staff warned, would impress most Asians as a “communist victory.” Inevitably, Japan, the “keystone of U.S. policy in the Far East,” would reach an “accommodation with the communist bloc.” A Red victory in Indochina, Dulles announced at a Cabinet meeting, would cut America’s defense lines in half. Stopping communism in Indochina, Dulles told journalists, was of “transcendent importance.”

Nevertheless, by April, the French garrison at Dien Bien Phu faced annihilation. President Eisenhower made a deeply personal appeal to British Prime Minister Churchill for some sort of united American–British action to save the French garrison. The loss of Indochina, Eisenhower wrote to Churchill, would place such tremendous pressure on Japan, it would be impossible to prevent Tokyo from “reaching a deal with the communist world.” Failure to act, Eisenhower implored, would be as grave a mistake as the failure of the democratic states in the 1930s to “stop Hirohito, Mussolini, and Hitler by not acting in time.” The President said much the same thing in public. The U.S. “simply can’t afford” to lose Indochina, Eisenhower told journalists. A French defeat would cause all Southeast Asia to “go quickly,” like “a row of dominoes.” Japan, clearly the ultimate domino, would have no choice, he said, but to gravitate “toward the communist area in order to live.” In a briefing to members, leaders of Congress, Eisenhower warned the loss of Japan would push the U.S. “out of the Pacific” and the entire Pacific Ocean “would become a communist lake.”

In spite of these and other warnings, neither the British government nor the U.S. Congress supported military intervention to save the French. At Geneva, following the defeat of the French at Dien Bien Phu, France agreed to disengage from Indochina. The U.S. declined to sign the Geneva Accords in 1954, but Dulles expressed relief at the “relatively moderate” terms accepted by the communists, given their military strength on the ground. The United States, Dulles explained, would “go along” with the Geneva Accords if the British and French promised to “support American efforts to create a Southeast Asia Treaty Organization.” These efforts, Dulles made clear, all related to Japan, which he again described as the entire “soul of the situation in the Far East.” Denied access to Southeast Asia, Japan would slip away and without Japan, the U.S. position would “become untenable” in Asia. To prevent this, of course, Dulles and Eisenhower began plans to support anti-communist forces in southern Vietnam, doing everything possible, they said, to “avoid having elections” since the communists would probably win at the polls.

In September of 1954, Dulles convened a foreign ministers’ meeting in Manila, attended by only two regional nations, the Philippines and Thailand, that produced one more alliance, the Southeast Asia Treaty. Dulles worked around the prohibition that barred Vietnam from joining a military alliance by declaring in a separate protocol to the SEATO pact that the U.S. retained a

vital security interest in Vietnam.

Throughout the remainder of the 1950s, Japanese and American officials squabbled over many issues, such as the levels and pace of rearmament. The U.S. wanted more and faster Japanese rearmament while the Japanese wanted less, slower. They argued over how to manage Japan's bid to relax restrictions on trade with China. They argued about how best to promote trade expansion between Japan and Southeast Asia. Through it all, President Eisenhower proved surprisingly adept at smoothing over the hard edges of U.S.–Japan disputes. Much to the displeasure of American manufacturers, Eisenhower actually encouraged the expansion of Japanese exports to the U.S., and he even showed some flexibility towards permitting Japanese trade with communist China. Eventually, he overruled Dulles and endorsed revising the 1951 U.S.–Japan security treaty.

On several occasions during the late 1950s, Eisenhower responded to critics of his policy by explaining that since Japan must export to survive, it had a clear choice. It could sell battleships to Beijing or cotton blouses to American consumers. And he said, U.S. textile manufacturers would simply have to adjust to that reality. In one of his last comments on Japan and Southeast Asia, in a 1959 speech that Eisenhower gave at Gettysburg College that was widely circulated among Japanese government officials, Eisenhower revealed what he saw as the link connecting American security, the Japanese economy, and the survival of South Vietnam. America, he insisted, must increase its commitment to South Vietnam to prevent the crumbling of the barrier to communism in Southeast Asia. Why did this matter? It mattered because Japan, the essential counterweight to communist strength in Asia, needed the regions' trade to live. Strengthening Vietnam and Southeast Asia, Eisenhower declared, ensured Japan's survival as an ally. Abandoning Vietnam or restricting Japan's trade with the U.S. (as some protectionists favored) the President warned, would risk the free world's stake in the entire Pacific.

From the 1950s through 1968, Presidents Eisenhower, Kennedy, and Johnson remained committed to protecting South Vietnam as part of the strategy to stabilize and secure the alliance with Japan. Between 1955 and '65, the U.S. steadily increased economic and military support for South Vietnam, culminating eventually in the full Americanization of that war in 1965.

All three American presidents, Eisenhower, Kennedy, Johnson, believed that a failure to hold the line in Southeast Asia would inevitably create conditions that pushed Japan toward neutralism or an accommodation with the communist bloc. In their private discussions, American political leaders and strategists often worried that unlike the European allies, Japanese loyalty to the West was purely situational, that even nominally conservative Japanese political and economic leaders might switch Cold War allegiances if faced with the loss of U.S. or Southeast Asian markets. Despite all evidence to the contrary, right through the early 1970s, American policymakers continued to fear that Japanese trade with China would somehow lure Japan behind the Iron Curtain, rather than luring China out.

Although Japan played no direct role in the Vietnam War, the conflict impacted Japan and the region in many ways. The extremely high levels of Vietnam-related U.S. military spending during the 1960s reinvigorated Japanese economic growth and created a mounting Japanese trade surplus with the U.S. Equally significant, the wartime flow of U.S. dollars into the Southeast Asia region stimulated and partly financed the rapid growth of Japanese trade with Southeast Asia, the very thing Americans had been hoping for since the 1940s.

Despite the fact that U.S. policies in East and Southeast Asia during the Vietnam War era were intended to bolster the San Francisco system, the unintended results of American policies simultaneously undermined the very system that Washington struggled to preserve. For example, the unpopular stalemated war in Vietnam, Japan's growing trade surplus, the erosion of the dollar, and the Chinese–Soviet split all compelled American policymakers to revisit their long standing assumptions.

The Nixon Shocks of 1971, ending dollar–gold convertibility, threatening to impose stiff tariffs

on Japanese imports, and the U.S. opening to China, reconfigured key elements of U.S. strategy throughout Asia. It also led to a discussion that had been latent in U.S.–Japanese relations for many years, the notion of “double containment.” This concept held that the American military alliance with Japan served two purposes. It not only protected Japan from external aggression, but also allowed the United States to exercise a key measure of control over Japan’s behavior. Even John Foster Dulles who had spent so much energy urging Japan to rearm in the 1950s, at one point in 1957, said that he sometimes questioned if it made sense to arm Japan too heavily if it meant “putting arms in the hands of people who are going to shoot in the wrong direction.” Richard Nixon, as Vice President in the 1950s, also urged Japan to rearm, but in 1972, he explicitly promoted the idea of “double containment” during his conversations with Chinese communist leaders. Nixon pushed back against demands from Mao Zedong and Zhou Enlai when he met them in February of 1972 that the U.S. abandon its security alliance with Japan. The President asked Mao and Zhou whether they had seriously considered the alternative, a Japan uncoupled from American restraints. “Do we want the second most prosperous powerful nation in Asia to go it alone,” Nixon asked, “or do we provide a shield?” Wasn’t a U.S. veto over Japan “less dangerous to China than a Japan-only policy?” Without U.S. bases in Japan, Nixon added, the “wild horse of Japan could not be controlled.”

During the thirty years following Nixon’s opening to China, the U.S.–Japan relationship bent in many ways but never broke. The U.S. was no longer obsessed after 1972, at least until recently, by the “China threat.” Presidents Nixon, Ford, Carter, and Reagan actually looked at China as much as at Japan as a buffer against the Soviet Union during the last stages of the Cold War. After the Soviet collapse in 1991, Presidents Bush and Clinton promoted Chinese economic modernization and its entry into the global trading network as the best way to stabilize Asia. The U.S.–Japan security treaty remained nominally in effect but it appeared less and less central to America’s regional strategy in Asia.

That dynamic shifted again after 2001. Responding to terrorist attacks, U.S. policymakers refocused resources and attention to the Middle East. Meanwhile, with remarkable speed, China became the second largest economy in the world and a global export giant. Gradually, the People’s Republic of China channeled its new wealth into military modernization and has asserted bold territorial and maritime claims in the South China Sea and the East China Sea. China went from being a late-Cold War ally of the U.S. and a counterweight to Russia and possibly a counterweight to Japan to becoming what Washington now perceives as an economic and security rival. One of the many interesting aspects of Trump’s recent anti-China rhetoric is the ways in which it closely echoes the anti-Japanese rhetoric popular among American officials during the 1970s and ‘80s when Washington pundits warned of Japanese schemes to dominate the world economy and turn the Pacific into a Japanese lake. Some of the most critical “Japan-bashers” even spoke of a secret Japanese plan to reverse the verdict of the Pacific War and subdue the United States.

In more normal times, we might anticipate that increased trade and security tensions between the U.S. and China would result logically in closer U.S.–Japan cooperation, But in the era of Trump, few things are that simple. President Trump has challenged traditional American allies, such as Canada, Mexico, South Korea, and the European Union, over a variety of trade and security issues. At the same time, he has deployed a charm offensive toward traditional adversaries, including Russia and North Korea.

Trump’s treatment of Japan seems to lie somewhere in the middle, between these two extremes. In spite of Prime Minister Abe’s public and private efforts to appease the President, Trump has continued to complain bitterly about Japan’s trade practices, to threaten tariffs, and fume about the high cost of American-provided security. This resentment seems to have surfaced in his cruel reference to the Pearl Harbor attack during his meeting with Prime Minister Abe.

These tensions, along with Trump's unpredictability on issues such as North Korea's nuclear and missile threats, have increased anxiety among Japanese that their interests and security may be casually sacrificed by a mercurial President with little interest in or understanding of history. In my lifetime, certainly, I had never expected to see an American leader describe exchanging what he called "love letters" with a North Korean dictator. Might Trump make a nuclear weapons and missile deal with North Korea that undercuts both South Korea and Japan? What once seemed unimaginable now appears at least possible. Is the U.S. willing or even able to confront Chinese hegemony in the South China Sea? We simply don't know. Uncertainty over these and related issues will most likely add momentum to efforts within Japan to jettison the no-war clause of the constitution and adopt a more independent and assertive foreign and security policy.

Let me close by revisiting the question posed to John Emmerson in September 1945 by the junior Mitsui executive. How did the United States propose to reorganize post-war Asia? In some ways, I would argue, during the occupation and the Cold War, it did reconfigure its own version of a Co-Prosperty Sphere in which Washington and Tokyo formed a dominant partnership over the region. That arrangement dominated East and Southeast Asia through the mid-1970s. It persisted in a modified form through the end of the century, maintaining an imperfect balance of power. But, increasingly the U.S., Japan, China and the other nations that sit astride the "great crescent" are moving into uncharted waters without any clear navigational aids to guide them.

Uncertainty and the Political Construction of the EU-Japan Diplomatic Dialogue: The Cold War Years and the New Scenario*

Oliviero Frattolillo**

Abstract

As a historian more than a political analyst who deals with East Asia and particularly with Japan in the modern era, I have focused my attention in this paper on the construction of Europe-Japan relations especially during the Cold War years. The effects of the events occurred in those years are still evident today in the relations between the two parties. This is particularly noticeable within the pure dimension of the historical interconnections from the diplomatic point of view, despite the increasing relevance of the relations on the economic and trade level, for example with the Japan-European Partnership Agreement (EPA), which draws the attention of a number of analysts world-wide.

The path of low diplomacy (1952-1989)

Modern relations between Japan and Europe have constantly been inscribed into a historical narrative that confirmed the absolute pre-eminence of mutual indifference on a diplomatic level, due especially to Japan's opportunistic or structural indifference about high politics discourse, that derived from the Yoshida Doctrine. This is an image that has often been constructed without being interpreted in the Japanese context, or, according to Carol Gluck, "without bringing the outside in". In her own words: "In Japanese eyes, the world sometimes loomed larger in the gazing imagination when it was most absent in the environment of action."¹ The external world exerted a strong influence in Japan's domestic history as a country that once belonged to a pre-existing order (the Chinese order) that was very far removed from the peculiarities of the Westphalian system. So, while occurrences in the European political landscape became experience, they were moulded into history for Japan, which reacted accordingly. So we may see the story as a whole as well as the reverse side of it and the plot that therefore structured the interactions between the two actors derived from a specific reading of events in both political spaces. Only by I think, correlating the images and perceptions of Japanese history and the European context can we bridge these otherwise apparently unconnected behaviors and elevate their interactions to the status of historical narrative.

A number of themes and dimensions – historical, economic and strategic - are involved in its foreign policy with Europe. Furthermore, the role of the US, and more specifically, the evolving

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¹ C. Gluck, 'Patterns of the Past: Themes in Japanese History', C. Gluck, A.T. Embree (eds.), *Asia in Western and World History*, New York: East Gate Book, 1997, p. 759.

post-war relationship between Tokyo and Washington conditioned and encouraged Japan to seek a circumscribed low-profile diplomatic approach to Europe. To make sense of this, it is necessary to employ a deductive analytical framework that I think takes into account the wider and deeper political trends occurring in Japan and clearly conditioned its engagement with Europe.

Inoguchi Takahashi had proposed an understanding of Japan's historical models or perceptions as "free rider" in economic and security terms, "challenger" in trade terms and as "supporter" of international economic and political structures.² It is the coexistence of these models that represented an enigma to Europe. This inconvenient apposition continued throughout almost the entire Cold War era, although the image of Japan as a supportive as well as competitive member of the international community was growing, was ascending.

These perceptions seem to conciliate, in some way, those provided by Christopher Hughes, in accordance with whom, throughout the history of its interaction with Europe, Japan assumed three different images in the eyes of its counterpart, gradually switching over from "peril" during the 60s, to "partner" during the 1980s, and finally to participant during the 1990s and onwards.³ The alternation of these phases which is accompanied by multiple identities and various mutual perceptions was the product of internal and external historical instances referable to both actors.

And the correlation between European and Japanese experience is not only an epistemological stance but was actually applied for and built into Japanese discourses and practices in order to legitimize the implementation of a Japanese horizontal political community in relation to a not merely America-centered West. So as long as what Harry Harootunian defined "America's Japan" has deeply moulded the image that the country had of itself, Japan's interaction with Europe has been jeopardized in several ways.⁴

According, for example, to Carl Gluck, Japan seemed to be in some way hostage of its own post-war history, mainly through the relationship with the US. In her own words, "most countries ceased, stopped to speak of themselves as post-war in the domestic sense by the late 50s and became instead "contemporary". Japan's long post-war was as distinctive as it was anachronistic.⁵ So as stressed by Iwabuchi Kōichi, in the post-war years, Japan's attention was turned to its cultural relation with the West, effectively with the US as its most significant cultural "other" against which Japanese national identity has been constructed.⁶

If we look back on the Japanese history of the past 50 years, it would seem that Japan, in a long-term perspective, successfully managed a series of issues relating to its interactions with Europe by adopting a low-profile approach. During the first half of the Cold War, Japan was criticized for its supposedly single-minded focus on economic expansion, so that in France, the public image of Japanese Prime Minister Ikeda Hayato reductively became that of a transistor salesman. Nevertheless by the 1970s, Europe started to look at Japan to help manage an economy ever more interdependent on the world stage, while during the 1980s, the country had already become a European partner on a political and partly strategic level.

Japan's ability to successfully overcome the diplomatic or political impasse with the European

² Inoguchi T., 'Tinkering Every 15 Years: A New Major Turn in Japan's Foreign policy?', *Japan Spotlight: Economic, Culture & History*, vol. 23, 2004, pp. 38-39.

³ C.W. Hughes, "Japan in Europe: Asian and European Perspectives", in G.D. Hook, H. Hasegawa (eds.), *The Political Economy of Japanese Globalization*, London: Routledge, 2001, pp. 56-69.

⁴ D.H. Harootunian, 'America's Japan/Japan's Japan', in Miyoshi M., H.D. Harootunian (eds.), *Japan in the World*, Durham: Duke University Press, 1993, pp. 196-221.

⁵ C. Gluck, 'The Past in the Present', in A. Gordon (ed.), *Postwar Japan as History*, Berkeley: University of California Press, 1993, p. 93.

⁶ Iwabuchi K., *Recentering Globalization. Popular Culture and Japanese Transnationalism*, Durham: Duke University Press, 2002, p. 9.

counterpart during the post-war decades evidently lies in its attitude to implement pragmatic changes in its foreign policy. Such changes occurred within a liberal framework that sought to reconcile Japan's growing involvement in the international economy with a gradual engagement of the country on regional and global security issues.

That we can say that throughout the 1950s, the international situation remained marked by a high level of ideological tension. In the US a great debate was in progress regarding the new ideology of national security that did not lessen the worries of those who felt the need to deter Soviets without turning the country into a garrison state.⁷ And this is why the main objective of the US was to make Japan as an "unsinkable aircraft carrier"⁸ and ally in the containment action and a means of reassuring Asian neighbors against the onset of new pro-militarist tendencies.

So, although diplomatic contacts with various European states embassies were resumed, for most of the 50s, relations with Europe were marked by a growing distrust of Japan, enhanced by its intensifying trade frictions with the US.

And it is important to remember that a long trip undertaken by Prime Minister Yoshida Shigeru in 1954 brought him to Europe earlier than the US. Many Japanese said that this was Yoshida's *hanamichi*, or "great departure",⁹ and some European countries such as the United Kingdom, France, Holland and Germany were concerned about the threats that the Japanese textile industry could represent for their own industries. And there was considerable resistance to its entry into the GATT in 1955, although the Americans pushed for it.

Nor did Tokyo not show any greater enthusiasm in 1957 when it welcomed the news that the Treaty of Rome has been signed, establishing the European Economic Community. So without underestimating the profound implications that caused the special relationship with Washington, it is undeniable that Europeans perceived Japan as a "peril", a threatening presence to the economic vitality of individual European states and to the unity itself of Europe.¹⁰ The strong competition caused by Japanese multinationals in European markets was compounded by their tendency to create tensions between the various member states. As also noted by Christopher Dent, the Japanese were convinced that "the country's interests would be best served by exploiting European disunity and challenging the rationale of Europe's discriminatory trade policies".¹¹

The 1962 diplomatic and trade offensive in Europe initiated by Ikeda, together with the most important representatives of the Keidanren, was conceived in these terms, and this new phase coincided with, and at the same time has produced a new course in its political relations with the West. By now, Japan was, alongside with the US and Western Europe, one of the three pillars of the free world.¹² Ikeda was aware that in order to stabilize the domestic political situation, by putting down the turmoil of the Leftist forces and reducing the country's dependence on Washington, Tokyo must continue to pursue a line of close cooperation and friendly diplomacy

⁷ M. Hogan, *A Cross of Iron. Harry S. Truman and the Origins of the National Security State 1945-1954*, Cambridge: Cambridge University Press, 1998, p. 24.

⁸ R.J. Samuels, *"Rich Nation, Strong Army": National Security and Technological Transformation of Japan*, New York: Cornell University Press, 1994, p. 132.

⁹ K. Miyazawa, R.D. Eldridge, *Secret Talks Between Tokyo and Washington: The Memoirs of Miyazawa Kiichi 1949-1954*, UK: Lexington, 2007, p. 134.

¹⁰ C.W. Hughes, 'Japan in Europe', in G.D. Hook, H. Hasegawa (eds.), *The Political Economy of Japanese Globalization*, London: Routledge, 2001, pp. 56-69.

¹¹ C.M. Dent, *The European Union and East Asia*, London: Routledge, 1999, p. 87.

¹² M. Iokibe, *Sengo Nihon gaikō-shi*, Tokyo: Yūhikaku, 2006, pp. 116-117.

with both the US and Europe.¹³ However, at that time, this vision was not shared by either the White House or the European powers. It was an impossible project to achieve since, understandably, Washington would not favour a process that allowed Japan to break away from the exclusive US strategic orbit. And at this point, it is easy to imagine how, in this new decade, Japan–Europe relations continued to be dominated by trade disputes.

On the other hand, at this historical moment, even the US decided to accord secondary importance to Europe. And during a visit to China in February 1973, Henry Kissinger told Zhou Enlai and Mao Zedong that the Europeans “cannot do anything anyway. They are basically irrelevant”.¹⁴ On 26 September, Tanaka began a lengthy trip to Europe that took him to Paris, Bonn and London, the first time for a Japanese official since Ikeda in 1962.

And Japanese politicians seemed to show a certain carelessness in relation to their counterparts, and were mainly concerned with reconstructing their diplomatic and commercial relations with China and the countries of Southeast Asia. On the other hand, Europe perceived Japan as arrogant, citing its protectionism and reluctance to respond to European complaints. In Bert Edström’s words: “Despite the Tanaka government’s interest in establishing close ties with Western Europe, there was something of a gap between the rhetoric of cooperating with Europe and the actual policy pursued by the government”.¹⁵

During the 1980s, Japanese–European relations began to take on more political depth. In European common perception, Japan was transformed from “peril” to “partner” as the result of the country’s first experience of political maturity in conjunction with awareness on the part of the Europeans that they were interfacing with an actor capable of working in partnership with both individual member states and Brussels. So, since the end of World War II and well into the 80s, relations between Japan and Europe have been characterized by a coldness in terms of diplomatic dialogue, alternated with trade disputes.

Cold War geopolitics made a decisive contribution in depriving Japan of an effective, independent foreign policy, and most of its choices in international security matters tended to depend on decisions made in Washington.

The new diplomatic scenario

Following the end of the Cold War in Asia, the new debate within leading Japanese circles was centered on the need for Tokyo to frame its foreign policy within a new doctrine. Although the Yoshida Doctrine delegated national security to the US and included economism among its primary goals, Japan was able to conceptualize a vision of soft security with aims that were widely shared by the US.

Especially after the signing of the EU-Japan Action Plan in 2001, Tokyo and Brussels initiated a fruitful and multilateral cooperation, as shown by their involvement in projects in countries afflicted by instability and security problems. So first of all it will be fully legitimate, and indeed

¹³ During this period Japanese domestic politics were going through a critical phase, in part due to the 1960 general elections; this also affected the country’s relations with the PRC. First, one should take into account what was happening within the JSP, which had always encouraged rapprochement with Peking. Eda Saburō, general secretary of the JSP, rejected what was stated in Asanuma’s 1958 declaration, declaring instead that Japan would continue to pursue a policy of close collaboration with the U.S. His words garnered Chinese hostility, and Sasaki Kōzō (a member of the extremist wing) was preferred to Eda. In January 1962, Suzuki Mosaburō, former president of the JSP, visited China to reaffirm Asanuma’s declaration, stating that the underlying cause of the absence of Japan-China official diplomatic relations was due to American imperialism as well as Ikeda administration.

¹⁴ Quoted in R. Dallek, *Nixon and Kissinger. Partners in Power*, London: Penguin Books, 2008, p. 466. See also H. Kissinger, *White House Years*, New York: Simon & Schuster, 2011.

¹⁵ B. Edström, *The Japanese and Europe: Images and Perceptions*, Richmond Surrey: Curzon, 2000, p. 219.

helpful, to question how the EU is perceived in Japan, and whether or not Tokyo considers Brussels to be a leading player in foreign policy and global security. And the short answers to these questions are most likely “positively” and to what extent and within what limits respectively?

On the negative side, common knowledge regarding the EU is still very scarce in Japan. It rarely makes the front-page news, and only a relatively small number of Japanese scholars and politicians understand and are interested in how Brussels works. However, this phenomenon seems to be undergoing gradual changes in Japan, with a growing number of universities offering courses in European Studies, the rise of specialized research institutes, the flux of Japanese scholars studying and teaching in Europe, which is constantly increasing, and young people involved in international exchange programs.¹⁶

Since the late 80s, and especially after the adoption of the Hague Declaration in 1991, a specific “EU factor” began to influence all the political relations between Japan and Europe, although the former continued to reinforce its bilateral ties with individual European states. However, while Japan and the EU have jointly promoted the idea of a comprehensive reform of the United Nations, there has never been a common EU–Japan position on the content of this reform.¹⁷ Partly because of the complexity of EU decision-making process, and partly because of a lack of understanding of how responsibility is distributed between the EU’s institutions and its members, Japanese policy makers still seem uncertain about the true force of Brussels’ weight on the world stage, on which important decisions that affect Japan are taken by each member State and adopted by the Union as a whole. The failure of the referenda on the EU Constitutional Treaty in the Netherlands and France in 2005 were taken by Japanese politicians as a sign that EU integration has limitations and that Tokyo must continue to deal with both the national governments and Brussels in order to “get the most out of Europe”.

The logical approach adopted by Japan in expanding its relations with the EU after the end of the Cold War was to “diversify” its international relations and security policies, which until then had been almost entirely defined within the framework of its bilateral alliance with the US.¹⁸ Japan believed that privileged relations with the EU would redress the balance of its international diplomacy, making it less vulnerable to accusations that its regional, foreign and security policies needed to be checked, or even “approved” by Washington. In November 2002, a report from the “Task Force on Foreign Relations” - a body established to advise former prime minister Koizumi - identified the EU as a “strong partner” in certain areas of cooperation. As stressed by the report, in a new world order, Japan needs to have a partner in relation to every single issue. Europe could be construed as a rational choice of partner for some topics. The Task Force also warned that it would be necessary for Japan to choose between dealing with the EU or with individual European countries on a bilateral level, on a case-by-case basis. This is indicative of Japan’s desire to be sure that it can continue to interact with single EU members when it best suits its own interests.

¹⁶ See U. Niemann, ‘The Dynamics of People-to-People Exchanges Between Asia and Europe’ *Chulalongkorn University Journal of European Studies*, vol. 9, no. 2, July-December 2001, pp. 28-34; P. Lim, ‘Beyond Economic Cooperation: Prospects for Mutual Social, Cultural and Educational Ties’, in *The 3rd Seoul ASEM and Asia-Europe Relations*, Seoul: Korean Society for Contemporary European Studies, 2000, pp. 109-133; N. Chaban, M. Holland (eds.), *The European Union and the Asia-Pacific. Media, Public and Elite Perceptions of the EU*, London: Routledge, 2008; N. Chaban, M. Holland, P. Ryan (eds.), *The EU Through the Eyes of Asia. New Cases, New Findings*, vol. II, Singapore: World Scientific, 2009. For a detailed historical overview on the subject, starting from the 1970s, see Iwasa T., *West European Academic Images and Stereotypes of Japan Since the 1970s*, Doctoral thesis, Florence: European University Institute, Department of History and Civilization, 2007.

¹⁷ See Nakanishi T., *Naze Yōroppa to te wo musubu no ka. Nichi-Ō shinjidai no sentaku*, Tokyo: Bensei shuppan, 1996.

¹⁸ See Funabashi Y., *China-Japan-US: managing the trilateral relationship*, Tokyo: JCIE, 1998.

Despite the growing importance of the EU in foreign policy and global security, the MOFA still provides substantial human and financial resources for departments dealing with Asia and US, rather than Europe. In addition, because of the division of labour within the ministry (and also taking into account the competition between the inter-ministerial bureaucrats dealing with economic, political and security matters) Tokyo cannot lay claim to a single coherent strategy concerning the EU.¹⁹

From the Japanese point of view, the EU can contribute very little, if at all, to the country's security given both the close defence ties existing between Washington and Tokyo and East Asia's security environment, still fragile. It would seem it is a commonly held belief in Japan that any initiative to cooperate with the EU in the field of security can only be complementary to its military relationship with the US, which focuses on hard security whereas the Japanese-European cooperation on security issues emphasizes its non-military aspects. The effectiveness and outcomes of all joint efforts aimed at contributing to global peace and stability therefore inevitably depend on Japan's ability to successfully implement the two approaches together. Over the past decade, Brussels and Tokyo have participated in many joint initiatives and established a form of dialogue that has focused on many issues, as mentioned above. However, the EU-Japan cooperation on nuclear disarmament lacks credibility given that Japan continues to enjoy the protection of the US nuclear umbrella, while in Europe it is not seen as a priority, and indeed it might be said that it is not even an option for at least two member states (the UK and France).

After the North Korean nuclear test carried out in October 2006, some prominent members of the LDP indicated that a nuclear-armed North Korea could turn on Japan again in a debate over the development of nuclear deterrents. In September 2005, the EU and Japan launched a "strategic dialogue on security in Asia" in which they discussed issues of regional security in Asia at regular institutional meetings. Between 2004 and 2005, both Japan and the US were concerned that the EU would lift the embargo on China and resume its weapons and military technology exports to the country, thus helping Peking in its efforts to modernize its armed forces. Both countries complained – officially, as well as unofficially - that Brussels did not seem to be sufficiently aware of the possible impact of EU policies towards China, and suggested that these and other questions should be periodically addressed by the EU, the US and Japan on a bilateral basis.

We should perhaps question whether 'strategic dialogue' between the EU and Japan has a logic sense beyond the discussions over the embargo, and whether there are enough strategic issues of common interest in Asia to form the basis of a discussion. North Korea and its nuclear programme is certainly one of these problems. Disagreements on political issues between the EU and Japan are extremely rare. The non-military security cooperation between the two parties, the joint support for the ICC and the signing of numerous protocols for disarmament demonstrate the similarity of both actors' approaches to international security and non-proliferation.

However, while Japan and the EU have jointly promoted the idea of a comprehensive reform of the United Nations, there has never been a common EU-Japan position on the content of this reform. On the other hand, this should not be surprising given that Japan and Germany, one of the most important EU member states, were primarily focused on obtaining a permanent seat on the UN Security Council. The absence of concrete action that would make stronger the political and security relations beyond the current level suggests that the timeframe of the EU-Japan Joint Action Plan will remain relatively slow, or "without surprises", in the coming years.

This is easily understandable given the priorities of the EU foreign policy agenda, on the one hand, and Japan's security ties with the US, on the other. However, it should be noted that, in Japan, the perception of the EU as a player in foreign policy and security is, to some extent, improving. Its past contributions to security in Asia marked it out as a potentially important

¹⁹ See J. Gilson, *Japan and the European Union*, London: MacMillan, 2000.

and constructive partner for Asia and for Japan itself. So the progress made to date in terms of combining resources and coordinating policies relating to conflict prevention and peace building is not negligible. However, as the two parties did for the Economic Partnership Agreement (EPA) which is recently entered into force, Brussels and Tokyo could certainly stand to do more also on the political level.

Turbulence in the Post-war Order and Issues in Japanese Diplomacy*

Hiroshi Nakanishi**

Abstract

Few would deny that a sense of insecurity is growing across the world today. One might say that, at the root of such sense of insecurity, there exists a turbulence in the post-war order, which has been the basis of the peace and prosperity that the world has enjoyed for more than 70 years. We have a tendency to focus on particular individuals and phenomena. However, distinctive individuals and events are the signs—and also the results—of changes that are both structural and long-term. In this paper, the author presents an overview of the trajectory of changes in the post-war order and points out three factors that have hollowed out the post-war order from the inside: emergence of a risk society, the rise of the rest, and decline in the political leadership of the democratic system. The author also suggests that Japan should enhance the ability to make strategic judgments that determine the allocation of limited resources in order to maintain its peace and prosperity in such a turbulent world.

Introduction

Few would deny that a sense of insecurity is growing across the world today. Of course, this is a question of perception, and one might also say that compared with the terror of nuclear war between the US and USSR during the Cold War era, there are presently no huge threats and the modern world has escaped from the danger of major disaster. However, the fact that there is no clear object of fear is itself amplifying the present sense of uncertainty. At the time this is being written (the end of November 2017), the world is facing multiple unpredictable political risks including tensions regarding North Korea's nuclear missile program, developments in Saudi Arabia in the Middle East, and the outlook for the administration of Angela Merkel in Germany. On the other hand, the global economy is favorable and stock markets continue to post record highs. Does this mean that the world's investors anticipate that the impact of such political risks will be limited, and that has resulted in such a situation? Or should it be interpreted as an indication that investors are closing their eyes to political risks and concentrating on financial speculation alone? The source of the anxiety today is that our fundamental conceptual framework itself for understanding and interpreting the current situation is being shaken. To quote the famous words of US President Franklin Roosevelt's inaugural address, "the only thing we have to fear is fear itself." Nevertheless, this undefined fear is what makes us most afraid.

One might say that at the root which has led to such global conditions lies an upheaval in the post-war order, which has been the basis of the peace and prosperity that the world has enjoyed

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for more than 70 years. We have a tendency to focus on particular individuals and phenomena such as the withdrawal of the United Kingdom from the European Union (EU), the election of President Trump, and the North Korean nuclear missile tests. However, distinctive individuals and events are the signs—in other words, the superstructure—of changes that are both structural and long-term. In this paper, I present an overview of the trajectory of changes in the post-war order, and also touch on issues in Japanese diplomacy.

1. History of the Post-war Order

The framework of the present international order was formed during and just after the end of WWII. At its core are universal international institutions such as the United Nations and the Bretton Woods institutions. Following two world wars, which caused tens of millions of casualties during the first half of the 20th century, as well as the horrors of the development and use of nuclear weapons toward the end of WWII by a project which gathered the best of modern science, humanity has spent more than 70 years without experiencing large-scale war.

So, from a long-term perspective, one might conclude that the continued peace brought about by the post-war international order was actually founded on the long-term and large-scale destruction and violence experienced prior to that time. Then, why did such destruction and violence occur? One interpretation is that the changes sparked by the Industrial Revolution, which developed full-scale from 19th century Europe, had burst apart the 19th century order, and that these horrors occurred in the process of seeking a new equilibrium.

(1) Formation of the post-war order

From the 19th century forward, the Industrial Revolution promoted industrialization throughout the world. Industrialization brought multiple huge changes to human society. These changes may be summarized as (1) a dramatic increase in production capacity, (2) an expansion of the state's administrative ability to control society, (3) a rapid increase in population, and (4) the diffusion of power from Europe to the rest of the world.

From the end of the 19th century through the beginning of the 20th century, these changes created nations with robust state bureaucratic systems, including large-scale military forces, in the advanced nations where industrialization had progressed, and also rapidly deepened cross-border exchange. Meanwhile, the empires of the Qing Dynasty, Spain, Ottoman Turkey, British India, and Russia, which had ruled over most of non-European world up until that time, could not bear military rivalry with and economic penetration by the advanced nations which had industrialized, and they gradually weakened.

Such changes led to the wars such as the First Sino-Japanese War, the Spanish-America War, and the Boer Wars, as well as the revolutions and anti-government movements such as the First Russian Revolution, the Young Turk Revolution, the Xinhai Revolution, and self-government by the Indian National Congress. In WWI, a terrorist incident in the Balkans at the border of the weakened Austro-Hungarian and Ottoman empires triggered war among European industrialized countries, and eventually spread into a global war in which Japan and the US also participated. The Russian, Austro-Hungarian, German, and Ottoman empires were forced to collapse one after another.

After WWI, efforts were made to restore the international order with the formation of the League of Nations and the reconstructed gold standard, but with the beginning of the Great Depression (1929), the capitalist economies led by the US and the UK were at the brink of failure. The USSR and fascist nations adopted planned economies or controlled economies, and the acceptance of market intervention by the state rose in the free market countries as well. In the course of political and economic crises, the advanced nations proceeded along the path to becoming administrative states with large-scale bureaucratic organs responsible for wide-ranging

functions such as national security and social security, and with the tax collection systems to support them.

WWII provided another opportunity, especially for both the US and the UK, to shape a new international order. As presented in the Atlantic Charter, which was issued in August 1941, that international order was fundamentally one to pursue liberal ideals. Having said that, national power was also emphasized to facilitate the achievement of those liberal ideals and to uphold them. The solid foundations of the post-war international order were established by combining liberal ideals with practical elements of power.

Specifically, the post-war order had four main pillars. The first was the realization of the “politics of productivity” (Charles Maier), which enabled both industrialization and stable popular government. The second was the founding of a universalistic United Nations with mechanisms for the great powers to maintain the international order. The third was the multilateral free trading system, which mostly promotes trade in industrial products. And the fourth was a progressivism that affirms industrial civilization, along with a sharing of anti-war sentiment transcending regions and systems, based on the tens of millions of victims of the two world wars.

These four pillars underwent revisions as the Cold War began and the advanced industrialized world was split into the two camps of East and West shortly after the end of WWII. The security order was mainly maintained by mutual restraint between the two camps rather than by collaboration among the great powers, and the free trade system was shared exclusively among Western industrialized nations as a hegemonic framework for which the US carried the burden. Regardless, through the early 1970s, these four pillars continued functioning to a substantial extent as the basic framework of the international order.

Japan, which was defeated in WWII, also walked the path to reconstruction within this post-war order. Japan lost its regional hegemony in Asia and its military, but the Western open economic system resolved the lack of resources and markets that had troubled pre-war Japan as a newly industrializing country. Japan was able to advance rapid industrialization under this system. With the “politics of productivity” as the foundation, Japan was also able to construct the stable political framework known as the “1955 System.”

On the other hand, Japanese foreign policy was facing two issues up until the early 1970s. The first concerned Japan’s security policy. Under the Constitution of Japan enacted just after the war, the security of Japan, as a former enemy nation, was prescribed assuming it was under the control of the United Nations. In the subsequent transition to the Cold War regime, however, Japan accepted US forces as an ally, concluded the Japan-US Security Treaty, and began rearmament within certain limits without revising its Constitution. This torsion did not generate any specific problems as long as the mutual deterrence structure between East and West avoided actual wars among the industrial powers, but a fundamental vagueness remained in Japan’s national security structure.

The second issue was that the post-war Asian region became the focus not only of the Cold War regime, but also of decolonialization, which was another global-scale transformation. While Japan positioned itself as “a member of Asia,” an interaction between the Cold War and post-decolonialization politics prevented Japan from establishing formal relations with divided China and Korea, with which it had deep ties as former war theaters and colonies, were postponed. As a result, the emphasis of Japan’s foreign policy was placed overwhelmingly on its relations with the US, Europe and their post-colonies.

(2) Changes in the post-war order

The post-war order reached a turning point in the 1970s. While the industrialized nations were suffering from skyrocketing resources prices, reduced economic growth rates, high inflation, and rising unemployment, the East-West framework of the Cold War could no longer grasp the whole

of international politics, including changes such as an intensification of the North-South divide and shifting relations among the US, China, and the USSR.

The basis of these changes was the undercurrent that subsequently came to be called globalization, that is, technological advances made it possible for various actors in society to greatly amplify their capabilities, and the quality and quantity of transnational activities rapidly expanded. Such phenomena had begun gradually progressing from the 1960s. While advances in transportation and telecommunications technologies enabled the movement of people, goods, and money eluding the net of government regulations, new communication networks, such technological developments also awakened an awareness of identity based on ethnicity and religion. One might say that the strengthening domestic solidarity and increased cross-border interdependence which had progressed centered on the state from the 19th century through the first half of the 20th century emerged at this time with a focus on social actors.

Yet, in the 1970s, the Cold War framework was still steadfast, and the Western capitalist nations were able to maintain solidarity. The Western countries stepped up their vigilance over the advance of the USSR and other communist countries such as Cuba into developing nations, and collaborated to strengthen defense capabilities and maintain free trade to avert protectionism and division into bloc economies.

Then from the 1980s, new political coalitions that would lead the West were formed in the US and the UK. In contrast to the liberal and Labour Party forces that had led politics since the end of the war, political conservatism and market-oriented liberalism fused into new political alliances which attacked large government, labor unions, and other vested interests. US President Ronald Reagan and UK Prime Minister Margaret Thatcher brought together conservative political alliances while also establishing market-oriented economic policies.

In this way, the post-war order was maintained, overcoming the crisis of the 1970s. Nevertheless, the post-war Cold War framework was weakened. The mutual deterrence between East and West by nuclear weapons morphed into competition in high-tech weapons, and the confrontation between capitalism and socialism, which shared industrial civilization, turned into a moral battle of good against evil between democracy and despotism. The deregulation line led by the US and the UK transformed into a globalization policy of removing all economic barriers from free trade centered on the manufacturing industry, and as the relocation of manufacturing overseas advanced, the stable middle class and organized interest groups such as industrial societies or trade unions gradually broke down, and the trend whereby public relations and image strategies determine election results intensified. Manufacturing firms relocated to developing countries, which had started moving away from their former closed development policies and begun adopting market economy policies, and rapid industrialization was achieved in the East Asian countries, in particular.

Mikhail Gorbachev, who became the Secretary General of the Communist Party of the Soviet Union in 1985, eased the USSR's tense foreign relations and worked toward the revitalization of its domestic society. He achieved some measure of success at the former, but failed at the latter, which ultimately brought about the separation of Eastern Europe from the Communist Bloc as well as the eventual dissolution of the USSR and its withdrawal from communism. In foreign relations, his "new thinking" diplomacy eased East-West tensions and was well received, but the domestic revolution became frustrated, and ultimately this approach allowed Eastern Europe to abandon communism, leading to an attempted coup d'état by communist party members and the collapse of the USSR. In a nutshell, , whose efforts ultimately failed

As the Cold War was coming to an end, when Saddam Hussein of Iraq attempted to annex Kuwait by force, miscalculating the US reaction, the US and USSR collaborated to confront this by restoring the pre-Cold War UN collective security mechanism, and the multilateral forces dispatched based on a UN Security Council resolution won an overwhelming victory with the full

use of US high-tech weaponry. The images of the war broadcast live across the globe gave the impression that the liberal international order originally conceived in the aftermath of WWII had been realized under US initiative. While happenstance, it was also symbolic that it was President George H.W. Bush, the last president to have fought in WWII, who proclaimed “a new world order.”

During this period, Japanese diplomacy followed a path of growth and setbacks. From the 1960s through the 1970s, Japan had overcome its prior restraints for the time being and constructed a foreign policy framework as the second largest economy in the free world. First, this was a comprehensive security policy whereby, while keeping self-defense capabilities within a certain range, economic influence was used as a means for diplomatic security policy for the purposes of international cooperation and development assistance, instead of linking economic power to building up military capabilities overseas. Second, it succeeded in setting Japan's relations with Asian countries including China and South Korea, with economic relations as the foundation, and promoted Asia-Pacific regionalism by combining free trade among advanced nations around the Pacific rim with development assistance to Asian countries. These became systematic during the Masayoshi Ōhira administration in the late 1970s, which called for Pan-Pacific regional cooperation and established the Pacific Economic Cooperation Caucus (PECC) in 1980. Based on this foundation, in the 1980s the administration of Yasuhiro Nakasone worked to solidify Japan's ties with the West, reinforce the US-Japan security alliance, and improve relations with China and South Korea, under the slogan of Japan as an “international state.”

However, the direction of such successes changed in the late 1980s when the Japanese economy became bloated from an economic bubble and Japan became viewed as an outlier mercantilist power by other Western countries. Moreover, in the Persian Gulf Crisis and the Gulf War, Japan presented no clear policy on the potential use of force, and in the end could only share the burden with a financial contribution of \$13 billion. Coming on top of the collapse of the bubble economy, this experience made Japan feel a deep sense of frustration and begin seeking reforms to catch up with the new post-Cold War world order.

2. The Dissolving Post-War Order

However, expectations of the new world order rapidly fell by the wayside. Looking back today, one cannot help but see the Western world's euphoria and pride, as well as its failures. This period gave rise to the two theses: Francis Fukuyama's 1989 “The End of History?” and Samuel Huntington's “The Clash of Civilizations?”¹ Reading these again today, while they naturally have some defects because of the limitations of the times, one notes how the world, and the Western world in particular, failed to take seriously the warnings voiced by these two authors. While stressing the victory of liberal ideology, Fukuyama points out that contemporary liberalism is limited because of its inability to give people aspirations which transcend utilitarianism and everydayness. Meanwhile, Huntington argues that while for the time being Western civilization should work at reinforcing its own influence versus non-Western civilization, especially Confucian and Islamic civilization, over the long term it is necessary to anticipate the emergence of non-Western civilization, transcend cultural differences, and reach a deep understanding. Despite the debates sparked by both of these essays, the West did not earnestly respond to such reservations

¹ Francis Fukuyama, “The End of History?” *The National Interest*, Vol. 16 (Summer 1989), pp. 3–18; Samuel P. Huntington, “The Clash of Civilizations?” *Foreign Affairs*, Vol. 73, No. 3 (Summer 1993), pp. 22–49. Both of these papers were subsequently published as books: Francis Fukuyama (Shōichi Watanabe trans.), *Rekishi no Owari—Rekishi no “Shūten” ni Tatsu Saigo no Ningen* [The End of History—The Last Human Standing at the “Destination” of History] (Vols. 1 and 2), Mikasa Shobo, 1992 [original text 1992]; Samuel P. Huntington (Chikara Suzuki trans.), *Bunmei no Shōtotsu* [The Clash of Civilizations], Shueisha, 1998 [original 1996].

or warnings. The conditions today nearly 30 years after the fall of the Berlin Wall, in which walls that separate people are being built in all parts of the world, including cyberspace, must be seen as the consequences of the complacency of the advocates of liberalism. More specifically, three factors overlapped to gradually hollow out the post-war order from the inside, just as termites destroy buildings by consuming their pillars.

(1) Emergence of a risk society

What manifested in the 1990s following the conclusion of the Cold War was the risk society² that accompanies globalization. While globalization greatly expanded the scope of activity of social actors, by removing various boundaries and linking them as a network it also caused new risks that had been buried during the Cold War era to emerge.

The rapid advance of identity politics was one of the sources of these risks. Through examinations of historical relics and records, the information technologies that enabled globalization also made it possible for the masses to gain awareness of memories that had been forgotten in the past. In contrast to the post-Cold War liberal world view which tended to deny a communitarian sense of belonging to certain groups, groups which rallied for particular ethnicities and religious interpretations provided identity awareness and gained a strong ability to mobilize.

What is more, with the progress of globalization which made it possible for people, money, goods, and information to move across national boundaries, society approached a complex system (chaos) of multifaceted spider web-like networks linking various and diverse factors. In complex systems, local phenomena gain the potential to exert large-scale changes and influences going beyond the range that can be controlled based on technological causal inference (the butterfly effect). Such conditions were demonstrated time and again, as typified by the financial crises of Black Monday (1987), the East Asian monetary crisis (1997), and the Lehman crisis (2008). What is more, the power of entities which devote themselves to destroying the existing order at the local level gained force relative to that of systems managers responsible for overall stability, such as the major powers. Small-scale challenges and disruptions of order by terrorists and rogue states came to cause risks for overall systems.³

In that sense, the September 11, 2001 terrorist attacks in the US were an epoch-making event. A terrorist group using just the low-level technology of hijacking airplanes struck a blow in the heart of the US, which apparently took pride in being invincible. The psychological impact of these attacks was far greater than the physical damage.

Following the 9/11 attacks, the administration of President George W. Bush placed the “war on terror” at the center of US foreign policy, and not only invaded Afghanistan which had become a base of Al-Qaeda and toppled the Taliban regime, but also designated Iraq, Iran, and North Korea as the “axis of evil” and went to war to overthrow the government of Saddam Hussein in Iraq. The administration of Tony Blair in the UK mediated in assembling cooperation from the international community for the “war on terror,” and ultimately exercised force together with the

² This term is based on the concept suggested in Ulrich Beck (Ren Azuma and Midori Itō trans.), *Kiken Shaka—Atarashii Kindai e no Michi* [Risk Society—Towards a New Modernity], Hosei University Press, 1998 [original 1986].

³ Early works which attempted to apply the concept of chaos to international politics include Yōnosuke Nagai and Jitsuo Tsuchiyama (eds), *Chitsujo to Konton (Chaos)—Reisengo no Sekai* [Order and Chaos—the Post-war World], Ningenno Kagakusha, 1993, and Robert Jervis, *System Effects: Complexity in Political and Social Life*, Princeton University Press, 1997. Taleb’s work stressed this concept once again just before the Lehman crisis: Nassim Nicholas Taleb (Mamoru Mochizuki trans.), *Black Swan—Fukakujitsusei to Risk no Honshitsu* [The Black Swan: The Impact of the Highly Improbable] (Vols. 1 and 2), Diamond, Inc., 2009 [original 2007].

US.

Overtaking the Hussein administration was easily achieved given the US military capabilities. However, the failure to make any preparations for government after the collapse of that administration reflected the simple optimism of liberal democracy as the historical winner, and the US and UK which took the initiative in the war paid a high price for their excessively optimistic outlook. The confusion of the post-war governance pulled down the international prestige of the US and UK, and insufficient attention was given to the development of nuclear weapons by Iran and North Korea.

Because the burden of the “war on terror” turned out to be much heavier than initially anticipated, the Bush administration then had to give particular attention to upholding domestic economic conditions. Because a real estate bubble had been tolerated and those loans were turned into financial products, when the real estate bubble collapsed, that spread into a general financial crisis. The emergence of the Lehman crisis in September 2008 reconfirmed the fragility inherent in globalization.

(2) The rise of the rest

The “rise of the rest”⁴ progressed in parallel with the prolongation of the war on terror and concerns about a global depression starting from the US caused by the collapse of Lehman Brothers. A 2003 report by the largest US securities company Goldman Sachs used the term “BRICs” to refer to Brazil, Russia, India, and China, and hinted at the potential that these countries could surpass the industrialized nations in the future global economy, drawing a great deal of attention.⁵ These four countries plus South Africa subsequently came to be called the BRICS, and various other terms were proposed to refer to the BRICS together with other emerging nations.

At that point in time, the West mostly viewed the emergence of the newly industrializing economies not as a challenge to the international order, but rather as a demonstration that the cooperative framework would be maintained because these countries also benefitted from the open order created by the West.⁶ To be certain, up until the 2008 Lehman shock, the basic policy in these countries as well was to pursue economic growth within the international order led by the industrialized nations. For example, in the case of China, the administration of Hu Jintao which came to power in 2002 initially called for a “peaceful rise” of China, and emphasized the stance that the emergence of the Chinese economy was not a threat to the existing order but was rather in line with that framework.

Just after the 2008 Lehman crisis, there were growing calls for the industrialized nations and the newly industrializing economies to reinforce the international cooperation framework with new foundations. The strengthening of the G20 is a representative example. The G20 Summit first held at the invitation of the US in November 2008 was made into a regular event. After the crisis settled down somewhat, however, cracks emerged between the advanced nations and the emerging economies, and the stagnation of the G20 became conspicuous. The background to this included a sense among the emerging economies that Western leadership was in decline as they gained confidence in their own economic power, along with an emphasis on strengthening authoritarian systems to avert domestic social discontent over growing economic disparities and

⁴ Fareed Zakaria (Kōichi Nirei trans.), *Amerika-go no Sekai* [The Post-American World], Tokuma Shoten, 2008 [original 2008].

⁵ Dominic Wilson and Roopa Purushothaman, “Dreaming with BRICs: The Path to 2050,” *Global Economics*, Paper No. 99 (Oct. 2003) [<http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/brics-dream.pdf>].

⁶ As a representative advocate, see G. John Ikenberry (Yūichi Hosoya trans.), *Riberaruna Chitsujo ka Teikoku ka—Amerika to Sekai Seiji no Yukue* [Liberal Order and Imperial Ambition: Essays on American Power and International Order] (Vols. 1 and 2), Keiso Shobo, 2012 [original 2006].

over control over freedom of speech. Consequently, albeit only partially, the newly industrializing countries began to make clear their critical stance toward the existing order led by the West.

The trends in China and Russia were particularly important. The Beijing Olympics were held just before the Lehman crisis, and in China from this time there were growing calls among the leadership to switch from the line of “keeping a low profile and biding time” to a policy of actively “striving for achievement,” and a struggle for power emerged in relation to the succession of power to Xi Jinping. Once Xi took power from 2012, China turned increasingly proactive in its foreign policy. Under the banner of “the great revival of the Chinese nation,” while strengthening its voice within the existing international economic order through such initiatives as including the renminbi as one of the currencies that comprise International Monetary Fund (IMF) Special Drawing Rights (SDR), China launched its “great maritime power” and “Belt and Road” initiatives, established the Asian Infrastructure Investment Bank, and otherwise began building up a framework to compete with the existing framework led by the West. Meanwhile, domestically, the Chinese government tightened its stance toward controlling the spread of outside influence, and stepped up its control over free speech, which had been tolerated to some extent under the reform and opening-up policy.

Glorification of nationalism and regression of freedom have also proceeded in Russia under the administration of Vladimir Putin, which has suppressed the opposition, placed the media under control, and grasped the foundations of power of the *siloviki* (persons related to the security or military services) and of energy and other industrial conglomerates. Furthermore, the Putin administration has strong suspicions regarding Western penetration of Russia and nearby regions, and has taken stances opposing the West in its territorial dispute with Georgia (2008), and in the Russian military intervention in Ukraine and annexation of Crimea (2014).

However, the newly emerging economies are not strongly united: India was absent from the 2017 Belt and Road Forum for International Cooperation, and there is some overlap between the Belt and Road initiative and the Eurasian Union advocated by President Putin. At least for the time being, the effect from the rise of the newly emerging economies will likely be limited to eroding and weakening the post-war order, and the construction of an opposing order will not be straightforwardly pursued.

(3) Decline in the political leadership of the democratic system

While the newly emerging economies began to distance themselves from the post-war order led by the West, domestic politics were destabilized in the Western nations, especially in the US and UK which had served as the core leaders of the post-war order, and their international leadership declined. This trend, which had been noted just after the end of the Cold War⁷, rapidly accelerated after the Lehman crisis. While the recurrence of a global depression has been averted since the Lehman crisis by non-traditional financial policies and a large-scale expansion in fiscal spending, the fracturing of society has deepened over that time, and the political support for anti-globalism can no longer be ignored. While the anti-globalism movement does not have a systematic world view, it does embody the sense of the downfall of the middle class, which enjoyed prosperity during the period when the post-war order was fixed, and this movement has also become mixed with a backlash against the elite who pushed globalization forward, animosity toward immigrants, ethnic and religious chauvinism, and fear of terrorism. Although the majority of people do not actively support anti-globalism, its influence in democratic politics is rising from

⁷ A political analyst who proposed the “southern strategy” to the Republican Party in the past drew a picture of the political deterioration of Anglo-Saxon society. See Kevin Phillips (Hisayoshi Ina trans.), *Amerika de “Kakumei” ga Okiru—Washinton Kaitai o Semaru Shin Popyurizumu* [Arrogant Capital: Washington, Wall Street, and the Frustration of American Politics], Nikkei Publishing, Inc., 1995 [original 1994].

its ability to mobilize politically since the use of social networking services (SNS) and other new communications means outside the mass media has become widely available.

In 2016, such political changes brought about major shifts in the foreign policies of the US and the UK, which had been in charge of the post-war order. Barack Obama, who became the first black president of the US in 2009, declared that the US is not the world's policeman, and pursued a diplomacy without relying on military power and an emphasis on multilateral cooperation. While Obama's idealistic vision calling for a "world without nuclear weapons" had the power to appeal to public opinion, he failed to completely bridge the gap with China and Russia which stepped up their challenges against the West and were becoming increasingly authoritarian, and while he did achieve the withdrawal of US combat units from Iraq, that invited the rise of the Islamic State (IS). Non-military response to the mountain of problems, including the governance of Afghanistan, North Korean nuclear missile development, and Iraqi nuclear development, had its limits and conversely led to a decline in international prestige and intensification of domestic opposition. In the 2016 US presidential election, Hillary Clinton who inherited the Obama line lost to Donald Trump who called for an America First policy, which implied destroying the post-war international order based on American liberal leadership. In the UK as well, Prime Minister Tony Blair who had a middle-of-the-road line resigned amid criticism regarding the Iraq War. The Labour Party lost its cohesiveness, and after the brief administration of Gordon Brown, the government switched to the Conservative Party administration of David Cameron. However, in order to achieve unity within his own party, Cameron rather capriciously proposed a national referendum on Britain leaving the EU. To the shock of the British and the world, the "Leave" vote narrowly outnumbered the "Remain" vote in the referendum of June 2016.

The Brexit referendum under the Cameron administration and the selection of real estate agent Donald Trump as the Republican Party candidate and then as president revealed cracks in the alliance between neoliberalism and conservative patriotism that had been central to US and UK politics since the 1980s. Neoliberalism and conservative patriotism had been united under the great causes of criticizing the administrative state and confronting communism, but after the end of the Cold War internal tensions intensified with a sense of the downfall of the conservative middle class and debates regarding war leadership. As a result of this split among the conservatives, Prime Minister Cameron was forced into holding the Brexit referendum. While in the US, the split within the Republican Party enabled the selection of Trump as the Republican candidate. Of course, turmoil in domestic politics is not limited to the US and the UK: the emergence of anti-EU factions and separatist movements can be seen in other European countries as well.

It should be possible to argue from a logical and utilitarian viewpoint against President Trump's assertions that the present international order places excessive burdens on the US, allows free-riding by other countries, and harms US interests. Nevertheless, it is undeniable that the US and the UK, and the US in particular, have borne an asymmetrical burden (admittedly with certain privileges) in the post-war international order, and a utilitarian counterargument based on profit-and-loss arithmetic will not resonate with the feelings of those who seek more than utilitarian value. In addition to the emergence of the risk society and the rise of the newly emerging economies, the post-war order is now being challenged from inside the states that have served as its main axis. This is the greatest trial the post-war order has ever faced.

Conclusion

In this paper, I have reviewed the developments in the post-war order from its formation up until the present time. Although the post-war order has provided peace and stability for more than 70 years, its shaking is gradually growing stronger. The post-war order is a system that was conceived at the peak of industrial civilization, and there is no question that it has become

a presence which no longer matches the age of post-industrialization. The issue is whether the transition to a new order will take place peacefully and gradually, or if we shift to a new order by passing through devastating shocks including war. Of course, the former is clearly desirable, but we cannot overlook the reality that this path is gradually narrowing.

Japan, which has received great benefits from the post-war order, has a particularly great interest in a peaceful transition. Even though Japan lacks the power to determine the fate of the international order by itself, the decisions of Japan may have a large influence on important aspects.

In that regard, what will be most important is the ability to make strategic judgments that determine the allocation of limited resources. The environment surrounding Japan includes potential conflict areas such as North Korea and the Taiwan Strait and is a region where US, Chinese, and Russian influences intersect, and where it is becoming increasingly difficult to project the future overall. Consequently, Japan's efforts to reinforce its security system should be prioritized to enhance Japan's own safety and also as a means of diplomatic influence. Yet considering the present level of the technologies, there are clearly limits to Japan's own resources that can be devoted to defense, and Japan should allocate substantial resources to its diplomatic capabilities and information collection and analysis capabilities. In particular, in this age of fake news and conspiracy theories, accurate information analysis capabilities may determine the fate of nations.

Also, geopolitically, the Indo-Pacific region may gain importance as a region where US and Chinese interests compete, and Japan may also need to build up its own network of influence in this region as well. That may require a dramatic expansion of people-to-people exchanges, including the acceptance of immigrants from this region.

From a longer-term perspective, as the world transitions to an information civilization, the decision on whether the unit that comprises a stable order will be the nation state or takes some other form is important. The modern nation state framework is presently the most rational and universal political order. Nevertheless, it is also certain that areas where the modern nation state system, which is premised on the demarcation of strict national boundaries and on ethnic integration, cannot be applied occupy a substantial part of the world. In the international order that will be formed from now, a choice will have to be made on whether to greatly reform the nature of the 20th century nation state, or to find new principles of order that differ from the sovereign state, or to adopt some mixture of both. Even if the territory of Japan, which is surrounded by the sea, remains unchanged, the type of principles of order to be adopted will have decisive importance on Japan's living environment.

Devising and implementing long-term strategies is an area where Japan has not been strong. But if we do not deal with this issue amid the intensifying upheaval of the post-war order, the danger that Japan's peace and prosperity may be lost will only grow stronger.

The Balance of Power in Korea, and Japan*

Jitsuo Tsuchiyama**

Abstract

This paper seeks to examine East Asia, particularly the situation surrounding North Korea, from the perspective of power politics. It specifically points out that a balance of power, the key concept in power politics, is an order that does not simply arise from maintaining a balance in military power but is in fact premised on a shared recognition among countries of “national interests” and “systemic interests”. It goes on to contrast the case of Europe, where the presence of these factors enabled power politics to take root, with the current situation in East Asia, which lacks these factors despite the seeming emergence of power politics in the region. The paper then explains the need for Japan – which at one point acted as if it had quickly mastered the balance of power, leading to misjudgments that culminated in tragedy – to consciously think and behave as a key actor in ways distinct from the past in forming a regional order encompassing the Korean peninsula.

2018 marks 150 years since the Meiji Restoration: a period that at once may appear to be a long time, and yet also prompts the thought: has it only been that long? Modern Japan's history is surprisingly short. Despite the shortness of its history, however, modern Japan's diplomacy has been full of incident and turmoil, particularly in the prewar years. Japan was the first non-European country to enter the European international order under its own steam and join the great powers in their struggle for power and interests in East Asia. In the years immediately following the Meiji Restoration, Japan sent a military expedition into Taiwan, followed by the Sino-Japanese War, signed the Anglo-Japanese Alliance, was victorious in the Russo-Japanese War, concluded the agreements with France and Russia, and annexed Korea. The year after the outbreak of World War I, Japan issued the so-called Twenty-One Demands to China, insisting on its interests in Shandong and Southern Manchuria. In this way, Japan transformed itself into an empire with remarkable speed.

In the 1920s, Japan joined the League of Nations, established under the new ideal of collective security, as a permanent member of its executive council, and became part of the Washington order by signing the Washington Naval Treaty, marking Japan's arrival as one of the major powers of the international order. Ironically, however, World War I shattered the balance of power that had been the foundation of that international order. The Russian Revolution took place during the war, and the alliance with Britain and the agreements with France and Russia that had formed the backbone of Japan's diplomacy were fatally undermined. Despite forming part of the core of the international order and despite seeming at first glance to have built a stable international position for itself, Japan's diplomatic isolation had already begun at this time, as Paul Claudel, the French ambassador to Japan, remarked. In the years that followed, having boxed itself into an impossible position, Japan launched itself into a war with the United States that led to the collapse and

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destruction of its empire.¹

After World War II, Japan seemed to reverse course and turn its back on power politics. Certainly, the logic of the US-Japan Security Treaty system is closer to “bandwagoning” than a balance of power, and many overseas specialists on international politics regard Japan’s postwar diplomacy as a strategy of “hiding” in the shadow of the American superpower. For this reason, they do not regard Japan as a major power. Even though Japan may be a member of the G7, for example, Japan is not in charge of determining its own national security policy, and is therefore regarded as a country that cannot achieve national security through its own power.

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Since the end of the Cold War, the focus of international politics has shifted from Europe to East Asia. The reasons for this shift include the rapid emergence of Chinese power, North Korea’s missile and nuclear development programs, together with the decline of Japanese influence and failing trust in US foreign policy. The centenary of the outbreak of World War I four years ago prompted some international relations theorists to predict a war between the United States and China by way of analogy with World War I. Some drew on the “Thucydides Trap” to compare the clash between the United States and China to the wars between Athens and Sparta. These arguments were based on a distorted understanding of the historical facts², but one thing had in common is that they all recognized the emergence of power politics in East Asia. Compared to Europe, however, East Asia does not have the same diplomatic norms, systems, or, most importantly, experience necessary for managing power politics in a prudent and cautious manner.

Various things have the potential to control power: ethics, norms, public opinion, and democratic systems. But ultimately what controls power is power itself. Hans J. Morgenthau wrote that the pursuit of power by states inevitably produces a balance of power.³ Some may object that the debate has moved on since Morgenthau’s time, but Kenneth N. Waltz also argued that a balance of power is the only logic of international politics. Setting aside for now the question of whether it is indeed the *only* logic, both these thinkers pointed out that when the balance of power functioned, Europe was at peace (under the Vienna system), while war broke out when it failed to function (World War I). Morgenthau argued that a balance of power inevitably results, and Waltz also thought that a balance of power produced itself naturally. But in fact, a balance of power does not simply happen: it is created. To create an international order (a pattern of behavior among states for maintaining basic objectives), requires ideals, rules, and frameworks. In modern Europe, those roles have been played by the balance of power. A balance of power does not mean weighing the military might of various countries on a set of virtual scales and achieving balance in that way. It means a series of negotiations and systems to determine who can do what, and how far they can go.⁴ Accordingly, for a balance of power to function, states must not only know the meaning of their own national interests, but must also understand the

¹ The question why Japan became an empire and then collapsed is a major subject in international studies. Important works have been done by Jack Snyder and Charles A. Kupchan, among others, who argue that the interests Japan gained from its empire in terms of diplomacy, national security, and economy did not match the costs.

² See, for example, Chapters 7 and 8 of Richard N. Rosecrance and Steven E. Miller eds., *The Next Great War? The Roots of World War I and the Risk of U.S.-China Conflict*, The MIT Press, 2015.

³ Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, (Vol. 2), Japanese translation *Kokusai seiji – kenryoku to heiwa* by Yoshihisa Hara, Iwanami Bunko, 2013, p. 16

⁴ Tsuchiyama Jitsuo, *Anzen hoshō no kokusai seiji-gaku: aseri to ogori* (International Politics of Security: Anxiety and Hubris) 2nd. ed., Yūhikaku, 2014, Chapter 11, “Balance of Power: *Kokusai chitsujo keisei to iji no jōken*.”

interest to be gained from maintaining the international order, or what might be called systemic interests. This requires not only shared common thinking and shared understanding of history among the countries involved in the relationship, but also practice and experience at managing international relations. The existence of a balance of power was a precondition for the formation of the European order that developed into an international system as the European powers expanded their power around the world in the nineteenth century; this is the international order that we know today.

The extent to which countries outside Europe have adopted the European thinking on international relations varies from one country and region to another, but probably nowhere has learned the lessons as keenly as Japan after the arrival of Perry's fleet. The story of Sakamoto Ryōma carrying a book of international law in his pocket may be apocryphal, but it vividly illustrates the attitude of Japan to the outside world in the waning days of the Tokugawa shogunate. Government (*bakufu*) officials closely followed developments in neighboring Qing China, which had suffered defeat in the two Opium Wars, and in Russia, which had been defeated in the Crimean War. From an early stage, Katsu Kaishū predicted that the present system of government could not hold, while Hashimoto Sanai, right-hand man of Matsudaira Yoshinaga, head of Fukui domain in Echizen province, came up with a proposal for a unified state to take the place of the feudal system. That the *baku-han* (Tokugawa Shogunate) system successfully opened the country and implemented the Meiji Restoration less than 20 years after the arrival of Perry's ships was thanks to the ability of the so-called enlightenment faction of *bakufu* officials like Kawaji Toshiakira and Iwase Tadanari, and the heads of powerful domains like Shimazu Nariakira and Matsudaira Yoshinaga to read one step ahead and see how events were developing. They possessed realism—the ability to see what they could do based on their power, interests, and the strength of their support, and to understand how long they could hold on. This enabled them to calculate their strength, formulate a policy, and produce the desired results.

*

What can a balance-of-power perspective tell us about North Korea's nuclear and missile development programs, which currently threaten the East Asian and US security system? On the balance of power and its relationship to small and medium-sized countries, Morgenthau wrote that the only options for a small country were to adjust to the balance of power or to get on the bandwagon of the dominance of a major power, citing Korea as an example. For more than 2000 years, Korea's destiny has been determined either by the dominance of a country that controlled Korea or by a balance of power among countries competing for control.⁵ There is no question that Morgenthau's arguments match the reality of countries like Poland, the Baltic states, or Vietnam, which have frequently fallen victim to the great powers, or to the leaders of Japan in the *bakumatsu* (last days of Tokugawa shogunate) era and the Meiji Restoration, who feared an invasion by the European powers. For example, when Russia harbored its warship *Posadnik* in Tsushima and looked to occupy the island, Katsu Kaishū used British power to drive Russia away. After the Restoration, the Meiji government, having dispatched troops to Taiwan and Korea, knew that Japan was not strong enough to match the powers, and sought instead to let the powers compete among themselves and looked to profit in that way. The balance of power in Asia between Britain, France, and Russia worked as a positive advantage for the opening and independence of Japan as a small country. It would probably be an exaggeration to say that *bakumatsu* and early Meiji Japan carried out balance of power diplomacy with the powers. Japan at the time did not have a Metternich or Bismarck, and there was no system or history of any

⁵ Morgenthau, op cit., p. 34

balance of power existed in Asia at the time. And although foreign policy decisions taken by the early Meiji government—the expedition to Taiwan, the Ganghwa Island incident, and ultimately the Sino-Japanese War—seem to be connected in retrospect, there was no grand design that envisaged taking these actions from the outset. Saigō Takamori's advocacy of a punitive mission against Korea (*Seikanron*) was not a strategic argument, and Yamagata Aritomo's "line of interest," learned from Lorenz von Stein, also looks like an after-the-fact argument to provide a justification for Japan's decision to send troops into Korea.

Despite these various qualifications, however, it remains true that Japan was the sole actor who understood the balance of power in East Asia, especially as it pertained to Korea. This diplomatic sense was something possessed by Katsu Kaishū, by Itō Hirobumi in Meiji, and by Fukuzawa Yukichi outside the government. Of course, Mutsu Munemitsu, a realist who was Japan's foreign minister during the Sino-Japanese War, had it too. Not that Mutsu saw everything clearly. The biggest setback of Mutsu's diplomatic career was the Triple Intervention; the reason for this failure was a mistaken judgement of how much Japan could do—that is to say, a mistaken understanding about the balance of power. In his diplomatic memoirs *Kenkenroku*, Mutsu famously wrote "I should like to think that there was no other option," but if Japan had not demanded that China cede the Liaodong Peninsula in the treaty of Shimonoseki (peace treaty of the First Sino-Japanese War), it is conceivable that the vicious circle that later embroiled East Asia might never have started. Japan's greed and fear of Russia led to the demand for Liaodong Peninsula, and invited the Triple Intervention. But when Japan compromised and returned the peninsula to Qing China, Russia started to extend its own power into the peninsula. Japan chose the Anglo-Japanese Alliance over the Russo-Japanese agreement, leading to the Russo-Japanese War and the annexation of Korea.

As Sarah C. Paine of the US Naval War College has written, one can see diplomacy in East Asia in the period from the Sino-Japanese War to World War I as the history of the successes and failures of Japan's balance of power diplomacy, with the focus always on Korea.⁶ As already noted, however, this balance of power diplomacy was no longer functioning by the 1920s. The next twenty years one bad decision led to another. After the Manchuria incident, Japan reacted to criticism from the international community by quitting the League of Nations, then entered all-out war with China following the Marco Polo Bridge incident. Isolated and without support, Japan was driven to sign an alliance with Nazi Germany; when Germany declared war on the Soviet Union, Japan seized the opportunity to "advance south," prompting the United States to impose economic sanctions. Japan responded by planning a sudden attack on Pearl Harbor and war with the United States, with tragic consequences.

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There is a view that the collapse of the Japanese empire, rather than stabilizing the balance of power on the Korean peninsula, actually destroyed that balance of power, leading to the Korean War that broke out five years later. The following year, Japan signed the US-Japan Security Treaty, meaning that postwar Japan remained committed to the balance of power in Korea, albeit in a different form from before the war. This is clear from an exchange of notes regarding UN command in the first US-Japan Security Treaty, the secret Korean minutes acknowledged at the time of the revision of the Security Treaty in 1960, the secret agreement on nuclear weapons made at the US-Japan summit meeting in 1969, and in the guidelines for US-Japan defense cooperation, among other things. There is an argument that the Yoshida Doctrine symbolizes

⁶ Sarah C. M. Paine, *The Japanese Empire: Grand Strategy from the Meiji Restoration to the Pacific War*, Cambridge University Press, 2017.

postwar Japan's retreat from power politics, but this argument neglects the reality that the burden of supporting the peace and security of postwar Japan has been borne by places like Korea and Okinawa. The focus of the negotiations leading up to the Agreed Framework in 1994 and the Six Party Talks that followed, and of all subsequent policies on North Korea, including the current economic sanctions, has been to balance the risks and interests of the countries neighboring the North, and to find a way to bring North Korea's nuclear weapons and missile development programs to an end.⁷ The essential thing is to ensure that North Korea does not miscalculate that it can use the threat of the possibility of a nuclear attack by ballistic missiles to achieve its strategic objectives.

⁷ Joel S. Wit, Daniel B. Poneman, and Robert L. Gallucci, *Going Critical: The First North Korean Nuclear Crisis*, The Brooking Institution, 2004, is helpful in knowing the efforts of the Clinton administration to respond to the situation.

The Free Trade System Facing the Threat of Collapse*

Shujiro Urata**

Abstract

Triggered by the United States imposing tariffs on Chinese imports and subsequently China's retaliatory action, the exchange of tariffs has escalated into a full-blown trade war between the two countries in 2018. The United States is aiming to reduce or eradicate its trade imbalance by using protectionist measures. There are two main reasons behind protectionism in the United States. One is an attempt to secure jobs in certain sectors of US industry. Another reason is the alarm it feels in the face of China's rapid development in information technology (IT) and other areas of advanced technology. The latter concern is shared by many members of the US Congress and business leaders, and this makes it possible that measures against China may continue long beyond the Trump presidency. I propose three options that the rest of the world can take in these circumstances to persuade the United States to return to a rule-based free trade system: (1) a possible U-turn in US policy would be brought about by the increasing severity of the negative impact of protectionist measures on the US economy itself; (2) the world's major economies—Japan, the EU, China, and so on—to work toward comprehensive and liberal regional integration without the United States on trade and investment, and thus push the United States into a disadvantageous position; and (3) countries that share interests in common, like Japan and the EU, to involve the United States in efforts to reform the World Trade Organization (WTO).

Protectionism and the Outbreak of a US-China Trade War

In March 2018, US President Donald Trump imposed additional tariffs on imports of steel (25%) and aluminum (10%), based on Section 232 of the 1962 Trade Expansion Act (national security). He is currently considering imposing additional tariffs on motor vehicle imports. Meanwhile, in July 2018, citing infringements of intellectual property, he used Section 301 of the 1974 Trade Act (unfair trading practices on the part of a foreign government) to slap tariffs (25%) on Chinese imports worth \$34 billion. China retaliated by imposing tariffs (25%) of its own on imports from the United States to the same amount. Riled by China's retaliatory action, the United States imposed further tariffs on Chinese imports worth \$16 billion in August, prompting China to retaliate by slapping additional tariffs on US imports worth the same amount. In September, the United States and China both implemented a third round of tariffs. The United States slapped tariffs on \$200 billion worth of imports from China, while China imposed tariffs on US imports worth \$60 billion. Following these three rounds of tariffs, the total value of affected US imports from China is around \$250 billion; around \$110 billion of Chinese imports from the United States are affected by Chinese tariffs. This is equivalent to roughly half of all US imports

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from China, and approximately 85% of the goods that China imports from the United States on a value basis. The exchange of tariffs has escalated into a full-blown trade war between the United States and China.

In addition to the trade war it started with China, the United States is aiming to reduce or eliminate its trade imbalance by using protectionist measures through bilateral talks with countries with which the United States has a trade deficit. These policies are based on the idea that a trade imbalance indicates an excess of imports over exports, and that this leads to a loss of American jobs. The United States has renegotiated the US-Korea (KORUS) Free Trade Agreement and the North American Free Trade Agreement (NAFTA) with Mexico and Canada, in both cases to the advantage of the United States. In the revised version of the US-Korea Free Trade Agreement, for example, the United States successfully extended the tariff on Korean-made pickup trucks (25%), due to be scrapped on January 1, 2021, until January 1, 2041. Based on the assumption that they meet Korean safety standards so long as they meet US federal safety standards, the revisions also doubled the number of vehicles each auto company can export to Korea, from 25,000 to 50,000 a year. As a condition for removing tariffs on vehicles, the revisions to NAFTA require cars imported from another NAFTA country to contain 75 percent made-in-NAFTA components, up from the current 62.5 percent within three years. The revisions also allow tariffs to be imposed on any vehicles imported from Mexico or Canada after an exemption for the first 2.6 million vehicles a year. Negotiations with the European Union and Japan are still to take place, but it is clear that the United States will seek to revise agreements in its favor by threatening to use protectionist measures, including raised tariffs on automobiles and other means.

This frequent resort to protectionist measures by the United States has brought about a crisis in the free trade system that was constructed under American leadership and drove the rapid growth of the global economy; this system now faces the threat of collapse. However, it is important to remember that protectionism is not limited to the United States; there is a growing tendency toward such measures in other countries as well, though it is not as great as in the US.

The background to protectionism: saving jobs, standing up to China

There are two main factors behind protectionism in the United States. One is an attempt to secure jobs in certain sectors of US industry. Since the election campaign, President Trump has argued that growing imports and direct foreign investment by US firms lead to fewer job opportunities for American workers, and that protectionist measures are necessary to protect jobs by limiting imports and foreign direct investment. Specifically, he has argued that it is necessary to limit imports to be able to protect jobs in heavy industries like steel and automobiles, concentrated in the “rust belt” of the Midwest. He has also espoused protectionism and anti-globalization as a means of criticizing the establishment, made up of the Washington politicians and New York business elites who have pushed the trend toward globalization through the expansion of trade and investment. Workers and other voters who responded to arguments like this from Trump as a candidate played a large role in winning him the presidency; by activating Section 232 of the Trade Expansion Act after taking office, Trump has moved to fulfill his campaign pledges and put them into action.

Another reason for US protectionism is the alarm it feels in the face of China’s rapid development in information technology (IT) and other areas of advanced technology. To achieve the “Chinese dream of the great rejuvenation of the Chinese nation,” China has set a target to become a global economic, military, and cultural superpower alongside the United States by the time of the centenary of the founding of the People’s Republic in 2049. On economic front, it has launched the Made in China 2025 industrial policy with the aim of becoming a manufacturing superpower, and is promoting a strategy built around development of cutting-edge technology. It

is also working on construction of a China-centered economic sphere by implementing the Belt and Road Initiative. The United States sees China's system of state-run capitalism as a challenge to the American-led free trade system, and is seeking to shift the direction of China's policy through protectionist measures, in order to prevent China from achieving policies and strategies that challenge the United States. Specifically, it is demanding an end to intellectual property infringements by Chinese companies, forced technology transfers from foreign companies investing in China, and other unfair practices.

The impact of protectionism: economic downturn

The impact of the trade war between the United States and China is already being felt in a reduction in trade volume, increasing import prices and domestic prices within the importing country on which tariffs were imposed, and falling export prices in the exporting country. We can expect a drop-off in production and consumption in response to these changes in price. At present, the US economy is doing well, as President Trump's policies of tax cuts, increased government spending, and deregulation have their effects, and this is having a positive effect in other economies. However, the impact of these stimulus policies is expected to wane from the beginning of 2019. If the negative economic aspects of protectionism come to the surface in such circumstances, this would likely have serious repercussions not only on the two countries directly involved but on the entire global economy. Today, when countries around the world are closely linked by trade and investment and the global value chain, the negative economic effects of protectionism would be felt throughout the world. Analysis by the International Monetary Fund suggests that a trade war between the United States and China could depress economic growth rates for 2019 by up to 0.9 percent for the United States and China and by up to 0.7 percent for the global economy as a whole.

Will the United States attain its desired objectives through its protectionist measures, canceling out bilateral trade imbalances, reviving the protected industries and saving jobs, and putting an end to China's unfair practices? It seems unlikely. Although tariffs might help to improve bilateral trade figures, it is likely to lead to a trade deficit with other countries, and will therefore not help to increase employment in the United States. On the relationship between trade and employment, the consensus view in economics is what is important is not simply the bilateral trade balance with particular trading partners but the balance of trade with the world as a whole. Protectionist policies are not an effective way of improving the trade balance with the world, and macroeconomic measures relating to exchange rates, fiscal and monetary policies are necessary. Experience teaches that revitalizing industry and saving jobs by protectionist measures is extremely difficult.

The US steel industry was the source of trade frictions with Japan and other countries from the 1970s to the 1990s, owing to an increase in imports. The United States responded by demanding voluntary export restraints and introducing the trigger price mechanism (introduced in 1978 to guarantee a minimum price for imported steel goods with the aim of preventing a sharp increase in steel imports), and has used these measures to protect its steel and related industries with the aim revitalizing these industries. These hopes have not been met and now the administration has resorted to tariffs. But to revitalize an industry that has lost competitiveness, what is needed is not protectionism but a free market environment unbound by red tape that will facilitate improvement of workers' skills and the introduction of new technology.

Protectionist measures that impose additional tariffs on materials like steel and aluminum can be particularly harmful. It is necessary to recognize that tariffs raise prices, which has a knock-on effect on the price of automobiles and other products made from these raw materials. Consumers are not the only ones to suffer as a result. The impact on companies can be severe, as exports become less competitive and sales and production volumes fall. Tariffs end up causing industrial

stagnation and decline—precisely the opposite effects from those they were intended to have. In order to address China's unfair practices, it would be more effective for the United States to act in partnership with the EU and Japan, which face similar problems.

How to maintain the free trade system: mega-FTAs and reforms of the WTO

By unilaterally imposing protectionist measures against China, which is the second largest economy in the world, the United States, the largest economy, has brought about a trade war between the two countries. This threatens the survival of the global free trade system and is having a serious impact on the entire global economy. Since the use of protectionist measures to protect jobs reflects the personal views of President Trump, it is possible that these policies will be abandoned when his time in office comes to an end. But Trump is not the only influential figure in the United States who is concerned at China's rise. This sense of alarm is shared by many members of the US Congress and business leaders, and this makes it possible that measures against China may continue long beyond the Trump presidency. What steps can the rest of the world take in these circumstances to persuade the United States to return to a rule-based free trade system? I believe that at least three options are possible, as outlined below.

The first does not require any new policies to be taken but rather involves a possible U-turn in US policy brought about by the increasing severity of the negative impact of protectionist measures on the US economy. If protectionist trade policies are applied in the long term, this will seriously affect the US economy through increasing prices of imported goods and decreasing exports and production. If the outlook becomes bleak, the effect of the economic downturn will be amplified through a fall in stock prices. If the negative impact of protectionist measures makes itself felt in this way, then President Trump may decide to withdraw some of the measures. But the economic circumstances would have to be quite serious to persuade President Trump to shift his policy, and in this case the global economy would also suffer serious damage. This makes this scenario the worst-case scenario of the three possibilities.

The second approach, which has some aspects in common with the first, would be for the world's major economies—Japan, the EU, China, and so on—to work toward comprehensive and liberal regional integration without the United States on trade and investment, and thus push the United States into a disadvantageous position. If the US business elite truly felt that they were suffering a discriminatory and unfavorable position by being excluded, it is likely that they would demand President Trump to negotiate a place at the table for the United States. This might be attained by ensuring that the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), signed by the remaining 11 countries after the United States quit the original TPP agreement, becomes fully implemented quickly and attracts new members. Similarly, efforts should be made to broaden the membership of the recently enacted economic partnership agreement between Japan and the EU, and to reach agreement and ratification of the Regional Comprehensive Economic Partnership (RCEP), including India and China, as quickly as possible.

The third would be for countries that share interests in common, like Japan and the EU, to involve the United States in efforts to reform the World Trade Organization (WTO), which is responsible for maintaining the present world trade order and is beset by problems. In fact, this movement is already underway, and agreement has been reached at meetings between heads of government and trade ministers from Japan, the US, and the EU on the need for effective enforcement of trade rules and commitments, improvements to the WTO's monitoring and dispute resolution functions, and the establishment of rules for the increasingly important new field of digital technology. If these efforts progress, it may become possible to curb China's unfair practices, easing US distrust of China, and possibly leading to a reduction in protectionist measures.

Report:

History, Psychology, and the Rule of Law in East Asian Security

Lecture by Professor David Welch*

Abstract

On December 18, 2018, the Japan Institute of International Affairs (JIIA) invited Professor David Welch to hold a workshop on the rule of law and the Asian regional order entitled “History, Psychology, and the Rule of Law in East Asian Security.” The following is a synopsis of the event.

The security environment of East Asia is now unstable. To manage the situation and challenges that East Asia is facing, Professor Welch stressed the importance of the rule of law and of understanding the psychological aspects of the behavior of countries in and around East Asia. The lecture was insightful because of its use of psychology to explain international politics, which tends to place emphasis on power politics.

The Asian Security Environment

Professor Welch opened his lecture with a thoughtful analysis of the security environment in East Asia by focusing on the leaders of key countries that have an influence on the regional balance of power and order. To begin with, Welch stressed that East Asia is currently full of uncertainty and instability, and Donald Trump is the number one reason for that. Trump is unwittingly doing his best to undermine the liberal international order that the United States helped create after World War II, and on which American security and influence depends.

Welch went on to talk about East Asian leaders such as Xi Jinping of China, Kim Jong-un of North Korea, Tsai Ing-wen of Taiwan, and Shinzo Abe of Japan. According to Welch, Xi Jinping’s China is not an expansionist power, but it is a country that wants to be respected as a great power. A big part of Chinese foreign policy these days focuses on controlling what other people say and think about China and Chinese policy, which is evidence of China’s sense of vulnerability and insecurity.

There are two broad ways to interpret North Korea’s Kim Jong-un, though Welch admitted he does not fully understand Kim. One possibility is that Kim is an unambitious, status quo autocrat like his father. If all Kim wants is to maintain the independence of North Korea, he is not necessarily a big international problem. The other possibility is that Kim is an ambitious leader who thinks having a nuclear capability is necessary for North Korean survival and doesn’t want to give up nuclear weapons.

However, as Welch noted, there is no sign that North Korea will ever seriously attempt denuclearization. Kim might therefore be a manageable problem, but there is another possibility, which is that he is very ambitious and seeks to succeed where his god-like grandfather failed: namely, in reunifying Korea under Kim family rule. Welch expressed concern that Kim may eventually suffer from delusions of invincibility, because dictators who enjoy absolute power and

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are worshipped for extended periods of time can lose the capacity for rational judgment and do things that may seem irrational.

Welch said Taiwan's Tsai Ing-wen was doing a good job by not crossing the red lines that would trigger aggressive action from China. He expressed his opinion that the relationship between China and Taiwan is the number one long-term problem in East Asia. Welch was generally dismissive of President Rodrigo Duterte of the Philippines, except to note that he made it easy for China to save face when the Philippines won their South China Sea arbitration tribunal dispute.

In his analysis of Japanese Prime Minister Shinzo Abe, Welch noted that it is natural for a country such as Japan that faces a very uncertain security environment in East Asia to increase its capabilities to deal with its own security challenges. However, what makes Japan an unusual country is that there is domestic opposition to increasing defense capabilities, and Abe has to make adjustments for this. Considering the unusual situation in Japan, Welch noted that it makes complete sense for Japan to emphasize the importance of the rule of law, and Japan's vision of a "Free and Open Indo-Pacific" was an articulation of this emphasis.

Four Different Concepts for Analysis and Their Relationship to Each Other

Welch introduced four concepts that help us analyze the security environment in East Asia: the rule of law, history, politics, and psychology. The rule of law was the main concept that Welch focused on in his lecture, and he stressed we have to understand how it relates to psychology, history and politics. Starting from the rule of law, Welch explained the implications of each of the concepts on the others, and explored the usefulness of this framework by looking at the case of the South China Sea.

<History>

History is vitally important in legal disputes over territorial sovereignty. Not surprisingly, all claimants in the South China Sea offer historical narratives to back up their claims. Unfortunately, the historical record is not clear enough to sustain any particular set of claims. History plays a very minor and peripheral role in legal arguments over maritime jurisdiction in view of the fact that the UN Convention on the Law of the Sea (UNCLOS) swept aside all prior customary maritime law, replacing it with an agreed body of positive law. That China relies so strongly on historical arguments in the South China Sea is interesting, for two reasons: first, because they cannot establish maritime rights; and second, because China insists upon resolving disputes through negotiation. Historical claims play no role in negotiation.

<Politics>

Whenever there is a hot topic, there is a domestic political angle and an international political angle, and these angles interact with each other. Even authoritarian states have to be responsive to domestic opinion. Therefore, when we are dealing with maritime and territorial disputes, we are basically trying to address both a domestic and an international audience at the same time.

<Psychology>

There are at least four insights from psychology that help us understand the rigidity and emotional valence of claims in the South China Sea.

Cognitive psychology tells us that beliefs are terribly important. We all have sets of beliefs ("schemas") about the world that we use to interpret new information. Schema theory shows us that we easily form new beliefs without much evidence, but demand a much higher standard of evidence for changing a belief once it is formed. There are two main schools of thought about the way people change their beliefs. One says it takes a long list of events that are inconsistent

with your beliefs before you start to change your beliefs. The other school of thought says a big disaster is adequate; if you experience a serious failure, that will force you to change your beliefs.

Another part of the psychology of disputes is what is known as the fundamental attribution error. If somebody we don't like does something we don't like, we tend to attribute it to their character. This is in contrast to behavior we don't like by people we like, which we generally attribute to situational constraints.

We can find still another psychological tendency that helps us understand things: egocentric bias. When people do things we don't like, we tend to think they're directed specifically at us.

The last factor is the justice motive. When our sense of justice is triggered, we tend to become hysterical, and demand absolute satisfaction of our rights.

Conclusion

Welch concluded that historical disputes may trigger bad psychological dynamics, which then trigger domestic and international political challenges. We then get feedback loops between historical narratives and the psychology of politics.

However, when we introduce law into this loop, historical disputes tend to be calmed down by the dialog between law and history. Law is a magic ingredient for helping take history out of the picture and calming down the political and psychological dimensions of disputes, according to Welch. In the long run, then, the best hope for solutions to disputes in the South China Sea is to give claimants time to internalize legal judgments of the kind handed down in 2016 by the Permanent Court of Arbitration in the case of *Philippines v. China*. There are encouraging signs that this is already beginning to happen.

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