

The world is still trying to understand what went on in Japan's "Lost Decades", a topic that has become all the more relevant as much of the west succumbs to Japan-style problems of deflation and low growth. This collection of essays by experts in their field will help the reader pick through this important subject. For readers seeking to understand Japan and for ones wondering whether "Japanization" is coming to a country near them, this should prove a fascinating read.

**David Pilling**, *Financial Times*

This book contains a superb and timely collection of essays on the troubles Japan has been having, economically and politically, since the 1990s. The period coincides with the ending of the Cold War and the acceleration of economic globalization. The studies show how a nation that seemed to fare so well during the Cold War has stagnated in a globalizing world. As the editors note, Japan's example could be followed by other countries and deserves serious attention.

**Akira Iriye**, *Harvard University, USA*

## Examining Japan's Lost Decades

Edited by **Yoichi Funabashi**  
and **Barak Kushner**

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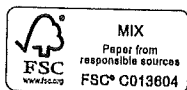
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### Ideology and values in Japan's search for a post-Cold War global role

*G. John Ikenberry*<sup>1</sup>

#### Introduction

In the modern era, Japan has been a country in search of a vision of itself and its role in global affairs. It rose up in the twentieth century to become one of the world's great powers, yet struggled to find its voice in that position. In this search, Japan has periodically reinvented itself. In the late nineteenth century, the country shed its old political traditions and acquired the trappings of a modern state: it was to be a peer of the European great powers. In the decades spanning the turn of the century, Japan turned itself into a military great power and pursued empire: it fought wars with China and Russia, invaded neighboring countries, and built an imperial order across East Asia. After World War II, Japan reinvented itself again as a "civilian" great power: democratic, internationalist, and tied to the United States. In this most recent phase Japan emerged on the global stage as a "stakeholder" state, working within a regional and world system whose terms were largely set by the United States and the other Western powers.

As the Cold War ended, Japan was riding high within this liberal global system. Japan had transformed itself into a vanguard industrial economy. It had joined the major global institutions. Together with Western Europe and the United States it became a "trilateral" partner in providing leadership and managing the democratic capitalist world. It enjoyed the prestige of a well-respected great power. But in the last decade, that is to say the first decade of the twenty-first century, this success and status appear to have waned. China has passed Japan in economic size and Japan's influence on the global stage has weakened relative to its capacities and earlier decades of prominence.

What led Japan to make these strategic choices in the post-World War II era? And what are the ideas and values around which Japan has shaped its regional and global identity? As Japan's position in the regional and global system has shifted in the post-Cold War era, what ideas and values has Japan embraced as it adapted to changes at home and abroad? How successful has Japan been in its struggle to define itself and its global role? Did Japan have a "lost decade" in its efforts to define its postwar great power role and identity? Were there opportunities that Japan missed to renew or redefine its postwar "great power" identity and global role?

My argument is that Japan has pursued a quite consistent and mostly successful grand strategy over the decades. In this regard my conclusion might coincide with part of Michael J. Green and Igata Akira's research, in Chapter 9, that Japan was able to gain knowledge and learn from its foreign policy mistakes over the last decades. Japan fashioned itself as a "stakeholder" state in the postwar global system. It pursued a grand strategy that was built around a "civilian" conception of itself as a great power and "liberal internationalist" ideas about world order. Japan's political identity, indeed its constitutional system, have been profoundly linked – even fused – to the U.S.-Japan security alliance and the American global hegemonic order. Over the decades Japan has embedded itself within this global order – and this has had paradoxical effects. It has given Japan a platform upon which to project ideas and authority. It has allowed Japan to be a global player. Yet this order has also meant that Japan is constrained in its foreign policy autonomy and limited in its room to maneuver. Japan has relinquished its geopolitical freedom in return for the benefits that flow from its stakeholder commitments. For the most part this trade-off has been seen in Japan to generate more benefits than costs. But in recent decades, with global power shifts and Japan's own changing economic fortunes, these merits and demerits continue to be debated. Indeed, at various moments since the end of the Cold War, Japan has experimented with new messages and new roles, although it has tended to come back to its long-standing postwar civilian/liberal internationalist identity.

Japan has made tough choices about how to position itself in the regional and global system. It has chosen to travel along a pathway defined by regional power realities and liberal internationalist opportunities. Alternative grand strategies – such as, at the extremes, militarized nationalism or pacifist isolationism – are less attractive or sustainable. Japan has also debated the advantages of pivoting away from the United States toward Asia, positioning itself as a regional leader. But again, the costs and dangers of this alternative strategy – including the fraught problem of managing relations with China within a regional context, as Shiraishi Takashi explains in Chapter 11 – have reduced its appeal. Today, Japan is a core member of the capitalist democratic world. Did it miss an opportunity to reinvent itself during the post-Cold War decades when its fortunes were changing? Can it – or should it – reinvent itself again?

In this paper, I look first at the post-World War II setting of Japanese foreign policy, which is dominated by the Cold War and the American-led liberal international order. I analyze Japan's postwar choices within this order, focusing on the logic and character of stakeholder grand strategy. In the next section, I examine Japan's postwar ascendancy, the debates and choices that shaped Japan's evolving regional and global orientation, and the successes and limitations of this orientation. In the third section, I look at Japan's struggles after the end of the Cold War to update and/or move beyond its stakeholder grand strategy. In the conclusion, I consider Japan's choices today. Alternatives to a stakeholder grand strategy do exist, including a radical move to a more "normal" great power role in East Asia. But there are risks and dangers that come with these alternative grand strategies. These issues are taken up by Shiraishi Takashi in Chapter 11 and Michael J.

Green and Igata Akira in Chapter 9, as well as Sheila Smith in her discussion of Japan's defensive posture connected to Okinawa and the Senkaku Islands dispute in Chapter 12. Looking to the future, Japan should not abandon but rather update and upgrade its stakeholder grand strategy, searching for ways to build, reform, and help lead a twenty-first-century liberal international order.

### **American hegemony, liberal order, and strategic choices**

One of the marvels of twentieth-century world politics is how quickly and thoroughly Japan was integrated into and rose up within the postwar American-led order. The United States and Japan had been deadly enemies locked in a savage war. War began with Japan's surprise attack on Pearl Harbor and ended with the horrific spectacle of American atomic bombs falling on Hiroshima and Nagasaki. Yet by the 1950s, these two countries were cooperating and working to build a regional and global economic and security order. What were the circumstances that allowed this geopolitical reconciliation and collaboration to develop? To ask this question is to inquire into the setting in which Japan has found itself down through the decades, illuminating its grand strategic choices.

The most salient feature of Japan's postwar setting was the United States. The United States brought the war to Japan and ended it with unconditional surrender and occupation. But this was only part of a larger world historical upheaval that gave the United States unprecedented opportunities to shape the postwar order. Europe, which had been the geopolitical center of world power for centuries, was now in ruins. The United States had actually gained in economic and military power as the war went on, and it emerged in a commanding position. It was now truly a global power with its forces spread across the Asian and European theaters. The weakness of the old Western great powers created vacuums of authority with crumbling empires, drawing the United States and the Soviet Union into competition and conflict.

In the shadow of the Cold War, the United States built a sprawling international order, organized around trade openness, alliances, client states, multilateral institutions, and democratic solidarity. American grand strategy was driven by the view that the viability of the United States as a great power depended on a global order that was open, friendly, and stable. The order would need to be open so that the United States would have access to markets and resources in all regions of the world. The arrangement would need to be friendly in that the major states in these various regions would need to be pro-Western – or at least not threatening to dominate these regions as hostile hegemonic powers. Arguably, America's most basic grand strategic goal since World War II has been to prevent Eurasia from being dominated by a hostile hegemonic power. Despite shifts in other costs and benefits, this goal probably remains the ultimate rationale for the maintenance of a United States security commitment to East Asia. The order would also need to be stable so that it could last for the indefinite future. An open, liberal international order served American interests, and the United States had the power and opportunity to build such an order. Even at a moment when the Cold War gathered

force the grand strategic interest in building such an order was appreciated. U.S. National Security Council Paper Number 68, issued in 1950 during the presidency of Harry S. Truman, laid out a doctrine of containment – but it also articulated a rationale for building a positive international order. The United States needs, it said, to “build a healthy international community,” which “we would probably do even if there was no international threat.” The United States needs a “world environment in which the American system can survive and flourish.”<sup>22</sup>

This American-led world system embodied a revolution in the relationships between the democratic-capitalist states. It was a vision of international order in which Western Europe, Japan, and the United States would be tied together in new forms of economic, political, and security partnerships. The security of each was to be tied to the security of all. Permanent multilateral institutions were created to manage their growing economic interdependence. The European community was founded and regional institutions were put in place that tied Germany and France together, putting to an end generations of war and insecurity on the continent. The United States stood at the center of this liberal hegemonic order. It provided security and open markets to a “free world” order of partners, clients, and allies. Alliance institutions and an array of formal and informal intergovernmental institutions provided this liberal hegemonic order with mechanisms and channels for consultation and collaboration. As the Cold War threatened the world, a new type of international order – binding together the advanced capitalist-democratic world – took shape.

For Japan, this emerging U.S.-led liberal international order created both opportunities and constraints. It provided opportunities in the sense that it was a postwar order that contained invitations and incentives to rebuild and reintegrate into the advanced industrial world. Japan would not be contained and boxed in. There was geopolitical “space” for it to grow and project influence. It was not a simple balance-of-power order, and so Japan would not need to rely simply on military power to reestablish itself as a great power. The liberal hegemonic order was built on bargains and reciprocal deals enabling Japan to bargain and negotiate at least some of the terms of its relations with the United States. At the same time, the order that the United States sought to build also created constraints on Japan. It would need to operate under an American security umbrella. There would be limits on its ability to pursue an independent foreign policy. It would tie itself to the United States and integrate into the liberal international order. It would support the leadership by the United States of the larger order, and in return, it would gain the benefits that such an order offered those participating within it.

It is in this sense that we can talk about a “stakeholder” grand strategy. It is a strategy in which a secondary or weaker state ties itself to and supports the existing order – in this case, a liberal international order. The U.S.-led liberal order has a complex array of rules, institutions, and grand bargains. It is a political order not unlike domestic political orders in which participating states join and play by the rules. In its idealized form, it is a sort of “political community.” To be a member of this political community, a state accepts obligations and commitments. Participating states also expect other participating states to act accordingly as well. A

stakeholder state within such an order agrees to integrate into and operate according to these rules and mutually agreed-upon expectations.<sup>3</sup> It joins, it supports, and it integrates. In the American postwar liberal international order, this means that the nation embraces the open and loosely rule-based system of rules and institutions. It allies itself with the United States. It accepts the basic bargains of this order, namely that the United States will provide security for Japan and, in return, Japan will support the United States and the wider system that it leads.

As grand strategy, a stakeholder orientation can be contrasted with other strategic postures. The two major alternatives are either a strategy of independence, or a strategy of resistance and counterbalancing.<sup>4</sup> For postwar Japan an independent grand strategy would entail building its own self-reliant military capabilities and refusing alliance ties with other great powers. This strategy would entail "normalizing" itself after occupation and gathering back its legal and political rights of sovereign independence. The other strategy would be a balancing strategy of building alliance ties with neighboring East Asian states with the objective of creating a counterweight to American power. Japan would either lead a coalition of East Asian states or it would join one led by another great power. As we will see, Japanese political leaders and strategic thinkers have debated both of these alternative grand strategic postures in the postwar decades. But each one comes with its own costs and risks. A grand strategy of a "normal" great power – with independent military capabilities – would entail financial costs and the risks of triggering security competition with other neighboring states, not least China and South Korea. A grand strategy of counterbalance would require willing and able allies, and East Asia simply has not offered itself these opportunities to Japan. Nonetheless, these grand strategic alternatives do illuminate the range of strategic options for Japan as it entered the postwar era.

### **Japan's postwar ascendancy and stakeholder strategy**

The early postwar era was a historical moment when Japan did once again reinvent itself. Japan had limited options in the immediate aftermath of war, but over the course of the next sixty years it turned necessity into a virtue. It articulated a grand strategy of liberal internationalism and strategic partnership with the United States. Along the way, it fashioned a political identity as a new type of great power – a civilian great power. Japan would be great again, but in new ways. State power would be redefined. It would be manifested not in military capabilities but by economic growth and social advancement, in some of the ways described by Andrew Gordon in Chapter 5, and Peter Drysdale and Shiro Armstrong in Chapter 10. Ultimately, imperialism would give way to liberal internationalism. Leaders articulated a vision of Japan as a stakeholder and good global citizen. Japan championed antinuclearism, nonproliferation, and the United Nations. The horrific experience of the two atom bombs dropped on Japanese soil in August 1945 gave this agenda moral force. Japan's foreign ministry states: "As the only country to have experienced the devastation of nuclear weapons and a responsible non-nuclear-weapon State, Japan has the moral responsibility to take concrete steps to realize a world

without nuclear weapons."<sup>5</sup> Since the late 1960s, Japan has committed itself to the Three Non-Nuclear Principles of nonpossession, nonproliferation, and nonintroduction into Japanese territory of nuclear weapons. Moreover, the country has been actively engaged beyond its borders in nuclear disarmament and nonproliferation, as well as in conventional arms control and disarmament, primarily through the UN framework. Japan also stipulated that it would trade, advance, and promote enlightened internationalist values. As Yoichi Funabashi observes, "In the postwar era Japan's image as a small, strategically naked and economically fragile island nation gradually changed as it became a respected member of the world community. Japan's inclusion in 1975 as a founding member of the Group of Seven (G-7) leading industrialized nations helped transform the Japanese public's perception of its own country. A decade later Japan's self-image as an economic power was supplanted by the image of Japan as an economic superpower, as Japan suddenly found itself the world's largest creditor nation."<sup>6</sup> All of this would be possible within a security framework organized around an alliance with the United States within the context of a wider American-led global order.

For its part, the United States emerged after 1945 as a global superpower and sought to integrate Japan into its evolving global Cold War order. Efforts during the American occupation to promote democracy and eliminate concentrated financial and industrial conglomerates gave way in the late 1940s to more immediate imperatives of fostering growth and political stability. With the defeat of the Chinese Nationalists and establishment of the Communist-led People's Republic of China in 1949, America's postwar grand strategy in East Asia increasingly was centered on the growth and integration of Japan in the wider non-Communist regional economy. In the 1950s, the United States and Japan also began to forge a security alliance, signing a security treaty in 1951. The Treaty on Mutual Cooperation and Security, signed in 1960, established the United States as Japan's security patron. Japan's Constitution forbade it from maintaining "land, sea, and air forces" and renounced "the threat or use of force as a means of settling international disputes."<sup>7</sup> The treaty also established the legal terms for an ongoing American military presence. During the 1950s and 1960s, the United States also took steps to "pull" Japan's trade and economic ties into the Western world economy. In the mid-1950s, Japan gained membership status in the General Agreement on Tariffs and Trade (GATT). In these various ways, a framework was established for Japan's economic, political, and security ties to the wider world.

Within Japan, debates about the country's role and identity ranged widely from right to left, from the reestablishment of Japan as a "normal" country to pacifist idealism. Out of these debates and political struggles, the so-called Yoshida Doctrine emerged that established the major terms of Japan's roles and relationships for over half a century. The major pillars of the Yoshida Doctrine were threefold. The first pillar was the "Peace Constitution": Japan would constitutionally limit its ability to become a traditional military great power; the Self-Defense Forces would protect the homeland but Japan would not allow the country to project military force and engage in collective security. The second pillar was the U.S.-Japan alliance: Japan would turn the provision for its security over to the United

States. The third pillar was the liberal internationalist agenda: Japan would regain authority and status as a major power through economic growth and the embrace of UN-centered diplomacy and global liberal ideals.

The Yoshida consensus provided the terms for several generations of Japanese leaders to define and redefine Japan's identity and regional and global roles. As Richard Samuels argues, "Yoshida's mainstream successors expelled the ultranationalists, pacified the revisionists, and watched as the pacifists revised their own positions. The Left learned to live with the alliance and the Right with Article 9. Security policy would now aim to enhance autonomy but would center on trade and international cooperation. A new consensus would be achieved around a Japan that would be a 'non-nuclear, lightly armed, economic superpower.'"8 Michael J. Green characterizes the Yoshida Doctrine as a "strategic settlement," one that was not so much a consensus as a compromise situated in between anticommunists seeking rearmament and pacifists denouncing all use of force.<sup>9</sup>

As Japan's economy and international standing grew, domestic debates about the Yoshida Doctrine periodically emerged. Conservatives sought to revise the Constitution and build independent military capabilities. The Left challenged the alliance, demonstrating in large-scale protests against renewing the alliance treaty in the 1960s and 1970s. Yet these debates about Japan's grand strategy tended to end with a reaffirmation of the Yoshida settlement. As Michael J. Green notes, "with each challenge to the Yoshida doctrine . . . the result was always a further institutionalization of Yoshida's view."<sup>10</sup>

Indeed, this Yoshida consensus embodied the ideas for a postwar Japanese grand strategy that has lasted for decades – and it has proved remarkably successful. It provided a framework that allowed Japan to emerge as a leading state in the Cold War and post-Cold War global system. The strategy paid dividends to Japan in three areas. First, by tying itself to the United States, Japan was able to become secure without remilitarizing. This in turn made a revived postwar Japan more welcome in East Asia. The alliance had a double effect. It allowed Japan to feel secure without fully rebuilding its military, and it provided an institutionalized guarantee to the region that Japan would not break out and become an autonomous militarized great power. In effect, the United States played the role for Japan that France played for Germany. As Germany did with France, Japan bound itself to the United States and charted a "civilian" path back to great power status. Indeed, the alliance was even more important to Japan because unlike Germany's situation in Western Europe with NATO and the EC, regional institutions did not exist in East Asia to help bind Japan to its neighbors. China has in quiet ways acknowledged the usefulness of the U.S.-Japan alliance in stabilizing geopolitical rivalry in East Asia.<sup>11</sup> This can be seen as early as the Nixon administration's diplomatic overture to China. Significantly, China did not insist on any modifications of the U.S. alliance with Japan as a precondition for rapprochement. On the contrary, the alliance may well have been seen in China as a check on Japanese military resurgence.

Second, Japan was able to gain authority and standing in the international system through rapid growth and economic advancement rather than geopolitical

mastery in East Asia. This was the core of Japan's new postwar great power identity. The American security guarantee and Japanese postwar economic growth were linked. As Akira Iriye argues, "given America's commitment to the status quo, and to its willingness to use military force to uphold the regional balance of power, countries such as Japan, Taiwan, and South Korea were able to spend much less than they otherwise have done on defense, and so to divert more and more of their resources to economic development and growth."<sup>12</sup> Japan would become a regional and global leader in trade and economic affairs. The rapid economic rebirth and transformation of Japan reinforced the appeal of this identity. Between 1955 and 1975, Japan quintupled the size of its economy. It went from 5 percent of the American GNP in the late 1940s to over 60 percent by the early 1990s, an extraordinary economic ascent. Japan's brand of capitalism provided a model for the advanced industrial world and the smaller Asian Tigers that were also beginning to trade and grow. The countries of East Asia were a flock of "flying geese," and Japan was in the front leading the way. Japan became the first Asian country to join the ranks of the advanced industrial world. It was democratic, capitalist, and increasingly integrated into the top tier of the world system.

Third, based on this new civilian great power identity, Japan began to project its own global agenda. Japan became a major provider of official development assistance (ODA) in Asia and across the wider developing world. It was a central supporter of the United Nations. It was a key voice against the spread of nuclear weapons. It articulated various sorts of ideas about "human security" and "comprehensive security." It was in the vanguard of advanced energy and environmental technology. In effect, Japan found its own voice in the area of international security, emphasizing global solutions and multilateral cooperation.<sup>13</sup> Through its ODA program, Japan has given high priority to global issues such as global warming and other environmental problems, infectious diseases, population, food, energy, natural disasters, terrorism, drugs, and internationally organized crime. In terms of environmental issues, Japan cooperates with other states on global warming and adaptation to the adverse effects of climate change; pollution control through measures on air pollution, water contamination, and waste management; and conservation of the natural environment by means such as the management of nature reserves, conservation and management of forests, measures against desertification, and natural resource management. Japan has provided "support to developing countries by making use of its experience and know-how in overcoming environmental problems and its scientific technology in combating complex environmental problems." In particular, it has supported other countries in disasters such as earthquakes and tsunamis by "utilizing its own experiences, technology and human resources in which it has international comparative advantage."<sup>14</sup>

In all these ways, Japan pioneered its own distinct identity as a civilian great power. It would not be a military power but it would be deeply internationalist. Its authority and role in the regional and global system would be tied less to military capabilities and more to its role as an example of a new type of advanced society. The alliance system and the wider American-led liberal international order provided a platform and multilateral venues for Japan to project its ideas and

authority. Along the way, Japan turned itself into the premier stakeholder state. It joined the IMF and World Bank in 1952, the United Nations in 1956, the GATT trade system in 1956, the OECD in 1966, and the so-called G-7 system in 1976. Japan was decidedly not a revisionist state – it was not offering ideas and values that were subversive of the existing global system. It was a supporter, and increasingly it shared various economic burdens of upholding and managing this political-economic order. Japan joined the system, supported America's leadership role within it, and, in return, it gained voice and authority as a close ally and senior partner.

Japan's postwar identity was further burnished by domestic accomplishments. The education system was democratized, even though criticism later followed as Kariya Takehiko explains in Chapter 6. The society became one where the overwhelming majority of its citizens saw themselves as members of the middle class, although that has also been tested during the lost decades as Andrew Gordon shows in Chapter 5. Regardless, political stability prevailed. Hard work became a sort of national motto. Together with its fast-growing economy, these successes allowed Japan to gain international respect and prestige. In the early decades, this was symbolized by Tokyo's hosting of the 1964 Olympic Games – the first Asian country to do so. Japan's cultural identity remains very distinct – and decidedly non-Western. But the long trajectory that Japan has followed is one of upward movement and steady integration into the existing international system. Japan was the first and most successful stakeholder state in the American-led era of global order.

### Searching for a post-Cold War strategic vision

The end of the Cold War provided a sort of crescendo for Japan's stakeholder identity – as it did for the wider American-led international order. Japan and Germany were the twin “junior partners” in a democratic capitalist world system that had overcome all the major ideological and geopolitical challengers to it. Yet, beginning in the 1990s, and certainly by the time of the Asian financial crisis in 1997–98, Japan's position in the global system began to become more unsettled.

The leading edge of this new period of challenge and uncertainty was, of course, creeping and chronic slow economic growth – or, in the view of some, outright stagnation. An emblem of this new sense of drift and uncertainty was the cover of the *Economist* in February 2002, which was emblazoned with the words “The Sadness of Japan.” The article in question talked about the failure of reform and the growing sense that reform itself was not possible or capable of actually addressing deep and long-term structural problems. The message was that “Japan is in a slow, so far genteel decline.”<sup>15</sup> Apart from an anemic economy and stalled reform, Japan also began to grapple with its postwar grand strategy. Japan's position in the global system was intimately tied to its economic accomplishments, but these were now fading into the past. In the meantime, China's economy was now booming and its prominence in the region was also on the rise.

In the background, other longer-term problems had emerged to unsettle Japan's postwar consensus and stakeholder identity. By the mid-1980s, Japan had become

a global economic heavyweight, and this raised questions in Japan and within the international community about Japan's global responsibilities. It was drawn into international conflicts and controversies that previously it could avoid. A focus on economic expansion and stakeholder diplomacy became increasingly debated – and even untenable. Funabashi identifies three sources of this growing strategic impasse in the mid-1980s: “First, the scale of the Japanese economy and its overseas penetration caused repercussions that forced Japan to respond politically as well. The voluntary restrictions on automobile exports to the United States throughout the 1980s were one such example. Second, Japan's creditor status compelled it to endorse many international programs with strategic implications: Latin American debt relief, East European recovery, Middle East peace-keeping, and the changing nature of its economic diplomacy. At the same time, louder criticism of Japan's ‘checkbook diplomacy’ was also likely to be heard. Finally, Japan increasingly acquired and developed military relevant technology, transforming the nation's strategic significance. Japan's long standing nonmilitary strategy was based on its status as ‘have not’ in terms of indigenous military resources.”<sup>16</sup>

For some observers, Japan's stakeholder identity was increasingly manifest as “free riding.” Japan was caught in between two shifting currents. On the one hand, it had become a global economic power and pressures were mounting to “step up to the plate” and more actively involve itself in addressing global challenges, including security challenges. On the other hand, Japan's halcyon days of rapid economic growth were ending, creating worries and uncertainties about its economic and foreign policy capabilities.

As a result, in the years after the end of the Cold War, a contested discourse emerged in Japan over grand strategy. For some, Japan really did not have a grand strategy at all – indeed, it had a “strategy allergy.” It was not capable of strategy and diplomacy at the high table of world politics. In the United States as well, to many the vision of Japan as a pioneering civilian great power with an internationalist agenda had faded. Japan was “adrift” and “reactive.” Japan's identity as a great power was faint and ambiguous at best. At least in the post-Cold War period, Japan's politicians and diplomats were merely singing along to “karaoke diplomacy” where the tunes and lyrics were written by the United States.<sup>17</sup> Others continued to see strategy and purpose in Japan's foreign policy, describing it variously as “quiet diplomacy,” “leading from behind,” and “indirect leadership.”<sup>18</sup>

The terms of the domestic debate on Japanese grand strategy were altered by the end of the Cold War. On the one hand, the Left in Japan virtually disappeared – and with this there was a decline in the calls articulating a vision of a pacifist and neutral Japan. On the other hand, conservative opinions favoring a more “normal” Japan grew louder. The rise of security challenges from China and North Korea and the relative decline of the United States since the 1990s have served to reinforce and give more prominence to this conservative agenda.<sup>19</sup>

As Richard Samuels argues, there are at least three visions of a more “normal” Japan: globalist, realist, and revisionist. Globalists seek a more normal military capability which would be put at the service of an internationalist agenda,



supporting, for example, United Nations peacekeeping operations (PKOs).<sup>20</sup> Realists favor a more capable military but one that remains firmly allied with the United States: Japan and the United States would build a more equal and traditional alliance partnership. These realists recognize the need for Japan to deal with its history problems that Togo Kazuhiko explores in Chapter 13, and to establish stable diplomatic relations with its neighbors. Revisionists also seek to reestablish Japan as a “normal” great power but, as Samuels notes, they are “less apologetic about the past and more willing to pander to those who feel nostalgia for it.”<sup>21</sup> All these advocates are eager to see Japan build a more capable military and they see constitutional reform as an essential step in a return to a more traditional grand strategy.<sup>22</sup>

These political figures seeking a “normal” Japan have pursued various policy agendas. They have been leading voices in Japan favoring a permanent seat on the United Nations Security Council. Japan signaled its interest in a seat as early as the 1990s following the Gulf War, and it made a bid again in 2005, which ultimately failed. Akiyama Nobumasa outlines the history behind this episode in Chapter 14. Prime Minister Koizumi Junichiro and later Prime Minister Abe Shinzo have pushed for revision of the Constitution, dispatched troops abroad in areas of active combat operations (Iraq and the Indian Ocean), elevated the defense agency into a ministry, and built up a *de facto* self-defense military capability.<sup>23</sup>

But the end of the Cold War also prompted others to reaffirm Japan’s global orientation as a “civilian” great power. Various Japanese thinkers articulated this view. As Christopher Hughes notes, “the most faithful proponent of the concept of global civilian power has been Funabashi Yoichi. Funabashi acknowledges the need for Japan to support UN PKOs and maintaining the U.S.-Japan Security alliance, but sees the alliance purely as a stop-gap measure to allow Japan to build a post-Cold War UN-centered regional security system.” Funabashi adds that “Japan should act as a new type of global civilian great power and that its economic power resources are tailor-made to deal with the post-Cold War, low-intensity security problems of environmental destruction, refugee crises, environmental damage, economic dislocation, and proliferation of weapons of mass destruction.”<sup>24</sup> The argument made by Funabashi and others is that the emerging post-Cold War global system was even more suited to a Japanese civilian grand strategy than in the past.

Other Japanese thinkers, such as Soeya Yoshihide, have advanced the idea of Japan as a “middle power.” In this view, Japan should see itself as one of a group of middle powers, including, most prominently, Germany, Australia, and Canada. Along with these states, Japan should pursue a liberal internationalist strategy, promoting trade and multilateral cooperation.<sup>25</sup> This is a version of the “stakeholder” grand strategy. Japan would reaffirm its commitment to an open and loosely rule-based international order. It would collaborate with other middle powers to create global public goods. It would seek to bring security conflicts – within Asia and in other regions – into the United Nations and other multilateral forums.

It is in the context of this debate that Japanese leaders have offered visions of Japan’s post-Cold War grand strategy and great power identity. The most critical

question after the Cold War was the status of the U.S.-Japan alliance. This question was addressed most explicitly in the mid-1990s when President Clinton and Japanese Prime Minister Hashimoto Ryutaro reaffirmed the security alliance and redefined it for the post-Cold War era. The alliance was now to be seen as a public good for the region. The alliance played a key role in maintaining peace and stability and helped dampen security dilemma-driven conflicts that might emerge with shifting regional power. The alliance was also a reflection of values that the United States and Japan shared – freedom, democracy, and human rights. The United States itself reaffirmed its commitment to Japan and to its “deep engagement” in the region.<sup>26</sup> These sorts of American and Japanese post-Cold War affirmations of security partnership and shared values reflect the various and profound ways in which the alliance is seen by both countries as critical to national security and a cornerstone of regional order.

But Japanese leaders have also sought ways to reestablish Japanese authority and influence in the region. The alliance with Washington ties Japan’s hands. The search has continued over the last two decades for new ways for Japan to “use its hands” and shape its position in the region and beyond. Three initiatives are emblematic of these efforts – undertaken by Prime Ministers Obuchi Keizo and Koizumi and Foreign Minister Aso Taro. These leaders sought in different ways to offer a new vision of Japan’s regional and global role, focusing respectively on domestic reform and societal transformation, East Asian regionalism, and values leadership.

In the late 1990s Prime Minister Obuchi came to office seeking to shape Japan into a nation of “wealth and virtue.” He saw a pressing need for Japan to undertake a “third reform” – if the Meiji Restoration and the post-World War II rebuilding project were the earlier society-wide efforts to reshape the socioeconomic foundations of the country. Obuchi died in office and his agenda was never fully realized. But he did articulate an ambitious “Agenda for the Year 2000” that envisaged fairly significant domestic social and economic transformations. Japan would seek to become a more knowledge-based and information-intensive economy. The social security and education systems would be upgraded to allow Japan to enter a new phase of advanced industrial development. Backing these ideas, the prime minister established the so-called Obuchi Commission, whose mandate it was to offer sweeping proposals for the reinvigoration of Japan. The findings did offer ambitious ideas, including making English a mandatory second language and a relaxation of immigration laws. A vision of a very different Japan was embedded in the Commission Report and in the grand rhetoric of the prime minister. Japan would be a more open, pluralistic, high-tech, knowledge-based society, deeply integrated into the global system, positioned at its vanguard.

In the early 2000s, Prime Minister Koizumi came forward with a vision of Japanese leadership organized around the building of an East Asian community. An important moment came in a January 2002 speech that the prime minister delivered in Singapore, proposing the establishment of just such a community. Koizumi said that the building of this community would start with Japan and ASEAN and also include China, South Korea, Australia, and New Zealand. Koizumi was seeking to

do several things with this initiative. One was to style Japanese leadership around an agenda for regional cooperation. This was where Japan could establish its independent voice in regional affairs. Another aspect of Koizumi's agenda was almost certainly aimed at China, which was grappling with its own vision of a regional community. Koizumi's inclusion of Australia and New Zealand was also aimed at tying East Asian regionalism to universal values, including economic openness and the rule of law, which would ensure that regionalism in East Asia would be enmeshed within the wider American-led liberal international order.

Koizumi's idea of an East Asian community echoed in various ways the efforts of earlier Japanese leaders to periodically offer a vision of a Japanese-led regional order. The stumbling block was always Japan's relationship with China. As early as the beginning of the 1970s, Japan found itself concerned about a regional alternative or supplement to the bilateral American security relationship. The "Nixon shock" – that is, the dramatic announcement by President Nixon on July 15, 1971, that Henry Kissinger had undertaken a secret mission to Beijing – unsettled American relations with Japan. Soon after that, Japanese leaders began to pursue their own engagement of China. Five months after President Nixon made his historic visit to China, Japanese Prime Minister Tanaka Kakuei also visited China. The Japanese leader offered regrets for wartime atrocities committed against the Chinese and reaffirmed Japanese commitments to peace and friendly relations. This approach to China did give Japan a moment of flexibility to think about alternative strategic visions. But it was not pursued to its logical conclusion and it was not tied to an explicit agenda for regional cooperation. Japanese ideas about Asian regionalism came and went. Prime Minister Ohira Masayoshi, who held office from 1978 to 1980, offered a proposal for a "Pacific Basin Concept" focused on regional economic cooperation. As Akira Iriye notes, "the idea was significant because it went beyond the framework of the bilateral security alliance with the United States as the key to the country's foreign affairs."<sup>27</sup> Japan had become the leading regional economic power and had begun to extend development assistance to countries in Southeast Asia as well as China. Regional trade was expanding, so again the conditions for Japanese regional leadership were growing. Somewhat earlier, Prime Minister Fukuda Takeo visited Southeast Asia and articulated the so-called Fukuda Doctrine, which called for "heart-to-heart diplomacy" across the region so as to overcome psychological, cultural, and intellectual barriers to cooperation. Japan was beginning to dazzle the world with its economic performance. China was still in the early stages of reform, looking to Japan and the other East Asia "tigers" as models of the developmental state. This was Japan's best moment for pivoting to an Asian regionalism strategy. But again, Japanese leaders did not take systematic steps to turn these ideas into the centerpiece of its grand strategy. The rapprochement with China never fully crystallized – and alternatives to the security alliance with the United States were more speculative than real. This inability to translate desire into action is also demonstrated in the foreign trade investment arenas as well, described by Drysdale and Armstrong in Chapter 10.

Finally, in 2006, Foreign Minister Aso put forward the vision of an "Arc of Freedom and Prosperity" in East Asia. This was an explicit effort at establishing

"values diplomacy" for Japan. Aso admitted, "[W]hen it comes to freedom or democracy, or human rights or the rule of law, there is not a single country on the planet that can claim perfection."<sup>28</sup> Nonetheless, he argued, Japan "deserves to be considered as one of the true veteran players out there on the field." Aso said that Japan should no longer hesitate to state its values or seek to build close ties in the region with other democracies. In effect, Japan was being urged to step forward with a more explicit and activist set of values for its foreign policy. After all, democracy and the rule of law had spread across Asia in the last half-century, with many countries in Northeast and Southeast Asia making political transitions in this direction. The idea was for Japan to be the regional champion – and therefore leader – within this expanding values community. Obviously, this sort of diplomacy had invidious implications for China. A "values" foreign policy would elevate Japan's position in the region, allowing Japan to position itself on the moral high ground even if its economy was losing out to China.

Each of these efforts to articulate a new or updated vision of Japan within the wider regional and global order fell short. The Obuchi vision never really came to fruition. Koizumi's vision of Japan as the leader of an emerging regional community also never gained much traction. The region has taken steps to build new institutions, including the Asian Summit. But Japan is not at the center of these undertakings. The values diplomacy of Aso was criticized by various countries, most obviously China, that saw it as a crude effort to isolate China from the rest of the region. At each turn, Japan has tended to retreat back to its longer-term postwar strategy as an alliance partner and stakeholder state.

The reasons for the failure of these efforts illuminate Japan's central grand strategic dilemma. The Obuchi Commission initiative offered a vision of far-reaching domestic reform: Japan would become a truly open and thoroughly liberal society. It proposed a fairly radical recasting of Japan's social and cultural traditions. Much like past Japanese efforts to reinvent Japan, the goal was to become more like the West to gain more independence from the West, in this case the United States. But the agenda failed in the face of weak political leadership and entrenched social and cultural institutions. The Koizumi initiative for building Japanese leadership around an agenda of regional integration and community building also fell short of its promise. In part, this was because Japan itself is no longer the leading great power in East Asia. Its relative position has been declining in the face of a rising China. This imbalance makes a bid for regional leadership more difficult. But this is the dilemma. If Japan were to acquire more power – that is, if it were to become a more normal great power – it would risk backlash from its neighbors. The Aso efforts at "values diplomacy" was perhaps more promising. It offered Japan a way to assert leadership in promoting widely shared principles and norms of political life. The initiative did not so much fail as it simply was not sustained or integrated into a wider Japanese grand strategic vision. And, indeed, this is precisely Japan's ongoing strategic challenge.

Stepping back, Japan has not had a "lost decade" in foreign policy. But it has found itself in a grand strategic debate over the last two decades that has not yet yielded a clear and coherent vision. The choice before Japan seems to be between

two rival visions. One is the realist vision of Japan slowly becoming a “normal” great power. In the view of some, the problem with Japan is that it has not recognized and acted upon this choice soon or fast enough. Japan’s reluctant realism needs to be turned into exuberant realism. It needs to tackle head-on constitutional reform and the normalization of itself as a militarily capable great power. In the view of advocates, this grand strategy will address multiple challenges. It will allow Japan to respond to shifting power relations in Asia, generated by the rise of China. It will also allow Japan to become less dependent on the United States, creating opportunities for a more independent foreign policy. Japan does not need to renounce its alliance with the United States to gain these dividends from a more normal grand strategic identity and role.

The other vision is a liberal internationalist vision where Japan continues to articulate a special role for itself in world politics. It embraces its stakeholder identity. It remains a civilian great power – or, at least, it updates and builds upon its civilian great power legacy as it moves into the future. In this view, the problem with Japan is that it has only weakly and episodically expressed a clear liberal internationalist vision. In the 1990s and onward, Japan missed opportunities to speak loudly and with conviction about its civilian great power agenda. This agenda might include, for example, stronger leadership within the United Nations, including ideas for reform of the Security Council. It might suggest getting more involved in the G-20 and enunciating ideas about global governance challenges more generally. It might involve an agenda for East Asian regional cooperation, including financial and monetary relations. Japan had some ideas in the wake of the 1997–98 Asian financial crisis, but it failed to move forward with them after it was rebuffed by the United States. It might involve tackling head-on the “history issues” dealt with by Togo Kazuhiko in Chapter 13 that have weakened Japan’s position in the region for more than half a century. Finally, it might involve outlining an ambitious agenda for regional arms control and disarmament. Japan has embodied many of the ideas and principles that inform these various proposals. If Japan sought to renew and redouble its commitment to a civilian great power role, it would need to equip itself with ideas and proposals of this sort.

### **Conclusion: Pathways, opportunities, constraints**

Japan’s postwar grand strategy has been shaped by both constraints and opportunities. Japan has labored under the heavy burden of history. The idea of reestablishing itself as a normal great power has some appeal for nationalist-oriented Japanese, but it comes with massive costs and dangers. The idea of Japan as a sort of Switzerland of Asia – a pacific, nonallied, neutral country – has also had its appeal for some world-weary Japanese. The actual course chosen by Japan has been a middle-ground grand strategy, organized around the Peace Constitution, alliance with the United States, and liberal internationalism. Japan turned itself into a civilian great power and managed a stakeholder identity for itself. It is a grand strategy that began as a necessity but was turned into a virtue.

Japan has had two types of grand strategy debates. One type might be called “existential” debates. These are debates where Japanese leaders and political parties open up the big questions about Japan’s national security and alliance position. They are debates about the radical repositioning of Japan – revising the Constitution, overturning Article 9, normalizing the country, building a full-scale military, acquiring atomic weapons, ending the alliance, and so forth. The question of the alliance has tended to be at the heart of these debates because this is where Japan abdicated so much of its autonomy. The rise of China may make the U.S.-Japan alliance more valuable and worth keeping, but uncertainties about America’s staying power in Asia makes it more problematic. Japan’s contentious relations with China make the vision of an autonomous Japan positioned between Washington and Beijing seem quite fanciful. Growing nationalism keeps these existential debates alive – and indeed domestic politics in Japan may be increasingly friendly to these ideas – but the costs and risks of normalization and security autonomy are very real and not going away.

The deeply embedded problem for these nationalist and normalization visions is the failure of Japan to put the history issues to rest. It is very difficult to see Japan as an autonomous great power with traditional military capabilities – that is, a Japan with an independent power base in East Asia – without a resolution of the historical grievances and antagonisms from the imperial and World War II era. Looking back, the lost opportunity to settle the history issues might have been in the early 1990s when Japan was at the high tide of its economic growth and international prestige. China was still then in a weaker position. Somehow, Japanese leaders might have found a way to settle these issues, doing so from a position of strength. Today, growing nationalism in Japan interacts with worries about Japanese geopolitical decline to make gestures of historical reconciliation very difficult.

The other kind of grand strategy debate in Japan is about incremental shifts in ideology and diplomatic agendas. Here the question is: How can Japan increase its stature and influence on the regional and global stage? This is not a debate about whether to break out of the postwar framework of the alliance with America. It is about how to use the existing platform of alliance and governance institutions to project new ideas and influence. No doubt, there are ways that Japan can step forward to provide new ideas and leadership.

One place that Japan might take inspiration is South Korea. South Korea has found ways to elevate its influence in the global system through its vision of Global Korea. Under the past presidency of Lee Myung-bak, Korea ushered forward a wide variety of initiatives to support and underwrite global governance. Seoul hosted the G-20 Leaders Summit in 2010 and the Nuclear Security Summit in 2012. It has built bridges with the developing world, pushing forward programs for sustainable development and clean energy. South Korea is stepping forward on the global stage as a rising stakeholder state. This is, of course, precisely what Japan did in the past – and it continues to be Japan’s best strategic option. The central problem with the major alternative to this strategy – the vision of a “normal” Japan with a major military buildup – is that it risks triggering a regional

backlash. Doing so invites a regional arms race and the exacerbation of regional antipathy emerging from unresolved historical memory controversies.

Prime Minister Abe hinted at a renewed Japanese effort at stakeholder diplomacy in the major speech that he gave during his February 2013 visit to Washington. Abe said that Japan's foreign policy mission must be built around three tasks. The first is to remain "a leading promoter of rules." By rules, he meant rules "for trade, investment, intellectual properties, labor, environment, and the like." The second task was for Japan to continue to be a "guardian of global commons, like maritime commons, open enough to benefit everyone." And the third task was for Japan to work even more closely with the "U.S., Korea, Australia and other like-minded democracies throughout the region."<sup>29</sup> These three tasks are at the core of the liberal internationalist agenda. By wrapping up Japan's identity and role as a regional and global leader in these liberal internationalist tasks, Abe is arguing – as past Japanese leaders have repeatedly done – that Japan's best path forward is as a stakeholder state.

## Notes

- 1 I thank Adam Liff and Darren Lim for helpful comments on this paper.
- 2 NSC-68 as published in Ernest May, ed., *American Cold War Strategy: Interpreting NSC-68* (New York: St. Martin's Press, 1993), p. 40.
- 3 This is what Robert Zoellick was referring to when he used the term "responsible stakeholder" to describe a vision of Chinese integration and supportive participation in the existing international system. See Robert Zoellick, "Whither China: From Membership to Responsibility?" Remarks, National Committee on the United States and China, New York City, September 21, 2005.
- 4 For surveys of grand strategies that range from balancing to bandwagoning, see Randall Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security* 19, no. 1 (Summer 1994), pp. 72–107.
- 5 "Japan's Contribution to International Peace and Security," <http://www.mofa.go.jp/policy/un/sc/contribution.html>.
- 6 Funabashi, Yoichi, "Japan and the New World Order," *Foreign Affairs* (Winter 1991/92), p. 61.
- 7 Article 9 of the Constitution enshrines this restriction. "Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling disputes. In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized."
- 8 Richard J. Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia* (Ithaca: Cornell University Press, 2007), p. 35.
- 9 Michael J. Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power* (New York: Palgrave Macmillan, 2001), p. 11.
- 10 *Ibid.*, p. 13.
- 11 Thomas J. Christensen, "China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia," *International Security* 23, no. 4 (Spring 1999), pp. 49–80.
- 12 Akira Iriye, *Across the Pacific: An Inner History of American-East Asia Relations*. rev. ed. (Chicago: Imprint Publications, Inc., 1992), p. 336.
- 13 In the 1960s, Cabinet resolutions gave voice to this civilian great power identity, limiting defense spending to one percent of GNP and establishing the three nonnuclear principles (Japan will not produce, import, or sell nuclear weapons).
- 14 "Japan's Medium-Term Policy on ODA," <http://www.mofa.go.jp/policy/oda/sector/environment/action.html>.
- 15 "The Sadness of Japan," *Economist*, February 14, 2002.
- 16 Yoichi Funabashi, "Japan and the New World Order," *Foreign Affairs* (2001/2002), pp. 61–62.
- 17 Takashi Inoguchi and Purnendra Jain, eds., *Japanese Politics: Beyond Karaoke Diplomacy* (New York: St. Martin's Press, 1997). In 1988, Kent Calder depicted Japan as a "reactive state," with a foreign economic policy that was shaped by responses to foreign pressure and not from the strategic calculations of domestic actors. See Kent Calder, "Japanese Foreign Economic Policy Formation: Explaining the Reactive State," *World Politics* 40, no. 4 (1988), pp. 517–41.
- 18 Akitoshi Miyashita and Yoichiro Sato, eds., *Japanese Foreign Policy in Asia and the Pacific: Domestic Interests, American Pressure, and Regional Integration* (New York: Palgrave Macmillan, 2001).
- 19 Narushige Michishita and Richard Samuels, "Hugging and Hedging: Japanese Grand Strategy in the Twenty-First Century," in Henry R. Nau and Deepa Ollapally, eds., *Worldviews of Aspiring Powers: Domestic Foreign Policy Debates in China, India, Iran, Japan and Russia* (Oxford: Oxford University Press, 2012), p. 156. For a recent discussion, see Martin Fackler, "Japan Shifts From Pacifism as Anxiety in Region Rises," *New York Times*, April 1, 2013.
- 20 Ichiro Ozawa, *Blueprint for a New Japan* (Tokyo: Kodansha International, 1994).
- 21 Samuels, *Securing Japan*, 125.
- 22 Michael Green sees these various schools of thought favoring a "normal" Japan as a "reluctant realism" with a shared belief that "Japan must take more proactive steps to defend its position in the international society and that these steps can no longer be defined by the U.S.-Japan alliance or by facile assumptions about economic interdependence alone, even as alliance and economics remain at the core of Japan's world role." Green, *Japan's Reluctant Realism*, p. 32.
- 23 Michishita and Samuels, "Hugging and Hedging," p. 156.
- 24 Christopher W. Hughes, *Japan's Economic Power and Security: Japan and North Korea* (New York: Routledge, 2002), p. 32.
- 25 Yoshihide Soeya, "A 'Normal' Middle Power: Interpreting Changes in Japanese Security Policy in the 1990s and After," in Yoshihide Soeya et al., eds., *Japan as a "Normal Country"?: A Country in Search of Its Place in the World* (Toronto: University of Toronto Press, 2011), and Yoshihide Soeya, "U.S. and East Asian Security Under the Obama Presidency: A Japanese Perspective," *Asian Economic Policy Review* 4, no. 4 (2009), pp. 292–307.
- 26 Joseph Nye, "East Asian Security: The Case for Deep Engagement," *Foreign Affairs* (July/August 1995).
- 27 Akira Iriye, *Across the Pacific*, p. 372.
- 28 Taro Aso, "Arc of Freedom and Prosperity: Japan's Expanding Diplomatic Horizons." Speech at the Occasion of the Japan Institute of International Affairs Seminar, November 30, 2006.
- 29 Shinzo Abe, *Japan is Back*. Policy Speech at the Center for Strategic and International Studies, Washington, DC, February 22, 2013.