

50 years of Asia-Pacific International Politics and its Prospects: Role of Japanese Government and Enterprises

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1. History is Destiny – but only in part.

History constitutes a continuous stream of events, actions, and reactions. While there can be distinct historical epochs, they derive from forces of a continuing nature. But human beings have agency in shaping things going forward. Human beings and human-created institutions might be forced to accommodate forces from the past, but humans have the capacity to change the future. Two events overwhelmingly shaped Asia-Pacific international politics during the past 75 years.

The first was World War II, with all its well-known horrors and outcomes. The second event was the Korean War. World War II created the conditions that led to the great bifurcation of the international political system that characterized the Cold War. The Soviet Union stood triumphant as the dominant Eurasian power. The United States stood triumphant as the global economic superpower. Initially the geopolitical bifurcation was concentrated in Europe, climaxing initially with the hard division of Germany and the geopolitical separation of East and West Europe. The second event—the Korean War—globalized the bifurcation of the international order. What started initially as a competition over the future of Europe evolved into a great global competition between authoritarian powers and democratic/free enterprise countries.

Because of these two events, history produced an anomaly: the United States became the strongest “Asian” power, even though it was not an Asian country. The great cold war division and the rise of a modern Communist China set the stage for the rest of the century and carries over to this day as the defining strategic context of Asia-Pacific international politics.

Early in this competition, US leaders realized the nature of this global competition and saw the best way to succeed involved shaping the international political and economic environment with norms favorable to US interests. America

used its towering economic strength to create the so-called Bretton Woods international economic system. The US led the way to create the United Nations to establish a structure to accommodate the collapse of the European colonial empires and integrate over 100 new countries into an international system that favored liberal international values.

2. Japan in the Post-war international order

Japan became a cornerstone of America’s strategy to build a new world order that emphasized stability, prosperity, and security. Despite the bitter war fought between the United States and Japan, the United States sought to rebuild Japan quickly, and to channel its enormous creative energies into a booming economy that became a showcase for the liberal international order we sought to create on a global basis. While the United States created a permissive environment, it was Japan—its leaders and its remarkably industrious population—that created the miracle of recovery. Japan recovered its interior strength to rebuild a shattered country into what became the second largest economy in the world in only a matter of a few decades.

Throughout this period, the United States continued to provide a security framework and guarantee so that Japanese energies could be focused on rebuilding a modern economy. Japan’s economic success was a significant contribution to global security. The strength and success of Japan’s economy, built on fundamental values of rule of law, due process, representative government, became a powerful “soft power” component of the success of the liberal international order we sought to create in the early days following World War II.

The success of Japan contributed to the emergence of the so-called “Asian tigers”. Starting initially in Hong Kong, Singapore, South Korea and Taiwan, the success of these governments became an emblem of a pathway for

others throughout Asia. Japan was the towering leader of the economic renaissance, inspiring the other Asian tigers to boost economies throughout the region. This renaissance started while China was still in its phase of economic isolation. But the pattern of economic prosperity within a framework of geopolitical stability was set.

3. The Remarkable Rise of China

China changed its previous focus on autarchic development in 1978, and opened its economy to global competition, following the pathway charted by Japan and the Asian tigers. The result was an astounding transformation. China's per capita GDP amounted to less than \$200 per year in 1978. But in four decades it has soared to over \$12,000 per year. China's population rapidly grew during this period, so the progress is astounding.

Until the rise of the current leader, Xi Jinping, China's rise was largely peaceful and welcomed around the world. But during the past 10 years, China has become a more forceful and pugnacious regional superpower. Three developments have contributed to the current tension. The first is China's explicit assertion of sovereignty claims in the South China Sea. Using the dubious historical precedent of the so-called "9-dash line", China started to build islands out of rocks and atolls in the South China Sea, and then militarized these islands. The international tribunal judged that China violated the Law of the Sea, but it has not changed China's policies. Of course, Japan also experienced Chinese maritime coercion with its periodic incursions into Japanese waters around the Senkaku Islands.

Second, China decided to prematurely change the trajectory of Hong Kong and ruthlessly bring it under direct control of Beijing. Despite the commitment to the "one country, two systems" formula embodied in the agreement to revert control of Hong Kong to China, the nascent democratic structure of Hong Kong has been completely replaced by a complacent provincial government structure taking orders obediently from Beijing.

Third, China has exercised coercive security diplomacy for the past decade. We saw this with China taking explicit steps to punish Korea over the deployment of THAAD missiles designed to counter North Korea's nuclear threat. China also exacerbated border tensions with India and imposed partial trade embargoes on Australia because of unhappiness over Australian criticism.

This all became turbocharged following the visit

of Speaker of the House Nancy Pelosi to Taiwan in August 2022. China responded to the visit with an overt display of military might, launching dozens of surface-to-surface missiles, flying hundreds of menacing sorties by combat aircraft, and declaring "no-go" zones around Taiwan. Speaker Pelosi's visit was ill-advised. But China's reaction created continuing security aftershocks for Asian countries. Japanese leaders worried that reckless American gestures could get them into conflict with China. But China's reaction demonstrated the perilous new security environment in East Asia.

4. The Containment "conundrum"

China openly complains that America is trying to "contain" China. That has never been an American strategic or tactical goal. Indeed, for 40 years, America's grand strategy was to engage China as much as possible in the international economic order. American leaders perceived that China would become a more benign "responsible stakeholder" the more its economy was intertwined with the global economy. Chinese leaders have resorted to the containment narrative whenever they feel that they might lose control over domestic Chinese sentiments about the government's policies.

But China's rise contained a paradox. One of the truisms of international politics is that rising power creates antibodies to itself. As a country becomes more powerful, its neighbors seek to counterbalance that rising power in order to create as much security for themselves. As China became more pugnacious in its actions, it naturally caused Asian countries to want to draw more closely to the United States. But China interpreted this as active American "containment". The United States never sought to contain China, but other Asian countries sought security in cooperation with the United States which China interpreted as "containment".

5. The New Dynamic in Asia Pacific Geopolitics

We now clearly see the overall dynamics of the new geopolitical epoch in Asia. China now is the dominant regional superpower, but its actions have frightened neighbors. The global economic center of gravity has shifted to Asia. America has to remain active in Asia, both for its own economic well-being, but also to provide a secure environment for the region. But China's rise and pugnacious behavior draws Asian countries closer to the

US, creating greater tension in the region.

6. The new Japanese leadership

Having traveled to Japan now for over 25 years, I have witnessed a remarkable transformation. When I first visited Japan, the defense establishment was weak and national security was a secondary matter of concern in the Government. The United States provided a security framework and Japan was content to have a weak defense capability.

The transformation of Japanese defense capabilities has been continuous, but it really accelerated during the tenure of Abe Shinzo's two terms as prime minister. Japan's Defense Agency became a formal Ministry of Defense under the Abe's first round administration. The Kantei (Prime Minister's Office) created a National Security Council under the second round, and centralized some intelligence oversight functions. Japan's foreign policy strengthened, with a greater focus on the wider Indo-Pacific region. (Japan invented the term "Indo-Pacific", but America adopted it as its formulation for its strategy in the region.) When the Trump Administration abandoned the Trans-Pacific Partnership trade agreement, Japan stepped forward to lead the coalition of countries which ultimately adopted the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). American leadership faltered and Japan took the leadership role in Asia on behalf of the US and Europe.

And when China over-reacted to the Speaker Pelosi visit to Taiwan and demonstrated raw military actions, the

Kishida Government convinced Japanese citizens of the need to double the defense budget. This step completed the transformation of Japan from a passive defense partner to the active leader of free Asia.

7. The way ahead for Japan in the Indo-Pacific International Political system

Japan is now the leader of "the free world" in Asia. While the United States will remain an active security partner, Japan is now the equal partner. But Japan is the leader in a wider sense. Japan has formulated a more sophisticated strategy for dealing with a rising China. Japan has strengthened its defense capabilities, but it retains a constructive (but appropriately cautious) approach to economic cooperation with China. This posture is superior to America's "either you are with us, or against us" approach on China. Asian countries want a peaceful, stable, and secure Asia. That means managing China's intimidations without losing the capacity to build economic relations throughout the region. Japan is building a network of reassurance throughout Asia. America has much to learn from studying Japan's approach. America's overall strategy is handicapped by lacking an intelligent trade policy. Global supply chains are evolving. Trade is foreign policy in Asia. Japan well sees this and has a strategy to deal with it.

When I first started traveling to Japan, I often heard reference to a "big brother/little brother" partnership. Today Japan is every bit our equal brother, and when it comes to trade policy, is our big brother. Now is the time for us to catch up with our brother.

Author Introduction



Dr. John J. Hamre President and CEO and Langone Chair in American Leadership CSIS, Center for Strategic and International Studies John Hamre was elected president and CEO of CSIS in January 2000. Before joining CSIS, he served as the 26th U.S. deputy secretary of defense. Prior to holding that post, he was the under secretary of defense (comptroller) from 1993 to 1997. As comptroller, Dr. Hamre was the principal assistant to the secretary of defense for the preparation, presentation, and execution of the defense budget and management improvement programs. In 2007, Secretary of Defense Robert Gates appointed Dr. Hamre to serve as chairman of the Defense Policy Board, and he served in that capacity for four secretaries of defense. Before serving in the Department of Defense, Dr. Hamre worked for 10 years as a professional staff member of the Senate Armed Services Committee. During that time, he was primarily responsible for the oversight and evaluation of procurement, research, and development programs, defense budget issues, and relations with the Senate Appropriations Committee. From 1978 to 1984, Dr. Hamre served in the Congressional Budget Office, where he became its deputy assistant director for national security and international affairs. In that position, he oversaw analysis and other support for committees in both the House of Representatives and the Senate. Dr. Hamre received his Ph.D., with distinction, in 1978 from the School of Advanced International Studies at Johns Hopkins University in Washington, D.C., where his studies focused on international politics and economics and U.S. foreign policy. In 1972, he received his B.A., with high distinction, from Augustana College in Sioux Falls, South Dakota, emphasizing political science and economics. The following year he studied as a Rockefeller fellow at the Harvard Divinity School in Cambridge, Massachusetts.

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