Chapter 11

INSTITUTIONALIZED INERTIA

Japanese Foreign Policy in the Post-Cold War World

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Japan is an oddity in the Asia-Pacific, and indeed the world. While it is by far the largest economy in Asia, and a top economic presence throughout the region, its international posture has been unassuming and often inconsistent. Despite a growing potential threat from China and at least the future possibility of U.S. military withdrawal from post–cold war Asia, it has, ironically, made no serious effort to develop an autonomous defense capability even though it now has the world's second most expensive armed forces. And although many observers claim that the state played a key strategic role in the rapid growth of the postwar economy, foreign economic policy appears generally to be uncoordinated and only occasionally strategic.

An equally important puzzle is what effects Japan's inertial tendencies have on regional politics. Does Japan's military constraint promote or corrode peace and stability? Should we be reassured by the low profile of the Japanese state in presenting itself as an economic leader, or should we be concerned that it is not providing essential regional public goods?

In this chapter, I argue that the Japanese state does not produce a coordinated and effective response to many of the actual or potential challenges of its international situation because it *cannot*. Effective foreign policy is constrained by a set of institutions that reflect strategic and political issues of the past. While there is a growing consensus among Japanese policymakers and people that policy

changes may be needed to confront a changing world situation, meaningful policy change is virtually impossible without changes in institutions—but by their very nature, institutions usually change only incrementally, except in crises.

In analyzing the institutional bases of Japanese foreign policy behavior, I concentrate on three sets of institutions and organizations. For security issues, the effects of half a century of the "Peace Constitution" and the U.S.-Japan Mutual Security Treaty are apparent in a decisionmaking structure that almost automatically disallows any serious movement toward autonomous strategic thinking. For most economic issues, particularly trade and aid, the lack of coherence reflects the problems of coordination among turf-conscious bureaucracies that are not subject to centralized decisionmaking by the prime minister. One exceptional institutional feature of Japanese foreign economic policymaking stands out, however—the immense pool of capital (in the form of $350 billion dollars in foreign exchange reserves and well over $3 trillion worth of government trust funds) that can be deployed rapidly in the face of perceived emergencies.

This institutional structure helps to define what responses are possible or impossible in the face of a given international challenge. In security matters, nearly superhuman effort is needed to make any change to the low-profile status quo. In most economic matters as well, Japanese policy is highly inertial. When stakes are high enough (for example, in the pressures to liberalize rice imports in the Uruguay Round), change may occur, but it will tend to be incremental. Interestingly, however, Japan has been able to react decisively to certain specific economic challenges—including, as I will demonstrate, the Asian Financial Crisis. The reason is that the institutions of Japanese economic policy allow for rapid mobilization of funds, but not for rapid adjudication of turf battles.

Thus, I argue, Japan's foreign policy inertia is institutionalized. Of course, institutions do change over time, and past and future institutional change is an important focus of this chapter. In Japan, we have seen institutional evolution as incremental policy changes have accumulated over time, but relatively little intentional, forward-looking institutional transformation. To date, the inertia of Japan's policies has often served its interests well, keeping it out of regional arms races and unwanted military engagements abroad, and helping it to insulate its economy from external pressures for liberalization. Since institutional change tends to lag behind change in the international environment, however, if that international environment turns threatening, then Japan may be unable to respond to that threat in an effective way. In this way, institutionalized inertia creates dangers as well for Japan.

Looking beyond Japan's borders, the effects of its domestic institutions on foreign policies either reduce or excite friction, depending on the case. Its low profile in security issues has been at least somewhat reassuring to its neighbors, and has thus contributed to regional security. However, it has also created frictions with its U.S. protectors, and in the long run could threaten the U.S.-Japan al-

liance. Economic policy inertia has led to sometimes severe disagreements with trading partners, and on occasion has inspired threatened or actual retaliation.

Serious efforts at institutional change in both security and economic management are ongoing, but even the most ambitious of these efforts have been one step up and two steps back. (It is ironic that these have actually accelerated somewhat in the last decade, even as the Japanese economy has stagnated.) Looking ahead, the slow pace at which the institutions of Japanese foreign policy have been changing under pressure from the outside world may mean that it will be unable to respond effectively to future crises. While Japan's institutionalized inertia in the security realm is useful to regional stability in the short term, it raises the longer-term possibility of a dangerous power vacuum that Japan may not be able to fill in time. Conversely, the short-term implications of a more autonomous security policy would likely be destabilizing, even if it proved to have positive effects in the longer term. Thus, whether Japan will become more or less of a force for stability of international relations in the Asia-Pacific depends at least partly on how its institutions of foreign policy evolve.

INTERNATIONAL FORCES, DOMESTIC INSTITUTIONS, AND FOREIGN POLICY

Neither the argument presented in this chapter nor domestic institutions arguments in general offer a "fundamental" explanation in the sense that realism or liberalism does—in other words, making a causal argument about the motive forces of state behavior. Rather, this approach seeks to explain why states do *not* respond to such motive forces in the ways that more fundamental theories, particularly realism, suggest.[1] I argue that domestic institutions can add to a realist approach to provide the best explanation of Japan's international behavior.

REALIST PREDICTIONS

One of the most common starting points for the scholarly study of Japan's international role is that Japan has not met the predictions of realism, and particularly of neorealism. On the security side, Japan has made only limited efforts to balance against China and virtually none at all to break its dependence on U.S. military protection.[2] On the economic side, the movement toward an Asian economic bloc headed by Japan that would rival U.S.-led and European blocs has not come to pass, and if anything, we have seen a resurgence of globalization rather than regionalization.[3]

Certainly, a rational, realist Japan would be wary of the security dilemma that it could cause by increasing its military capabilities dramatically—the billions of dollars of spending that it would take to become a regional military superpower could even purchase it *lower* levels of security than it has now. But we

should expect that a realist Japan *would* seek to hedge its bets, by lowering its dependence on the United States, and by gradually improving its capabilities in ways that are not directly threatening to its neighbors. The latter would likely include an expansion of purely defensive capabilities and limited participation in UN peacekeeping operations. On the economic side, an Asian economic bloc would make no sense as long as the economies of North America and Europe remain open; rather, a dual strategy of expanding Asian economic ties and seeking to tie outside powers (especially the United States) to the region would appear to make the most sense. The evolution of Japan's actual policies since the late 1980s is at least broadly consistent with this more modest realist agenda, but it has also been halting, apparently uncoordinated, and occasionally retrograde.

An alternative realist formulation is Heginbotham and Samuels' argument that Japan has followed a "mercantile realist" strategy that stresses relative gains in technological prowess—the primary determinant of power in the long term—rather than military power.[4] In this formulation, Japanese policy is strategic. They argue that "Japan has persistently acted as if its greatest vulnerabilities have been economic and technological" and that "foreign penetration of Japanese markets . . . has been perceived as a threat, whether that penetration was by the firms of a military competitor or ally." In terms of the tradeoff between economic and military security, Japan has thus been able to "bandwagon with the United States politically and balance against it economically."[5]

While suggestive, the idea that Japan has practiced a coherent strategy of "mercantile realism" is difficult to prove. Moreover, Japan's mercantilism has often concentrated on declining, nonstrategic sectors such as construction, distribution, and transportation, in ways that have advantaged some of the least efficient domestic producers. It is not clear how a strategically mercantile state would be helped by maintaining protection of inefficient and strategically unimportant industries—institutional inertia would seem to offer a more reasonable explanation.[6] For now, too many ambiguities persist both in theoretical predictions and actual behavior to allow unequivocal judgments either for or against mercantile realism as an explanation of Japan's foreign policies. Thus, in this chapter, I will address deviations from my more generic realist definition of Japan's interests.

INSTITUTIONS AND POLICY

Before going into specifics about the role of Japan's policymaking institutions in responding to realist pressures, we must consider two questions at the theoretical level: how do domestic institutions shape foreign policy processes and outcomes? And, how do international pressures shape domestic institutions?

The strength of the domestic institutions approach is its ability to add to the realist paradigm by considering the *formation* of state interests and state capabil-

ities, rather than simply assuming them based on a process of natural selection in the anarchic international order. Realism expects states to act in a way that will allow them to survive—for example, by balancing against stronger powers and minimizing economic vulnerability. However, there are many policy choices that have little or nothing to do with the survival of the state, or whose consequences are unclear.[7] Tempting though it may be to predict foreign policy from a realist analysis of a state's needs, in the end the task is essentially impossible.

If no set of priorities is preordained by system structure, then we must look inside states to understand how policies and priorities are actually determined. While the domestic-institutions approach moves away from some of the core assumptions of neorealist theory, it does not require a fundamental rethinking or rejection of realism in the way that some versions of constructivism do.[8] Domestic institutions can be important whether states exist in a Hobbesian state of nature, a liberal world of wealth maximizers, or some other construction altogether. The fact that different types of institutions may lead to different types of worldviews may seem to make for a basically constructivist world.[9] But it is perfectly possible that states will be disciplined in the long run by an unforgiving international system, no matter how their dominant beliefs or institutional arrangements induce them to behave internationally—"realist theories are as much about the *consequences* of behavior as about the *determinants* of behavior."[10]

In discussing institutions at the abstract level, I will follow North's terminology: "Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction."[11] Institutions can be both formal (laws and legal systems) and informal (extensions of formal rules).[12] Institutions may or may not be embodied in or enforced by organizations, which are "groups of individuals bound by some common purpose to achieve objectives."[13] In looking at Japanese foreign policy, an example of a formal institution is the war-renouncing Article 9 of the Constitution in combination with its subsequent legal interpretations;[14] an example of an informal institution is the "Yoshida doctrine" (discussed below); and organizations include the Ministry of Foreign Affairs, the Self-Defense Forces, and the Prime Minister's Office.

Informal institutions of governance are usually buttressed by formal institutions and organizations. When change in a domestic institution or organization leads to discrepancies with related institutions or organizations, tension arises. Over the long term, such tension should lead to reconvergence, either by a reversal of the original change or by an evolution of related institutions and organizations.[15] Such changes can be triggered by crises, or in some cases can themselves trigger crises.

If policymaking institutions and processes are themselves a crucial determinant of policy outcomes, then we should expect to see distinct patterns of policy outcomes that change more slowly than the objective factors that surround the

institutions.[16] Domestic institutions approaches in political science have focused variously on the organizations of the state or society, cultural or historical legacies, or long-term coalitions. The usefulness of concentrating on a given type of institution will generally depend on the issue being considered. In this chapter, I look at institutions more narrowly than do authors such as Risse-Kappen and Milner, who focus on broad questions of state-society relations or parliamentary vs. presidential systems.[17] I do so because I am interested in institutional change as well as stasis—and the basic structure of the Japanese political system is not on the verge of change.

DYNAMICS OF INSTITUTIONAL CHANGE

Large-scale political events can shape states' policies for periods of years or decades.[18] In these enduring political compromises, long-term coalitions affect both domestic and foreign policies by favoring some groups and excluding others from the policy process. Over time, patterns of inclusion and exclusion are actually institutionalized in state structures.[19] State structures can also serve to insulate the state from society more generally, and to strengthen its ability to carry out policies that are either in officials' own interests or in their interpretation of the national interest.[20]

International politics can also have reciprocal effects on domestic institutions in some cases—the so-called "second image reversed" approach.[21] This may be particularly true of major trauma, such as when a state entered the modern state system or international economy, or of war.[22] But state formation and war are not the only points at which the international system can be an engine for transforming state institutions. Changed international conditions can also prompt less far-reaching internal changes, as leaders begin to realize the need to deal with the outside world (if not necessarily domestic politics) with new tools. A good example of this is the reestablishment of U.S. foreign policy institutions at the outset of the cold war.[23] Rather than abandoning wartime coordinative and information-gathering agencies as had been standard after earlier large-scale wars, U.S. authorities acted to give these agencies more permanent status in order to deal more effectively with the rapidly developing cold war. The establishment of the National Security Council, the Central Intelligence Agency, and other security agencies, along with the development of systems of clearances, the "military-industrial complex," etc., transformed the United States' abilities both to coordinate foreign policy and to carry out theretofore impossible (if not necessarily always desirable) policies such as reconstruction in Europe and Japan, counter-revolution in Iran and Vietnam, and support of guerrilla movements in Latin America and Afghanistan.

There are opportunities for less dramatic changes as well. Even if imperfectly, states do attempt to be forward-looking, and to recognize inadequacies in

their abilities to deal with foreseeable eventualities. The end of the cold war, globalization, and events such as the Asian Financial Crisis have fundamentally changed perceptions of likely eventualities, perhaps particularly in Asia. In particular, the decline in the cohesiveness of cold war–era political and economic blocs should lead to changing relative valuations of economic and political objectives, the possibility of alternative security arrangements which cross the borders of the old alliances, and, in more concrete terms, the increased likelihood of a future withdrawal of U.S. forces from Asia. Thus, despite the inertia that is intrinsic to institutions, we should expect to see at least initial moves by Asian states to improve their abilities to address the new challenges.

INSTITUTIONS VS. CULTURE

Policy institutions are not the same as culture, preferences, or beliefs. In the latter vein, Berger and Katzenstein have argued that such factors as total defeat in World War II, the resulting revulsion toward the militarism of Japan's wartime regime, and the economic successes of a nonmilitarized Japan in the postwar period have combined to institutionalize a "culture of antimilitarism."[24] For them, the changes in societal norms in turn constrain state actions.

It is hard not to accept that Japanese norms concerning international behavior have changed in generally the ways that these authors describe. My argument differs from theirs in the importance assigned to state institutions and in my assessment of Japan's potential responsiveness to changes in the international environment. If the concept of culture is to have any meaning independent of the political institutions that may reflect it, then it should be that norms and perceptions change more slowly in response to environmental change than those institutions that exist explicitly to deal with the external environment. While I argue that political institutions will produce more inertia in Japan's international behavior than a purely realist analysis would prescribe, I also predict that those institutions will change more rapidly and more predictably than cultural institutions, and that changes in objective conditions will be more important in driving change than policy discourse. This is the major predictive difference between the two approaches.[25]

MAKING POLICY IN JAPAN: STRUCTURES, PROCESSES, AND OUTCOMES

Japan's postwar foreign policy can for the most part be delineated by three themes: (1) alliance with the United States, (2) avoidance of confrontation, and (3) concentration on economic issues. These themes have operated both on the level of actual foreign policy, and on the shaping of the policymaking institutions.

The most singular feature of Japanese foreign policy, especially in traditional "high politics" areas, has been the centrality of the alliance with the United States. Japan's fidelity to its U.S. partner can be seen in a variety of actions which were unpopular at home and/or appeared on their face not to be in its national interest, such as its support of the U.S. position in the Vietnam War and its nonrecognition of the People's Republic of China prior to Nixon's historic visit there in 1971. Followership has not been absolute, as seen particularly in the drive to expand autonomous weapons development and production, but in the end usually trumps other foreign policy interests.[26]

Avoiding confrontation with neighbors has been a second hallmark of Japanese foreign policy.[27] Perhaps the most important manifestation of conflict avoidance has been in the military realm. Japan has chosen not to procure equipment such as bombers, aircraft carriers, and landing craft; also, its joint military exercises with the United States and Korea have not had Japanese forces involved in landings.[28] Avoidance has also extended considerably into the political and economic realms. Japan has proved to be quite sensitive in particular to charges of neocolonialism or atavism by Asian countries. In its foreign economic policy as well, Japan has been careful not to appear to interfere in the affairs of other Asian states—in particular, it has been reluctant to attach policy conditions to its development aid.

The third theme has been an emphasis on foreign economic policy aims over "high politics." This theme emerged perhaps most clearly in the 1970s, when Japanese leaders realized that U.S. protection alone would not guarantee access to essential raw materials. Japan's foreign policy began to stray from complete identification with U.S. global politics in the direction which came to be known as "comprehensive security."[29] Comprehensive security particularly embraced resource-rich states that were geographically close, such as Indonesia, while strengthening ties with Middle Eastern states that were not always in U.S. favor. While comprehensive security was the most explicit statement of the emphasis on foreign economic policy, other examples abound, particularly in trade negotiations. Even Japan's dealings in traditional areas of diplomacy and security have had an economic tinge, from the negotiations for the reversion of Okinawa (partially in exchange for a deal on Japanese textile export restraints) to co-development of the FS-X fighter aircraft (shaped by U.S. fears of losing the aircraft industry to Japan).[30]

ENVIRONMENTAL CHANGES

As in many areas of the world, the cold war in Asia created a strong inertia in terms of international incentives. Japan was an ally of the United States, situated in one of the most potentially dangerous of the cold war neighborhoods, and had no good alternatives to U.S. protection. Moreover, neighboring states

have remained highly suspicious of Japan's intentions regarding rearmament. In such circumstances, a low-profile, economically oriented policy stance throughout the postwar period seems entirely rational.

Key variables have changed, however. The most obvious of these are the end of the cold war and the decline of the potential threat from the Russian Far East. These events should have reduced the need for U.S. protection, and for reflexive deference to U.S. policy objectives. One might argue that the rise of China in recent and future years should continue to tie Japan to the United States. However, for the moment, China's power projection capabilities remain weak, particularly in naval terms.[31] Given the long-term uncertainties as to Chinese intentions and U.S. commitment, it may be better to see the current situation as an opportunity for a realist Japan to start hedging its bets and preparing for the long-term worst case scenario of U.S. disengagement and Chinese aggressiveness.

Over a longer perspective, the transformation of Japan from war-torn basket case to economic superpower (indeed, one which has the world's second highest military spending, despite maintaining the total at around 1 percent of GDP) and the rise of China are the sorts of power shifts that usually alert us to major changes in world political configurations. Japan has not yet sought to take advantage of that potential power. To better understand this reluctance, we must turn to institutions.

The persistence of cold war–era trends in Japanese foreign policy in the face of major changes in objective conditions suggests that policy preferences have in some way become institutionalized in Japan's political and economic structures. To a remarkable degree, the institutions of Japanese foreign policy making have served to limit flexibility, and to maintain the continuity of policy in terms of the trends I have already identified. I will concentrate here on two key sets of formal and informal institutions, which are associated with the "Yoshida Doctrine" on the one hand and with Japan's economic focus on the other.

INSTITUTIONS OF SECURITY POLICY

The Yoshida Doctrine is named after Shigeru Yoshida, who served as Prime Minister for most of the Occupation period as well as the first two and a half years after Occupation. Yoshida's policies were marked by strong anticommunism and a resistance to military buildup, both made possible by heavy reliance on the United States to ensure Japanese security.[32] Their purpose was to keep Japan as far removed as possible from actual involvement in the cold war, paradoxically by relying on one of its two main protagonists.

The Yoshida Doctrine was confirmed in several formal arrangements, including Article 9 of the Constitution and the U.S.-Japan Mutual Security Treaty. Interpretations of Article 9 have expanded far beyond what most would have imagined possible in 1946, as various Cabinets have stated officially that

Article 9 allows for not only limited self-defense, but also forward self-defense (defense of sea-lanes of communication) and overseas dispatch of peacekeeping troops.[33] As for the Security Treaty, it provides for U.S. basing rights in Japan, but is justified constitutionally on the basis that it only involves Japan in its own self-defense, not collective self-defense. However, the ambiguous use of the term "Far East" in the Treaty itself (Articles 4 and 6) opens up considerable room for interpretation. Indeed, the 1997 revision of the "Guidelines for U.S.-Japan Defense Cooperation" states that "The two Governments will take appropriate measures, to include preventing further deterioration of situations, in response to situations in areas surrounding Japan."[34]

The principles of the Constitution and Security Treaty have been reaffirmed more informally as well. In particular, the Japanese government has publicly espoused (though not legally instated) restrictions on the state's military capabilities, including the Three Non-Nuclear Principles, bans on export of military goods or technology, and the so-called 1 percent limit on military spending.[35] Perhaps more importantly, legal interpretations of Article 9 have consistently denied the possibility of participation in collective self-defense, or any action that could engage SDF troops in fighting outside of Japan. In general, the Self-Defense Forces have been most visible in a disaster relief role. The result has been that, even as Japan has become one of the highest spending militaries in the world, the basic consensus against militarization has been confirmed and institutionalized.[36]

More importantly, the principles are embodied in the organizations of security policy. The Defense Agency remains just an agency, while a number of its officials—including key personnel in procurement and budgeting—come from powerful outside ministries. Moreover, under the Security Treaty, interoperability of equipment and integration of tasks and missions between U.S. and Japanese forces is the basis of Japanese defense planning and doctrine, and this complementarity is nurtured by constant high-level coordination and regular joint exercises.[37] Recent developments have actually pulled Japanese forces into a tighter integration—the extreme case of this would be Theater Missile Defense if it is ever developed, since a TMD system would require seamless, real-time cooperation in the form of unified command.

The anti-military consensus and institutions have been weakened somewhat, especially in the last fifteen to twenty years. Prime Minister Yasuhiro Nakasone deliberately violated the 1 percent limit in 1987 and worked to follow up on his predecessor Zenko Suzuki's 1981 pledge to protect sea-lines of communication out to 1,000 miles; Japanese minesweepers were dispatched to the Persian Gulf in 1991 after hostilities had ended between Iraq and the United States; in 1992 the Diet passed a law allowing overseas dispatch of SDF forces in noncombat roles in U.N. peacekeeping operations (the "PKO Law"), and also in 1992 SDF forces were dispatched to Cambodia under the command of the United Na-

tions.[38] Perhaps even more importantly, Japanese military spending has increased apace with its postwar economic growth, leaving it with military capabilities that could not have been foreseen in Yoshida's time.[39]

The core of the institutions has remained, however. The Defense Agency still lacks ministry status and a strong power base among politicians. The high levels of military spending reflect the high salaries necessary to attract and retain personnel, as well as the high costs of development and short production runs of high-tech weapons made by Japanese firms. In short, it can hardly be said that the second most expensive military in the world is the second most capable. Moreover, Japan's force structure is still designed primarily to be complementary to U.S. forces in Japan and the Pacific. All of these points reinforce the continuing dependence on the United States for Japan's security, as well as the relatively low regard in which the importance of military readiness is held. Thus, despite erosion, the basic principles of the Yoshida Doctrine remain embedded in Japanese government institutions: reliance on the United States, and limited military capabilities that do not pose an credible autonomous threat to any neighbors.

INSTITUTIONS OF FOREIGN ECONOMIC POLICY

An emphasis on economic over military aims has similarly been institutionalized in Japan, as a result of the Yoshida Doctrine's success in escaping from the tradeoff of economic growth versus security by trading foreign policy autonomy for U.S. protection. The tradeoffs embodied in the Yoshida Doctrine were reinforced early on by the existing bureaucratic structure of the Occupation. The Army and Navy, once dominant in foreign policy, were eliminated, and domestically powerful bureaucracies such as the Home Ministry were broken up and many of their leaders purged along with many influential politicians and *zaibatsu* leaders. Into the breach stepped the Ministry of Foreign Affairs (MOFA), and the economic ministries, most notably the Ministry of Commerce and Industry (now the Ministry of Economy, Trade, and Industry, or METI) and the Ministry of Finance (MOF).[40] Many of the tools or policies that would become central to Japanese foreign economic policy (such as the foreign exchange budget) operated either through negotiations between line ministries and Occupation officials, or independently even of the Americans. This way of doing business reinforced the principle of line ministries negotiating within their own areas of jurisdiction.

Today as well, one of the most immediately evident characteristics of Japanese foreign economic policy is its distinct separation from the diplomatic establishment, and its fragmentation along functional lines.[41] This separation has been enshrined in the institutions of economic policy and the practice of international negotiations: trade negotiations are carried out by METI officials,

those over ports and air routes by the Ministry of Transportation, and so on. This is, of course, not unusual. However, there is no obvious venue in the Japanese state apparatus for coordination of economic and diplomatic aims—not only are the Ministry of Foreign Affairs and the Defense Agency (JDA) left largely out of the loop in foreign economic policy matters, but also the absence of an effective coordinative body at the cabinet level means that different ministries are largely left to their own devices. Even foreign aid—usually seen as a tool of foreign policy—lies largely outside the control of MOFA. Although it is officially decided in consultation among MOFA, METI, MOF, and the former Economic Planning Agency, MOF and METI have often taken the lead role, despite the program's origins in war reparations agreements.[42]

MOFA and the JDA, with little in the way of political resources, are thus highly circumscribed in their abilities to affect international economic negotiations. The primary places where coordination might be expected to occur are in the Prime Minister's office and in the various advisory councils attached to it. However, each of these suffers from the same weaknesses described above—in particular, turf battles and lack of clear coordinating principles. For example, the Prime Minister is advised by five top-level aides on important international and economic matters. Rather than improving coordination, however, this system has actually perpetuated turf battles—among the five aides, there is one each from MOFA, MOF, METI, and the National Police Agency. All return to their respective bureaucracies after their tours of duty in the Prime Minister's office, thus reinforcing the tendency toward protecting turf. As for advisory councils, even those attached to the Prime Minister's office have relied on ministries to provide staff and information. As the best recent work on Japanese advisory councils argues, "The Prime Minister's Office [Cabinet Office as of 2001] houses a welter of unrelated, extraministerial bodies over which the premier exercises little control."[43]

In theory there is no particular reason why a determined ruling party could not act to coordinate economics and "high politics," but clearly this pattern has not been institutionalized to any meaningful degree. (And in any event, party structures—even of the long-dominant Liberal Democratic Party—have been far too balkanized to provide a sufficient base of support for a prime minister with ambitious or original foreign policy goals.) Thus, the apparent consensus among leaders and the public in favor of the Yoshida Doctrine has been reinforced by the organizational structure that it helped to put into place.

PRACTICAL EFFECTS

The Yoshida Doctrine institutions have served to keep the Japanese military under a tight rein, even as it has grown to be one of the world's most expensive—and in terms of naval and air forces, one of Asia's most capable—

armed forces. In addition to reinforcing Yoshida's original political and economic aims, they have had the side benefit of tempering the anxieties of Japan's neighbors. At the same time, they have reduced the state's flexibility to act in what has often appeared to be its own self-interest. Japan's inability to send even noncombatant SDF personnel and equipment to the Persian Gulf in 1990 and 1991 until after hostilities had ended created considerable ill-will in the United States.[44] Similarly, the lack of coordination at a central level has made it difficult to respond with a coherent voice to a variety of situations.

The most obvious of these is in economic negotiations with the United States and other trade partners. Although foreign policy goals generally trump in the end if disputes become too antagonistic, the lack of coordination has regularly led to contentious relations that end with bad feelings on both sides. This has been a common result in negotiations with the United States.[45] Lack of internal coordination in Japan not only slowed down the completion of the Uruguay Round, but also helped to scuttle the 1998 APEC Early Voluntary Sectoral Liberalization negotiations, as agriculture exercised its traditional veto over trade liberalization.

In regard to Japan's second most important bilateral relationship, its foreign policy institutions have had mixed effects. China policy has been a priority in many ways, as demonstrated by the size of aid and investment flows and by the profound sensitivity of Japan to Chinese criticisms of atavistic textbooks and statements by political leaders.[46] Nevertheless, the domination of China policy by economic interests has impeded serious long-term thinking about the security implications of Chinese economic growth or consideration of the question of whether Japan should be withholding certain technologies. Only since the mid-1990s has Japan even begun to move "from commercial liberalism to reluctant realism" in viewing China.[47] Lack of coordination has also stymied the Japanese government's ability to respond strongly to disturbing Chinese actions such as the 1995 nuclear tests. In that case, as in the Tiananmen Square incident and the 1998 nuclear tests by India and Pakistan, the extent of the reaction was official protest and a partial (and temporary) freeze on grant aid.[48] Ironically, the limited reactions in those cases probably helped to smooth bilateral relations—an example of the potential benefits of Japan's institutionalized inertia.

As a final point, as already noted, aid policymaking has been hobbled by the difficulty of gaining cooperation among four agencies with often different agendas. This occasionally affects the apportionment of aid among recipient countries, in which cases broader foreign policy aims (and thus MOFA) generally win.[49] More often, it leads to disputes over how the money is to be used, with METI particularly pushing for uses that benefit Japanese corporations.[50]

THE ASIAN FINANCIAL CRISIS

The most dramatic international economic crisis faced by Japan in the post–cold war era was clearly the Asian Financial Crisis.[51] The crisis naturally posed a severe challenge for Japanese policymakers. However, the Japanese state is far better equipped to deal with international economic crises than with security or political dilemmas. In fact Japan was impressively responsive to the Asian crisis.[52] Not only were officials of the International Finance Bureau of the Ministry of Finance working by early July 1997 to put together a package for Thailand (well before U.S. officials evinced major concern), but in that fall, Finance Minister Mitsuzuka announced a plan to assemble a $100 billion Asian Monetary Fund to handle short-term liquidity problems of Asian economies. Japan offered to put up the bulk of the capital. In addition, Japan was by far the largest single-country donor to each of the IMF-brokered bailouts, pledging $4 billion to Thailand, $5 billion to Indonesia, and $10 billion to Korea.

Japan also responded to the problem of declining Japanese commercial bank lending to the crisis-affected Asian economies. After the fall of 1997, the Japanese government reversed its earlier budgetary commitment to reduce its aid spending. It also stepped up official nonconcessional loans, particularly to provide trade credits and to allow the completion of partially completed projects.[53] The original *ad hoc* efforts were expanded in the 1998 announcement of the $30 billion New Miyazawa Plan, which has provided both substantial short-term support for currencies facing attacks (through a special facility in the Asian Development Bank) and longer-term support for restructuring and development (through direct lending and guarantees for sovereign borrowing).[54] The amounts did not by any means fully make up for the pullback by private lenders, but they have addressed specific problems caused by the crisis.

In other words, regardless of whether rapid bailouts would have been the best response to the crisis (as I believe), the Japanese government has been a central, credible, and decisive actor in international efforts to address that crisis. That decisiveness stands in stark contrast to Japan's efforts to respond effectively to security-related crises such as the Iraq-Kuwait crisis and the North Korean nuclear crisis. (A partial exception can be seen in its attempts to broker a peace in Cambodia. There, although the outcome has not been unambiguously successful, the outcome was surely as positive as anyone could have expected.)

Japan's domestic problems clearly contributed to the emergence of the Asian crisis by reducing Japan's demands for imports and reducing the amount of lending and investment available for troubled economies, but these are the result primarily of domestic problems which are both economically and politically difficult to handle.[55] The only way Japan could have been much more aggressive in dealing with problems at the international level would have been more assertive *domestic* actions. Japan's domestic economic policy problems have been a result

of the same dynamic that hampers most decisionmaking in foreign economic policy—namely the sectionalism and clientelism that has been institutionalized over time in a sort of unmediated balance of power among bureaucracies. Only when it comes to deploying discretionary funds does the Japanese foreign economic policy apparatus look like a well-oiled machine.

ELECTORAL POLITICS

Electoral politics provides a less compelling explanation for much of Japan's postwar foreign policy framework. Despite what might appear to be strongly held views on some aspects of foreign policy, as evidenced in demonstrations against the Security Treaty and the Vietnam War and in regular expressions of outrage concerning the Self-Defense Forces and U.S. policies in the Persian Gulf, the Japanese people have been consistent in not emphasizing those views at the ballot box. Similarly, it is striking how careful the conservative Liberal Democratic Party has generally been about keeping foreign policy and security issues off the public agenda. The main exception has been the voice of the private sector in foreign economic policy over the years. Insofar as that voice has been whispered to policymakers rather than shouted to the winds, it reminds us that institutions regularly include some interests at the expense of others, and that the business of the postwar Japanese state has been business. Only in the late 1990s did politicians again begin to take charge of the policies related to foreign policies, and they have done so through struggles over institutions and state organization.

THE END OF THE COLD WAR: HOW WILL STATE STRUCTURES RESPOND?

The end of the cold war carries innumerable implications for the foreign policies of the Asian countries. Depending on one's analytical proclivities, one might concentrate on the end of the bipolar system, the almost-universal acceptance of capitalism and markets as the means of organizing economies, the spread of democracy, or the globalization of the world economy.[56] What I would like to do in this section is to ask not how these forces will directly shape the international relations of the region, but how state policymaking institutions that were developed in the context of the cold war might or might not change in response to the international environment. More speculatively, I will make some tentative predictions about how these changes may affect Japan's foreign policies, and thus the dynamics of international relations in the Asia-Pacific.

As we have seen, Japan was profoundly affected by the cold war, and its foreign policy establishment is in many ways a relic of that long confrontation. Japan's response was a state structure in which foreign policy was predicated on

cooperation with the United States, and in which virtually all of what we might call the state's "discretionary" foreign policy making was carried out by domestically oriented bureaucracies.

In the face of the profound changes that have taken place in Japan's external environment, changes in the state's foreign policies have so far remained marginal. It has not staked out clearly independent positions either in its bilateral relations or in international organizations.[57] Meanwhile, it has continued to hold the U.S.-Japan alliance as the centerpiece of its security arrangements. And despite a few forays into more political aspects of diplomacy, such as its leading role in the negotiations leading to Cambodian elections in the early 1990s, Japan's diplomatic profile is still largely focused on economic matters.

Theory suggests that institutions, which tend to embody the goals and political equilibria of the past, will continue to channel policy outcomes in the usual directions even where the external situation has changed considerably. This certainly appears to be the case in Japan, where career diplomats still complain about being left outside the loop, and foreign economic policy is still marked by vertical cleavages among ministries.[58] As it stands today, and despite the large-scale reorganization of ministries in January 2001, the institutional structure is not very different in these regards from thirty years ago; if anything, the weakness of the various coalition cabinets since 1993 has meant that there is even less coordination among the state's various foreign policy activities.

There are times when such a muddle has served Japan well, as in its inability to respond to the 1996 Taiwan Straits crisis until tensions had blown over. However, in other cases, such as Iraq's invasion of Kuwait, the structure of indecision and inaction did not lead to a very positive outcome for Japan. One can only imagine the problems that would ensue if that structure were to lead to ineffective management of a military crisis on the Korean peninsula, or to nonsupport of U.S. forces involved in combat near Japan.[59]

The exception to this picture is in foreign economic policy, particularly crisis management.[60] In terms of crisis management, the Japanese is—perhaps more than any other state—organized in a way that allows it to move money abroad rapidly and strategically, due to institutions originally focused on domestic policy (trust funds) or as part of a defensive strategy against imports (Japan's massive foreign exchange reserves). When absolutely necessary, we also see decisive action in Japan's foreign economic policy more broadly. In international monetary policy, in the 1985 Plaza Agreement the government overrode the objections of exporters and decades of implicit support for a weak yen to support a radical increase in the value of the yen.[61] Turning to trade, while Japan's stance in negotiations has on many occasions ruffled feathers, it is clear that the state has been able to suppress even important domestic interests in extreme cases, when larger questions of national interest were at stake. Examples include the ultimate decision to tariffize rice imports in order to complete the

Uruguay Round, and the government's ability to compromise over joint design and building of the FS-X fighter-bomber once it became clear that the U.S.-Japan alliance might be jeopardized.

INSTITUTIONAL CHANGE IN JAPAN

The logic of the second-image-reversed argument is that such a situation is bound to change. The question is how. Japan is being forced to confront numerous unfamiliar challenges in the post–cold war world, some of them the result of the end of the cold war, and others the result of Japan's increasingly global economic scope. These include:

1. *The long-term prospect of a diminishing U.S. military presence in Japan.* While the 1997 Status of Forces Agreement (SOFA) revision and establishment of new defense guidelines have confirmed a continuing relationship based on the Security Treaty, the end of the cold war and the eventual likelihood of Korean reunification mean that the rationale for a permanent troop presence is declining. This means that Japan must consider the possibility that it may at some point need to ensure its security through its own efforts, a looser alliance with the United States, some sort of regional security arrangement, or a combination of all three.

2. *The economic rise of China.*[62] China presents a special challenge for Japan for several reasons. One is the long-term possibility that a stronger China might also seek to be a hegemonic China, perhaps someday threatening Japan's autonomy of action. Second, Japanese business has been very interested in China's markets and productive capacities, and the Japanese government has generally taken a more conciliatory stance than the United States. Thus, not only are there potential long-term tradeoffs in terms of Japan's own interests with regard to China, but Japanese officials must also worry about antagonizing the United States, their most likely ally should China become belligerent.

3. *The postwar economic rise of Japan.* Despite economic stagnation since the early 1990s, by virtue of its immense wealth and reserves Japan is positioned to be a major player in many international organizations, and to be courted by individual states as well. At the same time that it has potentially greater capabilities, its far-flung commercial interests offer it greater incentive to get involved in shaping the international system.

4. *Japan's role as an economic leader in Asia.* In terms of aid, investment, private and official lending, and trade, Japan has had the largest role of any in-

dustrialized state in the regional economy of East and Southeast Asia. It has not, however, taken on an explicit role as hegemon or leader.[63] The Asian Financial Crisis thus challenged Japan not only to do something in the short term, but also to establish a more long-term framework for leadership.

In each case, Japan is confronted with new opportunities and new vulnerabilities, but the existing policymaking system is ill-equipped to handle them. Thus, over time, we should expect to see key changes in that system, whether in response to policy failures or in anticipation of such failures. In particular, we should see better coordination of the various areas of foreign policy (particularly vis-à-vis the potentially delicate relations with China and the United States), and development of intelligence and military capabilities that might now appear to be redundant with U.S.-provided services.[64] While there does appear to be some movement in those directions, there is no guarantee that they will be in place if and when they are actually needed.

Even in the economic area, where Japan has shown impressive responsiveness to the Asian Financial Crisis—essentially taking on part of the function of lender of last resort—it has been hard put to establish the institutions required for long-term leadership, as seen in the failure of the 1997 AMF proposal. Debates about the internationalization of the yen remain mired in the internal politics of the Ministry of Finance,[65] and Japan's inability to serve as a market for distressed regional exporters has weakened its leadership capabilities despite its extension of swap lines throughout Asia and its immense regional aid program. If Japan is to become an Asian power, it will need to further transform these institutions.

There have been a number of efforts to make changes over the last couple of decades, although so far they have had only limited impact. One of the first of these was Prime Minister Ohira's establishment of the Study Group on Comprehensive National Security in the late 1970s, which sought primarily to coordinate foreign aid and investment policies to favor development of strong relations with key suppliers of raw materials.[66] The effort was well-thought-out, and it had the backing of a number of influential politicians; but in the end it had little effect on overall Japanese foreign policy making, at least partly because the Prime Minister's Office was unable to impose control over line ministries.

In the early 1980s, the hawkish Prime Minister Nakasone tried to transform the Japanese foreign policy establishment in two ways. One was his determined effort to promote the military, albeit within the framework of the Security Treaty. This effort was most clearly symbolized by his defiance of the "1 percent barrier" in 1987, and his decision to allow the export of "dual-use" technology in order to promote joint weapons development with the United States.[67] Japan's increasing economic strength, pressures for burden-sharing, and the presence of intermediate-range nuclear missiles in the Soviet Far East allowed these institu-

tional taboos to be lifted. Once violated, spending limits lost their almost mystical significance. Nakasone also sought more generally to strengthen the office of the Prime Minister. He made aggressive use of advisory councils in a variety of issue areas to try to circumvent territorially minded bureaucrats and parliamentary inertia. He also sought to improve his coordinative powers over foreign (and, to a lesser extent, other) policy through a set of senior bureaucrats who would work in the Prime Minister's Office and report directly to him.[68]

ACCUMULATING INCREMENTAL CHANGES

Few would argue that these efforts were very successful, but over time, even such incremental changes can become important. In analyzing trends in military capability, Berger concedes that "despite considerable resistance from the media and the opposing parties, the LDP and its bureaucratic allies succeeded in achieving important changes in Japanese security policy."[69] However, he goes on to minimize the importance of those changes by pointing out that they were incremental, and stayed within the Yoshida Doctrine consensus. But that is precisely my point: a "process of low-key, graduated steps and the reinterpretation of policy"[70] is the standard way in which institutions and policies change. Eventually, small quantitative changes can become large or qualitative changes (or set the stage for such changes) as both organizational capabilities and public acceptance ratchet upwards. Although the force of inertia has so far been powerful enough to limit its effects, the second-image reversed dynamic is increasingly noticeable in Japanese policymaking circles. Here I address two examples of accumulating incremental changes, and three efforts at qualitative change in Japan's policy institutions.

To start with incremental changes, since the beginning of the 1980s there have been slow but steady moves to improve the state's intelligence apparatus—an essential part of strategic planning and action. These included the establishment of a security policy group in the MOFA Secretariat in 1980, followed by its upgrade to the Security Policy Office in the Bureau of Information and Research. Since MOFA's 1993 reorganization, intelligence and analysis functions have been promoted to a bureau (the largest subdivision in Japanese ministries).[71] In January 1997, the new Defense Intelligence Headquarters brought together the previously separate intelligence analysis groups from the Land, Air, and Maritime Self-Defense Forces, as well as those attached to the Defense Agency itself and the Joint Staff Council.[72] As yet, the DIH has increased neither manpower nor intelligence gathering capabilities, but it does offer the institutional grounding should the state decide to do so. Moreover, the FY 1999 defense budget for the first time included funds to develop a "multi-purpose" satellite to provide important regional security information.[73] Launch is set for FY 2002.

Beyond the move toward a more autonomous intelligence capability, a variety of other procurement debates have raised questions about the purely defensive nature of the Self-Defense Forces. In recent years, the Diet has authorized the purchase of a landing craft, tanker aircraft, and even a destroyer that could be retrofitted to act as an carrier for short take-off/vertical landing airplanes.[74] Japanese policymakers have approved participation in joint research with the United States on theater missile defense, and the implications of eventual deployment are under debate.[75] (Theater missile defense would presumably be as effective against Chinese missiles as against North Korean ones.) Each of these decisions, though of little strategic importance at the moment, breaks a former taboo, and potentially prepares the Japanese military for power projection and perhaps even autonomous defense. Roles and missions are also changing, as seen especially in the 1997 Guidelines revision, which raises the likelihood of Japanese forces being drawn into a regional conflict.

These changes in policy are important, because they lay the groundwork for new ways in which Japan can address international threats. Certainly, they have occurred within the confines of the U.S.-Japan security alliance. But in meaningful ways, they constitute a hedge against future risks. If the alliance weakens, for example, Japan will need to be prepared to expand its warfighting, intelligence, and crisis-management capabilities. The weapons and defense systems now being procured under the aegis of cooperation with the United States will contribute to the former goal. Increased practical experience for SDF troops in joint operations with the United States, South Korea, and Australia have similarly served to improve their battle readiness, and exposure to actual foreign combat (even in limited doses) in the form of peacekeeping will do the same if it is ever permitted.[76] Moreover, these accumulated changes in capabilities and activities are likely to change public acceptance of what is acceptable, as has already occurred in considerable measure over the postwar period.[77]

QUALITATIVE CHANGES

There have also been important qualitative changes in Japanese policy institutions. The most striking so far has been the movement toward actually allowing SDF troops to carry out overseas operations. The first stroke was the legal finding and subsequent law in 1992 that allowed Japanese troops to participate in UN peacekeeping operations. These decisions were highly controversial in Japan, and a similar bill had already failed the year before.[78] Despite strong antimilitary sentiment, however, both public opinion and leaders of the pacifist Komeito (the swing vote in the Upper House) were persuaded that the changing international situation—particularly the need for Japan to act as a leader in the Cambodian settlement—left little choice. Many analysts had long felt that

the constitution prevented overseas dispatch of troops; the PKO Law represents a partial lifting of that restraint.

The conservative coalition government that formed in December 1998 actually accelerated the discourse toward greater use of SDF forces abroad. The coalition's junior partner even tried to force the issue of allowing the SDF into potential combat situations. Also, there were reports in February 1999 that policymakers were seriously considering the legality of preemptive strikes to head off missile attacks (presumably from North Korea).[79] The passage of the PKO Law and related legal changes despite nationwide ambivalence and considerable outright opposition demonstrate the ability of the changing international situation to force changes in long-standing institutions. Nonetheless, those institutions continue to exert a powerful inertial influence on foreign policy outcomes—one would be hard-pressed to describe major changes in the ways in which Japan has behaved toward its neighbors or the United States.

Looking at Japanese government institutions more broadly, the administrative reform activities of 1996–2001 may in the long run have significant effects on the ability of the political leadership to coordinate policies—both foreign and otherwise—in a unified manner. These reforms most famously include a reduction in the number of ministries, but more importantly include an expanded role for politicians within ministries and an expansion of the size of the Cabinet Office (formerly the Prime Minister's Office) to improve centralized policy coordination. Administrative reform and government restructuring have not been primarily focused on foreign policy needs; rather, they seek to address Japan's economic failures of the 1990s and politicians' frustration with their inability to control the bureaucracy. Nonetheless, if the reforms are successful, they will improve political control and coordination over key levers of foreign economic policy. This would, for example, make it less likely that specific sectors would have effective veto power over broad trade agreements, as occurred with agriculture in the 1998 APEC Early Voluntary Sectoral Liberalization negotiations. We should probably be skeptical of the likely effectiveness of such reforms, but they do represent a conscious attempt to make the Japanese government more effective in the face of global political-economic change.

The most dramatic potential qualitative change would be constitutional revision. Some of the first serious calls since the late 1950s for revision of Article 9 and other restraints on Japan being a "normal" nation began after the passage of the PKO Law.[80] So far, such calls have been unsuccessful, but the debate has been heating up. By 1999, leaders of three of Japan's largest political parties, including the two largest (the Liberal Democratic Party and the Democratic Party) were on record as favoring constitutional revision—particularly Article 9—and in May 2001 Japan's new prime minister, Junichiro Koizumi, explicitly called for revising Article 9 and for moving toward a more presidential system. Most important, for the first time since the current constitution was approved in

1946, the Diet has formed a combined Upper and Lower House Constitution Research Committee, which is explicitly charged with proposing revisions to the existing constitution; despite apparent popular support of Article 9, its revision remains one of the committee's main focuses.[81]

Most of the current debate over revising or eliminating Article 9 can be split into two (overlapping) streams. One of these argues that Japan must be better able to fulfill its "international responsibilities"—for example, by being able to participate in the peace maintenance functions of UN peacekeeping operations rather than just providing logistical or engineering contributions. The international contribution perspective is exemplified by Nobuyuki Hanashi, head of the Liberal Democratic Party Constitution Research Committee, who has stated that, "Article 51 of the United Nations Charter recognizes the right of collective self-defense for member countries. It is self-evident that revision of Article 9, paragraph 2 [of the Constitution] is necessary."[82] The other stream advocates greater defense autonomy for Japan, albeit often obliquely. For example, Democratic Party leader Hatoyama Yukio is on record as advocating both constitutional revision and a pull-out of U.S. forces from Japan. While he argues that the alliance will remain effective, and that Japan will not require a major military buildup even in the absence of U.S. bases, the clear implication of his position is greater security autonomy for Japan within a diminished alliance with the United States.

The path of constitutional revision is unclear, although it is certain to be slow and difficult. Nonetheless, a process is in motion for the first time in more than fifty years—and in spite of apparently strong antimilitarist feelings on the part of the population as shown in polling data, many of Japan's most popular politicians have called for revision of Article 9, with no obvious loss in popularity.

TENTATIVE CONCLUSIONS, OR LOOKING TO THE FUTURE

Japan's international stance has been riddled with contradictions in the postwar period. But while many observers have derided that policy as reactive, unassertive, or uncoordinated,[83] it has been remarkably successful in allowing the state and economy to carry on their activities relatively unperturbed by pressures from the outside world. Despite the apparent reactiveness or passivity implied by its position, Japan's position as Asian lynchpin of the U.S. global security system in the cold war world was extremely effective in securing national objectives of nonconfrontation with its neighbors (or its past), access to markets and technology, and stable access to the raw materials without which the country would be helpless.

In looking at likely scenarios for the post–cold war world, Japan is particularly interesting because of the degree to which its postwar foreign policy outside the

economic realm has been held in escrow. It was almost uniquely dependent on the United States as a result both of its geographical position in one of the most potentially dangerous neighborhoods of the postwar world and of the historically based suspicions of its neighbors throughout Pacific Asia. With the end of the cold war and the fading of colonial memories,[84] Japan is increasingly open to both new vulnerabilities and new opportunities.

The cold war severely constrained the policy choices of Japan and other U.S. allies in Pacific Asia. Despite major changes in regional conditions, the foreign policy institutions that were built up over those decades have continued to condition post–cold war policies. This is particularly evident in Japan, where traditional areas of diplomacy have mimicked those of its senior partner, while foreign economic policy has generally been free of the constraints of larger foreign policy aims.

The end of the cold war and changes in global economic power have profound implications for all of Pacific Asia, but they are perhaps particularly profound for Japan. While South Korea, for example, still faces the fundamental problems of confrontation with the North and of a geopolitical position where it is surrounded by great powers, its current position is less precarious than at any point in the last hundred or more years. Japan, however, is potentially less defined by its relationship with the United States and has itself developed substantial international interests and capabilities. Nonetheless, it remains ill-prepared to address those changes, as its halting and uncoordinated foreign policy efforts to date demonstrate.

This is fundamentally a problem of inadequate institutions, and many Japanese leaders are aware of that fact. While institutions remain inertial, as is their wont, leaders have tried to grapple with questions of how they should change. Despite the inertia, international pressures are slowly forcing Japan to change its ways of making and implementing policy. The fact that change (or at least serious debate about change) is ongoing in key areas such as military capabilities and constitutional revision even in the face of a decade of economic stagnation is striking in this regard. The prediction of this chapter is that Japan will continue to change in these directions, although many of the pathologies of the present system will surely remain.

The other possibility is that some major cataclysm will force more rapid institutional change, in the way that World War II and the rapid onset of the cold war did in the United States. It is impossible to predict just how institutions will change in the face of crisis, but the above analysis does suggest some of the types of crisis that might lead to drastic change. In general, the crises most likely to force institutional change on Japan are security-related. The termination of its alliance with the United States (whether due to long-run imperial fatigue, the failure of cooperation in a regional conflict, the unification of Korea, or whatever) would likely bring about significant changes in command and control and in

rules of engagement for Japan, along with considerable military expansion and perhaps even nuclear weapons development. Similarly, a much more threatening China (evidenced by, for example, an attack on Taiwan, or the use of an expanded navy to blockade Taiwan or enforce disputed territorial claims in the Spratly Islands) might create strong incentives to subordinate economic aims to security aims, to rapidly increase military and intelligence capabilities, and/or to upgrade its alliance with the United States or possibly even to form new ties with South Korea. On the economic side, in the unlikely event that more exclusionary economic blocs in Europe and the Americas were to come to pass, Japan would need to rapidly integrate its various assets in the management of the Asian regional economy, while also building new international institutions.[85]

Institutional changes resulting from threat or crisis are unpredictable, and sometimes dangerous. One hopes for the sake of both Japan and the world that Japan's institutions change rapidly enough to head such a possibility off. The slow pace of change and the long-term institutionalization of inertia allow only guarded optimism, however. In the meantime, Japan's inertial foreign policies should remain generally reassuring to Japan's neighbors on the security side, while slowing regional economic integration. Whether that means a more stable Asia-Pacific remains to be seen.

ENDNOTES

1. Among those authors who emphasize the role of domestic institutions in explaining states' differing responses to similar crises are: G. John, Ikenberry, "Conclusion: An Institutional Approach to American Foreign Policy," in G. John Ikenberry, David A. Lake, and Michael Mastanduno, eds., 1988. *International Organization* (Special Issue: The State and American Foreign Policy Making) 42, no. 1 (Winter 1988): 219–43; Thomas Risse-Kappen, "Public Opinion, Domestic Structure, and Foreign Policy in Liberal Democracies," *World Politics* 43, no. 4 (July 1991): 479–512; Matthew Evangelista, "Domestic Structure and International Change," in Michael Doyle and G. John Ikenberry, eds., *New Thinking in International Relations Theory* (Boulder: Westview Press, 1997), pp. 202–28.

2. For a nice analysis of the failings of neo-realism in helping us to understand Japanese policies, see Eric Heginbotham and Richard J. Samuels, "Mercantile Realism and Japanese Foreign Policy," *International Security* 22, no. 4 (Spring 1998): 171–203. Michael Green concentrates on the dynamic of entrapment vs. abandonment to explain Japanese behavior in its alliance with the United States. See Michael Green, *Arming Japan: Defense Production, Alliance Politics, and the Postwar Search for Autonomy* (New York: Columbia University Press, 1995).

3. The best known prediction of such blocs by a realist or neo-realist author (he has been characterized in both ways) is Robert Gilpin. See Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987).

4. The term is from Heginbotham and Samuels, "Mercantile Realism" and follows on Samuels' 1994 work on "technonationalism." See Richard J. Samuels, *"Rich Nation, Strong Army": National Security and the Technological Transformation of Japan* (Ithaca: Cornell University Press, 1994). Gilpin has also been closely associated with the idea that mercantilism is a realist strategy in international political economy, although his 1987 predictions of regionalization have not proved to be a necessary result of mercantilism (at least so far).

5. Heginbotham and Samuels, "Mercantile Realism," pp. 195, 197.

6. Frances McCall Rosenbluth, "Internationalization and Electoral Politics in Japan," in Robert O. Keohane and Helen V. Milner, eds., *Internationalization and Domestic Politics* (New York: Cambridge University Press, 1996). Richard Katz makes clear the extent to which industrial policy has favored less efficient sectors over the last twenty-five to thirty years. Richard Katz, *Japan, the System that Soured: The Rise and Fall of the Japanese Eocnomic Miracle* (Armonk, NY: M. E. Sharpe, 1998)

7. Milner makes this point as well: "The survival of the state is an important value for decision makers, but most decisions do not directly concern the state's survival." Helen V. Milner, *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton: Princeton University Press, 1997).

8. Unlike Legro and Moravcsik (1999), I do not believe that this requires the abandonment of the realist paradigm. Jeffrey Legro and Andrew Moravcsik, "Is Anybody Still a Realist?" *International Security* 24, no. 2 (Fall 1999): 5–55.

9. See, for example, Henry Nau's contribution to this volume.

10. Peter Feaver, "Correspondence: Brother, Can You Spare a Paradigm? (Or Was Anybody Ever a Realist?)." *International Security* 25, no. 1 (Summer 2000): 165–69, at p. 166. Italics in the original.

11. Douglass North, *Institutions, Institutional Change and Economic Performance* (New York: Cambridge University Press, 1990), p. 3.

12. Ibid., chs. 5–6. In his discussion of informal institutions on p. 40, North actually offers three types: "(1) extensions, elaborations, and modifications of formal rules, (2) socially sanctioned norms of behavior, and (3) internally enforced standards of conduct." In this essay, I will stick only with (1), since (2) and (3) head much more deeply into culture than I wish to go. In this regard, my focus differs from authors such as Berger and Katzenstein and Okawara, who approach Japanese security policy from the perspective of norms and culture. See Thomas U. Berger, *Cultures of Antimilitarism: National Security in Germany and Japan* (Baltimore: The Johns Hopkins University Press, 1998); Peter J. Katzenstein and Nobuo Okawara, *Japan's National Security: Structures, Norms and Policy Responses in a Changing World* (Ithaca, NY: East Asia Program, Cornell University, 1993).

13. North, *Institutions, Institutional Change*, p. 5.

14. The U.S.-imposed post-war Japanese Constitution has become known as the "Peace Constitution" because of Article 9, which reads: "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 means of settling international 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."

While this statement appears unambiguous, the Japanese version offers slightly more ambiguity, as McNelly explains. In any event, the official Japanese interpretation has changed considerably over time. See Theodore McNelly, *The Origins of Japan's Democratic Constitution* (Lanham, MD: University Press of America, 2000), pp. 20–21.

15. North, *Institutions, Institutional Change*, chs. 9–11.

16. The best way to determine whether domestic structures are shaping outcomes is comparatively. We can ask, as do Ikenberry and Henning, whether different states with similar interests but different institutions deal with similar crises in the same way. We can also try to compare whether different issue areas (but with similar interest cleavages) within the *same* country are treated differently by the state. See G. John Ikenberry, *Reasons of State: Oil Politics and the Capacities of American Government* (Ithaca: Cornell University Press, 1988); C. Randall, Henning, *Currencies and Politics in the United States, Germany, and Japan* (Washington, DC: Institute for International Economics).

17. Risse-Kappen "Public Opinion, Domestic Structure," Milner *Interests, Institutions*. See also Evangelista "Domestic Structure."

18. Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca: Cornell University Press, 1986); Yoshiko Kojo, "Domestic Sources of International Payments Adjustment: Japan's Policy Choices in the Postwar Period" (Unpublished Ph.D dissertation, Princeton University, 1993) applies the approach to Japanese exchange rate policy from the late 1960s to the mid-1980s.

19. This is the main approach taken in Ikenberry, Lake, and Mastanduno, eds. See particularly the introductory and concluding essays. Milner, *Interests, Institutions*, and Ronald Rogowski, "Institutions as Constraints on Strategic Choice," in David Lake and Robert Powell, eds., *Strategic Choice and International Relations* (Princeton: Princeton University Press, 1999), pp. 115–136 provide more formalized discussions of institutional impacts. Following the distinctions of Peter A. Hall and Rosemary C.R. Taylor, "Political Science and the Three New Institutionalisms." *Political Studies* 44, no. 5 (December 1996): 936–957. (1996), my own take on this a "historical institutionalist" analysis rather than a "rational-choice institutionalist" or "cultural institutionalist" one.

20. The contributors to Peter J. Katzenstein, ed., *Between Power and Plenty: Foreign Economic Policies of Advanced Industrialized States* (Madison: University of Wisconsin Press, 1978), for example, tend to follow more of a statist perspective, often suggesting that greater state autonomy leads to more coherent (implying better) foreign economic policies.

21. Peter Gourevitch gets credit for the name, if not the approach itself in his "The Second Image Reversed: The International Sources of Domestic Politics" *International Organization* 32, no. 4 (Autumn 1978): 881–912. A more recent collection of papers in this vein is Keohane and Milner, *Internationalization and Domestic Politics*—see especially the first three essays, by Milner and Keohane, Frieden and Rogowski, and Garrett and Lange.

22. In addition to Gourevitch, "Second Image," see particularly Alexander Gerschenkron, "Economic Backwardness in Historical Perspective," in *Economic Backwardness in Historical Perspective: A Book of Essays* (Cambridge: Harvard University Press, [1952] 1962), pp. 5–30, and Immanuel Wallerstein *The Modern World System* (New York: The Academic Press, 1974). Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990) uses the logic of late development to explain East Asian economic development policies and the types of government structures that carry them out, while Stephan Haggard, *Developing Nations and the Politics of Global Integration* (Washington, DC: Brookings Institution, 1995) turns to economic crises to explain developing countries' moves toward economic openness in the 1980s and 1990s.

23. Charles E. Neu, "The Rise of the National Security Bureaucracy," In Louis Galambos, ed., *The New American State: Bureaucracies and Policies since World War II*. Baltimore: Johns Hopkins University Press, 1987), pp. 85–108 provides a good overview of these changes.

24. Berger *Cultures of Antimilitarism* and Peter J. Katzenstein *Cultural Norms and National Security: Police and Military in Postwar Japan* (Ithaca: Cornell University Press, 1996). For Berger, the "culture of antimilitarism" consists of rejection of the use of force as a means of solving international conflicts, an insistence on tight civilian control over the military, and a particularly powerful aversion to nuclear weapons.

25. To be fair, while these writers would agree that the ultimate check on Japanese state action comes through the electoral process, Katzenstein in particular also points to ways in which cultural norms are reflected in state institutions and structures. Nevertheless, his work concentrates on cultural constraints on security policy.

26. See Green *Arming Japan* on autonomous weapons development and production.

27. This has been particularly true in Japan's relations with China. See Katsumi Sohma "The Process of Foreign Policymaking in Japan: The Case of Its Relations with China" (Unpublished Ph.D dissertation, Boston University, 1999).

28. Recently, Japanese forces did participate in a major landing exercise for the first time since the war. The mock landing in Hokkaido in July 1998 was justified as being practice for the retaking of Japanese territory occupied by an enemy. Nonetheless, it may be a signficant first step away from the longstanding taboo. For more on the landing, "Japan: GSDF Uses Amphibious Ship for Hokkaido Landing Drills," *Tokyo Kyodo*, July 2, 1998. Heginbotham and Samuels, "Mercantile Realism," p. 183, also mention the new landing craft (the Osumi), which can carry a helicopter landing pad in addition to troops and ground weapons.

29. See, for example, J.W.M. Chapman, R. Drifte, and I.T.M. Gow, *Japan's Quest for Comprehensive Security: Defence, Diplomacy, Dependence* (New York: St. Martin's Press, 1982) and Dennis T. Yasutomo, "The Politicization of Japan's 'Post-Cold War' Multilateral Diplomacy," In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War: Coping with Change* (Armonk, NY: M.E. Sharpe, 1986), pp. 323–346.

30. On the FS-X, see Samuels, *"Rich Nation, Strong Army,"* pp. 231–244 and Green, *Arming Japan*, chs. 5–6. On Okinawa reversion, see I. M. Destler, Haruhiro Fukui,

and Hideo Sato, *The Textile Wrangle: Conflict in Japanese-American Relations, 1969–1971* (Ithaca: Cornell University Press, 1979).

31. Robert S. Ross, "China II: Beijing as a Conservative Power." *Foreign Affairs* 76, no. 2 (March/April 1997): 33–44.

32. The standard text in English on the Yoshida Doctrine is John W. Dower, *Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878–1954* (Cambridge: Harvard University Press, 1979). Berger, *Cultures of Antimilitarism* ch. 2, clearly lays out the ways in which confrontations and compromises helped to establish it as the dominant approach to Japan's strategic situation.

33. All we have to go on are official Cabinet interpretations, since the Supreme Court has always managed to avoid comment on the constitutionality of either the existence or activities of the SDF. See James Auer, "Article Nine: Renunciation of War," in Percy Luney and Kazuyuki Takahashi, eds., *Japanese Constitutional Law* (Tokyo: University of Tokyo Press, 1993), pp. 69–86; Shigeru Kozai, "UN Peace-Keeping and Japan: Problems and Prospects," in Nisuke Ando, ed., *Japan and International Law: Past, Present and Future* (The Hague: Kluwer Law International, 1999), pp. 29–42. In 1958, Prime Minister Kishi actually claimed that possession of nuclear weapons would not violate the constitution, but this was never an official interpretation.

34. Paragraph V.2. The Guidelines revision debate reopened the debate over the concepts of "areas surrounding Japan" and "Far East" in the Japanese Diet, with the government arguing that these are not specific geographical spaces. Sasaki Yoshitaka, "*Reisengo anpo o meguru shissei*" (Misgovernment Surrounding the Post-Cold War Security Alliance), *Sekai* (October 1998): 26–29.

35. The Three Non-Nuclear Principles (no development, no possession, no use of nuclear weapons) were announced by Prime Minister Sato Eisaku. Prime Minister Miki Takeo announced the 1 percent ceiling (maximum military spending of 1 percent of GDP) in 1976 as a way of blunting opposition accusations of rearmament. Both of these principles have been violated to some extent—it is generally accepted that some U.S. naval ships docking in Japan during the cold war carried nuclear weapons, and the 1 percent rule (officially breached in 1987) has been met by accounting for some expenditures, such as military pensions, in separate line-items. See Susan J. Pharr, "Japan's Defensive Foreign Policy and the Politics of Burden Sharing," in Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War: Coping with Change* (Armonk, NY: M.E. Sharpe, 1993), pp. 235–62, or Glen D. Hook, *Militarization and Demilitarization in Contemporary Japan* (New York: Routledge Press, 1995), ch. 3, for some of the history.

36. Berger, *Cultures of Antimilitarism*.

37. Green, *Arming Japan*, ch. 1; Katzenstein and Okawara, *Japan's National Security*, pp. 172–187.

38. On Suzuki's pledge, see Katzenstein and Okawara, ibid., pp. 179–180. Hook, *Militarization and Demilitarization*, pp. 88–98, provides a good summary of the other points mentioned.

39. By 1995, Japan's defense spending was the second highest in the world, although its actual capabilities are considerably less. A late 1980s U.S. Department of Defense study placed Japanese capabilities at the level of a middling NATO state.

Katzenstein and Okawara, *Japan's National Security*, p. 194. For statistics on its spending and force posture relative to other Asian states, see Anthony H. Cordesman, The Asian Military Balance: An Analytic Overview, Center for Strategic and International Studies, February 26, 2000. http://www.csis.org/burke/mb/index.htm#asian.

40. Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford: Stanford University Press, 1982), ch. 2. METI was known as MITI (Ministry of International Trade and Industry) until a ministerial reshuffling in January 2001.

41. T. L. Pempel, "The Unbundling of 'Japan, Inc.': The Changing Dynamics of Japanese Policy Formation," in Kenneth B. Pyle, ed., *The Trade Crisis: How Will Japan Respond?* Seattle: Society for Japanese Studies, 1987), pp. 117–152 is a particularly good discussion of the "unbundling of 'Japan, Inc'"—in other words, the fragmentation of foreign economic policy making along the fault-lines of the various ministries. See also Kent E. Calder, "Japanese Foreign Economic Policy Formation: Explaining the Reactive State," *World Politics* 40, no. 4 (July 1988): 517–541; C. S. Ahn, "Interministry Coordination in Japan's Foreign Policy Making," *Pacific Affairs* 71, no. 1 (Spring 1998): 41–60.

42. Robert M. Orr, *The Emergence of Japan's Foreign Aid Power* (New York: Columbia University Press, 1990). Yanagihara and Emig (1991) take a different view, that "MOFA is arguably the most important among the four ministries in setting the tone and direction of aid policy." Toru Yanagihara and Anne Emig, "An Overview of Japan's Aid," in Shafiqul Islam, ed., *Yen for Development: Japanese Foreign Aid & the Politics of Burden-Sharing* (New York: Council on Foreign Relations 1991), pp. 37–69, at p. 55.

43. Frank J. Schwartz, *Advice and Consent: The Politics of Consultation in Japan* (New York: Cambridge University Press, 1998), p. 108.

44. On Japan's response to the Persian Gulf War, see Takashi Inoguchi, "Japan's Response to the Gulf Crisis: An Analytic Overview," *Journal of Japanese Studies* 17, no. 2 (Summer 1991): 257–74 .and Kenichi Ito, "The Japanese State of Mind: Deliberations on the Gulf Crisis," *Journal of Japanese Studies* 17, no. 2 (Summer 1991): 275–90.

45. For a litany of such complaints, see Clyde V. Prestowitz, *Trading Places: How We Allowed Japan to Take the Lead* (New York: Basic Books, 1988). Another example of U.S. frustration with trade talks can be found in American Chamber of Commerce in Japan, *Making Trade Talks Work: Lessons from Recent History* (Tokyo: The Chamber, 1997), which criticizes the degree to which these hard-fought agreements are implemented by the Japanese side. Perhaps the most complex and difficult to coordinate of all U.S.-Japanese economic negotiations was the two-year, multisector Structural Impediments Initiative. For details, see Leonard Schoppa, *Bargaining with Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press, 1997).

46. Sohma, "The Process of Foreign Policymaking in Japan"; Saori Katada, "Why Did Japan Suspend Foreign Aid to China? Japan's Foreign Aid Decision-Making and Sources of Aid Sanction," *Social Science Japan Journal* 4, no. 1 (April 2001): 39–58; Leonard Schoppa, *Education Reform in Japan: A Case of Immobilist Politics* (New York: Routledge Press, 1991).

47. Michael Green and Benjamin Self, "Japan's Changing China Policy: From Commercial Liberalism to Reluctant Realism," *Survival* 38, no. 2 (Summer 1996): 35–58.

48. Katada, "Why Did Japan Suspend Foreign Aid to China?"

49. Dennis T. Yasutomo, *The Manner of Giving: Strategic Aid and Japanese Foreign Policy* (Lexington, MA: D.C. Heath); Yanagihara and Emig, "An Overview of Japan's Aid."

50. Orr, *Emergence of Japan's Foreign Aid Power*; Yasutomo, *The Manner of Giving*.

51. See, for example, Stephan Haggard, *The Political Economy of the Asian Financial Crisis* (Washington, DC: Institute for International Economics, 2000); Morris Goldstein, *The Asian Financial Crisis: Causes, Cures, and Systemic Implications* (Washington, DC: Institute for International Economics, 1998).

52. I am aware that this is not the consensus view. For a contrary interpretation, see "Zen and the Art of Demand: Michiyo Nakamoto and Gillian Tett Explain Why Japan Has Been Slow to Respond to Crises in Asia and at Home," *Financial Times*, March 9, 1998, p. 19.

53. See, for example, "Japan Comes to Jakarta's Aid," *Financial Times*, June 19, 1998, p. 7.

54. Information on the New Miyazawa Plan can be found on the Ministry of Finance webpage, at http://www.mof.go.jp/english/if/kousou.htm. Some of the money appears to be double-counting, and not all was disbursed immediately. Nonetheless, it constitutes a substantial official contribution, and is commensurate in size with the Capital Recycling program of the late 1980s. See also Shûhei Kishimoto, "Shin Miyazawa kôsô no shimei to Ajia tsûka kikin" (The Mission of the New Miyazawa Plan and the Asian Monetary Fund), *Fainansu* (May 1999): 31–48.

55. The origins and persistence of Japan's macroeconomic problems are addressed in William W. Grimes, *Unmaking the Japanese Miracle: Macroeconomic Politics, 1985–2000* (Ithaca: Cornell University Press, 2001) and Katz, *Japan: The System That Soured*.

56. For varying perspectives on Asia's post–Cold War prospects, see Amitav Acharya, "Ideas, Identity and Institution-Building: From the ASEAN Way to the Asia-Pacific Way," *Pacific Review* 10, no. 3 (1997); Richard Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," *International Security* 18, no. 4 (Winter 1993/94); Thomas Christensen, "China, the U.S.-Japan and the Security Dilemma in East Asia," *International Security* 23, no. 4 (Spring 1999): 49–80; Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security* 18, no. 3 (Winter 1993/94); Yoichi Funabashi, *Nihon senryaku sengen: Shibirian taikoku o mezashite* (Civilian Manifesto) (Tokyo: Kodansha, 1991); Yoshio Katayama, "Nichibei dômei no kôekisei to Nihon no yakuwari: Nihon wa 'ijô na kuni' ka?" (The Japan-U.S. Alliance as a Public Good and Japan's Role: Is Japan an "Abnormal Country?"), *Shin Bôeironshû* 24, no. 2 (September 1996): 85–98.

57. Yasutomo, "Politicization of Japan's 'Post–Cold War' Multilateral Diplomacy," argues that much of Japan's foreign policy strategy in recent years has focused on strengthening its role in multilateral institutions. See also Reinhard Drifte, *Japan's Foreign Policy for the 21st Century: From Economic Superpower to What Power?* (New York: St. Martin's Press 1998), pp. 133–149.

58. Ahn, "Interministry Coordination," p. 44.

59. This was, of course, the rationale for the 1997 revision of the Guidelines for U.S.-Japanese Defense Cooperation. For a good summary of the issues, see Council on Foreign Relations, *The Tests of War and the Strains of Peace: The U.S.-Japan Security Relationship*. (New York: The Council, 1998).

60. The economic picture tends to support the "mercantile realist" interpretation of Heginbotham and Samuels, "Mercantile Realism."

61. See Funabashi, *Managing the Dollar*; Paul A. Volcker and Toyoo Gyohten, *Changing Fortunes: The World's Money and the Threat to American Leadership* (New York: Times Books, 1992), chs. 8–9; Grimes, *Unmaking the Japanese Miracle*, ch. 4.

62. Green and Self, "Japan's Changing China Policy."

63. Yoichi Funabashi, *Asia Pacific Fusion: Japan's Role in APEC* (Washington, DC: Institute for International Economics, 1995); William W. Grimes, "Internationalization of the Yen and the New Politics of Monetary Insulation," in Jonathan Kirshner, ed., *Governing Money: Ambiguous Economics, Ubiquitous Politics* (under review).

64. This would in some ways mirror the reorganization that took place in the United States following the Second World War, when temporary wartime institutions were reestablished in the form of the CIA, the NSC, etc. Neu, "Rise of the National Security Bureaucracy."

65. Willliam W. Grimes, "Internationalization of the Yen and the Ironies of Insulation," paper presented at "Japan Changes: The New Political Economy of Structural Adjustment and Globalization," University of California, San Diego, Graduate School of International Relations and Pacific Studies, March 3, 2001.

66. For more on this concept, see Chapman, et al., *Japan's Quest*; and Yasutomo, *The Manner of Giving*, ch. 2.

67. On the breaking of the 1 percent barrier, see Katzenstein and Okawara, *Japan's National Security*, pp. 155–160. On dual-use technology, see Peter J. Katzenstein, *Cultural Norms and National Security: Police and Military in Postwar Japan* (Ithaca: Cornell University Press 1996), pp. 138–142. Katzenstein points out that despite the agreement, actual exchange from Japan to the United States was limited.

68. Ahn, "Interministry Coordination," pp. 42–45.

69. Berger, *Cultures of Antimilitarism*, p. 132.

70. Ibid.

71. Katzenstein and Okawara, *Japan's National Security*, p. 26. The 1993 reorganization occurred subsequent to the writing of that book.

72. See, for example, Cameron W. Barr, "Asia Eyes Japan's New Military Intelligence Unit," *Christian Science Monitor*, March 21, 1997, p. 5. The so-called "Armitage Report" maintained a call for improved intelligence capabilities and U.S.-Japanese intelligence sharing. Institute for National Strategic Studies, *The United States and Japan: Advancing Toward a Mature Partnership* (Washington, DC: National Defense University, October 11, 2000). Available at http://www.ndu.edu/ndu/SR_JAPAN.HTM (2000).

73. On the budget announcement, see "Japan Plans Reconnaissance Satellite Launch," *Jane's Defense Weekly*, November 18, 1998, p. 14. Japan has pledged not to militarize space, so in order to have strategic satellite capabilities, it must combine the

strategic functions with commercial or scientific functions in a single multi-purpose satellite.

74. "Briefing: Japan," *Jane's Defense Weekly*, January 24, 2001, pp. 24–25; "Japan: GSDF Uses Amphibious Ship for Hokkaido Landing Drills," *Tokyo Kyodo*, July 2, 1998; Heginbotham and Samuels, "Mercantile Realism," p. 183.

75. "TMD Joint Research Budget Is Formally Requested," *Japan Digest*, November 2, 1998; "Cabinet Rules that TMD Research Won't Violate Military Space Proscription," *Japan Digest*, December 28, 1998, p. 6; "Japan Using North Korean Decoy, Prepares against China," *The Hindu*, January 25, 1999. One author even advanced the paranoid hypothesis that the United States "conspired" with North Korea in order to force the Japanese political world to agree to TMD—see "Intensifying Controversy Concerning TMD Inspired by Launching of Taepodon Missile," *Tokyo Sentaku*, October 1998, pp. 120–123 (FBIS).

76. Giarra (1999) goes so far as to say that "PKO will help to define Japan's international security posture, and become a major determinant of alliance politics and Japanese force structure in the 21st century." Paul Giarra, "Peacekeeping: As Good for the Alliance as It Is for Japan?" *Japan Digest*, February 15, 1999, p. 23. A PKO-driven force structure would have more projection capabilities than a purely defensive structure.

77. Ironically, Berger, *Cultures of Antimilitarism* shows this trend quite effectively. Although he emphasizes the maintenance of Yoshida Doctrine norms, one is equally struck in reading his account at the magnitude of the change in what Japanese society has been willing to accept in terms of the capability and role of the SDF. The same can be said of Katzenstein's argument in *Cultural Norms and National Security*.

78. Drifte, *Japan's Foreign Policy for the 21st Century*, pp. 140–144. To be sure, many opponents of the policy shift feared that it was a first step down a slippery slope, and it certainly makes further incremental changes possible or even likely. That is indeed what my analysis suggests. Just how far down that slope Japan will slide remains to be seen.

79. "LDP Debates Military Strikes Strategy," *Financial Times*, February 26, 1999, p. 4.

80. See especially Ichiro Ozawa, *Blueprint for a New Japan* (New York: Kodansha. 1994).

81. "*Kenpô chôsakai ga hassoku*" (Debut of the Constitution Research Committee), *Asahi Shimbun*, January 21, 2000, p. 2; "*Shûgiin kenpô chôsakai, hatsu no chihô kôdokukai*" (First Regional Hearings for the Constitution Research Committee), *Asahi Shimbun*, April 17, 2001, p. 29.

82. "*Kenpô rongi, nao tesaguri*" (Constitution Debate, Still Groping) *Asahi Shimbun*, May 31, 2000, p. 17.

83. Calder, "Japanese Foreign Economic Policy Formation"; Pempel, "the Unbundling of 'Japan, Inc.' "; Ozawa, *Blueprint for a New Japan*; Chihiro Hosoya, "*Taigai seisaku kettei katei ni okeru Nihon no tokushitsu*" (Characteristics of Japan's Foreign Policy Making Process), in Hosoya Chihiro and Watanuki Joji, eds., *Taigai seisaku kettei katei no Nichibei hikaku* (A Comparison of Japanese and U.S. Foreign Policy Making Processes), (Tokyo: Tokyo University Press, 1977), pp. 1–20.

84. The most important element of this memory is anti-Japanese sentiment in formerly occupied, colonized, or brutalized countries. Heginbotham and Samuels,

"Mercantile Realism," even cite a 1995 poll which found that 69 percent of South Koreans "hate" Japan (p. 180). Despite strong anti-Japanese feelings that are still given vent on a fairly regular basis in China and Korea though, even in those countries cooperation with Japanese interests is no longer automatically seen as collaboration.

85. The efforts to "internationalize" the yen can be seen partly as a preliminary risk-hedging tactic to address that remote possibility. Grimes "Internationalization of the Yen and the Ironies of Insulation"; Grimes "Internationalization of the Yen and the New Politics of Monetary Insulation."