

Japan and Southeast Asia: The Lineaments of Quasi-hegemony

Mark Beeson

Japan has had a profound influence on Southeast Asia. Whether it is measured by Japan's often brutal, but ultimately liberating, war-time occupation of the region, or by the more recent economic interaction, Japan has played a major part in shaping Southeast Asia's political and economic development. At one level this is hardly surprising. Japan, as T..J. Pempel (1999: 27) reminds us, 'remains the Gulliver in a region of economic Lilliputs'. In an East Asian region in which it continues to account for around two thirds of economic output, Japan towers over its neighbours and inevitably exercises a major influence through sheer economic weight. And yet the most striking quality of this undoubted economic power, is that it is not matched by an equivalent political influence – or certainly not at the conspicuous level of international diplomacy. This chapter will attempt to account for this paradox.

In order to try and make sense of Japan's complex and contradictory relations with Southeast Asia I shall adopt an approach that is situated squarely in the increasingly influential tradition of international political-economy (IPE). Although there are a number of divergent positions subsumed under the IPE rubric, its central concerns involve exploring the relationship between power and wealth, and extending our understanding of the interaction between international relations and economics (see Higgott 1994). In terms of the models identified in the editors' introductory chapter, this approach is most closely aligned with Marxist-derived radical political economy. One of the main insights and motivating principles of this theoretical framework is that the political and the economic are deeply interconnected and simply cannot be separated in the manner implied by specialist academic disciplines. IPE also generates distinctive and important analytical insights and questions. In the context of a discussion of Japan's regional role, key questions revolve around the relationship between economic and political power: why has Japan failed to develop a political presence to match its economic might? What influence have wider geo-political and strategic considerations had on regional relationships? What implications does the development and contemporary position of Japan's distinctive political-economy have for the region and relations with key actors like the United States (US)? Answers to such questions necessitate considering a much wider range of factors than conventional economic or political science perspectives allow.

If we want to understand why there has been such a noteworthy divergence between Japan's political and economic roles, we need to look beyond East Asia and consider the wider international order in which the region is embedded. One of the most profound influences on Japan's distinctive developmental trajectory over the last 50 years or so has been Japan's war-time experiences. The Second World War, and Japan's relationship with the US in particular, have shaped and moulded Japan's subsequent approaches to economic and foreign policy, with long-term implications for both Japan's own place in the world, and for the course of regional development more generally. As a consequence,

despite Japan's phenomenal rise as an economic power, it has not enjoyed a concomitant political influence; unlike earlier rising powers, economic might has not translated into wider systemic or 'hegemonic' influence. Japan, in short, has remained a 'quasi hegemon'.

The first part of this chapter traces the origins and evolution of Japan's quasi-hegemony. I argue that Japan's preoccupation with economic reconstruction and expansion, its reliance on the US for security, and its general reluctance to adopt an active and independent foreign policy position has lent a distinctively mercantilist cast to its external policies, which systematically privileges the economic over the political. The second section of the chapter looks at the impact of this stance on relations with Southeast Asia. I shall suggest that unless Japan develops a greater capacity and willingness to play a more prominent political role in keeping with its economic power, even this latter influence may be eroded. As Japan's domestic economy continues to languish, Japan's importance as a source of investment, as a market, and as a potential regional role model are inevitably diminished, with potentially significant consequences for Japan's international political position. The point to re-emphasise at the outset, therefore, is that only by considering the complex, inter-connected continuum of Japan's political practices and economic structures can we hope to understand both Japan's domestic position and the way this has influenced its external relations.

Japan's quasi hegemony

Japan's economic development in the post-war period has been, until relatively recently at least, routinely described as 'miraculous'. Indeed, it is important to remember that Japan's rise from the ruin and defeat of World War II to its position as the second largest economy in the world is an unparalleled and astonishing achievement. Whatever difficulties Japan may currently be facing, this experience remains a crucially important exemplar of a successful state-led form of economic development that not only contradicts much 'Western' economic thinking (Fallows 1993), but which has provided a role model for a number of other states in the East Asian region (Amsden 1995). And yet despite Japan's rapid economic growth and confident assertions that it would in fact rapidly overtake the United States (Fingleton 1995), Japan has not had anything like the same degree of 'hegemonic' influence that other rising powers have enjoyed before it. While Japan may currently compare unfavourably with the US, there is no doubt that it remains a major economic actor, and so this lack relative lack of political influence needs explaining.

If we step back for a moment and situate capitalist development and the concomitant rise and fall of 'great powers' in the sort of longer time-frame adopted by the French historian Fernand Braudel (1992), something is particularly striking: fortunate nations enjoy particular advantages at certain times which allow them to dominate an era economically (see also, Kennedy 1988). This economic superiority provides the material basis with which a nation may attempt to establish a broader political order that reflects and furthers its own interests. In short, one nation may become the hegemonic power of a particular time. The two definitive examples of states that have enjoyed a dominant or hegemonic

position are Britain in the nineteenth century and the United States in the second half of the twentieth. In each case these nations were not only the dominant economic powers of their day, but they generated both a concomitant legitimating ideology and the requisite institutional infrastructure for an international trade and investment regime that defined a specific world order (Cox 1987).

It is important to note that when we talk about ‘hegemony’ there are a number of distinctive uses of the term which broadly reflect liberal and radical perspectives. Both paradigms make normative assumptions about the possible role a hegemonic power may play in either underwriting a stable international order or exploiting its dominant position. Although a detailed examination of these differences is not possible here,¹ the key point to emphasize is that the historical record suggests that rising powers like Japan may be expected to challenge the existent order and try to translate their own economic power into political influence (Chase-Dunn 1998: 184). Yet despite Japan’s rise to economic prominence it has made comparatively little effort to shape the international system of which it is a part, even at the regional level. To understand why, we need to look more closely at Japan’s relationship with the United States, a country that remains at the apex of what is essentially a unipolar international order (Matsanundo 1997).

Japan and the United States

The defining influence on Japan’s foreign policy and the nature of its economic interaction with Southeast Asia occurred more than fifty years ago. Japan’s defeat in World War II and its subsequent occupation by US forces under General Douglas MacArthur exerted a profound and lasting influence upon Japan (LaFeber 1997). Not only did the Americans give the Japanese a new constitution which enshrined the idea of Japan as a non-aggressive power, but they effectively incorporated Japan into an emerging world order in which the US was the strategic and economic lynchpin of the capitalist economies.

This is not to suggest either that the US effectively re-made Japan in its own image or that Japan was the hapless victim of a preponderant US. On the contrary, not only were the Americans unable to eliminate the sort of distinctive Japanese corporate structures and bureaucratic practices of which they disapproved (Johnson 1982), but Japan was able to exploit and benefit from the emerging Cold War order. The outbreak of the Korean War in 1950 provided a crucial catalyst for the reconstruction of Japan’s industrial base. Yet despite the clear benefits that infusions of US capital and the demands of the Korean conflict provided for Japan, this period helped consolidate a bilateral relationship marked by a good deal of dependence and subordination on the Japanese side (Cumings 1997).

It is important to emphasise, however, that the self-effacing and subordinate character of Japan’s post-war foreign policy has been self-consciously pursued and intentional:

Japan’s political passivity in the post-war era has ordinarily been understood as a product of wartime trauma, the unconditional surrender, popular pacifism, nuclear allergy, the restraints of a ‘peace constitution’, and sometimes bureaucratic immobilism. All of these factors are without question ingredients in forming Japan’s post-war international role; they

have established the parameters within which political leadership has operated. Nevertheless, we would miss the essence of post-war Japanese leadership if we overlooked the fact that *the fundamental orientation toward economic growth and political passivity was also the product of a carefully constructed and brilliantly implemented foreign policy* (Pyle 1988: 452 [emphasis added]).

This preoccupation with economic development at all costs, while simultaneously keeping a low diplomatic profile, came to be known as the ‘Yoshida doctrine’, after Prime Minister Shigeru Yoshida, who established many of Japan’s policy priorities in the immediate post-war period. Japan was able to take advantage of the US’s overarching Cold War strategic preoccupations and concentrate national resources on economic development, spending comparatively little on its own defence. Significantly, even when Japan can afford to provide for its own defence and the US has actively encouraged it to do more ‘burden sharing’, Japan’s relatively modest military spending and posture lends a highly distinctive trait to its overall external orientation (Pyle 1998).

Japan’s dependence on the US extends across a number of areas and has important effects, some beneficial, some not. Not only is Japan reliant on the US strategically, but Japan’s economic development has been similarly dependent on maintaining access to lucrative US markets. One of the most striking aspects of the US-Japan bilateral trade relationship is that the seemingly inexorable increase in Japan’s trade surpluses that underpinned Japanese economic development has been mirrored by a similar increase in US trade deficits (Bergsten and Noland 1993). This has led to a seemingly interminable series of trade disputes between Japan and the US and concerted pressure by the latter to force Japan to open up domestic markets and liberalise its financial sector. Although the continuation of these disputes suggests that American pressure has had only limited success in forcing change and liberalisation in Japan, it is important to recognise that such pressure *has* had an impact, especially where domestic forces in Japan are sympathetic to the liberalisation agenda (Schoppa 1997). In other words, while Japan has clearly benefited from its relationship with the US, the latter does have a good deal of potential leverage that at the very least constrains Japan, and which may be gradually eroding the close relationships that have existed between Japan’s industrial and financial sectors (Leyshon 1994). The possible implications of such structural changes within Japan’s distinctive political-economy will be considered in greater detail later. The point to emphasize at this stage is that the perceived need to accommodate the US has constrained Japanese policy options and placed limits on its own hegemonic ambitions and potential.

One of the most tangible manifestations of the US’s potential influence on Japanese policy was the so-called Plaza Accord, under which Japan agreed to encourage the yen’s appreciation against the dollar (Funabashi 1988). This ultimately led to a major restructuring of Japanese industry and a dramatic increase in Japanese investment, particularly in the rest of Asia. Before we consider this development and its effects in any detail, however, it is necessary to situate this process in the wider context of Japan’s attitude to economic security more generally. For if there is one factor which distinguishes Japanese policy in either its proactive or reactive modes, it is the

overwhelming desire to maintain economic independence and enhance economic security wherever possible.

Economic security

At the heart of Japan's trade and industry policies has been a determination to overcome perceived insecurity (Samuels 1994). The very process of modernisation from its earliest days during the Meiji Restoration period was given urgency and legitimacy by the perceived need to 'catch-up' with the industrialised West, or risk being left behind and at the mercy of more powerful external forces. The neomercantilist trade and industry policies which have attracted both condemnation and admiration were intended to systematically develop an independent wealth-generating capacity that would make Japan more autonomous and less vulnerable to forces beyond its control. But for a country lacking in many of the basic resources necessary for successful industrialisation, it has of necessity been forced to rely on external supplies of key economic inputs. The 'oil shocks' of the 1970s, which saw dramatic increases in the cost of one of Japan's most crucial sources of energy, dramatically brought home to Japanese planners just how potentially vulnerable the country was to events over which it had little control.

In 1980 this perceived vulnerability culminated in the doctrine of 'comprehensive security'. Simply put, the policy of comprehensive security 'views diplomatic, economic and cultural initiatives to be as important as military means in guaranteeing Japan's security' (Nester 1990: 70). In many ways this more encompassing conception of security, which embraces non-military factors as a major component of and means to ensuring national security, reflects a more widespread East Asian perception - one that Japan's success has been instrumental in consolidating (Beeson 1999b). Indeed, the Japanese approach to security may be understood as reflecting a long-term historical shift in which military power and security generally have come to occupy a less prominent position than economic development in the priorities of many policy-makers (Luttwak 1990). In an era when military force - at least between the established major powers - has become less effective or utilizable expression of national power (Mueller 1989), *economic* power has become increasingly important. Japan, therefore, is the quintessential example of a modern 'trading state', which makes its way in the world by economic rather than military expansion (Rosecrance 1986).

Japan is not, however, the only contemporary state that might be thought of as a successful trading state. A number of Western European countries, particularly Germany, may be considered in the same way. What distinguishes Japan is the nature of its domestic political-economy and the way this is linked with the outside world. The close relationships between key officials in prominent bureaucratic departments like the Ministry of International Trade and Industry (MITI) and the Ministry of Finance (MoF), on the one hand, and members of Japan's corporate sector on the other, has meant that economic policy has been coordinated with the intention of systematically developing Japan's industrial structure and technological capacity. The efficacy of such collaborative efforts, especially in the 'high growth period' of Japan's early post-war recovery, has been widely documented and is generally well understood (see, for example, Freeman

1987; Weiss and Hobson 1995). What is generally less well recognized is the way that Japanese public officials and business leaders have utilized and built upon such institutionalized relationships and practices to manage even the internationalization of 'Japanese' industry.²

It is at this point, where Japan's highly developed capacity for coordinated public policy intersects with the pursuit of *international* economic goals, that Japan's distinctive quasi-hegemony is most apparent and important. In the wake of the economic traumas of the 1970s, Japanese policymakers embarked upon a very deliberate policy of supplier and resource diversification that minimized Japanese dependence on external suppliers. A central element of this strategy was the development of coordinated public and private sector activities designed to secure Japan's resource supplies, while simultaneously furthering the interests of Japanese business (Bobrow and Kurdle 1987). Significantly, the pattern of coordinated public and private sector activities which had characterized Japan's domestic development was extended to the international sphere. This style of collaboration reached its most sophisticated form in Japan's official development assistance (ODA). Ostensibly intended to provide developmental assistance to poorer countries, Japan has utilized its ODA to promote a number of strategic objectives that reflect Japan's national interest and assist the international expansion of Japanese corporations. While this is not a uniquely Japanese phenomenon, what distinguishes the Japanese approach to ODA is the 'structural inclusion' of Japanese business in the construction and implementation of policy. The key objective of ODA is the promotion of Japanese trade and investment and the coordination of 'the commercial agendas of private sector actors...with the strategic and economic agendas of the economic ministries' (Arase 1994: 172).

This pattern of close collaboration is coming under sustained pressure from a complex array of domestic and external forces, as well as more general structural pressures that are being generated by the evolving international political economy. Before speculating on what implications such changes may have for both Japan and the region of which it is a part, we need to examine the historical record of Japan's involvement in the region generally and with Southeast Asia in particular.

Japan and Southeast Asia

Japan's relationship with Southeast Asia, like its external relationships and international position more generally, has been powerfully shaped by events that occurred before and during World War II. Consequently, before looking in any detail at recent developments and the specifics of Japan's political and economic involvement in the region, it is important to remind ourselves briefly of the region's history as it continues to cast a long shadow over contemporary intra-regional relations.

The war-time legacy

Japan's occupation of Southeast Asia prior to World War II is not simply an important historical episode that continues to colour contemporary relations; it also provides a important illustration of the changing nature and application of power between nations.

As the first nation to industrialise successfully in Asia, Japan borrowed much from the West. In addition to embarking on a Western-inspired modernisation of domestic political, bureaucratic and economic institutions, however, the Japanese also embarked on the sort of imperial expansion that had characterised competition between the major European powers toward the end of the nineteenth century in particular (Hobsbawm 1987). Japan's expansion into a weak China and Korea, particularly in the face of Russia's imperial ambitions, was the almost inevitable consequence of its successful industrialization and growing militarism (Beasley 1990). Indeed, the occupation of Manchuria, its exploitation as an economic resource, and its usefulness to Japan's authoritarian leaders as a source of mass mobilization imparted a certain logic to subsequent events (Young 1998). Imperial expansion, especially into the 'inner-ring' of Northeast Asia made sense in the context of an era in which the occupation and colonization of foreign lands not only provided potential economic benefits, but was an established, if not legitimate, form of international behavior.

Japan's expansion into Southeast Asia, however, while superficially driven by similar imperatives, had distinctive qualities that made it an altogether more uncertain enterprise. The underlying logic of Japan's move into Southeast Asia was the same as it had been in Northeast Asia – securing natural resources to fuel further economic development and eventually developing export markets to pay for them (Beasley 1987). What lent a particular danger and urgency to this project in Southeast Asia was that firstly, it was largely under the control of the European colonial powers, and secondly, the US was becoming increasingly concerned about Japan's imperial ambitions, especially when combined with rising militarism and nationalism. Any move into Southeast Asia, therefore, inevitably risked a clash with both the European powers and, more significantly in the long run, an increasingly powerful US. Significantly, it was the US's economic embargo introduced in 1940 - and its explicit threat to Japan's autonomy and economic security – that provided the trigger for conflict. Japan's dependency on Southeast Asia for crucial supplies of natural resources like oil and rubber left it with few options if it wanted to maintain economic independence (Willmott 1982).

Japan's goal of establishing a so-called 'Greater East Asian Co-prosperity Sphere' in the region as a response to perceived threats to its economic security is, therefore, important for a number of reasons. When seen from the longer term perspective of regional development what is significant about the putative Co-prosperity Sphere was that, Japan's self-serving imperial interests notwithstanding, it represented the first exclusively

Asian regional entity, and one which self-consciously repudiated the style and legitimacy of Western European colonization. Japan was bent on the self-appointed task of liberating Asia from the yoke of Western imperial rule – something that could only be achieved by substituting Japanese regional hegemony (Beasley 1987: 243). Seen in this context, Japanese occupation was a crucial watershed in Southeast Asia's political development which effectively marked the end of European control and signaled the emergence of the independence and nationalist movements that would prove so influential in countries like Indonesia and Vietnam (Yahuda 1996). But Japan's occupation also revealed the difficulties of sustaining long-term economic control of occupied territories in the face of internal and especially external opposition. It was a lesson that would profoundly influence post-war Japanese policy.

Thus, Japan's war-time colonization of Southeast Asia had ambiguous but deep-seated effects: on the one hand it played a crucial role in freeing the region from European imperial control. On the other, it engendered a lingering nervousness and suspicion of Japan's hegemonic ambitions which has continued to influence intra-regional relations to the present day. This war-time legacy helps to explain the style and content of Japan's more recent interaction within the region.

Japan's post-war involvement in Southeast Asia

The key point to make about Japan's post-war external relations generally, and its involvement with Southeast Asia in particular, is that it is overwhelmingly *economic*, and currently spearheaded by business not battalions. The repudiation of militarism in Japan has become a deeply entrenched and institutionalized part of Japanese social life and normative values (Katzenstein 1996). While the Japanese government continues to enjoy a good deal of support for policies which privilege Japan's economic interests, there is simply no foreseeable likelihood of this translating into the sort of military aggression that characterized its earlier foray into the region. In other words, Japan represents a new and distinctive approach to national development that sees security as flowing from the enhancement of its overall 'technoeconomic' position. Significantly, there has not been an inevitable correlation with, or translation of, this increased material capacity into military advantage in the way conventional international relations theory might lead us to expect (see, Heginbotham and Samuels 1998). Japanese hegemony, in short, is truncated, selective and very different from other historical exemplars.

The most tangible aspect of Japan's engagement with the region has been through trade and investment. It is possible to identify a number of distinct phases in Japan's post-war economic relations with Southeast Asia. In the first period from 1950-1965, Japan occupied what Morris-Suzuki (1991: 138) describes as an 'intermediate' position in a triangular Asia-Pacific relationship, in which Japan imported industrial goods from the US and exported simple manufactures to Southeast Asia.³ At this time, before Japan had completed its own industrial transformation, it actually ran trade deficits with the US. The next phase of Japan's economic engagement with the region from 1965-75 saw the maturing of Japan's own economic position and the beginning of Japan's large-scale investment in the region. As the economies of Southeast Asia began to develop they

employed a combination of tariffs and inducements to promote domestic industrialization. Japan responded to this by massively increasing investment in order to protect markets and take advantage of cheaper production costs in Southeast Asia. During this decade Asia became the biggest recipient of Japanese manufacturing investment, especially in areas such as textiles, which Japanese planners encouraged to move off-shore in a continuing and systematic attempt to up-grade Japan's domestic industrial structure.

It should be noted that precisely the same logic that encouraged Japanese investment in this second phase – protecting markets and overcoming tariff barriers – was also driving investment in other parts of the world. The US has been the biggest single recipient of Japanese investment, largely as a consequence of protectionist pressures. What is significant about Japan's investment in Asia is the large number of Japanese companies involved (Machado 1995: 46), and the impact that even a portion of Japan's outward investment flows can have on the comparatively small economies of Southeast Asia in particular.⁴ Indeed, it is important to recognize that one of the major attractions from a Japanese perspective of further investment in the region after 1975 has been as a continuation of the triangular relationship with the US. The structure of this triangular relationship has changed profoundly, however. More recently, as Japanese industry has continued to develop and consequently capture increased shares of the US market in particular, investment in Southeast Asia has provided a method of deflecting or circumventing protectionism in the US by establishing export platforms in the region (Petri 1992).

The Plaza Accord, mentioned earlier, provided an additional impetus for a fresh wave of Japanese foreign investment that gained momentum during the 1980s. This episode illustrates how important developments in the wider international system generally, and with the US in particular, can be in shaping what appear at first glance to be strictly regional outcomes. The dramatic appreciation of the yen encouraged by the US-inspired Plaza Accord, combined with the abundance of capital available at the height of the 'bubble economy' in Japan in the late 1980s, lent additional momentum to Japan's increased foreign investment. It is worth emphasizing that so great was the outflow of capital during the second half of the 1980s, that it exceeded Japan's total accumulated capital exports up until 1980 (Stevens 1996:72). The economies of Asia proved to be major beneficiaries of not only this general outflow, but even of the reduced flows that resulted in the wake of the bubble economy's collapse.⁵

In the 1990s, an emphasis on cost-cutting and a need to increase competitiveness made production in low-cost Asia increasingly attractive. Asia's share of Japan's total foreign investment flows doubled from 11.8 per cent in 1985 to 23.7 per cent in 1994. Of this, the so-called 'first-tier' economies (Singapore, Taiwan, Hong Kong and South Korea) saw their share decline from 54 to 41.3 per cent, while the 'second tier' industrializing economies of Southeast Asia (Indonesia, Malaysia, the Philippines and Thailand) saw their share expand from 45 to 56 per cent between 1985 and 1994 (Thompson and Poon 1998: 18). Between 1980 and 1992, Japan overtook the US to become the largest investor

in all of the first and second tier nations with the exception of the Philippines - a former US colony (Dobson 1997: 8).⁶

The precise contemporary significance of Japan to the region can be seen more clearly in Table 1. Not only is Japan a major trade and investment partner for all the Southeast Asian economies, but it is also an important source of tourist income, especially for Thailand. The other important point that emerges from these figures is that a significant proportion of the debt owed by the countries of the region is denominated in yen – making them vulnerable to fluctuations in currency values that have more to do with the state of the Japanese economy than they may with their own. Interestingly, however, there appears to have been little attempt by the Japanese government to translate this latent power into political influence through the formation of a ‘yen bloc’ (Frankel 1993). Moon and Rhee (1999) account for this inaction by arguing that on the one hand Japan’s domestic capital markets are underdeveloped, and on the other, ‘Japan wants to take the benefit but not the burden and responsibility of the internationalization of the yen’. In other words, not only is Japan unwilling to play an overt political leadership role in this context, but financial authorities may be concerned about a possible erosion of Japanese autonomy as a consequence of the yen’s greater internationalization. Again, the limits to Japanese hegemony are apparent, and confirmed by its inability to play a more decisive role in managing the recent crisis.

Table 1. Significance of Japan and the yen to Southeast Asia (%), 1997.

	Proportion of debt denominated in yen	Proportion of exports destined for Japan	Proportion of imports sourced from Japan	Proportion of incoming tourists from Japan	Proportion of FDI from Japan
Indonesia	39.5	21.0	18.0	16.6	6.8
Korea	54.0	15.0	25.6	13.4	23.1
Thailand	23.0	10.8	19.2	42.9	7.9
Malaysia	15.0	12.6	21.9	5.0	9.9
Philippines	25.0	16.2	20.6	7.1	36.8
China	32.0	17.4	20.3	23.0	19.0
Average	31.4	15.5	20.9	18.0	17.3

Source: Bhaskaran (1998)

While the extent of Japanese investment in the region has clearly been a major factor in accelerating the industrialization process in Southeast Asia in particular, the way this has occurred has influenced the course of development and the role the economies of the region have played in an emerging regional division of labor. In short, Japan’s distinctive quasi-hegemony has powerfully shaped the political-economy of Southeast Asia in ways that merit closer scrutiny.

Japanese hegemony in practice

One of the more noteworthy transformations in public policy over the course of the last several decades, especially in the developing world, has been a change in the way foreign investment is regarded. Whereas it was formerly viewed with suspicion and caution, it is now the subject of intense inter-national competition as governments throughout the world actively court footloose multinational corporations. Despite this enthusiasm, the activities of Japanese corporations serve to remind us that, firstly, all foreign investment and multinational behavior is *not* identical (Encarnation 1994); secondly, that even multinationals retain distinctive 'national' characteristics (Pauly and Reich 1997); and that finally, there may still be costs as well as benefits to foreign investment.

Revealingly, Japanese corporations were initially 'reluctant multinationals' (Doner 1991: 83). Because Japanese large-scale corporations or *keiretsu* groups benefit from their distinctive structure of closely inter-linked companies, established networks of suppliers, and privileged access to capital,⁷ they were concerned about the possible impact of breaking up such institutionalized patterns of relationships if forced to move off-shore into alien environments. The corporations solved this problem by reproducing the *keiretsu* structures throughout the rest of Asia (Dobson 1993). The hierarchically organized corporate structures that had developed in Japan and which seemed to have given Japanese corporations clear competitive advantages for many years were transferred overseas as smaller supplier companies followed their *keiretsu* group leaders off-shore. Even where Japanese corporations used local suppliers, this was not necessarily an unqualified boon for the local economy. As Hatch and Yamamura's (1996) detailed analysis of the economic and political relationship between Japan and Asia demonstrates, local suppliers were also integrated into a complex, hierarchically organized regional division of labor centered on Japan. This Japan-centric production structure had a potentially negative impact on indigenous development: Japan controlled 'subordinate' firms in Asia by strictly controlling access to technology and know-how, effectively determining the pace and quality of local industrialization (Hatch and Yamamura 1996: 60).⁸

Japan's possible role in either promoting or hindering economic development is an important determinant of its capacity to play a wider, more orthodox hegemonic role at the regional level. The conventional wisdom in Japan itself, assiduously promoted by influential Japanese economists, is that Japan would spearhead a 'flying geese' model of region-wide development.⁹ Japan as 'lead goose', would pull other countries along in its wake, allowing the rest of the region to replicate its own developmental experience. However, critics argue that Japan has neither passed on technology to the rest of the region, nor has it acted as a market to allow neighbors to pursue the sort of export-led industrialization that characterized Japan's own development (Bernard and Ravenhill 1995). Indeed, one of the most striking aspects of Japan's trade relationship with the region has been that Japan has also amassed major trade surpluses with Asia, predicated on the latter's continuing dependence on exports of Japanese capital goods (Hatch and Yamamura 1996: 8-9; Gangopadhyay 1998).

In some ways this asymmetrical relationship might be explained as the inevitable consequence of the interaction of economies at different stages of development. What distinguishes Japan, however, is its highly atypical pattern of low inter-industry trade on the one hand (Lincoln 1990), and the co-ordinated, state-assisted approach to regional integration on the other. Not only have Japan's protectionist policies made it unable to play the sort of market-of-last-resort role that the US has in the wider international system, but policymakers and business-leaders have co-operatively exploited Japan's position to secure the privileges that accrue to economic power. This is not to suggest that the US has not utilised its 'structural power' to derive benefits from its dominance of the international system; on the contrary, it has (Strange 1994). What is significant about Japan's quasi-hegemony is that, especially in the Asian region, it has emerged from the consciously-planned, strategically-oriented interaction of Japan's private and public sectors.¹⁰ By using a complex array of low-interest loans, technical assistance, administrative guidance, labour training programs and especially integrated ODA packages, Japanese planners and corporations have attempted to bind the political and economic elites of Southeast Asia to them in an intricate web of dependence:

...it would be incorrect to conclude Japan has merely "purchased" influence in Asia. It has done much more. In large part, Japanese business and political elites have "schmoozed" their way to power. They have, in other words, mastered the fine art of networking in Asia, a region in which most countries do not have a modern legal framework for commerce. They have used social bonds to overcome what is, for most Western business people, a source of confusion, uncertainty, and thus risk (Hatch and Yamamura 1996: 131).

Despite the apparent obstacles to the development of a more expansive form of Japanese hegemony that encompasses a political or ideational dimension to match its apparent economic influence, Japan has, nevertheless, exerted a wider influence on Southeast Asia in particular. Unsurprisingly, perhaps, it has been ambiguous and contradictory. A closer look at this more overtly political aspect of Japan's influence highlights its limits and hints at its possible future course.

The strengths and weaknesses of Japanese hegemony

Japan's economic power, as we have seen, has established a regional division of labour with its apex in Japan that effectively locks neighbouring countries into subordinate positions. This is most dramatically illustrated in the structure of regional car production, where major Japanese corporations have taken advantage of improvements in transportation and communication, and the possibilities that the increasing disaggregation of production processes opens up, to organise manufacture on a trans-regional basis. Toyota, for example, uses Thailand to supply diesel engines and electronics, the Philippines for transmissions, Malaysia for steering components, and Indonesia for petrol engines. Given the important role Japanese multinationals play in local economies, this has led directly to *political* initiatives designed to encourage further investment and distinguish Southeast Asia in the international competition for mobile investment. Thailand, Malaysia, the Philippines and Indonesia have, for example, inaugurated a brand-to-brand 'complementation pact', which halves tariffs on imports from member

countries and thus makes the region more attractive to Japanese multinationals that operate according to a transnational logic (Machado 1995).

At the material level, then, there is a clear correlation between sheer economic might and a concomitant political influence. But Japan also has a more subtle ideational influence which, somewhat paradoxically, also highlights the limits of Japanese hegemony. On the one hand, the success of the Japanese model has clearly had a major impact on the region. Malaysia's attempted emulation of the Japanese model in its 'Look East' policy is perhaps the clearest example of this ideational influence (Jomo 1994: 3-10). On the other, the continuing difficulties experienced by the Japan's domestic economy throughout the 1990s must cast doubt on the continuance of this dimension of its regional influence. Powerful and persuasive criticisms have been made of Japan's domestic political-economy, making it a less attractive role model (Katz 1998). Likewise, the continuing difficulties experienced by Japan's heavily indebted banking sector in particular mean that Japan has become a less important source of external capital (*The Economist* 1999), and thus a potentially less influential regional power.

And yet Japan has had opportunities to play a political role in the region in keeping with its economic status. In the aftermath of the recent economic crisis in Asia when Japan suggested that it might establish an Asian Monetary Fund to help neighbouring economies weather the crisis, it appeared that Japan might finally play a decisive and unambiguous leadership role. Such a possibility was rapidly squashed by the US, however, in an episode which revealed much about both the US's continuing regional influence and Japan's continuing subordination (Higgott 2000). In sharp contrast to Japan, the US was able to exploit its pre-eminent position in, and influence over, a number of key inter-governmental organisations like the International Monetary Fund (IMF), in a concerted attempt to impose its preferred model of economic organisation on the East Asian region (Beeson 1999c). US hegemony is bolstered by an uncomplicated and uncritical certitude about its 'manifest destiny' and perceived obligation to act as a world leader (Nye 1990). Revealingly, despite the US's relative economic decline in the post-war period, it has been able to maintain its dominant position in part by the aggressive promotion of an ideational agenda that reflects its own interests and normative values. Despite Japan's increasing economic presence in key international institutions like the World Bank and the IMF, it has been unable to articulate, let alone realise its own distinctive vision for an international political and economic order.

Similar inhibitions and uncertainties have prevented Japan from either endorsing or playing a leading role in an exclusively regional economic grouping, such as the East Asian Economic Caucus (EAEC) proposed by Malaysia's premier, Mahathir Mohamed. Although the possibility that an exclusively Asian, region-wide grouping will develop remains alive, particularly because of the prominent role played by the Association of Southeast Asian Nations (ASEAN),¹¹ Japan's role in it remains uncertain. Not only do Japanese policymakers still seem reluctant to confront or antagonise a US upon which it remains strategically and economically dependent,¹² but Japanese people more generally have had a long-standing ambivalence toward 'Asia' and Japan's place in it (Funabashi 1995: 231). As a consequence of these contradictory influences and pressures, Japan has

found it difficult to present an agenda of its own that extends beyond narrow national self-interest.

A number of major criticisms have been made of Japan in this regard. First, critics argue that Japanese foreign policy has been too 'reactive', unduly influenced by external pressures on the one hand, and hamstrung by bureaucratic in-fighting on the other (Calder 1988). Second, and more fundamentally, it is argued that because Japan does not possess the sorts of universalisable principles that have been such a prominent part of the liberal world order constructed by US hegemony, it cannot hope to play a similar international role (Rapkin 1990). In other words, Japan does not possess a vision or cluster of values that might provide both an agenda for the future, nor a salve for the past. Indeed, Japan's continuing inability to come to terms with and acknowledge the often brutal role it played during World War II remains a major obstacle to its assuming a more prominent regional role; many of Japan's neighbours are actually happy to see Japan's continuing strategic dependence on the US precisely because of the doubts engendered by this lingering war-time legacy. Paradoxically enough, therefore, despite the declining importance of military as opposed to economic power, the US's overall hegemonic position continues to be bolstered by its dominant strategic position. In East Asia's complex intra-regional relations, the US may continue to play an important - and generally welcome - 'balancing' role (Ross 1999), underwriting regional stability, but effectively placing limits on Japan's own regional ambitions.

Despite Japan's overwhelming economic presence, which leads some commentators to claim that Japan has already become a 'regional political superpower' (Drifte 1996: 164), there are plainly a number of constraints which continue to circumscribe Japan's role and delimit the nature of its hegemonic influence or capacity. Even though Japan's economic power gives it the chance to play a more prominent role in a number of increasingly influential transnational agencies (Yasutomo 1993), the comparatively lacklustre recent performance of its own economy is making it more difficult to translate economic power into political influence – at least at the formal level of inter-state relations. Compounding this problem – and giving the lie to simplistic notions of 'Japan Inc' or a seamless and unproblematic 'national interest' – has been domestic policy contestation between the manufacturing and financial sectors, which have very different opinions about the appropriate value of the yen (Wade 1998: 702). Ironically, what had been Japan's most unambiguous asset – the strength and performance of its economy – has now become a source of concern and criticism both internationally *and* domestically.

Concluding remarks

If we take the notion of hegemony to mean the capacity to exert a political and economic influence beyond domestic borders with the intention of furthering perceived national interests, then Japan clearly has claims to such status, albeit at a predominantly regional level and with a number of important caveats. The most important constraint on Japanese hegemony flows from its relationship with the US: not only is the US a global hegemon and thus inevitably able to shape the wider international system in a manner that Japan

cannot, but Japan remains dependent on the US to underwrite its own security in ways that reinforce its subordinate position. Yet we also need to recognise that in many ways Japan has systematically and self-consciously eschewed militarism in favour of a single-minded neo-mercantilism that has defined and delimited its own potential influence. As a consequence, Japanese hegemony while novel and – within specific limits – highly effective, is also constrained and somewhat subterranean.

Through a complex array of ODA packages, investment strategies, and trade linkages, the collaborative efforts of Japanese political and business elites have clearly exerted a major influence on the much smaller economies of East Asia generally and Southeast Asia in particular. Governments and policy-makers across the region have attempted to accommodate, or self-consciously emulate, the style and content of Japan's public policy initiatives. This is plainly evidence of Japanese hegemony at both the overt material level of investment flows and production strategies, and at the more subtle ideational level as a role model. Yet given that Japan's ideational influence has largely been a consequence of its success as the original East Asian development state, and that that model is now subject to widespread criticism and scrutiny both outside *and* inside Japan, then there are grounds for questioning whether even this limited influence will continue to be as significant as it was. Indeed, seasoned observers suggest that Japan itself is being subjected to a fundamental 'regime shift', which is transforming many of the established relationships and practices that were associated with the Japanese developmental state (Pempel 1998).

Thus, to understand the transformations that are underway in Japan, and the possible impact they may have on its external relations, we need to consider both the politics and economics of Japan and the complex inter-relationships that bind them together. Indeed, seen from a political-economy perspective it becomes clear that 'Japan' is a far more complex, less unified entity than such a label implies. While an overwhelming imperative for reconstruction and catching-up existed, and where policy generated unambiguous gains, such differences were repressed in the 'national interest'. Now that Japan's distinctive model of state-led development has not only accomplished its task, but is actually perceived to be an impediment to necessary reform, possible conflicts of interest have become more apparent. Japan's apparent inability to resolve its own domestic problems, especially when combined with its failure to act decisively or effectively during the Asian economic crisis, has seriously undermined its leadership credentials.

Yet whatever outcomes Japan's domestic economic, and by extension political, difficulties generate, one thing is certain: Japan will continue to exert a major influence over the countries of Southeast Asia. The sheer size of the Japanese economy and the existent network of relationships and production networks throughout the region means that Japan will continue to benefit from an embedded structure of influence for the foreseeable future. Whether Japan can translate this into a more overt political leadership in the region - one that is capable of transcending its problematic historical relationships with both the countries of the region and with the US - is another question. Unless it can, Japan will remain a somewhat contradictory, paradoxical and quasi-hegemonic presence in the region.

Endnotes

¹ For a more detailed examination of theories of hegemony see, Beeson (1999a).

² Although Japanese industry remains more characteristically ‘Japanese’ than some of its competitors, the whole question of the internationalization of industry raises a number of complex questions about what constitutes a ‘national’ company in an era of increased international integration where both the ownership structure and spatial configuration of an individual company make the question of national identity increasingly problematic. For a discussion of these issues, see Beeson (2000).

³ This discussion draws heavily on Morris-Suzuki (1991).

⁴ Richard Stubbs (1999: 239) makes the interesting point that the flood of Japanese investment into the small economies of Southeast Asia may actually have contributed to their problems, by fuelling unrealistic expectations and unsustainable investment ‘bubbles’.

⁵ Constraints of space preclude a detailed examination of the rise and fall of the bubble economy, but see Katz (1998) for a useful discussion.

⁶ It should also be noted that a new and major source of investment has been intra-Asian investment, primarily from the established first tier nations – something that looks set to increase in the future and possibly undermine the economic importance of Japan.

⁷ For an extremely useful discussion of the *keiretsu*, see Gerlach (1992).

⁸ It should be noted that there is evidence to suggest the ability of Japanese firms to control structures of production within the region is limited. A number of companies in the electronics sector have developed more ‘open’ coordination mechanisms that give a greater, more autonomous role to affiliates. See Ernst (1997).

⁹ For a discussion of the flying geese model in particular and about Japanese perspectives on regional development more generally, see Korhonen (1994).

¹⁰ This planned approach to regional economic expansion was most apparent in a number of proposals put forward by key agencies like MITI (see Unger 1993 for a discussion of these schemes). Critics claim that Japanese planners have been intent on recreating the Greater East Asian Co-prosperity Sphere by more peaceful means. See Johnson (1993).

¹¹ The ASEAN summit meeting of late 1999 was most noteworthy for the inclusion of Japan, China and South Korea, representing a de facto EAEC grouping.

¹² The link between the US and Japan is not simply the largest bilateral economic relationship in the world, but it highlights the contradictory nature of inter-dependence. Although Japan clearly wishes to maintain access to the US’s crucial and lucrative markets, the US is also deeply dependent on Japanese savings to underwrite its ever-expanding trade deficits. In many ways, Japan appears to have greater latent structural power than the US, what is significant, however, is that it has shown little preparedness to utilize it. See Yoshikazu (1997).

References

- Amsden, Alice (1995) 'Like the rest: South-east Asia's "late" industrialization', *Journal of International Development*, 7 (5): 791-99.
- Arase, David (1994) 'Public-private sector interest coordination in Japan's ODA', *Pacific Affairs*, 67 (2): 171-99.
- Beasley, W.G.(1987) *Japanese Imperialism, 1894-1945*, (Oxford: Clarendon Press).
- (1990) *The Rise of Modern Japan: Political, Economic, and Social Change Since 1850*, (London: Weidenfeld and Nicolson).
- Beeson, Mark (2000) 'Globalisation and international trade: international economic policies and "the national interest"', in Boreham, P., Stokes, G. and Hall, R. (eds.), *The Politics of Australian Society: Political Issues for the New Century*, (Addison Wesley Longman): 213-31.
- (1999a) 'The construction of international regimes in post-crisis Asia: Coercion, consensus and collective goods', Paper for Murdoch University's Conference *Shaping Common Futures: Case Studies of Collective Goods, Collective Actions in East and Southeast Asia*, Perth, October 7-9.
- (1999b) 'States, markets, and economic security in post-crisis East Asia', *Asian Perspective*, 23 (3): 33-52.
- (1999c) 'Reshaping regional institutions: APEC and the IMF in East Asia', *The Pacific Review*, 12 (1): 1-24.
- Bergsten, Fred C. and Noland, Marcus (1993) *Reconcilable Differences? United States-Japan Economic Conflict*, (Washington: Institute for International Economics).
- Bhaskaran, M. (1998) *The Asian Crisis – Impact and Outlook*, paper to the Asia-Europe Foundation/CEPII's conference on the Asia Crisis, Paris 11-12 May.
- Bobrow, Davis B. and Kurdle, Robert T. (1987) 'How middle powers can manage resource weakness: Japan and energy', *World Politics*, 39 (4): 536-65.
- Braudel, Fernand ((1992[1979])) *The Perspective of the World*, (Berkeley: University of California Press).
- Calder, Kent E. (1998) 'Japanese foreign economic policy formation: explaining the reactive state', *World Politics*, 40 (4): 25-54.

Chase-Dunn, Christopher (1998) *Global Formation: Structures of the World Economy*, (Lanham: Rowan & Littlefield).

Cox, Robert W. (1987) *Production, Power, and World Order: Social Forces in the Making of History*, (New York: Columbia University Press).

Cumings, Bruce (1997) 'Japan and Northeast Asia into the twenty-first century', in Katzenstein, Peter J. and Shiraishi, Takashi (eds.), *Network Power: Japan and Asia*, (Ithaca: Cornell University Press): 136-68.

Dobson, Wendy (1993) *Japan in East Asia: Trading and Investment Strategies*, (Singapore: Institute of Southeast Asian Studies).

— (1997) 'East Asian integration: Synergies between firm strategies and government policies', in Dobson, W. and Chia Siow Yue (eds.), *Multinationals and East Asian Integration*, (Singapore: Institute of Southeast Asian Studies): 3-27.

Doner, Richard F. (1991) *Driving a Bargain: Automobile Industrialization and Japanese Firms in Southeast Asia*, (Berkeley: University of California Press).

Drifte, Reinhard (1996) *Japan's Foreign Policy in the 1990s: From Economic Superpower to What Power?*, (London: Macmillan).

Encarnation, D. 'Investment and trade by American, European, and Japanese multinationals across the Triad', in Mason, M. and Encarnation, D. (eds.) *Does Ownership Matter? Japanese Multinationals in Europe*, (Oxford: Clarendon Press, 1994) 205-27.

Ernst, Dieter (1997) 'Partners for the China Circle? The Asian production networks of Japanese electronic firms', *BRIE Working Paper* 91, (Berkeley: Berkley Roundtable on the International Economy).

Fallows, James (1993) *Looking at the Sun: The Rise of the New East Asian Economic and Political Systems*, (New York: Pantheon Books).

Fingleton, E. (1995) *Blindside: Why Japan is Still On Track To Overtake the US By The Year 2000*, (Boston: Houghton Mifflin).

Freeman, C. (1987) *Technology and Economic Performance: Lessons from Japan*, (London: Pinter).

Frankel, Jeffrey A. (1993) 'Is Japan creating a yen bloc in East Asia and the Pacific?', in Frankel, J.A. and Kahler, M. (eds.), *Regionalism and Rivalry: Japan and the United States in Pacific Asia*, (Chicago: University of Chicago Press): 53-85.

Funabashi, Yoichi (1988) *Managing the Dollar: From the Plaza to the Louvre*, (Washington: Institute for International Economics).

— (1995) *Asia Pacific Fusion: Japan's Role in APEC*, (Washington: Institute for International Economics).

Gangopadhyay, Partha (1998) 'Patterns of trade, investment and migration in the Asia-Pacific region', in Thompson, G. (ed.), *Economic Dynamism in the Asia-Pacific*, (London: Routledge): 20-54.

Gerlach, Michael (1992) *Alliance Capitalism: The Social Organisation of Japanese Business*, (Berkeley: University of California Press).

Hatch, Walter and Yamamura, Kozo (1996) *Asia in Japan's Embrace: Building a Regional Production Alliance*, (Cambridge: Cambridge University Press).

Heginbotham, Eric and Samuels, Richard J. (1998) 'Mercantile realism and Japanese foreign policy', *International Security*, 22 (4): 171-203.

Higgott, Richard (1994) 'International political economy', in Groom, A.J.R. and Light, M. (eds.), *Contemporary International Relations: A Guide to Theory*, (London: Pinter): 156-69.

— (2000) 'The international relations of the Asian economic crisis: A study in the politics of resentment', in Robison, R. et al (eds.), *Politics and Markets in the Wake of the Asian Crisis*, (London, Routledge): 261-82.

Hobsbawm, E (1987) *The Age of Empire*, (London: Weidenfeld & Nicolson).

Johnson, Chalmers (1982) *MITI and the Japanese Miracle: The Growth of Industry Policy 1925-1975*, (Stanford: Stanford University Press).

— (1993) 'History restarted: Japanese-American relations at the end of the century', in Higgott, R. et al (eds.) *Pacific Economic Relations in the 1990s: Cooperation or Conflict?*, (Allen & Unwin): 39-61.

Jomo, K.S. (1994) 'Introduction', in Jomo, K.S. (ed.), *Japan and Malaysian Development: In the Shadow of the Rising Sun*, (London: Routledge): 1-17.

Katz, Richard (1998) *Japan: The System That Soured*, (Armonk: M.E. Sharpe).

Katzenstein, Peter J. (1996) *Cultural Norms and National Security: Police and Military in Postwar Japan*, (Ithaca: Cornell University Press).

Korhonen, P. (1994) *Japan and the Pacific Free Trade Area*, (London: Routledge).

Kennedy, Paul., (1988) *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000*, (London: Fontana).

LaFeber, Walter (1997) *The Clash: US-Japanese Relations throughout History*, (New York: W.W. Norton).

Leyshon, Andrew (1994) 'Under pressure: finance, geo-economic competition and the rise and fall of Japan's postwar growth economy', in Corbridge, S. et al, *Money, Power and Space*, Oxford: Blackwell: 116-45.

Lincoln, Edward J. (1990) *Japan's Unequal Trade*, (Washington: The Brookings Institute).

Luttwak, Edward (1990) 'From geopolitics to geo-economics', *The National Interest*, Summer: 17-23.

Machado, Kit G. (1995) 'Japanese foreign direct investment in East Asia: The expanding division of labor and the future of regionalism', in Chan, S. (ed.), *Foreign Direct Investment in a Changing Global Political Economy*, (London: Macmillan): 39-66.

Matsanundo, Michael (1997) 'Preserving the unipolar moment: Realist theories and US grand strategy after the Cold War', *International Security*, 21 (4): 49-88.

Moon, Woosik and Rhee, Yeongseop (1999) 'Asian monetary cooperation: Lessons from the European Monetary integration', *Journal of International and Area Studies*, 6 (1): 33-49.

Morris-Suzuki, Tessa (1991) 'Reshaping the international division of labour', in Morris, J. (ed.), *Japan and the Global Economy*, (London: Routledge): 135-53.

Mueller, John (1989) *Retreat from Doomsday*, (New York: Basic Books).

Nester, William R. (1990) *Japan's Growing Power over East Asia and the World Economy: Ends and Means*, (London: Macmillan).

Nye, J. (1990) *Bound to Lead: The Changing Nature of American Power*, (New York: Basic Books).

Pauly, Louis W. and Reich, Simon (1997) 'National structures and multinational corporate behaviour: enduring differences in the age of globalization', *International Organization*, 51 (1): 1-30.

Pempel, T.J. (1998) *Regime Shift: Comparative Dynamics of the Japanese Political Economy*, (Ithaca: Cornell University Press).

— (1999) *Triangle of Troubles: Japanese Foreign Policy at Century's End*, Paper for a conference on 'Japan and Its Neighbours in the Global Village', Nanzan University, Nagoya, October 16-17.

Petri, Peter A. (1992) 'Platforms in the Pacific: Trade effects of direct investment in Thailand', *Journal of Asian Economics*, 3 (2): 173-96.

Pyle, Kenneth B. (1988) 'Japan, the world, and the Twenty-first century', in Inoguchi, T. and Okimoto, D. (eds.), *The Political Economy of Japan: Volume 2, The Changing International Context*, (Stanford: Stanford University Press): 446-86.

— (1998) 'Restructuring foreign policy and defence policy: Japan', in McGrew, A. and Brook, C. (eds.), *Asia-Pacific in the New World Order*, (London: Routledge): 121-36.

Rapkin, David P. (1990) 'Japan and world leadership?', in Rapkin, D.P. (ed.), *World Leadership and Hegemony*, (Boulder: Lynne Rienner): 191-212.

Rosecrance, Richard (1986) *The Rise of the Trading State: Commerce and Conquest in the Modern World*, (New York: Basic Books).

Ross, Robert S. (1999) 'The geography of peace: East Asia in the twenty-first century', *International Security*, 23 (4): 81-118.

Samuels, Richard J. (1994) *"Rich Nation, Strong Army": National Security and the Technological Transformation of Japan*, (Ithaca: Cornell University Press).

Schoppa, L. J. (1997) *Bargaining with Japan: What American Pressure Can and Cannot Do*, (New York: Columbia University Press).

Stevens, Rob (1996) *Japan and the New World Order*, (London: Macmillan).

Strange, Susan (1994) *States and Markets*, (London: Pinter Publishers).

Stubbs, Richard (1999) 'States, sovereignty and the response of Southeast Asia's "miracle" economies to globalization', in Smith, D.A. et al (eds.), *States and Sovereignty in the Global Economy*, (London: Routledge): 229-45.

The Economist (1999) 'Softly, softly', November 27: 84.

Thompson, Edmund R. and Poon, Jessie P.H. (1998) 'Determinants of Japanese, US and UK foreign direct investment in East and Southeast Asia, 1985-1994', *Journal of Asian Business*, 14 (3): 15-39.

Unger, Daniel (1993) 'Big little Japan', in Slater, R.O. et al (eds.), *Global Transformation and the Third World*, (Boulder: Lynne Rienner).

Wade, R (1998) 'From "miracle" to "cronyism": explaining the Great Asian Slump', *Cambridge Journal of Economics*, 22: 693-706.

Weiss, Linda and Hobson, John M. (1995) *States and Economic Development: A Comparative Historical Analysis*, (Cambridge: Polity Press).

Willmott, H.P. (1982) *Empires in the Balance*, (Maryland: Naval Institute Press).

Yahuda, Michael (1996) *The International Politics of the Asia Pacific*, (London: Routledge).

Yasutomo, D.T. (1993) 'The politicization of Japan's "post-Cold War" multilateral diplomacy', in Curtis, GL (ed.), *Japan's Foreign Policy After the Cold War: Coping with Change*, (Armonk: M.E. Sharpe): 323-45.

Yoshikazu, Yakao (1997) 'Behind Hashimoto's remark on dumping US Treasuries', *Japan Echo*, 24 (5): 15-19.

Young, Louise (1998) *Japan's Total Empire: Manchuria and the Culture of Wartime Imperialism*, (Berkeley, University of California Press)

The rim of Asia : Japan and Southeast Asia. Item Preview. remove-circle. Nearly half of Southeast Asian respondents in the most recent survey by the Singapore-based think tank ISEAS-Yusof Ishak Institute said that "China will become a revisionist power with an intent to turn Southeast Asia into its sphere of influence." Vuving points out that China's geographical position, its growing size and power and its historical ambition to return to its "rightful place at the top of Asia" will naturally lead to its becoming the leading power in the region. "Call it hegemony, expansion or sphere of influence, it is basically Chinese dominance," The Early Human Occupation of East and Southeast Asia. Ryan J. Rabett. Pages 159-193. The Handbook is not restricted to art historical or purely descriptive perspectives; its geographical coverage includes the modern nation-states of China, Mongolia, Far Eastern Russia, North and South Korea, Japan, Taiwan, Vietnam, Cambodia, Laos, Thailand, Burma, Malaysia, Indonesia, the Philippines and East Timor.