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"In *Japan Rising*, Kenneth Pyle marries the insights of a long [illegible]rian of modern Japan and a shrewd analyst of Japan's uneasy role [illegible]d. *Japan Rising* is a grand, thematic, historical overview of the [illegible]radigm that lay behind the nation's stunning roller-coaster rise as a pow[illegible] state—and of how traditional conservative wisdom is finally undergoing fundamental change in response to the challenges of a new Asia and new global economy."

JOHN W. DOWER, author of *Embracing Defeat: Japan in the Wake of World War II*

JAPAN RISING

THE RESURGENCE OF JAPANESE POWER AND PURPOSE

KENNETH B. PYLE

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The Resurgence of Japanese Power and Purpose

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For Anne, my companion on the journey

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Advance praise for *Japan Rising*

"As usual, Ken Pyle has provided the most intellectually acute and policy-relevant assessment of recent adjustments in Japanese foreign and security policy and the domestic institutions that support them. He does so with exceptional judgment and clear prose that reflects a rare combination of emotional empathy and analytic detachment. This valuable and timely book reminds us that the 'rise of China' is not the only—or even necessarily the most important—development American officials must take into account in adapting U. S. policy to a rapidly changing Asia."—Michael Armacost, former U.S. Ambassador to Japan

"Japan's economy has recovered and its security policy has begun to move in new directions. Ken Pyle's *Japan Rising* analyzes these recent shifts within a 150 year perspective. The book makes it clear just how much transformation has taken place and yet how much remains an outgrowth of long standing geo-strategic necessities. The clarity of his argument makes this an easily accessible and rewarding book that will be anxiously read by policy makers and academics alike."
—T. J. Pempel, Professor of Political Science, University of California Berkeley

"In this learned, comprehensive, and up-to-date book one of the world's leading specialists on Japan sends a strong message. Kenneth Pyle argues that international structural changes in world politics and domestic generational changes in Japan are now beginning to affect a major reorientation in Japan's foreign policy. Henceforth Japan's traditional pursuit of economic realism will be enriched with a strong dose of political realism. The return of Japan to great power politics has been predicted many times—wrongly—in the last half century. This book may be more on target. In *Japan Rising* the realist argument has found an advocate with admirable skills and an unrivaled depth of understanding. At this historical juncture all serious students of Japan, East Asia and American foreign policy should heed this book's message."—Peter J. Katzenstein, Walter S. Carpenter Jr., Professor of International Studies, Cornell University

"In the most comprehensive history of Japan's international relations to date, Kenneth Pyle chronicles the changing sense of national purpose underlying Japan's integration into the world order. He tells the remarkable story of the rise and fall of the modern era's first non-Western great power, postwar Japan's equally ambitious economic expansion, and the nation's precipitous loss of purpose in the 1990s. Most provocative, Pyle examines recent developments that may lead to a resurgent Japan in the present century."—Sheldon Garon, Professor of History and East Asian Studies, Princeton University

"Ken Pyle's excellent new book is just in time. Amidst changes in Northeast Asia that are reshaping the policy and political landscape, Japan has been the 'quiet power.' No more. Pyle explains the 'puzzle' of Japan's past, its capacity to surprise, and how historically Japan's rulers have sought security by shrewdly (and rapidly) adjusting to changes in the external international order. And it's happening again—right now."—Robert B. Zoellick, former U.S. Trade representative and Deputy Secretary of State

"The land of the rising sun is poised to rise again as a regional, and even world, power. So holds noted Japan specialist Pyle. . . . An interesting thesis, backed by a strong historical narrative."—*Kirkus Reviews*

"In *Japan Rising*, Kenneth Pyle marries the insights of a long dual career as a major historian of modern Japan and a shrewd analyst of Japan's uneasy role in the contemporary world. *Japan Rising* is a grand, thematic, historical overview of the bedrock policy paradigm that lay behind the nation's stunning roller-coaster rise as a powerful state—and how traditional conservative wisdom is finally undergoing fundamental change in response to the challenges of a new Asia and new global economy."—John W. Dower, professor of history, MIT, and author of *Embracing Defeat: Japan in the Wake of World War II*

"Japan's global role, as a political, military and economic bridge between East and West, has never been more vital. Kenneth Pyle's *Japan Rising* gives us an insightful portrait of the ways in which Japan's history and its present policies will shape the world."—Thomas S. Foley, former United States Ambassador to Japan and former Speaker of the House

"Now, as in the last 150 years, except for a brief period in the 1980s, the world underestimates Japan. Kenneth Pyle is a rare combination—a senior scholar of Japan who is also a foreign policy analyst. He here wrestles with the big issues, how the deeper processes of history and national character are shaping the new Heisei generation and Japan's role in the world."—Ezra F. Vogel, Professor, Harvard University

"Kenneth Pyle's writings were valuable to me during my term as U.S. ambassador in Tokyo. *Japan Rising* again demonstrates Pyle's extraordinary ability to interpret Japan not only for policymakers but also for a wide audience interested in understanding our key ally."—Walter Mondale, former U.S. Vice President

"Our alliance with Japan must be grounded in a deep understanding of Japanese history and culture. That is why I enthusiastically recommend the thoughtful analysis in Ken Pyle's *Japan Rising*."—George Shultz, former Secretary of State

The Century Foundation

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Foreword

The end of the Cold War was cause for rejoicing and, as it turns out, for a series of erroneous conclusions about the "new world order." In the West, there was a widespread expectation that the demise of the Soviet Union heralded the beginning of an era of peaceful economic competition and U.S. military predominance. The global triumph of democratic capitalism seemed assured. History was over. Walls between nations and cultures would fall, and security would be largely a problem for local police forces. Pundits wrote glowingly and certainly that past differences among the peoples of the world would fade away as humanity slowly blended into a common international race of consumers and voters. For the foreseeable future, Americans could do what they liked best: go about their business without concerning themselves about the rest of the world.

The nagging cloud on that rosy horizon was the emerging economic power of two former adversaries that had now become staunch U.S. allies: Japan and Germany. Of the two, the true powerhouse clearly was the same Asian island nation that had stunned the world in the twentieth century by its rapid industrialization and outsized ambitions. By 1990, Japan, in fact, seemed well on its way to creating a "Greater East Asia Coprosperity Sphere," without a strong military at all.

Now, a decade and a half later, new dangers are at large in the world, and past concerns about industrial competition seem greatly overblown. So, too, do the expectations of relentless Japanese economic progress. That nation's growth has turned remarkably sluggish despite several significant government programs designed to reenergize it. Today, Japan's

continued economic significance is obscured, to some extent, by the phenomenal growth of other Asian economies and, especially, the spectacular emergence of China as a global power. Not surprisingly, basic questions about Japan—present and future—are being asked.

In this context, The Century Foundation seized the opportunity to work with Kenneth B. Pyle, the Henry M. Jackson Professor of History and Asian Studies at the University of Washington, on an in-depth study of Japan, with a special emphasis on Japanese-American relations. Pyle writes from a long life of deep understanding of and sympathy for Japan. His book is thorough, filled with insights about Japanese history and current politics, and he deftly places his subject in the larger context of international relations, past and present.

This volume is the latest in a long history of studies of East Asia sponsored by The Century Foundation. In 1968, we published Gunnar Myrdal's landmark study *Asian Drama: An Inquiry into the Poverty of Nations.* More recently, we have supported a number of works looking specifically at U.S. policy in the region, including Morton Abramowitz and Stephen Bosworth's *Chasing the Sun: Rethinking East Asian Policy;* Selig Harrison's *Korean Endgame: A Strategy for Reunification and U.S. Disengagement;* and Patrick Tyler's *A Great Wall: Six Presidents and China.*

Looking back, Kenneth Pyle reminds us of the miracle of Japan's astonishingly swift industrialization—an achievement that created the impression of modernity for a culture that was in many ways still quasi-feudal. However, as Pyle points out, "To achieve national power the Meiji leaders were willing to swallow cultural pride, even risk their national identity, to borrow massively from an alien civilization."

Even today, the scale and pace of that accomplishment is unmatched. Japan's modernization put in place a foundation that even the ravages of World War II could not erase. Arising from the ashes of total defeat of the past regime's fervent, aggressive, and militarized nationalism, Japan ascended to near the top of the world economy, a tribute to its single-minded public policy, and a reward for its rejection of rearmament. To be sure, in many areas the ruthless necessities of global market capitalism have clashed with the traditional obligations and mores of Japanese culture. But in most respects, the priority given to economic strength has persisted.

In one area, however, Japan remains somewhat outside the Western consensus. As Pyle notes, "Democracy is not an indigenous phenomenon that Japan has ever sought to export. The Japanese have not achieved a democratic revolution on their own; it is not in their life's blood. These

were not values the Japanese themselves had struggled for and made their own." Indeed, Japan is still essentially a one-party state. And yet, it generally satisfies the definition of a democracy despite the lack of consistent and effective party competition.

Pyle reviews the many current foreign policy challenges facing Japan. He offers a succinct and insightful review of the major issues, including one of the persistent threats to regional tranquillity, North Korea. Pyle suggests that the debate over nuclear weapons is only the symptom of a deeper condition. Moreover, he argues that Korea may prove the "catalytic event [to] trigger the emergence of a new international order," perhaps precipitating a major U.S. force draw-down from the region.

While Washington geostrategists are fixated on China, Pyle describes how there is a new Japan emerging, a "Heisei" generation that has come of age since the accession of the current emperor. Pyle writes:

> The Heisei generation, which emerged after Japan was widely recognized as having caught up with the West, is more at home in the world than any earlier generation in modern Japan. . . . Typically, having studied and traveled abroad, they are less constrained by traditional practices and mores. Instead, they are attuned to the lifestyle changes brought on by globalization and technological change.
>
> They constitute the first generation whose entire schooling has been under the democratic principles mandated by the Fundamental Law of Education of 1947, which the Occupation drafted.

Of course, those on the Right in Japan had sought, as early as the 1950s, to repeal the "renunciation of war" written into the Japanese constitution by the Americans, but public opinion for half a century was so intensely in favor of the renunciation that they could not touch it. Now, however, encouraged by U.S. policymakers who see Japan as a counterweight to China's rise, a new generation without direct memories of war is more open to considering the use of military power.

Pyle reminds us that, while the Bush-Koizumi axis has bound the two countries closely together, the Japanese political elite has different goals in mind than Washington does. Japan is not making its determined drive for a permanent seat on the UN Security Council in order to be a rubber stamp for Washington.

Americans often have seen Japan as doing considerably less than it could well afford to do in international matters. Now, after fifteen years in

the doldrums and deepening debt, Japan's economy appears to be expanding. Pyle's book is a timely reminder not to write Japan off based on that slump and the contraction of its population that is under way. As he aptly puts it, "Japan still seeks its place in the sun. . . . The way in which the constitution is revised, the reshaping of the party system and the political structure, and the reform of Japan's economic institutions will be worked out, to a very considerable degree, by external developments that impact Japan's national interest."

Wise counsel, as is *Japan Rising: The Resurgence of Japanese Power and Purpose* generally. On behalf of The Century Foundation trustees, I thank Kenneth Pyle for this important work.

Richard C. Leone, *President*
The Century Foundation
August 2006

Acknowledgments

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A subsequent opportunity to develop my thinking came in a collaborative project on "how the great powers shape the world," organized by Robert Pastor and published as *A Century's Journey* (Basic Books, 1999). Further opportunities came in presentations at the Reischauer Institute at Harvard University and the Mansfield Freeman Memorial Lecture at Wesleyan University.

Sections of Chapters 9, 10, and 11 draw on research and writing that I undertook for the National Bureau of Asian Research (NBR) with former ambassador to Japan Michael Armacost. These studies, published by NBR, analyzed Japanese attitudes toward Korean unification and toward the rise of China. I thank Mike Armacost for permission to use material from our essays.

The chairman of NBR's board of directors George Russell has been a constant source of encouragement for my work. I am also indebted for the long-time friendship and support of my colleague Rich Ellings, the president of NBR.

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I have been fortunate to be part of a vibrant program of Asian studies at the University of Washington. The opportunity to develop my thinking over many years with both students and colleagues, especially Don Hellmann and Kozo Yamamura, has been of great value.

My work has benefited from the generous support of the Henry M. Jackson Foundation. My own horizons were broadened by my five years of friendship and travel in Asia with Senator Jackson before his untimely death.

My greatest obligation is, as it always has been, to my wife Anne for her constant support, inspiration, and love that have sustained my work and being. This book is dedicated to her.

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INTRODUCTION

The Japan Puzzle

One of the most demanding challenges for the historian of any country is to explain the underlying processes of history and national character, what the British historian A. J. P. Taylor referred to as "the profound forces," that impel a nation along one course rather than another.[1] Modern Japan's history has been particularly difficult to explain and understand. Japan's international behavior has fluctuated widely and wildly—from isolation to enthusiastic borrowing from foreign cultures, from emperor worship to democracy, from militarism to pacifism. Since the middle of the nineteenth century, when its leaders abruptly ended national isolation and undertook the reorganization of their institutions after the model of the West, Japan has been marked by its pendulum-like swings in national policy. None has been more dramatic than the 180-degree turn from a brutal imperialism to withdrawal from international politics and a sustained drive for commercial prowess after World War II.

Japan's role as a merchant nation brought astonishing results. Staying on the sidelines of the Cold War, it recovered rapidly from wartime devastation to become the world's second-ranked economic power. Through its widely envied choice of avoiding the military spending and involvements that encumbered other nations, Japan was able to make the long-term investments in science, education, and technology that would speed its advancement. Japan's financial markets garnered massive wealth and influence. Its mastery of the skills of organizing a modern industrial society provoked universal admiration as foreign observers grasped for

superlatives to describe its achievement. In 1979, a Harvard sociologist ranked Japan simply "number one" in the world. Two years later, a popular French writer regarded it as "a model to all the world."[2]

After 1990, however, the nation again surprised the world. Japan abruptly entered into a puzzling period of paralysis; its economic ascent stalled and its government ceased to function as effectively as it once had. Foreign observers were at a loss to explain Japan's failure to take steps to revive its moribund economy. U.S. policymakers spared no opportunity to advise their slumping ally on the reforms required. The "Japanese economic miracle" was soon eclipsed by the rise of the neighboring colossus. The 1990s became Japan's "lost decade," and China's emergence as an economic giant dimmed the memories of Japan's achievement.

In retrospect, this period of stagnation may well be seen as a transition time. Early in the new century there are many indications that Japan is on the verge of another sea change in its international orientation. The belligerence of North Korea, the growing rivalry with a newly powerful China, and the uncertainties of an age of terrorism all have awakened Japanese security consciousness. A new generation of Japanese leaders is impatient with the low political profile that came with Japan's role as a merchant nation. Japan is moving from a period of single-minded pursuit of economic power to a more orthodox international role in which it will be deeply engaged in political-military affairs. After more than half a century of national pacifism and isolationism, the nation is preparing to become a major player in the strategic struggles of the twenty-first century.

These recurrent wide swings in national policy raise persistent questions about the motivations of the Japanese in their national life. What are the common threads that bind together the divergent strategies of modern Japan? Japan's national purpose and the perceived traits of its national character are subjects of scrutiny among its neighbors and can be sources of distrust. Japan's imperialist depredations are still fresh in the minds of Chinese and Koreans. Memories of their bitter experience as victims of Japanese expansion are stoked by their rising nationalism. Signs that Japan might be abandoning its postwar pacifism are disturbing and cause for outcry.

For Americans, in contrast, the apparent readiness of Japan to adopt a more active security role is a welcome change and the fulfillment of a goal long pursued. The alliance with Japan, now extending more than half a century, has often frustrated U.S. leaders because it seemed to provide Japan with unfair economic advantage: While the United States provided security guarantees for Japan, Japan pursued economic growth, often in

competition with U.S. interests. Preoccupied with the war on terrorism and the proliferation of weapons of mass destruction, and at the same time aiming to maintain an effective balance with China, a rising power, the United States now seeks to rework the alliance with Japan to meet new conditions. Drawing Japan into a more active role in its global strategy is a major objective of U.S. policy.

Despite more than a century of alliance experience, American understanding of Japanese character, motivation, and purpose remains shaky. Japanese patterns of behavior have been a source of frequent puzzlement for Americans, whose history has been tightly intertwined with Japan but whose social values and national experience are utterly different. As Henry Kissinger pointed out, Japan's unique civilization presents the United States with an ally possessing "intangibles of culture that America is ill-prepared to understand fully."[3] What are the driving forces that influence how Japan will act in the international system? Are there recurrent patterns in Japan's modern experience that will help to explain how its leaders may respond to the emerging environment of world politics? These questions are relevant not only in looking back at Japan's remarkable history but also in observing contemporary Japan and pondering its future at a critical time of change and uncertainty in Asia and the world. U.S. policymakers have been wrong about—or surprised by—Japan's behavior many times in the past. As Japan returns to great-power politics and the alliance enters a new and problematic phase, a clear understanding of Japanese character and purpose and its new role takes on renewed importance.

High Expectations

When the Cold War came to an end, there was widespread expectation that Japan would assume international leadership in a world where economic and technological prowess, more than military strength, would be the decisive measures of power. At the beginning of the 1990s, Japan, in the judgment of a chorus of foreign observers, was the model of a nation with the kind of focused goals that would bring success in the twenty-first century. "The Cold War is over," wrote more than one observer at the time, "and Japan has won." One of the most influential academic theorists of international relations wrote: "Now Japan is ready to receive the mantle [of a new great power] if only it will reach for it."[4] *Newsweek* observed, "In boardrooms and government bureaus around the world, the uneasy

question is whether Japan is about to become a superpower, supplanting America as the colossus of the Pacific and perhaps even the world's No. 1 nation."[5]

The Yale historian Paul Kennedy, in a best-selling work published in 1987 chronicling the rise and fall of the great powers over the previous 500 years, boldly suggested that Japan was about to emerge as the new world power. The book jacket showed a jaunty Japanese businessman carrying the Rising Sun, mounting the stage of world history, as a tired Uncle Sam followed an aged John Bull off the stage. Japan, according to Kennedy, possessed the combination of advantages required of the next great power. While Cold War powers had poured their resources into arms competition, Japan had husbanded its resources, making the shrewd, long-term investments in research, education, and development that would prepare it for a new industrial hegemony. "Just how powerful, economically, will Japan be in the early twenty-first century?" Kennedy asked. "Barring large-scale war, or ecological disaster, or a return to a 1930's style world slump and protectionism, the consensus answer seems to be: *much* more powerful."[6]

Americans were angry and worried. The Japanese were buying up trophy real estate, like the Pebble Beach Golf Course and Rockefeller Center. They were running mounting trade surpluses and outcompeting venerable U.S. companies. A majority of Americans, according to a 1989 Newsweek/Gallup poll, believed that Japan represented a threat comparable to the Soviet Union.[7] "Is Japan Out to Get Us?" the *New York Times* asked. A "great tide" of books analyzed the danger Japan posed.[8] Michael Crichton dramatized the threat in his best-selling novel *Rising Sun,* a thriller (later made into a movie) depicting the intricate web of Japan's evil conspiracy to take over the United States. The *New York Times* reviewer compared the novel to *Uncle Tom's Cabin* for its similar ability to use popular fiction to awaken America's consciousness to the dangers its society faced.

These forecasts of Japan's impending dominance were extrapolated from a startling record of Japanese recovery from defeat and rapid acquisition of economic power and influence. When Japan went to war in 1937, it accounted for less than 4 percent of world manufacturing output. By the 1960s it had recovered to this level, and in the 1980s it became the world's second-largest economy, with more than 15 percent of world product. By 1990, Japan had become the "greatest creditor nation the world has ever known" and the world's leading donor of foreign aid.[9] A study by the World Bank concluded that Japan had evolved a unique form of capital-