Japan and Asia Pacific Integration

The long-cherished Pacific age is nearly upon us. The emergence of the Pacific as an economic competitor to the West had taken place alongside a process of integration based on trade and investment, and has been accompanied by political discourse celebrating the region's strength.

Japan and Asia Pacific Integration is a study of regional integration in the greater Pacific area between 1968 and 1996. It examines the political rationale of such international organizations as the Asia Pacific Economic Cooperation (APEC) forum, and the East Asian Economic Caucus (EAEC). There is a focus on Japanese conceptions of regionalism and integration, but the attitudes of other countries such as the United States, Malaysia and China are also explored.

Pekka Korhonen shows how the stories and narratives of success have generated a rationale for the continuing economic and political integration of the Asia pacific. His clear and accessible approach will be welcomed by all those wishing to understand a crucial process in a rapidly changing region of such obvious importance.

Pekka Korhonen is Senior Lecturer in Political Science at the Department of Social Sciences and Philosophy at the University of Jyväskylä, Finland. His previous work includes *Japan and the Pacific Free Trade Area*, also published by Routledge.

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Pacific romances 1968–1996
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Spring 1997, on the shore of Miekkaves
Pekka Korhonen

List of acronyms

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
AIC	Advanced Industrial Country
ANIC	Asian Newly Industrialized Country
ANIE	Asian Newly Industrialized Economy
APEC	Asia-Pacific Economic Cooperation (informally Asia Pacific Economic Community)
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEM	Asian Europe Meeting
ASPAC	Asian and Pacific Council
CCP	Chinese Communist Party
CPPS	Comisión Permanente del Pacífico Sur; Permanent Commission of the South Pacific
CSCA	Conference on Security and Cooperation in Asia
CSCAP	Council for Security Cooperation in the Asia-Pacific
CSCE	Conference on Security and Cooperation in Europe
EAC	East Asia Community
EAEC	East Asian Economic Caucus
EAEG	East Asian Economic Group
EC	European Community
ECAFE	Economic Commission for Asia and the Far East
EEC	European Economic Community
EFTA	European Free Trade Association
EPG	Eminent Persons Group
EU	European Union
ESCAP	Economic and Social Commission for Asia and the Pacific (formerly ECAFE)
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Product
HPAE	High-Performing Asian Economy
IMF	International Monetary Fund

IPR	Institute of Pacific Relations
ISIS	Institute of Strategic and International Studies
JCER	Japan Center for Economic Research (formerly JERC)
JERC	Japan Economic Research Center
LDC	Less Developed Country
MAPA	Manila Action Plan for APEC
MCEDSEA	Ministerial Conference for the Economic Development of Southeast Asia
MER	Market Exchange Rate
MITI	(Japanese) Ministry of International Trade and Industry
MOFA	(Japanese) Ministry of Foreign Affairs
NAFTA	North American Free Trade Agreement
NIC	Newly Industrializing Country
NIEO	New International Economic Order
OECD	Organization for Economic Cooperation and Development (formerly OEEC)
OEEC	Organization for European Economic Cooperation
OPEC	Organization of Petroleum Exporting Countries
OPTAD	Organization for Pacific Trade and Development
PAFTA	Pacific Free Trade Area
PAFTAD	Pacific Trade and Development
PBEC	Pacific Basin Economic Council
PBF	Pacific Business Forum
PECC	Pacific Economic Cooperation Council (formerly Pacific Economic Cooperation Conference)
PMC	Post-Ministerial Conference
PPP	Purchasing Power Parity
SAARC	South Asian Association for Regional Cooperation
SCPC	Special Committee on Pacific Cooperation
SEATO	Southeast Asia Treaty Organization
SEZ	Special Economic Zone
TAFTA	Trans-Atlantic Free Trade Area
UNCTAD	United Nations Conference on Trade and Development
WESPEC	Western Pacific Economic Cooperation
WTO	World Trade Organization (formerly GATT)
YMCA	Young Men's Christian Association
ZOPFAN	Zone of Peace, Freedom and Neutrality

1 Introduction

Japan and Asia Pacific Integration is a study of the process of regional integration in the greater Pacific area between 1968 and 1996. It examines the political rationale of the ideas behind such international organizations as the Pacific Trade and Development (PAFTAD) conferences, the Pacific Economic Cooperation Council (PECC), the Asia Pacific Economic Cooperation (APEC) forum, and the East Asian Economic Caucus (EAEC). Focus is on Japanese conceptions of regionalism, because by and large it has been Japanese ideas that set the process going in the first place, but also American, Australian, Malaysian and other contributions are perused.

If one searches through recent books with titles like *International Economic Integration*, or something similar, one tends to find either no mention (Jovanović 1992), or only a brief mention, of any kind of Asia Pacific integration (El-Agraa 1988; Melo and Panagariya 1993; Axline 1994; Kahler 1995). Integration literature is overwhelmingly dominated by discussions of European integration, and a European perspective in general. Europeans are inclined to view integration in terms of a codified structure (Kraus 1990), i.e., keeping the European organizations as the norm. The higher the degree of institutionalization, the more successful integration it represents, and the more reason to study it. This may or may not be a relevant criterion. Anyhow, it is not relevant in the Asia Pacific area, where integration has proceeded with a very different conceptual scheme. Rapid economic development of the participants, increase in regional trade, and successful creation of international organizations fashioned as friendly discussion clubs facilitating economic activity, constitute the criteria for evaluating Asia Pacific integration in its own terms.

To a strong degree this is also a study of Japan's foreign policy and the evolving structure of international relations in the Pacific region. Various forms of regionalism have been presented there during the past thirty years, named Pacific, Western Pacific, Asia-Pacific, or East Asian integration. All of these geographic metaphors represent different ways of combining together a number of countries of the region, the common denominators being that Japan has been depicted as the essential core

country in all of them, and that at least some Japanese politicians have been actively promoting them.

However, this analysis will not be carried out with the tools for ordinary studies of international politics. The present book forms the final part of a larger study that I started in 1986 as a visiting research student in the University of Tokyo's Faculty of Law. I wanted to embark on a comprehensive study of the history regarding Japan's various attempts at regional integration in the wide Pacific region since the middle of the nineteenth century (Korhonen 1990). The main interest has been in the postwar period, and an analysis of the years 1945–68 has been published earlier by Routledge as *Japan and the Pacific Free Trade Area* (Korhonen 1994a). However, the present study has been written as an independent work, and can be read without knowledge of the earlier publications.

Methodologically the project has formed a whole, with the study of the linguistic forms of representing reality constituting the main approach to Pacific integration. The basic methodological tool has been rhetorical analysis of texts (Korhonen 1992: 19–32). However, the methodology has evolved along with the proceeding study. Reinhart Koselleck's style of analysing German conceptual history in the *Geschichtliche Grundbegriffe* project (1985) has been an important inspiration for the structuring of the present work. For this reason much that the reader might expect to find as central in this study, such as security aspects, diplomatic transactions, or political decision-making, are reduced to a minor role. The reader interested in these aspects is advised to refer to works such as Inoguchi Takashi's *Japan's Foreign Policy in an Era of Global Change* (1993), Wolf Mendl's *Japan's Asia Policy* (1995), Funabashi Yōichi's *Asia Pacific Fusion* (1995b), or Michael Yahuda's *The International Politics of the Asia Pacific 1945–1995* (1996).

The formation of the language of Asia Pacific integration has been primarily the work of intellectuals, and consequently analysis has here been limited to a small but representative group of academics, called PAFTAD economists. The Pacific Trade and Development conferences were started in 1968 to discuss prospects for Pacific economic integration, and to 1996, after twenty-eight years, altogether twenty-three conferences have been held. The participants have been top-ranked economists and other social scientists from Asian, Oceanian, North American, and Latin American countries, with Europeans appearing once in awhile. PAFTAD has been from the start a policy-oriented institution. Its members have often had important roles as advisers to, or even as members of, their national governments. PAFTAD conferences thus never were ordinary academic gatherings. Discussions were freely academic, and yet the conferences always had a vague aura of diplomatic meetings, because they might influence national policies. Participants tended to argue as representatives of their countries. They have also tended to be intellectual leaders in their respective academic fields. The published proceedings of the conferences

form a distinct body of texts, which displays well the intellectual currents in the Pacific area. Around this core then has been collected a looser group of texts, consisting of other writings of the same PAFTAD members, other important scholarly works, published speeches of politicians, noteworthy articles from popular magazines, and other similar material deemed essential in constructing the history of the discussion.

As focus is especially on Japan and its place within the process of Pacific integration, two Japanese economists have been singled out for closer study. They are Kojima Kiyoshi (1920–) whose main contributions were made as professor of international economics at Hitotsubashi University in Tokyo, and Ōkita Saburō (1914–1993) whose career spanned a multitude of posts in the Japanese bureaucracy, policy research institutes, governmental advisory committees, and as foreign minister in 1979–80. The relationship between these two men has been crucial to the development of the Pacific narratives. Kojima has been essentially the constructor of ideas *par excellence*, who was well versed in economic theory and economic history, and who came up with original theory and policy-oriented reinterpretations of Japan's changing relations with the rest of the world. He was a creative theoretician, and the original founder of PAFTAD (Patrick 1996). Ōkita embodied political imagination. He skilfully shaped Kojima's ideas into forms that were applicable politically, and enjoyed the necessary connections to take these ideas to Japan's top political leadership for consideration when the situation seemed appropriate. When interviewed in Tokyo in autumn 1991, both men gave an essentially similar account of their relationship (Kojima 1991: interview; Ōkita 1991: interview).

George Lakoff and Mark Johnson (1980), as well as Hayden White (1973, 1978), have insisted on acknowledging the extent to which metaphors and other linguistic tropes influence our way of structuring reality. In a study of regional integration, geographic metaphors are crucial, because they define so clearly which country belongs to a certain group and which country does not. The basic geographic concept in this study is the 'Pacific'. It encompasses all relevant countries appearing in discussion, both the 'Pacific Rim' and the 'Pacific Basin', from North, Central, and South America through Oceania (Pacific island states, New Zealand, and Australia) to Southeast and Northeast Asia, up to Siberia. This is a relatively simple definition.

Asian countries bordering on the Pacific have presented a far more complex conundrum. During the postwar period various metaphors with shifting meanings, such as Far East, Extreme Orient, Western Pacific, Western Pacific Rim, Asian Pacific, Asia-Pacific, or East Asia, have been used in grouping these countries. This multitude of metaphors reflects the rapidity of changing viewpoints in regard to them, and the subsequent groupings, dispersions, exclusions, and regroupings among them. Following Shibusawa *et al.* (1992: vii), and Drakakis-Smith (1992: 1–2),

I shall use 'Pacific Asia' as a general term for them. Pacific Asia denotes the gradual orientation of these Asian countries towards the Pacific, and that they nowadays derive a measure of group identity from this orientation. A specific list of countries cannot be given, because it is more a functional than a spatial concept. Some countries oriented themselves early and strongly to the Pacific, like Japan; some did it later, like China, and it is doubtful whether a country like North Korea can even nowadays be said to belong to Pacific Asia. It is clearly a concept of the 1990s, and restructures history from the present point of view. At the same time it has a slight 'outsider' flavour. It has been used more frequently by outside observers than by discussants in the region themselves. In this sense, and only in this sense, it has the advantage of relative neutrality. It can easily be used throughout the period under study, while all of the other metaphors tend to reflect a certain phase of discussion. The Pacific would thus be composed of the three subregions of Pacific Asia, the Americas, and Oceania, with the Soviet Union/Russian Federation geographically present, but otherwise on the periphery.

A metaphor is a fairly straightforward trope of discussion. With it various phenomena are characterized as similar or different from other phenomena. For instance, when India and Malaysia were called Southeast Asian countries during the 1950s, before the Pacific had become a conceptually organized focus, they were depicted as being similar to each other, and different from Japan. Nowadays, when Malaysia and Japan are called East Asian countries, they are placed in the same group, but India is excluded. Socialistic vs. capitalistic countries, imperialistic vs. exploited countries, dynamic vs. stagnant countries are other relevant metaphors according to which various groupings have been made, displaying various ideological and theoretical ways of conceptualizing the world.

The study begins with the year 1968, because it marked the beginning of the depiction of Japan using the metaphor of a great power, differing from the small countries of the region, and differing also from Japan itself before the reinterpretation. During the preceding period Japan had been depicted as a small country (Korhonen 1994a: 16–28). One of the roles of a great power is to influence weaker states. In Japan's case the conceptual reinterpretation of its international position meant that as a new self-proclaimed leader it had to start to look for suitable followers among whom to spread the Japanese understanding of the world. The natural followers were found among Pacific Asian developing countries.

Because of the legacies of the Pacific war, both the domestic and international situations had to be argued in strictly economic terms. A metonymy is a reductionist trope. In it a part of a phenomenon is substituted for the whole. Japan was never defined as an actual great power, with corresponding global military and political clout, but metonymically as an economic great power. The whole focus on the economy in the Japanese definition of themselves, and the exclusion of the military and

political dimensions, was strongly reductionist. It was exposed as such through radical criticism of Japan's apparent imperialistic designs during the early 1970s, but as the decade proceeded, the metonymical definition became gradually accepted. The reason was that an economistic world view started to spread in Pacific Asian countries, while simultaneously the reductionism of economistic rhetoric disappeared from view. During the 1980s it became normal, and even normative, that a country should concentrate on economic development. At the same time the metonymical economistic expressions shifted to forms of synecdoche.

Theoretically synecdoche is usually considered as a subspecies of metonymy, a trope that symbolizes some specific quality. This turned the reductionism into an intrinsic relationship of qualitative similarity among Pacific Asian countries. When Japan was depicted as a rapidly developing economy-oriented country, it became qualitatively similar to other rapidly developing economy-oriented countries like Singapore and Malaysia. This synecdochic similarity then enabled the depiction of other inherent similarities between the countries during the 1990s, such as common Asian cultural heritage, or common Asian ethnicity. These tropes enabled Japan to make a conceptual, still continuing transition from the separate group of advanced industrialized countries to the group of Pacific Asian countries within a couple of decades. Corresponding changes in the geographic metaphors, and in the discussion on regional integration also occurred. These groupings, dispersions, and regroupings based on linguistic tropes are one of the basic objects of this analysis.

I have also been greatly inspired by Hayden White's emphasis on the importance of narratives in historical writing (1987, 1996). White positions himself as a metahistorian, analysing other historians as individual narrators, and concentrating on texts that clearly display the narrative form. But these are expendable limitations. The narrative aspects of a phenomenon like regional integration are most fruitfully analysed under the concept of grand stories.

The study of grand stories has not been in fashion in the recent past. Works like Jean-François Lyotard's *La condition postmoderne* (1979), and subsequent post-modernist literature, have claimed that grand stories are dying, as people cease to believe in their ability to shape our epistemic world. This literature reflects a certain aspect of North Atlantic existence during the 1980s and 1990s, when the postwar goals of building peaceful, democratic, and rich societies had been achieved in the industrialized societies of Western Europe and North America. What remained seemed to be just a continuation of the same – which is boring, as any listener to a bad storyteller knows – while socialism had ceased to be a progressive narrative in Eastern Europe. All stories have an end. Sooner or later they cease to function properly as social mystifiers. They are placed on bookshelves, becoming the objects of historical research, but that does not mean that storytelling itself ends. All stories also have a beginning.

In fact, the world abounds in grand stories. The human world cannot do without them. Social units are held together by complex structures of authority, economic interest, coercion, the feeling of belonging together, etc., and the purpose of social stories is to form the conceptual basis of these structures. Stories form the mystical substance that links people together in a meaningful, purposeful way. Such stories offer the basic conceptual space within which societies define themselves, discuss their quintessence within the changing patterns of the world, and formulate common goals for their future endeavours. A contemporary phenomenon is the shift of telling stories based on ideas of political philosophy, to stories built on ethnic, cultural, religious, and geographic metaphors, such as the European project of deeper integration, or unity of the West built in contrast to 'human rights abuses and child labour' in much of the rest of the world. The fact that grand stories always face political opposition, a part of the population is indifferent to them, and a part of the intelligentsia finds them ridiculous, is no argument against their existence and power. Legitimating myths always face such opposition.

Grand stories are simply a part of human social existence, and definitely worth studying. Besides a study of regional integration, this book is also a study of two Pacific grand stories, Economism and the Pacific age. They are here called the Pacific romances, because grand stories essentially have to be romances to be politically effective. In his monumental study of nineteenth-century European intellectual history Hayden White used emplotment, i.e., providing the meaning of a story by identifying what kind of story was being told, as one of his tools of analysis. He identified four archetypal forms of emplotment: Romance, Comedy, Tragedy, and Satire (1973: 8–11).

The Romance is an optimistic and heroic drama of the triumph of virtue over vice, or of light over darkness. It is the story of the victory of human effort over the prevailing forces of crushing material reality, and transcendence to a better plane of existence. The legend of the search for the Holy Grail is a beautiful Romance. Socially legitimizing stories are also typically cast in the Romantic mode. Periods of reconstruction after a great war give natural rise to Romances of a dark past, industrious present, and optimistic future. The postwar Pacific stories of economic development, the rise of countries from poverty to riches, the creation of peaceful societies and stable regional systems, and the transference of the world's economic and political centre to the Pacific are all essentially Romances. Their narrators had lived through the dark years of World War II, and strived to construct a better world. The best literary form for presenting a Romance is to write another Romance, but it seldom makes for a good analysis. Analysis needs a different angle, and other forms of emplotment provide them.

Whereas the Romance depicts an absolute human triumph over the dark forces of the world, the Comedy promises only a series of temporary

triumphs. Still, it is an optimistic mode, and holds out the hope that the series will not be broken. The Comedy plays with dramatic accounts of change and transformation, and how humans are taken unawares by the unpredictable forces of the world, but these difficulties are invariably resolved in the festive moments when rescuers arrive and solutions are found. Even though humans cannot transcend their world, they can well survive in it as long as they work together. While the Romance in its idealism is a serious mode, the Comedy is playful. Laughter and merriment make people like each other, reconciling their relations, so that they can cooperate in keeping each other afloat in the currents of the world. The Comedy is a suitable mode of scientific analysis, because it takes nothing for granted, but is inherently creative in its easy self-reliance. A lot of good social scientific work has been cast in the Comedic mode, even though the generally serious tone of academic rhetoric often hides the fact, making studies appear as if they contained only description and analysis. The Comedy is basically agreeable to the dreams of the Romance, even though it sometimes treats them roughly. My earlier writings on the history of the rhetoric of Pacific integration have been essentially Comedies, and also most of the present book has been written in that form.

However, where the Comedy would end the story in joyful success, the Tragedy takes the narrative further to a fall. A Tragedy may contain festive occasions, but in the end they are proven illusory. The forces of the world are shown to be stronger than even the combined strength of humans. The Tragedy tilts the balance towards pessimism, but is not altogether black. It is written for the education of the survivors. The fall of the hero and the trembling of the world teach those who remain on the scene that life is still possible, but they have to resign themselves to the seemingly unalterable conditions of the world. The Tragedy aims at increasing the consciousness of the survivors that the world has eternal, immutable laws, which set limits to our aspirations. The hero may slay the dragon, but not win out over his own internal weaknesses. Although the Tragedy shatters the dreams of the Romance, and gives a blow to the self-reliance of the Comedy, it is still a hopeful mode, as it aims to increase sober consciousness of what is possible. In this sense the Tragedy is also a useful plot for analysis, and often employed in scientific studies. This study, although containing Comedic scenes, finally turns to the Tragic mode, with Japan's fall in the 1990s from the position of the Asian developmental hero. Perhaps this also reflects the spread of gloom in the whole industrialized world, the foreboding of great structural changes in domestic and international systems, and fear of the end of the world as we know it. I cannot be immune to this atmosphere. This book is a product of the 1990s, when although nothing drastic has happened, the world has been uneasy and restless.

The fourth mode of emplotment is Satire. It is the direct opposite of Romance. It is a drama of the folly of human endeavour, of apprehension that humans are captives in the world. They cannot escape death,

which arrives for all and finishes everything humans have tried to build. The Satire makes a mockery of the hopes of the Romance, scorns the joyous self-reliance of the Comedy, and ridicules even the wisdom of the Tragedy. It is the mode of demolition. The Satire has the appearance of wisdom, as consistent use of cool irony gives that impression to most listeners at first, but because it destroys everything, it sooner or later also displays its own inadequacy of depicting reality. The Satire is the rock bottom, the literary equivalent of war. It is something that one passes through, and if one emerges spiritually alive at the other end, the only way forward is upward, to the reconstructive mood of the Romance. Romance would then appear incomparably wiser than the Satire, because at least it boldly attempts to do something beautiful.

The Satire is also sometimes used in social scientific literature. There exists even a norm that critical political analyses should be written with the Satirical mode, exposing the machinations of power politicians. Nevertheless, the political decision-making level appears only in a minor role in this study. The main purpose is to understand, rather than criticize, the political dynamics of Pacific integration in light of the Pacific romances. I have thus avoided the Satirical mode of emplotment. The focus chosen may make the study appear one-sided, but again I advise the reader to scrutinize also the more traditional studies that have been written on the subject. Arif Dirlik's work is also worth inspecting (1992, 1993). But I also trust that my method of analysis brings out thus far poorly researched but essential aspects of Pacific integration.

This book has been divided into two parts, Economism and The Pacific Age. Both parts are introduced by detailed etymological constructions of the historical origins of the narratives involved. The etymological approach enables us to see how these stories have a life of their own, and how our contemporary actions are in a sense just creative reiterations of old plays in new situations.

Economism dates back to the sixteenth century, to the European search for stability and peace after religious wars had devastated the continent. Its special Japanese variant has been the flying geese theory of development, with its many interpretations. Chapter 3 focuses on the implications of the new Japanese self-image of the late 1960s as an economic great power, with the economy still growing at over 10 percent a year, opening magnificent vistas of future greatness. Chapter 4 analyses the interpretations made by Japanese economists of the situation during the early 1970s, forming in their discussions a consensus that Japan had to become a major investor in the Pacific region, aiding in this way both its own economic advancement, and the development of Asian developing countries. Chapter 5 deals with the foreign political initiatives by Japanese prime ministers directed towards the countries of the Association of Southeast Asian Nations (ASEAN) during 1974–7, culminating in the successful proclamation of the Fukuda doctrine.

Part II starts with an analysis of the concept of the Pacific age, which was created by the Japanese political economist Inagaki Manjirō at the end of the nineteenth century. It is a story of competition with the old centre of the world, Europe. The chapter deals also with the shift of the Japanese foreign political horizon from Southeast Asia to the Pacific in the late 1970s, together with the emergence of the Pacific integration process. Chapter 7 analyses the formulation of an integration initiative by PAFTAD economists during the late 1970s. Chapter 8 examines the political drive to establish what is nowadays known as the Pacific Economic Cooperation Council (PECC) at the turn of the decade. Chapter 9 deals with Japan's rise as a global model of economic performance during the 1980s, and the consequent easy spread of its ideological influence, especially among Pacific Asian countries. The two final chapters deal with the politicization during the 1990s of the original economistic narrative after the ending of the Cold War. The subject matter of Chapter 10 is the establishment of the Asia Pacific Economic Cooperation (APEC) forum, which attempts to integrate the whole Pacific region into a huge free trade area by the early twenty-first century – at the beginning of the Pacific age. Chapter 11 analyses the rise of a competing form of regional integration, the East Asian Economic Caucus (EAEC), concerning only East Asia, and the accompanying rise of continentalist rhetoric, which may eventually break the depicted Pacific unity.

Part I

Economism

The first Pacific story to be analysed here is that of economism. Economism, in the context of nations, simply means that economic values are placed above other national values. Economic values provide the ideational horizon toward which national goals and projects are directed. A country may also orient itself toward other values, such as political, military, or religious ones. Each chosen orientation produces a different kind of country, which acts differently within the international system. Economistic countries concentrate, for various reasons, on development, growth, and self-enrichment.

Economism is an ideal type in the Weberian sense, and seldom appears pure in the real world. Combinations with other values are more usual. The concepts of both liberalism and communism refer to a combination of economic and political values. Liberalism refers to open societies, to free enterprise in the economic sector, and democracy in the political sector. The concept of communism brings with it the idea of freedom from exploitation, and strives from this angle toward political equality and economic well-being. No essential difference exists in the utopian goals of liberalism and communism, although their practical manifestations in the material world have been quite different. Religious values can be combined with economic ones, producing countries imbued with a deep religious spirit, but still intent on economic advancement. Protestant countries, studied by Max Weber, provide an historical example. During the late twentieth century Islam seems to have become a similar economistic religion in countries such as Malaysia and Indonesia, while suitable reinterpretations of Buddhism have been made in, for example, Thailand (Jackson 1989). Also, military values combine with economic ones, producing countries intent on economic as well as military expansion. The Japanese prewar *fukoku kyōhei* (rich country, strong army) orientation was a typical example, while postwar Japan has exemplified an economistic country in a relatively pure form.

Because Japan was one of the losers in World War II, concentration on the economy was forced onto it. Japan's position was comparable to that of certain European countries which had also lost the war but

remained in the capitalist camp. These abandoned the field of high politics to the winners in order to concentrate on the low politics of economic development. The early postwar decades presented sparkling economistic fairytales of poverty-stricken countries rising rapidly to riches, such as the German *Wirtschaftswunder*, Italian *il miracolo*, Finnish *talousihme*, and the Japanese *seichō jidai*.

To become rich was not the only goal. Economism as an ideology, below its surface, contains political goals, namely the creation of stable societies and peacefully integrated regional systems. European rhetoric has addressed these political goals quite openly, while Pacific rhetoric has tended to concentrate on more purely economic argumentation. Concentration on the economy was more intense in Japan, actual growth rates were higher there than in Europe, and much more was made from the situation in terms of self-identity. The international implications were also greater, because Japan was situated among poor countries. Japan gradually became a model, in the sense of being a source of envy and inspiration, and during the postwar decades several other Asian countries started to follow the Japanese economistic example.

In Chapter 2 we shall first examine the etymology of economism, tracing its origin back to European post-medieval discussion regarding economic activity as a way of cleansing societies of their violent habits. However, the word economism itself is of more recent origin, taken from Japanese discussion in the mid-1960s, when they were trying to conceptualize the *de facto* way in which they were conducting their national and foreign policies (see e.g. Okita 1965). At that time Japan was still understood as a small country, but its image began to change during the late 1960s, when Japan became reinterpreted as an economic great power.

In Chapter 3 we shall analyse this process of reinterpretation. Japan appeared as a rising star in the Pacific, while European and American countries seemed to be withdrawing from the region, leaving space for Japan's rising economic and ideological influence to spread throughout Pacific Asia.

We shall then proceed to analyse the debate on development economics conducted among Pacific economists. Japanese-style economism was not a fashionable topic at the turn of the decade from the 1960s to the 1970s. The general radicalization of global discussion at that time was reflected in the rise of the *dependencia* theory, which depicted the world as being in a state of confrontation between imperialistic industrialized countries and exploited developing countries. Japanese economists tried to resolve the conflict by developing a non-imperialistic investment theory which would conceptually allow for Japan's economic expansion, while at the same time benefiting, rather than harming, Asian developing countries.

In Chapter 5 we shall move to the foreign political arena, and investigate how politicians tried to incorporate this project into Japan's foreign policy, concentrating their efforts on the Association of Southeast Asian

Nations (ASEAN). A breakthrough was achieved in 1977 with the Fukuda Doctrine. It became an official symbol for the fact that Japan was allowed finally to speak of itself as a great power within the Southeast Asian setting.

2 The etymology of economism

Economism as a political project emerged in the discussions of classical political economists, who were writing in Europe during and after the religious wars of the sixteenth and seventeenth centuries. As Albert O. Hirschman shows (1981), the period represented a change in the ideals of European culture. Throughout the Middle Ages and Renaissance the aristocratic ideals of passionately striving for honour, glory, power, and the display of knightly valour had been the dominant social values guiding human conduct. In political theory, Machiavelli's *Il Principe*, written in 1517, was a sort of culmination of this ideal. Here, faith was placed in the personal characteristics of an energetic individual, who could manipulate the passions of his subordinates and enemies, and through his personal skill create an island of peace in the turmoil of the world. However, in his search for stability rather than glory, Machiavelli was already pointing towards the emerging new paradigm.

By the beginning of the seventeenth century these medieval ideals had begun to be openly ridiculed by, for example, Cervantes with his figure of the heroic knight Don Quixote de la Mancha. True to his knightly calling, Don Quixote embarked on a voyage of adventures, but after an unsuccessful journey he was finally carried home in a cage, beaten, while his down-to-earth companion, Sancho Panza, the representative of the new world, returned to his good wife on his own feet with a basketful of coins. This literary tradition continued, with one of the most delicious examples being Jonathan Swift's account in 1726 of the adventures of Mr Lemuel Gulliver – a merchant marine surgeon – among the princes and nobles of the kingdoms of Lilliput and Blefuscu.

Similarly, social theorists began to look for ways to tame human passions, so that an orderly society could be created. Thomas Hobbes' *Leviathan* introduced in 1651 the concept of a covenant, and with it the idea of an impersonal political structure, capable of guaranteeing protection and order. Hobbes also reinterpreted the concept of passion. His thinking was mostly within traditional categories, so that his conceptual world was inherently violent, but he talked also of other kinds of passions which incline men towards peace, namely 'Feare of Death; Desire of such

things as are necessary to commodious living; and a Hope by their Industry to obtain them' (Hobbes 1980: 188). Economic activity here begins to dawn as a road to peace, but for Hobbes this was still only a sliver of a thought.

During the eighteenth century, in pace with the accelerating economic development in Europe, thinking began to centre on the idea of peaceful passions. Money-making appeared as a calm passion in contrast to the violent aristocratic ones. As social values became more bourgeois, the concept of passion was gradually replaced by the concept of self-interest. Concentration on pursuing private economic interests began to appear as a means of weaning societies away from violent habits. As Montesquieu put it in his contemporary bestseller, *Esprit des Lois*, published in 1748:

> Peace is the natural effect of trade. Two nations who traffic with each other become reciprocally dependent; for if one has an interest in buying, the other has an interest in selling; and thus their union is founded on their mutual necessities.
>
> (Montesquieu 1962: 316)

Montesquieu formulated the idea that is nowadays called interdependence, and has become the conceptual cornerstone in modern functional and neofunctional analysis of international economic and political relations. During his time economism had already begun to emerge as triumphant. Economic activity appeared as a way of polishing the manners of nations to eliminate barbarism, and Montesquieu could advise his European readers 'not to be astonished, then, if our manners are now less savage than formerly' (1962: 316). The polishing of people's manners appeared as a byproduct of individuals acting as their economic interests dictated. They entered, nationally and internationally, into strong webs of interdependent relationships, which were being continuously strengthened by the expansion of trade. The entrance of the idea of interdependence based on economic activity brought about a paradigmatic shift in the way relations within and between human societies were seen to be organized. The new paradigm gradually displaced the aristocratic model based on strong leadership and a balance of power system, colouring it with the pejorative connotations of savagery and barbarism (Hirschman 1981: 51–2).

Economism in the European intellectual history of the seventeenth and eighteenth centuries thus can be seen as a political project for achieving peace in both national and international relations. The idea took the strongest hold in the economically rapidly developing England. Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* [1776], advocating the idea of free competition, and David Ricardo's *Principles of Political Economy and Taxation* [1817], introducing the idea of comparative advantage, provided the theoretical basis for the British

ideology of capitalism and international free trade. The idea then spread around the globe through British commerce, and the prestige of the British Empire became attached to it. The possibility for rapid economic development made other European countries receptive to the idea. It was also natural to emulate a successful example. After the Napoleonic Wars the Smithian style of free trade economism became the dominant ideology in Europe, partly because European countries longed for peace and stability after all the bloodshed, and partly because England as the overwhelmingly dominant economic, political and military power strongly advocated it. Smithian economism remained the dominant ideology of the nineteenth century, and during that century Europe was more peaceful than it had ever been before during its whole history. Of course, that peace and development was achieved at the expense of most of the rest of the world, which was subjected to imperial domination, but at least Europe itself was peaceful, as the ideology promised.

Nevertheless, economism came under attack during the same period. The uprooting and impoverishment of millions of people through global economic activity, the miseries caused by cyclical depressions, and the creation of alienated mass societies brought that project into disrepute in the eyes of many. Karl Marx's trenchant critique of capitalism in *Das Kapital* is the example *par excellence* of such criticism. Seen from another angle, where the political project of economism has temporarily succeeded, life appears 'empty, petty, and boring' (Hirschman 1981: 132). Heroism, adventure, and the magical world of incalculable passions have disappeared, giving place to a regulated and pacified society, setting the stage for the Romantic critique of the Bourgeois order, such as Søren Kierkegaard's *Begrebet Angest* [1844], or Friedrich Nietzsche's *Also sprach Zarathustra* [1884].

Most relevant here, however, is an economic theory which in general accepted the British style of economism, but began opposition to free trade as a universalist principle, applicable in all situations. Long-term national economic development came to be seen as an even more important goal than the immediate gains in economic efficiency for the global system as a whole, as promised by free trade. The founder of this competing school of development economics was Friedrich List, a scholar and bureaucrat, who had works published and held governmental positions in Germany and in the United States. He could thus observe closely the strategies that developing countries adopted while trying to cope with British industrial supremacy. His main work, *Das Nationale System der politischen Oekonomie,* was published in 1841. He attacked strongly the dominant contemporary school, which drew inspiration from Adam Smith, calling it 'cosmopolitical economy', as it saw only productive individuals, and benefiting humankind in general, but nothing in between. For List, the nation stood between individuals and humankind, and a developing nation needed what he called political economy.

Nations were clearly on differing levels of development. These differences enabled advanced countries to dominate the less advanced, and inhibit their development. England possessed the globally dominant power of production, and the British practice of dumping onto international markets, during economic downturns, huge quantities of goods priced below production costs acted like a lash striking down weaker local industries. The United States and continental European countries simply were not able to compete under conditions of free trade. Germany was depicted as in danger of being limited to the export of 'children's toys, wooden clocks, and philological writings' (List 1916: 106). Less advanced countries had to treat development as a serious national political project. They were to forego the immediate welfare gains that cheap British imports gave to domestic consumers, and aim at establishing strong industries, which promised far greater returns in the future in terms of national power, in addition to the individual citizen's well-being. Protection against the dominant power was indispensable.

The amount of protection needed depended on the stage of development. In barbarian, pastoral, and agricultural stages free trade was the optimal condition, because it opened the door to cultural advancements, and brought the nation to a civilized level. After reaching that stage the promotion of industrialization could begin. The state had to use tariffs to ensure that the new industries could grow; always, however, allowing a degree of foreign imports, because of their educational and competitive value. After national industries grew sufficiently strong, the country should turn back to free trade; otherwise its industries would decline due to laziness. For an advanced country only free trade facilitated further development (List 1916: 141–56). From that stage on List is again in complete agreement with Smith. The main point of his theory is that development comes in stages, and, in a world of already existing dominant producers, less advanced countries must take special measures in moving from the agricultural to the industrial stage. When all countries capable of doing this have entered the advanced stage, humankind can become the economistic cosmopolitical society, where perpetual peace might just possibly reign.

List's ideas were opposed strongly by the English school, but they spread rapidly in the less advanced countries in continental Europe and North America. List became the intellectual father of the *Zollverein*, the first instance of successful European economic integration. It united the German states behind a common tariff barrier, achieved what List had predicted in terms of German industrialization, and later also led to the political integration of Germany into a single state. During the late nineteenth century List's variety of developmental economism was at least as influential as Smith's type of economism, especially in the less advanced but ambitious countries, such as Germany, France, and the United States. List's relative lack of fame nowadays stems at least in part from the events