

JAPANESE POLITICAL AND ECONOMIC DEVELOPMENTS: IMPLICATIONS TO PHILIPPINE SECURITY INTERESTS

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A discussion on Japan's economic and political developments is a fairly straightforward matter given well laid out plans for its long-term program. The Japanese are quite predictable. The difficulty lies in the eye of the beholder — and how they react to, and understand Japan.

Americans in particular, and Europeans to some extent, are most often unwitting victims of this lack of comprehension. Filipinos too are included here, perhaps because of our veneer of European/American culture and ethics. East Asians, such as the Chinese, Koreans and Vietnamese, and Southeast Asians with a deeply embedded traditional culture, such as the Thais, Malaysians and Indonesians, seem to have less of a problem.

The difficulty is complicated by something typically Japanese. Since their plans are utterly logical from their point of view, precisely laid out and documented, they in turn expect precise reaction, to which they would have a ready set of responses. If the reaction is very much different from their expected array of responses, they become unsettled. But even their reactions are also predictable: they could be immobilized by bewilderment, or they disengage as they take stock of the situation and wait for a consensus on what is to be done, or they stonewall it and try to stick to the old plan. Failing that, if too much loss of face is involved, ordinary suicide, ceremonial "harakiri" or a "kamikaze" reaction is resorted to as the situation requires.

Therefore, to comprehend the implications of Japanese developments on the Philippines and its security interests, we have first to understand Japan.

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This requires examining two items: the history of Japan as this has a direct bearing on modern Japanese society and how we should understand it; and Japan's plan for the 21st century and its politico-economic environment, specially its relations with the United States, China and the rest of the Asia-Pacific.

A Brief History of Japan

In 1640, Japan began a self-imposed isolation (*sakoku*) from the rest of the world to keep its culture from being polluted by "European barbarians." Christian missionaries were particularly unwelcome. For the Japanese, priests brought with them a religious culture (Roman Catholicism) which provided the groundwork for the political and economic exploitation a target population. Prime examples for them were the East Indies (Philippines) from where Spanish priests tried to penetrate Japan, and China where Portuguese priests spearheaded European incursions from Macau. This lasted until 1853-54 when Commodore Perry forcibly opened Japan with a powerful naval squadron.

Perry's incursions underscored a lesson brought clearly to Japan during the Anglo-Sino Opium War of 1839-42 (the war that resulted in British monopoly of the opium trade in Asia, and between Asia and Europe, and the ceding of Hongkong and Kowloon to the British): that Western policy was backed by overwhelming force, and that Japan must adapt to, and adopt Western ways in order to avoid being subjugated like the rest of Asia.

Japan then began to undertake one of the greatest, and perhaps most successful experiments in social engineering — or revolution to use a political term — in modern history. The Japanese called this "structural adjustment." The first phase of the adjustment started in the Meiji period (1862-1912) and lasted until the 1920s. Japan's economy, politics, culture and military were systematically reoriented to lay down the foundations of a modern industrial society.

The Japanese found it remarkable that the most powerful European nations were small- to medium-sized states which gained their strength through trade carried by a wide-ranging merchant marine; were protected by a strong navy and an efficient, well-disciplined army capable of surgical strikes and holding territory; and were politically administered by a professional and efficient civil bureaucracy under a parliamentary system.

The Japanese appreciated British economics and politics, industrial management and police system; French culture and diplomacy; and Prussian educational methods, mechanical precision, personal discipline and military (army) tactics. Likewise, they thoroughly studied European economic and political theories. Marxism made a strong impression and complemented their concept of national social responsibility and consensus-building, although the organizational systems related to Marxism in Europe were rejected. Capitalism was also seriously studied to enable them to take on the West on its own terms of trade. Some say they was even a serious assessment as to whether the French language should replace Nihongo in the educational system to speed up the process of adapting to the West.

Following the Western model, Japan began carving an Asian market by invading Korea, then a Chinese protectorate and the only Asian country (aside from Thailand) that had not been taken over by Europeans, ostensibly to “help bring about reforms.” In the Sino-Japanese War of 1894-95, Japan won using its new European weapons and tactics. China had to pay an indemnity of US\$158 million in 1895 terms, with an additional US\$24 million later; Formosa (Taiwan) and the Pescadores (Matsu or Kinmen) were also demanded as bases for trade with the Fujian (Fukien) coast of South China. This new method of capital accumulation enabled Japan to purchase modern industrial machinery from Europe, including top-of-the line battleships from Britain.

Japan also increased its resource base and market by attacking Russian-held territories in the Russo-Japanese War of 1904-05. The Russian Far East Army was utterly destroyed at the Battle of Mukden while the Pacific Fleet

of the Russian navy was blasted to bits by Japan's new battleships. The Russian Baltic Fleet sent from Europe was likewise annihilated at the Battle of the Japan Sea in 1905. This enabled Japan to gain a foothold in Northern China (Manchuria). Japan's strategic objectives were clearcut and simple: to gain access to Manchurian shale oil for industry, soybeans for tahu, and kaoliang (a grain similar to sorghum) for noodles and animal feed. With Japanese peasants streaming to the factories, food in vastly greater quantities had to be obtained and the only source was through downstreaming.

Japan had by then become a political, military and industrial power to reckon with — the only Asian country in a region controlled by European colonialists.

As a footnote to history, some Japanese maintain that they incidentally enabled the Bolsheviks led by Lenin to launch the Great October Socialist Revolution. Accordingly, the Japanese had given the Russian navy and army such a disastrous defeat, it pushed the Russian power elite on the verge of collapse. In any case, the Tsarist regime was given a deathblow by Japan.

The second adjustment took place from the 1920s to the 1960s although it was briefly interrupted by World War II. This stage saw the booming of heavy industry, textile, chemical, petrochemical, electrical and electronics industries. It was characterized by Japan's expansion into a regional and then a world class power.

The Japanese learned two very important lessons during this period. First, a medium-sized country like Japan, with no nearby and real political allies and no internal sources of raw materials, could not win over a huge, industrially-advanced, resource-rich country such as the United States using conventional armed warfare. Second, Asians would no longer tolerate another overlord, even an Asian one bearing the slogan of a Greater East Asia Co-Prosperity Sphere, specially at a time when they were advancing their movements for national liberation against their colonial and imperialist masters.

In understanding the Japanese mind and its extensions into current economic and political relations, we must carefully note some observations which bear significantly on how the Japanese relate to Filipinos and other Asians. One is that the Japanese take pride in neither having been colonized nor successfully invaded, even by the Chinese, despite attempts such as those by Kublai Khan. They were also able to resist earlier European incursions. On the other hand, most Asian nations, except Thailand, fell before Europeans to the extent of willing servitude. The Japanese also take note that in WW II, most Asians who were colonized by Europeans resisted the invading Japanese, even as they fought the remaining colonialists. The exception were the Filipinos who willingly fought for the Americans and welcomed them as liberators.

The Japanese thus look at other Asians as not quite up to their standards, with Filipinos even lower. As for Americans, they are seen as barbarians to be temporarily tolerated as they have more money and bigger guns — but they too will be worn down. The Chinese are the only people they look up to, more so now. There is, of course, a strong element of racism in this view.

Japan's Security Interests

The third and current structural adjustment deals with Japan's preparations as it enters the 21st century from a position of strength. This calls for the shifting of heavy industry, petrochemicals, electronics, etc., from Japan to its Asian neighbors while Japan itself concentrates on higher value-added and "high information" industries at home. For Japanese policy planners, this move is imperative if Japanese products are to remain competitive in the 21st century. This will also dramatically expand Japan's economic and political power base, integrating the region into a *de facto* realization of its pre-WW II Greater East Asia Co-Prosperity Sphere concept.

The current structural adjustment underscores Japan's thrust to become the preeminent eco-political power in the Pacific basin within the first two decades of the next century, and to keep this position until around the

2050s — when the Chinese are expected to take over as a superpower. Key to this process is the implementation of reforms outlined in the General Security Strategy of the State (GSS), i.e., the Japanese state. Drafted in the mid-1960s and formalized in the mid-70s, the GSS is the Japanese government's instrument for promoting "peace and democracy" -- two politically-loaded terms in the Japanese context. These Western liberal values have been appropriated and given Japanese philosophical meanings, and are now being used to consolidate power, both in Japan and internationally.

"Peace," which indicates harmony within Japan and between Japan and other countries, is seen as a prerequisite to economic and political expansion. "Peace" here does not just mean the absence of war, or friendly relations. It is a philosophical concept of complete harmony and integration of being and purpose within the ambit of a common weal, defined under, or better yet, within Japan's leadership. On the other hand, "democracy" is more than just electoral participation or the parliamentary system. It goes beyond the original Greek concept to mean the process of consensus-building at different social or bureaucratic levels and between social classes, within Japan and between Japan and other countries, that is required for effective "peace management."

The salient reforms prescribed in the General Security Strategy (GSS) include:

- (1) Structural reform of industry;
- (2) Labor reforms, specially the unification of the Labor Front;
- (3) Administrative reforms that will more efficiently integrate government bureaucracy with that of business and industry;
- (4) Educational reforms aimed at instilling a new sense of national purpose and identity, as well as technical skills for the new generation of Japanese; and
- (5) "Internationalization" or cultural reprogramming of the Japanese people as befits a world power, and getting Japan

accepted more fully by the international community, which is considered as the first step to “peace.” “Internationalization” has also been expanded to imply projection of a revised Japanese culture and its acceptance by its target (i.e. international) population. Naturally critics have called this cultural imperialism but it is more a case of cultural engineering.

Not surprisingly, the name given to the current imperial era is *heisei* - or the age of “enlightened peace.” Here, the major strategic thrust of Japan is *zenhoi haiwa gaiko* or “omni-directorial peaceful diplomacy,” spearheaded by the *kaisha senshi* or “corporate warrior” under an atmosphere of *kyosei* -- meaning “living together in symbiosis.” It is interesting to note that *kyosei*, a “democratically” derived concept, has been proposed to Europeans and Americans at the corporate and government levels over the past several years under the leadership of an informal team from the Ministry of International Trade and Industry, Nomura Research (representing finance), and the outspoken chairperson of Sony Corporation (representing consumer manufacturing).

It will help to remember these terms as the projection of Japanese security interests will stem from the implementation of their practical implications. Another term should be added to the list: *keizai kyoryoku*. This has been loosely translated as “official development aid” or ODA, and has subsequently caused a great deal of frustration and misunderstanding between Japan and the Philippines. “Aid” here is not aid, as in assistance in its Western value implication. The Japanese meaning is strictly “economic cooperation” within the integrated concept of “peace.”

It will be noted here that military considerations have not been included in the top security interests mentioned. The defense of Japan’s territorial integrity is important, but the Japanese believe that there is no immediate military threat to their country at this stage. Resources therefore are cost-efficiently used for industrial production in Japan and in the region. This

approach also helps lay the foundation for “peace” and prevents the need for military confrontation at least within the region.

There is, of course, a great deal of military preparedness specially around the need to keep Japan’s commercial sea lanes open. A large part of this job, however, is left to the Americans under the terms of the US-Japan Security Treaty, with Japan paying the bill while Americans take the risks. Perhaps not incidentally, it ties down American resources to non-productive military expenditures that irritates other countries and reduces America’s political base. It also reduces marketable US manufactures which are then replaced by Japanese exports. To illustrate, it is estimated that 80 percent of the US annual US\$300 billion defense budget is used to maintain its position as a global superpower. That is a lot of money and technology taken out of the productive market.

For over two decades, Japan has pursued a policy of “independence” from the US in strategic economic planning and military research and development. Now the Japanese have an independent aerospace and military electronics industry. An all-Japan-designed cruise missile with greater payload, range and accuracy than US-made ones has been tested. Ceramic engines for armored vehicles are being tried out. A propellerless submarine whose thrust will be derived from water electromagnetically expelled through a central tube, is also being designed. The submarine, which will be extremely important for keeping Japan’s sea lanes open, will be similar in a way to Japan Railways’ experimental magnetically-levitated trains. Its speed, noiselessness, payload and maneuverability will supposedly be superior to Russian and American counterparts.

Japan’s military capability can be gleaned from a 1988 report which features Japan top industrialists as having said that if the export ban is lifted, they can corner 45 percent of the world’s sale of tanks and motorized artillery, 40 percent of military electronics, and 60 percent of warship construction. Japan is not a nuclear power at the moment, but if necessary, it has the technical

and financial capability to become one in a short time. All it needs is a regional political base.

The Politico-Economic Environment in the 21st Century

The 21st century is widely acknowledged to be the Asia-Pacific century. However, the term “Asian century” may be more appropriate since the greatest economic growth will be in the Asian landmass and the surrounding archipelagic states.

The initial areas of greatest growth are Japan, South Korea, the metropolitan centers of Southeast Asia and the coastal areas of China. This is expected to expand towards Asian Russia, Indochina, India and possibly Australia.

An Asian megamarket is coming about, stretching from Beijing to Shanghai, Kanto and Kansai (the megalopoli surrounding Tokyo and Osaka), Seoul, Taiwan, Xiamen, Hongkong, Guangzhou, Hainan, Hanoi and Haiphong, Ho Chi Minh, Bangkok, Metro Manila, Singapore, Kuala Lumpur, Jakarta, Brisbane, Sydney, and on to Calcutta, Bombay and New Delhi. How Asia is preparing for this market is indicated by the fact that of 11 new mega-airports to be completed around the year 2000, 10 are in Asia and only one is in the US — Denver, away from the action.

Major regional animosities spawned by American strategic interests during the Cold War are giving way to the regional cooperation required by Asian countries' own strategic interests. Japan, for one, is quickly expanding economic and political ties with all countries in the region, specially those in Southeast Asia and China. On the other hand, China is vastly improving its relations with Russia. Its top leaders visited Russia in late 1993 to stress the need for cooperation, removal of border troops and missiles aimed at each other, and the enhancement of trade worth at least US\$7.5 billion per year. On top of this, China was reported to have purchased US\$5 billion worth of Russian arms in 1995. China's Foreign Minister Qian Quichen said “the visit

has positioned bilateral ties towards the 21st century.” Likewise, India, which has considerable ties with Russia, has arrived at a *quid pro quo* with China regarding their border problem, and practical terms of cooperation are being worked out.

A politico-economic bloc consisting of the world’s largest and most populous countries has begun to take shape, with direct linkages to other Asian countries. This is resulting in a demand for finance capital, capital equipment, consumer goods, technical skills, advanced engineering and research, fuel and power, food, health care, services and labor on a scale the world has never known. Global supremacy will greatly depend on how much of these resources a country will be able to control and supply, and how much of the ensuing benefits will be apportioned to its people, and be used as additional capital. Japan is angling to supply or finance much of the technical requirements.

The preeminent position of the US is being challenged by these developments, and the strategic implications of such challenge surpass that posed by China and the USSR after WW II.

At the start of the so-called “new world order,” the cross-Pacific trade is already bigger than the trans-Atlantic. This early, the US is hard put to cope with its trade imbalance which amounts to US\$50 billion with Japan alone, not to mention Korea and China. This is expected to get worse as China and the rest of Asia gear up their manufactures.

Current figures are indicative of the trend. It is estimated that of Asia’s 25 percent share of world merchandise trade from 1980 to 1992, exports rose from 16 percent to 25 percent, while imports increased only from 17 percent to 21 percent. It is conservatively projected that of the increase in total world imports from 1992 to the year 2000, East Asia alone will supply 33 percent; the US, 19 percent; the European Union, 24 percent; and the rest of the world, 24 percent.

It is of strategic concern to the US that most of Asia's trade is now intra-Asian and bigger than the cross-Pacific. From 1985 to 1992, intra-Asian trade's share of total Asian exports rose from about 34 percent to 43 percent, Asia to US trade fell from 33 percent to about 24 percent, while US to Asia trade increased slightly from 21 percent to 26 percent. In the case of Japan, exports to Asia rose from about 24 percent of all exports in 1985 to 35 percent in 1993. In the same period, Japan's exports to the US declined from 36 percent to 29 percent. Asia is now Japan's largest source of trade surplus.

Analysts project that by the year 2000, the US economy will create an estimated \$1 trillion in new wealth. In comparison, Japan, with a smaller economy, will create the same amount. Japan and the rest of East Asia are expected to produce \$2.5 trillion. The US will need to capture a large share of this market. Failure will mean a tremendous increase in the region's trade surplus with the US, and a decrease in US manufactures and capital exports. This is a situation the US cannot tolerate if it means to keep its status as a first-rate economy. For now, the US is, to a large degree, out of this market. This is a major reason why the US has been pushing hard for the Asia-Pacific Economic Cooperation (APEC) where it can be the first among equals, and has been opposed to the East Asia Economic Cooperation (EAEC) where it will be excluded.

If we take the combination of Japanese and Korean finance, technology and management, Chinese skills and lower labor costs, and cheap and plentiful Russian resources, into consideration, then the US will be effectively shut out from the Asian market for reasons of uncompetitiveness.

Some of the projects being proposed promise to create great impact. These include the Tumen River Industrial Complex at the confluence of the borders of North Korea, China and Russia, that will most likely be financed mainly by Japan and South Korea. Another is the high-speed, high-capacity rail line from Vladivostok to Europe that is reported to be under study by Japanese planners. This will link with an expanded Chinese railway which in turn will be connected to a modernized version of the old British railway in

Burma, Thailand, Malaysia, Bangladesh, India and Pakistan. The net result will be an increase in trade between Europe and Asia via the land route (the old silk route?), and perhaps a decrease in the trans-Atlantic trade where the US still enjoys a surplus. Technical skills, wealth and demand for more manufactures, food, services and goods will flourish along the route. Japanese finance and technology will be at a premium.

An oil industry is also being developed along the Asian continental shelf on Cambodian, Thai and Vietnamese territories, as oil wells in China and Russia are being upgraded. At the same time, nuclear power plants and hydroelectric projects are on the rise. Aside from providing a market for Japanese capital and technology, these will lessen Japanese and Asian dependence on American-controlled Middle East oil.

All these developments will require a tremendous degree of “peace” management and “internationalization” on the part of Japan. They will also require a redefinition of the role of the American politico-military umbrella in the Pacific and Indian Oceans, as well as changes in international strategic security concerns. Japan has already been identified by the US as its immediate strategic enemy in the post-USSR era. The role of US bases in Japan and Korea is beginning to change.

Implications to Philippine Security Interests

Developments in Japan and in the region have a direct impact on Philippine interests. The difficulty, however, is in trying to pin down exactly what these interests are, the rhetoric of “Philippines 2000” notwithstanding.

The elusive character of Philippine national goals stands in sharp contrast to those of the other countries of the region. In the case of Indonesia, its main goal is to become a major industrial and political power, for which reason it has built Southeast Asia’s biggest and most advanced aircraft facility near Bandung, where parts of both commercial and military aircraft are manufactured, assembled or maintained. During its last independence day

celebration, an Indonesian-designed and manufactured commercial turboprop airplane flew for the first time. President Suharto has promised that by 2010, the first Indonesian commercial jetliner will fly. Indonesia is also putting up a US\$1 billion facility for the manufacture and maintenance of naval vessels, in addition to having purchased much of the former East Germany's naval craft. Finally, one million hectares of new riceland will be put into production within ten years to ensure food security.

Other Asian countries likewise have clearcut interests. Singapore's objective is to remain the region's primary commodity, finance, trading and industrial service center, while Brunei aspires to be a regional finance clearing house. Malaysia, on the other hand, aims to be a leading industrial manufacturer and agricultural products processing center. It is also geared to eliminate the Philippine edible fats and oils industry.

Thailand is already a major agricultural exporter and tourist center. Likewise, it has laid the grounds for industrial export production. By 1996, Toyota alone is projected to manufacture one million cars in Thailand for export. Meanwhile, South Korea, which is already a leading heavy industrial and electronic producer, has begun exporting capital. It is also poised to enter the aerospace industry with a joint Samsung-Fokker project that will design and manufacture medium-range passenger aircraft. Finally, Vietnam, which is now a major agricultural exporter, seeks to become an industrial manufacturer within ten years.

The major security interests of these countries are defined by their strategic goals. In common, they consider it crucial to establish basic agricultural and industrial policies, hold national capital firmly in the hands of national entrepreneurs, and take government action to establish, protect and maintain markets, as well as support research and development. They are part of an Asian bloc characterized by strong Japanese technological and financial influence.

These countries have placed a premium on the establishment of universities to generate the necessary technological support. They have ensured internal peace and order and have maintained rational, long-range and comprehensive national development plans, with the corresponding political will to implement them.

In contrast, the Medium Term Philippine Development Plan crafted by the Philippine government does not seem to be at par with other Asian countries' programs. This leaves out the Philippines as the odd man of Asia.

Since Japan and nearby countries cannot afford to have one country that is out of tune with the rest of the region, they will be sorely tempted to engage in some form of action to push the Philippines in the desired economic or political direction. The complication is, as the US loses ground in Asia, the Philippines may remain as its last area of influence. It will try to keep the Philippines out of synch with the rest of the region for its own advantages, or use it as its entry point to Asian markets, as the Philippines itself volunteered at the APEC meeting in Seattle. To illustrate, in a very recent case, Asian airlines were disappointed when the Philippines opened the backdoor of the lucrative regional air cargo business to the previously excluded US air cargo lines.

Unless the Philippines clearly identifies itself with Asia, it might turn out to be the regional pariah and the battleground of Asian-US strategic interests. In this case, what, in reality, are our security interests as a nation and as a people?