

Japan's Grand Strategy in a Changing World Order

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Abstract

Against the backdrop of a rapidly changing international political environment, Japan needs to formulate a consistent grand strategy in earnest. Treading a thin line among powerful states in the Western Pacific, Tokyo needs to carefully balance its relationship with a rising China, ambitious Russia, and less potent America. It needs to first and foremost prevent a possible collusion between Beijing and Moscow at its own expense. Also, Japan has to regain its diplomatic autonomy and political leverage over the United States, instead of blindly following policy lines as instructed by Washington. Most importantly, however, the country's future is premised on a generation of more competitive and creative human resource who can shoulder the coming daunting tasks in all frontiers. To foster such human capital and leadership, Japan needs to drastically overhaul its education system.

A grand strategy is the “highest level of strategy for the state in its operations and very existence” (Martel 2015: 31).¹ A sound grand strategy enables the state to identify its highest political ends in the long term (for decades). Unlike other strategies that subordinate the grand strategy from different policy areas, it takes the most comprehensive perspective that includes diplomatic, informational, military, economic and other means for the state to achieve these ends.

Although a sound grand strategy does not guarantee survival or success, without one, states are certain to lose consistency in pursuit of their national interest at best and jeopardize their very survival at the worst-case scenario. Academic experts and policy makers lament that there is currently a void in American grand strategy. During the Cold War period, the U.S. had coherently adopted a containment grand strategy against the former USSR. However, such coherency is lost, leaving the U.S. “vulnerable to having policies that are shifting, erratic, and ineffective” (Martel, 2015: 351). That being said, at the very least though, there has been both scholarly and professional discussions about grand strategy in the U.S.

In contrast, such discussion is virtually absent in the Japanese case. Not only is there a significant lack of interest among researchers, but the Japanese government also seems to possess no if any such holistic and long-term perspective. This paper points out that post War Japan has been too rigidly pursuing a foreign policy leaning one-sidedly towards the U.S. Such inflexibility proves to be increasingly counter-effective in a quickly changing geopolitical environment. Instead, a sound grand strategy should take a “balance of relationship” perspective into account.² A well-balanced grand strategy would serve for the Japanese national interests in the coming era of great power rivalry among the U.S., China and Russia. To accomplish this goal and improve its comprehensive national strength, Japan must pursue a long-term grand strategy, starting with developing a new generation of human resource.

1 Gaddis is perhaps one of the earliest thinkers of grand strategy (2019). More recently Martel *et al* has collaborated for a more comprehensive grasp of the concept. For some researchers, the term is no more than a convenient yet loosely defined synonym for bandwagoning or balance of power strategy (Taliaferro *et al* 2012; Paine 2017). There is also an increasing number of works specifically focusing on China’s grand strategy (Denoon 2021; Zhang 2015).

2 For a novel account of the balance of relationship concept, see: Shi *et al* (2019); also, Uemura (2015a).

The China Factor: Problematizing the Status Quo

Japan cannot ignore China no matter what grand strategy it chooses to adopt. But China is not new to global power competition. Since its establishment in 1949, the PRC (People's Republic of China) has maneuvered through a pernicious international political ambience while facing two superpowers simultaneously during most part of the 1960s. The bloodiest war fought in the Korean Peninsula against America during the 1950-1953 period bolstered Beijing's confidence. When deemed necessary, Chinese leaders did not hesitate to launch a full-scale attack against their erstwhile "comrades plus brothers"—Vietnam in early 1979. China's decisively and successfully mobilized against India in their disputed border areas amidst the Cuban Missile Crisis. In all these cases, China proved to be both patient and ruthless. It was patient enough to wait for the right timing to reach its political goals, as shown in its border conflict against India. It was also ruthless in that it could quickly reevaluate its foreign relations and flexibly adapt to new situations accordingly. Once Beijing deemed its past investment in Hanoi as sunk cost, it scrapped the relationship and effectively contained its security threat in its southern border.

Thus, Tokyo has all reasons to stay alert when facing with a rising China. China's recent saber-rattling is certainly very much palpable in Tokyo. The Japan Forum for Strategic Studies conducted a two-day simulation in August 2021, assuming four different scenarios of China's aggression across the Taiwan Strait. Participants include former high-ranking staff members of the SDF, incumbent Diet members from the Liberal Democratic Party, bureaucrats, and security studies experts. The simulation exposed some of the Japanese weaknesses in case of Taiwan contingency, such as its ability to weather cyber-attacks, securing maritime transportation route in place of the Taiwan Strait, maintaining communication with Taipei, logistical support for evacuating Japanese and foreign citizens in Taiwan, protecting its remote islands such as Senkaku, and most significantly effectively cooperating with the US and other allies (NHK Special).

As Chinese aircrafts appear more frequently in the perimeter of Taiwan and Senkaku, the Japanese SDF has made a series of redeployments. Most significant was its transfer of the second legion from Hokkaido to Kyushu in 2021. The second legion is one of the largest land forces of the SDF. This large-scale movement clearly signals Japan's intention to check China's aggression against Taiwan.

The Russia Factor and Sino-Russian Collusion

However, a buttressed southern periphery inevitably leaves the northern territory open to the Russian ambitions. To the Japanese, Kremlin proved to be a cunning opportunist who unilaterally reneged the Russo-Japanese Alliance and seized Manchuria and the four Northern Islands in 1945 immediately after the Japanese forces were brought down by the Allies. The lost Northern territories represent a traumatic national wound for Japan, which still lingers in its government and society today. Yet, no Japanese leaders have been successful in making any progress to bring these lost islands back. The former Abe Administration had exerted tremendous energy in courting Moscow over these territories. Initially some Japanese experts were optimistic about the development of the Northern Territory negotiations. But soon their optimism proved naive.³ As such, Japan's security environment does not look bright with two neighboring powers each posing serious challenges.

In addition, Japan has to take into account of a possible collusion between Beijing and Moscow. Although Sino-Russo relationship is often characterized as “partners of convenience”,⁴ these two opportunistic powers did seem to find common grounds in the Western Pacific (Cox 2016). They have apparently strengthened their incentives for strategic cooperation under the mounting pressures from the U.S.-led liberal camp in recent years. In November 2021 for instance, the PLA (People's Liberation Army) conducted a joint military training program with Moscow, with their ten-warship fleet passing Japan's Tsugaru Strait.

The Ukrainian War launched by Russia and the immediate strict sanctions

3 For a detail account of Abe's approach to Putin's Russia and the Northern Territory negotiations, see: Iwashita (2020).

4 Indeed, many experts have used the expression—“partners of convenience” or something similar to characterize Russo-Chinese relations. Lo, for instance, maintains that China and Russia may never become true allies due to their fundamental differences in each of their culture, history, and interests. Dyer (2014: 212) concurs, but from a different angle. He argues that the two powers cannot truly nurture any strategic partnership as they claim, because the power balance disparity would eventually cause too much anxiety and distrust for Moscow to bear to continue the relationship. Cox, however, argues against this line of argument, concluding that a solid Russo-China strategic partnership is very real.

imposed by the Western world has just pushed Moscow and Beijing closer than ever since the end of the Cold War. Xi and Putin have announced in February this year that the two countries' partnership has "no limits", against the context of rising tensions surrounding Ukraine. China supported Russia's position over NATO, and the two state leaders demanded that NATO should not be further enlarged. Putin reciprocates in kind, siding with the Chinese stance over Taiwan, maintaining that the island is an inalienable part of the PRC (*Reuters* Feb 4, 2022).

When the financial sanctions from the West become increasingly sweeping as the war on ground intensifies in Ukraine, China's backing for Russia's cause only became even firmer.⁵ Not only has China refused to condemn Russia's invasion of Ukraine, but it also criticized Western sanctions (Martina 2022). To what extent would China cushion these sanctions for Russia is still too early to tell. However, *Reuter* did report a TV interview where the Russian Finance Minister Siluanov had apparently appealed to the Chinese side for financial relief. According to the report, the sanction had deprived Russia off \$300 billion of its \$450 billion reserves in gold and foreign currencies, part of which is held by Beijing. The Russian side is aware that their Chinese counterpart is under political pressure from the West to act in a concerted way against Moscow. Siluanov also says, "our partnership with China will still allow us to maintain the cooperation that we have achieved, and not only maintain, but also increase it in an environment where Western markets are closing" (Trevelyan 2002).

Indeed, China also develops a stronger political incentive to buttress ties with Russia. Historically, the nature of China's relationship with Russia has always been heavily impacted by its terms with the U.S. We should recall that the Sino-American rapprochement only took place after the Damansky Incident, when the Chinese border defense force suffered humiliating loss to the Russian army. For a long time after the demise of the former Soviet Union, the international environment had been unprecedentedly propitious for China's grand strategy to develop its economy through further enmeshing itself into the international regime of political economy. However, as China gains more power, it also inevitably draws attention from the rest of the world, and most importantly the hegemon—the U.S. This is

5 For detailed information regarding America's financial sanctions against Russia, see the US Department of State at: <https://www.state.gov/united-with-ukraine/#sanctions>.

only a natural course of development in international politics from the point of view of power transition theory (Gilpin 1981). Washington can no longer sit around and watch China's rise continues indefinitely. The Obama Administration's re-balancing strategy, and Trump's trade war against China exemplify America's changing view of China, from a harmless Asian giant to a potent rival, if not a pernicious enemy.

Consequently, these counterbalancing moves all drive China further towards the arm of Moscow. Today, Russia sits at the top of China's arms import list, providing approximately 80% of China's total weapon import between 2017 and 2021 (Wang and Song 2021).

Towards a Grand Strategy—Balance of Relationship

Therefore, the first and foremost goal for Japan is to prevent any possibility of a Sino-Russian collusion at its own expense. Japanese leaders are aware that Moscow and Beijing are not monolithic. Although there are common interests between the two states, there are still rooms for Tokyo to maneuver. A classical way to drive a wedge between two parties, at this point, would be to treat them differentially. Indeed, this was exactly what post-War American administrations had done until Nixon assumed leadership in the Oval Office. Both Eisenhower and Kennedy imposed strict trade embargo against Red China, not to punish it, but to eventually pull Beijing out of the Soviet orbit. Of course, this strategy proved counter-effective, as Mao continued defying both superpowers during the height of the Cold War. It was only after rounds of zealous courting by Nixon's envoys did Beijing begin to show signs of interest to mend fences.

This part of Cold War history could shed some important light on Japan's grand strategy, *inter alia*, how to cope with China and Russia. First, Tokyo's leaders have to understand why Washington's strategy before Nixon proved counter-effective. It seemed that the harder Washington pushes, the further away Beijing drifted, though not necessarily toward the arms of Moscow. The rapprochement that Nixon achieved with China was not due to any opportune development between China and the former USSR over Damansky. Rather, Nixon and Kissinger had carefully studied Chinese history and its leaders, realizing that they should treat their counterparts as glorious emperors. The new leaders of Washington in the early 1970s clearly distanced themselves from earlier administrations, carefully and politely

approaching the Chinese side as equals.⁶

The dividend of Nixon's China visit paid off handsomely. As American officials later recollects, the sheer image of Nixon arriving in China was probably more effective than rounds of painstaking negotiations with the Soviets over SALT or deploying 100 nuclear missiles. In contrast, the cost was mostly symbolic and inconsequential. Although Taipei came out as the only scapegoat as a result of Sino-American rapprochement, the island continued its *de facto* sovereignty until this day. Nixon was able to bring the Soviets back to their negotiation table, expediting the process of ending the agony of the Vietnam War (Tyler 2000: 105-180).

The question, then, is how should Japan treat Russia? If Tokyo treats Beijing with respect, what kind of a posture should it take vis-à-vis Moscow? A friendly gesture toward Beijing, however, should not lead to a hostile one against Moscow. At least, not in a way that risks limiting Japan's future strategic choices. Nonetheless, Japan as a rule of thumb would still have to treat Russia less favorably than China. This differentiation is essentially a classical strategy of driving a wedge between allied rivals. The precise timing and extent of such differentiation though, would require some very nuanced diplomatic calculation and flexibility. Tokyo needs to be calculative in that it has to correctly identify the timing and issue area for differential treatment of the two neighboring powers. It also has to be flexible, for it might have to treat Moscow more favorably than Beijing in some cases, without losing strategic consistency in the long run. Such manipulation, to put in a more blunt way, is nothing short of a psychological warfare, and has to be carefully drafted by Tokyo's policy elites.

Gaining Leverage over Washington

The second strategic goal relates directly to Japan's relationship with Washington. Ever since the end of World War II, strategic alliance with the United States has always remained Japan's default grand strategy. Being a junior ally of the U.S. certainly paid off well, particularly during the immediate decades after the War when a fledgling Japan badly needed to rebuild its devastated state and society. But the unchanging policy in an ever-changing international political environment proves

6 For a detailed account of the initial Sino-American rapprochement, refer Tyler 200.

increasingly costly and dangerous for Tokyo. The military allies with the U.S. came in package with a post-War Japanese strategic culture that rendered its security arrangements unrealistically rigid (Katzenstein 1996; Berger 1998). Indeed, Tokyo's mainstream strategic thinking among policy elites and the general people have become so widespread and deeply rooted that any departure from a close strategic alliance with Washington now seems unthinkable.

There is no doubt that Washington has been devising and maintaining a system that helps keep its junior ally under its thumb. Nevertheless, it is the Japanese strategic culture embedded in institutions that has formed a narrowminded view of its own strategic choices. Just because Japan has lost the War and became a junior ally of the U.S. doesn't mean it has entirely lost its freedom in making strategic choices for its own national interest.

Indeed, other allies of the United States in the Pacific Region have basically all been strategic thinkers than blind followers. Although most ASEAN (Association of South-East Asian Nations) countries are allies of the U.S., these smaller states also exert efforts in simultaneously maintaining friendly relations with China. Until very recently, even Australia had maintained a balanced approach toward China. Coinciding with a China under Hu Jintao's rule, Kevin Rudd had brought Australia-China relationship closer than ever. A fluent Chinese speaker, Rudd had continued engaging Beijing, spending four days in China in April 2008 on his first major overseas trip as Australia's Prime Minister. Regardless of mounting international pressure against Beijing over human rights issues in Tibet, Rudd distanced from the concerted effort of boycotting the 2008 Beijing Olympic. While admitting unresolved human rights issues, the Australian leader contended, "the Olympics are important for China's continuing engagement with the world" (Australia National University, Kevin Rudd).

This line of China policy had been succeeded by Anthony Abbott. Although there were some diplomatic turbulences during the initial years of his Prime Ministership, Abbott was adamant that "Australia does not have to choose between its security alliance with the US and its economic relationship with China" (Australia National University, The Abbott Government).

Too much reliance on the US hinders Japan from sounding out the best alternatives for its own long term national interest. The fear of abandonment and constant belittlement by Washington have exacerbated Japan's international presence

and political leverage.⁷ The so-called Nixon Shock in 1971 was an epitome of Washington's belittlement of its junior ally. Ever since the end of World War II, Tokyo had been unable to mend fences with Beijing, to a large extent due to Washington's strategy to isolate the Communist China (Yin 2007: 128-135). Tokyo had completely complied to Washington's strategic orientation and served as the vanguard of an anti-Communist linchpin in the Western Pacific. This firm commitment made Japan too rigid to adapt to America's strategic realignment at the beginning of the 1970s. When the news of Nixon's planned visit to China reached Tokyo in 1971, Japanese leaders were thrown into tremendous shock. Failing to grasp the then international political dynamics, Japanese leaders were afraid of being left behind in the "valley" of a US-USSR-China triangle (Uemura 2015b: 63). Even the often-anti-China Prime Minister Eisaku Sato confided to his aides that Japan needs to quickly reevaluate the world situation and reposition its diplomatic stances (Shinohara 1971: 149). Such was the infamous Nixon Shock that should still vividly configure in the minds of Japanese leaders and scholarly and diplomatic experts.

Indeed, Nixon Shock bears significant repercussions beyond Japan's China policy and rekindles the genuine fear of alliance desertion. As the weaker party of the U.S.-Japan Alliance, Tokyo has every reason to fear that one day America would simply walk away, leaving Japan vulnerably exposed to and ill-prepared for its hostile neighbors.

Yet, Japan seems to have yet to realize the paradoxical logic that the harder it tries to be an amiable partner for the U.S., the less leverage it exerts over every counterpart state, be it friend or foe. A docile Japan listening to everything that Washington says would simply diminish its own bargaining power vis-à-vis the U.S. Taking Japan's concession and cooperation for granted, Washington would have little incentive to heed to its junior ally's concerns.

History repeats itself in an ironic way. The junior ally once again became the scapegoat of America's *Realpolitik* machination in the Western Pacific, when the former President Donald Trump suddenly swerved to Pyongyang with full embracement of the Kim Jon-un regime in 2018. As domestic pressure mounts in Japan over North Korea related issues, the former Japanese Prime Minister Shinzo

7 For a discussion on the concept of "fear of abandonment", see: Cha (2000).

Abe had strong political incentives to bring back citizens abducted by Pyongyang.⁸ He particularly arranged a meeting for abducted family members to meet Trump in November 2017 when the President visited Japan. In a series of TV broadcasts and interviews, Abe emphasized that he was working hard to cooperate with President Trump to bring those Japanese citizens back from North Korea (*Asahi News* November 6, 2017).

Ironically though, a few months later in March 2018, Trump suddenly made public that he would visit North Korea and meet Kim Jong-un in person (*BBC* March 9). The Japanese government was obviously not aware of this development underwater until the last moment. For months, Trump had verbally bombarded the North Korean regime, while Abe closely followed suit, appealing to his people that Washington and Tokyo were cornering Pyongyang hand in hand. It was against this backdrop that the news of a well-planned Trump visit to North Korea reached Japan. It must have been a devastating blow for not only the abduction victim families but also the Abe Administration. Japan had been kept out of loop the whole time while American leaders making drastic strategic adjustment. This shocking event though is only a recurrent pattern in U.S.-Japan relations from Nixon to Trump. American leaders make deals with rivals and enemies underwater, leaving Japan in the dark. Once the deal came to surface, Japan would be electrified and realize for the first time that it was left long behind without a backup plan. After all, the former American President Donald Trump was not serious in meeting the diplomatic needs of his Japanese counterpart Shinzo Abe over Japanese citizens' abduction issue.

Japan's tilt towards the U.S. is overwhelming even among America's close allies in the Western Pacific. The Philippines for instance is similar with Japan in that it has remained America's junior partner since the end of World War II. However, Manila's China policy in recent years has proven that it has gained certain level of independence from the Washington. Although former Philippines' President Aquino had been particularly antagonistic toward China, his successor Duterte seems to adopt a more balanced approach between Washington and Beijing. When the International Justice Court (IJC) ruled overwhelmingly against China in June

8 According to the Japanese government, the abduction cases took place in the 1970s and 1980s, when many Japanese citizens were taken away by North Korean operatives. See, Headquarters of the Abduction Issue HP.

2016 over its claim for disputed maritime areas in the South China Sea, Duterte did not use the court decision as a leverage against China. Instead, the newly elected President lashed out at the Obama Administration, while carefully avoiding rubbing salt in China's wounded pride following the court decision.

Duterte's olive branch played well to China, and Philippines-China relationship quickly recovered thereafter. Soon after Duterte's inauguration, the Chinese Ambassador to the Philippines, Zhao Jianhua was the very first among ambassadors, to visit the new President's political home ground at Davao. Improvement in the bilateral ties gained momentum. The Chinese President Xi Jinping invited Duterte together with his over 200-member industrial leaders to visit Beijing in October. The official welcome ceremony outside the People's Great Hall was extremely extravagant, that not many foreign leaders have received. In addition, bilateral disputes over maritime issues quickly subsided in the following years, after a series of negotiations and concessions made by both sides.

Even Indonesia, a long-time foothold for Japan's presence in Southeast Asia, chose to swerve to China in the 2019 high-speed railway construction project. The gigantic infrastructure building project figured in prominently in Indonesia's presidential election in 2019 when the incumbent Joko Widodo was fiercely criticized by his political rival Prabowo Subianto. Against the backdrop of anti-Chinese sentiment prevalent in the then Indonesian society, the challenger made a case against Joko that he was selling the country to China. This was a strong argument because it resonated with the society, putting Joko to the defensive.

Like any politician, Joko however had his own calculations as a politician as well as the president of the country. When he first visited Japan in March 2015 before the international bidding starts, Joko took the Japanese shinkansen, seemingly sending the message that Indonesia was set for a deal with Tokyo like it would always do (Uemura 2020).

The Japanese government surely understood the strategic importance of the project (*The Japan Times* March 22, 2015). Yet, Tokyo just could not ignore the financial factors involved (Takagi 2018). First, the distance between Jakarta and Bandung is simply too short to generate enough financial benefits. There was also mounting tasks left before the construction begins in earnest, with land purchasing along the railway route the most challenging. Joko was firm that he wanted neither to take the risk of land purchasing, nor bear the burden of debt (Uehara 2015). Upon

Jakarta's final decision to adopt the Chinese proposal over the Japanese, Cabinet Secretary Suga announced in a press conference on September 29, 2015, that the Japanese side deeply regrets the result and find it difficult to understand why Jakarta accepted the Chinese proposal (*The Nikkei* Sept 29, 2015).

In contrast to these smaller ASEAN nations, Japan has yet to come up with a consistent China policy. As Tokyo exerts tremendous energy in courting Washington to jointly pressure Pyongyang, China has remained the most powerful country to influence North Korea. But Sino-Japanese relations saw no signs of improvement until the very end of Abe's third term of Prime Ministership. Antagonizing China is a counter-effective strategy for Japan to improve its strategic environment, including its security concerns over Pyongyang. Japan's China policy zig-zagged, lagging behind big powers' strategic alignment and realignment moves, as the examples of both 1971 Nixon Shock and 2017 "Trump Shock" reveal. In short, Japan cannot formulate any grand design without taking the China factor into consideration. The question is, then, how should Japan construct a strategically consistent China policy, *in tandem with* a U.S. and Russia policy that is flexible enough to benefit its own long-term national interest? The task is not easy and straightforward, given the complex nature of Sino-Japanese relations and Japan's position under the thumb of Washington.

Developing Human Resource for Comprehensive National Strength

Besides preparing for a difficult geopolitical game against the backdrop of a rising China and an expansive Russia, Japan also direly needs to improve its comprehensive national strength. The country has been steadily falling off a slippery slope ever since the early 1990s with the burst of bubble. At this rate, Japan's future does not look bright (Wolf 2022). Its stagnant economy is closely linked to a political economy that worked only during the 1960s and 1970s, when the country was less exposed to global competition. The Liberal Democratic Party (LDP) has been in power for just too long for politics to remain truly democratic. People's lack of interest in politics (particularly among the younger generation) and severe gerrymandering further exacerbate the country's political health. It is beyond the author's academic caliber to explore how the Japanese people can fundamentally change such situation. Instead, this section would focus on education. It does so

because education is the foundation that contributes to every dimension of social development. To produce a new generation of human resource that can match up to global competitors, Japan needs to focus on innovation and critical thinking.

First, Japan needs to foster a generation of innovative human resource capable of coping with challenging tasks. This is easier said than done, for Japanese education has emphasized precisely the opposite. The education system, from primary school to university, aims to produce “average people” who follow rules without questioning the system. It is shocking that most teachers at all levels routinely face the silence of their classes. Japanese education proves extremely effective in doing what it does the best—reducing personality to the faceless crowd. Even sports events at primary schools show little tolerance for outstanding performance, limiting competition to the minimal. Relay race, for example, is often carried out by two large groups, each consisting of half of the entire grade. As a result, there is no way telling which athlete performs well.

This education is obviously malignant to Japan’s human resource development. Bright students, no matter how outstanding their academic performance is, would have to remain in the same group as all else do, progressing at the same pace—a resounding resemblance of the notorious envoy system of the Japanese political economy. This seemingly “kind” system that leaves no one behind is pernicious to the type of human resource that the country and society need the most—leaders who can shoulder the future of the country in all task fronts. Japan’s top-notch researchers choose to pursue their scholarly interest overseas instead of staying inside of the country. Many researchers have debunked the detrimental academic climate (*The Asahi Shimbun* Oct 7, 2021).

Thus, Japan needs to set a very clear goal in nurturing a generation of elites who can lead the society in an era unknown to their predecessors. This goal can only be accomplished by overhauling the entire system from the primary education level. A new education focus should be laid particularly, but not exclusively, on the following key areas of competence: creativity; critical thinking; communication; and problem-solving.

While going to the depth of these areas of competence is beyond the scope of this paper, suffice to say that education is a cornerstone for Japan to begin pursuing any national grand strategy. The Japanese industry has already lost competence to foreign competitors. Its semiconductor industry is nowhere near the

Taiwanese counterpart.⁹ Its development in the key industries in the new century such as robotics, AI, and space development has also been outpaced by other states (Watanabe 2021; Ryall 2021). At this very moment as the author writes this paper, the Japanese Yen continues to quickly depreciate over other major currencies such as the U.S. dollar and Euro. The direct cause for this fluctuation is obviously Japan's relatively low interest rate compared to those of other countries. However, a much deeper and long-lasting cause lies in a dwindling confidence in the eyes of global investors in Japan's future thereby its currency value. Only with a new generation of leaders can the country strengthen its competitive edge in key frontiers.

Concluding Remarks

Japan needs to quickly formulate a grand strategy to survive in a fierce global power competition. Tokyo has to realize that, no matter what, it would have to face tremendous challenges posed by big powers with strategic interests in the Western Pacific. Japan's grand strategy, thus, has to pivot around these powers, namely the U.S., China and Russia. The country's relationship with each of these states is also related with the rest of the two. A rigid alliance with the U.S. leaves Tokyo no room to realistically face potential security concerns posed by other states. It has to reevaluate the U.S.-Japan alliance. Although this does not mean that Japan should or can unilaterally terminate its alliance with Washington, it certainly implies that it should explore ways to diversify and hedge security risks. Treating China and Russia differentially is one such strategy, as illustrated in this paper. From a long-term perspective, whether the country can weather through mounting tasks in an increasingly unstable political environment in the region depends on if Tokyo succeeds in nurturing a new generation of human resource who are capable of consistently pursuing this grand strategy.

9 According to METI, the share of Japanese semiconductor in the world market has declined from 50% in 1990 to 10% in 2021 (Duchatel 2021).

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