

The Security-Economic Nexus in Regional Integration  
-A Comparison between East Asia and Western Europe

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Ken Endo, Hokkaido University

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*Professor Ken Endo, D.Phil. (Oxon.)*  
*Hokkaido University Public Policy School, Japan*  
[endo@juris.hokudai.ac.jp](mailto:endo@juris.hokudai.ac.jp)

**Introduction - the security-economics nexus as the focus**

The purpose of this paper is to explore political frameworks for regional integration and interdependence both in East Asia and Western Europe. With the focus forged on the security-economics nexus, and particularly on security constructs parallel with economic integration and interdependence, it seeks to argue that the search for constitutional foundations needs to go beyond the narrow focus of the intra-regional (economic) arrangements.

Behind the purpose and focus lies a three-fold division of labour in academia, which hampers grasping wider contexts within which a regionalism takes place. The first one is a well-established disciplinary division of labour between the experts of integration studies and those of security studies.<sup>1</sup> The second is a geographical division of labour

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<sup>1</sup> Only historians look free to overcome such a division, with thick archival materials, though they also seem unconcerned about the descriptive nature of their work and, perhaps more importantly, unenthusiastic in designing any scheme for comparative

between the East Asian area studies and the West European ones.<sup>2</sup> It is far too often and easily that a student on regionalism confines himself or herself into a preferred discipline and geographical area. To these one could add a division between the international and domestic studies; in the case of the study of regionalism, the subject tends to be monopolised by the specialists of international relations or international political economy (though this is less and less so in West European integration studies, as will be discussed below). These pose a formidable problem in understanding the phenomenon called regionalism, as the security-economics and international-domestic factors are inextricably related to each other and as the two regions under discussion show some comparable features, albeit their considerable differences.

Against this background, the present paper seeks to consider the ways in which security is related to economic integration in the cases of East Asia and Western Europe. More specifically, it argues that the ECSC-EEC-EC-EU integration in Western Europe had as its prior project the building of the NATO under US leadership. Within this Atlantic framework, post-war Western Europe could concentrate on economic integration, liberated itself from security matters. Roughly in a parallel manner, Japan, partly voluntarily with Article Nine of its Constitution (the so-called Peace Clause), and partly under the auspices of the US-dominated Security Pact, gave up the will and capacity to be a fully-fledged military power. Within this structure, Japan could pursue economic growth single-mindedly and gradually become a leading centre of economic integration in East Asia. As other Asia-Pacific (first NIES and then ASEAN) countries were

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exercises. See, for example, a stimulating work by historians on the NATO and European integration: Francis H. Heller and John R. Gillingham eds., NATO: The Founding of the Atlantic Alliance and the Integration of Europe (Basingstock: Macmillan, 1992).

<sup>2</sup> After a recess for a quarter of a century, comparative regionalism is back on the research agenda. See Loiusé Farcett and Andrew Hurrell eds., Regionalism in World Politics: Regional Organization and International Order (Oxford: Oxford University Press, 1995); and also Peter Katzenstein's 'Regionalism in Comparative Perspective,' Cooperation and Conflict, 31/2 (1996): 123-159. Cf. Ernst B. Haas, Beyond the Nation-State: Functionalism and International Organization (Stanford: Stanford University Press, 1964); Joseph S. Nye, Peace in Parts: Integration and Conflict in Regional Organization (Boston: Little, Brown, 1971).

experiencing economic recovery and growth, intra-regional economic interdependence gradually deepened. It was, however, within the same wider security framework constituted by bilateral treaties with the US that this deeper economic interdependence took place.

The central thesis of the present paper thus runs that there were parallel security constructs, based on which the two post-war civilian powers, Europe and Japan, and, at the later stage, other NIES and ASEAN countries too, could pursue their economic (integrative) strategies.<sup>3</sup> Ostensibly, there always are some limits to any analogy. Europe has attained a high level of de jure integration, while Japan is part of de facto economic integration, which has rather spontaneously been developing in East Asia. However, some common observations can be made, which could well entail significant implications. In both cases, the leadership role of the US remains crucial; the economic strategies can far from be de-coupled from the given political structure; and the current difficulties both regions face in securing durable order and prosperity, can partly be explained in the inter-plays between the security and economic spheres.

By limiting ourselves to exploring the framework or viewpoints with which to compare regionalisms, we surely run a risk of over-simplification, doing little justice for the rich history and diversity of, and within, the two. Yet, the merits may override if, by overcoming those above-mentioned divisions, we could provide a coherent framework within which to compare regions, and thus reach a different - and hopefully better - understanding of the nature of regionalism. Only in this way can we situate Northeast Asian regionalism in a wider perspective.

In the following section we shall first seek to re-interpret the project of economic

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<sup>3</sup> In this way this paper links itself with the problematique of how to characterise the EC-EU power. Cf. Hedley Bull, 'Civilian power Europe: a contradiction in terms?', Journal of Common Market Studies 21 (1), 1982, 149-70; and for its reminiscent version in recent years, see Robert Kagan, Of Paradise and Power: America and Europe in the New World Order. New York: Alfred A. Knopf, 2003,

integration in Western Europe. Then we shift our focus onto Japan and East Asia, and then compare the two regions, in terms of security-economy inter-plays. The conclusion summarises the findings and consider the implications.

## **I. The EU-NATO Regime As West Europe's Post-War Governing Structure**

### *A Shift of Focus in the European Studies*

The revitalisation of European integration since the 1980s has been followed by a significant increase of scholarly attention paid to it. Traditionally, the discipline of international relations was in charge of analysing European integration, yet this no longer holds. Comparative politics has come into the field of study, as the EU has firmly established itself as a political system. The historians have made decisive contributions to the understanding of European integration, based on their analyses of the public and other records of the 1940-60s.

This expansion in quantity and scope of the European Studies might not so much have been noticed if unaccompanied by the qualitative changes. The approaches to the EU are much more varied by now, as the scholars have commenced distancing from the phenomenon of European integration. The European Studies, in general, are much more sober and, at times, sceptical towards the goals and 'accomplishment' of the EU.

Alan Milward led the movement of 'demythologising' European integration. His trilogy, particularly the European Rescue of the Nation-State,<sup>4</sup> has impacted the state of the European Studies. It focused on how deliberately the governments of Western Europe chose the path of integration to collectively manage the challenges of post-war economic reconstruction and interdependence. The third volume clarified that European integration took place in the Cold War context.<sup>5</sup> The Milwardian theme decisively

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<sup>4</sup> Alan Milward, The European Rescue of the Nation State (London: Routledge, 1992).

<sup>5</sup> Alan Milward et al., The Frontier of National Sovereignty: History and theory 1945-1992 (London: Routledge, 1993), esp. Chap. 1.

shifted the disciplinary focus of European Studies away from their ideological attachment to the Haasian theme, that is, 'Beyond the Nation-State'.<sup>6</sup> And one could list many more names of the scholars along the same line.<sup>7</sup>

### *European Integration as a Cold War Product*

One of the findings by EU historians concerns the Cold War elements in the projects of European integration. Jean Monnet, the Founding Father much glorified in the traditional studies, has been found undeniably close to the operations of the American intelligence community, which provided him with precious financial supports. European integration, from the American perspective, was a need with which to run counter to the East under USSR dominance, by way of creating scale-merits economically and harnessing West Germany into the West politically.

Perhaps for those who still tend to mythologise European integration, one could look at a figure to connect European integration projects with American interests in containing the USSR, Thomas Braden, who was the Executive Director of the American Committee on United Europe (ACUE) until he took the control of the newly established International Organization Division at the Central Intelligence Agency (CIA) in Spring 1951. Recent studies reveal that Washington and its intelligence community through Braden supported the European Movement enthusiastically, and funded Monnet and Paul-Henri Spaak particularly. It was not a coincidence that the same Braden was in charge of funding the cultural projects to stress the individual freedom of the West and

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<sup>6</sup> Haas, op. cit. In comparison, today's European Studies seem to lack a grand divisive theme of this sort.

<sup>7</sup> Dating back to Stanley Hoffmann, Decline or Renewal?: France since the 1930s (New York: Penguin, 1974); and more recently Andrew Moravcsik, The Choice for Europe: Social Purpose and State Power from Messina to Maastricht (Ithaca, NY: Cornell University Press, 1998).

A collective work in Japanese, to which I was a main contributor, can be seen as the one which sought at once to absorb and go beyond the Milwardian theme. See Takao Sasaki and Kenichi Nakamura eds., Europa togo no datsushinwaka [Demythologisation of European Intergation] (Kyoto: Minerva, 1994).

the totalitarian suppression of the East, while at the CIA.<sup>8</sup>

These facts are indicative of how eagerly the projects of European integration were supported by the US within the context of the Cold War. We should further bear in mind that the Schuman Plan in May 1950, the major breakthrough of European Community or Union history, was preceded by some strongly Cold War coloured projects like the launch of the Marshall Plan in 1947 and the establishment of the NATO in 1949. Moreover, it was more or less paralleled by the outbreak of the Korean War in 1950. These should refute the predominant myth that European integration is a living on its own, subject to the investigation under the headings of the EC/EU Studies or integration theories exclusively. To quote William Wallace, 'the central reality was that West European integration was rooted in a wider security framework, and constructed in large part around the security dilemmas which faced France, the Low Countries, and a divided Germany.'<sup>9</sup>

European integration was thus at least in part a product of the Cold War. In the international, power-political, sphere, the original Six and the outer Seven alike faced the Red Army across the Iron Curtain - and as well as the prospect of a united and rearmed Germany. They had to secure the US's military presence within the framework of the NATO, thereby the basic order in the region. Domestically, they faced the double threat of an economic disorder/contraction and a Communist Party (powerful, in some countries, enough to obtain a sizeable share of votes up to 30 percent). For security as well as economic reasons, these countries were pressed to reconstruct their economies jointly - hence integration.

Here are two statements, as regards the relationships between security and economy in

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<sup>8</sup> Here I rely mainly on Richard J. Aldrich's fascinating findings. See, for instance, his article 'European Integration: An American Intelligence Connection', in Anne Deighton ed., Building Post-war Europe: National Decision-Makers and European Institutions 1948-63 (Basingstock: Macmillan, 1995): 159-179.

<sup>9</sup> William Wallace, 'Regionalism in Europe: Model or Exception?' in Farcett and Hurrell eds., op. cit., p. 208.

post-war Europe. For one thing, the serious economic integrative programme (ECSC) had to be sustained by a prior security arrangement (NATO). For another, this project of an economic integration had an element of security, with which to consolidate the liberal democratic regimes in the West. And it is the former that the main focus here is made upon.

### *The EU-NATO Regime*

The security framework, within which European economic integration proceeded, had been established in the late 1940s and had three distinctive characters:

- The US guaranteed the security of Western Europe, with its military presence;
- There was no need for the Europeans to be enmeshed themselves with security issues;
- A divided Germany was well contained by the US forces.

It follows that, within this security framework, post-war European integration had three characteristics:

- It would be territorially confined into the Western part of Europe;
- It would also be confined into the economic field in terms of agenda pursued;
- It would not have an overwhelming hegemon as its member state.

This collusion of security and economic lives can well be considered as the central characteristic of post-war Europe and call it the 'EU-NATO Regime'.<sup>10</sup> Certainly, the ECSC-EEC-EC-EU and the NATO have had different circles of member states. Yet the memberships have gradually converged, except a few countries and notably the strategic important Turkey and the independent-minded Norway as the NATO but non-EU member states. After all, the NATO enlargement largely proceeded with the EU's (though the Iraq war revealed a serious division between the US and Europe, just

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<sup>10</sup> I first tried to introduce this concept of the EU-NATO Regime in an article in 1994: 'Europa togo no leadership: Jacques Delors no kenryoku to kodo [Leadership for European Integration: The Power and Behaviour of Jacques Delors],' in Sasaki and



within Europe itself). The point here is that the memberships of the ECSC-EEC-EC-EU and of the NATO have constituted the fundamental framework of governance for most West European countries.

### *The Party System to Sustain the Regime*

One thing can be added in relation to the argument below concerns the party system in each country. The two core parties of the EU-NATO Regime are the Christian Democrats and the Socialists (or Social Democrats). Here is indeed a risk of over-simplification and there have been a number of variants and exceptions. Nonetheless, the two parties in most cases supported the liberal democratic regimes in their home and neighbouring countries against the Communist rules. To the extent that the East threatened the West, they defended the US military presence (though less in the Socialist cases).<sup>11</sup>

The ECSC-EEC-EC-EU was something into which both Christian Democrats and Socialists projected their (oft-different) dreams. In the Christian Democrats' thinking, European integration was a natural project to revive the united Christendom on the secular soil of Western Europe, as against the evil, atheistic Empire of the East.<sup>12</sup> For the Socialists, European integration was a necessity to complete the social reforms in each country, the results of which should not be reversed by inter-state wars or conflicts.<sup>13</sup> Thus it was against the background of their collusion in supporting a larger framework called the EU-NATO Regime that the alternations of power by the Christian

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Nakamura, eds., op. cit, p. 199.

<sup>11</sup> The example of the UK Labour Party in the early 1980s showed a distant possibility of an exit option (both from the NATO and the EC) exercised by a left wing party in the West.

<sup>12</sup> Patrice Buffotot took up the issue of security and defense policies of Christian Democrats, though not in a systematic manner. See 'The security and defense policies of European Christian Democracy,' in David Hanley ed., Christian Democracy in Europe: A Comparative Perspective (London: Pinter, 1994): 202-211.

<sup>13</sup> For a connection of socialist and federalist thinkings, see Andrea Bosco, 'Introduction' and Lucio Levi, 'Altiero Spinelli, Mario Albertini and the Italian Federalist School: Federalism as Ideology,' in Bosco ed., The Federal Idea, Vol. I-II

Democrats and the Socialists in each country took place.

*The Changing Characters of the EU-NATO Regime in the Post-Cold War Period*

The end of the Cold War changed the picture. The US is less motivated to sustain order, and therefore its military presence, in Europe. Accordingly, Europe or, more specifically, the EU has been increasingly urged to take charge of security matters inside Europe. The end of the Cold War also meant that a divided Germany looked somehow unsustainable. The fact that the post-Cold War Germans (re-) united themselves might not be surprising, although the speed at which it was achieved - already in 1990 - could well be. The unification of Germany gave birth to a country more powerful than any other in the EU. Lastly, as the dividing line between the West and the East got blurred, European integration could no longer be confined into the West. Enlargement to the now Central and Eastern European countries has come up on the agenda, perhaps unavoidably.

Thus many comfortable premises on which a post-war Western Europe was built evaporated. At the same time, however, an institutional inertia surrounding the EU-NATO Regime has come to the fore. More importantly, the strongly Cold War oriented institution, the NATO, survived and adapted itself into the new environment, as some alternative institutions such as the United Nations and CSCE-OSCE did not live up to the mounting expectations in the post-Cold War era.

The EU has a much longer history to go beyond the bi-polar system. Part of its strength has always come from the European aspirations to build the Third Force vis-à-vis the two superpowers. The demise of the Soviet dominance in the East and the declining interest of the US in Europe should logically open the way for the EU to assert itself as the major actor in the region. A step in this direction was taken, when the EU's heads of state and government, via the 1998 San Malo summit between the UK and French leaders, decided in December 1999 to establish the European forces to maintain peace

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(London: Lothian Foundation Press, 1991-92).

in conflictual neighbours such as the Balkans. The Iraq war served as a further sharp reminder for many European leaders of the necessity to build a coherent security and defense policy. Nevertheless, the practice not to go straight into the security and military minefields remains strong on the part of Europe, even if the viability of the post-Iraq NATO is once more in doubt.

What is remarkable is that the once intensely rivalry states have come to form a co-operative and solid union. This was admittedly done on the security foundation, the US-led NATO, yet within this framework it has developed a huge resource (EU) with which to acquire and augment its relative autonomy via-à-via the hegemon - the very provider of the framework.<sup>14</sup>

To summarise, post-war Western Europe was long governed by the EU-NATO Regime in which the cohabitation of security and economic lives was realised within the Cold War context. The twin complex Regime was shaken by the end of the bi-polar confrontation, and may well be brain-dead as a regime after the Iraq war. The consensus to sustain it, once so solidly built into governmental circles as well as into the party systems in most of the core West European countries (as well as in the European Parliament), whether either the Christian Democrats or the Socialists (Social Democrats) remain in power, seems on the wane.<sup>15</sup>

## **II. The 'Article Nine - Japan-US Security Pact Regime' as Japan's Post-War Governing Structure**

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<sup>14</sup> The Euro, Europe's single currency, can be seen a significant resource for participant member states, to run counter to globalisation as well as to check the seigniorage power of the US. For instance, see Amy Verdun, European Responses to Globalization and Financial Market Integration. Perceptions of EMU in Britain, France and Germany (Basingstoke: Macmillan, 2000). My own account can be found in Ken Endo, 'Jusoka suru seiji kukan: Post-tuka togo no tutshujo zo [Towards a Multi-level Public Space: Governance after Economic and Monetary Union],' Sekai (a monthly journal entitled The World), Special Issue on Europe (February 1999): 96-107.

<sup>15</sup> A February 2005 remark by Chancellor Schroeder of Germany, hinting the NATO's days are being counted, seems to have made, after consulting the counterpart in Paris, though he diplomatically back-pedalled since then.

Turning our eyes to East Asia, we immediately face a bewilderingly diverse character of the region, be it in terms of populations, military powers, political and economic developmental stages, or cultural traditions. So much so that some might well doubt if there is any structure in the regional arena. Yet a bundle of institutions, practices and customs<sup>16</sup> have over the years formed a discernible structure of regional economic and political governance. This is clearly not the place to review all these components of the structure. Instead, below, we seek to explore the most foundational one of all in the region: the security relations between Japan and the US, which have some equivalent forms in South Korea, Philippines and - albeit in a different form - Taiwan.

Some words should be added on an emphasis on Japan. For all the biases of the author's Japanese nationality, it could well be argued that Japan counts in East Asia. The US considered other nations with which to forge serious partnerships in the region, but repeatedly came back to look to Japan as the main ally in managing the region. As the Cold War began, for example, the US has changed its position to rely more on Japan, especially in the economic field, from around mid-1947 on. With the end of the Cold War, the US has eventually decided to reinforce the Japan-US Alliance, as will be reviewed later. Japan remains the cornerstone for US foreign policy in East Asia, and the structure within which Japan has conducted its external relations has had significant implications for the wider region. It is therefore not without reasons that we start our analysis from Japan.

#### *The 'Article Nine - Japan-US Security Pact Regime'*

Post-war Japan has been founded on two pillars: Article Nine of the Constitution (the

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<sup>16</sup> 'Institutions' can be found, for instance, in bilateral treaties and regional organisations, 'practices' range from dialogues on trade deficit through diplomatic consultations to military exercises, and finally 'customs' could take the form of patterns of thinking on the conduct of international and regional affairs, deeply etched into the governmental circles.

so-called Peace Clause renouncing war as a sovereign right and prohibiting the use and possession of war-purposed weapons) and the Japan-US Security Pact. It has generally been assumed that the two are logically incompatible; and indeed the right and the left in Japan clashed numerous times over the issue in the post-war period. Yet, these two, looking from a different perspective, heavily depended on each other.

The current Constitution came into force in 1947 during the occupation of Japan by the Allies, which was dominated by the US. Indeed, the bulk of the Constitution was drafted first in English and then translated into Japanese. When a young Kiichi Miyazawa (later to be Prime Minister) with full proficiency in English first saw the far-from-smooth Japanese draft, he sensed the original was not written in Japanese but English. It is now an established fact based on the public records that the Japanese Constitution was written in English in the first instance, then subject to modifications by various domestic forces.

Here involves no nationalistic claim that, simply because of that fact, the Japanese Constitution is invalid or illegitimate. It is to the contrary. The American drafted Constitution took on a distinctively Japanese character, when the students' movement in the late 1950s tended to consolidate - and thus legitimise - the Constitution by their own initiative, against the reactionary measures taken by the Kishi Government.

What is being argued here is that Article Nine presumed the US will and capacity to lead the region in security and military terms, limiting the Japanese role largely to the economic field.<sup>17</sup> While Article Nine worked to emasculate the military power of Japan, the 1951 Japan-US Security Pact reflected - and further institutionalised - the US determination to contain Japan as well as to fight the Communism in the region.<sup>18</sup>

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<sup>17</sup> The idea of renouncing war as a sovereign right, though shared by Prime Minister Kizyuro Shidehara in 1946, derived from Douglas MacArthur and his subordinates. See Noboru Amakawa, 'Shidehara Kizyuro' in Akio Watanabe ed., Sengo Nihon no Saishotachi [Post-war Prime Ministers of Japan] (Tokyo: Chuo Koron, 1995): 25.

<sup>18</sup> The Pact and subsidiary Agreements are basically designed to allow the US military forces to use bases within the Japanese territory, thus making it much easier than

Within this security framework, Japan pursued the path of economic reconstruction and growth, without having to be worried about its security too much. The policies adopted by a Conservative Prime Minister, Shigeru Yoshida, exemplified the line. He strongly favoured to keep an army light, so that Japan could concentrate on generating economic growth. Indeed, Article Nine has provided a resource for him and his successors in resisting intense pressure from the US to heavily re-arm Japan, as the Cold War intensified.<sup>19</sup>

Here is another fusion of security and economic lives at the other edge of Eurasia, that is what Tetsuya Sakai coined as the ‘9-Jo Anpo Taisei [Article Nine – Japan-US Security Pact Regime]’.<sup>20</sup> Various strategies for making post-war Japan politically civil and economically reconstructed depended on the basic order provided by the US, first with the occupying forces and then under the Japan-US Security Pact. At the same time, in the face of the internal and external threats of the Communism, this security framework could be fragile, without an economically developed and socially stable Japan. Thus the Japan-US Security Pact also somehow needed a Japan effecting economic growth. Article Nine fulfilled the function exactly, by allowing Japan to concentrate on the economic recovery.

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otherwise for the US to operate militarily in East Asia and elsewhere. See for a detailed analysis of the Japan-US Security Pact and the US’s intentions, Yoshimasa Muroyama, Nitibei Anpo Taisei [The Regime of the Japan-US Security Pact, 2 vols.] (Tokyo: Yuhikaku, 1992).

<sup>19</sup> One of the most tenaciously studied historiographies on the Japan-US Security Pact in general, and on the governmental sources and viewpoints in particular, can be found in Kazuya Sakamoto, Nichibei Doumei no Kizuna - Anpo Joyaku to Sougosei no Mosaku [The Bond of the Japan-US Alliance: The Security Pact and the Search of Mutuality] (Tokyo: Yuhikaku, 2000).

<sup>20</sup> See a towering article by Tetsuya Sakai which has not received due attention it deserves: “‘9-Jo Anpo Taisei’ no Shuen - Sengo Nihon Gaikou to Seitou Seiji [The End of the “Article Nine - Japan-US Security Pact Regime”: The Post-war Japanese Diplomacy and the Party Politics]”, Kokusai Mondai [International Affairs], Vol. 372 (March 1991): 32-45.

### *The Party System to Sustain the Regime*

The security-economy collusion, or the Article Nine-Pact Regime, was supported both by the two major political parties (the conservative Liberal Democrats and the Socialists) in Japan, albeit for different purposes. And this posture made the Regime so resilient in post-war Japan.

The Liberal Democrats or their conservative predecessors who held power for most periods after WW2 largely adhered to the Article Nine-Pact Regime. This can be explained by two factors:

- 1) they needed the Japan-US Pact to secure order with which to focus on economic reconstruction and development;
- 2) they valued Article Nine that enabled them to resist US pressure to re-arm Japan heavily.

The Socialists who had power (or parliamentary seats) enough to block a Constitutional revision, too, clung to the Regime for different reasons:

- 1) they regarded Article Nine as the symbol of post-war democracy and pacifism in Japan and tried to maintain it at any cost;
- 2) they vehemently opposed orally but needed the Japan-US Pact to minimise the militarisation of Japan.

What we see here is the convergence of interests between the (mainstream of) Liberal Democrats and the Socialists, who at first glance intensely opposed each other. This made the seemingly impossible collaboration amongst the two major parties possible, and constituted the base on which the Article Nine-Pact Regime well survived in post-war Japan.<sup>21</sup>

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<sup>21</sup> Article Nine became a focal point of the opposition movement where the pacifists, neutralists and anti-Americanists rallied themselves. They tended to aspire for disbanding of the Japan-US Pact and neutralise Japan - the scenario that the US feared most. The existence of this opposition movement, as well as Article Nine, can be seen as serving to strengthen the Japanese hand in bargaining with the US. For the discussion

*The Changing and Lingering Characters of the 'Article Nine - Japan-US Security Pact Regime' in the Post-Cold War Period*

With the disappearance of the USSR, the Security Pact designed to contain it had to transform itself. The US's interests in the region looked fading. In fact, the US announced to reduce its military presence in 1990, demanding its partner such as Japan and South Korea to shoulder more burdens.<sup>22</sup> Japan, too, started to review its defence policy under the Hosokawa government. The conclusion, unveiled under the Murayama government in summer 1994, pointed to a multilateral security co-operation.<sup>23</sup> Additionally, having abandoned their long-standing positions opposing the Self-Defence Forces and the Japan-US Pact, the Socialists, who had sustained an important part of the Article Nine-Pact Regime, seemed increasingly lost in their own belief, and subsequently were on the wane. Now, the Democratic Party, a party more ambivalent in security matters, has replaced the Socialists as the main opposition.

Yet, here again, the institutional inertia prevailed. Various 'threats' from the dictatorial North Korea and the undemocratic China were mobilised to maintain the Security Pact and US military presence. Behind these were the fact that, with generous funds coming from the Japanese government, it is much cheaper for the US forces to stay in Japan (mostly in Okinawa - a strategically important southern Island of Japan) than to retreat to the home country, and the American fear that Japan might one day be a military threat. Japan's own review of defence policy, as mentioned above, seemed to confirm the worst nightmare of US officials and politicians alike. These considerations led to look back to the existing security mechanism, namely the Japan-US Pact.

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on the functions of Article Nine, I owe to the conversation with Kenichi Nakamura.

<sup>22</sup> US Department of Defense, A Strategic Framework for the Asian Pacific Rim, 1990. This was subsequently modified in the aftermath of the Persian Gulf War.

<sup>23</sup> Bousei Mondai Kondankai [Committee on Defense Matters], Nihon no anzenhosho to boueiryoku no arikata - 21 seiki ni muketeno tenbou [On Japan's Security and Defense - A Prospect for the 21<sup>st</sup> Century], 12 August 1994. See in particular Chapter Two, Section Two 'A Multilateral Security Cooperation'.



The Nye Initiative thus came in Autumn 1994, which resulted in the 're-definition' of the Security Pact and the subsequent process to review the Guideline on how Japan and the US cooperate in case of a military conflict. A gang rape incident of an elementary school girl by marine soldiers in Okinawa in September 1995 only accelerated this process to reinforce the - once shaken - Pact.

This is certainly not the place to trace the entire process.<sup>24</sup> The point is that the Article Nine - Security Pact Regime has been subject to some transformation, yet not faded out, in the post Cold War era. Although one pillar to sustain the Regime (Socialists) has virtually disappeared, thus putting the fate of Article Nine at risk in the medium-to-long term, the collusion between security and economy (thus between the Security Pact and Article Nine) remains for the time being.

### **III. The Asia-Pacific Region in the Security-Economic Nexus**

#### *The US-led Network of Military Alliances*

As we see above, the Article Nine-Pact Regime has constrained and drove Japan to be a civil and economic power. The post-war power vacuum in the Asian Pacific area, left out by the collapse of the Japanese Empire, has been fulfilled by the American military presence. Japan, South Korea, the Philippines and Taiwan respectively formed alliances with the US.<sup>25</sup> The hub-and-spoke-like network of military alliances has thus been constituted, with the US located at the centre.

This security network has never been formally institutionalised, as distinct from the NATO case. The recent memories of colonisation and the resulting anti-Japanese feeling effectively prevented any formal institutionalisation of alliances in the NATO's mould, despite the shared cause of anti-Communism and a few ideas floated in favour of such a

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<sup>24</sup>With this regard, see a detailed account by Yoichi Funabashi, Doumei Hyoryu [The Alliance Adrift] (Tokyo: Iwanami Shoten, 1997).

<sup>25</sup> The Southeast Asian countries as well as the Western powers established a collective

collective defence organisation.

Yet, even without the formal regional institution, the network of alliances have, at least in the minds of governmental elites, helped to secure the basic order in the Asia Pacific Rim. In so doing, it has kept Communists out, got Americans in, and held Japanese down - to apply the metaphor often employed for Western Europe and Germany.

### *The Security-Economic Nexus*

More important for our purpose, it was within this security framework that Japan and other neighbouring nations reconstructed their economies - if only gradually and with difficulties.

As compared to Western Europe, the cohabitation of security and economic lives proved more difficult in the Asia-Pacific region for a number of reasons. An obvious one is that some of the East Asian countries were not only directly exposed to the front line of the Cold War, but also fought bloody hot wars. The examples of South Korea and Taiwan can well be contrasted with those of West European countries on the Iron Curtain, which never actually cross-fired on a massive scale. This singularly made such cohabitation more difficult, since these countries obviously had to concentrate on security, to the detriment of national wealth.

### *The Conflicting Images of Economic and Political Reconstruction*<sup>26</sup>

These military conflicts and the continuous presence of immediate military threats caused time lags in economic reconstruction and growth - another factor rendering the formation of a region-wide economic strategy more difficult. That Japan benefited from

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defense mechanism, the SEATO, in 1955, but this organisation fell apart eventually.

<sup>26</sup> See for a general introduction by Daizaburo Yui, 'Beikoku no Sengo Sekai Kousou to Asia [The American Designs for the Post-War World and Asia]', in Yui et al., eds., Senryo Kaikaku no Kokusai Hikaku: Nihon, Asia, Europe [Comparative Studies on Occupied Areas - Japan, Asia and Europe] (Tokyo: Sanseidou, 1994): 3-26.

its geographical position most did not help in this regard. Unlike South Korea and Taiwan which were exposed to immediate military threats, Japan was only indirectly so. Accordingly, it cost Japan less military expenditure, making it easier for Japan to divert its resources to the economic front. Moreover, when a war broke out, be it in the Korean Peninsula or Indochina, Japan prospered by meeting extra US demands for military and other goods.

In spite of these difficulties, the US administration increasingly counted Japan, and tried to transform the latter into the centre for regional economic reconstruction and integration, even before the war erupted in Korea. Here was a change of stance by the US, who was more and more concerned about the Communist threats. Japan was no longer viewed as the country simply to disarm and democratise, but to empower (at least economically) enough to resist those threats, inside and outside. The second half of 1947 was a turning point. From then on, the Truman and Eisenhower administrations attempted to integrate the East Asian economies, by utilising and developing Japan's skilled labours, technology and large-scale market.<sup>27</sup>

The US strategy met fierce oppositions from other Asian countries. They feared that a developed and dominant Japan that would be given priority by the US would curb their potentials. Having just been liberated from the Japanese Empire, their fear might well be seen more than understandable, and indeed fuelled their determination to reconstruct their economies even by authoritarian methods.<sup>28</sup>

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<sup>27</sup> For the literature in English concerning the US-led projects to promote regional economic integration, see John W. Dower, Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878-1954 (Cambridge, MA: Harvard University Press, 1979); Michael Schaller, The American Occupation of Japan: The Origins of the Cold War in Asia (New York: Oxford University Press, 1985); William S. Borden, The Pacific Alliance: United States Foreign Economic Policy and Japanese Trade Recovery, 1947-1955 (Madison: The University of Wisconsin Press, 1984).

<sup>28</sup> Here I rely on Jong Won Lee, Higashi-Asia Resen to Kan-bei-nichi Kankei [US-Korean Relations and Japan in East Asia's Cold War] (Tokyo: University of Tokyo Press, 1996).

### *Some Characteristics of the System*

What eventually emerged was a de facto, informal and non-exclusive economic integration or, more precisely, interdependence. This is a central character of East Asian regionalism, as many scholars point out.<sup>29</sup> It only came slowly though, not least because South Korea, Taiwan and other Southeast Asian countries were initially much poorer and aspired to be economically independent vis-à-vis Japan. Japan - followed by other neighbouring countries - had to first integrate itself into US market, gradually forming a Pacific Triangle in trade and investment.

It took a good few decades before East Asia showed some cohesiveness as an economic living. By early 1990s the proportion of the intra-Asian trade rose to more than 40 percent, while the dependency to the US in terms of exportation gradually declined to some 24 percent.<sup>30</sup> Yet even so, East Asia is not and will probably never be an exclusive economic bloc, given the integration and inter-penetration of its economies with the US market. The point here is that East Asia has deepened its internal economic interdependence within a wider Pacific and global market.

Secondly, this de facto economic integration has been made possible within the security network of US-led military alliances, and is more or less overlapped territorially with it. Beyond the territorial map of this network, the penetration of economic integration is partial and fragile.<sup>31</sup>

This might well be the nature of any durable economic integration. Take the case of Europe. Economic integration, now moving to embrace the former East, has to proceed, step by step, with the enlargement of the NATO membership to the same East. Within

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<sup>29</sup> See for instance Katzenstein, *op. cit.*

<sup>30</sup> Taken from Nomura Research Institute, *Mirai Houga [Embryos of the Future]*, Tokyo, 1993, p. 141. By 2003 the proportion of intra-Asian trade had risen to over 50 % (some 50,7%), despite the 1997 financial crisis.

<sup>31</sup> The gap between security foundations and economic integration would also help to explain why it is taking so long and efforts for China to enter the WTO organisation.

the frame that provides security, economic integration would lead its own life.<sup>32</sup>

Unlike Western Europe where the security arrangements are overlapped with the high-level of economic integration in a more cosy manner, East Asia has internalised a gap between the economic logic (which include at least the coast side of China) and the security logic (which tends to exclude it). The thesis presented here has indeed some important implication on this observation, since it suggests that unless the security logic changes, the economic interdependence or integration involving China will inevitably be unstable.

Thirdly, different from the EU-NATO Regime, a hegemonic and economic giant, Japan, has always been a headache for forging more or less equal partnership with the neighbouring countries. Here also lies the reason why the Japan-US Security Pact - and the US's role is so central to the regional security and therefore to any East Asian economic integration project.<sup>33</sup>

#### **IV. Conclusion**

To sum up the entire argument. A comparison was made here between Western Europe

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<sup>32</sup> While another substantial article would be required to elaborate theoretically on this observation, two theorists come immediately in mind. One is Charles Kindleberger who, in discussing international public goods, confessed: 'Economists are poorly qualified to discuss how ... peace is restored and maintained.' He was aware of the important sphere of security left out by economics. See his 'International Public Goods without International Government,' in The International Economic Order: Essays on Financial Crisis and International Public Goods (New York: Harvester, 1988): 133.

Another is Stanley Hoffmann. His conception of 'high' and 'low' politics, in which he stressed the primacy of the former in a different context, could be re-introduced to the discussion above. See his European Sisyphus: Essays on Europe, 1964-1994 ((Boulder: Westview, 1995), esp. Chaps. 2-3.

<sup>33</sup> This point is obviously a relative one, since Europe after the unification of Germany has a similar problem, though obviously in a much more institutionalised milieu. As the recent Inter-governmental Conference and Summit in Nice revising the Treaty on European Union showed, a united Germany has strained its relations with France, by demanding a more proportionate vote arrangement in the Council decision-making system.

and East Asia. The framework within which to compare these two regions focused on the interactions between security foundations and economic integration.

The entire post-war West European political structure can be conceptualised as ‘the EU-NATO Regime’, whereby the US-led NATO in the Cold War context gave the security foundations for the ECSC-EEC-EC-EU to confine itself into the western part of Europe territorially and to economic issues functionally.

In East Asia, bilateral relations with the US loosely provided a security network on which to proceed de facto economic integration. The main thesis went on to claim that the security network confines the development and the area of a stable, economically interdependent area.

In analysing the prospects for East Asian regionalism, we need to reflect more directly on the security matters of the region. This is because even the functional type of integration depends on some prior, or at least parallel, security arrangement, and because the scope of the security network might well constrain the development of stable economic integration.

(#) This paper was developed on my previous article: ‘Security Foundations for Economic Integraton: A Comparison between East Asia and Western Europe,’ in Christopher Dent and David Huang eds., Northeast Asian Regionalism: Learning from the European Experience (London: RoutledgeCurzon, 2002 ): 226-42.