Japan and the Changing Global Balance of Power:
The View from the Summit

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Abstract
This article explores Japan’s relative decline and its responses to the changing global balance of power through a case study of one symptom of this shift: the rise of the G20 as the ‘premier forum for international economic co-operation’ at the expense of the G8. The G8 has traditionally held a significant position in Japan’s international relations that appears to be undermined by the rise of the G20. Japan’s responses to these developments reveal it to be a status quo power that is still committed to internationalism and multilateralism and looking for a constituency to lead.

Introduction
This article is premised upon the idea that the shift in the central mechanisms of global governance from the Group of Eight (G8) largely industrial democracies to the Group of Twenty (G20), including many developing countries, is representative of the changing global balance of power. Leaders from within the G8, such as French President Nicolas Sarkozy, and outside, such as Brazilian President Lula da Silva, have declared the age of the G8 to be over: ‘We are talking about the G20 because the G8 doesn’t have any more reason to exist’ (BBC News, 2009). This shift away from the G8 has particular importance for Japan, whose government and people have traditionally placed considerable importance both on this forum of the world’s leading economies and on their role therein.

The contrasting fortunes of Japan are captured by two photographs. At the 1983 G7 Williamsburg Summit, Prime Minister Nakasone Yasuhiro broke the mould of Japanese prime ministers being regularly placed on the periphery of the official summit photograph by elbowing his way between US President Ronald Reagan and UK Prime Minister Margaret Thatcher at the centre of the photo to reinforce the bilateral US–Japan alliance and create a space for Japan at the centre of this mechanism of global governance (Yomiuri Shinbun, 1 June 1983, p. 2). Almost a quarter-century later at the G20 London Summit in April 2009, Japan’s declining position in the world was represented by Prime Minister Aso Taro finding himself in the back row, whereas Chinese President Hu Jintao stood centre-stage next to the host, British Prime Minister Gordon Brown. An expanded G20 not only dilutes Japan’s presence at these summits but points to the broader decline in its position in the world.

Alasdair Young (2010, in this issue) presents more concrete examples of this relative decline in terms of power capabilities. However, this fall from grace is even more stark if the way in which Japan was regarded in the 1980s and at the end of the Cold War is recalled – Japan as the next superpower, Japan as no. 1, Pax Nipponica and the coming war with Japan – all seem wildly optimistic, naïve or wide of the mark. Today, the talk is of lost decades, the US passing Japan in favour of China rather than bashing it, ‘Japain’ instead of Japan, according to a headline in The Economist.

This article argues that Japan’s global and regional decline relative to China is also reflected in the shift from the G8 to the G20. Nonetheless, Japan has responded by being proactive within the G20 and has sought to promote the shared values, norms and principles of liberal
democracies within the G20. The article begins by explaining the significance of the G8 in Japanese international relations. It then explores the shift of global economic governance from the G8 to the G20 before analysing how Japan has responded. It concludes by considering what Japan’s response to the G20 reveals about its changing place in the world.

The G8 in Japanese international relations
Since its first meeting as a Group of Six (G6) in Rambouillet, France in November 1975, the G8 has come to occupy a central position in Japan’s international relations. Excluded from a permanent seat on the United Nations Security Council (UNSC) where it is still symbolically referred to as a ‘former enemy’, Japan has received recognition from the G8 as a contemporary great power by virtue both of its economic standing and of the broader representation of the Asian region that its inclusion secures. From 1975 onwards, Japan has responded positively to this and carved out a number of roles for itself within G8 summitry.

First of all, an internationalist norm, which dictates that Japan should play a responsible role in the international community, has shaped its wider role in the world since the end of the Second World War. A seat at the G8 summit table as a recognised contemporary great power provided the Japanese government with a venue in which it could achieve this objective. In the simplest of terms, this can be seen in its hosting of consistently successful G8 summits (as graded by Sir Nicholas Bayne and the University of Toronto’s G8 Research Group in the case of Tokyo (1979, 1986 and 1993), Okinawa (2000) and Hokkaido (2008)), in addition to its promotion of specific agenda items on the G8’s agenda, such as climate change, global health and information technology, and its increasing compliance with G8 pledges (as monitored again by the G8 Research Group). As John Kirton (2009, p.1) has argued, ‘[t]he record clearly shows that Japan continues to be a committed and consequential contributor to global governance, and convincingly suggests that this will continue to be its role in the world’.

Second, as Dujarric has argued, ‘the G8 has special value in Japanese eyes for the simple – and very emotional – reason that neither China nor any other country without European roots is a member’ (Japan Times, 27 October 2009, p. 12). In this context, Japan has assumed the role of representative of the Asian region with enthusiasm and has regularly sought to garner the opinions and concerns of the region, take them to the summit table and then report back to its Asian neighbours. Hosting a summit in particular has provided Japan with the opportunity to give the G8 a specific Asian flavour.

Finally, the G8 has mattered to Japan in a number of other ways that are common to all G8 countries. These include the pursuit of national interests often unconnected to G8 summitry; an impetus to manage bilateral relations, chiefly with the US, at the summit; and an opportunity, rarely taken successfully, for the Japanese prime minister of the day to exhibit his leadership qualities (Dobson, 2004). Thus, within its broader international relations, membership of the G8 has provided Japan with an opportunity to demonstrate its commitment to international society, manifest in the above roles, while according it the status and recognition it has actively sought in the post-war period.
Replacing the G8 with the G20 threatens to dilute this importance, and it is worth recalling the previous shift in the global balance of power that took place with the end of the Cold War to appreciate the importance Japan accords to a smaller, exclusive group of like-minded countries. Towards the end of the 1980s and during the 1990s as Cold War structures unravelled, the G7 and the prospect of Russian membership in an expanded G8 provided two of the chief mechanisms by which the former Soviet Union’s transition to capitalism and democracy and acceptance into international society were managed. This process reached its conclusion with the first official G8 summit in Birmingham in 1998 and the first Russian-hosted summit in St Petersburg in 2006. On the one hand, Russia gained acceptance as a contemporary great power within this elite club while, on the other hand, the G7 sought to socialise Russia in the democratic principles that served as the ideological glue that bound the summiteers together in the absence of any concrete membership criteria. However, the Japanese government and its people resisted the momentum towards Russia’s inclusion within this elite club. This hard-line opposition applied equally to the provision of financial assistance and was reiterated in the strongest terms in a post-G7 summit speech when Foreign Minister Nakayama Taro compared it to throwing money into a ditch (Yomiuri Shinbun, 22 July 1990). Later that decade, the reason the 1997 Denver Summit was not officially called the ‘G8’, but rather the ‘Summit of the Eight’, was because of Japanese objections to Russia’s membership. The Japanese government’s strategy of resistance in this case was based largely on maintaining and reinforcing the boundaries of the G7’s elite position within international society. However, it ultimately failed to resist the other summiteers’ desire to integrate Russia into the G8 (Dobson, 2010). One misgiving about the shift to the G8 was because of the value that Japan placed, and continues to place, on being the only non-Western member of the G8. At the same time, the Japanese government has seen G8 (at least G7) members as a caucus of like-minded democracies that share the same values, which is also part of the reason why it resisted any attempt to dilute this through Russia’s inclusion in the 1990s.

Although it is moot as to whether the G8 has been the most important forum for Japan in the conduct of its international relations, it has still been a very important forum that has recognised Japan’s standing in the world based chiefly on its global economic power and its ideational power as a development model within the Asian region. However, the relative decline in these positions as a result of the rise of China, coupled with the shift to the G20 as a symptom of the changing balance of power, threatens the roles and identities that Japan has carved out for itself.

From G8 to G20

In 2008, in response to the global economic crisis, the G20 was upgraded from a meeting of finance ministers (originally created in 1999) to the leaders’ level. Although the role of the G20 is essentially the same as the G8 in so far as it seeks to inject political leadership into the collective management of global issues and co-ordination of policies while not replacing the formal and legal mechanisms of global governance, this shift was a symptom of the changing global balance of power. This can be seen in both the membership and power capabilities of both forums. The G8 includes Canada, the EU, France, Germany, Italy, Japan, Russia, the
UK and the US, accounting for 66 per cent of global economic output but only 14 per cent of population. In contrast, the G20 includes 19 countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the UK and the US), in addition to the EU as a 20th member represented by the presidents of the European Council and European Commission, accounting for 90 per cent of global economic output and 67 per cent of population. Although the G20 grapples with its own issues of representation and legitimacy, it is seen to trump the G8 in these aspects and, as Paul Martin (2005, p. 2), progenitor of the original G20 proposal, explained, ‘[p]ut simply, the right countries were not sitting down at the same table at the same time’

But what is the evolving relationship between the two and how does this disadvantage Japan and its position in the world? To answer the second question first, the elitism and exclusivity of the G8 that recognised Japan as a founding member is clearly diluted by an expanded G20. Furthermore, Japan’s once-exclusive role as the voice of Asia in global economic governance is weakened as a result of the addition of Australia, China, India, Indonesia and South Korea as G20 members; South Korea even stole a march on Japan by securing the role of host of the first Asian G20 meeting in November 2010. Certainly Japan has previously championed reform of the G8 through its outreach programme, particularly when it has hosted the summits in 1993 (by trying to include Indonesia), 2000 (by attempting to invite China and holding the first meeting with African countries on the periphery of the summit) and 2008 (by creating a dialogue with the G5 – Brazil, China, India, Mexico and South Africa – and inviting Asian neighbours South Korea, Indonesia and Australia). However, Japanese policymakers acknowledge limits to outreach and support it only if it does not threaten the core composition and identity of the original summit members, in which a continued utility and purpose is seen to exist. In answer to the first question, this debate is by its very nature ongoing but became a particular focus of attention ahead of the 2009 L’Aquila Summit of the G8. Kirton (2009) addressed this in terms of coexistence, co-operation and competition. Based upon these categories, the range of settlements includes:

1. The straightforward replacement of the G8 by the G20. The G8 has long struggled with its perceived illegitimacy born of its exclusive and elite status but combined with its inability to respond to the global economic crisis and so the G20 has replaced it as the current forum of choice. In short, the G8 has ‘gone large’ and what remains is a forum in search of an agenda, which will simply wither away.

2. The disappearance of the G20 and the continuance of the G8 in some form. Some have argued that the G20 is simply a temporary measure in response to a crisis and once this issue is resolved then its raison d’être will disappear. The G8, in contrast, despite failing to respond to the current crisis does possess an established and ongoing track record of dealing with a range of issues from aid to climate change to terrorism, making predictions of its demise greatly exaggerated. Although it is both difficult and unlikely that the G20 can simply be ‘un-created’ without protest from those leaders who now find themselves with a seat at the top table (it should not be forgotten that the G6 itself was originally only ever intended as an ad hoc measure but demonstrated both utility and longevity), especially after the statement at the
end of the Pittsburgh Summit that designated the G20 ‘the premier forum for our international economic co-operation’ which would meet annually in the future, some summit watchers argue that the G8 will survive in some form, which leads to the next scenario.

3. The coexistence and co-operation of both Gs with an agreed division of labour. The G8 has not yet withered away but has provided a forum to continue the work of the G20. This is the argument that emerges from Paola Subacchi and Eric Helleiner’s (2009) Chatham House Briefing Paper which highlights International Monetary Fund (IMF) reform and the global trading system as issues for the G8 to take up in an appropriate fashion. However, although the subtitle of the paper refers to a ‘bridge between the G20 and the G8’, this appears to be more of a one-way street through which the G8’s agenda is shaped by the G20 as the summit of summits. This is an example of the coexistence thesis but with the G20 in charge as the senior partner. Another division of labour between the G8 and G20 might be based on function with the former continuing its role as a global think-tank and the latter providing the required endorsement through its perceived legitimacy. To an extent, this is what has happened so far. Alternatively, as Kirton (2009, p. 162) suggests, ‘an expanding and democratizing G8 will steadily socialize the G20 and see its ideals win in both institutions’. This preserves a leading position for the G8 as a preparation group ahead of the G20 as appeared to be the case at the 2010 Toronto Summit.

4. Finally, a similar situation of coexistence and co-operation may well emerge but in contrast no clear division of labour is decided and the waters between the Gs are still muddied, leaving ‘a disorderly scrum of bodies fighting for turf’ (The Economist, 7 October 2004). The momentum of these arguments has ebbed and flowed during the four G20 summits and three G8 summits held since the onset of the global economic crisis. Based on the importance of the G8 to its role in the world as outlined above, Japan clearly has an interest in its settlement.

**Japan’s responses to the rise of the G20**

In managing this specific reconfiguration of the architecture of global governance across recent G8 and G20 summits and the more general rebalancing of global power that it represents, Japan has exhibited a number of responses: (1) proactivity in the new forum of the G20; (2) a desire to defend the G8 and secure its continuation; and (3) efforts to carve out a caucus of like-minded countries within the forum of the G20 based upon democracy or their regional identity as the defining criteria for membership. As will become clear, these positions are not mutually exclusive.

As regards proactivity, Japan has adopted a remarkably constructive approach to the G20, demonstrating its continued commitment to internationalism as seen particularly in Prime Minister Aso’s participation in the first two G20 summits. Japan, for example, did not follow the 17 countries and regions (including its Asian neighbours China and Indonesia) that introduced protective measures despite their leaders’ promises at the 2008 Washington Summit, not withstanding that Japan was one of the countries hardest hit by the economic downturn. As a result, Japan was held up as an object of praise and an exemplar (see Gordon Brown’s comments in Asahi Shinbun, 15 November 2008, p. 2 and Yomiuri Shinbun, 17 November 2008, p. 2). This approach continued at the London Summit with Aso’s well-
publicised commitment to provide the IMF with an additional US$100 billion and the proposal that members double their contributions to the IMF’s general fund from US$320 billion. He was also able to bring Japan’s experience of similar financial crises to the table and all of Japan’s contributions were reflected in the final summit statement. In addition, Aso used the London Summit to demonstrate leadership in other areas, including pledging US$21 billion of Japan’s official development assistance (ODA) to the Asian region with the goal of stimulating domestic demand and he was the first to be asked by Gordon Brown as host to speak at the breakfast meeting on the second day of the London Summit (Asahi Shinbun, 1, 3, 4 April 2009). In short, Aso was an active participant in the first two G20 summits in Washington and London in terms of publicising the measures taken in Japan to promote domestic recovery, Japan’s support for the IMF and its reform (especially in quotas and special drawing rights) and support for the dollar as the central currency. Thus Japan has both provided policy direction and backed this up by providing the stimulus needed to navigate the world’s economies through the crisis. As a result, ‘Japan has proven to be a G20 leader far more than China has ... in G20 diplomacy and in Bretton Woods governance, China followed while Japan led’ (Kirton, 2009, p. 6). In part this reflects an acknowledgement within Japanese policymaking circles that, as at the end of the Cold War, the changed distribution of power makes some reform of the global governance architecture inevitable. Equally, it demonstrates the resonance of the internationalist norm within Japan and the desire to support, rather than undermine, and demonstrate leadership in these multilateral mechanisms of global governance.

As regards Japan’s efforts to defend the G8 and secure its continuation, some Japanese policymakers have openly expressed concern about the straightforward expansion from G8 to G20 based on the belief that the effectiveness of a smaller grouping is diluted in a larger forum (Asahi Shinbun, 3 April 2009). In this context, Prime Minister Aso defended the position of the G8, but not as part of an uncooperative stonewalling stance. Rather, his argument was based upon the effectiveness of the limited membership offered by the G8 complemented by the practice of bringing in relevant stakeholders as and when necessary. In short, in Japan’s view the G8 still has a role to play in global economic governance. Hatoyama continued the same stance at the Pittsburgh Summit by highlighting the importance of political leadership in global governance, and how this was more easily achieved among fewer participating countries (Sankei Shinbun, 25 September 2009):

‘I believe that the G8 should not be discarded. I say this because, yesterday, during the working dinner I said the following. The G20 involves twenty or twenty-five people gathering and discussing. It is extremely difficult to reach conclusions in such setting. So what do you do if conclusions are difficult to reach, and people cannot meet frequently? We risk ending up relying on prior co-ordination by our officials. The more we try to come up with good solutions in the G20 context, the more the ideas of bureaucrats will come to the fore. I am not suggesting that the G20 will not be able to reach conclusions; I do believe this time we produced respectable results. But I believe that the number of topics on which we can reach conclusions in such a large setting is very limited. On the other hand, at the G8 political leaders can hold very frank and candid discussions with each other. The Canadian
Prime Minister expressed exactly the same view when I had a short meeting with him today. He said that the merit of the G8 was that leaders whose values are similar can speak their own minds as much as they wish. I believe that a good political reason for the G8, a meeting of the developed countries, will continue to exist.

On the other hand [sic], G8 is not a gathering of just developed countries. Leaders of developing and emerging countries will take part as well [in the outreach meetings, etc.]. I think there are important discussions to be had in this format. It is all right [sic] to consider the G20 as being the premier forum [for international economic co-operation], but that does not make the G8 irrelevant’ (Kantei, 2009).

Arguments for the continued relevance of the G8 while acknowledging the advent of the G20 can be heard in other circles. The Japanese Ministry of Foreign Affairs (MOFA) stresses the importance of the G8 as a mechanism for co-ordinating interests and addressing issues in a time of uncertainty, with it even acting as a preparatory group before the G20 (Hokkaido Shinbun, 3 July 2009). According to one MOFA official, “BRICs [sic] countries are ultimately those that react” to what the G8 offers’. Moreover, ‘contrary to its appearance, G20 meetings are essentially run by proposals by G8 members. The official said agreements reached [at the G8 meeting] in L’Aquila will be the grounding that will guide G20 members at the September meeting in Pittsburgh’ (Japan Times, 8 July 2009, p. B1). With Sarkozy’s backtracking on his proposals for the expansion of the G8 and his pledge to host the next G8 summit on the French Riviera in 2011, the Japanese have welcomed the ‘renewal’ of the G8 and the realisation among summit partners of its utility (interview with senior MOFA official, 27 June 2010).

Thus, Japan has adopted a strategy of promoting reform of global economic governance while campaigning for the integrity and continuation of a favoured forum. This strategy means that Japan is not identified as an obstacle to reform of the architecture of global governance while resonating with its tradition of internationalism in global governance and desire to preserve its elite status. Nevertheless, this approach may be difficult to sustain in the future as the G8–G20 settlement experiences mission creep.

Finally, Japan has sought to create a core caucus within the larger grouping of the G20. For example, former senior Foreign Ministry bureaucrat Tanaka Hitoshi (Tanaka, 2008, p. 22) objects to Sarkozy’s plan to create a G13 by simply adding the G5 to the G8 and instead stresses the G7 as the core institution and the strengthening of its role in supporting global order as a group of the leading democracies of the world, relegating the G13 to the status of a peripheral consultative grouping. In the case of the G20, although he does not explain how it might work, Hitoshi Tanaka (2009, pp. 2–3) sees the role of the G7 as a lighthouse (todai) that needs to continue to play a role even as the G20 takes on the management of the global economy. So the configuration would be one of coexistence with the G7 as the inner circle (naishinen) and the G20 as the outer circle (gaishinen). Democracy is the ideological glue that can bind together a core group of G7 summit leaders within a larger G13 or G20. There is a degree of consistency here in that this strategy taps into Japan’s long-held belief in the original Rambouillet Declaration’s emphasis on ‘open, democratic society, dedicated to
individual liberty and social advancement’. In Japanese eyes this would create enough coherence to create a caucus of risen/matured democratic governments within the G20. The idea echoes that of a concert or league of democracies, which was heard in John McCain’s statements during the 2008 US presidential campaign and Japan’s previous attempts to exclude Russia from an expanded G7.

Another possibility is for Japan to carve out and lead an Asian grouping. This presents both an alternative to stonewalling and taps into Japan’s established role in the G8 as the regional representative, as well as resonating with other region-building attempts and the Japanese government’s emphasis on its Asian identity. Professor Kashiwagi Shigeo of Keio University and the Japanese Ministry of Finance still sees a possible role for Japan as a leader of Asia within the G20 broadly and in terms of IMF reform specifically:

‘It is to be hoped that Japan will show leadership in encouraging other Asian countries to play a more forward-looking and constructive role ... Japan, while playing its own leadership role, should encourage its Asian neighbours to speak up from positions of responsibility concerning global issues and should play a major part in conveying Asian opinions to the rest of the world’ (Kashiwagi, 2009, pp. 35–36).

However, as mentioned above and expressed in Japanese policymakers’ statements, the emphasis so far has been placed upon the former grouping based on democracy, rather than Asian identity. This may well be a realisation on the Japanese part that the relative decline in its power resources, the rise of China and the expanded Asian membership of the G20 preclude this strategy.

Conclusions

Japan is essentially a status quo power. Its goal has been to ensure the success of the G20 in addressing the global economic crisis while preserving a position for the G8. In this light, Japan’s response to the rise of the G20 could be described as tentative and contradictory: tentative in that it is feeling its way through the evolving G20 process while negotiating a role for itself and a possible constituency to lead; contradictory in that Japan is responding to the internationalist norm of playing (and being seen to play) a leading role in a summit format that by its expanded nature dilutes Japan’s traditional roles.

The case study of the G8/G20 suggests two implications for Japan’s place in the world at a time of change. First, there is an emerging sense that Japan’s global and regional roles are in decline at the expense of China. This can be seen most starkly in the G20 in terms of regional leadership with attention squarely focused on China (and, in particular, talk of a G2 of the US and China). Wendy Dobson (2009) argues that East Asian representation within the G20 could create ‘the basis for a more strategic approach to trade and finance in the region that replaces current ad hoc arrangements’. Who will lead this Asian grouping is unclear. Within the G8 and other forums Japan has traditionally led, but Dobson sees China and India as serious competitors. Recent statements by the Japanese government appear to have eschewed a leadership role and instead have emphasised a regional role for Japan based on the woolly concept of yuai (fraternity) that outlines a position for Japan as a middle regional power in an
East Asian community while maintaining its alliance with the US as part of a hedging strategy (Hatoyama, 2009).

Second, Japan’s commitment to multilateral mechanisms of global governance does not seem to be in any way diminished. Despite failing to secure the role of host of a G20 summit and concerns about Japan’s role in a forum where its voice is only one of 20, Japan’s proactive approach to the G20 so far is salient and can be expected to continue across the institutions and forums of international society. In short, isolationism and passivity are not options for Japan. As one part of its proactive engagement, Japan appears to be emphasising the promotion of the shared values, norms and principles of liberal democracies. This strategy has been evident in other areas of diplomatic activity such as Aso’s desire to promote a ‘value oriented diplomacy’ that stresses universal values such as democracy and market economics in the creation of an ‘arc of freedom and prosperity’ across the Eurasian continent.

Japan’s interest in the G8/G20 will remain, certainly as long as it is excluded from the UNSC. It is likely to continue to follow the strategy that it has taken thus far, working for the success of the G20 while securing the continuation of the G8 and seeking a constituency to lead. Despite misgivings about the rise of the G20, stonewalling was not and is not a viable strategy; it did not stop the expansion of the G7 to include Russia after the end of the Cold War. There is also a sense of resignation among MOFA officials that if there was a time for resisting the G20 then it has now passed. In any event, such an approach would conflict with Japan’s genuinely innovative approach to reform of the G8 over the last decade or so. Thus, Japan’s emphasis has been on clinging to the defining characteristics of the original members of the G8 as a democratic caucus. The alternative of leading an Asian caucus will be increasingly difficult for Japan with attention now on China and South Korea’s eagerness to host a successful G20 summit. As argued by Young (2010), the rules of the game (and the architecture of global governance) are changing but not beyond recognition. Within this context, it is too early to write off Japan.

References


