

CHAPTER I

INTRODUCTION

A. Problem Background

Asia- Pacific is one of the interesting regions to be the field of research in International Relations studies. Because the politics in Asia- Pacific always changing dynamically every time. Besides, Asia- Pacific region has unique and strategic geography because Asia- Pacific has many natural resources such as minerals, natural gas, etc. Many countries in Asia- Pacific became the trade track that passed by the western countries and also become the oil track from Middle East countries to West Countries and the other countries in Asia- Pacific. Many countries in Asia- Pacific also have unique historical construction in the world.

Japan is one of the countries in Asia- Pacific region. Located in East Asia and in Pacific Ocean, in the east border on China, Russia, and Korea. It stretches from the Sea of Okhotsk in the north to the East China Sea in the south. The island also chains between the North Pacific Ocean in the west and the Sea of Japan in the east. Japan's name came from Japanese *Nippon* or *Nihon* which means *origin of sun*. That is why Japan is sometimes called the "Land of the Rising Sun". Japan's area width is about 145,884 square mile (377,837 square kilometers)¹. Japan comprises about 3000 islands but the largest islands from the north to the south are Hokkaido, Honshu,

Shikoku and Kyushu. Most of the islands are mountainous and many of them are volcanic which covering 75 to 80 percent of the country.²

Most of Japanese live on plains and lowlands. Many of them reside at the lower flow of the country's major rivers and the lowest slopes of mountain ranges, and along the sea coast. This people concentration makes Japan becomes one of the world's most crowded countries and ten largest populations in the world with around 127,288,419 million people.³ The most densities are especially high in the big city between Tokyo and Kobe, where 45 percent of the country's population is packed into only 17 percent of its land area.

The inhabitant composition, Japan has only a few small minority groups, Japanese 98.5%, Koreans 0.5%, Chinese 0.4%, other 0.6% and just one major language namely Japanese. Indigenous ethnic group in Japan is Ainu. Ethnic group amount beside Japanese more than 2 % of Japan population, make Japan become one of the most homogenous countries in the world ethnically. The dominant religions are Buddhism and Shinto, about 84% of the population, because both of the religions originated in Japan and other 16% (including Christian 0.7%).⁴

Economically, Japan is one of the developed countries in Asia- Pacific region. Japan also becomes a major economic power, and the average income levels also one of highest standard of living in the world.

² Microsoft Encarta. *Japan*. 2008. © 1993-2007 Microsoft Corporation.

³ Data from CIA Fact Book.html (July 2008)

⁴ Microsoft Encarta 2008. *Japan*. 1993-2007 Microsoft Corporation.

Actually before Japan became a country that has developed economy, Japan has long history about its government effort to build economic power. Since Japan was defeated in World War II, Japan politics and economics were paralyzed. Even Japan was predicted not to be viable to revive because of Nagasaki and Hiroshima bombing in 1945 that caused many financial losses. Hiroshima was an industrial city in Honshu Island and Nagasaki was a harbor and heavy industrial city in Kyushu Island. Therefore, when those two cities were bombed by United States, Japan lost many detriments. Japan lost in World War II and surrendered to United States and under controlled by United States until 1952. Japan failure in World War II also caused Japan losing all the authority regions in China and Taiwan and all the regions in Pacific Island that were gained from Germany in World War I.

Finally, Japan revived from the defeat. Japan did some changes to rebuild its politics, economics, and social life. Japan applied *Kaizen concept* that became a source for the modern management especially in business system. *Kaizen* means continuous improvement or skills upgrading. *Kaizen* also means non stop efforts and innovation for betterment. *Kaizen* strategies are continues challenges to explore the better standards. *Kaizen* is basic philosophy foundation in Japan best management.⁵ Japan way of thinking through *Kaizen* concept is process oriented⁶ where quality of the products become the first attention in Japan enterprises. This concept emerged as a result of Japanese disappointment that learned from some enterprises in United

⁵ Masaaki Imai, *The Kaizen Power*, Penerbit Think Yogyakarta, page 29

States. Enterprises in United States never make changes or development of work, even remain the same since a long time ago.⁷

There were three principals in *Kaizen concept*. Firstly, modernization is a certainty. Japan did some modernizations in industrial products such as create frugal, cheap and not heavy automobiles. Because of these changes, Japan could overcome the products from west countries that were wasteful, expensive, and heavy. Secondly, science orientation should become serious attention. Japan paid attention to its citizens widely to study and even government of Japan sent many Japanese to study abroad in Germany, China etc. Thirdly, cultural problem. Japan is a country that has strong effort to maintain the Japanese original culture, even many Japanese sent abroad are never changed by West Countries culture. Japanese are people who really love and appreciate their natural culture. Japan is also famous as a nation which has strong effort in maintains their culture and people characteristics. Being zealous, explicit, patriotic, and tolerant are Japanese several characteristics.⁸

Those principals make Japan recovered from its fall down and started to rise. Totally, during three decades, Japan economic growth has been very amazing, recorded 10 % in 1960s decade, 5 % in 1970s and 4 % in 1980s. The succeeded of Japan changes and effort causing Japan economic sectors increase rapidly.

Japan economic development causes Japan becomes one of the countries which has predicated as *the East Asian Miracle* until the year of 1996. That title

emerges as the appreciation from the other countries toward the dramatic economic development for more than 3 decades.⁹ In 2006, Japan also became the world's largest powerful economy after the United States. Japan's gross domestic product (GDP) was \$4.36 million, compared to \$13.24 million for the United States. Japan also has one of the world's highest living standards.¹⁰

Table 1.1

World Gross Domestic Product (GDP) According to International Monetary Fund (IMF) in 2006

Rank	Country	GDP (millions of USD)
1	United States	13,244,550
2	Japan	4,367,459
3	Germany	2,897,032
4	China	2,630,113
5	United Kingdom	2,373,685
6	France	2,231,631
7	Italy	1,852,585
8	Canada	1,269,096
9	Spain	1,225,750
10	Brazil	1,067,706

Source: International Monetary Fund, World Economic Outlook Database, April 2007. Data for the year 2006

Japan's successful economy is based on the high quality consumer goods export and developed by its advance technologies. Many Japan's products are exported to the outside countries such as automobiles, cameras, and electronic goods

⁹ Tim Penulis Bank Indonesia, *Bangkitnya Perekonomian Asia Timur Satu Dekade Setelah Krisis*, Elex Media Komputindo. Page 11

¹⁰ Microsoft Experts 2006. *Economy of Japan 1993-2006* Microsoft Corporation

such as computers, televisions, and sound systems. Beside, Japan incomes are also from services such as trade, government, and real estate accounted for 73, 1 percent of Japan's GDP, while industry such as mining, manufacturing, and construction about 30 percent, and agriculture including forestry and fishing contributed 1, 6 percent. The amount of employee reaches 66, 44 million people from many sectors such as agriculture 4, 6%, industry 27, 8% and services 67, 7%. Export income in 2006 reached \$590, 3 billion with export commodities such as transportation tools, motorcycle, semiconductor, electrics, chemicals, etc.¹¹

As a result, recently Japan known as developed country in Asia- Pacific and also in the world which has economic well being, country prosperity, good military and advance technology. Many products that are exported from Japan to outside countries also make Japan known as the industrial country. By its advance technology and economic well being Japan takes the main role's play in the intergovernmental economic cooperation forum namely APEC.

Asia- Pacific Economic Cooperation (APEC) is an organization of 20 countries and one administrative region in Asia- Pacific. Its members include Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States. Peru, Russia, and Vietnam joined. APEC

aims promoting regional economic integration and global free trade among countries bordering the Pacific Ocean.

Asia- Pacific Economic Cooperation (APEC) as a central forum in Asia-Pacific region helps its member in accelerating the distribution of goods and services and also the economy development of its member including Japan. Japan as an industrial country also gets benefits in the economy development and the distribution of goods export product. The economy development of Japan looked from its Gross Domestic Product (GDP) before and after Japan joined to APEC. GDP sometimes become an economy indicator of one country. GDP is the total value of goods and services produced in a country over a period of time. There are three ways to calculated the GDP: firstly, by adding up of all goods and services produced, secondly, by adding up the expenditures of goods and services at a time of sale, and the last, by adding up producers' income from the sale of goods and services

From the data below showed Japan economic condition through its Gross Domestic Power (GDP) since Japan joined to APEC change year by year. The economy development of Japan since joined to APEC changed significantly all over

Table 1.2

Japan's Gross Domestic Product (GDP) Before and After Japan joined to Asia-Pacific Economic Cooperation (APEC) in 1986- 1995

Year	GDP (Million of USD)
1986	1,995,430
1987	2,420,030
1988	2,938,376
1989	2,940,137
1990	3,018,112
1991	3,451,276
1992	3,766,884
1993	4,323,790
1994	4,760,168
1995	5,244,246

Source: World Development Indicators database and CIA World Factbook taken from http://www.nationmaster.com/graph/eco_gdp-economy-gdp

Since its involvement in APEC, Japan has many role plays and its role play provided many advantages to APEC member countries especially for developing countries. The main role play of Japan in APEC looked from the first establishment of APEC. Japan became one of the important actors in establishing APEC in 1989. Even Australia became the first country that proposed an idea to establish economy cooperation among Asia- Pacific region countries, Japan became the second important actor in establishing APEC. Japan government agreed Australia government idea to establish an institution at the government level. Besides Japan's

power economy also improved by its important role in giving some aids to several APEC member countries through several Japan's economy institutions such as Japan International Cooperation Agency (JICA), Japan Bank of International Cooperation (JBIC) and Official Development Assistance (ODA).

From the explanation above, the writer is getting interested in researching Japan active involvement and main role plays in APEC while Japan has powerful economic, advance technology and good security. The writer is trying in analyzing the benefits that Japan could get by its active role plays in APEC. Therefore, the writer is getting interested in writing in the objectives of "Interests of Japan in Asia-Pacific Economic Cooperation (APEC)".

B. Research Question

According to explanation above, the problem that is formulated by the writer is "What are Japan interests through its active role in Asia- Pacific Economic Cooperation (APEC)?"

C. Research Purposes

This research will be aimed at identifying:

1. The role of Japan in Asia- Pacific Economic Cooperation (APEC)
2. The interests of Japan through its active involvement in Asia- Pacific

3. Japan foreign policy toward Asia- Pacific Economic Cooperation (APEC) in recent day.

D. Theoretical Framework

Theory is an assumption or system of assumptions, accepted principles, and rules of procedure based on limited information or knowledge, devised to analyze, predict, or otherwise explain the nature or behavior of a specified set of phenomena; abstract reasoning¹². While, concept is an abstraction that represents object, object characteristic and certain phenomena. Therefore, a concept is a word that symbolizes an idea.¹³

1. Neoliberal Institutionalism Theory

According to Robert Keohane, institutions are described by neoliberals as persistent and connected sets of rules either formal or informal that set behavioral roles, constrain activity, and shape expectations.¹⁴

There are three forms of institutions: Firstly, formal intergovernmental or cross- national nongovernmental organizations or called bureaucratic organizations.

¹²Microsoft ® Encarta ® 2008. © 1993-2007 Microsoft Corporation. All rights reserved.

¹³ Mohtar Mas'oed, *Ilmu Hubungan Internasional*. LP3ES Page 94

¹⁴ IB Paradigms, Approaches and Theories taken from <http://www.istheory.com/know.htm> on 8 April

These organizations designed by states which have explicit rules and specific assignments of rules to individuals and groups.¹⁵

Secondly, intergovernmental regimes. Regimes are set of mutual expectations, rules and regulations, plans, organizational energies and financial commitments, which have been accepted by a group of states.¹⁶

Thirdly, conventions. Conventions are informal institutions with implicit rules and understandings. Conventions are appropriate for all the states that have same interests.¹⁷

Neoliberal institutionalists see cooperation as essential in a world of economic interdependence and the belief that shared economic interests create a demand for international institutions and rules.¹⁸ Neoliberal institutionalism theory argues that international institutions play an important role in coordinating international cooperation. Neoliberal institutionalists assume that states concentrate on absolute gains and the prospects for cooperation. They explore the idea of cooperation, where powerful states seek cooperation as a means to attain and restore power. According to Robert Keohane, cooperation is a process for states to control their behavior to the actual or anticipated preferences of others, through a process of policy coordination. For Keohane, he wondered about a world of cooperation “after hegemony,” where

¹⁵ Robert O. Keohane, *International Institutions and State Power*. Westview Press Page 4

¹⁶ Joseph M. Eilis, Neoliberal Institutionalism: A Summary and Critique, taken from <http://polisciprof.blogspot.com/2006/03/short-review-of-neoliberal.html> retrieved on 8 April 2009 (19:27)

¹⁷ Robert O. Keohane, *International Institutions and State Power*. Westview Press Page 4

¹⁸ Neoliberal Institutionalism taken from <http://www.lotsofessay.com/viewpaper/1694386.html> on 11

there were no hegemonic superpowers and the international environment consisted of many regimes and institutions.¹⁹

International institutions are important for states' action because they give motivations for states to reach their interests toward cooperation. Generally, there are three significances of institutions that will affect to: firstly, disappear states fear of cheating in conditions of anarchy and prevent cheating would not happen. Neoliberal institutionalists regard cheating as the greatest threat to cooperation and anarchy as the lack of organization to enforce rules against cheating.²⁰ Secondly, decrease costs of exclusion. For example, GATT rules on import barriers increase the costs of imposing formal discriminatory quotas on imports. Thirdly, the understandings that leaders of states have role that they should play and their assumptions have constitutive as well as regulative aspects.²¹

2. National Interest Concept

In modern political life, national interest has become a common term among politicians and political scientists. During the Renaissance, Nicolo Machiavelli of Italy, Jean Bodin of France, Hugo Grotius of Holland and Thomas Hobbes of England raised the concept of national interest. They all believed that a state's political behavior should be subject to concerns of national interest. Moreover, they

¹⁹ Joseph M. Elis, Institutionalism: A Summary and Critique, taken from <http://www.polisciprof.blog.com/2006/03/short-review-of-neoliberal.html> on 8 April 2009 (19:27)

²⁰ IR Paradigms, Approaches and Theories taken from <http://www.irtheory.com/know.htm> on 8 April 2009 (19:27)

²¹ Robert O. Keohane, International Institutions and State Power, Westview Press, 1989, p. 6

elaborated on the rationale for taking the national interest into account in the development of foreign policy.²²

During the French Enlightenment movement in the eighteenth century, Jean-Jacques Rousseau, raised the *theory of people's sovereignty* in his book *The Social Contract*. This was great progress from the notion that national interests belonged to the individual monarch. Rousseau believed a country was a political body that consisted of all the people and was based upon a social contract. The people were the collection of the individual components. Therefore, the people were the 'caretaker' of sovereignty. Because sovereignty is the most fundamental national interest and based on the will of the total populace.²³

Rousseau's theory focus on the national interest was not the ruler or the ruling class, but the people. In the late nineteenth century, an American theorist on *Sea Power*, Alfred T. Mahan, pointed out that national interest is the first consideration of foreign policy. He said that a nation's self interest is both the legal and the fundamental basis of national policy.²⁴

National interest in the context of international politics is a country's goals and ambitions either politic, economic, military, or cultural. Actually, the national interest of one country related to the country's survival and security.²⁵ Besides, wealth and economic growth and power become one of the important factors in national interest.

²²<http://rwxy.tsinghua.edu.cn/xisuo/institute/english/production/yxt/book/interests%20analysis/chp1.htm> retrieved on 23 November 2008 (16:42)

²³ Ibid

²⁴ Ibid

²⁵ http://en.wikipedia.org/wiki/National_interest retrieved on 23 November 2008 (16:05)

National interest became the fundamental basis for a nation's foreign policy for international and domestic reasons. But the principal causes domestic political and economic changes.

Morgenthau wrote about national interest: *"The kind of interest determining political action in a particular period depends upon the potential and cultural context within which foreign policy is formulated."*²⁶

It took a long time to recognize before a national interest became the basic starting point in foreign policy making. National interests are dynamic because national interest always develop and change. National interest emerges accordance with the born of the nation state because it is established and change together with the development of the nation state. National interests can be divided into economic interests, security interests, political interests and cultural interests. Under different historical conditions, each of these interests has a different substance.²⁷

International relations theorist Waltz states *"to say that a state seeks its own preservation or pursues its national interest becomes interesting only if we can figure out what the national interest requires a country to do."*²⁸

²⁶ Quotation from <http://www.lotsofessays.com/viewpaper/1692921.html> retrieved on 23 November 2008 (16:42)

E. Hypothesis

According to theoretical framework above, the writer starts the research with temporary answer through its active involvement in APEC, there are some interests causing Japan to take the main role play in APEC:

1. Maintaining the region stability in order to make Japan easy to spread its manufactured products to other countries.
2. APEC becomes a forum to share economic problems faced by Japan with other APEC member countries.

F. Research Methodology

Techniques used by the writer in data collecting for the research are by books studies. Secondary data are gained through literatures, journals, internet, and other resources.

G. Range of Research

To simplify the research, the writer limits the time research until 2005- 2008 when Japan as a developed country also gets impacts of the global economic crisis. However, it is possible to the events happened which still relevant for the research although it happens outside in that year

H. Writing Structure

CHAPTER I. Introduction, consisting of Problem Background, Research Question, Research Purposes, Theoretical Framework, Hypothesis, Research Methodology, Range of Research and writing Structure.

CHAPTER II. Discussing about Asia- Pacific Economic Cooperation (APEC) organization profile, consisting of The Concept and Development of Asia- Pacific Economic Cooperation (APEC) and Structure and Mechanism of Asia- Pacific Economic Cooperation (APEC) Organization

CHAPTER III. Discussing about Japan's Role in Asia- Pacific Economic Cooperation (APEC) consisting of Japan Foreign Policy toward Asia- Pacific Economic Cooperation (APEC) in recent day and Japan Role Play in Asia- Pacific Economic Cooperation (APEC).

CHAPTER IV. Discussing about Japan's Interests in APEC itself consisting of Maintain the region stability in order to make Japan easy to spread its products to other countries and APEC becomes a forum to share economic problems faced by