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# China, Japan and the Quest for Leadership in East Asia

Dirk Nabers

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# China, Japan and the Quest for Leadership in East Asia

### Abstract

The leadership of powerful states in processes of regional institutionalization is a significant, though still widely ignored topic in the field of International Relations (IR). This study asks about the theoretical conditions of effective leadership in international institution-building, using China's and Japan's roles in East Asian regionalism as an empirical test case. It addresses the question of what actually happens when states perform the role of leader. Specifically, it focuses on the process of negotiating leadership claims, and different hypotheses are presented as to the requirements of effective leadership in international affairs. The findings point to the fact that leadership is effective and sustainable when foreign elites acknowledge the leader's vision of international order and internalize it as their own. Leadership roles are often disputed and are constituted of shared ideas about self, other, and the world, relying on the intersubjective internalization of ideas, norms, and identities.

Keywords: Leadership, China, Japan, ASEAN+3, East Asian Summit (EAS)

JEL Code: F 15

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### Zusammenfassung

#### China, Japan und der Wettbewerb um Führung in Ostasien

Die Untersuchung der Führungsrolle "mächtiger" Staaten innerhalb internationaler Institutionen im Prozess der regionalen Institutionenbildung ist ein wichtiges, aber bisher vernachlässigtes Thema der Internationalen Beziehungen (IB). Ausgehend von einer Analyse der Rollen Japans und Chinas im ostasiatischen Regionalismus fragt die Studie nach den theoretischen Bedingungen effizienter Führung. Im Mittelpunkt steht der Prozess des Aushandelns von Führungsansprüchen. Dazu werden verschiedene Hypothesen formuliert und untersucht. Wichtigstes Ergebnis der Untersuchung ist der Befund, dass Führungsrollen insbesondere dann effizient ausgestaltet werden können, wenn die politischen Eliten potenzieller Kooperationspartner die Ordnungsvorstellungen von Führungsmächten akzeptieren und in eigene politische Maßnahmen integrieren. Führungsrollen sind oft umstritten und werden durch intersubjektive Ideen, Normen und Identitäten, d.h. bestimmte Vorstellungen über das "Selbst" und das "Andere", konstituiert.

### China, Japan and the Quest for Leadership in East Asia

**Dirk Nabers** 

### **Article Outline**

- 1 Introduction
- 2 Theoretical Background: Concepts of Leadership
- 3 Sino-Japanese Antagonism and the Struggle for Regional Leadership
- 4 Conclusion

#### 1 Introduction

Leadership plays a crucial role in tackling internationally relevant problems such as terrorism, trade facilitation, climate change, humanitarian aid, and institutional cooperation in general. Strong leadership seems to be essential for guiding and directing a group of countries towards collective action. On the other hand, cooperation between international actors raises questions about how to share both costs and benefits, especially when some actors are economically and/or militarily more powerful than others. Even if membership in a regional or global institution is inclusive and voting rules are representative, some states may carry considerably more weight than others because their voice is considered crucial for the outcome of the political process. These states can be considered "leaders" in international affairs. Though significant in any case of collective action, leadership in international institutionbuilding remains a topic more or less ignored in the literature to date (Underdal 1994, Sjostedt 1999; Tallberg 2006). Traditional accounts of International Relations theory (IR), such as various versions of *rationalism*, focus on structural and/or power-based accounts of leadership, while *constructivism* and *poststructuralist* approaches in IR have only recently started to approach concepts such as discursive hegemony in international fora (e.g., Nabers 2007). This study inquires as to the prerequisites of effective leadership in international institutionbuilding, using China's and Japan's roles in East Asian regionalism as an empirical test case. The *Korea Herald* once posed the crucial question for the future direction of Asian regionalism: "Which country is capable of taking the lead? It boils down to either China or Japan" (Korea Herald, 10 October 2002). It will be argued that while China has undertaken several initiatives to propel regional free trade agreements (FTA) and economic development of the Indochina region (Swaine/Tellis 2000: 136), Japan has promoted regionwide institutions such as ASEAN+3 and the East Asian Summit, playing the role of "Asia's odd man out" (Beeson/Hidetaka 2006) quite productively. Sino-Japanese antagonism and aspirations to leadership on both sides have, in consequence, been a major source of structural change in the region, resulting in a dynamic interplay between bilateral FTA and multilateral institutions.

The structure of the paper will be as follows: First, I will address the problem from the perspective of traditional IR theory and outline common deficiencies. Second, the question of what actually happens when states perform the role of leader will be discussed. Different hypotheses will be presented as to the requirements of effective leadership in international affairs. In the empirical investigation that follows, I will focus on China's and Japan's abilities to lead and argue that China in particular — in spite of its growing material assets — has not met important requirements for successful leadership in multilateral institutional processes.

#### 2 Theoretical Background: Concepts of Leadership

#### 2.1 Materialist Versions of Leadership

According to *realism* (Morgenthau 1967; Waltz 1979, 1959), power capabilities are the determining factor in states' choices. For classical realists, international institutions are always a function of the power and interests of the leading state (Carr 1964: 170-171; Morgenthau 1967: 175). One strand of theorists in the neorealist vein developed *hegemonic-stability theory* as a way to link power distribution with the creation and stability of international institutions (e.g., Krasner 1985; Strange 1983), and to be able to take hold of the concept of leadership in international relations. According to this approach, international institutions are usually created or prevented by dominant powers during periods of hegemony. In contrast, however, other branches of neorealism maintain that relative gains concerns stop states from cooperating with one another. As your friends of today can be your enemies of tomorrow, and the benefits of cooperation can be translated into power capabilities, concerns about the distribution of gains obstruct the possibility of sustained cooperation (Grieco 1990; Mearsheimer 1994). All in all, the diverse subdivisions of neorealism seem to be contradictory and internally inconsistent with regard to the role of leadership in international politics.

Moreover, hegemony in international politics is a contested concept. It has been common for neorealists to use the term as a synonym for dominance or disproportionately preponderant capabilities (Waltz 1979; Leffler 1992). It would be rational for a hegemon to use its preponderant power in the interest of the system as a whole, because its immense power only exists relative to the systemic context in which it is embedded. According to hegemonic-stability theory, a (regional or global) hegemon can contribute to securing the peace and stability of the international system and make available other public goods, for example, in the international economy (Gilpin 1981; Keohane 1989). What is surprising is that the hegemon is thought to supply public goods at a relatively high cost to itself because of free riding by others (Olson 1971; Oneal and Diehl 1994).

According to this view, the requirements for long-term hegemony are:

- the willingness to acquire supremacy in terms of *military power*, and the readiness to use military force to solve international conflicts;
- the provision of support for the institutionalization of a regional and/or global *free trade* system;
- the provision of a stable and liquid *reserve currency;*
- and the willingness to act as a lender of last resort in financial crises.

On the basis of these basic requirements, hegemons of course try to exercise power over other states. However, attempts at assessing the hegemon's significance in the provision of public goods have brought up no support for hegemonic-stability theory (Keohane 1984; Mansfield 1994; Russett and Oneal 2001; Spiezio 1990). Hegemony might be episodically effective in providing public goods, but in the long term it results in an international system that is inherently unstable, and — like monopolistic behavior in economic theory — highly vulnerable to opportunism.

In a similar vein, power-transition theory makes interesting claims, but so far suffers from a lack of empirical scrutiny, with only a few recent exceptions (Lemke 2002; Tammen et al. 2000; Rapkin 2003; Feng 2006; Tammen 2006). The theory revolves around three arguments (Organski 1968; Organski and Kugler 1980; Kugler and Lemke eds., 1996; Kugler and Lemke 2000; Tammen et al. 2000; Lemke 2002; Kugler, Tammen and Efird 2004): Firstly, the development of the internal wealth of nations has important consequences for international politics; secondly, the international system is characterized by hierarchy rather than anarchy; and thirdly, in correspondence with neorealist thinking, relative power and evaluations of the international status quo are important determinants of interstate wars. What sets power-transition theory apart from realism is the emphasis on the international implications of domestic growth (Bussmann and Oneal 2004: 5). In particular, the realist version outlined by Kenneth Waltz takes a much more static view of the power of states, accentuating instead the structure of the international system and treating states as "black boxes."

Another difference stems from the concept of order in the international system. Whereas neorealism points to the anarchic character of international coordination, power-transition theory maintains that the international system is hierarchically structured because the leading state "orders, adjusts, and allocates" (Siverson and Miller 1995: 59). As a result, it "always benefits disproportionately from any enterprises involving less powerful states, be they friends or foes" (Organski 1968: 358). The theory also argues that there are regional subhierarchies lurking within the global hierarchical structure (Kim 1991, 1992; Lemke 2002; Kugler, Tammen and Efird 2004: 164). The actions of the regionally dominant power are constrained by the requirements of the regional hierarchy as well as by the actions of global leaders and global major powers.

In contrast to the theory of hegemonic stability, power-transition theory asserts that a hegemonic state gains enormously from its dominant position and that it distributes private goods to its allies in order to secure their support for the international institution it has established (Kugler, Tammen and Efird 2004). Power-transition theory argues that the dominant state maintains its compelling power above all through the allocation of private benefits to its allies, not through the provision of public goods — military stability, a liberal trading system, etc. — available to all states (Bussmann and Oneal 2004: 3). Hegemonic-stability theory and power-transition theory agree that superior capabilities are the best assurance of peace and prosperity, but they vary with respect to whether the leading state seeks the support of others by supplying public goods or distributing private benefits.

In the following, I will argue and show empirically that all these theories of leadership demonstrate a limited conception of power, referring to just two elements of Steven Lukes' (1974) famous definition of the term. With Lukes, power has to be understood as having three dimensions: First, power is exercised if A can get B to do something that B would otherwise not do. The second dimension of power concerns the de facto power of the members within a group in the decision-making process. Lukes maintains that the rules within any decision-making system naturally bias the mobilization of resources for competing agendas against some individuals and groups in favor of others. This dimension of power therefore incorporates coercion, influence, authority, force, and manipulation. Third, a state exercises power over another state by influencing, shaping, or determining his wants, beliefs, and understandings about the world. This third dimension — which is entirely neglected by the rationalist approaches discussed here — refers to a process of what we could call discursive hegemony.

Other rationalist approaches to international politics, such as institutionalism and liberalism, also widely ignore this relational and processual perspective on power, due to their statist ontology (Kratochwil/Ruggie 1986). Therefore, many supposedly neo-institutionalist accounts have adopted categories that exceed the scope originally outlined by authors such as Robert Keohane (1984, 1989) or Stephen Krasner (1983). In the following discussion, it will therefore be maintained, in contrast to the rationalist position, that successful leadership in international affairs must take Lukes' third dimension of power into consideration. Power has to be internalized in the intersubjective understandings of the relevant actors. This is the basis of the hegemonic project and the premise for successful collective action between the hegemon and his followers.

### 2.2 Processes of Leadership

To understand leadership, we have to take a closer look at the relational character of international politics. In the approaches outlined above, collective interest is assumed to be a given and hence exogenous to social interaction (see the critique in Wendt 1994: 389; Ruggie 1998: 118-119). In contrast, in the following I will argue that social interaction ultimately does have transformative effects on interests and identity, because continuous cooperation is likely to influence intersubjective meanings.<sup>1</sup>

Effective leadership is crucial, since it serves various functions in the negotiation process. Multilateral negotiations constitute the key method by which states address joint problems and develop standard behavioral norms in world politics. In multilateral negotiations, the more universal the character of an issue is, and the greater the number of the participating states, the more important effective leadership is in order to make the debate move forward toward an accord. This is because the diversity of national interests represented in a particular negotiation corresponds to the number of nation-states involved; the greater the number of countries involved, the more complicated the relationships between their interests will be. Thus, the presence of leadership is a necessary though not sufficient condition for reaching an agreement (Young 1991: 302). In other words, as Lindberg and Scheingold have put it, "leadership is the very essence of a capacity for collective action" in multilateral negotiations (Lindberg and Sheingold 1970: 128). Likewise, Underdal argues that the more multifaceted the negotiation setting - that is, the greater the number of actors and the number and "intricacy" of issues – the more likely it is that some actors will emerge as leaders and others as followers. In this process, critical leadership becomes a determinant of success (Underdal 1994: 179-180).

Moreover, leadership theory suggests that decentralized bargaining is subject to collectiveaction problems. This will lead members of an international institution to delegate functions of agenda management, brokerage, and mediation to more powerful countries. Leaders might have the capacity to solve collective-action problems that could otherwise paralyze decentralized negotiations. The delegation of powers to leading countries can be seen as a functional response by states to collective-action problems in multilateral negotiations. Strong leaders often wield asymmetrical control over preference formation and negotiation procedure. Opportunistic leaders will use this privilege for both collective and private gain, promoting an agreement that is closest to their own preferred position (Tallberg 2006).

Several authors have tried to develop a more comprehensive, interactive model of leadership and power in the last two decades. The tone was set by Oran Young's landmark article in *International Organization* at the beginning of the 1990s (Young 1991). Young explored the concept of leadership from a behavioral perspective, differentiating between three forms of

<sup>&</sup>lt;sup>1</sup> The term 'intersubjectivity,' frequently used by constructivists, is equivalent to that of 'common knowledge,' which is used in everyday language. Both refer to the beliefs held by individuals about each other.

leadership — structural leadership, entrepreneurial leadership, and intellectual leadership — and proposing a way to understand leadership in international bargaining that can be of great help when analyzing states as leaders in international affairs. Young's contribution with regard to the role of leadership in international politics is considerable. He makes three basic arguments: Firstly, leadership is essentially relational; structural leadership aims to translate relative power capabilities into bargaining leverage by making use of material threats and promises. Forming effective coalitions can be crucial in this process. Secondly, a leader will be able to act as an agenda setter, finding innovative solutions to overcome deadlocks, or operate as broker to gain support for salient solutions. Thirdly, leadership is a reflective process, necessitating a deliberative process of exchanging arguments. It implies the "power of ideas to shape the intellectual capital available to those engaged in institutional bargaining" (Young 1991: 300).

This corresponds to Susan Strange's distinction between "structural power" and "relational power": While the latter refers to the ability of one state to influence another state's behavior directly, structural power denotes one state's ability to indirectly influence others by delineating the structures within which they must operate (Strange 1983). In a similar vein, Ikenberry and Kupchan argue that

there is also a more subtle component of hegemonic power, one that works at the level of substantive beliefs rather than material payoffs. Acquiescence is the result of the socialization of leaders in secondary nations. Elites in secondary states buy into and internalize norms that are articulated by the hegemon and therefore pursue policies consistent with the hegemon's notion of international order (Ikenberry/Kupchan 1990: 283).

This statement gets much closer to reality than the static assumptions presented by materialist approaches to leadership. It refers to the mechanisms that make leadership possible, to the sustainability of compliance by secondary states, and to the likelihood of leadership failure. To accommodate exogenous sources of leadership in the model developed here, one has to ask how material sources are turned into power in international negotiations, since it is assumed that the material power base has no intrinsic significance in itself. This is not to say that material incentives do not play a role in international politics; it rather addresses the question of how material capabilities are used in international politics.

According to Ikenberry and Kupchan, there are two basic ways of exercising leadership: The first involves material incentives, which range from economic sanctions to military strikes at the negative end of the spectrum and promises of reward at the positive end. These methods aim to change the costs and benefits of pursuing alternative policies for potential followers. The second means of exercising leadership relies on the modification of the basic beliefs of leaders in other nations (Ikenberry and Kupchan 1990: 285). These two ways of exercising leadership are interrelated and reinforce each other in the political process. In reality, coercion and persuasion take place at the same time. As has been said before, the first method works

through external inducement (Ikenberry and Kupchan 1990: 290), relying on economic and military incentives to persuade followers to change their policies. The second is much more complex and has to be treated in more detail. It implies a reflexive, discourse-based conception of power, allowing for a complex reformulation of interests and identities. The possibility of "learning" is crucial in this process, and refers to what Risse (2000: 6) has called a "logic of truth seeking and arguing." This means that actors seek a communicative consensus regarding their understanding of a certain situation, being open to persuasion by the better argument.

This view implies that there is no such thing as complete or perfect leadership or hegemony (cf. also Laclau and Mouffe 1985, for a philosophical view on hegemony); hegemony is always contested by challenges from those who are left out of the hegemonic project and sometimes from those who find themselves in a subordinate position to the hegemon. This study takes this insight as a starting point for an ontological as well as epistemological discussion of what international politics actually is and how it can be studied. The central question refers to the strategies that actors employ to present their particular visions as universal (Fairclough 2003: 45). An actor is powerful in the sense of Lukes' third definition of power when other actors' understandings of social relations and the world as a whole start to change according to the framework that is set by the hegemonic discourse. In what follows, I will now try to synthesize the different theories of international leadership into an integrated version, deriving two hypotheses and delineating a dynamic model of international leadership:

- H1: Material capabilities (wealth, population, economic growth, military strength) are possible sources of national power. Leading states can distribute either public goods (military stability, a liberal trading system, etc.) or private benefits (financial contributions to international institutions, development aid, FDI, etc.) to influence other actors' ideas about the world.
- H2: Leadership is effective and sustainable when foreign elites acknowledge the leader's vision of international order and internalize it as their own (*intersubjectivity*).

The hypotheses presented here stress the relational, processual, and interactive character of international relations. Leadership is relational, disputed, and constituted by shared ideas about self, other, and the world, and it relies on the intersubjective internalization of ideas, norms, and identities. Material capabilities and the distribution of benefits can influence intersubjective understandings. Certainly, material conditions, such as the existence of nuclear capabilities, have both constraining and enabling effects on actors' behavior and define the costs and benefits of alternative actions, as Wendt (2000) and Wight (2006) have emphasized. However, "in acknowledging the independent effects of material conditions it is also important not to lose sight of the discursive conditions that invest them with *meaning*" (Wendt 2000: 166, emphasis in original). The meaning of nuclear bombs in the hands of North Korea's dictator Kim Jong-il is different for China than for Japan due to different ideas about self and other. These ideas can only be studied as a discursive phenomenon.

Operationalizing leadership in this way also opens the discussion up to include leaders who operate below the global level, thereby overcoming a major limitation of hegemonic-stability theory, which suggests that hegemons are scarce in regional affairs as well as in particular issue areas. While hegemony is an extreme case, an advantage of the approach developed here lies in its neutrality with regard to the geographic scope or dimension of the subject area. Most importantly though, power can be analyzed by focusing on discourse. Both the impact of material capabilities on intersubjective understandings and the role of a prospective leader's vision in this process can be analyzed entirely within discourse. The discourse will show us where intersubjectivity exists and where it does not, thereby unveiling the abilities of China and Japan to act as leaders in the region.

The empirical analysis will focus on the discourse regarding the establishment and further progress of ASEAN+3 and the East Asian Summit (EAS) from 1997 to 2007. The process is an excellent example of the struggle for hegemony that is going on between China and Japan, since competing visions of the future path of East Asian regionalism become most visible in the process. When it comes to institutional enlargement, the pulling and hauling that we call politics can be observed at its best. In this process, the application of material incentives and persuasion through arguing take place at the same time.

Specifically, I will analyze current discourses over the future path of the "region" as such, looking for possible consequences of these discourses on the power of single states and their influence on the institutionalization of the pan-Asian idea. Discourse will be understood as forming the consciousness of agents. In that sense, it has a major impact on the behavior and actions of states. On the basis of these insights, questions to be asked in the following sections are:

- What are the specific ideas transported by Japan and China?
- What role do material capabilities play in this process?
- What function do specific ideas have for the shaping of the Asian idea?
- How do intersubjective understandings (shared ideas) within the region evolve?
- What impact do intersubjective understandings have on the actual politics of institutionalization?

Ideas are conceptualized as the offspring of the meanings learned and reproduced in a discourse, not their source. Intersubjective understandings make collective action between governments possible. Hence, the speakers in the following empirical analysis are governments, that is, individual politicians or bureaucrats entitled to speak for a state.

#### 3 Sino-Japanese Antagonism and the Struggle for Regional Leadership

In the following, I will argue that the ability to lead is dependent on the capability to form political coalitions. Leadership is mainly a discursive project, relying on intersubjective understandings for collective action to become possible. China has quite successfully pursued its own agenda and focused on bilateral trade liberalization excluding Japan. This in turn has prompted Japan to strengthen its community approach, while relying on FTA as a complementary instrument in its trade policies. Rivalry between China and Japan has led Tokyo to come up with new innovative proposals each time Beijing has approached ASEAN bilaterally. Lagging behind China in some areas of relations with Southeast Asia, Japan has tried to move in alternative directions. Institutionally, things have, since 1997, developed in a way that was perhaps unforeseen and unintended by Beijing: the People's Republic — seen as the leader of the future in Asian as well as global affairs — was caught by surprise by the rapid institutionalization of the pan-Asian idea, a community of nations that would stretch beyond what was originally seen as East Asia.

#### 3.1 Material Capabilities of China and Japan in the Asian Context

Until the middle of the 1990s and the outbreak of the 1997 financial turmoil, the preoccupation with national sovereignty hampered the evolution of a genuine regionalism combining North- and Southeast Asia. The economic crisis triggered new ideas of regionalism in the region. At that time, the "meteoric rise of China" (Gill/Kharas 2006) had already become the dominant feature of the East Asian financial/political topography. Today, approximately two-thirds of all East Asians live in China. China has become the world's third-largest trader and one of the largest FDI (Foreign Direct Investment) recipients or hosts/host countries for FDI. However, in 2005, the People's Republic accounted for only a little more than onequarter of East Asia's gross national income of \$7,150 billion whereas Japan weighed in with more than half of this income (see Table 1).

	Population	Population growth	GNI	GNI per capita	GNI growth
	(million)	(annual average in %)	(US\$ million)	(US\$)	(in %)
China	1,304.5	0.64	2,239	1,740	10.0
Japan	127.7	0.05	3,788	29,664	3.0

Table 1:	Income and	Populatio	n in China	i and Japan	1 <i>,</i> 2004-2005

Sources: World Trade Organization Statistics Database, http://stat.wto.org [20 June 2007]; OECD 2006 (author's calculation).

In addition, in the period between 1995 and 2004, China's role as a supplier of goods for the region dwindled, while Japan's share of intraregional exports increased (WTO 2007).

China's growing demand for resources on the world market and from within the region explains its increasing share of intraregional imports. High domestic growth rates, coupled with China's role as the largest recipient of FDI inflows from other parts of the region has led observers to conclude that China will be the next superpower in the region and beyond (Bernstein/Munro 1997; Goldstein 1997), and that other countries, including Japan, might serve their purposes well by changing their policies from balancing to bandwagoning (Drifte 2003).

Both China's and Japan's actual future development is far from clear, though, and emphasis will thus be given to discourses regarding the potential role that both countries' material capabilities play in shaping Asia's institutional infrastructure.<sup>2</sup> Considering Japan's economic stagnation, China is now deemed more significant in generating regional economic growth. However, a widespread concern persists in Southeast Asia that China will increasingly attract FDI at the expense of the ASEAN member countries and that China will aim to expand its leadership role in the region (for a critical discussion see Cheng 2004). In that context, the Malaysian human resources minister, Fong Chan Onn, has declared that China's WTO membership is a source of anxiety for many governments in the region and a direct threat to the Malaysian economy, in particular its electronic industry. With regard to China's increasing role as the global production platform, Fong stated, "China is a threat. Malaysia must learn to cope with this emerging trend and rectify (its) weaknesses to remain competitive" (South China Morning Post, 10 April 2002).

In this context, China's policy of gradual expansion in the South China Sea, variously dubbed a policy of "creeping assertiveness" or "creeping sovereignty" (Storey 1999), plays a significant role in shaping the representation of the Asian giant in Southeast Asia and is directly linked to the discourse surrounding China's growing material capabilities. As Alice Ba has pointed out, similar development paths do not automatically lead to a greater receptiveness to another's message or even to the formation of a collective identity (Ba 2006: 168). Although Beijing presents China's development as integral to the development of countries in Southeast Asia (Yi 2005), it has been rather assertive in its policies towards the region. Different statements by government officials in the region reveal the shortcomings of the nonbinding Spratly declaration of 2002 ("Declaration on the Conduct of Parties in the South China Sea"). In the first quarter of 2004 alone, the claimants took turns building up anxiety, starting with the Philippines' announcement of the so-called Balikatan exercises with the United States in the area in February. The Philippine action was obviously driven by Manila's increasing unease with a number of visits by Chinese research vessels and warships in the Spratly Islands, as well as with the appearance of new Chinese markers on the reefs in late 2003 (FEER, 15 April 2004; The Japan

<sup>&</sup>lt;sup>2</sup> While some observers see a booming China and a degenerating Japanese economy (Rothacher 2005), others paint a more complex picture. They argue that the current sources of growth in China, FDI and exports, are unsustainable, since increasing FDI rates run the risk of creating overcapacity and can lead to deflationary pressures while disproportionate reliance on exports exposes the economy to sudden changes in external conditions (Aziz 2006). What seems clear is that Japan will be seriously affected by low birth rates and an aging population. According to IMF estimates, the changing population and labor force have significant impacts on private investment, consumption, and saving decisions, thereby influencing economic growth. Contraction of the Japanese economy will start in 2010, reaching a low point by 2040. However, GDP per adult is projected rise in Japan until 2025 (Batini/Callen/McKibbin 2006).

Times, 28 June 2004). On the occasion of the China-ASEAN summit meeting in January 2007, Philippine president Gloria Macapagal Arroyo emphasized that she expects to be treated as an equal by China: "We also look to China to take the lead in promoting good neighborly relations and regional cooperation by handling sensitive issues with surrounding countries in a matter that is guided by the spirit of equality, respect, consultation and mutual benefit," she said (IHT, 14 January 2007). China has time and again tried to downplay its economic size, emphasizing the spirit of cooperation and mutual trust that ASEAN expects in its relations with Beijing. In his keynote speech to the Boao Forum in April 2002, Premier Zhu Rongji underlined that China's growing economy posed no threat to Asia and stressed that China was ready to work with its neighbors to build "a thriving new Asia" (South China Morning Post, 13 April 2002).

It has been argued above that to ease threat perceptions, create confidence, and underline their good intentions, regional powers can also supply military stability, a liberal trading system, financial contributions to international institutions, development aid, or FDI to influence other actors' ideas about the world. Apart from supplying military stability, Japan has been of utmost importance for the region in the last decades. China, only recently on the verge of becoming a developed nation has not played an adequate role on any of these levels. While Japan's FDI flows to ASEAN countries were still increasing in the period between 2001 and 2005, China's net investments in Southeast Asia stagnated (see Table 2).

Table 2: ASEAN FDI Net Inflows from China and Japan (US\$ million )

Partner country	2004	2005	2001-2005
China	670.3	569.8	1,709.6
Japan	3,119.3	3,163.7	12,096.0

Source: ASEAN FDI Statistics, www.aseansec.org/Stat/Table26.pdf [2 February 2007].

Without a doubt, China's role as both a recipient and a source of FDI will grow in the near future (for implications see Frost 2004). Already in 2005, China had significantly increased its trade with ASEAN. Japan's exports to and imports from ASEAN in 2005, however, were still higher than those of China (see Table 3).

Table 3: ASEAN Trade with China and Japan, 2005 (US\$ million)

Partner country	Exports	Imports	Total trade
China	52,257.5	61,136.0	113,393.6
Japan	72,756.4	81,077.9	153,834.3

Source: ASEAN Trade Statistics, www.aseansec.org/Stat/Table19.pdf [2 February 2007].

In the first years of the new millennium, Japan remained the world's second largest donor. During the previous 30 years, it provided more than US\$200 billion as part of its official assistance program, primarily to neighboring countries in East and Southeast Asia (see Table 4).

Aid	recipient	Amount
1.	China	1,441
2.	Indonesia	867
3.	Philippines	801
4.	Thailand	723
5.	India	704
6.	Viet Nam	590
7.	Ghana	525
8.	Iraq	333
9.	Malaysia	306
10.	Sri Lanka	297

Table 4: Bilateral Official Development Assistance (ODA) Provided by Japan, 2003-2004(US\$ million)

Source: OECD 2006.

Japan has supplied ODA to ASEAN member countries for development of the Mekong Region and other underdeveloped areas; transnational issues such as terrorism, piracy, and natural disasters; economic structural reforms; and development of the investment environment. Moreover, Japan has contributed some US\$500 million in grant aid to countries affected by the tsunami catastrophe. At the ASEAN+3 Summit in December 2005, the government of Japan announced assistance of US\$135 million for Asian countries for measures against avian influenza and human pandemic influenza (MOFA 2006). In stark contrast to these major initiatives, China has so far refrained from engaging in ODA activities in Southeast Asia. While ASEAN is still the largest recipient of Japan's aid-related activities, grant aid to China has been channeled into projects to protect the environment, for example, projects for the establishment of a monitoring network for acid deposition, afforestation, and human resource development (Ibid.; Tuman/Strand 2006).

In contrast, as Sheng Lijun has noted, China's real impact on Southeast Asian development is much weaker than is widely assumed. In terms of FDI inflows to ASEAN member countries, from 1995 to 2003 China's share accounted for only 0.29 percent of the total, whereas the EU contributed 28.83 percent, the United States 16.47 percent and Japan 12.9 percent (Sheng 2006). With regard to ODA, Beijing deems it necessary to become active when economic gain can be secured. For example, in 2002 China offered a grant of 50 million yuan for economic and technical development as well as US\$400 million in preferential loans to Indonesia to complement a partnership between Pertamina, the Indonesian state energy firm, and the Chinese government (Cheng 2004: 270).

Therefore, some ASEAN members have highlighted Japan's continuing impact onSoutheast Asian development. As Singapore's trade and industry minister George Yeo put it,

Japan is ASEAN's largest source of imports and our second largest export market. Japan is one of ASEAN's largest sources of FDI. Southeast Asia can be Japan's alternative manufacturing base to China. We have energy and other resources, which Japan needs. The benefits of an FTA between Japan and ASEAN would be of even greater benefit to South East Asia than an ASEAN-China FTA in the short and medium term (ASEAN 2002b).

It is mainly in the Mekong River region that Japan and China are competing for leadership (for China's role see Goh 2006). While Beijing hopes that the ASEAN-China Free Trade Area will be supported by infrastructural links between China and the ASEAN states and indicated in November 2000 at the informal ASEAN+3 Summit in Singapore that it would fund the construction of a Lancang-Mekong development project in Myanmar and Laos, Japan has proposed two big projects for the countries in the region. One is supposed to facilitate the use of high-technology wireless tags to ease trade, and the other is advancing know-how on electrical power development (Japan Times, 27 September 2005).

The role of Japan as the largest donor in East Asia has often been considered to be a vital component of the regional institutional architecture after the crisis of 1997, a perception fostered by the unfortunate role of the International Monetary Fund (IMF) in overcoming the predicament. In fact, the impetus for cooperation within the region seemed to intensify in 1997, amid a widespread critique of the failure of the IMF during the financial troubles. With the exception of the Philippines, the governments of the affected countries avoided requesting IMF assistance until the situation deteriorated. Public support for the IMF reform programs was undermined by the fact that modern social safety nets did not exist in the ASEAN countries at the time. This intensified the perceived pain of restructuring (Lewis 1999). A research report from the Japanese government therefore concluded the following: "In a word, there is a need for a new institution that plays a role complementary to the IMF's. Such a framework cannot be established on a worldwide scale, though, because forming a consensus among a large number of countries will be difficult and require considerable time. In addition, crises are often a matter of regional concern, and it is perhaps only natural that deeply interdependent countries should help each other out" (Japan Times, 14.7.2001).

By the turn of the century, Japan had contributed some US\$80 billion in financial aid to overcome the Asian crisis. It is significant to note that even under conditions of decade-long stagnation, Japan still contributed immensely to the region's development. In response to the tsunami in the Indian Ocean in December 2004, Tokyo extended bilateral grant aid totaling JPY 24.6 billion to the governments of Indonesia, Sri Lanka, and the Maldives (MOFA 2007; MOFA 2000c). On the occasion of the EAS meeting in Cebu in January 2007, Japanese prime minister Shinzo Abe pledged a total of US\$4 billion over five years for East Asian cooperation in a wide range of areas such as energy security, disaster prevention, and bird flu. Specifically, Japan has agreed to receive 1,000 trainees from East Asia Summit member states from 2007 to 2012 in the field of energy efficiency and conservation. It will also receive 500 trainees as part of efforts to foster biomass energy experts, establish a coal liquefaction assistance centre to promote the cleaner use of coal, and establish an Asian energy conservation centre (Prime Minister of Japan and his Cabinet 2007). The distribution of public and private benefits helps in situations when leadership is contested. As China was barely able to lend the region material support in the years of economic turmoil, its government focused less on a new financial architecture than on regional free trade. In November 2000 Chinese premier Zhu Rongii individually proposed an integra-

free trade. In November 2000 Chinese premier Zhu Rongji individually proposed an integration scheme with — according to the Chinese government — more potential than the bilateral trade agreements: an ASEAN-China free trade area. ASEAN members hailed the proposal, but seemed to be worried about the growing competitiveness of China, especially in light of its newly established WTO membership (Japan Times, 29 April 2001). Meanwhile, during the ASEAN+3 Summit, South Korean president Kim Dae Jung came up with the proposal of an East Asian free trade zone (EAFTA) comprising all 13 members of the group. Together with South Korea, Indonesia and Malaysia also voiced some reservations with regard to Zhu's proposal (Cheng 2004: 258). This in turn prompted the Japanese government's decision to set up a study group on the conclusion of a free trade pact with ASEAN. Observers saw this as a bid to compete with China (Japan Times, 29 April 2001). Japan coined this strategy a "multilevel trading policy," making Japan-China antagonism a central source for structural transformation in the region.

#### 3.2 Vision and Intersubjectivity

While China pursued a bilateral agenda, Japan was very active in advancing the multilateral forum of ASEAN+3 and the establishment of an East Asian Community. Japanese prime minister Jun'ichiro Koizumi, as part of a speech in January 2002 in Singapore, urged regional countries to "act together and advance together" in envisioning the creation of an East Asian community (ASEAN 2002a). Only since the establishment of the EAS in December 2005 has China increasingly added initiatives to the agenda. Two findings strengthen this argument: First, new proposals and new channels of communication were emerging over time, a considerable number of them originating in Tokyo; second, Australia, New Zealand, and India became members of the so-called East Asian Summit in 2005, against the original political intentions of China. Japan, it will be argued in the following, was successful in presenting its vision for a regional community to the members of ASEAN and in creating a high degree of intersubjectivity between them.

With respect to the first finding, it is intriguing to see how innovative proposals and new channels of communication were materializing in the ASEAN+3 process. During the institutionalization of the forum, new topics emerged or partially formulated policy goals, such as in the security field, were filled with substance. In its initial phase the institution seemed to be yet another talk shop with no import, as one can deduce from a statement of the Japanese government:

Major issues of the Meeting: Exchange views informally on the political and economic situations of the region and the international community, as well as on the development of relations with other regions. Exchange views on the prospect of and future

measures for the East Asian economies, taking into account the present economic and currency situations there, with the primary focus on the "perspective of East Asia in the 21st century" [...] (MOFA 1997).

The exchange of views soon resulted in substantial cooperation though. In November 1999, a plan for an East Asian Security Forum was put forward by the Philippines. Additionally, during the  $33^{rd}$  ASEAN Ministerial Meeting of July 2000, the ASEAN foreign ministers examined the possibility of implementing their Joint Statement of November 1999, which encompassed economic, social, financial, and political cooperation among the member countries. The economic ministers of the group finally produced a deal on cooperation in information technology — a high priority area for development throughout the region — when they met in Cambodia in May 2001 (Japan Times, 5 May 2001). Other areas of possible cooperation were introduced by then Japanese prime minister Mori Yoshirô: Cooperation in the IT-sector, anti-piracy, further development of currency swap agreements, initiation of the so-called "Millennium Forum — Voice of Asia," cooperation within the WTO, and cooperation in the early realization of United Nations reforms (MOFA 2000a, 2000b). Japan's minister of foreign affairs, Kawaguchi Yoriko, later added ASEAN+3 energy, as a possible area of cooperation, to the list (MOFA 2002).

Subsequently, Japan endorsed "cooperation for Asian countries to build up social safety nets in order to minimize unexpected negative impacts of globalization on their economy and society" (Japan Times, 14 July 2000). The Japanese government dubbed itself "a 'sworn friend' of Asia [that] must actively provide Asian countries with resources in the areas of people, goods, money, and information" (MOFA 2001b). On the other hand, ASEAN members seemed to uniformly appreciate the assistance provided by the largest economy of the region, especially in the wake of the financial crisis, as can be seen from remarks by Ali Alatas, foreign minister of Indonesia:

I look forward to its [Japan's] playing an important role in our common endeavours to soften the social impact of the financial and economic crisis upon our peoples, and eventually to overcome that crisis altogether (DFA Indonesia 1999).

This view seemed to be representative for ASEAN, as one finds similar or comparable statements in speeches by officials from other ASEAN countries. To quote further examples, former Foreign Secretary Domingo L. Siazon of the Philippines went so far as to imagine that ASEAN+3 "can be the embryo for a free trade area in East Asia," calling Japan a "major partner" in the process of economic and monetary integration (DFA Philippines 2001); Surakiart Sathirathai, minister of foreign affairs of Thailand saw ASEAN+3's *raison d'être* as "narrowing the development gap within ASEAN and between ASEAN and East Asia." According to Sathirathai, "[through] the strengthening of financial and capital market linkages, the financial field will be another area of potential growth in this region" (MFA, Thailand 2001: 4). Finally, President Arroyo of the Philippines expected that the early financial coop-

eration was the first step toward much deeper financial and monetary cooperation in East Asia: "In the future, we can further explore the feasibility of having a common basket of currencies" (Nikkei Weekly, 15 July 2002).

Even China announced its participation in the ASEAN+3 process, thereby tentatively supporting the Japanese idea of a permanent monetary fund in East Asia. In a time of increasing interdependence and exchange between the countries in the region, China for the first time actively engaged in a multilateral regional institution. As Premier Zhu Rongji, attending an ASEAN+3 Summit, put it,

While pushing for financial cooperation, we should explore measures facilitating trade and investment so as to strengthen exchanges among the business community and promote free passage of information, goods and investment within the region. East Asian countries can exchange views on regional and international issues of common concern so as to strengthen coordination and enhance mutual understanding and trust (FMPRC 2000).

Over time, it became apparent that China would not leave the leadership role in the forum to Japan and ASEAN. A report of a bilateral Sino-ASEAN Expert Group on the prospects of the envisaged regionwide FTA described the development as "an important move forward in terms of economic integration in East Asia," calling it "a foundation for the more ambitious vision of an East Asia Free Trade Area, encompassing ASEAN, China, Japan and South Korea" (ASEAN-China Export Group on Economic Cooperation 2001: 30). Some ASEAN members saw bilateralism only as a transitional phase on the way towards an East Asian economic community. This perspective was stressed by former Singapore prime minister Goh Chok Tong: "If we can find a way for Japan to feel confident and comfortable enough to have a free trade arrangement with China, then we can have an East Asia Free Trade Area which, of course, will then allow us to move toward an East Asian Economic Community" (quoted in Terada 2004). Others, however, were critical of Japan's vision of an Asia-wide FTA. A Vietnamese government official commented that Japan's proposal seemed to be "all show and little substance" and that its main rationale was to counter the FTA idea floated by China to ASEAN (Business World, 27 February 2002).

In the years that followed, China occasionally embraced the pan-Asian idea, without developing it into a coherent foreign policy approach. At the ASEAN+3 Summit in Cebu in January 2007, Chinese premier Wen Jiabao made a five-point proposal to upgrade the level of regional cooperation, calling for the establishment of an Asian Bond Market, the initiation of a regional investment and credit guarantee mechanism, the improvement of the financing and investment environment in the region, strengthened cooperation in the public health sector, and the enhancement of financial risk management. Moreover, Wen suggested that ASEAN, China, Japan, and South Korea advance security cooperation. Wen added that China would host a 10+3 symposium on corporate bond markets and a workshop on the participation in international disaster relief by the armed forces of participating countries. Finally, the premier also proposed that ASEAN, China, Japan, and South Korea expand social and cultural cooperation (MFAPRC 2007).

The signing of "The Agreement on Trade in Services of China-ASEAN Free Trade Area" represented a major step forward in the building of the China-ASEAN Free Trade Area, laying the foundation for its full and scheduled completion by 2010. A major theme in Wen's speech to the ASEAN+3 leaders was the similarity between China's development experiences and those of its Southeast Asian neighbors, which would provide the basis for harmony in their future relations:

We should ensure that East Asia cooperation grows in a balanced way and brings benefits to all, so that we can, through practical cooperation at bilateral and multilateral levels, build strong economic and trade linkages and put in place a cooperation framework based on mutual benefit and drawing on mutual strength (MFAPRC 2007).

It is, however, interesting to see that China gradually accepted the vision of a larger East Asian Community, yet without developing a clear strategy. As Mohan Malik concludes with regard to China's participation in the EAS: "In fact, China's stance provides valuable insights into Beijing's insecurities and fears regarding the gathering momentum for a broader EAC shifting power alignments within Asia" (Malik 2006: 207-208). Whereas Japan tried to include Australia, New Zealand, and India for a long time, China continuously excluded these three extraregional powers from its ideas. Remarkably, a clear line was drawn between East Asia and states in the periphery of the region throughout the 1990s. The discourse regarding the establishment of ASEAN+3 affirms that Northeast and Southeast Asia are integral members of a broader concept,<sup>3</sup> while it is debated whether Australia and New Zealand are part of the region. As Malaysian minister of industry and foreign trade Rafidah Aziz put it: "They are not [part of] East Asia. They will have to fit into the APEC process" (Asia Times Online, 8 March 2001). Malaysia's view is backed by Beijing: The last thing the Chinese government wanted was Australia, a close US ally, to join the group.

In contrast, in January 2002 Japanese prime minister Koizumi presented his vision of a vast trading zone covering ASEAN, Japan, China, and South Korea plus India, Australia, and New Zealand (for a discussion see *FEER*, 13 June 2002). Koizumi set the tone for deeper and wider integration by urging regional countries to "act together and advance together," envisaging the formation of an East Asian community, in a January 2002 speech in Singapore (ASEAN 2002a). The so-called Tokyo Declaration launched by Japanese and ASEAN leaders in December 2003 describes ASEAN+3 as "an important channel to promote cooperation and regional economic integration networks in East Asia to attain the goals of sustainable development and common prosperity," thus sketching the vision of an East Asian Community (ASEAN 2003).

<sup>&</sup>lt;sup>3</sup> Cf. Japan Times, 9 October 2000, for this idea.

Against this background, it is astonishing how quickly Australia, New Zealand, and India were included in a process that was dubbed the East Asian Summit from December 2005 onwards (Loewen 2006). In 1998, at the proposal of South Korea's president Kim Dae-jung, the ASEAN+3 forum established a group of well-known individuals to define the objectives for an institution that included the whole region. The so-called East Asia Vision Group (EAVG) reported the creation of an "East Asian Community," a label that was supposed to invoke images of the European Union. The EAVG recommended that the ASEAN+3 forum be allowed to develop into an East Asia Summit. On that basis, the East Asia Study Group (EASG), made up of senior officials from ASEAN+3 states, was established in 2002. The EASG, which reported in November 2002, envisioned an East Asian Summit (EAS) comprised only ASEAN+3 and, therefore, not involving Australia, New Zealand, or India (ASEAN 2002a). Just two years later, in November 2004, Malaysia's prime minister, Abdullah Badawi, announced that an agreement had been reached and that the first EAS would be held in Kuala Lumpur in December 2005. The agreement included no mention of a possible expansion of the ASEAN+3 forum. Although India, Australia, and New Zealand eventually participated in the Kuala Lumpur summit in December 2005, several leaders insisted on a clear distinction between the ASEAN+3 countries and the three newcomers. In the Chinese government's view, the EAS was closely connected with ASEAN+3, but was by no means an "upgraded version" of the forum, nor will it replace it in the future (People's Daily Online, 14 December 2005).

Relations of difference persistently played a role in Malaysian and Chinese speech-acts. Differences of opinion among ASEAN members in fleshing out the details of the EAS were, however, difficult to overcome in the months after the decision to hold the EAS was made. The distinction between Asians and Australians in particular was emphasized by former Malaysian prime minister Mahathir before the first summit meeting in December: "Australia is basically European and it has made clear to the rest of the world that it is the deputy sheriff for America," Mahathir told reporters. "Therefore Australia's views would represent not the East, but the views representing the stand of America," he said (National Nine News, 7 December 2005). Identities were constructed in a purely relational manner. "Who are we?" and "Where do we draw the borders?" were the questions dominating the discourse. It was impossible for the actors participating in the process to answer them dogmatically, for identities are never fully constituted. Neither is power absolute. Contested power is a source of structural change.

Eventually, the Japanese view prevailed over the Chinese-Malaysian coalition. The second EAS took place in January 2007 in the Philippines, and the third summit meeting is scheduled to take place in Singapore late 2007. The United States, Japan's closest ally, has already stated that it wishes to have a future role in the process (Associated Press, 2 March 2006). Moreover, Japan has established itself as the most important agenda setter of the forum: In April 2006 Tokyo came up with a proposal for an East Asian economic partnership agreement (Comprehensive Economic Partnership for East Asia, CEPEA) consisting of the current members of the EAS. In August of that year, Japan's trade and industry minister, Toshihiro Asia (ERIA) to study the pros and cons of a proposed EAS-FTA.

Nikai, promised up to US\$100 million to kick-start efforts towards establishing such a free trade bloc (ASEAN Economic Ministers 2006a). Nikai's initiative also included the creation of an institution to be named the East Asia Economic Research Institute for ASEAN and East

What is striking about the proposal is the fact that most of the EAS members stated their tentative support for Japan's initiative, while China seemed disinclined. Japan even had to deny allegations that the plan was brought up to counter the growing influence of China in the region (ASEAN Economic Ministers 2006b). However, it is quite apparent that Japan's diplomacy is multidirectional. Japan's active regional foreign policy has also lead led to the prospect of deeper economic ties with China. At the EAS 2006, a decision was made that Japan, China and South Korea would begin negotiations in 2007 on a trilateral accord on investment that might pave the way for a free trade agreement among the leading East Asian economies (Japan Times, 6 November 2006). In addition, even though China has long been opposed to Canberra's membership in the group, the fact of close interdependence and welldeveloped diplomatic skills on Japan's part, as well as the dynamics of East Asian regionalism, have come to mean that Australia is de facto an East Asian country – in economic as well as political terms. While Japan has concluded Economic Partnership Agreements (EPA) with Singapore, Malaysia, Thailand, and the Philippines and is negotiating with ASEAN, Australia, India, Brunei, Indonesia, Vietnam, and South Korea, Australia has concluded agreements with New Zealand, Singapore, and Thailand and is negotiating with ASEAN, Malaysia, and even China. Meanwhile, China is still very actively pursuing a bilateral agenda with ASEAN. Chinese premier Wen Jiabao announced in January 2007 that China would host a China-ASEAN peace-keeping workshop in the second half of the year, in order to further promote defense cooperation and enhance mutual understanding and confidence among the militaries of China and the ASEAN countries (XNA, 14 January 2007).

To summarize, Japan uses the EAS as a vehicle for pursuing its long-held vision of an East Asian Community (EAC), while China increasingly supports the idea but still emphasizes bilateralism. In 2005, it still seemed that ASEAN+3 would be the primary means of translating the idea of an Asian political community into reality. Since then, institutionalized networks have been growing denser in all directions. In this context, the China-Japan competition for leadership in the region seems to be the primary source of structural change. China even declared it would be ready to host the second EAS, however, this offer was declined by ASEAN. It seems that the processual dynamic of East Asian regionalism has gained strength to such a degree that no country in the region, not even the largest, can stop it now.

#### 4 Conclusion

Regionalism in East Asia has gained momentum in the last few years. The region is changing from a set of countries that rapidly integrated with the world to one that is forcefully exploiting the dynamism that lies within Asia. Some observers maintain that for the first time an "integral political complex" (Nabers 2004) is emerging in East Asia. It looks as if China has been caught by surprise by the pace of the development. While Beijing was initially hesitant to endorse a multilateral institution in East Asia (for a similar view see Ba 2006), it is now supporting an East Asian Free Trade Area within the framework of ASEAN+3. Meanwhile, Japan is speeding up the discussion of an FTA including the EAS countries, thereby setting further precedents and putting additional pressure on China to keep pace with the development.

The discourse is all the more interesting because new rounds of enlargement will see the area stretch beyond what were originally seen as the borders of the region, leading to new coalitions and tensions between rivals. Politics is a process, and power is relational, often unpredictable. New proposals and new channels of communication are emerging in the process, and the evolving cooperation in East Asia will require even more communication in the future. This will in turn create new opportunities for association. The capacity of actors to lead, as well as their interests and identities, will change in the context of the institutional process; they are not eternally fixed by some asocial authority, such as military capability or economic growth, that exists prior to international interaction.

Leadership is effective and sustainable when foreign elites acknowledge a leader's vision of international order and internalize it as their own. It is often disputed and is constituted by shared ideas about self, other, and the world, relying on the intersubjective internalization of ideas, norms, and identities. The central question refers to the strategies that actors employ to present their particular visions as universal. Material resources and the distribution of benefits can influence intersubjective understandings, but they lack intrinsic meaning. While structural leadership aims to translate relative power capabilities into bargaining leverage by making use of material threats and promises, this is still a discursive phenomenon. Furthermore, the institutionalization of ASEAN+3, and in particular the EAS, cannot be explained in an immediate functional or utilitarian manner, making it impossible to rely on materialist explanations of leadership alone. China especially cannot expect short-term gains from either forum and has therefore pursued a bilateral foreign policy after the Asian Crisis. Now things are moving in directions that were unforeseen and maybe unintended by some countries in the region, including China. This is why I would strongly call into question — on the basis of the empirical findings of this study — the assumption of an a priori leadership role on the part of large countries. Leadership is relational, subject to the issue in question, and always requires the formation of coalitions. As the examples of ASEAN+3 and the EAS have shown, Japan's diplomacy has been quite successful in that regard. It has thus been construed as a "very distinct and effective form of Japanese leadership" (Hook et al. 2001: 195), repudiating the hypothesis that China assumes an a priori leadership role in processes of international institutionalization.

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