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Review by Mattias Fibiger, Harvard Business School

In January 1974, Japanese prime minister Kakuei Tanaka embarked on a goodwill tour of Southeast Asia, visiting the Philippines, Thailand, Singapore, Malaysia, and Indonesia. The trip was a diplomatic fiasco. Anti-Japanese demonstrations greeted Tanaka at nearly every destination; in Jakarta, the protests morphed into deadly riots that threatened the survival of the ruling Suharto regime.

The tumult that accompanied Tanaka's junket revealed the tensions sown by Japan's reemergence as a regional power in Southeast Asia. Given constitutional prohibitions on the maintenance of warmaking potential, Tokyo's resurgent regional role was necessarily political and economic rather than military. Japan ran surpluses on its current account beginning in 1965 and thus diffused savings outward. Debt repayment obligations meant its foreign aid budget and outbound foreign direct investment still amounted to less than \$1 billion each in 1970. But only a decade later, these outward flows of capital reached a per annum total of nearly \$5 billion each, of which a combined half went to Asia. By the middle of the 1980s, Japan had become the world's largest creditor.¹ Japanese capital imparted both continuity and change to Southeast Asia. Powerful Southeast Asian politicians and their crony capitalist allies forged politico-business partnerships with internationalizing Japanese firms, weaving Japanese power into preexisting networks of domestic authority. Yet Japan's ascent also exerted a gravitational force on politics in the region. Regnant elites sought to emulate Japan's model of economic development, in which diversified conglomerates expanded under the direction of a powerful state. At the same time, many Southeast Asian students came to resent Japan's pattern of engagement in the region as neo-colonial, and they invoked the Japanese presence to delegitimize dictatorial regimes.²

¹ For statistics on foreign aid and foreign direct investment, see Ministry of Finance, *Fiscal and Financial Statistics Monthly* (various issues).

² For Japan's role in Southeast Asia see Chiara Chiapponi, "Japan and the Asia-Pacific in the 1970s: From an Economic to a 'Heart-to-Heart' Relationship," *Modern Asian Studies* 50, no. 5 (2016): 1679-1704; Franklin Weinstein, "Multinational Corporations in the Third World: The Case of Japan and Southeast Asia," *International Organization* 30, no. 3 (1976): 373-404; Natasha Hamilton-Hart, "The Regionalization of Southeast Asian Business: Transnational

Heaven cannot brook two suns, and Japan's rise to globalism strained the Tokyo-Washington alliance. This is the story Widy Novantyo Susanto tells in "U.S.-Japanese Relations, ASEAN, and Economic Power in Southeast Asia, 1969–1981," published in *Diplomatic History* in early 2024. He argues that a succession of American presidents adopted "contradictory" (216, 219, 220) approaches toward Japan, at once encouraging Tokyo to assume a larger role in preserving stability and promoting growth in Southeast Asia while also resisting its efforts to capture a growing share of the region's trade and investment.

The article substantiates this argument through three case studies: competition over liquefied natural gas (LNG) in Indonesia, disagreements over human rights diplomacy in Southeast Asia more broadly, and challenges accompanying the normalization with the People's Republic of China (PRC). In examining these cases, Susanto adopts a multifocal perspective, working to integrate the perspectives of policymakers in Washington, Tokyo, and Southeast Asian capitals.

Amid the economic turmoil of the early 1970s, Japan altered its natural resource procurement policy. Rather than rely on established oil majors to supply the Japanese market, Japan worked to build autonomous ties with oil-producing states.³ As part of that effort, Tokyo granted loans to Jakarta outside the Inter-Governmental Group on Indonesia (IGGI)—the multilateral institution that had coordinated the provision of international aid to the Suharto regime beginning in 1967.⁴ In late 1973, the Japanese government joined with a consortium of banks, utilities, and industrial firms to provide a \$1.1 billion loan to Jakarta in exchange for an agreement to ship 7.5 million tons of LNG from Indonesia to Japan each year for the following two decades; American firms participating in the deal won contracts to invest in natural gas fields, construct LNG plants, and build shipping tankers.⁵ Susanto shows that, although the deal amounted to a realization of American plans for Japanese regional leadership in Southeast Asia, and although American firms were involved in the arrangement, officials in Washington expressed anxiety at the prospect of Japan monopolizing Indonesia's LNG exports and sought, unsuccessfully, to claim a share of the market for the United States.

A similar ambivalence characterized US interaction with Japan on human rights diplomacy in Southeast Asia. President Jimmy Carter hoped to pursue a multilateral approach to human rights through international financial institutions (IFIs) like the World Bank. He envisioned IFIs denying assistance to

Networks in National Contexts," in T.J. Pempel, ed., *Remapping East Asia: The Construction of a Region* (Ithaca: Cornell University Press, 2004), 170-194.

³ See Yukiko Miyagi, "Japan's Pursuit of Gulf Energy Resources: Between US Dependence and Asian Competition," in Nele Lenze and Charlotte Schriwer, eds., *Converging Regions: Global Perspectives on Asia and the Middle East* (Farnham: Ashgate Publishing, 2014), 60-61.

⁴ For the operations of the IGGI see Mattias Fibiger, *Subarto's Cold War: Indonesia, Southeast Asia, and the World* (New York: Oxford University Press, 2023).

⁵ "General Dynamics Wins \$380 Million in LNG Ship Orders," *Wall Street Journal*, November 8, 1973; "Japanese to Obtain Gas from Indonesia," *New York Times*, December 4, 1973; Takashi Shiraishi, "Japan and Southeast Asia," in Peter J. Katzenstein and Shiraishi, eds., *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997), 184.

governments that systematically violated the human rights of their citizens. But Japan remained wedded to the Yoshida Doctrine, which emphasized the pursuit of economic growth, and resisted the incorporation of human rights concerns into multilateral lending. Tokyo continued to provide aid to the governments of Indonesian president Suharto and Philippine president Ferdinand Marcos despite widespread human rights abuses in both countries.⁶ Susanto shows that elements of the US bureaucracy advocated reducing aid to the Philippines on human rights grounds, but they were overruled by the National Security Council and the Treasury Department. This story sits somewhat uneasily in Susanto's narrative, since the Carter administration had plenty of reasons beyond competition with Japan to deemphasize human rights in its approach to Southeast Asia.⁷ The case seems to have been less about Japan's ascent prompting a recalibration of US policy than about Washington and Tokyo both wrestling with how to balance the pursuit of growth, the preservation of stability, and the promotion of values in the region.

Beginning in 1974, Malaysia, Thailand, and the Philippines normalized diplomatic relations with the People's Republic of China. Indonesia and Singapore, the other members of the Association of Southeast Asian Nations (ASEAN), waited until the 1990s to follow suit. Susanto argues that a convergence of strategic visions facilitated this process: Southeast Asian capitals sought economic advantage from trade with China, Beijing sought to enlist American and Japanese support in containing Soviet influence, Washington sought to prevent Southeast Asia from falling prey to any single hegemon, and Tokyo sought to convince Southeast Asian governments that it was a beneficial economic partner. Even so, the United States bristled against some of Japan's efforts to cultivate goodwill in the region, such as its initial support for a commodity price stabilization fund. The tensions along the Washington-Tokyo axis persisted through this dramatic reorientation of regional geopolitics.

Taken together, these three cases put forward a persuasive case that Japan's ascent to a hegemonic economic position in Southeast Asia elicited anxieties in the United States and led several presidential administrations to seek to compete with Tokyo in the commercial realm. The article thus delivers on its primary ambition and represents a useful addition to the historiography of US-Japan relations and the international history of Southeast Asia.

It is less successful in illuminating the other corners of what Susanto calls the "U.S.-Japanese-ASEAN triangular relationship" (217). This weakness reflects the article's source base: American archival documents from Record Group 59 supplemented by a broad smattering of secondary sources. The article therefore leaves unanswered questions about how Japan attempted to balance its growing influence in Southeast Asia and its enduring reliance on the United States. It also does little to elucidate the political and economic

⁶ For the Carter administration's broader foreign policy approach see Gaddis Smith, *Morality, Reason, and Power: American Diplomacy in the Carter Years* (New York: Hill & Wang, 1986); for the Yoshida Doctrine see Hiroyuki Hoshiro, "Deconstructing the 'Yoshida Doctrine,'" *Japanese Journal of Political Science* 23: 2 (2022): 105-128.

⁷ See Bradley Simpson, "Denying the 'First Right': the United States, Indonesia, and the Ranking of Human Rights by the Carter Administration, 1976-1980," *International History Review* 31:4 (2009): 798-826.

calculations of policymakers in Southeast Asia. Even some problems within the US-Japan relationship, such as American efforts to encourage Tokyo to assume a more active role in sustaining Asia's security architecture, receive unduly short shrift. Such limitations can, at least in part, be attributed to Susanto's attempt to tackle such an expansive story in fewer than 30 pages. Yet even these shortcomings remind us how much more exciting work on Asia's international history remains to be done.

Mattias Fibiger is an Associate Professor in the Business, Government, and International Economy Unit at Harvard Business School. A historian by training, he conducts research on Asia's twentieth century, focusing primarily on the intersection of political economy and international relations in Southeast Asia. His first book, *Subarto's Cold War: Indonesia, Southeast Asia, and the World*, was published by Oxford University Press in 2023.