Brexit and its Consequences
Anglo-Japanese Relations in a Post-EU Referendum World
Summary

- In the wake of the British vote in favour of Brexit, the UK is likely, over the next two years, to be so preoccupied with the logistical elements of its divorce from the EU that it will have little time, energy or ability to remain globally engaged.

- The rise of populist, anti-elitist politics that was evident in the Brexit vote – which has been prominent across Europe, the United States and also parts of Asia – is a threat to regional and global order and is fostering nation-state rivalry at the expense of international cooperation.

- Japan, under Prime Minister Abe, has developed a more proactive and ambitious foreign policy that stands in contrast to the more inwardly focused approach that is likely under Prime Minister May.

- Japan and the UK are likely to continue to promote their bilateral relationship, with Japan especially concerned to ensure that existing trade and investment interests for Japanese firms in the UK are not materially affected by the Brexit vote.

- While the need for strategic partnership between the UK and Japan remains as pressing as ever, the opportunities for bilateral cooperation in addressing critical regional and global challenges are likely to be modest and focused on sustaining existing bilateral security accords.
Introduction

On 23 June 2016, the United Kingdom experienced a moment of unexpected and seismic change. By a relatively small margin, the British electorate voted by approximately 52 per cent to 48 per cent in support of leaving the EU. The referendum result represents arguably the most epochal shift in UK foreign policy since the Suez Crisis of 1956 and has the potential to set in train a series of changes that could, in theory, threaten the integrity of the entire project of European integration.1

There is no modern precedent for a state voluntarily and peacefully leaving such an important and large-scale transnational, cooperative initiative as the 28-member EU – even allowing for separatist trends that have sometimes threatened to unravel past federal or national structures. The collapse of the USSR in 1991 was prompted by the political implosion of the governing structure at the heart of Russia’s post-1917 imperial project, and while individual nation states have emerged from larger structures, these changes have often been the result of voluntary and mutual separation agreements (for example, the dissolution of Czechoslovakia in 1993) or violent, separatist campaigns (sometimes preceded by partial devolution agreements) such as the proclamation of the Irish Republic in 1916 or the creation of Timor Leste in 1999.

The significance of Brexit is arguably much larger than its impact on a single country (in this case the UK), and it has the potential to challenge some of the certainties and teleology of the post-Cold War world. At a time when globalization and trends towards greater regional and global integration are under strain, Brexit raises important questions about the sustainability of liberal internationalism and an order based on modernity, universalism and cooperative multilateralism. This global shift constitutes not an ‘End of History’, as Francis Fukuyama once characterized the ending of the Cold War ideological struggle between communism and liberal democracy,2 but a ‘Return to History’ and the reappearance of a pattern of resurgent nation-state rivalry, whose forces may be fractious and divisive, and ultimately presage wider regional and global disorder.

Seismic political changes such as the 23 June referendum result have practical, policy significance, but they also reveal something fundamental and valuable about the underlying factors that shape international relations. As a result, it is clear that theoretical models based on Enlightenment optimism and faith in the rationality of human behaviour are now being increasingly challenged by the rise of ‘identity’ politics.3 Trends that have propelled a number of countries across Europe to embrace a form of populist, anti-elitist politics are contributing to an environment of increased uncertainty and unpredictability.

In the specific regional context of Europe, the British decision to leave the EU also raises important comparative questions and insights for Asia specialists interested in Japan. It has been commonplace for academics and media commentators to highlight the similarities between the UK and Japan –

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two island countries with a proud history of sovereign independence and ambivalent relations with their continental neighbours. However, arguably, it is the differences between the two states that are most revealing. Britain in recent years has found itself figuratively moving away from the European continent and qualifying its commitment to the European project; Japan, by contrast, over the post-1945 period has sought to re-assert its claim to be a legitimate actor in Asian affairs – acting as an enthusiastic, if not model proponent of cooperative Asian regionalism, whether through the Asia-Pacific Economic Cooperation (APEC) forum, the Association of Southeast Asian Nations (ASEAN) plus three mechanism, the Asian Development Bank (ADB) or new sub-regional partnerships.

With Britain voluntarily threatening to set itself apart from Europe, there is a fear that the UK will be so preoccupied with the logistical elements of its divorce from the EU that it will have little time, energy or ability to remain globally engaged. While it would be simplistic to frame this as an isolationist shift comparable to the ‘closed country’ (or sakoku) moment in which 17th century Japan walled itself off from foreign influence, Britain’s new inward focus may herald a worrying lowering of ambition and self-confidence that will lead to a real and perhaps permanent diminution of Britain’s international influence. Japan by contrast, under the leadership of Prime Minister Shinzo Abe, is in the midst of a period of diplomatic and foreign policy activism that, if not unprecedented, certainly has given the country new opportunities to punch at or above its weight. This contrast suggests that in considering future options for greater bilateral coordination and cooperation, the lead will most likely come increasingly from Tokyo rather than from London.

The following analysis is part of a series of papers that are the product of a five-year project carried out by Chatham House and The Nippon Foundation, exploring various dimensions of relations between the UK and Japan in both a regional and a global context. It is intended to complement an earlier paper, published in 2015, that set out some of the core changes in Japan’s foreign policy under Prime Minister Abe. The focus here is intentionally more on the UK than it is on Japan and explores the causes of the Brexit vote and its implications for British foreign policy in general.

The paper provides a preliminary assessment of the consequences of the vote for bilateral relations

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4 Some supporters of Brexit have argued, conversely, that leaving the EU will provide the UK with an opportunity to assume a more activist and engaged global role, whether strategically or economically, see, for example, The Spectator (2016), ‘Out – and into the world: why The Spectator is for Leave’, The Spectator, 18 June 2016, http://www.spectator.co.uk/2016/06/out-and-into-the-world-why-the-spectator-is-for-leave/ (accessed 6 Sep. 2016). The evidence for this is not immediately compelling, especially given the reluctance of some non-EU states to rush to negotiate new trade arrangements with the UK, or their explicit warnings of the economic costs of Brexit. For example, on the margins of the G20 Summit in Hangzhou, US President Obama warned Prime Minister Theresa May that the US would prioritize trade talks with the EU and a number of Pacific nations before considering a trade deal with the UK. Moreover, Japan’s government has warned the UK of the dangers of a large exodus of Japanese companies from the UK if some of the benefits of the single-market with Europe are not maintained, see Mason, R. (2016), ‘Theresa May joins G20 summit to face Brexit warnings from US and Japan’, The Guardian, 4 September 2016, https://www.theguardian.com/world/2016/sep/04/g20-theresa-may-warns-of-tough-times-for-uk-economy-after-brexit (accessed 6 Sep. 2016). As one Japanese analyst has noted: Japanese Prime Minister Shinzo Abe, who visited Britain on May 5 this year, also strongly supported Britain’s continued membership in the EU. He said: “British membership in a strong EU is better for the world.” Mr. Abe added that Britain would lose its appeal as an investment destination for Japan, which was making major direct investments in Britain before the Brexit results. Furthermore, the Group of 7 (G-7) Ise-Shima Leaders’ Declaration put together on May 27 this year by Japan, as the country chair, stated: “A UK exit from the EU would reverse the trend toward greater global trade and investments and the jobs they create, and furthermore is a serious risk to growth.” See Hosoya, Y. (2016), ‘Asia and the liberal international order, post-Brexit’, The Straits Times, 26 August 2016, http://www.straitstimes.com/opinion/asia-and-the-liberal-international-order-post-brexit (accessed 6 Sep. 2016). For now the balance of evidence suggests that it will take many years and considerable uncertainty before the UK can find a distinct and clear global profile commensurate with its past political and diplomatic influence.

5 Already Japan seems to be taking the lead in setting out the economic conditions for continued Japanese trade and investment with the UK, with the Abe government setting out, on 2 September 2016, via a detailed 15 page statement, the concerns of UK-based Japanese firms regarding the need for clarity and continuity from the May government in guaranteeing Japanese firms’ continued access to multiple aspects of Europe’s single market. See, Ministry of Foreign Affairs of Japan (2016), Japan’s Message to the United Kingdom and the European Union, http://www.mofa.go.jp/files/001085466.pdf (accessed 6 Sep. 2016).

between Tokyo and London, while also considering some of the wider, systemic challenges to international order prompted by important national political developments of which the UK case is just one example.

In considering future scenarios, it is helpful to examine first the motives for Britain’s fateful decision to leave the EU, before exploring the consequences for the country’s foreign policy and overall global position. The latter can, in turn, best be assessed by reflecting on some of the contemporary shifts in regional and global order and the contrasting attitudes of the UK and Japan to their immediate continental neighbours. Against this backdrop, it is then possible to make some very tentative suggestions for how the national governments of the two countries might maximize their opportunities for working together in the pursuit of common national goals.

Explaining the decision to leave

Britain’s initial decision to hold a referendum on its membership of the EU was in the first instance prompted by internal party politics, rather than a measured response to international events. Prime Minister David Cameron’s decision, announced through his January 2013 Bloomberg speech, to hold a referendum, was at heart a gamble (in retrospect, an especially reckless one) to offset his critics within the Conservative Party. Since the 1970s, the Tory party has been riven with divisions over Europe, tensions that have festered and periodically threatened to destabilize the leadership – most memorably in 1993 when then prime minister John Major’s Eurosceptic cabinet critics (infamously referred to, by Major, as ‘the bastards’) had helped temporarily to scupper the UK parliamentary vote in favour of the Maastricht Treaty. Since then, Conservative leaders have sought to insulate themselves from the destabilizing internal party tensions over Europe. In Cameron’s case, the referendum announcement was seen as a means of appeasing his internal party critics while also insulating the Tory party from pressure from the single-issue, right-wing UK Independence Party (UKIP), which was threatening to outflank the Tories electorally (ahead of the 2015 election) by pushing the populist case for a British withdrawal from Europe.

Cameron’s referendum choice reflected his leadership style: a preference for tactical, rather than strategic decision-making and a tendency to respond to immediate events rather than to weigh up carefully the long-term implications of his political choices. On the back of his nominally successful February 2016 negotiations with European leaders in Brussels, where he had succeeded in securing modest EU-wide reforms, Cameron had overconfidently assumed that these negotiations, coupled with a focused and sober assessment of the collective and individual economic costs of Brexit, would be sufficient to convince the electorate of the importance of remaining within the EU.

Cameron massively and catastrophically misjudged the national mood. This error coupled with his image as an elitist, out-of-touch, establishment figure (a picture reinforced, in some quarters of the UK, by his privileged Etonian background) helps to explain why other European leaders, most notably President Francois Hollande in France and Chancellor Angela Merkel in Germany, as well as senior

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EU figures such as EU President Jean-Claude Juncker, have been so annoyed by his actions. Cameron had not only unwittingly sown the seeds of his own political downfall, but in the process had put at risk Britain’s reputation as an international actor and potentially destabilized the entire European project. In the words of one former prominent Conservative politician, ‘David Cameron’s decision to promise a referendum on British membership in the EU will be remembered as the greatest blunder ever made by a British prime minister.’

In 2013, there was no tangible, popular pressure in the UK for a referendum and as such the Bloomberg speech was an unnecessary and ill-judged effort to silence internal party critics rather than a principled effort to respond to the national mood. The initial tactical blunder was compounded when Cameron announced that members of the government would no longer be bound by the long-adhered to principle of collective cabinet responsibility. By giving his senior internal party rivals, both inside and out of government, the freedom to campaign against the official government position, he provided them with considerable opportunity for economic and political mischief-making, reinforced the image of a divided and confused government, and put himself at a serious disadvantage.

Boris Johnson, the former mayor of London, and Michael Gove, Cameron’s justice secretary – the Conservative’s most prominent leave campaigners – seized upon the opportunity with relish. Lobbying for leave would not only help outflank UKIP; more important, it would boost their ambitions to succeed Cameron as prime minister. Reportedly, neither Johnson nor Gove expected to win the referendum, but by increasing their public standing during the campaign they hoped to position themselves as natural front-runners to succeed Cameron who, in the run up to the 2015 general election, had already committed to serve only two terms as prime minister.

If internal party divisions within the Conservative Party were a key factor in legitimizing the Brexit vote (by undermining the coherence of the government’s message), contradictions within the Labour Party, the main opposition force, compounded Cameron’s problems. Jeremy Corbyn, Labour’s newly elected, socialist leader, was lukewarm in campaigning for the remain camp, a reflection of his instinctive Euroscepticism. With Corbyn refusing to share a platform with Cameron and offering, at best, qualified support for the EU, Labour came across as either ambivalent or confused on the referendum.

However, focusing on party politics alone overlooks the impact and influence of deeper, tectonic changes shaping British politics; in Platonic terms, it describes the shadows, rather than the underlying forms that define political reality.

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At the heart of public scepticism about Europe was a profound sense of fear, especially of migration, exacerbated not only by the expansion of the EU in 2004 to encompass a further 10 states (eight of which came from the former Eastern Bloc), but also the wider trends associated with the refugee crisis and the new arc of instability stretching from the Ukraine, through the Levant to the Magreb.
Allied to this, has been a distrust of distant political and unelected EU bureaucratic elites, resentment of EU institutions – seen as bloated, profligate and undemocratic – and disdain for the expert opinion that has consistently warned of the high economic costs associated with Brexit. Politicians in the leave camp opportunistically exploited these fears through a cynical misinformation campaign, claiming erroneously, for example, that a weekly surplus of £350 million would be realized post-Brexit to be reallocated to fund Britain’s National Health Service (NHS). In doing this they were tapping into deeper trends of public disaffection associated with the reaction to the 2003 invasion of Iraq; disillusionment with Blairite foreign-policy interventionism; and a wider hostility to focus-group politics and the professionalized style of politicians. This in turn prompted a demand for greater ‘authenticity’ in political life, support for grass-roots activism and distrust of representative democracy in favour of a more direct, populist style that has culminated in the backing for new political leaders such as Corbyn, who are sceptical of elite institutions and supportive of a more inclusive form of movement-oriented politics.

The very fundamentals of daily politics in Britain itself have been changing as the old familiar left-right themes of class, economic opportunity and statist redistribution have been replaced by a more simplistic binary choice between open and closed societies.

Viewed in this context, Cameron’s failure reflected something bigger than the internal shortcoming of the political establishment or the growing disconnect between political elites and their wider party and extra-party supporters. The very fundamentals of daily politics in Britain itself have been changing as the old familiar left-right themes of class, economic opportunity and statist redistribution have been replaced by a more simplistic binary choice between open and closed societies, with the leave campaign embracing a more inward looking, reactionary rebellion against globalization, and the remain camp still hanging onto the belief (increasingly under threat) that globalization, free trade and wider international, transnational liberal norms provide the framework for international and domestic political life.

In essence, the Brexit vote has symbolized widespread disaffection with the old structures of political life and reflects disillusionment with parliamentary democracy itself. This is why any suggestion that the referendum might be re-run is political anathema at the moment. It would spark public protests from the 52 per cent who voted to leave and further discredit an already fragile political system, potentially fatally undermining support for mainstream political parties.

Why has this ambivalence, and in some cases outright hostility, to old style politics become so strong? It is not just a response to external challenges and fear of outsiders – the familiar immigration challenge – but also a sense that whole communities have been left behind by the pace of global change. The increasingly precarious, low-wage and low-skilled form of employment in deprived parts of the country, growing income inequality – and a sense that nationality is no longer a prerequisite for access to welfare payments (EU migrants have the same rights and access to the welfare system as British citizens) – and the belief that the social contract between workers, producers and the state is no longer being honoured, have all contributed to this sense of disillusionment. It is no accident

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perhaps that in some deprived parts of the UK 70 per cent of Labour supporters (a party that has, at least since the 1990s, been staunchly internationalist and committed to the European project) voted in favour of leave.\textsuperscript{17} Real world conditions and privations have been far more important than formal party affiliation or the nostalgic political loyalties of an earlier era in influencing people’s voting preferences, especially within the context of the EU referendum.

We should be careful not to misdiagnose this phenomenon. It is less a hostile reaction to foreigners per se. Indeed, nativist parties and far right groups in the UK have not increased, and have remained relatively static in terms of their support levels, at approximately 7 per cent of the electorate.\textsuperscript{18} Instead, the reaction represents a full-throated and angry demand for recognition of the plight of those left exposed and vulnerable to the economic pressures of globalization. For such groups, the impact of economic austerity associated with the former Cameron cabinet has been felt disproportionately, creating in turn a profound sense of unfairness and distrust of the old style of politics.

It is also a reaction that is rooted as much in emotion as it is in reason. There is a cruel irony in the reality that the cost of Brexit is likely to be shouldered most heavily by many of those who voted for it. The costs of economic slowdown in the form of rising import prices as the pound continues to depreciate, declining house prices and the threat of rising unemployment will fall most heavily on the shoulders of the most vulnerable. Many (although not necessarily all) of these victims will have been charmed by Johnson’s seductive call to ‘take back control of this great country’s destiny’\textsuperscript{19} and their eagerness to believe that this is possible, despite all the contrary evidence, reflects the new irrationalism that has become so palpable in British political life.\textsuperscript{20}

\textbf{Britain’s future global role and foreign policy options}

For much of the post-1945 period, Britain’s foreign policy has involved a steady process of adaptation and adjustment to the loss of relative power and influence. Having lost any pretensions to great-power status following its post-war loss of empire, Britain’s leaders have acknowledged the country’s middle-ranking status\textsuperscript{21} by embracing a form of modest multilateralism rooted in pragmatic and flexible engagement with the world. Much of this has been structured around three concentric sets of geographically defined partnerships, with the relationship with the EU at the centre, followed by the wider circle of the transatlantic partnership with the US, and finally by a broader collection of selective relationships, with, for example, the Commonwealth as well as an eclectic mix of international organizations.\textsuperscript{22}

In the aftermath of the Brexit vote, Britain will have to prepare for the loss of its privileged foreign policy relationship with the EU. Much of this has been shaped by the UK’s role in the EU’s Common Foreign and Security Policy (CFSP), and the Common Security and Defence Policy (CSDP), which

originated with the Anglo-French St Malo summit of 1998 and came to fruition in 2009. There have been real limits, however, to the depth and breadth of Britain’s role, especially following the Blair government’s decision to support the US in the 2003 Iraq war – action that marked a rift between the UK and Europe, most notably with France and Germany and the substantial minority of European states opposed to the war.23 Outside the European context, Britain has focused on its traditional commitment to Afghanistan, and combating terrorist challenges – an approach that has, in the words of one commentator, been more akin to ‘promiscuous bilateralism’ rather than fully-fledged commitment to the collective foreign policy goals of either Europe or a larger multilateral project.24

Britain’s ability to think creatively about its strategic priorities experienced a boost in 2010 with the creation of a new National Security Council responsible for drafting a National Security Strategy (NSS) and a Strategic Defence and Security Review (SDSR). While this process has continued with a similar review in 2015, critics have questioned the impact and coherence of such initiatives, particularly in light of the impact of the Cameron government’s austerity drive, and cutbacks in ministerial budgets that have included a 16 per cent cut in funding for the Foreign & Commonwealth Office. Under Cameron’s leadership, Britain has all too often shied away from foreign policy activism, preferring for example to defer to France and Germany in seeking a negotiated resolution to the Ukraine crisis via the Minsk protocol of 2014. Similarly, while the UK co-led and helped initiate the NATO and UN-sanctioned 2011 military intervention in Libya, UK public opinion has, in the wake of the continuing internal disorder in Libya, been palpably sceptical about the merits of such interventions – a point underlined by the UK parliament’s refusal to endorse UK participation in aerial attacks on the Syrian government in 2013, following the Assad regime’s use of chemical weapons.25

In the short term, Britain’s reputation as a generally engaged foreign policy actor remains, for now at least, secure, not least because of its continuing support for NATO and its status as a permanent UN Security Council member. The UK continues to wield reputational clout by endorsing, in principle, moves to expand the permanent membership of the Security Council to include new members (including explicitly Japan). However, it has also shied away from suggestions that its own standing and status might be modified by accepting (either explicitly or implicitly) that Britain or France might serve as representative voices for a collective European membership on the Security Council. Britain, in other words, has continued to define its relationship to the UN in exclusively nation-state terms (an implicit reminder of the UK’s ability to punch above its economic weight when advancing political initiatives) rather than as the spokesman for a broader European constituency.26

What scope will there be in the future for Britain to maximize its foreign policy influence as a sovereign, independent state outside the confines of the EU? Its status as one of the world’s five nuclear powers that are signatories to the Nuclear Non-proliferation Treaty (NPT), gives the UK a particular global status, further bolstered by its nuclear-armed submarine mobile deterrent capability. The UK’s foreign policy influence is also a function of its close relationship with the US – a partnership defined in part by joint intelligence sharing (an area where the UK has a distinctive lead over other European countries in terms of the quality and integrated nature of its intelligence capabilities), and a long history of bilateral partnership with the US, reinforced by deep-seated cultural and personal

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In the immediate wake of the referendum, the biggest challenge for the new UK government of Prime Minister Theresa May is managing the complicated process of negotiations with the EU for Britain's withdrawal. A marker of the complicated nature of this process has been the decision to assign responsibility for EU-wide discussions to three cabinet ministers. While the Foreign & Commonwealth Office, under the leadership of Boris Johnson, will continue to have oversight of Britain's ties with its individual European counterparts, David Davis has been appointed as the secretary of state for exiting the EU (informally dubbed the Brexit minister) and will have primary responsibility for negotiating the complicated terms governing Britain's withdrawal and the triggering of Article 50 – the critical clause governing the anticipated two-year maximum period of extended negotiations between the UK and its former European partners. Alongside Davis and Johnson, May has also appointed Liam Fox to serve as the first secretary of state for a newly established Department for International Trade, the body that will have primary responsibility for negotiating Britain's new trade agreements with non-EU states.

There is no consensus on the shape of any future trade deal between Britain and the EU. Conservative backers of an unambiguous and unqualified withdrawal from Europe – a 'hard Brexit' – support Most-Favoured-Nation (MFN) status for Britain trading with the EU under World Trade Organization (WTO) rules. By contrast, 'soft Brexit' supporters see the UK as potentially operating under a modified European Economic Area (EEA) arrangement in which Britain retains access to the single market, but with some limits on the free movement of people in return for a substantial increase in the UK's contribution to Brussels' budget. Whichever route Britain chooses to follow (and these are but two of a much larger selection of alternative options), reaching a resolution is likely to take considerable time (perhaps much longer than the initial two-year period outlined by Article 50), and absorb large numbers of lawyers and experienced trade negotiators. In this context, it is difficult to envisage the new Conservative administration having a great deal of discretionary time to allocate to new, ambitious foreign policy initiatives.

Moreover, for Prime Minister May, recently elected by her party, there will be pressure at some point to secure a mandate from the electorate. Although there is no formal obligation for her to call a general election (and plenty of historical precedent for waiting out the remaining four years of the current parliament), May could be tempted to call an election sooner rather than later in order to capitalize on the tribulations of a Labour Party beset by internal divisions and tensions between Corbyn and his parliamentary colleagues. Domestic politics, therefore, as well as the complexities

of negotiations with the EU, will most likely encourage the government to focus on its immediate challenges, both trade-related negotiations and the broader challenge of creating economic stability at home and fostering confidence in the new government. As such there will be limited room for substantive new foreign policy initiatives.

A world in flux: competing notions of order and disorder

Britain's post-referendum inward turn is not unique or exceptional. Across Europe, there have been worrying signs of a growing trend in favour of new populist, nationalist movements, often with an explicitly reactionary agenda. This new 'authoritarian resurgence' underpins the emergence of figures such as Prime Minister Viktor Orbán in Hungary who, in 2014, called for the creation of a new 'illiberal [Hungarian] state', or the rise to power in Poland, in October 2015, of the 'Law and Justice' party with an agenda that critics have attacked for being homophobic, anti-immigrant and intolerant of free-speech. Paralleling these changes has been the emergence of right-wing parties, often in pivotal political positions, across Europe in places such as Sweden, Austria, Greece and Switzerland. In France, the controversial National Front has steadily increased its political influence, so much so that its leader, Marine Le Pen, is considered a likely winner in the first round of the presidential elections scheduled for April 2017 and a serious contender to win the presidency outright.30

Developments such as these, particularly the prospect of a Le Pen victory in France, threaten to destabilize the EU and accelerate demands for a reinvigorated defence of national sovereignty and a return to a narrowly chauvinistic form of nation-state patriotism based on protectionism, populism and xenophobia – a trend characterized by Francois Heisbourg, the French writer, as 'souverainisme'.31

Other observers have gone further and suggested that this rightward shift is not confined to Europe. In the United States, the unexpected success of Donald Trump in winning the Republican presidential primary contests, signals the convergence of both authoritarian and emotional trends in US politics and the failure of mainstream political parties to represent the interests of large and vocal sections of the electorate. On the left of the political spectrum, Senator Bernie Sanders’ close challenge to Hillary Clinton’s bid for the Democratic nomination, is a similar marker of disaffection with mainstream politics and the power of a new populist politics.

Internal political changes are being matched by external developments. According to Michael Boyle, a constellation of states in different regions of the world are mobilizing to challenge the orthodoxies of international politics. China and Russia are resurrecting a form of regional expansionism, reminiscent of 19th century balance of power politics in which ‘neo-Westphalian’ states pursue their national interest in direct opposition to liberal notions of order and the rule of law conventions of the Bretton Woods era. This movement is not necessarily inherently destabilizing. Indeed Boyle suggests that the trend is often motivated by a desire to create new hierarchical structures of regional order centred around one or a limited number of dominant states. This instinct explains, for example, China’s aggressive and expansionist moves in the South China Sea, or Russia’s encroachment on Ukraine and its annexation of Crimea. It is reflected not only in the criticism of the old manifestations of institutional order (such as the IMF), but also by the desire to establish new institutions (such as the Asian Infrastructure Investment Bank), or to promote a narrow definition of the applicability of the rule of law or Western notions of human rights.

Offsetting this worrying catalogue of disruptive and reactionary developments, are interpretations that tell a much more optimistic story. Kishore Mahbubani and Larry Summers have argued that reports of the impending demise of Western political values are exaggerated and unduly alarmist. Rationality is still the dominant ordering principle of international politics, and economic self-interest and the universal desire for personal advancement and higher living standards continue to push states and individuals to pursue a common model of economic development. Nor is such a trend incompatible with cultural diversity. In this context, China will continue to integrate slowly with the existing international order while avoiding any unduly destabilizing provocations, and the overwhelming majority of moderate Muslims – a global community of some 200 million that dwarfs the 30,000 or so radicalized individuals who have embraced ISIS – will continue to identify with the existing international order. The only serious threat to the stability of the world, in this interpretation, is a psychological one – the risk that Western pessimism and lack of confidence in existing liberal-democratic values will become self-fulfilling and undercut support for existing institutions of governance, whether economic or political.32

How should one adjudicate between these two diametrically opposing narratives? The imperative for choosing wisely between these different interpretations is very immediate. In a narrow sense, the debate today echoes the divided opinions of over one hundred years ago. At the turn of the 20th century, Norman Angell argued famously in *The Great Illusion* that economic interactions and mutual trade dependency would militate decisively against armed conflict,33 much in the same way that Mahbubani and Summers have stressed that rational self-interest will prevent the emergence of a Clash of Civilizations.

Stressing the power of these Enlightenment values of sober-minded utility maximization and cost-benefit analysis seems to place too much emphasis on a singular phenomenon – namely, the power of reasoned self-interest. By contrast, historians recognize (whether intuitively or explicitly) that disruptive change (particularly the outbreak of conflict, whether regional or global) is often the outcome of a combination of factors that can push states and their leaders towards a tipping point of maximum tension, often with catastrophic results. For example, Ian Kershaw in his recent account of the origins and course of the First and Second World Wars points to the convergence of four critical factors that propelled the world into a destructive crisis: ‘1) an explosion of ethnic-racist nationalism; 2) bitter and irreconcilable demands for territorial revisionism; 3) acute class conflict… and 4) a protracted crisis of capitalism…’34

Without overlooking the obvious differences between then and now, it is easy to draw parallels between the events of the early 20th century and today’s tensions. To do so is not to make the pessimistic case for impending conflict, but merely to sound a cautionary warning note and argue that the destabilizing pressures arising from Brexit and similar retreats into nationalism, sectional interests and disaffection with traditional models of government, need to be taken seriously. They also, arguably, need to be offset by thoughtful action on the part of governments and national leaders who are able to promote both the interests of their own countries and those of the wider international community. In considering what should be done, it is perhaps helpful at this juncture to consider the case of both Japan and the UK in their respective regional contexts.

34 Ibid, p. 2.
Regional disorder and the pursuit of stability

Britain's history of engagement with Europe has been of one of variable, pragmatic involvement, designed primarily to prevent the emergence of a dominant continental hegemon capable of threatening its interests. Underpinning this has been a pattern of emotional ambivalence, which has led some observers to describe Britain as facing, Janus-like, in two opposing directions, simultaneously aligning itself with both Europe and the United States.35

In finally joining the European Economic Community in 1973, Britain sought not only to advance its economic interests, but also to advance its strategic and political priorities. Membership was a means of bolstering Britain's status in the wake of its decision to withdraw in the late 1960s from its primary naval commitments east of Suez (with the exceptions of its naval bases in Hong Kong and Brunei).36 More widely, by committing subsequently to a strategy of active cooperation with France and Germany, Britain could hope to use the commitment to European solidarity as a way of boosting its influence and international profile.37 After all, even allowing for a 'special relationship' with the United States, there were real limits to the UK's partnership with the US. Britain chose not to participate in the war in Vietnam, and the legacy of critical security breaches in the 1950s, most notably the exposure of the Cambridge spy ring in the 1950s and 1960s had contributed to a sharp deterioration in US confidence in the reliability of UK intelligence.

With the vote in favour of Brexit, the UK will now face a potential loss of influence in Europe. EU membership has had an important multiplier effect, helping to boost the impact of UK support for international development, foreign aid, anti-poverty initiatives and support for measures to protect against climate change. With critical initiatives, such as the Transatlantic Trade and Investment Partnership (TTIP) now under question, and with the United States likely to continue its pivot to Asia as a means of promoting the stability of a region with which it has critical trade and investment ties, Europe can no longer count on the unqualified support of the United States.38 Britain's role as a bridge between Europe and the US remains vital, but arguably of diminishing impact.

Japan's position in Asia in some respects parallels that of the UK in Europe. The Janus metaphor similarly captures Japan's historical ambivalence towards the continent, a position that was reflected in late 19th century debates about whether Japan should align itself with Europe or Asia. While Asia has lacked the integrating model of an EU-style federal project, Japan has echoed Britain in its pragmatic desire to remain engaged with its neighbours and to guard against the emergence of a powerful, dominant colonial rival. In reflection of this, successive post-war Japanese prime ministers have practised a style of omni-directional diplomacy that has eschewed ideological foreign policy in favour of a realpolitik commitment to flexible relations with a variety of countries. Consequently, Prime Minister Shigeru Yoshida in the late 1940s and early 1950s favoured a policy of formal political ties with Taiwan, while still seeking to maintain modest but important economic contact with

35 Oliver, T. and Williams, M. J. (2016), 'Special relationships in flux', p. 54.
38 Oliver, T. and Williams, M. J. (2016), 'Special relationships in flux', pp. 550-552.
mainland China, despite the US containment strategy of the early Cold War. Similar motivations encouraged other post-war leaders to develop pragmatic approaches to bolstering regional stability. In the late 1950s, Prime Minister Nobusuke Kishi (the grandfather of Prime Minister Abe) prioritized strengthening Japan’s economic ties with Southeast Asia early in his tenure as a way of fostering regional growth and, by extension, political stability. In the context of Japan’s fraught relations with the Korean peninsula, it has been striking how, for much of the post-1945 period, the political leadership has sought to maintain ties with both Koreas, notwithstanding the very different political regimes in the north and south of the country.

There were some significant differences between the UK and Japan in their approach for regional cooperation. The UK’s attempts to cooperate with France and West Germany during the days of the Cold War were, generally speaking, supported by the United States, which thought that the strengthening of European regionalism, along with NATO, would promote further cohesion of the Western nations in response to the Soviet Union. But Japan was at once an ally in geopolitics and also a rival in economic competition, especially during the 1970s and 1980s when a series of trade conflicts emerged between Tokyo and Washington. Japan’s approach to ASEAN nations, South Korea, and China, on the other hand, invited anxieties that Japan would take advantage of its industrial strength to form a regional market that might limit the advance of trade and investments from the US. It did not help that Japan made extensive use of official development assistance (ODA) as a tool to enhance cooperation between Japan and its neighbours. The end of the Cold War, however, overlapped with the bursting of the ‘bubble’ economy in Japan, leading to more than two decades of economic stagnation. With the relative decline of the Japanese economy, anxieties over Japan’s approaches to Asian regionalism receded, while the rise of China both militarily and economically shifted the focus of anxiety from Japan to China. It is ironic that Japan, which was eager to strengthen ties with China at the risk of US reactions in the 1980s, emerged as the most vocal opponent of China’s rise in the 21st century.

Prime Minister Abe, the strongest political leader in Japan since Junichiro Koizumi, has displayed foreign policy activism quite different from previous administrations. Under Prime Minister Abe, the most striking development in Japan’s regional diplomacy has been the emergence of a more explicitly values-based approach, epitomized by the government’s attempt to promote an ‘Arc of Freedom and Prosperity’ in the region. Much of this approach was associated with the first Abe administration of 2006–07 and the subsequent administration of Prime Minister Taro Aso. While explicit use of the ‘Arc’ as a term in Japan’s foreign diplomacy fell out of favour, the origins of this concept owed much to the thinking of some of Abe’s closest foreign policy advisers, most notably Shotaro Yachi, the current head of Japan’s National Security Council, and Nobukatsu Kanehara, assistant deputy chief cabinet secretary.

At the heart of this strategy (now much more muted rhetorically compared to its original expression) is Japan’s preoccupation with the security and political challenge posed by China’s rise as a maritime competitor in East Asia. The values agenda has always been controversial, not least because other states in the region (particularly Australia) have worried that the Japanese decision to highlight China’s authoritarian and anti-democratic system amounts to a new containment strategy that will foster the very enmity with China that the strategy is designed to counter. To offset these concerns,
Japan, in recent years under Abe, has placed as much emphasis on developing a wider range of pragmatic, concrete initiatives to bolster its security preparedness. This has included important new security legislation in 2015 to allow the deployment of Japan’s Self-Defense Forces in a range of security contingencies regionally and globally; the relaxation of the terms governing arms exports by Japan; a steady increase in Japanese defence spending; critical revision of the guidelines governing security cooperation with the United States; and the promotion of a new range of minilateral cooperative security partnerships, beginning with India and Australia in 2007, and most recently extending to include new cooperative arrangements with Vietnam, the Philippines, and Indonesia.41

Prime Minister Abe’s ability to promote this proactive security agenda is in part a reflection of his political strength at home. Since 2012, his governing Liberal Democratic Party (LDP) has won no fewer than four decisive election victories, two each involving elections to the House of Representatives and the House of Councillors. Japan’s opposition has been tactically outmanoeuvred by Abe, and has been weakened by its own internal failings. Moreover, unlike his counterparts in the UK, Abe faces virtually no challenges within his own party. He was re-elected unopposed to the leadership of the LDP in 2015 and in theory can serve in office until September 2018.42 This degree of political stability gives him enviable flexibility in the pursuit of foreign policy goals.43

Abe is also aided by a public that is largely supportive (albeit not particularly enthusiastically) of his government. The LDP faces no legitimacy crisis of a type experienced by political parties in the UK or within Europe. Abenomics may not have delivered substantial economic recovery in Japan, but the country’s living standards remain high, and there is no widespread public disenchantment with his leadership.44 Moreover, Japan has been notably reluctant in opening its labour market, in spite of a sharply declining population. This restriction on migration, while putting strong pressures on economic growth, has allowed Japan to maintain a relatively homogenous population and avoid dealing with the type of divisive migration challenges that have destabilized countries in Europe. If the social origins of exclusive nationalism in the UK and many European nations lies in the political anxieties that accompany the increase of migrant labour, no such social conditions exist in Japan.

Prospects for UK–Japan cooperation

In light of the LDP’s strength and Abe’s ambitions to continue his policy of foreign policy activism, what opportunities might there be for closer Anglo-Japanese collaboration? Brexit, with all the potential regional and global instabilities that it may entail, will not directly challenge the bilateral relationship between the UK and Japan, although the Abe administration is increasingly concerned about the potential impact of Brexit on the future investment and trade decisions of individual Japanese firms based in the UK.45 The UK’s departure from the EU, most certainly, will pose a

45 As the Japanese government’s report on the impact of Brexit on Japan–UK trade relations notes, ‘Some Japanese businesses have their bases in the UK to oversee their activities in the EU. The Japanese business community hopes to see the UK implement measures to promote investment including the easing of regulations to make the UK a more attractive investment destination. Japanese businesses with their European headquarters in the UK may decide to transfer their head-office function to continental Europe if EU laws cease to be applicable to the UK after its withdrawal.’ See, Ministry of Foreign Affairs of Japan (2016), Japan’s Message to the United Kingdom and the European Union, http://www.mofa.go.jp/gyoukei/files/000185466.pdf (accessed 6 Sep. 2016).
procedural issue as new trade agreements between Japan and the UK become necessary when current agreements between Japan and the EU fail to cover the UK. (The Abe administration is eager, for example, to conclude an Economic Partnership Agreement with the EU by the end of 2016, and is concerned that the UK should continue to participate constructively in these negotiations up until the time that it officially leaves the EU.) This, admittedly, is not an easy task, but still not one that is likely to destabilize overall bilateral relations. Japan will continue to seek closer relations with both the UK and continental Europe, and certainly does not need to make a choice between the UK and the continent.

When it comes to foreign policy, however, there remain significant differences of priority in the UK and Japan. While Japan remains preoccupied with the security threat posed by China in the East and South China seas, the UK has in recent years been more inclined to focus on the economic benefits to be gained by closer trade and investment cooperation with China. Similarly, while Britain has reason to worry about Russian security encroachments in Europe, most immediately in the Ukraine, Abe is intent on using diplomatic talks with Moscow as an opportunity to broker a territorial settlement of the unresolved northern territories issue – a dispute that dates from the end of the Second World War.

Such substantial discrepancies in immediate strategic interests suggest that cooperation, if it is to take place, is likely to be modest in nature and should build on existing bilateral security accords.

Indeed, Brexit appears to have contributed to pessimism on the part of some senior Japanese officials about the prospects for more active cooperation. As Tomohiko Taniguchi, senior adviser to Prime Minister Abe, noted in early July: ‘As a result of Brexit … military-to-military exchanges will be viewed as less consequential. Indeed, London’s broader moves at placing more emphasis on the Asia-Pacific will be harder to sustain as it concentrates its diplomatic capital on Europe, at least for some time to come.’ Most strikingly of all, commentators such as Taniguchi, despite their long engagement with the UK, appear to believe that the UK will simply be incapable of thinking strategically because of the internal tensions created by Brexit. As he notes: ‘The Brexit vote shows that even the oldest parliamentary democracy can be paralysed – and much more easily than London intellectuals ever contemplated. Indeed, the city with its politicians, think tanks, and bankers, appears to be an isolated island of “Stayers” in a country of “Leavers” who hold deep suspicions of London and the elites who populate it.’

In the face of these challengers, the two countries are perhaps best placed to continue their existing partnerships in joint arms sales and development, in further cooperation via their successful two-plus-two security dialogues, and in continuing joint rhetorical commitments to support for the rule

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46 Under Prime Minister May there have been some early tentative signs of an increased sensitivity about the security aspects of deepening economic ties with China, underlined by the UK government’s decision to delay a decision on the proposed Hinkley Point C nuclear project, in which China is expected to have a 33 per cent stake. How much this is fundamentally a function of doubts regarding the economic viability of the project, rather than security, is unclear, but senior UK defence and intelligence officials have ‘warned ministers that plans to give China a big stake in Britain’s nuclear industry poses a threat to national security.’ See, Macalister, T. (2016), ‘Hinkley Point C: no easy solution to Theresa May’s Chinese puzzle’, The Guardian, 3 September 2016, https://www.theguardian.com/uk-news/2016/sep/03/hinkley-point-c-theresa-may-china-g20-summit (accessed 7 Sep. 2016).

of law in offsetting regional tensions.48 Both Japan and the UK continue to work successfully together in anti-piracy initiatives, in counter-terrorism measures and in intelligence sharing, and via the UN in supporting the enhanced sanctions regime against North Korea.49

The prognosis, therefore, for collaboration and cooperation is a modest one. Japan’s growing security and foreign policy proactivism casts into relief the policy ambition of Prime Minister Abe. It also contrasts strikingly with the more modest and limited agenda for Prime Minister May, who is inevitably likely to lower her sights to focus on the immediate challenge of Brexit.50 These differences notwithstanding, there is, given the multitude of challenges to regional order both in Europe and Asia, pressing and urgent need for continuing cooperation by countries concerned about the risks of instability – including the UK and Japan.

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The objective of the series is to explore how the UK and Japan can work together more effectively to address a number of critical challenges that the world is currently facing in the economic, security and social spheres, broadly defined.

Both countries are in a position to capitalize more fully on their respective comparative advantages in order to confront these common challenges. Closer cooperation will offer increased scope and opportunity to identify common strategic priorities and to devise appropriate solutions.

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Cover image: Japanese Prime Minister Shinzo Abe meets with his British counterpart Theresa May in New York on 20 September 2016.
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