

Japan Analysis

la lettre du Japon

25 February 2012

The Trans-Pacific Partnership agreement, the Olympus scandal, the election of Hashimoto Tōru...: the prospect of radical changes in Japan in 2012?

CLOSE UP ON THE NEWS

1. The Olympus affair and the limitations of the Japanese model of corporate governance
– *Adrienne Sala*
2. The metropolitan project of Hashimoto Tōru, the new mayor of Ōsaka
– *Anaud Grivaud in collaboration with Sophie Buhnik*

POINTS OF NEWS

Tarō Jimbō, “Media Assessments: what the national press expects from joining the Trans-Pacific Partnership”, *Sekai*, January 2012, pp. 146-151. (*translated from the Japanese by César Castellvi*).

“Getting over an outdated conflict between the governing majority and the opposition, in order to face the United States, China, and Russia on an equal footing”, *Chûō Kōron*, no. 11, November 2011. (*translated from the Japanese by Yann Favennec*).



EDITORIAL

The Trans-Pacific Partnership agreement, the Olympus scandal, the election of Hashimoto Tōru...: the prospect of radical changes in Japan in 2012?

On January 26th 2012, at the world economic forum in Davos, Prime Minister Noda Yoshihiko declared his determination to set Japan on the road to governmental, fiscal, and social reforms aimed at rebalancing the island nation's financial situation while ensuring that the economy would recover from the catastrophe of March 11th 2011. The figures published at the end of 2011 - showing a deficit in Japan's balance of trade for the first time since 1980 - attest to the disruption to the production networks following the Tōhoku earthquake, as well as the effects of the unprecedented floods in Thailand, the euro crisis, the impact of the rising value of the yen on Japanese exports, and the increasing cost of oil imports. Some people fear that such a situation will be recurrent in the future, because of the falling demographic numbers in Japan and the competition from its Chinese and

South Korean neighbours. In the aftermath of the catastrophe on March 11th and the nuclear crisis, such events as the Olympus scandal are raising doubts over the nature of corporate governance in Japan.

Since the last quarter of 2011, there have been many newsworthy events. On the one hand, some events are likely to bring about far-reaching social and economic changes in the country over the coming years, such as Noda Yoshihiko's decision to take part in negotiations over a Trans-Pacific Partnership (see César Castellvi's translation of an article by Tarō Jimbō). On the other hand, some recent events raise questions over the necessary structural reforms (see Adrienne Sala's analysis of the Olympus scandal) or the search by a discontented civil society for alternative leadership on the home front (see Arnaud Grivaud's analysis of the reasons for Hashimoto Toru's success in the elections) and in foreign policy (see Yann Favennec's translation of a discussion between Maehara Seiji and Ishiba Shigeru).

While being unable to predict the future of the Japanese archipelago, the editors and translators of *Japan Analysis* would like to reaffirm their intention to give their readers the keys for understanding the factors leading to changes in Japanese society over the short and the long term, and to remain faithful to the spirit which led to the creation of our *Lettre du Japon*.

Sophie Buhnik

CLOSE UP ON THE NEWS

1. The Olympus affair and the limitations of the Japanese model of corporate governance

- Adrienne Sala

The treatment of the Olympus affair in the French and the English language press contains strong hints of irony. Their journalists do not merely criticise the Japanese model of corporate governance, but go on to denounce the whole model of Japanese capitalism with its opaque practices and its links with organised crime. If one disregarded the details of the affair itself one could almost believe that the reporting goes back to the *Japan Inc.* period of the 1980s, when the same reproaches were endlessly aimed at the Japanese government by its trading partners, led by the United States. In other words there does not seem to have been an armistice in the war between the different capitalisms.

Allowing for the fact that practices, like the norms and values of any society, are the products of its institutions which are

themselves produced by the history and culture of the country concerned, when the practices of the leaders of major companies are open to condemnation, they can justifiably be seen as grounds for questioning the rules of the capitalist model where they are applied. The model of corporate governance is in effect inseparable from its particular capitalist formation, and this is especially so because of the complementary institutional relationship between the labour market and the financial market. This last point enables us to have a better understanding of why the corporate governance adopted by Japanese companies is not based on the principles of American corporate governance, which are intrinsically linked to the liberal form of capitalism, and within which the external labour market and the financial markets are institutionally distinct from those in the Japanese model. Yet both these models of governance, despite their differences, have one point in common: they are unable to control the behaviour of some of their managers. The main question is therefore the problem of managing the risk linked to moral hazard within the companies, and to

be more precise in the case of Olympus, the control over the management boards by the shareholders. The lack of transparency and the limited number of the seats on the board allotted to outside members (sometimes as low as none at all), are generally invoked in order to explain the weaknesses of the Japanese model of corporate governance. Yet, before the early 1990s, those very practices which are criticised nowadays, were a key strategic factor in the Japanese companies' ability to avoid any hostile takeovers. In fact the model of corporate governance was devised with one objective in mind: to protect the integrity of the capital held by Japanese firms, so that the interests of their active members were privileged in relation to those of the shareholders. However, starting in the 1990s, a series of scandals came to light which showed that the interests of the board could diverge from those of the shareholders and the active members, thus drawing attention to the limitations and weaknesses of this model¹.

Also, rather than condemning the insufficient measures for supervision and control within Japanese firms, it is certainly more useful to identify the firm's institutional *raison d'être*, its short and long term objectives and the interests of each party involved, in order to analyse its strategic decisions and the loopholes which allow some of them to bypass the regulations. For example, when company social responsibility (CSR)²

1 Since the late 1990s, the "personal risk" to which directors were exposed in the decision making process became a matter of major concern in the management of Japanese companies, owing to the many scandals involving company directors. Personal risk comes in three forms: the pursuit of purely personal interest (such as in the Sogo affair in 2000); negligence and lack of information (as in the Xerox case in 2004); and poor decision making resulting in company losses.

2 Most definitions of this term give a central role to the idea of a firm's social commitment, and specify that this must go beyond the observance of legal

becomes a determining factor on the markets, the latter assume a regulatory function and increasing competition works in favour of the consumers and the work force. However, in Japan the concepts of CSR, business ethics³ and compliance⁴ are still in their infancy, although considerable progress has been made since the 1990s. On the other hand, the present international situation has shown on several occasions that bypassing moral and ethical concerns in favour of personal interests is not unique to the liberal or Japanese model of capitalism but a common feature which shows that economic systems take several forms while each one has its own particular makeup.

The lack of transparency in the supervisory and the management boards

In their reporting of the Olympus affair, the press considered the expenditure of considerable funds to buy up fictitious enterprises to be a consequence of the lack of transparency typical of the way managements operate in Japanese companies. These organisations are

obligations and expectations. However, the various approaches differ with regard to their versions of the structure of the CSR, and the main lines favoured by the different entities are not always the same. Thus a firm within a single sector will define the CSR in terms of its stakeholders, whereas more international institutions will tend to emphasise relations with the local community and the families of the workforce, and refer to more specific problems such as child labour (*Finance Contrôle Stratégie - Volume 7, No. 1, March 2004, pp. 5-31*)

3 Business ethics consists in a company's and its representatives' honest, respectful, and equitable conduct of all its relations with others (Cardot F., *L'éthique d'entreprise*, Paris, PUF, 2006).

4 Compliance means a respect for all the relevant laws and regulations, as well as the codes of conduct, whether the latter are internal or external to any firm participating in a market.

generally made up of executive officers who have carried out their functions within the same company throughout their lives. The networks of mutual acquaintance and trust, built up over the years, have reduced the need to resort to external organisations for supervision and risk assessment, which incur considerable costs. Because of their members' experience and their loyalty to the firm, these active participants play a key role in Japanese companies. The "community firm" was an expression coined to describe the organisation of Japanese companies⁵, but it is a term which does not cover the field of CSR.

Indeed the specific feature of Japanese companies until the early 1990s was its traditional employment system⁶, which was based on promotion by seniority and life-long employment within a labour market internal to the enterprise⁷. This is quite unlike the American external labour market in particular, which is certainly more flexible but does not provide the same level of job security⁸.

5 Inagami T., and Whittaker D. H., *The New Community Firm*, Cambridge University Press, 2005.

6 Long term employment practices began to be institutionalised from the end of the Meiji period (1868-1912), (Thomann, « Les conditions historiques de la naissance et de la reproduction de 'l'emploi à vie' comme archétype de l'emploi masculin au Japon » in *Le Mouvement Social*, no. 210, January-March 2005).

7 The differences between an internal and an external labour market exist essentially in the long term salary relations, the management of human resources by the firm, and job security. For example, the accumulation of human resources, which was at the heart of the rationalisation of labour from the Meiji period onwards, is at the basis of salary promotion by seniority typical of internal labour markets. Since training costs are borne by the company, the latter prefers to carry out any adjustments in its labour requirements at the expense of the mostly recently hired, temporary workers, contracted suppliers etc. (Thomann, *ibid.*).

8 But we should not omit the existence in Japan of

The idea of a community was inherited historically from the paternalist governance of the *zaibatsu*. However, this idea still serves the interests of companies whenever they do not want outsiders to meddle in their affairs or oversee their practices, whether these outsiders are public authorities like the Financial Supervisory Agency (FSA) or private organisations like auditors. For example, despite definite progress on the part of Japanese companies in the late 1980s towards behaving in a more ethical and moral manner, the majority of these firms switched their priorities back again after the property and financial bubbles burst in 1991, believing that ethics was now secondary to the strengthening of the sense of belonging to a collective entity. This view is borrowed from Confucianism (*jūkyō*) and rests on the belief that problems must be solved within an organisation, avoiding any kind of external intrusion. In 2000, the adoption of measures for professional whistle-blowing within companies allowed the authorities to get round the tightly sealed nature of Japanese companies. But the example of Tepco, which managed for years to conceal the defects in its nuclear plants, shows that these measures are far from adequate. Japanese firms clearly have quite a lot of experience in avoiding any intrusion into their affairs from outside.

The system of cross-memberships

After the war, to defend themselves against the risk of hostile participation, Japanese companies organised themselves into a system of cross-memberships (*keiretsu*), at whose centre the Bank of Japan plays a major financial role. This involvement of the central bank has the advantage of reducing the costs of monitoring, and it made a significant contribution to Japan's economic

sub-contracted labour, by which the large enterprises have always adjusted their labour requirements.

recovery. However, after the bubble burst, this system for raising funds showed its limitations. The long banking crisis (it lasted twelve years) slowed down the economic recovery of the country, and it became mired in a long period of stagnation commonly known as the “lost decade” (1992-2005). To help the banks recover their bad debts, the Japanese government devised a special system of financial assistance by injecting huge sums, paid by the tax payers. Moreover, the non-existence of the legal concept of personal liability responsibility did not encourage the managers to alter their subsequent behaviour or to reform the model of governance.

The system for raising funds with the central bank at the middle has reduced the companies' vulnerability through public share offers, and has avoided the intrusion of external monitoring agencies, but the consequence has been to authorise the pursuit of private gain at the expense of group profits and the individual company.

Moral hazard and Japanese corporate governance

The term “moral hazard” is used to describe the decision-making practices of company directors which contravene ethical behaviour and in most cases lead to fraudulence or criminality. When such scandals become publicly known, they shake the financial health of the company and its image, and make any recovery difficult when it is under pressure from the laws of the market. Since the late 1990s, several Japanese firms have been involved in financial scandals, and this raises the question of the effectiveness of their corporate governance, which is supposed to reduce the risk of moral hazard arising from the paucity of the flow of information from the management to the shareholders. The almost complete lack

of control over the managers of Japanese companies has aroused serious criticism and leads to the following question: how to ensure that the managers and the shareholders share a common objective, which would also correspond to the interests of society at large?⁹

CSR and relations between managers and shareholders

One of the main difficulties in deciding on an effective model of corporate governance lies in defining company goals. Among other things this might be the maximisation of value for the participating parties, human satisfaction, or the creation of an identity. Companies' objectives are not only the creation of profits and the maximisation of economic value, but also achieving a worthwhile social goal. So there is an intimate connection between corporate governance and social responsibility. Yet CSR concerns have been considered less important in the Japanese model when compared with the status attached to ethical values and social responsibility by company managers in the United States or the most industrialised countries in Europe. CSR rests on the assumption that company boards take part in the growth of the economy while also working for social development. But the history of post-war Japanese economic development shows that the pursuit of these objectives has often followed a contradictory path. Although the idea of CSR was introduced into Japan in the 1970s, society in that country has paid a heavy price for its rapid economic growth. The spread of the idea of CSR within Japanese firms was interrupted in particular by the two oil shocks, following which the managers turned their social concerns

9 Demise N., “Management and Corporate Governance” in *Corporate Governance in Japan*, Springer 2006.

towards the more strictly economic agenda. In fact, the more companies focused on economic recovery, the less interest they showed in CSR. In this respect, the period of the bubble (1989-1991) is well known for the sudden enthusiasm of Japanese companies for philanthropic activity inspired by the American model. But after the bubble burst, as we have seen above, the numerous scandals which came to a head led to questions being raised, both about managerial practices from an ethical and moral point of view, and the effectiveness of the ways of monitoring them.

In 1991, the Keidanren (Federation of Japanese economic organisations) published a charter for company behaviour. In the wake of this initiative, a number of firms established a code of ethical conduct. Yet the majority of Japanese firms continued to prioritise increasing their returns rather than following the path of giving institutional support to professional ethics. As Milton Friedman has argued, the only goal in social responsibility for a company is to make as much money as possible,¹⁰ a principle which has been followed by Japanese companies and has led to more or less favourable consequences for society as a whole. The neglect of CSR by the managers of the major companies may be partly explained by the widening gap between them and the rest of society (differences in generation, incomes etc.), and partly by the pursuit of their private interests.

Clearly, the question of deciding how to combine ethics and economics in corporate governance is a legal matter¹¹. For this

10 Friedman M., *The Social Responsibility of Business is to Increase its Profit*, (1972) in Hartman L. P. (ed.) *Perspectives in Business Ethics*, McGraw-Hill, 2002.

11 As Friedman argues in *Capitalism and Freedom*, actions undertaken to fulfil a private goal may

reason, the idea of company compliance was introduced into Japan only as late as 2000. Compliance means ensuring that the internal activities of an organisation are conducted in accordance with the law and the regulations relevant to the particular sector and the type of goods and services being offered. In 2004, following a study by Keizai Doyukai and the Keidanren on CSR and corporate governance in Japan, it was decided that companies should establish more effective systems to ensure compliance and develop more robust means of oversight¹².

The amendments to the Corporate Law in 2005 allowed companies' internal control measures to be improved. Recently, a further revision of the law makes the presence of an external member on the board of directors mandatory. Even so, it would be naive to believe that the provision of this extra seat on the board is enough to enable a vote opposed to the majority of the managers to be carried. In addition, for as long as the Keidanren continues its opposition to reforms in corporate governance, it is difficult to exercise any control over managerial behaviour. Legal processes and institutional changes take time and are generally under pressure from social groups whose interests diverge from those of the rest of society. Nevertheless, unless they take part in a radical change in their practices and their behavioural norms and values, and despite considerable changes actually occurring within some companies, questions still remain about the integrity of the model of corporate governance in Japan. This new pluralism in the models of governance also testifies to the increasing heterogeneity arising from the ongoing process of adaptation by these institutions.

contribute to the general good, provided that the legal framework is robust.

12 <http://www.doyukai.or.jp/en/policyproposals/articles/pdf/040116.pdf>.

Conclusion

The facts recently laid bare in the press over the Olympus affair continue to feed into recent news reports on the limitations to Japan's corporate governance. In the years after 2000, it was the Japanese banks which drew the attention of many foreign journalists. These commentators, who criticised the banks for continuing to make loans to companies while knowing that they were making no profit, omitted to put a precise number on the number of jobs that were saved thanks to those measures, and although they analyse the long period of economic stagnation in the light of the seriousness of the banking crisis, they rarely comment on the positive side of the way the crisis was managed. What would have been the economic and social consequences if the banks had not played their role as saviour of last resort, and if the government had not supported the banks in that role, in particular by allowing greater flexibility in accountancy regulations, by creating an organisation for buying up bad debts, and lending to loss-making companies to avoid the heavy consequences of bankruptcy?

Thus, the efforts by some people, at the legislative and the company levels, were undertaken to reduce the risk of moral hazard in the relations between managers and shareholders. Nonetheless, it has become rather too convenient now to decry the lack of transparency in the boardrooms of the major Japanese companies, often in the service of the private interests and strategic ambitions of foreign managers and shareholders. For example, it is regrettable that there was no media enquiry into the private interests of Michael Woodford. As for the concealment of the financial losses since the late 1990s, on the one hand these practices are not unique to the Olympus affair, as I have shown with regard

to the Japanese banks; on the other hand, the scandals and the fraudulent financial dealings which arose as the bubble burst, have kick-started a process enabling some progress to be made in the improvement of the rules of governance, ethics, and compliance within Japanese companies, without the latter engaging in a simple copy and paste adaptation of the American model. Doubtless this is causing considerable regret among foreign investors and managers.

2. The metropolitan project of Hashimoto Tōru, the new mayor of Ōsaka

- Arnaud Grivaud in collaboration with Sophie Buhník

On November 27th 2011, Hashimoto Tōru, who was governor of the Ōsaka prefecture from 2008 to 2011, won the Ōsaka mayoral election with a large majority of 58.9% of the vote. After restoring the prefectural finances, which had been in deficit for eleven years, thanks to a drastic reduction in administrative costs, this 42-year old former lawyer and television presenter, created his own Party for the Restoration of Ōsaka (*Ishin no kai*). Then, on October 22nd last year, he decided to relinquish his governorship three months before the end of his term of office, to stand for the position of mayor of the city of Ōsaka against the retiring incumbent Hiramatsu Kunio, despite the fact that the latter was supported by the prefectural delegates from the Japanese Democratic Party, the Liberal Democratic Party, and the Japanese Communist Party. On the same day, a member of the Party for the Restoration of Ōsaka, Matsui Ichirō, was elected to the position of governor of Ōsaka prefecture, now left vacant by the resignation of Hashimoto. This double election on a single day, which is rare in the contemporary political history of Japan (the last occasion goes back to 1971 in Ōsaka) was crowned by the overwhelming victory of the political tendency led by the former lawyer, which some opponents have not hesitated to call “hashism”, a neologism derived from “fascism”.

This victory had considerable repercussions on the political landscape in Japan, and on the following day there was a good deal of media comment on Hashimoto's unusual career and personality, his showy

populism as governor of Ōsaka¹³, and his desire to pursue the project at the heart of his electoral manifesto, namely the establishment of a metropolitan government for Ōsaka comparable to the one already in place for Tokyo. What are the real issues in this project?

The extent of Hashimoto's project and his arguments for it

At the present moment, the city of Ōsaka is one of the nineteen “designated cities” (*seirei shitei toshi*); these are cities with over 500,000 inhabitants which enjoy extended powers in several domains, especially in public services and urban planning¹⁴. Ōsaka's neighbouring city, Sakai, is also one of the nineteen. Even though his project has not been fully clarified, it appears to consist in eliminating the municipal level of government in the two cities and combining their current city wards into a smaller number of special wards (*Tokubestu jichiku*), along the lines of those in Tokyo. The idea would be to combine the current twenty-four Ōsaka wards into eight special wards, and the seven Sakai wards into three special wards, in addition to transforming Ōsaka's nine neighbouring cities into special wards (See map). The financial prerogatives and resources currently in the hands of these nine cities would be largely transferred to the prefecture¹⁵. But other powers (in the

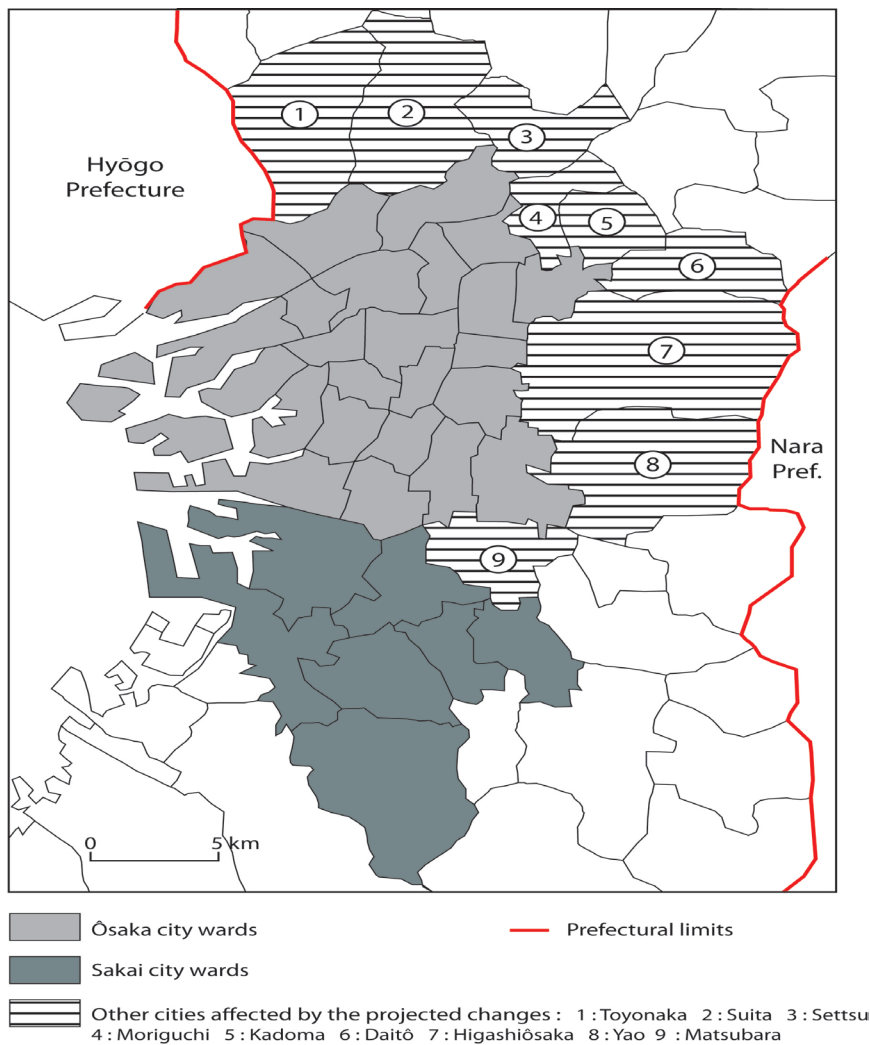
13 His most controversial measures were in the field of education. As governor of Ōsaka, Hashimoto sought to strengthen departmental control over the teachers in Ōsaka's public schools. With the support of his party, he had a law passed which obliged the pupils in the public schools to salute the flag and sing the national anthem (*kimigayo*) during official ceremonies, which some teachers refuse to observe.

14 These powers are defined in article 252-19 of the 1947 law on local communities.

15 The Ōsaka prefecture would no longer be known as a *fu*, a term which it shares with Kyōtō, but as a *to*, a term which it would share with Tokyo.

fields of taxation and public services) would be handed over to the new special wards, which would be governed by an elected mayor and ward assembly (whereas they are currently run by civil servants). But in order for this project to see the light of day, Hashimoto will have to convince the municipal assemblies from the various cities affected by it, the prefectural assembly, and finally the Japanese Diet.

Map showing the area covered by the new Ōsaka metropolis proposed by the Party for the Restoration of Ōsaka, drawn by Sophie Buhnik, February 2011. Source: Party for the Restoration of Ōsaka website (<http://www.oneosaka.jp/>).



The arguments put forward by Hashimoto in support of this administrative reorganisation fall into two distinct parts. One of these focuses on the need for rationalisation (i.e. economic considerations) and the other might be called “democratic” (or at least, concerned with local democracy). With regard to the first part, during his term as governor Hashimoto had pointed his finger at the useless expenses arising from the administrative overlap of the Ōsaka municipality and prefecture (*Nijū gyōsei kōzō*). A merger of the two “designated cities” in the Ōsaka prefecture would allow the implementation of a common economic strategy, to increase competitiveness and to rival the power of Tokyo¹⁶. This administrative reorganisation would also have the advantage of giving better representation to the citizens of Ōsaka. The provisional boundaries of the special wards show that each ward would have between 200,000 and 500,000 inhabitants, whereas the city of Ōsaka at present has a little over 2,665,000, and Sakai 841,000 (according to the 2010 census). Through the election of their mayor and their ward assembly, these inhabitants could therefore more easily make their voices heard.

Nevertheless, it should be noted that the financial resources arising from tax receipts would be very unequal from one ward to another. So it would be necessary, as is the case in Tokyo, for the prefecture to get a portion of the money from taxation for

16 On this matter the General secretary of the LDP, Ishihara Noberatu, stated that competition between the two major cities of the West and the East would be « a plus » in the current situation of the reconstruction of the areas affected by the earthquake: “Ōsaka-to kōsō ni sandō, Jimin-Ishihara shi, Tōzai de kyōsō ha purasu” [For the General Secretary of the Liberal Democratic Party (LDP) which supports the proposed metropolitan Ōsaka, a competition between the West and the East would be a plus], *Sankei*, September 24th 2011.

subsequent redistribution, so as to avoid unequal services being provided in the different wards¹⁷. So the autonomy of the special wards would be quite relative.

The reactions from the politicians

Despite the mistrust which Hashimoto’s reformist initiative arouses within the JDP and the LDP, it has been welcomed by a number of politicians at the local and the national level. For instance, Ishihara Shintarō, the governor of Tokyo, has declared his support for Hashimoto’s move while rejecting the use of the term *to*, which refers to the capital city¹⁸. But support for Hashimoto’s proposal is far from being unanimous. In the first place, according to a message posted on the Sakai city hall website on December 28th 2011, the mayor of Sakai is not keen to see his city “dismantled” on the pretext of solving a problem which only concerns the city and prefecture of Ōsaka. This opposition to his project, shared by the elected JDP members of the Sakai city council, seems to have caused Hashimoto to revise the division of the city into three wards¹⁹. Apart from the city of Sakai, the elected representatives

17 “Hashimoto tōru, Ōsaka shi-chōra ga mezasu ‘Ōsaka-to kōsō’ ha jitugen suru?” [Will Hashimoto’s metropolitan project for Ōsaka come to fruition?], *Yomiuri online*, January 11th 2012. According to this article the maximum gap between the wards is currently 1 to 17.6.

18 “Hashimoto chiji no pa-tei ni Ishihara chiji ga messe-ji, Ōsaka-to no meishō ha komaru” [Message from Ishihara to Hashimoto’s celebration “The name Ōsaka-to raises a problem”], *Sankei*, August 26th, 2011.

19 Instead, the city would become a special ward. In this way Hashimoto is trying to encourage the mayor of Sakai to join the leadership of his campaign to unify the cities and the prefecture: “Ōsaka-to kōsō de ‘Sakai-shi ichiku-an’, Ishin tōgō honbu sanku unagasu” [One ward for the city of Sakai: an invitation to join the leadership for unification], *Sankei*, December 31st 2011.

at the Ōsaka municipal and prefectural assemblies belonging to the national parties (JDP, LDP, and *Kōmeitō*) have also shown their reluctance, hence their support for the retiring mayor. For example, the Ōsaka prefecture website shows that only one elected member, from the Communist Party, took part in the “assemblies to consider the new metropolitan system” which met seven times within the prefectural assembly²⁰.

But the sweeping victory of Hashimoto and his party in this double election has completely altered the situation and the prospects for his metropolitan project. Indeed the main parties are currently worried that any opposition to Hashimoto’s proposal could ensure their defeat in the nineteen Ōsaka wards at the next elections to the legislature. For the whole of the Kinki region (which contains seven prefectures, including Ōsaka, Kyōto, and Hyōgo) that would put 70 out of the total of 480 seats in the Chamber of Representatives up for grabs. Being aware of the danger which he represents for those parties, Hashimoto has sought their co-operation on several occasions, by threatening to put up his own candidates at the national elections²¹. Therefore, the LDP officials have ordered their team at the Ōsaka prefecture to instruct their locally elected members to co-operate with the *Ishin no kai* party. The JDP is divided over the position to be taken and has been more reserved, with its members differing among themselves; the Chairman of the JDP political affairs committee, Maehara Seiji, has shown relative openness to Hashimoto’s project, whereas

the Prime Minister and some other politicians are more sceptical. The ruling party in fact finds itself in an awkward position, insofar as it counts among its major supporters the local government officials’ union (*Jichirō*), which is vehemently opposed to the draconian reduction in the number of officials demanded by Hashimoto. In contrast to this, the *Minna no tō* (Your Party) and the *Kōmeitō* seem to be the most inclined to co-operate with the *Ishin no kai*. Hashimoto has even mentioned the possibility of collaborating with the *Kōmeitō* in the forthcoming legislative elections²². Even the Party for the Reduction of Taxes (*Genzei nippon*), a local party in the leadership of the Nagoya city hall, is planning to form an alliance with *Ishin no kai* at the legislative elections²³.

Hashimoto’s ambitions

At present, Hashimoto’s ambitions are still unclear. On January 20th last year he stated at a party function that they were getting ready for the legislative elections, whatever the other parties might think about it. This meant that he was asserting his wish to raise *Ishin no kai* onto the national stage, thus irritating the other parties. At the same time he is now encouraging some uncertainty about this, being well aware that an excessively aggressive strategy might compromise his collaboration with parties well disposed towards him up till now. If he wishes his project to have a chance of success,

22 “Hashimoto Ōsaka shichō: ‘Shūisen de ha kyōryoku’ kōmeitō nengakai de” [*Ishin no kai* will co-operate with the *Kōmeitō* at the legislative elections], *Mainichi*, January 13th 2012. This collaboration would also allow the party to win the majority at the municipal assembly where the *Kōmeitō* holds nineteen seats and *Ishin no kai*, thirty-three out of the total of eighty-six.

23 “Hashimoto shichōra to kyōryoku ... Genzei nippon, shūinsen he sentaihonbu” [*Genzei nippon* plans collaboration with *Ishin no kai* at the legislative elections], *Yomiuri online*, January 23rd 2012.

20 [http://www.pref.Ōsaka.jp/attach/14041/00079962/meibo.pdf](http://www.pref.osaka.jp/attach/14041/00079962/meibo.pdf)

21 He mentioned 50 candidates, but party officials have asserted that they are targeting 200 seats. “Kumi ogokasō ... Hashimoto shichō, ‘Ishin’ no kokusei shinshutsu shisa” [Get the country moving: Hashimoto plans to expand *Ishin no kai* into national politics], *Yomiuri online*, January 21st 2012.

he cannot rely solely on his customary resounding declarations. The last of these was pronounced at another party function, on June 29th 2011, when Hashimoto declared that what Japanese politics needed at the moment was a dictatorship²⁴. It is this sort of pronouncement which underlies his nickname “Koizumi no. 2”, and the neologism “Hashism”. On December 23rd 2010, a policy group of five specialists brought together by Hashimoto, while explaining the many difficulties in the path of his metropolitan project, warned the governor against “any shift towards populism” and urged him “not to be carried away by a wave of temporary popularity”. More recently, Prime Minister Noda Yasuhiko admitted on a television channel that he found it all becoming “a bit too theatrical”. His use of the term *gekijō* (theatre) is not an innocent reference, since it evoked the famous *Koizumi gekijō* (the Koizumi theatre, or show) widely disseminated in the press to refer to the former Prime Minister's excessive use of the media and his populist tendencies.

Whatever the truth of the matter, there can be no doubt that Hashimoto is playing an increasingly prominent role on the Japanese political scene. His metropolitan project could become the beginning, as some would wish, of a new decentralising movement leading eventually to the introduction of a new regional level (*Dōshūsei*), whose origins go back to the pre-war period, and which has reappeared now and then at the forefront of the political scene. In July 2011, following the victory of Hashimoto's party, Ishihara Shintarō, the governor of Tokyo and another contemporary populist in favour of greater

local autonomy, met Hashimoto to discuss plans for the transfer of Tokyo's political and economic functions to another capital city in the event of a major earthquake. He has recently attempted a further approach to the new mayor of Ōsaka to discuss the forthcoming legislative elections, and is reported to have proposed opening three-sided talks with Ōmura Hideaki, the governor of Aichi prefecture²⁵.

24 “Hashimoto chiji ‘Seiji ni dokusai wo’ shikin paitēi de kisei, Ōsaka shichō-sen rikkōho ni ha kotoba nigosu” [Governor Hashimoto calls for a dictatorship for Japanese politics but remains evasive on the question of standing for the municipal elections], *Sankei*, June 30th 2011.

25 http://ajw.asahi.com/article/behind_news/AJ201201270052

POINTS OF NEWS

Tarô Jimbô, “Media Assessments: what the national press expects from joining the Trans-Pacific Partnership” [*Media Hihyô: Zenkokushi “taibô” no TPP sankâ*], *Sekai*, January 2012, pp. 146-151. (translated from the Japanese by César Castellvi).

Tarô Jimbô is a journalist who writes for the “Media Assessments” column published every month in the magazine, Sekai. Here he analyses the reaction in the Japanese press to the announcement by the Prime Minister, Noda Yoshihiko, at the press conference on November 11th 2011, that Japan would take part in the negotiations to join the Trans-Pacific Partnership (TPP). Drawing a distinction between the national and regional publications, he highlights the main differences between the opponents and supporters of membership, and makes a rough comparison of the press reactions in Japan and the United States.

Hopes for “opening up to the world”?

At a press conference held at his official residence on the evening of November 11th, Premier Noda Yoshihiko officially announced his wish to take part in negotiations to join the strategic and economic Trans-Pacific Partnership (TPP). How did the print media cover this declared intention to participate in such complex negotiations, whose outcome will have a great influence on both the people’s lives and the state itself?

Generally speaking, the national newspapers gave the news a positive reception, whereas the regional press as a whole took a more cautious approach. These two kinds of publication diverge considerably in their handling of the Prime Minister’s support for

entering negotiations which promise to be complicated.

Yomiuri Shimbun is among those newspapers who welcomed the Prime Minister's press conference announcement. This event received first-page coverage in the morning edition on November 12th, under the main heading "*Prime Minister announces Japanese government participation in TPP negotiations*" ... followed by the sub-heading: "*Promotion of trade and budget focused on agriculture*". Down the left of the front page a panel of Chinese characters proclaiming "*An open country, TPP*" introduced a series of articles on the subject. On the second page, an opinion column by a member of the editorial board, Kondô Kazuyuki, bore the title, "The Re-birth of Japan, resolution and conviction". The editorial, under the heading "*The choice for opening will benefit Japan*", expressed enthusiasm. Among the political consequences of the decision, it stated that "*joining the TPP will [or would] lead to further development of the Japanese-American alliance and will [would] be a way of withstanding the growing economic and military presence of China ...*".

As for *Nihon Keizai Shimbun*, it takes a clear stand in its editorial under the heading "*With the 'attack' of the TPP negotiations, let us broaden Japan's position*". The editorial goes on to argue that "*to enable the development of the Japanese economy, it is impossible to do without a strategy for reshaping our foreign policy through trade and investment. The (government's) reaction is overdue but it is imperative to seize this decisive moment by introducing a reform in the nation's agriculture and establishing new trade regulations.*"

However, there is a glaring lack of concrete proposals for carrying out this "reform" in any depth on the agricultural scene, which

will presumably suffer considerable damage from the TPP. Ever since this treaty has become a source of debate, even the major media outlets have been sceptical over the farmers' chances of survival in a free-trade system, given that the area of Japan's arable land is a hundred times smaller than that of the United States and a thousand times smaller than the available land in Australia. For *Nihon Keizai Shimbun*, which is well known for its number of expert journalists, and for the competence of its editorial board, it is now time to pay attention to the issues at stake in the reform of agriculture. But it is not certain that there actually are any viable solutions.

Reading the pages of these two newspapers brought to my mind the following comments by Yonekura Hiromasa, Chairman of the *Nihon Dantai Rengôkai* (Japanese Federation of Economic Organisations, also known as the *Keidanren*) published on November 11th, when he considered Japan's participation in the negotiations to join:

The pressures from the financial world

Yonekura Hiromasa expressed this opinion: "*the TPP is dividing public opinion. As for myself, I am basically in favour of the decision to pursue the negotiations to join, taking the national interest into account. I would like to express my absolute respect for the Prime Minister's decision In affirming my support for the negotiations aimed at creating rules suited to the new situation which we are in, I hope that every effort will be made to reach an agreement which will bring the real growth needed to favour the economic development of our country.*"

These comments followed the publication on November 1st 2010 of a communication entitled: *A call for participation as soon as possible in the negotiations over the TPP*. It

was signed by the Chairman of the *Nihon Keizai Dantai Rengōkai* (Japanese Federation of Economic Organisations), Yonekura Hiromasa, the Chairman of the *Nihon Shōkō kaigisho* (Chamber of Commerce and Industry), Okamura Masa, and the Chairman of the *Keizai Dōyūkai* (Japanese Association of Company Directors) Sakurai Masamitsu.

Referring to the negotiations over the TPP it declares that *“in order to give life to a strategy for economic growth, it is necessary not to wreck the first stage, which is participation in the negotiations over joining. If we were unfortunate enough to miss this opportunity, we would be a latecomer in the building of an international environment favourable to business relations with other countries, and we could be left out of global prosperity and growth.”*

This communication may have been published too soon, or perhaps it was overlooked by the media, but in any case it aroused almost no response. The great majority of readers would not have felt so shocked by Prime Minister Noda's declaration on joining the TPP, if its prior handling by the media had been more adequate ...

The *Mainichi shimbun* is reputed to be more in touch with ordinary citizens than the other two, which are closer to political and financial circles, but it has nonetheless taken a position close to theirs, which is an uncommon event.

Some excessively tough approaches in relation to Japan's negotiating capability

In its morning edition on October 31st, *Mainichi* said the following in its editorial, *The theory of an American plot misses the point*: *“There are more than twenty-four issues to be addressed in the negotiations,*

and currently the opinions opposed to the TPP are not only concerned with agriculture ... Pointing to the demands over opening up the system for reimbursing medical expenses and the management of hospitals through private companies, some theories foresee the collapse of the Japanese hospital system. However, there is no example of a public health system becoming a subject for commercial negotiations and it appears impossible for that to occur solely with the TPP”. But this editorial comment completely ignores the fact that the TPP does indeed make the public health system a subject for the negotiations.

Following this, an editorial in *Mainichi* on November 12th, i.e. after the Prime Minister's press conference, entitled *Japan must lead the negotiations ...* argues that *“even if the price of rice falls with the advent of the TPP, it is possible to protect the farmers by replacing individual compensation proportional to earnings, by quotas on agricultural land. This means it is really possible to envisage the export of rice through increased productivity.”* However, if the TPP comes into effect and brings about the abolition of the 778% tax on imported rice²⁶, are these calculations really correct? The same editorial goes on to say, *“there is a law allowing for exceptions to unbridled liberalisation. Even before starting negotiations it will be enough to defend what must be excepted ... If the situation becomes unfavourable, it is enough to simply refuse”.* But in the framework of negotiations with the United States, would these Japanese demands really be so easily accepted? If this writer had personally covered Japanese-

²⁶ In April 1999, in order to protect domestic rice production, the government imposed a tax on imported rice. This tax allows Japanese producers to sell their products without suffering from foreign competition. That is one of the reasons behind Japan's self-sufficiency in rice production.

American relations in Washington, or even in Tokyo, he would become aware of his excessive optimism.

A regional press with enlightened arguments

The regional press presents us with a number of interesting arguments. For example, *Hokkaidô shimbun* gave its editorial of November 12th the following heading, *Face up to the anxieties of the people*. It describes the situation as follows: “It is hardly a month since, following the instructions of the Prime Minister, the Democratic Party initiated a real debate ... What brought it to a hurried conclusion is the hidden intention to give importance to improving links with the United States, these having deteriorated since the problems arose over the Futenma air base. Obviously relations between Japan and America are important, but it is a serious misjudgement to prioritise American concerns over the interests of the Japanese people”. The editorial goes on in the same vein to describe “the fear of regional economic collapse if import duties are lifted ... The Prime Minister has declared ‘We will do everything to protect the interests of the farmers’. If that is what he really intends, there must be special consideration given to rice and other products.” These statements, echoed in other provincial newspapers, express the fears in the provinces over the lifting of import duties.

On the same day, the editorial in *Chûgoku Shimbun*²⁷, talked of “abandoning the people”, stating that “As far as agriculture is concerned, the Prime Minister has promised to make the necessary funds available to set up a mechanism to allow the development of agriculture and the sixth sector”²⁸.

27 A daily serving the Chûgoku region, and widely distributed in Hiroshima and Yamaguchi.

28 In Japan the sixth sector of the economy (*rokuji*

The editorial rebuts the Prime Minister's arguments: “the area of two hectares of arable land per farmer is insufficient. Even if it is multiplied by ten, in the face of the Australians' three thousand hectares per head, or even the Americans' two hundred hectares, it is not possible to compete. We cannot be rule out the possibility that we are witnessing a destructive attack on the growing methods of Japanese agriculture. The government has not even clearly stated how it plans to provide the funds needed to compensate the farmers.”

To complete this survey, we could take a look at the editorials in other regional publications on November 12th. Firstly, in its editorial (*Regrets in the face of a decision taken without real reflection*), the daily *Akita Sakigake Shimpô* writes: “At a time when, in the field of healthcare, tax credits or working conditions, the Japanese model is in danger of disappearing, Prime Minister Noda has decided to throw himself into the negotiations. Why the TPP? What national interest is he defending?”...

To take a final example from the regional press, the *Kyôto Shimbun* invokes “a fear that will not be easily dispelled, of the negotiations intended to protect the country”. This editorial argues that “following up the negotiations on the TPP means binding oneself immediately to negotiations over bi-lateral economic co-operation. In particular, does this not mean giving priority to progress in the negotiations with China and South Korea, which will become the central pivots of our foreign trade in Asia? As the high yen undergoes further pressure from the euro crisis, our country's economic future becomes even murkier. Over and above negotiations on the TPP, we must make efforts to deepen the economic

sangyô) refers to the uses of agriculture and fisheries in industry and the service sector.

collaboration between the friendly countries in Asia.”

Affecting the very foundations of society

The negotiations over the TPP are targeting a large number of areas (24) affecting the very foundations of society. These include healthcare, the provision of credit, social security, jobs, administration etc. Even considering healthcare alone, the social security system for reimbursing healthcare bills (*kôteki iryôhoken seido*) and the nation's universal medical insurance system (*kokumin kaihoken seido*) are good examples. In the United States there is no universal social security system and the private companies hold the monopoly for its provision. These insurance companies are going to try to get a foothold in Japan. Even in areas affecting the bases of society, such as social security, the United States aims at removing the non-tariff barriers to free access.

It seems quite clear that the regional press outdoes the national press in producing pertinent articles and editorials which emphasise the negative aspects of the TPP. This is probably owing to their greater closeness to the local population. My experience as a correspondent in the United States leads me to think that the regional Japanese press is far more informative than many regional American newspapers. On the other hand, compared with the national dailies like the *New York Times* and other newspapers with an international reach, the national Japanese press is not as effective.



“Getting over the outdated conflict between the governing majority and the opposition, in order to face the United States, China, and Russia on an equal footing” [Bei-Chû-Ro to gokaku ni watariau tame niha yoyatô taiketsu ha mô furui], Chûô Kôron, no. 11, November 2011. (translated from the Japanese by Yann Favennec).

Yokota Yumiko is an independent journalist who graduated from Aoyama University in Tokyo. Here she conducts an exclusive interview with Ishiba Shigeru (former Defence Minister and member of the LDP) and Maehara Seiji (former Minister of Foreign Affairs and member of the JDP). These two politicians give us a panoramic view of the future directions, in their opinion, which will be followed by Japanese foreign policy in the Asia-Pacific region: namely, a strengthening of the Japanese-American alliance, a concerted effort to deal with the problem of North Korea, an improvement in relations with Russia, and a firm stance towards China. In addition, they declare a shared willingness to get beyond their respective political allegiances.

The Japanese-American alliance has become empty under the Hatoyama government

Ms. Yokota: The first thing we were told was that at the bilateral summit meeting between Prime Minister Noda and President Obama on November 12th 2011, some solutions to the many unresolved issues in Japanese-American relations were aired. Then we were

informed of the President's expressions of goodwill towards his opposite number ... But, despite this, I have the impression that the JDP has not yet managed to bandage the wounds dealt to the Japanese-American alliance.

Mr. Ishiba: I entirely agree with you. Shortly after entering office, Hatoyama Yukio expressed support for setting up an East-Asian Community while denouncing “Japan's excessive tendency towards dependence on the United States”, after which he made many statements capable of being interpreted as a desire to move away from the US towards full integration into Asia. It is obvious that this completely idealistic vision of Japanese foreign policy ... caused great confusion and led to a major break in Japanese-American relations. It goes without saying that foreign policy in particular should not be based on ideals but on a hard-headed realism. Take, for example, the question of military installations intended to replace the US base at Futenma: At first Mr. Hatoyama spoke of their being transferred “out of Japanese territory”. Then he changed his statement by mentioning their removal from the prefecture, and finally

on leaving office he admitted that he had only then become aware of the importance of having the US Marines on Okinawa ... *(Turning to Mr. Maehara)* I can well imagine the embarrassment that caused you, but to be quite frank, I would rather not have had to watch such a spectacle. Among the leftovers of Hatoyama's diplomacy, some are going to be difficult to clear up.

Mr. Maehara: I am listening to your opinion with humility, especially as last year you were the chairman of the main opposition party's political affairs committee. I am also quite aware that a good many citizens share your point of view. ... Having occupied the post of Minister of Foreign Affairs, admittedly only for a short period, I would like to add that at the beginning of the transfer of power, the United States was worried about not being able to form any opinion of the JDP government.

It was in fact the first time that Japan was experiencing a political change: it is true that in 1993 we witnessed the formation of the Hosakawa coalition government which included the LDP and the non-communist left parties, but that was not the outcome of an electoral victory with a large majority. When the Americans wished to know whether Japan would or would not change its foreign policy direction, there had already been an accumulation of different causes for anxiety and suspicion, which created a feeling of genuine mistrust on their side. In my opinion, it was as if we had pressed a button at the wrong moment.

Mr. Ishiba: In matters of defence or the economy, it is absolutely essential to maintain a certain balance. Despite that, Prime Minister Hatoyama suddenly announced a whole range of projects in public. It is undeniable that he acted without any reflection. And in the case of Futenma, his behaviour

set off a several megaton explosion.

Mr. Maehara: His proposals certainly did not command unanimous approval even within our party. Several voices were raised to demand that the bilateral agreements between the LDP and the Bush administration should continue to be respected, particularly as the Americans maintained their intention to implement them despite the change in the US administration: we should therefore do the same.

On their side, the United States took the following position on Futenma: "If Japan really intends to get us to put alternative military installations somewhere, we are ready to consider their proposals seriously". I think that our greatest failure was not to have managed to find those alternative sites.

Mr. Ishiba: The worst thing is that the Okinawans' trust in the government was gravely damaged. The problem of Okinawa is directly linked to that of Japanese-American relations. That is why the LDP is offering to work together with you. Yet, so many people on our side have felt themselves badly treated after being criticised "for not having achieved any concrete results at all in thirteen years", since the 1996 Japanese-American agreement in principle on the complete restitution of the Futenma airbase. Within our party, people like Mr. Hashimoto Ryûtarô first of all, and others like Obuchi Keizô, Nonaka Hiromu, or Kajiyama Seiroku have fought strenuously to try to resolve the problem. According to the Japanese-American security treaty, the base could not be situated anywhere but on Okinawa. And only the Henoko district had agreed to accept its location on their land. When you think of the past experiences of that region, that agreement was truly miraculous, as rare as an alignment of heavenly bodies! And I would like you to feel truly penitent, after having messed it all up in a single speech!

That is why, if there is still the slightest chance that the inhabitants of Okinawa might once again put their trust in the government, we would like to co-operate and we hope that the JDP government will make a similar effort.

Mr. Maehara: We consider it our duty to take the feelings of the inhabitants of Okinawa into consideration. However, we have reached a stage where it has become impossible to win their trust by words alone. Be that as it may, we fully intend to prove our willingness by deeds. ... We also wish to raise the level of mutual trust in relations between Japan and the United States. As you have noted, the factor which has made the Americans' mistrust of Japan unavoidable originates in the projected creation of an East-Asian Community. During his official visit to China, Prime Minister Hatoyama indicated that the United States would not have any part in the project. That information was transmitted to the United States from China, and so the Americans started to have doubts about the JDP government. Immediately afterwards, some party officials took about 140 Japanese deputies on an official visit to China, and even went so far as to shake hands with the President Hu Jintao.

Mr. Ishiba: Diplomacy should not consist in gathering a crowd of 140 together for souvenir photos. It would have been better to use the occasion to defend the presence of the Marines on Okinawa as a necessity for keeping the peace in the Far East, which is the purpose of the Japanese-American security treaty.

Mr. Maehara: Instead of that, one of the party officials brought up the "equal-sided" nature of the triangular relationship between the United States, China, and Japan. In my view, a triangular relationship linking us to a country which is our ally and to another which

is not, can in no way be considered "equal-sided". But the fact is that a whole set of actions and statements from our party have provoked American mistrust. Numerous projects which have fed the suspicions of the United States, an allied country which has maintained consistency in its policy towards Japan, have proliferated.

However, even if there have been no diplomatic advances under the Hatoyama government, in the interests of the nation there is absolutely no point in criticising us for having damaged Japanese-American relations. Between allies, the basis of mutual confidence is to reiterate the reciprocal promises given to each other in accordance with our respective national interests. Hatoyama's diplomacy has certainly led nowhere, because it failed to take into account that Japan's unilateral declaration of its intention to modify its side of the agreement has given rise to frustration on the American side. Nevertheless, Mr. Hatoyama took the decision to keep the US base at Henoko, as the price of his resignation. ... Since then, we have been trying to deepen our relationship on the basis of three shared strategic objectives: the security treaty, the economy, and human and cultural exchanges. I have the feeling that we have managed to convince the Americans that the watchword of the JDP government is to maintain the Japanese-American alliance.

Strengthening the Japanese-American alliance through concrete steps forward

Mr. Ishiba: My view is that the deepening of the Japanese-American alliance should not depend on intellectual considerations but on the possibilities of a concrete dialogue with the United States. How should the security treaty be applied in practice? How should joint operations be mounted in the region? Those are the questions which need tackling!

This brings up one of my big regrets: at the time of good relations between Bush and Koizumi, we adopted a wide range of “legal provisions”, beginning with the one dealing with Iraq, which were limited in duration and their goals, and lacked flexibility. We got out of the situation quite well, but I think that the general position would have been radically different if Mr. Koizumi, during his last visit to the United States, had voiced his willingness to consider the passing of an “ordinary” law to specify all the possible conditions and objectives under which the Defence Forces could be deployed, in order to make speedier military interventions possible.

[...]

Mr. Ishiba: I would like to raise the question of the law on the “surrounding circumstances”, but for that I will first talk about North Korea. When it enters into the phase of handing over power to a new ruler, that country will certainly play a nasty trick on us. In 1983, there was an attempt to assassinate the South Korean President Chun Doo-Hwan with a bomb in Rangoon. In 1987 an aircraft of Korean Airways blew up in mid-air because of a bomb attack. Moreover, since North Korea is nominally a “People’s Democratic Republic” a large section of its population will not find it normal to see yet another hereditary succession to power, even if they are careful not to say so. So, in order to convince his people, the new Generalissimo will have to prove to everyone that he is an even more gifted “genius” than his predecessors in politics, economics, and diplomacy. If he fails to do so, he will be unable to secure his legitimacy as head of state.

In this respect, the shelling of the South Korean Yeonpeong archipelago last November gave me the feeling that North Korea was developing in the wrong

direction. By that I mean that until then the country had denied all responsibility for any incidents which took place. But in the case of the Yeonpeong bombardment, it openly defended its involvement. So from now on we must face the risk of a sudden escalation of tensions between South Korea and its northern neighbour.

This is the sort of situation which makes the law on the “surrounding circumstances” (1999) useful to us. In effect this law allows us to intervene militarily as a reaction to exceptional circumstances which “*if their effects were allowed to spread, would directly expose our country to military activity from outside*”. However, even if it could be shown that a “neighbouring circumstance” was covered by the law, Japan could not be certain of logistical back-up (intelligence, aid, supply of non-lethal material) from the US forces in the area. We should not stop there. I believe that the inclusion of such countries as South Korea, New Zealand, and Australia as partners within the same framework of the law on surrounding circumstances would give us an enhanced dissuasive capability.

Mr. Maehara: When I was in the opposition, I had many discussions with the former Minister of Defence, Kyūma Fumio, about the law on “surrounding circumstances” and the legislation covering cases of *force majeure*. These are legal provisions which we established in the name of higher interests than the split between the governing majority and the opposition: namely, national security. Still, these provisions clearly need improvement.

Mr. Ishiba: In such circumstances, in order not to let the enactment of these provisions get bogged down, it is necessary to define precisely a mechanism for clearly setting out under what conditions the Diet will be able to intervene, and this will enable the government

to present a plan of action already approved by the legislature. In my view, this would be a form of civil control over the executive, but it would be in the hands of the Diet. These are the kind of details which ought to be debated within the Japanese government, or even with the Americans too, in order for the project to be seen concretely.

Mr. Maehara: I entirely agree with you. This is a topic which calls for reflection going beyond the traditional party divisions. Up until now, our country has systematically passed *ad hoc* laws, not only to confront situations affecting the vital interests of Japan but also to be able to contribute on the international scene. I am referring to the PKO²⁹ in particular. But those special measures were rather restrictive because they placed considerable limits on the Self Defence Force's (SDF) field of activity. The only more or less successful step forward has been the extension of our coast guard's surveillance duties by allocating the anti-piracy struggle to them. Would it not have been better to conduct such operations under the provisions of an ordinary law rather than by such excessively complex legal provisions? On this point I note that we have the same concerns.

When I participated recently in a conference in the United States, I realised that until now the US had gathered into its own hands all the pieces of a giant jigsaw puzzle, that is to say, they wanted to be alone in providing input into solving all the geopolitical problems in the world. But they have come to understand that they cannot get their hands on some of the pieces because of their relative loss of influence. This is the sort of gap which ought to be filled by the countries friendly

to them, with Japan in the lead. So there is little doubt that there should be distinct improvements to the SDF's operational capabilities, and not just adjustments to fit in with the requirements of another country. If foreign troops operating alongside our SDFs were to come under attack, our forces should be able to respond. For that reason I think it is necessary to review the five major principles³⁰ governing the participation of our forces in peace-keeping operations.

Mr. Ishiba: When Mr. Hatoyama was still Prime Minister, he took tentative steps to find the best way to establish relations between Japan and the United States on an equal footing. If one is aiming seriously at such a goal, it is necessary to make a proper study of the issue of the right to collective self-defence. But it is not because we do not currently recognise such a right that we are unable to strengthen Japanese-American relations. As I explained just now, we have many other questions to settle first.

Many discussions have been held at the diplomatic level, and even between SDF officials and their American counterparts, and we can say that they see more or less eye to eye on these issues. On the other hand, it is worrying to note that the responsible Japanese and American politicians do not attach the same importance to them. Japan and the United States can both point to their respective changes in administration as an excuse, but as long as the politicians do not tackle the issues seriously, it is impossible to make any concrete progress. ...

30 That a cease-fire has to have been declared; that all parties must have agreed to the deployment of Japanese forces; that the operation shall be neutral. In addition, Japan reserves the right to withdraw, and only allows its troops the minimal use of light weapons in situations of legitimate self-defence. See Guibourg Delamotte, *La Politique de défense du Japon*, P.U.F., 2010.

29 The law on PKO (Peace Keeping Operations) was passed in 1992. It allows Japan to take part in peace keeping operations under the auspices of the UN.

Mr. Maehara, I am sure that you are perfectly aware of all this, but you must appreciate that is not the case with certain leading politicians who, for the time being, have absolutely no understanding. That is why I wonder whether the JDP has not committed a major blunder in appointing as Minister of Defence a “novice” to handle matters of national security.

Ms. Yokota: People say that the weakness of the Democrat government under Mr. Noda lies in the area of diplomacy and defence policy. In fact, the current ministers, Gamba Kôichiro and Ichikawa Yasuo (Foreign Affairs and Defence respectively) have no experience in those areas. What are your views on this matter?

Mr. Maehara: I would say that is not the cause for worry. The real problem is the change of the Prime Minister and the cabinet after just one year ...

Since the Abe government, the person who has been most successful in retaining his position as Prime Minister is none other than Mr. Kan. Doubtless quite a number of people will be surprised to hear me say this. But I am struck by how quickly Prime Ministers have succeeded each other in Japan since the end of the Koizumi administration. But, in the absence of a relationship of trust between leaders with a firm grip on their position, we cannot expect to see improved relations between Japan and the United States. It is only when relations of trust exist that courageous political decisions can be taken, even though there are always risks to be taken. If the head of the government and the Minister of Foreign Affairs cannot keep their positions for longer than at present, Japanese politics will end up by no longer being taken seriously abroad.

The current Japanese diplomatic stance on North Korea and Russia

Ms. Yokota: The General Secretary of the North Korean Communist Party visited China in May 2011, and Russia in August. According to media reports, he took the occasion of these two visits to call for a reopening of the six-party discussions...

Mr. Maehara: Since I resigned as Foreign Minister, I have been unaware whether the successive tripartite discussions between the United States, South Korea, and Japan have borne fruit or not. However that may be, it is important that those three countries should co-operate to confront the North Korean problem. It goes without saying that if the six-party discussions were to be resumed, that could only be after a gesture of good faith by North Korea.

The main victim of the bombardment of the Yeonpyeong islands, which we mentioned earlier, is none other than South Korea. In March last year, a South Korean naval vessel, the *Cheonan*, was sunk by a North Korean torpedo while on patrol in the Yellow Sea. This incident caused a great stir at the time: 46 out of the crew of 104 lost their lives. If South Korean anger is not appeased, that country will never agree to take part in the “six-party talks”. Another cause for concern is the uranium enrichment programme. First of all, we need to raise the question of the best ways of settling the issues between North and South Korea, if that should prove possible, in order to create a favourable atmosphere for dialogue. I know that the current position of the Japanese government is the following: to work in favour of a calmer dialogue between South Korea and its northern neighbour, while supporting the former with American help.

Mr. Ishiba: You must bear in mind that North Korea is ready to do anything to survive. This is only a supposition on my part, but I wonder if that country is not dreaming of a miraculous “trio” linking it to China and Russia, in order to create a counterweight to the trio linking us to South Korea and the United States. Following this hypothesis, it would perhaps be a smart move to strengthen the links between Japan and its partners.

On the other hand, a China-Russia-North Korea axis is perhaps only a wishful dream on the latter's part, so one should not draw too hasty a conclusion from these visits. For my part, I believe that we need to deepen the dialogue between Japan and Russia ... As you know, a territorial dispute continues to set us at loggerheads. But relations between Japan and Russia have a real potential. Last year we turned all our attention to China because of its dazzling economic growth. But I think it is of capital importance, in terms of diplomatic strategy, to reflect on the role which a country like Russia could play for Japan. It is our ambiguous perception of Russia which gives North Korea the impression that it could take advantage of it. When one talks of a country which supports North Korea, it is of course China that is being referred to. The latter supports it for one simple reason: it wishes to contain it. If ever North Korea were to start a war, China would be obliged to take part because the two countries are still “allies”. A war would obviously mean a massive flow of North Korean refugees into China. And in the event of a scenario leading to the reunification of the Korean peninsula, the latter would most probably find itself under American influence. In short, in China's eyes, the outcome would be a twofold situation, each one more embarrassing than the other. For that reason China has no choice but to support North Korea.

The issue then becomes one of knowing how to relieve China from its anxiety over a possible sudden outburst of madness from North Korea. In this situation we cannot rest content with co-operation between Japan, the United States, and South Korea: the solution of the North Korean problem can only be approached through bringing Russia on board.

Mr. Maehara, since the time you were Minister of Foreign Affairs, you have made considerable efforts to promote co-operation between Japan and Russia, in the modernisation of the trans-Siberian railway, and in the renewable energy sector ... On the question of resolving the North Korean problem, you were right; the development of Japanese-Russian relations was indispensable. At least that is how I saw it. Was I just imagining it?

Mr. Maehara: No, no. You saw things as they were.

Mr. Ishiba: It is not that I have complete trust in Russia, but during my official visit there, I had the chance to talk with the vice-Premier Sergei Ivanov. I remember holding particularly fruitful discussions with him. He is a really charismatic figure.

Mr. Maehara: The Russia Foreign Minister, Sergei Lavrov is also an extremely charismatic personality. I had some very entertaining conversations with him: we held discussions over a meal, and then for four hours drinking vodka (*laughter*). Russia is a country bursting with personalities full of talent and charisma, but we should nevertheless be wary: President Medvedev maintains their unbending claim for sovereignty over the Northern Territories. From time to time his pronouncements even go so far as to intimate that the Japanese-Soviet declaration of 1956 has become null

and void. For Japan it is a matter of urgency to explain to Russia the broad implications of that declaration, but also to convince it of the solid grounds for our territorial claims. Russia can become particularly fearsome but, for my part, I have felt that its behaviour is sometimes astonishingly led by its emotions. That does not mean that I place complete trust in Russia and, obviously, the resolution of the territorial dispute remains a precondition for any strengthening of relations between our two countries.

Bringing Russia on board

Mr. Maehara: That precondition is not negotiable. However, I believe that if there were not a territorial dispute between Japan and Russia, the relations between our two countries would be completely different. The settlement of this territorial dispute is the necessary precondition for signing a peace treaty, but I think that we could more easily reach such a goal by imagining, as a sort of mental exercise, how Russo-Japanese relations might have developed if the dispute had never arisen. During the Cold War, those calling for a hard line on the Soviet Union maintained that no aid or economic co-operation should be provided for as long as there was no progress on the territorial issue. At that time, Russia was an impoverished country undergoing serious economic difficulties: so there were grounds for the hard line view, for as long as Russia needed financial help from Japan. However, our country has let twenty years go by, which are still known as “the two lost decades”, without doing anything. During that period, Russia has asserted itself among the leaders of the large emergent powers. The explosion in the prices for the oil and natural gas which had hitherto remained dormant beneath its vast land mass, has enabled it to expand its influence. Nowadays the economic dynamism is to be found on

the Russian side. Money and technological innovation are the keys which will allow us to benefit from Russia's natural resources. A comparison of the efficiency in energy use between Japan, China, and Russia shows the following ratio: Japan = 1, China = 9, and Russia = 18. That means that Russia has to use eighteen times more energy than Japan to reach the same level of GDP. Japan's technological know-how will enable Russia to overcome its inefficient use of energy. One has only to consider the Afghan situation to understand that the global balance of power can shift at any moment. Given the rise of India and China, we need to take a strategic view and immediately increase the areas in which Russia and Japan can work together. ...

Mr. Ishiba: I think so too. Russia is hesitating between a wide range of different options, sometimes balancing China against Japan. At the moment, it sees more advantages in siding with Beijing. For Japan, the biggest problem is in reconciling the different diplomatic approaches to North Korea. For that reason it is important for Russia to understand that it would stand to gain more from working with Japan than with such an energy-inefficient country as its Chinese neighbour.

You and I have our respective contacts with Lavrov and Ivanov, and a development in Russo-Japanese relations is possible if there is a continuation of the diplomatic initiatives towards Russia which you have launched.

Mr. Maehara: Japan and Russia need to become aware of their need to strengthen their relationship. For its part, Japan must help to advance Russo-Japanese relations while making sure that Russia does not vanish from the scene without paying the bill. I think that I established this approach when I was Minister of Foreign Affairs, and

I hope that my successor, Mr. Gemba, will keep to it.

Making careful preparations for the reality of China's rearmament

Ms. Yokota: The Congress of the United States, our closest ally, has decided to reduce the defence budget by 350 billion dollars over the next ten years. This decision provoked strong reactions; when he heard the news, Defence Secretary Leon Panetta issued a warning not to endanger US national security. In these circumstances, the fact that China is continuing to strengthen its military capabilities represents a real threat to Japan.

Mr. Ishiba: We Japanese often assert that China represents a threat, but we are not fully aware of the reality behind its rearmament. It is not enough to proclaim out loud one's "hostility to China"; that is neither here nor there. In order to fathom its intentions, one must first put oneself into the shoes of its leaders.

China is surrounded by fourteen countries, including two major powers, India and Russia. Moreover, it has a population ten times larger than Japan, and it is home to no less than 55 ethnic minority peoples. There is a growing inequality between each of its provinces, which is unimaginable for a communist country. And the fact is that the Chinese population believes their country to be abnormal, and even that the Chinese Communist Party is a dubious entity. However, since the current regime is basically a single party dictatorship, there can be no handovers of power. In order to appease the anger which is currently seething within the general population, the leaders have to sustain a high rate of economic growth, to show that "with the Chinese Communist Party, the future can

only be radiant". Within this perspective they feel obliged to mould public opinion through the notion of the "strategic reinforcement of the national borders".

Mr. Maehara: Within the last twenty-one years China's military and defence budget has increased by 2,000%. Those are the official figures, but it is said that the real expenditure is two or three times larger because the military spending by the provincial authorities is not taken into account. ... In my opinion, it is necessary to work with the other countries in the international community to demand total transparency from China, and more accurate information in this area.

Mr. Ishiba: Nobody knows the real extent of China's rearmament. The People's Liberation Army white paper contains absolutely no reference to China's reasons for acquiring aircraft carriers. Needless to say, that opaqueness is worrying.

Mr. Maehara: There are also differences between China and the other countries with regard to free passage on the high seas. According to the UN's maritime regulations there are restrictions on the freedom of movement in international waters. It is easy to understand why China's behaviour, which infringes those rules, is giving rise to fear and apprehension. We must reaffirm the rules on maritime movements and signal to China that it must abide by those rules, in order to ensure respect for the international order which all the countries in the world have maintained up to the present time.

Mr. Ishiba: We must always be on our guard in the face of decisions taken by a country with a regime completely different from our own ... it is not enough to proclaim loudly and clearly that its rearmament is "intolerable". With the help of countries which share our disquiet, we must continue to demand that

China declare its real intentions, while basing our own demands on solid arguments. But good relations need to be maintained with China. I think that we will find a way to build a relationship which reconciles our respective national interests.

Mr. Maehara: China is our neighbour. We are forced to get along with each other, since neither of us is able to decamp! Moreover, China happens to be Japan's major trading partner, in terms of imports and exports. The Chinese see Japan as the second global market for their exports after the United States, and the leading source of imports into the Chinese market. Our economic interdependence cannot be overlooked. It is good for both countries if the Chinese and the Japanese are willing to live in harmony. Nonetheless, there is one point which needs clarifying with China: there is no problem of territorial sovereignty in the East China Sea. The Senkaku Islands are part of Japan's "natural territories", and we have a duty to defend them resolutely. It is to ensure that goal that our country needs to equip itself properly without delay.

Mr. Ishiba: Since you have broached this topic, I must add the following: I find it very regrettable that the video clips of the incident when a Chinese trawler rammed a coastguard vessel off the Senkaku Islands, were not made public. That would have allowed Japan to give solid proof of its version to the international community. ... We must continually show that the international community backs our cause.

Mr. Maehara: With regard to the Senkaku incident, it would be premature for me to speak out ...

Mr. Ishiba: I quite understand that you cannot say everything. But, even if it is impossible for you to acknowledge in public

that your government did not react as it should, I would have liked you at least to reflect among yourselves as the politicians in charge, to decide whether there was not a more appropriate response which could have been made. We must go on defending our territorial sovereignty, on the basis of international law, in the face of China. If the Chinese authorities assert that there is a "territorial problem", we are duty-bound to take the necessary measures to maintain our sovereignty over the Senkaku Islands!

Mr. Maehara: I had the opportunity to see with my own eyes the coastguard vessel rammed by the Chinese trawler, and I can assure you that it was in such a state that it could have sunk. All I can add is that China was carefully watching the reaction from Japan as it emerged from the changeover in government. I would remind you of the cooling of Sino-Japanese relations after Mr. Koizumi's visit to the Yasukuni shrine. We then witnessed a landing of Chinese activists on the Senkakus, which was settled by their forced repatriation. As far as the Chinese trawler captain is concerned, China struck an outraged posture: "What? And now you want to arrest him!". But there was no doubt about his intention to cause damage. It was only after reflecting on the possibility of a diplomatic crisis that the cabinet at first took control over him, before authorising his arrest.

Diplomacy is not based in the power struggle!

Ms. Yokota: On September 8th last year, there was a celebration for the sixtieth anniversary of the security treaty, and a consequent turning point in the life of the Japanese-American alliance. But, if current conditions may be right for making a new joint declaration, that has not yet happened.

Nowadays, Japan has lost some of its influence, largely because of the deflation and the major earthquake which have affected it. It is high time to move away from the classical party divisions to face the diplomatic challenges ahead.

Listening to your discussions just now, I was struck by the convergence between your different points of view. If you had to start working without regard to your party loyalties, where would you begin?

Mr. Ishiba: If we were indeed in a position of having to work together, I would find myself in serious difficulty: within the LDP there are many people opposed to the idea of a political understanding with Mr. Maehara, and they would start a witch-hunt as soon as a villain could be found (*laughter*).

Whatever happens, national security concerns must certainly not be used as a tool in the struggle for power. Some members of the LDP are vainly trying to pick a fight with the current government, but I would like them to pay attention to our opinions. Of course, we intend to offer these with the requisite moderation. It is not our intention to try to bring down the government, and it is up to us to create an atmosphere conducive to calm dialogue.

Mr. Maehara: I believe that the opposition has many subjects for criticism and much to disapprove of in our policies. Formerly there were two major parties confronting each other on the political scene: the LDP and the Socialist Party. On the issue of national security they took absolutely antagonistic positions. But times have changed! Despite the change of government, the importance of the SDF remains, and the main axis of Japanese diplomacy still rests on the Japanese-American alliance, and we are not mistaken in reflecting

on the best way to help it develop.

Sophie Buhnik is a PhD in Urban Studies and Planning at the CRIA (Research Center on Networks, Industry and Planning), UMR 8504 Géographie-cités at Paris 1 University - Panthéon-Sorbonne.

César Castellvi currently studies sociology in a second master degree at the Ecole des Hautes Etudes en Sciences Sociales. His first thesis was based on professional deontology and institutionalization of journalism in Japan.

Yann Favennec, doctoral candidate at the University of Paris 7 Denis Diderot, is writing a thesis on "Les échanges frontaliers contemporains entre le Japon et la Russie extrême-orientale : la voie vers un renouveau des relations russo-japonaises" ["Contemporary border exchanges between Japan and the Russian Far East: towards a renewal of Russia-Japan relations"].

Arnaud Grivaud is a Master student in Japanese studies at the University of Paris 7.

Adrienne Sala, PhD applicant at École des hautes études en sciences sociales (EHESS, Paris), attached to its Japan Research Centre (CRJ), works on the Political economy of consumption in Japan. Her dissertation analyses the regulation of the consumer credit market.

AUTHORS:

Sophie Buhnik, CRIA (Research Center on Networks, Industry and Planning),
UMR 8504 Géographie-cités at Paris 1 University - Panthéon-Sorbonne
Arnaud Grivaud, University of Paris 7
Adrienne Sala, EHESS, Paris

PRODUCTION:

Guibourg Delamotte, Founder, Editorial supervision
Sophie Buhnik, Editor
Akira Hattori, Proofreading of translations from Japanese into French
Olivier Bosc, Editorial Assistant
Rozenn Jouannigot, Publications Assistant
Jonathan Hall, Translation, French to English
Florence Biot, Executive Director, Asia Centre

ORDERS AND SUBSCRIPTIONS:

Print Edition:

subscription fee: 50 euros for France, 54 euros for overseas destinations
per issue order: 18 euros for France, 19 euros for overseas destinations.

Electronic Edition:

on demand / archives (since 2005):

www.centreasia.eu